LLP Registration No. OC415130 (England and Wales)

OGCI CLIMATE INVESTMENTS LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

OGCI CLIMATE INVESTMENTS LLP

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OGCI CLIMATE INVESTMENTS LLP

LLP INFORMATION

Designated Members	BP Technology Ventures Limited (until 1 January 2021) Shell Petroleum Co Limited (until 1 January 2021) Eni UK Limited (from 1 January 2021) Equinor New Energy Limited (from 1 January 2021)
Members	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
LLP registered number	OC415130
Registered office	Suite 1 3rd Floor 11-12 St. James's Square London United Kingdom SW1Y 4LB
Independent auditors	Ernst & Young LLP 1 More London Place London United Kingdom SE1 2AF

OGCI CLIMATE INVESTMENTS LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The members present their annual report together with the financial statements of OGCI Climate Investments LLP ("the LLP") for the year ended 31 December 2020. 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.

Principal activities
The LLP is the investment arm of the Oil & Gas Climate Initiative ("the OGCI") and was set up with the objective to catalyse the development and deployment of technology and business solutions that show the greatest potential to reduce greenhouse gas emissions.

Areas of focus are:

- Reducing methane leakage: investing in technologies and solutions to reduce methane emissions from source to point of use.
- Reducing carbon dioxide: investing in efficiency solutions that lower the carbon footprint of the energy, industrial and transport sectors.
- Recycling carbon dioxide: investing in breakthrough technologies to capture carbon dioxide emissions and recycle it into products or store it safely; pre-FEED appraisal of projects.

Review of 2020
2020 was dominated by the global COVID-19 pandemic and its effects continue. Markets, businesses and individuals have all been affected, whether through personal impact, disrupted business development and investment programmes, supply chain pressures, or lost revenue. There was also significant volatility in financial and commodity markets.

The LLP was not immune to these effects, but with our structure and ways of working, we were able to continue to operate effectively. Since the initial lockdowns in early 2020, staff have been working from home in line with Government guidance and legislation. The welfare of our staff was the immediate priority and we took steps to ensure all employees and contractors were both provided with any necessary IT equipment, as well as regular health and wellbeing support.

Despite the market pressures on member companies, the LLP's activities for 2020 and beyond were supported in line with the approved budgets, to enable progress towards investment and impact goals. The LLP, through its wholly owned subsidiaries, supported the portfolio of its investee companies. The priority was to ensure they were appropriately financed through the year, to enable them to continue the development of their emissions reduction technologies and projects.

As with the majority of industries across the globe, those in which our portfolio of investees operate were abruptly impacted in the early months of the pandemic. The most obvious of these impacts was in the worldwide slow down of business activity, which resulted in delays to the progress of annual operating plans and timetables for the advancement of various technologies. However, as in the case of the LLP itself and our member companies, once the investee companies had the opportunity to realign their work practices and annual budgets to the realities of operating under the shadow of COVID-19, they proved highly resilient and continued to make material progress on their strategic objectives. In addition to the pandemic response at an individual investee level, the emergence of the pandemic has in fact hastened the global adoption of the energy transition agenda and the deployment of capital into the wider sector is accelerating at a rapid rate.

Looking forward into 2021 and future years, the outlook for the LLP is positive. Increasing emissions regulation across the globe as well as the increasing number of companies announcing their net zero emissions targets, both provide a positive environment in which OGCI Climate Investments can continue to invest in technologies and projects that will make a significant impact in carbon emissions.

During the year, the LLP through its subsidiary (OGCI Climate Investments Holdings LLP) invested in four new businesses:

- Elk Hills Carbon is a carbon capture & storage project led by California Resources Corporation (CRC), the largest oil and natural gas producer in California, which will capture carbon dioxide from a natural gas power plant. The project is scheduled to come on stream in 2024 and remove approximately 1.5 million tonnes/year of carbon dioxide emissions from burning natural gas at the Elk Hills power plant;

- Starwood Energy Elysian Ventures Carbon Capture & Storage Project. This joint venture, based in the USA, is aimed at developing a large-scale carbon capture facility to be integrated with a natural gas power plant. The project will use commercially available carbon capture technology and is expected to capture 90% of the emissions from an existing power facility. The captured carbon dioxide will then be used in enhanced oil recovery and permanently sequestered in an existing oil field;

- Ontruck is a digital road freight platform connecting carriers and shippers more efficiently. The digital platform facilitates the reduction in carbon emissions generated from empty trucks, enabling a more sustainable future of transportation. Ontruck has established operations in Madrid, Barcelona, Paris, London and Amsterdam; and

- Qnergy provides remote power solutions to help companies improve operational efficiency and reduce emissions. One of the leading applications is an air solution to displace methane emissions from pneumatic devices. The application, which couples Qnergy's remote power generators with air compressors, offers a low emission alternative to gas pneumatic devices currently used in upstream oil and gas and is estimated have the potential to remove as much as 1 million tonnes equivalent of carbon dioxide emissions in North America by 2029.

In addition, we completed follow-on investments in nine of our existing portfolio companies:

- Kairos Aerospace: Kairos is a US-based company that provides actionable data on major sources of methane emissions from aerial surveys. Their patented sensors and proprietary software make continual monitoring of methane emissions over large areas of land cost-effective;

- XL Fleet (previously XL Hybrids) : XL Fleet is a US-based company that provides hybrid and plug-in hybrid vehicle solutions that brings the advantages of hybrid vehicle performance to medium and heavy-duty commercial vehicles. The solution is a minimally invasive upgrade that can be ordered on new units or installed on existing fleets;

- Achates Power: a US-based company that is developing high-efficiency opposed-piston engines that could have a substantial impact on greenhouse gas emissions;

- Solidia Technologies: a US-based pioneer in the heavy-emitting cement and concrete industry. Solidia has patented technology that allows cement to be produced more efficiently, and that uses carbon dioxide to harden concrete;

- Econic: Econic is a UK-based company that uses pioneering catalyst technology to incorporate carbon dioxide as a raw material into polyols, the basis of all polyurethanes;

- GHGSat: GHGSat is a Canadian-based that company provides low-cost greenhouse gas monitoring data and services covering sites around the world. GHGSat launched its first demonstration satellite in 2016, proving the potential to accurately measure facility-level emissions of both carbon dioxide and methane;

- Svante: Svante is a Canadian-based company that aims to significantly reduce the cost of carbon capture through its modular, scalable technology, while creating demand for carbon dioxide on a gigaton scale by building a physical marketplace;

- Clarke Valve: Clarke is a US-based company that designs and manufactures proprietary control valves ("Shutter Valve") for the industrial valve market. Clarke Valve has developed a unique control valve that is low cost and virtually eliminates fugitive methane emissions; and

- Boston Metal: Boston Metal is a US-based company that has developed a modular, electrochemical manufacturing process for high-value ferroalloys, and ultimately, for steel. The objective of the company is to produce emissions-free steel at a competitive cost.

In total for 2020, US$52m, was invested into our portfolio by the wholly owned subsidiary, OGCI Climate Investments Holdings LLP; (2019 : US$54m).

In addition, we were pleased to be able to complete the transfer of the Net Zero Teesside Project (NZT) to five of our member companies in the middle of the year. NZT is a Carbon Capture, Utilisation and Storage (CCUS) project, based in Teesside in the North East of England. In partnership with local industry and committed partners, it aims to decarbonise a cluster of carbon-intensive businesses by as early as 2026. When operational, the project plans to capture up to 6 million tonnes of CO2 emissions annually. The five member company partners are now developing the project through to Final Investment Decision stage. Further details are given in note 23 to the accounts.

In late December, XL Fleet completed a merger with Pivotal Investment Corporation II (NYSE: PIC) ("Pivotal"), a publicly traded special purpose acquisition company. The transaction, which was approved by Pivotal's stockholders at its annual meeting held on December 21, 2020, resulted in the combined company being renamed "XL Fleet Corp.", with its common stock and warrants trading on the New York Stock Exchange on December 22, 2020.

In connection with the merger and related private placement, XL Fleet received approximately US$350m in cash proceeds. As part of the transaction, the LLP, through OGCI Climate Investments Holdings LLP, received repayment of convertible loans of US$10m but retained a small equity interest in XL Fleet. The US$10m received from the repayment of the loans was returned to member companies, via offset of drawdown in January 2021.

Piloting or deploying our investee company technologies within our member companies to catalyse and accelerate commercial development, is also a critical element of the LLP's activities. Since the beginning of 2019 to date, there have been over 35 pilots or deployments that have been completed or are in progress, supporting our investees to develop their businesses.

During the period, the LLP incurred costs relating to the management of the business and in relation to the acquisition of investments held by OGCI CI Holdings LLP.

Designated Members
BP Technology Ventures Limited and Shell Petroleum Co Limited continued in their role as designated members of the LLP throughout 2020. 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 Co Limited to Eni UK Limited and Equinor New Energy Limited. The directors' report and financial accounts have therefore been signed by the respective directors representing Eni UK Limited and Equinor New Energy Limited.

Members
BP Technology Ventures Limited, Shell Petroleum Co 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 realised. Upon realisation 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 2020 are set out in note 22 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.

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
David Eyton#	BP Technology Ventures Ltd	January to December
Barbara Burger	Chevron	January to December
Roberto Dall'Omo	Eni UK Ltd	January to February
Paolo Campelli	Eni UK Ltd	February to December
Elisabeth Kvalheim	Equinor ASA	January to December
Vijay Swarup	Exxon Mobil	January to December
Richard Jackson	Occidental Petroleum	January to December
Orlando Ribeiro	Petrobras	January to May
Rafael Chaves	Petrobras	May to December
Jaime Martin Juez	Repsol Energy Ventures SA	January to December
Ahmad Al Khowaiter	SAEV Guernsey Ltd	January to December
John MacArthur	Shell Petroleum Co Ltd	January to December
Girish Nadkarni	Total Holdings UK Ltd	January to December
Jérôme Schmitt*	OGCI Executive Committee	January to December

#On 1 January 2021, Angelo Amorelli replaced David Eyton as the representative of BP Technology Ventures Ltd on the Board.

*The chair of the OGCI Executive Committee is a non-voting member of the Board. On 24 February 2021, Jérôme Schmitt resigned as the chair of the OGCI Executive Committee and was replaced by Bjorn Otto Sverdrup, who has now joined the Board of the LLP.

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 Executive Team.

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.

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 2021 was approved by the Board on 17 December 2020. This budget has been increased significantly compared to the 2020 budget, reflecting the confidence and commitment of the member companies and the Board to the aims of the LLP. Management and the Board consider that this level of expenditure is appropriate to enable the LLP to continue to progress its strategic GHG reduction goals.

In times of market pressures, such as those from COVID-19 and market 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 2 years and then give 2 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.

Auditor
Ernst & Young LLP have been appointed auditors of the LLP for the year ended 31 December 2020.

On behalf of the board

Paolo Campelli

Paolo Campelli
For and behalf of Eni UK Ltd
Designated Member
Date: 29 April 2021

OGCI CLIMATE INVESTMENTS LLP

MEMBERS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 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

Opinion

We have audited the financial statements of OCGI Climate Investments LLP ('the Partnership') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Members' Interests and the Statement of Cash Flows and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied to limited liability partnerships; 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 1.1 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 there is 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.

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.

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.

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 material misstatements in respect of 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 Partnership and determined that the most significant are those that relate to the reporting framework (IFRS and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Partnership has to comply with laws and regulations relating to its operations, including furlough scheme rules, 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 inspecting supporting documentation. We also read correspondence with relevant authorities.
- We assessed the susceptibility of the 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 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

Stephney Dallmann (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date 5 May 2021

OGCI CLIMATE INVESTMENTS LLP

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $'000	2019 $'000
Other income	4	1,369	1,611
Investment costs		(12,387)	(21,858)
Administrative expenses		(22,666)	(21,700)
Operating loss	5	(33,684)	(41,947)
Finance costs	9	(119)	(83)
Loss before taxation		(33,803)	(42,030)
Loss for the period before members' remuneration		(33,803)	(42,030)
Remuneration charged to members' distribution accounts	22	33,803	42,030
Result for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

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

OGCI CLIMATE INVESTMENTS LLP

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 $'000	2019 $'000
Non-current assets			
Property, plant and equipment	**10**	1,124	1,484
Right of use asset	**10**	2,798	3,632
Investments	**11**	144,123	103,774
		148,045	108,890
Current assets			
Trade and other receivables	**13**	7,544	10,814
Cash and cash equivalents	**27**	24,943	20,146
		32,487	30,960
Total assets		180,532	139,850
Current liabilities			
Trade and other payables	**20**	29,615	32,195
Lease liability	**21**	1,138	968
		30,753	33,163
Non-current liabilities			
Trade and other payables	**20**	659	1,007
Lease liability	**21**	2,180	3,102
Members' interest	**22**	146,940	102,578
		149,779	106,687
Total liabilities		180,532	139,850

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 29 April 2021 and are signed on its behalf by:

Elisabeth B. Kvalheim

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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 2020

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 2020

	Balances classified as debt		
	Members' capital $'000	Members' distribution account $'000	Total $'000
Balance at 1 January 2019	78,098	(21,403)	56,695
Remuneration charged to members' distribution accounts	-	(42,030)	(42,030)
Capital introduced	87,913	-	87,913
At 31 December 2019	166,011	(63,433)	102,578
Remuneration charged to members' distribution accounts	-	(33,803)	(33,803)
Capital introduced	88,165	-	88,165
Investment proceeds to be distributed	-	(10,000)	(10,000)
At 31 December 2020	254,176	(107,236)	146,940

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 2020

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities			
Cash used in operations	26	(42,229)	(33,807)
Interest paid	9	(119)	(83)
Cash used in operating activities		**(42,348)**	**(33,890)**
Cash flows from investing activities			
Additions to property, plant and equipment	10	(50)	(1,612)
Investment in subsidiary	11	(40,349)	(53,565)
Cash used in investing activities		**(40,399)**	**(55,177)**
Cash flows from financing activities			
Proceeds from capital contributions	22	88,165	87,913
Payment of finance leases obligations		(663)	(183)
Net cash flows from financing activities		**87,502**	**87,730**
Net increase/(decrease) in cash and cash equivalents		4,755	(1,337)
Cash and cash equivalents at beginning of year		20,146	21,496
Effect of foreign exchange rates		42	(13)
Cash and cash equivalents at end of year	27	**24,943**	**20,146**

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

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 Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB.

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 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 2020 to 31 December 2020.

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.

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. Members of the LLP have committed to invest a minimum of $100 million 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 2021 was approved by the Board on 17 December 2020. The 2021 budget is significantly higher than the revised budget of the prior year, which reflects a normalising of the operating environment, but also the Board and member companies' agreement that Investment and project expenditure needs to be materially expanded. Management and the Board consider that this level of expenditure is both sustainable from members and as importantly, essential for the LLP to continue to progress its strategic GHG reduction goals.

The Board is fully aware that a degree of uncertainty persists in the economic environment due to the Coronavirus pandemic and there is a continuing possibility that any of the 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 2 years and then give 2 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. Our members have all taken action to ensure their businesses are able to continue operating during these challenging times. Addressing climate change remains a critical part of their business strategies and 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, management and the Board consider that the preparation of the accounts under the going concern basis remains appropriate.

1 Accounting policies **(Continued)**

1.3 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:

Leasehold improvements	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.

1.4 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.

1.5 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.

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term, highly liquid investments 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.

1.7 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.

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 'sole 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 (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.

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.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

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

1.8 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.

1.9 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 in recognised in these financial statements.

1.10 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.

1 Accounting policies **(Continued)**

1.11 Leases

The LLP applied IFRS 16 Leases (as issued by the IASB in January 2016) for the first time in the prior year. IFRS 16 introduced new or amended requirements with respect to lease accounting. It introduced significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these leases and right of use assets are within these financial statements in Notes 10 and 21.

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 finance lease 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.

1.12 Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The LLP will be receiving Government grants for partial funding of the Net Zero Teesside Project, formerly known as Clean Gas Project, these grants will be received for expenses within the profit and loss and therefore have been charged to the Statement of Comprehensive Income.

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 Statement of Financial Position date. Exchange differences are recognised in the Statement of Comprehensive Income.

1 Accounting policies **(Continued)**

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 such as wages and salaries for individuals working on projects. 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.

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 2020 reporting periods 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 reporting periods and on foreseeable future transactions.

3 Significant accounting estimates and judgements

The preparation of the LLP's financial statements in accordance with 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

Depreciation of property, plant and equipment
Depreciation rates are based on the estimated useful lives and residual value of the assets involved, see note 10.

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 2020 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.

VAT accrual
The LLP has recognised an accrual in these accounts for estimated VAT payable to HM Revenue & Customs following a review of VAT recoverable activities.

4 Other income

	2020	2019
	$'000	$'000
Other income		
Interest income	8	4
Government grants receivable	1,361	1,607
	1,369	1,611

5 Operating loss

	2020	2019
	$'000	$'000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	228	396
Government grants	(1,361)	(1,607)
Depreciation of property, plant and equipment	1,244	763
Tax relating to overseas branches	27	50
Recharged costs from US-based subsidiary	7,166	5,082

Administrative expenses includes costs recharged from OGCI Climate Investments (USA) Inc. These costs relate to employment costs and running costs of that entity, which supports the main business operations of the LLP.

6 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	$'000	$'000
For audit services		
Audit of the financial statements of the company	55	55

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 $36,600 (2019 - $36,600) is not included in the above total.

Non-audit fees for assurance services totalled $128,700 (2019 - $125,300).

7 Employees

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

	2020	2019
	Number	Number
Average number of employees	25	17

7 Employees (Continued)

The total number of employees of the LLP at 31 December 2020 was 27; 21 of these employees were dedicated to LLP activities and 6 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:

	2020 $'000	2019 $'000
Wages and salaries	7,195	6,274
Social security costs	1,127	893
Pension costs	313	244
	8,635	7,411

The above figures include accrued bonus and LTIP payments for 2020 of $3,479,000 (2019: $3,338,000)

In addition to the above, payroll costs for the 6 employees working on ExCom activities were $1,100,000 (2019: $830,000). 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.

8 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 $313,000 (2019: $244,000). 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.

9 Finance costs

	2020 $'000	2019 $'000
Interest on lease liabilities	119	83

10 Property, plant and equipment

	Right of use asset	Leasehold improvements	Plant and equipment	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 January 2019	-	-	159	159
Additions	4,170	782	827	5,779
At 31 December 2019	4,170	782	986	5,938
Additions	-	-	50	50
At 31 December 2020	4,170	782	1,036	5,988
Accumulated depreciation and impairment				
At 1 January 2019	-	-	59	59
Charge for the year	538	72	153	763
At 31 December 2019	538	72	212	822
Charge for the year	834	156	254	1,244
At 31 December 2020	1,372	228	466	2,066
Carrying amount				
At 31 December 2020	2,798	554	570	3,922
At 31 December 2019	3,632	710	774	5,116

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

Finance Leases
The carrying value of assets under finance leases at 31 December 2020 was $2,666,000 (2019: $3,461,000). Additions during 2019 include $3,972,000 for the LLP's head office. The right of use asset also includes $198,000 of initial direct costs relating to the leased asset.

11 Investments in subsidiary companies

	2020	2019
	$'000	$'000
Balance at 1 January	103,774	50,209
Investments in subsidiaries	40,349	53,565
Balance at 31 December	144,123	103,774

12 Subsidiaries

Details of the LLP's subsidiaries at 31 December 2020 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 Limited	Ordinary	100	100	Intermediate holding company
OGCI Climate Investments (USA) Inc.	Ordinary	100	100	Employment company for US based staff

The registered office of OGCI Climate Investments Holdings LLP and OGCI Climate Investments Group Limited is Suite 1, 3rd Floor 11-12 St. James's Square, London, SW1Y 4LB.

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

13 Trade and other receivables

	2020 $'000	2019 $'000
Trade receivables	1,024	1,262
Other receivables	2,374	4,915
VAT recoverable	2,775	3,328
Prepayments	1,371	1,309
	7,544	10,814

Trade receivables balance are primarily related to amounts due from ExCom members for funding of the ExCom costs during 2020 and 2019.

Included within other receivables are funds due from ExCom to the LLP these relate to costs paid on behalf of ExCom during 2018, 2019 and 2020.

Included within prepayments is an amount of $911,000 relating to the deposit paid for the LLP's head office lease.

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.

14 Financial instruments

Financial assets

Cash and cash equivalents

	2020 $'000	2019 $'000
Cash and cash equivalents	24,943	20,146
At 31 December	24,943	20,146

Cash and cash equivalents at 31 December 2020 include $3,580,000 (2019: $200,000) of restricted cash. $3,375,000 of this relates to funding received from Members for a follow-on investment to be made in early 2021, whilst the remainder represents collateral for the purposes of providing credit for a commercial credit card programme.

Financial assets

Debt instruments at amortised cost:

	2020 $'000	2019 $'000
Trade and other receivables excluding prepayments	3,398	6,177
At 31 December	3,398	6,177

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:

	2020 $'000	2019 $'000
Trade and other payables excluding non-financial liabilities	33,592	35,514

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.

15 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.

16 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	Between 1 & 5 years	5 + years	Total
	$'000	$'000	$'000	$'000
At 31 December 2019				
Trade and other payables excluding non-financial liabilities	31,405	4,109	-	35,514
	31,405	4,109	-	35,514
At 31 December 2020				
Trade and other payables excluding non-financial liabilities	30,703	2,889	-	33,592
	30,703	2,889	-	33,592

The decrease in trade and other payables is mainly due to the significant reduction in both accruals and trade payables related to the Net Zero Teeside project, which was disposed of during the year.

17 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 $1,024,000 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:

	2020	2019
	$'000	$'000
Upper medium grade (Investment grade)	24,943	20,146

18 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	2020	2019
	%	$'000	$'000
Trade and other payables	+5%	(52)	(347)
	-5%	52	347

19 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.

20 Trade and other payables

	Current		Non-current	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	1,626	7,903	-	-
Amounts owed to subsidiary undertakings	2,500	1,840	-	-
Accruals	12,862	17,204	659	1,007
Social security and other taxation	278	30	-	-
Other payables	12,349	5,218	-	-
	29,615	32,195	659	1,007

The decrease in trade and other payables is mainly due to the significant reduction in both accruals and trade payables related to the Net Zero Teeside project, which was disposed of during the year.

Included within accruals is VAT payable to HM Revenue & Customs as mentioned in note 3.

Included within other payables are funds due to members following the repayment of the principal amount on the convertible loan investment in XL Hybrids.

Also included within other payables are funds due from ExCom to the LLP. These relate to costs paid on behalf of ExCom during 2018, 2019 and 2020. Also included within other payables are surplus funds available for ExCom due to underspend during the prior year.

21 Lease liabilities

	Present value	
	2020	**2019**
Maturity analysis	**$'000**	**$'000**
Within one year	1,138	968

21 Lease liabilities **(Continued)**

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:

	2020 $'000	2019 $'000
Current liabilities	1,138	968
Non-current liabilities	2,180	3,102
	3,318	4,070

	2020	2019
Amounts recognised in profit or loss include the following:	$'000	$'000
Interest on lease liabilities	119	83

22 Member's interests

	2020 $'000 Capital	2020 $'000 Distribution	2019 $'000 Capital	2019 $'000 Distribution
At the beginning of the year	166,011	(63,433)	78,098	(21,403)
Capital introduced	88,165	-	87,913	-
Investment proceeds to be distributed	-	(10,000)	-	-
Charged to distribution account	-	(33,803)	-	(42,030)
At the end of the year	254,176	(107,236)	166,011	(63,433)
Total		**146,940**		**102,578**

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.

As noted in the Members' Report, the LLP, through OGCI Climate Investments Holdings LLP, received US $10m in cash following the repayment of convertible loans from one of its investee companies. The US $10m received from the repayment of the loans was returned to member companies, via offset of drawdown in January 2021.

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

23 NZT Disposal

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 2020 is estimated to be US$31.4m.

24 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.*

	2020 $'000	2019 $'000
Salaries and short-term employee benefits	4,792	4,175
Third Party	-	299
Other long-term benefits	723	641
	5,515	**5,115**

Included within short-term benefits are accrued bonuses for key management personnel totalling $1,681,000 (2019: $1,666,000).

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

24 Related party transactions (Continued)

Members

Member companies have provided resources and expertise over the period to the LLP. A total charge of $9,798,700 (2019: $15,237,600) has been incurred in the year for those services where the costs are being recharged. All of this charge relates to services provided by the member companies for the Net Zero Teeside project.

Subsidiaries

During the year there were transactions between the LLP and one of it's subsidiaries, OGCI Climate Investments (USA) Inc. These transactions involved the subsidiary charging the LLP for the cost of providing corporate finance services to the LLP during 2020. Total amount recharged to the LLP was $7,165,900 (2019: $5,082,300), As at 31 December 2020, the LLP owed a balance of $2,499,900 (2019: $1,840,300) to OGCI Climate Investments (USA) Inc. which has been included within the statement of financial position.

No guarantees have been given or received.

25 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.

26 Cash generated from operations

	2020 $'000	2019 $'000
Loss for the year	(33,803)	(42,030)
Adjustments for:		
Finance costs	119	83
Loss on disposal of property,plant and equipment	-	-
Depreciation and impairment of property, plant and equipment	1,244	763
Foreign exchange (gain)/loss on cash equivalents	(42)	13
(Decrease)/increase in LTIP accrual	(348)	14
Net foreign exchange differences	50	86
Movements in working capital:		
Decrease/(increase) in trade and other receivables	3,131	(7,980)
(Decrease)/increase in trade and other payables	(12,580)	15,244
Cash used in operations	(42,229)	(33,807)

27 Cash and cash equivalents

	2020	2019
	$'000	$'000
Cash at bank and in hand	24,943	20,146

Cash and cash equivalents at 31 December 2020 include $3,580,000 (2019: $200,000) of restricted cash. $3,375,000 of this relates to funding received from Members for a follow-on investment to be made in early 2021, whilst the remainder represents collateral for the purposes of providing credit for a commercial credit card programme.

28 Events after the reporting date

Investments
Post year end the LLP, through OGCI Climate Investments Holdings LLP, has completed two investments in new investee companies worth US$20m and three follow-on investments in existing investee companies totalling US$9.2m.

Ongoing COVID-19 impact
The COVID-19 pandemic continues to have a significant impact on individuals, companies and countries across the world. The impact on businesses has been significant with the personal impact on their workforces, disrupted investment and development programmes, supply chains and lost revenue. Governments have implemented measures to provide financial and non-financial stimulus to industrial sectors, particularly those most impacted. Since the turn of the year, the roll-out of vaccination programmes in each country has been building momentum and should start to enable a return to a more stable business environment.

The effects of COVID-19 continue to impact on the LLP, but with our structure and ways of working, we have maintained our ability to operate effectively. As at the date of signing these financial statements, all OGCI CI group staff are still required to work from home and measures remain in place to support them both in terms of technology and health and wellbeing. Our day-to-day working and operations have not been significantly affected and employees are able to carry out their responsibilities as expected. We continue to support our investee companies and progress new and follow-on investments in our portfolio. In 2020, we were not affected by absence of key individuals or teams due to sickness and that position has not changed in the early part of 2021. In requiring all staff to work from home, we have sought to minimise the risk as much as we can. Looking forward, we will continue to require employees to work from home until such time as the various government restrictions are lifted and we implement our return to work plans.

Our members continue to support our activities for 2021 and beyond, to enable the LLP to achieve its investment and impact goals.

As at the date of approval of the accounts, we are not aware of any material changes in valuation that need to be disclosed.