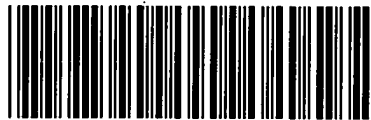


LLP Registration No. OC415130 (England and Wales)

**OGCI CLIMATE INVESTMENTS LLP**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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# OGCI CLIMATE INVESTMENTS LLP

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# OGCI CLIMATE INVESTMENTS LLP

## LLP INFORMATION

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<b>Designated Members</b>	Eni UK Limited Equinor New Energy Limited
<b>Members</b>	BP Technology Ventures Limited Shell Petroleum Company Limited SAEV Guernsey I Limited Repsol Energy Ventures S A Total Holdings UK Limited Petrobras International Braspetro B.V. Chevron Products UK Ltd Oxy Climate Ventures, Inc. ExxonMobil Engineering Europe Limited
<b>LLP registered number</b>	OC415130
<b>Registered office</b>	7th Floor 50 Broadway London United Kingdom SW1H 0BL
<b>Independent auditors</b>	Ernst & Young LLP 1 More London Place London United Kingdom SE1 2AF

# OGCI CLIMATE INVESTMENTS LLP

## MEMBERS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The members present their annual report together with the financial statements of OGCI Climate Investments LLP ("the LLP" or "CI") for the year ended 31 December 2022. The LLP was incorporated on 16 December 2016 and its operations, management and governance are governed by the terms of the Members' Agreement ("the Agreement") which was executed on 21 December 2016.

#### Objectives of the LLP

We are an independently managed decarbonization investor, driving substantial reduction in carbon emissions by focusing on the following actions:

- Investing in technologies and projects which can demonstrate near-term reduction in methane or carbon dioxide emissions, and/or recycling/storage of carbon dioxide.
- Collaborating with Oil & Gas Climate Initiative ("the OGCI") members and partners to accelerate commercialization pathways for our portfolio companies, through pilots and global implementation projects.
- Working alongside global funds and investor groups to drive capital into decarbonization.

#### Review of 2022

The LLP celebrated its fifth anniversary of start of operations in 2022. During the past five years, the LLP has invested in a portfolio of 30 cutting edge technology companies and projects. Our investments are specifically aimed at decarbonizing those sectors within the energy, industrial, built environment and transportation sectors that account for the majority of greenhouse gas ("GHG") emissions but have historically attracted low capital investment for decarbonization.

The LLP deploys an engaged, cross-sector collaboration model to drive near-term GHG impact. Our ongoing partnerships with OGCI member companies and the wider heavy industrial sector allows the LLP to identify opportunity gaps to drive innovation and adoption of our investments' technologies among customers to help support achievement of their own net-zero goals and operational objectives.

The LLP made strong progress in 2022. The portfolio of investments collectively contributed to lowering CO<sub>2</sub> emissions by over 20 million tonnes of CO<sub>2</sub> equivalent ("MtCO<sub>2</sub>e") in 2022, and over the past four years, over 50 MtCO<sub>2</sub>e has been enabled by the portfolio. Moreover, as we consider the commercial success of the portfolio, we have seen a significant increase in the aggregate fair market value, as disclosed in the Holdings LLP statutory accounts. The fair market value of the portfolio is \$491m as at 31 December 2022, as compared to a cost of investment of \$321m, resulting in an implied multiple over invested capital of 1.5x.

Pratima Rangarajan, CEO of the LLP, said: "I am immensely proud of our progress. We understand the complex needs of GHG-intensive heavy industries and invest in the technical solutions required to lower the cost of their decarbonization. For impact to be delivered at the scale and speed required, it is imperative that investors, innovators, the private and public sectors collectively exchange ideas and collaborate to drive action. Our progress shows that lowering the cost of decarbonization is not only possible, but it is a reality today. I congratulate all our innovators on their success thus far and look forward to working alongside them to deliver continued results."

The LLP team has deep experience in investment, technical and operational environments within heavy industry, delivering impact-oriented innovations throughout their life cycle.

#### Portfolio development

During the year ended 31 December 2022 the LLP made six new investments and provided follow-on capital to nine existing portfolio entities. The total amount invested during the year was \$75m (2021: \$95m). There were five new investments in technologies and projects and one investment into a separate impact fund focused on China. The details are as follows:

- F2V: A flare gas capture project in Oman with an affiliate of Flare2Value International Ltd (F2V) which evolved from our Methane Reduction Call for Proposals in 2020. F2V aims to reduce flaring by delivering flare capture projects which reduce methane and CO<sub>2</sub> emissions and recycle the gas for other uses.
  - ZincFive: A leader in innovation and delivery of nickel-zinc battery solutions with over 90 patents awarded. ZincFive leverages safe and sustainable nickel-zinc chemistry within its battery solutions to provide high power density and performance. These batteries have significantly lower embodied carbon when compared to current technology.
  - Converge: A technology company accelerating decarbonization in the construction sector. Its intelligence platform fuses physical and construction data to improve construction efficiency and allows for lower use of cement in the construction process.
-

## OGCI CLIMATE INVESTMENTS LLP

### MEMBERS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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- **Turntide:** Turntide Technologies is a US-based business that makes intelligent, efficient electric motor systems. Turntide applies its technology for operations across buildings, agriculture, and transportation segments enabling significant energy savings.
- **KeyState:** KeyState is a first-of-its-kind project integrating on-site natural gas extraction, chemical production of blue hydrogen, (with carbon capture and storage (CCS)) and the subsequent manufacture of low carbon urea. Once operational, the 7,000-acre site is expected to have the capacity to store over 300,000 tonnes of CO<sub>2</sub> per year.
- **China Climate Investments ("CCI"):** The LLP, alongside its partners China National Petroleum Corporation (CNPC) and Hainan Free Trade Zone Development Equity Investment Fund Partnership (Hainan FTZ Fund), launched the OGCI China Climate Investments fund in April 2022. CCI follows the successful model deployed by LLP, focusing on driving near-term GHG impact across methane emissions reduction, carbon dioxide emissions reduction and recycling or storage of carbon dioxide.

In addition, on 20 December 2022, we signed a commitment to an investment in CL-Invest AS, a company developing projects which reduce methane and flare emissions from oil and gas infrastructure. CL-Invest works in partnership with national oil companies (NOCs) and independent oil and gas producers to monetize emission reductions, making the projects economically viable and as a result addressing financial barriers for climate change mitigation. The investment was completed in early January 2023 and CL-Invest is now part of our portfolio.

Follow-on investments were made into nine of our portfolio companies, namely:

- **Econic:** uses pioneering catalyst technology to incorporate carbon dioxide as a raw material into polyols – a key building block in the production of polyurethane.
- **Achates:** developing high fuel-efficiency opposed-piston engines that aim to significantly reduce carbon dioxide and nitrogen oxide emissions in heavy duty trucks.
- **OnTruck:** a digital road freight platform connecting carriers and shippers more efficiently. Ontruck removes carbon emissions generated from empty trucks, enabling a more sustainable future of transportation.
- **Clarke Valve:** the exclusive manufacturer of the Dilating Disk™ Valve, a next generation control valve with patented stem-seal technology that reduces fugitive methane emissions by 98%.
- **Norsepower:** designs and manufactures mechanical rotor sails that provide auxiliary propulsion power for large ships, reducing their fuel consumption and associated emissions.
- **Metron:** a cleantech company that uses AI technology to increase energy efficiency, sustainability, and productivity for industrial facilities.
- **Svante:** aims to halve the cost of carbon capture through its breakthrough scalable solid-state technology.
- **Kairos Aerospace:** provides actionable data on major sources of methane emissions from aerial surveys.
- **Kelvin:** Kelvin delivers safe, secure and smart control of physical systems, utilizing AI to revolutionize complex system control. Through this platform, Kelvin is helping Oil & Gas companies improve economic performance and achieve positive environmental impact.

Piloting or deploying our investee company technologies within our member companies to catalyze and accelerate commercial development, is also a critical element of the LLP's activities. Through partnerships with OGCI members, the LLP has facilitated over 100 deployments of its portfolio companies' decarbonization technologies, enabling those companies to secure commercial contracts with a wide group of customers.

#### *Markets and regulatory frameworks*

We recognize the urgency of action on GHG. Most emissions scenarios from the Intergovernmental Panel on Climate Change ("IPCC"), which keep global temperature rises below 1.5 degrees, require us to remove 40-50% of global emissions by 2030. This urgency leads us to invest in companies that will be able to deliver significant GHG impact in the short term.

We know that each tonne of GHG emitted into the atmosphere today will drive temperature change for as long as it is there. The IPCC estimates that the world only has a remaining "GHG budget" of around 500 GtCO<sub>2</sub>e for a 50% chance of keeping warming to 1.5 degrees Celsius above pre-industrial levels in 2100. This requires us to think about emissions from a cumulative perspective, so companies that can start reducing emissions today will provide greater benefits than those companies that only start reducing emissions post-2030. Consumers and customers are demanding ever lower or zero carbon products and solutions, whilst governments are mobilizing too, on their regulations. For example, the UK's Net Zero strategy was published in 2021 whilst in the USA, the Inflation Reduction Act ("IRA") of 2022 was passed. The IRA is a set of federal laws aimed at curbing inflation but importantly also promoting clean energy. As of the date of publication of this report, the EU is building on its existing low carbon strategy with its new Net Zero Industry Act.

## **OGCI CLIMATE INVESTMENTS LLP**

### **MEMBERS' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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Despite recent growth in climate capital, climate investing and technology adoption remain in their early stages. For impact to be delivered at the scale and speed required, it is imperative that investors, innovators and the private and public sectors collectively exchange ideas and collaborate to drive action. At CI, we combine our impact-first investment model with collaborative interaction and shared insights within our wider network, to encourage the development of the impact ecosystem. The global adoption of the energy transition agenda and the deployment of capital into the wider sector at pace is all positive for the LLP and its prospects.

#### **Measurement and reporting of GHG impact**

##### *CI impact strategy & methodology*

To drive increased, accurate allocation of capital into climate impact we need robust and objective metrics for evaluating the potential carbon reduction impact of different investment opportunities. We have developed and operationalized a GHG impact measurement methodology for our firm and have used the methodology to set targets and measure delivery from our portfolio.

To drive further improvements, we have shared our methodology with other investment funds through our collaborative initiative, Project FRAME. Project FRAME, a platform seeking to introduce a common framework for assessing future GHG reduction, is focused on estimating the impact of investments. During 2022, we were pleased to see significant interest in Project FRAME from other institutions, and at the end of the year there were approximately 350 participating organizations, of which some 120 were investors with over \$60bn of assets under management. The methodology quantifies past ("realized") and future ("planned") impact of our investments on GHG emissions, measured in tonnes of CO<sub>2</sub>e.

##### *Realized impact*

In 2022, CI published its inaugural Impact Report. This confirmed that its portfolio of investments avoided, reduced, recycled or stored 30 MtCO<sub>2</sub>e of GHG emissions between 2019-2021. As already noted above, in 2022 the portfolio enabled over 20 MtCO<sub>2</sub>e, bringing cumulative impact to over 50 MtCO<sub>2</sub>e between 2019-2022. We expect to publish our 2022 Impact Report in the second quarter of 2023 and have engaged Ernst & Young LLP to undertake a limited assurance review of our published results and methodology.

#### **Designated Members**

On 1 January 2021, in accordance with the Members' Agreement, the role of designated members was rotated from BP Technology Ventures Limited and Shell Petroleum Company Limited to Eni UK Limited and Equinor New Energy Limited.

#### **Members**

BP Technology Ventures Limited, Shell Petroleum Company Limited, Eni UK Limited, Repsol Energy Ventures S A, SAEV Guernsey I Limited, Equinor New Energy Limited, Total Holdings UK Limited, Petrobras International Braspetro B.V., Chevron Products UK Ltd, Oxy Climate Ventures, Inc. and ExxonMobil Engineering Europe Limited were members of the LLP throughout the year.

#### **Members' capital and interests**

Each member is required to subscribe to the LLP in accordance with the provisions of the Agreement to fund investments of and costs incurred by the LLP. Capital subscribed is repayable by the LLP when the underlying investment to which the capital was applied is realized. Upon realization of an investment, funds can be reinvested by the LLP at the discretion of the members.

Details of changes in members' capital in the period ended 31 December 2022 are set out in note 25 to the financial statements.

The profits and losses of the LLP are automatically allocated under the terms of the Agreement to the members according to their individual capital shares, except for investment income profits which are divided according to the investment income shares for the investment in question. Investment income profit shares will be distributed within 90 days of the end of the financial year of the LLP and all other profit shares will be distributed within 90 days of the relevant amounts being received by the LLP.

## OGCI CLIMATE INVESTMENTS LLP

### MEMBERS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### The Board & Management of the LLP

The Board oversees the operation of the LLP and subsidiaries, which is carried out on a day-to-day basis by the CEO and Executive Team. The Board also reviews the Strategic Investment Plan on an annual basis, sets targets for the LLP and approves individual investment and divestment decisions which are above the authority level delegated to the CEO.

Board members are appointed nominees of the member companies of the LLP, with sufficient seniority and experience to make a significant contribution to the effectiveness of the Board and success of the LLP.

Board members during the period were:

Director	Nominating Member	Dates
Angelo Amorelli	BP Technology Ventures Ltd	January to May
Sam Skerry	BP Technology Ventures Ltd	May to November
Mahesh Natarajan	BP Technology Ventures Ltd	November to December
Barbara Burger	Chevron Products UK Ltd	January to March
Jim Gable	Chevron Products UK Ltd	April to December
Francesca Ciardiello	Eni UK Ltd	January to December
Elisabeth Kvalheim	Equinor New Energy Limited	January to December
Vijay Swarup	ExxonMobil Engineering Europe Limited	January to December
Richard Jackson	Oxy Climate Ventures, Inc.	January to December
Eduardo Cavalcanti Guimaraes	Petrobras International Braspetro B.V.	January to December
Jaime Martin Juez	Repsol Energy Ventures SA	January to December
Ahmad Al Khowaiter	SAEV Guernsey Ltd	January to November
Adel Mahdi	SAEV Guernsey Ltd	December
Alexander Boekhorst	Shell Petroleum Co Ltd	January to December
Francois Badoual	Total Holdings UK Ltd	January to February
Gilles Cochevelou	Total Holdings UK Ltd	February to December
Bjorn Otto Sverdrup1	OGCI Executive Committee	January to December

1. The chair of the OGCI Executive Committee is a non-voting member of the Board.

The Board is also responsible for appointing the Designated Members in accordance with the Agreement which requires all Members to serve at least one 2-year term as a Designated Member of the LLP.

#### Governance

Under the terms of the Agreement, the Board has established the following sub-committees:

- Audit Committee: responsible for overseeing the LLP's system of internal control, approving the financial statements and recommending that the Designated Members sign the financial statements on behalf of the members of the LLP.
- Remuneration Committee: responsible for the remuneration policies and practices of the LLP, particularly those of the Senior Management.

#### UK taxation of income

Under UK tax law, members of the LLP pay tax that is individually assessed on their share of profits. Income taxes are not assessed on the LLP itself and it is therefore not dealt with in these financial statements. The taxation payable on the LLP's profits is the liability of the members.

## OGCI CLIMATE INVESTMENTS LLP

### MEMBERS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Going concern basis of preparation**

Going concern - in preparing the accounts, management and the Board are required to assess the LLPs ability to continue as a going concern and whether the going concern assumption is appropriate. Disclosures are required if management and the Board are aware of material uncertainties that may cast doubt on the LLPs ability to continue as a going concern.

The LLP prepares its accounts on the going concern basis. Members of the LLP have committed to invest a minimum of \$100m each over a 10-year period in the LLP and subsidiary vehicles. Annual budgets and projections of cash requirements are prepared to enable funding to be agreed. The budget for 2023 was approved by the Board on 14 December 2022. Approval of the budget reflects the continued confidence and commitment of the member companies and the Board to the aims of the LLP. Management and the Board consider that the level of expenditure approved in the budget is appropriate to enable the LLP to continue to progress its strategic GHG reduction goals.

In times of market pressures and volatility, members may consider exiting from OGCI Climate Investments LLP. However, under the terms of the members agreement, even if they decide to leave, there is a requirement for them to have been a member for at least two years and then give two years' notice, continuing to fund during that time and selling their interest in the LLP for \$1 to the other members. Any member who is forced to exit through non-compliance with the members agreement is required to continue to fund its \$100m commitment.

For our member companies, addressing climate change and the energy transition is a critical part of their business strategies. All members remain committed to OGCI and to funding the LLP in accordance with their commitments under the members agreement.

Based on the above, the executive team and the Board consider that the preparation of the accounts under the going concern basis remains appropriate.

#### **Auditor**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

On behalf of the board

DocuSigned by:  


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Francesca Ciardiello

For and behalf of Eni UK Ltd

**Designated Member**

Date: 27th April 2023

## **OGCI CLIMATE INVESTMENTS LLP**

### **MEMBERS' RESPONSIBILITIES STATEMENT**

#### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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The Members are responsible for preparing the financial statements in accordance with applicable laws and regulations. The Partnership (Accounts) Regulations 2008 require the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

In preparing those financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently, subject to any changes disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied to qualifying partnerships, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the LLP will continue in business.

The Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the LLP and to enable them to ensure that the financial statements comply with the Partnership (Accounts) Regulations 2008. They are also responsible for the LLP's system of internal financial control, for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Members' responsibilities set out above are discharged by the Designated Members on behalf of the members. The Designated Members at the date of approval of the financial statements confirm that, so far as they are aware, there is no relevant information of which the LLP's auditors are unaware and each Designated Member has taken all the steps that ought to have been taken by them as members to make themselves aware of any relevant audit information and to establish that the LLP's auditors were aware of that information.

# OGCI CLIMATE INVESTMENTS LLP

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF OGCI CLIMATE INVESTMENTS LLP

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#### Opinion

We have audited the financial statements of OGCI Climate Investments LLP (the "Partnership") for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in members' interest and statement of cash flows and the related notes 1 to 30, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards as applied to limited liability partnerships.

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2022 and of its loss 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 Act 2006 as applied to limited liability partnerships.

#### 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 below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 limited liability partnership's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

#### 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 members 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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## **OGCI CLIMATE INVESTMENTS LLP**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF OGCI CLIMATE INVESTMENTS LLP**

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##### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime

##### **Responsibilities of members**

As explained more fully in the Members' Responsibilities Statement set out on page 7, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

##### **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.

## OGCI CLIMATE INVESTMENTS LLP

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF OGCI CLIMATE INVESTMENTS LLP

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***Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are those that relate to the reporting framework (UK adopted International Accounting Standards and the Companies Act 2006 as applied to limited liability partnerships) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.
- We understood how the partnership is complying with those frameworks by making enquiries of management to understand how the partnership maintains and communicates its policies and procedures in these areas, and corroborated this by auditing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assessing the classification of ExCom expenses to be a fraud risk. We tested specific transactions backing to source documentation, ensuring appropriate classification of the transactions.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

**William Testa (Senior Statutory Auditor)**  
**for and on behalf of Ernst & Young LLP, Statutory Auditor**  
**London**  
**Date 12 May 2023**

**OGCI CLIMATE INVESTMENTS LLP****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
Other income	4	6	8
Investment costs		(3,846)	(1,365)
Administrative expenses		(34,925)	(28,245)
<b>Operating loss</b>	<b>5</b>	<b>(38,765)</b>	<b>(29,602)</b>
Investment income	6	13	1
Finance costs	7	(57)	(88)
<b>Loss before taxation</b>		<b>(38,809)</b>	<b>(29,689)</b>
<b>Loss for the year before members' remuneration</b>		<b>(38,809)</b>	<b>(29,689)</b>
Remuneration charged to members' distribution accounts	25	38,809	29,689
<b>Result for the year</b>		<b>-</b>	<b>-</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

The notes on pages 16 to 36 are an integral part of these financial statements.

All results in the current financial year derive from continuing operations.

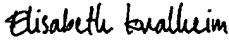
Loss for the year and total comprehensive expense for the year are entirely attributable to the members of the LLP.

**OGCI CLIMATE INVESTMENTS LLP****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 \$'000	2021 \$'000
<b>Non-current assets</b>			
Intangible assets	8	80	90
Property, plant and equipment	12	611	805
Right-of-use assets	12	1,163	1,964
Investments	13	314,146	239,466
Other receivables	15	806	902
		<u>316,806</u>	<u>243,227</u>
<b>Current assets</b>			
Trade and other receivables	15	39,171	28,181
Cash and cash equivalents	29	40,281	24,285
		<u>79,452</u>	<u>52,466</u>
<b>Total assets</b>		<u>396,258</u>	<u>295,693</u>
<b>Current liabilities</b>			
Trade and other payables	22	28,968	24,020
Lease liabilities	23	1,033	1,113
		<u>30,001</u>	<u>25,133</u>
<b>Non-current liabilities</b>			
Trade and other payables	22	817	378
Lease liabilities	23	106	1,152
Members' interests	25	365,334	269,030
		<u>366,257</u>	<u>270,560</u>
<b>Total liabilities</b>		<u>396,258</u>	<u>295,693</u>

The notes on pages 16 to 36 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 27 April 2023 and are signed on its behalf by:

DocuSigned by:  
  
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Elisabeth Kvalheim  
 For and behalf of Equinor New Energy Limited  
 Designated Member

Company Registration No. OC415130

## **OGCI CLIMATE INVESTMENTS LLP**

### **STATEMENT OF CHANGES IN EQUITY**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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OGCI Climate Investments LLP has no equity and accordingly has not presented a Statement of Changes in Equity.

The notes on pages 16 to 36 are an integral part of these financial statements.

**OGCI CLIMATE INVESTMENTS LLP****STATEMENT OF CHANGES IN MEMBERS' INTERESTS****FOR THE YEAR ENDED 31 DECEMBER 2022**

		<b>Balances classified as debt</b>	
	<b>Members' capital \$'000</b>	<b>Members' distribution account \$'000</b>	<b>Total \$'000</b>
<b>As at 1 January 2021</b>	254,176	(107,236)	146,940
Remuneration charged to members' distribution accounts	-	(29,689)	(29,689)
Capital introduced	151,780	-	151,780
Dividends distributed	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
<b>As at 31 December 2021</b>	405,956	(136,926)	269,030
Remuneration charged to members' distribution accounts	-	(38,809)	(38,809)
Capital introduced	135,126	-	135,126
Dividends distributed	-	(13)	(13)
	<hr/>	<hr/>	<hr/>
<b>As at 31 December 2022</b>	<u>541,082</u>	<u>(175,748)</u>	<u>365,334</u>

The notes on pages 16 to 36 are an integral part of these financial statements.

**OGCI CLIMATE INVESTMENTS LLP****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Cash used in operations		(42,371)	(55,632)
<b>Net cash flows used in operating activities</b>	<b>28</b>	<b>(42,371)</b>	<b>(55,632)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	8	-	(100)
Purchase of property, plant and equipment	12	(177)	(59)
Investment in subsidiary	13	(74,680)	(95,343)
Dividends received	6	13	1
<b>Cash used in investing activities</b>		<b>(74,844)</b>	<b>(95,501)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital contributions	25	135,126	151,780
Payment of principal portion of lease liabilities		(1,099)	(1,133)
Investment income distributed to members		(13)	-
<b>Net cash flows from financing activities</b>		<b>134,014</b>	<b>150,647</b>
Net increase/(decrease) in cash and cash equivalents		16,799	(486)
Cash and cash equivalents at beginning of year		24,285	24,943
Effect of foreign exchange rates		(803)	(172)
<b>Cash and cash equivalents at end of year</b>	<b>29</b>	<b>40,281</b>	<b>24,285</b>

The notes on pages 16 to 36 are an integral part of these financial statements.

# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### Company information

OGCI Climate Investments LLP ("the LLP") is a limited liability partnership and was incorporated on 16 December 2016 and domiciled in England and Wales. The LLP's registered office is 7th Floor, 50 Broadway, London, United Kingdom, SW1H 0BL.

The LLP is the investment fund of the Oil & Gas Climate Initiative. The LLP was set up with the purpose of collectively investing to support the development, demonstration and rapid scale up of technologies and business solutions that can materially impact global greenhouse gas emissions, in particular those of the oil and gas industry's operations and products, to enable those technologies and solutions to reach commercial sustainability and to catalyse meaningful action on climate change through collaboration and engagement.

#### 1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the period presented, unless otherwise stated.

The LLP's financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small LLPs regime. The financial statements have been drawn up for the period from 1 January 2022 to 31 December 2022.

The financial statements contain information about LLP as an individual company and do not contain consolidated financial information as the parent of a group. LLP is exempt under section 399 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it meets the definition of a small company.

Amounts are presented in United States Dollars ("\$" or "USD"), being the presentational and functional currency of the LLP, and to the nearest thousand unless otherwise noted.

# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The financial performance, position and cash flows are set out on pages 11 to 15. Investment and working capital is provided in the form of funding from member companies of the LLP in accordance with the members agreement.

The LLP prepares its accounts on the going concern basis. Members of the LLP have committed to invest a minimum of \$100m each over a 10-year period in the LLP and subsidiary vehicles. Annual budgets and projections of cash requirements are prepared to enable funding to be agreed. The budget for 2023 was approved by the Board on 14 December 2022. Approval of the budget reflects the continued confidence and commitment of the member companies and the Board to the aims of the LLP. Management and the Board consider that the level of expenditure approved in the budget is appropriate to enable the LLP to continue to progress its strategic GHG reduction goals.

In times of market pressures and volatility, members may consider exiting from OGCI Climate Investments LLP. However, under the terms of the members agreement, even if they decide to leave, there is a requirement for them to have been a member for at least two years and then give two years' notice, continuing to fund during that time and selling their interest in the LLP for \$1 to the other members. Any member who is forced to exit through non compliance with the members agreement is required to continue to fund its \$100m commitment.

For our member companies, addressing climate change and the energy transition is a critical part of their business strategies. All members remain committed to OGCI and to funding the LLP in accordance with their commitments under the members agreement.

Based on the above, the executive team and the Board consider that the preparation of the accounts under the going concern basis remains appropriate.

In times of market pressures, such as those from Ukraine conflict, members may consider exiting from OGCI Climate Investments LLP. However, under the terms of the members agreement, even if they decide to leave, there is a requirement for them to have been a member for at least two years and then give two years' notice, continuing to fund during that time and selling their interest in the LLP for \$1 to the other members. Any member who is forced to exit through non-compliance with the members agreement is required to continue to fund their \$100m commitment. For our member companies, addressing climate change and the energy transition is a critical part of their business strategies. All members remain committed to OGCI and to funding the LLP in accordance with their commitments under the members agreement. On the basis of the above, the executive team and the Board consider that the preparation of the accounts under the going concern basis remains appropriate.

##### 1.3 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

An intangible asset with a finite useful life is amortised and is subject to impairment testing. An intangible asset with an indefinite useful life is not amortised, but is tested annually for impairment. When an intangible asset is disposed of, the gain or loss on disposal is included in profit or loss.

The LLP amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

Website domain	10 years
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# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

(Continued)

##### 1.4 Property, plant and equipment

Property, plant and equipment is stated in the financial statements at cost less accumulated depreciation and any impairment value. Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment over its expected useful life (which is reviewed at least at each financial period end), on a straight-line basis as follows:

Right of use asset	5 years
Leasehold improvements	5 years
Plant and equipment	2-5 years

Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the period that the asset is derecognised.

##### 1.5 Investments

The only investments held by the LLP are those in subsidiary companies. Investments in subsidiary companies are capital contributions and therefore fall outside the scope of IFRS 9. The investments are reported at cost in the statement of financial position.

##### 1.6 Fair value measurement

The LLP has assessed that the fair values of cash and short term deposits, trade receivables and trade payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

##### 1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term, highly liquid deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Included within the cash and cash equivalent balance on the Statement of Financial Position is restricted cash held as collateral for the purposes of providing credit to the LLP for the use of a company commercial credit card programme. In addition, the LLP may sometimes hold cash at year end, which has been paid in by the members for the sole purpose of funding an investment transaction that will complete after 31 December.

##### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### Financial assets

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the LLP's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The LLP's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the LLP commits to purchase or sell the asset.

###### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

###### *Financial assets at amortised cost*

This category is the most relevant to the LLP. The LLP measures financial assets at amortised cost when both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The LLP's financial asset held at amortised cost includes trade receivables.

# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### **Impairment of financial assets**

The carrying amounts of the LLP's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

The LLP performs an assessment at each reporting date for expected credit losses (ECLs) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the LLP expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables the LLP applies a simplified approach in calculating ECLs. Therefore, the LLP does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The LLP has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### **Financial liabilities**

###### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The LLP's financial liabilities include trade and other payables and the members' interests.

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss  
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains and losses on liabilities held for trading are recognised in the statement of profit or loss. The LLP has not designated any financial liability as at fair value through profit or loss.
- Loans and borrowings
- This is the category most relevant to the LLP. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. The EIR amortisation is included as finance costs in the statement of profit or loss.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.9 Members' Capital

Members' capital is repayable to members on the realisation of investments to which the capital has been applied. As such, it has been classified as a debt-like item in these financial statements.

##### Allocation of profits and losses

The profits and losses of the LLP are automatically allocated under the terms of the LLP agreement to the members according to their individual capital shares, except for Investment Income Profits which are divided according to the Investment Income Shares for the investment in question.

##### 1.10 Taxation

Under UK tax law, as a Limited Liability Partnership, the LLP is not subject to taxation on profits arising in LLP.

Members are individually assessed and liable for taxation arising on their shares of profits and accordingly no provision is recognised in these financial statements.

##### 1.11 Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the LLP has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### Defined contribution scheme

The LLP operates a defined contribution plan with an administered fund for all eligible employees. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The LLP has no legal or constructive obligations to pay contributions in addition to its fixed contributions.

# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

(Continued)

##### 1.12 Leases

The LLP assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Details of these leases and right of use assets are within these financial statements in Notes 12 and 23.

##### Right-of-use assets

The LLP recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The LLP leases its head office building for a period of 5 years. This is a non-cancellable agreement which ends in May 2024. The lease payments are fixed and paid every quarter. At inception the LLP assessed the lease and it has been classified as a Right-of-use assets under IFRS 16. For the purposes of applying the approach under IFRS 16, the LLP elected to:

- measure the capital amount as a right-of-use asset since commencement date, 10 May 2019, using an incremental borrowing rate of 3.26% given by the LLP's bank.
- apply practical expedient not to recognise a right-of-use asset or lease liability to leases for which the lease term ends within 12 months of the date of initial application; and
- apply the practical expedient to include any initial direct costs associated with the lease of the office building.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset and are presented as a separate line in the statement of financial position.

##### 1.13 Foreign exchange

Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Exchange differences are recognised in the Statement of Comprehensive Income.

##### 1.14 Investment costs and Administrative expenses

Investment costs include fees and other amounts payable in connection with the purchase of investments in equity interests or related to projects. Such fees include legal costs, due diligence expenditure and specific project related costs. Administrative expenses include all other costs not reported under investment costs. This includes the cost of management and staff in the LLP.

The LLP also acts as an agent for the Executive Committee (ExCom) of the OGCI, managing the payment of certain expenses related to ExCom activities. Costs related to the ExCom are funded by members of OGCI through a separate bank account. The funding and associated costs are netted in the presentation of these financial statements, with any surplus funding available at the end of the year being included in deferred income in the statements of financial position.

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Adoption of new and revised standards and changes in accounting policies

##### (i) New and amended standards adopted by the LLP

There were no new International Financial Reporting Standards that were applicable for the current reporting period.

##### (ii) New standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the LLP. These standards are not expected to have an impact on the entity in the current or future periods and on foreseeable future transactions.

#### 3 Significant accounting estimates and judgements

The preparation of the LLP's financial statements in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, required management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimation is contained in the accounting policies and/or notes to the financial statements and the key areas are summarised below:

##### Key estimates

###### *Long-Term Incentive Plan (LTIP)*

The LLP has implemented a LTIP for certain employees to take effect from when employees join and maturing over a 3-year period. These accounts include amounts of the LTIP benefit accruing for employees for 2022 based on the principles agreed with the Remuneration Committee.

The key principles of the scheme are as follows:

- LTIP operates as a deferred cash bonus plan, providing for the grant of annual cash awards after a 3-year accrual period. The maximum award will either be increased or reduced to reflect the Participant's start date.
- The awards under LTIP are subject to a combination of corporate and individual performance criteria to determine the annual vesting percentage for the award depending on grade. This is either a 50%/50% split or 30%/70% split.
- The maximum amount payable under the scheme is either 100% or 75% of salary depending on grade at the end of the 3 year period (either increased or reduced to reflect the Participant's start date) and then a maximum of 33 1/3% or 25% for each year thereafter.

There are no other significant judgements and estimates that have been applied in the preparation of these financial statements.

#### 4 Other income

	2022 \$'000	2021 \$'000
<b>Other income</b>		
Interest income	6	8
	<u>6</u>	<u>8</u>

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

5 Operating loss	2022 \$'000	2021 \$'000
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(1)	(54)
Depreciation of property, plant and equipment	1,289	1,212
Tax relating to overseas branches	10	22
Amortisation of intangible assets	10	10
Corporate finance services costs (from US-based subsidiary)	12,031	8,880
Consulting and marketing costs (from US-based subsidiary)	374	278
Commercialisation related costs (from US-based subsidiary)	2,576	1,371
Investment related legal costs	1,730	1,318
	<u>          </u>	<u>          </u>

Administrative expenses includes costs recharged from OGCI Climate Investments (USA) Inc. These costs relate to services provided to the LLP in respect of corporate finance support, consulting, marketing and commercialisation activities.

The main contributor to the increase in administrative expenses is due to an increase in staff and recruiting in the LLP and its subsidiary OGCI Climate Investments (USA) Inc.

Investment related legal costs increased due to more complex due diligence activity in the year.

6 Dividend income	2022 \$'000	2021 \$'000
Dividends from group undertakings	13	1
	<u>          </u>	<u>          </u>

Dividend income was received from OGCI Climate Investments Holdings LLP during the year.

7 Finance costs	2022 \$'000	2021 \$'000
Interest on lease liabilities	57	88
	<u>          </u>	<u>          </u>

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8 Intangible assets

	Domain \$'000
<b>Cost</b>	
At 1 January 2021	-
Additions	100
At 31 December 2021 and at 1 January 2022	100
Additions	-
At 31 December 2022	100
<b>Amortisation</b>	
At 1 January 2021	-
Charge for the year	10
At 31 December 2021 and at 1 January 2022	10
Charge for the year	10
At 31 December 2022	20
<b>Carrying amount</b>	
At 31 December 2022	80
At 31 December 2021	90

#### 9 Auditor's remuneration

	2022 \$'000	2021 \$'000
<b>For audit services</b>		
Audit of the financial statements of the LLP	78	69

OGCI Climate Investments LLP has also borne the audit fees related to its subsidiary undertaking OGCI Climate Investments Holdings LLP. This fee, which was approximately \$52,000 (2021 - \$46,000) is not included in the above total.

Non-audit fees for assurance services totalled \$250,000 (2021 - \$136,000).

#### 10 Employees

The average monthly number of employees (including directors) employed by the LLP during the year was:

	2022 Number	2021 Number
Average number of employees	25	24

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10 Employees

(Continued)

The total number of employees of the LLP at 31 December 2022 was 38; 28 of these employees were dedicated to LLP activities and 10 employees to ExCom activities.

The staff costs below which relate to the employees dedicated to LLP investment activities and have been charged in the Statement of Comprehensive Income was as follows:

	2022	2021
	\$'000	\$'000
Wages and salaries	9,800	8,768
Social security costs	1,474	1,385
Pension costs	212	572
	<u>11,486</u>	<u>10,725</u>

The above figures include accrued bonus and LTIP payments for 2022 of \$4,590,000 (2021: \$4,365,000).

In addition to the above, payroll costs for the 10 (2021: 7) employees working on ExCom activities were \$2,242,000 (2021: \$1,728,000). Payroll costs relating to ExCom employees are reported net against the funding provided by the ExCom members and therefore have a nil impact on the Statement of Comprehensive Income.

#### 11 Retirement benefit schemes

##### Defined contribution schemes

The LLP established a defined contribution pension scheme in 2018 for all qualifying employees. The LLP has no additional liability beyond the contribution that it makes into the pension scheme. The total costs charged to statement of comprehensive income in respect of the defined contribution plans were \$212,000 (2021: \$572,000). This scheme has been accounted for on a defined contribution basis and contributions are charged directly to the statement of comprehensive income. The assets of the scheme are held separately from those of the LLP in an independently administered fund.

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 12 Property, plant and equipment

	Right-of-use assets	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
At 1 January 2021	4,170	782	1,036	5,988
Additions	-	-	59	59
At 31 December 2021 and at 1 January 2022	4,170	782	1,095	6,047
Additions	117	-	177	294
At 31 December 2022	4,287	782	1,272	6,341
<b>Accumulated depreciation</b>				
At 1 January 2021	1,372	228	466	2,066
Charge for the year	834	157	221	1,212
At 31 December 2021 and at 1 January 2022	2,206	385	687	3,278
Charge for the year	918	156	215	1,289
At 31 December 2022	3,124	541	902	4,567
<b>Carrying amount</b>				
At 31 December 2022	1,163	241	370	1,774
At 31 December 2021	1,964	397	408	2,769

Plant and equipment additions for the year relate almost entirely to new computer equipment purchased.

#### *Right-of-use assets*

The carrying value of right-of-use assets under finance leases at 31 December 2022 was \$1,109,000 (2021: \$1,872,000). During 2019, \$3,972,000 was included in additions for the LLP's head office. The right of use asset also includes \$198,000 of initial direct costs relating to the leased asset.

Following an annual review, the LLP's VAT recovery rate decreased for the year and the finance lease liability for the office asset has been adjusted to take in to account the increase in cost. The irrecoverable VAT increase on the rent payments has been adjusted to take in to account an additional cost of \$117,000 as a result of this. This has been included in additions under the right of use asset.

#### 13 Investments in subsidiary companies

	2022 \$'000	2021 \$'000
Balance at 1 January	239,466	144,123
Investments in subsidiaries	74,680	95,343
Balance at 31 December	314,146	239,466

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 14 Subsidiaries

Details of the LLP's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Class of share held	Ownership interest (%)	Voting power held (%)	Nature of business
OGCI Climate Investments Holdings LLP	N/A	100	100	Holding company for investments
OGCI Climate Investments Group Ordinary Limited		100	100	Intermediate holding company
OGCI Climate Investments (USA) Ordinary Inc.		100	100	Employment company for US based staff

The registered office of OGCI Climate Investments Holdings LLP and OGCI Climate Investments Group Limited is 7th Floor 50 Broadway, London, United Kingdom SW1H 0BL.

The registered office of OGCI Climate Investments (USA) Inc. is Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware, USA, 19808.

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 15 Trade and other receivables

	Current 2022 \$'000	Current 2021 \$'000	Non-current 2022 \$'000	Non-current 2021 \$'000
Trade receivables	2,793	2,709	-	-
Other receivables	35,663	24,752	806	902
VAT recoverable	-	167	-	-
Prepayments	715	553	-	-
	<u>39,171</u>	<u>28,181</u>	<u>806</u>	<u>902</u>

Trade receivables balance is primarily related to amounts due from ExCom members for funding of the ExCom costs during 2022.

Included within other receivables under current assets, are amounts due from member companies for drawdown notices issued but not due at 31 December 2022 together with funds due from ExCom to the LLP. These relate to costs paid on behalf of ExCom during 2022.

The other receivables balance of \$806,000 under non current assets relates to the deposit paid for the LLP's head office lease. The difference between the 2021 and 2022 amounts is a result of foreign exchange translation at the year end date.

The members consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

#### *Impairment*

Current trade receivables are carried at the original invoice amount less provision made for impairment of these receivables. Trade receivables are measured at amortised cost.

The LLP applies IFRS 9 to recognise a provision for impairment of trade receivables. This is established using the expected credit loss impairment model as per IFRS 9. The LLP applies the simplified approach on all trade receivables. An Expected Credit Loss ("ECL") assessment was performed by the LLP however the identified credit loss was immaterial therefore no adjustments were made to the financial statements.

The carrying value of trade receivables represents the maximum exposure to credit risk. No collateral is held as security.

# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 16 Financial instruments

##### Financial assets

	2022	2021
	\$'000	\$'000
Cash and cash equivalents	40,281	24,285

##### Financial assets

##### At amortised cost:

	2022	2021
	\$'000	\$'000
Trade and other receivables excluding prepayments and VAT recoverable	38,456	28,363

Debt instruments at amortised cost include trade receivables from related parties.

##### Financial liabilities

Other financial liabilities at amortised cost, other than interest bearing loans and borrowings:

	2022	2021
	\$'000	\$'000
Trade and other payables excluding non-financial liabilities	30,924	26,663

##### Fair value measurement

The LLP has assessed that the fair values of cash and short term deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

##### Financial instruments risk management objectives and policies

The LLP's principal financial liability comprise trade and other payables. The main purpose of this financial liability is to finance the LLP's operations. The LLP's principal financial assets include trade receivables and cash and cash equivalents that derive directly from its operations.

#### 17 LLP Financial Risk Factors

The LLP's activities expose it to a variety of financial risks: liquidity risk, credit risk, market risk (including foreign exchange risk), and capital risk.

The LLP's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the LLP's financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses.

Risk management is carried out under policies approved by the Board of Directors. LLP identifies and evaluates financial risks in close co-operation with the LLP's operating units. The Board provides principles for overall risk management such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 18 Liquidity risk

Liquidity risk arises from the LLP's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables, as well as members' capital.

The table below sets out the contractual maturities (representing undiscounted contractual cash-flows) of trade and other payables:

	Up to 1 year \$'000	> 1 to 5 years \$'000	Total \$'000
<b>At 31 December 2021</b>			
Trade and other payables excluding non-financial liabilities	25,133	1,530	26,663
	<u>25,133</u>	<u>1,530</u>	<u>26,663</u>
<b>At 31 December 2022</b>			
Trade and other payables excluding non-financial liabilities	30,001	923	30,924
	<u>30,001</u>	<u>923</u>	<u>30,924</u>

#### 19 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The LLP is exposed to credit risk primarily from its financing activities, including deposits with banks and financial institutions.

##### Expected Credit Loss ("ECL")

An Expected Credit Loss ("ECL") assessment was performed by the LLP however the identified credit loss was immaterial therefore no adjustments were made to the financial statements. Amounts within trade receivables are payable by members to support the activities of the ExCom following their approval of the expenditure budgets. Since year end, the LLP has received \$1,883,000 relating to the trade receivables balance.

##### Credit risk from financing activities

Credit risk from balances with banks and financial institutions is managed by the LLP's treasury policy.

The credit quality of the cash and cash equivalents can be assessed by reference to external credit ratings:

	2022 \$'000	2021 \$'000
Upper medium grade (Investment grade)	40,281	24,285
	<u>40,281</u>	<u>24,285</u>

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 20 Market risk

##### Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include trade and other payables. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk. The LLP is not exposed to other price risk such as commodity price risk neither to cash flow interest rate risk as all its borrowings are fixed rate borrowings.

##### Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The main currency risk that the LLP is exposed to is British Pounds Sterling (GBP) risk as part of its costs are incurred in this currency.

The sensitivity of the results to a change in these currency is as follows, the below figure show the effect this would have on the statement of comprehensive income:

	Change in rate	2022 \$'000	2021 \$'000
Trade and other payables	%		
	+5%	(36)	(27)
	-5%	36	27

#### 21 Capital risk management

The LLP's objectives when managing capital are to safeguard the LLP's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, under the terms of the LLP agreement, the LLP may retain cash due to be distributed to members, call on additional contributions from members, or sell assets.

#### 22 Trade and other payables

	Current 2022 \$'000	Current 2021 \$'000	Non-current 2022 \$'000	Non-current 2021 \$'000
Trade payables	2,155	2,607	-	-
Amounts owed to subsidiary undertakings	6,433	2,535	-	-
Accruals	7,198	7,873	817	378
Social security and other taxation	42	293	-	-
Other payables	13,140	10,712	-	-
	<u>28,968</u>	<u>24,020</u>	<u>817</u>	<u>378</u>

Other payables includes funds due from ExCom to the LLP. These relate to costs paid on behalf of ExCom during 2022. Also included within other payables are surplus funds available for ExCom due to underspend during the year and in prior years.

# OGCI CLIMATE INVESTMENTS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23 Lease liabilities

	Present value	
	2022	2021
	\$'000	\$'000
Maturity analysis		
Within one year	1,033	1,113

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022	2021
	\$'000	\$'000
Current liabilities	1,033	1,113
Non-current liabilities	106	1,152
	<u>1,139</u>	<u>2,265</u>

	2022	2021
	\$'000	\$'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	57	88

#### 24 UK taxation of income

Under UK tax law, members of the LLP pay tax that is individually assessed on their share of profits. Income taxes are not assessed on the LLP itself and it is therefore not dealt with in these financial statements. The taxation payable on the LLP's profits is the liability of the members.

#### 25 Member's interests

	2022	2022	2021	2021
	\$'000	\$'000	\$'000	\$'000
	Capital	Distribution	Capital	Distribution
At the beginning of the year	405,956	(136,926)	254,176	(107,236)
Capital introduced	135,126	-	151,780	-
Charged to distribution account	-	(38,809)	-	(29,689)
Dividends distributed	-	(13)	-	(1)
At the end of the year	<u>541,082</u>	<u>(175,748)</u>	<u>405,956</u>	<u>(136,926)</u>
<b>Total</b>		<u><b>365,334</b></u>		<u><b>269,030</b></u>

Members' capital is repayable to members on the realisation of investments to which the capital has been applied. As such, it has been classified as a debt-like item in these financial statements.

Members' distribution accounts represent both profits and (losses) automatically allocated to members' and investment capital proceeds as set out in the LLP agreement.

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 26 Net Zero Teesside (NZZ)

On August 1, 2020, the LLP completed the sale of its NZT asset to a consortium of five of its member companies (the "Project Partners"). Under the Sale & Purchase Agreement ("SPA"), the consideration payable by the Project Partners to the LLP is deferred, and contingent upon NZT reaching a Final Investment Decision ("FID"). In the event that the Project Partners decide to abandon the Project, the LLP will not receive any consideration unless the Project or any part of it is sold to a third party. In such a case, any consideration received from the third party will be allocated to the LLP and the Project Partners in proportion to their respective investments in the NZT project.

As the NZT sale involved the transfer of intellectual property ("IP"), it constitutes a transfer of an intangible asset and therefore falls under the scope of IAS 38. In instances where the consideration for the sale or transfer of an intangible asset is entirely contingent, the consideration is not recognised on the Balance Sheet until such time as receipt of the consideration is almost certain. Should the NZT project proceed as planned and reach FID, the consideration payable to the LLP will be based on the total investment made by the LLP in the project up until 1 July 2020 (approx. US\$33m), in addition to an agreed annual rate of return from the transfer date until FID. Based on a "Discrete Scenario Analysis" Valuation approach undertaken by management, the fair value of this consideration as at 31 December 2022 is estimated to be US\$30.7m (GBP£25.3m) (2021: US\$34.9m (GBP£25.9m)).

#### 27 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2022	2021
	\$'000	\$'000
Salaries and short-term employee benefits	7,078	5,639
Other long-term benefits	254	1,112
	<u>7,332</u>	<u>6,751</u>

Included within short-term benefits are accrued bonuses and Long-Term Incentive payout due within one year for key management personnel totalling \$3,266,000 (2021: \$2,245,000).

Other long-term benefits includes the defined contribution pension and estimates for the Long-Term Incentive Plan (LTIP) for key management personnel due > 1 year in accordance with *Key Estimates* as per note 3.

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 27 Related party transactions

(Continued)

##### Members

Member companies have provided resources and expertise over the period to the LLP. A total charge of \$295,000 (2021: \$248,000) has been incurred in the year for those services where the costs are being recharged. The 2021 charges were services used by the LLP from one member company.

##### Subsidiaries

During the year there were transactions between the LLP and one of its subsidiaries, OGCI Climate Investments (USA) Inc. These transactions involved the subsidiary charging the LLP for the cost of providing corporate finance and other services to the LLP during 2022. The total amount recharged to the LLP was \$14,981,000 (2021: \$10,529,000). As at 31 December 2022, the LLP owed a balance of \$6,433,000 (2021:\$2,535,000 ) to OGCI Climate Investments (USA) Inc. which has been included within the statement of financial position.

No guarantees have been given or received.

#### 28 Net cash flows used in operating activities

	2022 \$'000	2021 \$'000
Loss for the year	(38,809)	(29,689)
<b>Adjustments for:</b>		
Interest income	(6)	(8)
Finance costs	57	88
Investment income	(13)	(1)
Amortisation of intangible assets	10	10
Depreciation of property, plant and equipment	1,289	1,212
Foreign exchange differences	596	(220)
Increase/(decrease) in LTIP accrual	439	(281)
<b>Movements in working capital:</b>		
Increase in trade and other receivables	(11,004)	(21,648)
Increase/(decrease) in trade and other payables	5,070	(5,095)
<b>Net cash flows used in operating activities</b>	<u>(42,371)</u>	<u>(55,632)</u>

## OGCI CLIMATE INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 29 Cash and cash equivalents

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	40,281	24,285

Cash and cash equivalents at 31 December 2022 includes \$21,154,000 (2021: \$3,983,000) of restricted cash. \$20,799,000 (2021: \$3,778,000) of this relates to funding received from Members for follow-on investments to be made in 2023, whilst the remainder represents collateral for the purposes of providing credit for a commercial credit card programme.

#### 30 Events after the reporting date

##### *Investments*

Post-year end the LLP, through OGCI Climate Investments Holdings LLP, has completed three investments in new investee companies worth US\$31.2m and six follow-on investments in existing investee companies totalling US\$23.1m.