

2022

Annual Report and Financial Statements
for the year ended 31 December 2022



Riverstone
Energy
Limited
(LSE: RSE)



Powering a shift toward
**energy
transition**

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Who we are...

RIVERSTONE ENERGY LIMITED

THE COMPANY'S INVESTMENT MANAGER IS RIGL HOLDINGS, LP, WHICH IS MAJORITY-OWNED AND CONTROLLED BY AFFILIATES OF RIVERSTONE.

Riverstone is an energy and power-focussed private investment firm founded in 2000 by David M. Leuschen and Pierre F. Lapeyre with approximately \$43 billion of capital raised. Riverstone conducts buyout and growth capital investments in the E&P, midstream, oilfield services, power and renewable sectors of the energy industry. Since 2009, Riverstone has committed over \$8 billion in renewable energy and decarbonisation, across 45 investments in technologies ranging from wind development to financial software facilitating renewable deployment. With offices in New York, London, Houston, Mexico City, Amsterdam and Menlo Park, the firm has committed to over 200 investments in North America, Latin America, Europe, Africa, Asia and Australia.

THE COMPANY SEEKS TO ACHIEVE SUPERIOR RISK ADJUSTED RETURNS THROUGH INVESTING IN THE ENERGY SECTOR WITH A SPECIFIC FOCUS ON ENERGY TRANSITION AND DECARBONISATION OF THE GLOBAL ECONOMY.

The transition to a clean mix of energy sources will require unprecedented investment in new technologies and infrastructure. REL is poised to power that momentum by supporting its conventional positions and by executing on its modified investment programme. In 2022, REL invested \$95 million in six companies located at diverse junctions of the energy transition value chain.

The registered office of the Company is PO Box 286, Floor 2, Trafalgar Court,
Les Banques, St Peter Port, Guernsey, GY1 4LY.

Financial and Operational Highlights⁽¹⁾⁽²⁾

INCREASING VALUE THROUGH SHARE REPURCHASES AND A FORWARD-LOOKING, BALANCED APPROACH TO PORTFOLIO CONSTRUCTION WITH RISK-ADJUSTED RETURNS.

→ Net commitments during the year ended 31 December 2022	<p>Commitments increased by a net total of \$69 million (\$93 million pursuant to decarbonisation strategy and (\$24 million) pursuant to legacy conventional strategy):</p> <ul style="list-style-type: none"> (i) \$25 million in Tritium DCFC Limited (ii) \$20 million in Anuvia Plant Nutrients, Inc. (iii) \$17.5 million in T-REX Group, Inc. (iv) \$17.5 million in Infinitum Electric Inc. (v) \$12.5 million in Our Next Energy, Inc. (vi) \$4 million in Group14 Technologies Inc. (vii) (\$24 million) in Carrier Energy Partners II LLC (viii) (\$3 million) in Enviva, Inc. (in connection with overall approved commitment reduction)
→ Remaining potential unfunded commitments at 31 December 2022	<p>\$11 million⁽²⁾⁽³⁾ (\$5 million pursuant to decarbonisation strategy and \$6 million pursuant to legacy conventional strategy):</p> <ul style="list-style-type: none"> (i) \$6 million in Onyx Power (ii) \$4 million in Enviva Inc. (iii) \$1 million in Our Next Energy, Inc.
→ Investments during the year ended 31 December 2022	<p>Invested a total of \$95 million⁽²⁾ (\$95 million pursuant to decarbonisation strategy):</p> <ul style="list-style-type: none"> (i) \$25 million in Tritium DCFC Limited (ii) \$20 million in Anuvia Plant Nutrients Inc. (iii) \$17.5 million in T-REX Group, Inc. (iv) \$17.5 million in Infinitum Electric Inc. (v) \$11.5 million in Our Next Energy, Inc. (vi) \$4 million in Group14 Technologies Inc.
→ Realisations during the year ended 31 December 2022	<p>Realised a total of \$164 million⁽²⁾ (\$163 million pursuant to legacy conventional strategy and \$1 million pursuant to decarbonisation strategy):</p> <ul style="list-style-type: none"> (i) \$61 million in Onyx Power (ii) \$42 million from Pipestone Energy Corp. (formerly Canadian Non-Operated Resources LP) (iii) \$34 million in Carrier Energy Partners II LLC⁽⁴⁾ (iv) \$23 million from Permian Resources Corporation (formerly Centennial Resource Development, Inc.) (v) \$2 million from Meritage Midstream Services III, L.P. (vi) \$2 million in aggregate from ILX Holdings III, LLC, GoodLeap, LLC, Rock Oil Holdings, LLC and Tritium DCFC Limited

Key Financials

	2022	2021
NAV as at 31 December ⁽⁵⁾	\$739 million / €610 million⁽⁶⁾	\$682 million / €506 million ⁽⁶⁾
NAV per Share as at 31 December ⁽⁵⁾	\$ 14.52 / €11.99⁽⁶⁾	\$12.41 / €9.19 ⁽⁶⁾
Per cent. change in NAV per Share (USD) for the year ended 31 December	17.0 per cent.	100.2 per cent.
Market capitalisation at 31 December	\$418 million / €345 million⁽⁶⁾	\$345 million / €255 million ⁽⁶⁾
Share price at 31 December	\$8.21 / €6.78	\$6.28 / €4.65
Per cent. change in Share price (Sterling) for the year ended 31 December	45.8 per cent.	56.6 per cent.
Number of Shares outstanding at 31 December	50,891,658	54,937,599
Share price discount to NAV	43.5 per cent.	49.4 per cent.
Cash and cash equivalents at 31 December	\$120million⁽⁷⁾ / €99million⁽⁶⁾	\$106 million ⁽⁷⁾ / €78 million ⁽⁶⁾
Marketable securities (unrestricted) at 31 December	\$177 million⁽⁸⁾ / €146 million⁽⁶⁾	\$195 million ⁽⁸⁾ / €144 million ⁽⁶⁾
Marketable securities (restricted) at 31 December	\$4 million⁽⁹⁾ / €3 million⁽⁶⁾	\$47 million ⁽⁹⁾ / €35 million ⁽⁶⁾
Total comprehensive income for the year ended 31 December	\$88.9 million	\$341.9 million
Basic and Diluted Earnings per Share for the year ended 31 December	171.87 cents	561.73 cents
Number of Shares repurchased/average price per Share for the year ended 31 December ⁽⁹⁾	4,045,941 \$7.95/ €6.63	8,000,867 \$6.28 / €4.60

⁽¹⁾ Amounts shown reflect investment-related activity at the Partnership, not the Company.

⁽²⁾ Amounts may vary due to rounding.

⁽³⁾ Excludes the remaining unfunded commitment for Hammerhead of \$12.2 million, which is not expected to be funded. The expected funding of the remaining unfunded commitments at 31 December 2022 are \$4.5 million in 2023 and \$nil in 2024. The residual amounts are to be funded as needed in 2025 and later years.

⁽⁴⁾ Please see page 30 for further information regarding the details of the Carrier II realisation transaction in December 2022.

⁽⁵⁾ NAV and NAV per Share are reflective of the fair value movements in the underlying investments held by the Partnership, net of income and expenses of the Partnership and its related Investment Undertakings, including any Performance Allocation and applicable taxes which were both \$nil as of 31 December 2022 and 31 December 2021.

⁽⁶⁾ Based on exchange rate of 1.2103 \$/€ at 31 December 2022 (1.3503 \$/€ at 31 December 2021 and 1.606 \$/€ at IPO).

⁽⁷⁾ At 31 December 2022 and 2021, respectively, amounts are comprised of \$15.8 million and \$7.3 million held at the Company, \$68.4 million and \$4.5 million held at the Partnership and \$35.3 million and \$94.0 million held at REL US Corp.

⁽⁸⁾ Unrestricted marketable securities held by the Partnership consist of publicly-traded shares of Permian Resources (formerly Centennial), Enviva, Solid Power, Tritium and Hyzon for which the aggregate fair value was \$177 million at 31 December 2022, and \$197.8 million as of 27 February 2023 (31 December 2021: \$195 million).

⁽⁹⁾ Restricted marketable securities held by the Partnership consist of publicly-traded shares of Tritium and DCRD for which the aggregate fair value was \$4 million at 31 December 2022 and \$234 million as of 27 February 2023, which also includes the shares of HHRS (see Post-Year End Update section on page 31 for further information) (31 December 2021: \$47 million).

⁽¹⁰⁾ Inception to date total number of shares repurchased were 29,005,073 at an average price per share of £3.89 (\$5.00) for a total cost of approximately £113 million (\$145 million).

Board Chair's Statement

THOUGH THE COVID-19 PANDEMIC AND RESULTING ECONOMIC IMPACTS SEEMS TO BE LARGELY IN THE PAST, 2022 PRESENTED A NEW SET OF CHALLENGES AND OPPORTUNITIES FOR INVESTORS GLOBALLY.

The conflict in eastern Europe has presented a distraction from the energy transition as officials turn to reliable energy sources to ride out market volatility. This has helped expose weaknesses in the energy system that regulatory initiatives like the Inflation Reduction Act in the United States will help to address by incentivising capital allocation and green infrastructure development.



Dear Shareholder,

Global market disruption

2022 was one of the most event and policy driven energy markets I have ever seen. On the face of it, commodity prices ended the year in a similar place to where they started. WTI opened 2022 at US\$75.99/bbl and closed it at US\$80.16/bbl. In Europe, the Title Transfer Facility (TTF) natural gas price started the year at € 80.43/MWh and ended it at € 76.31/MWh.

But this apparent calm year-on-year masked extreme intra-year price movements, driven in a large part by Russia's invasion of Ukraine and the ensuing European gas and power crisis. The high/low price for WTI during the year was \$123.64/\$71.05 per barrel. A near decade of under-investment in conventional fossil fuels, combined with continued post-COVID demand recovery, further exacerbated the energy crisis.

Unpredictable commodity prices have been matched by uncertainty in the global stock and bond markets. The highest inflation seen in Europe and North America for forty years, and subsequent shift towards higher interest rate policies by the World's central banks for the first time in over a decade, contributed to a significant sell off in technology and other growth sectors. It has also been a difficult year for the SPAC market, which has seen demand fall back from the high levels of 2020 and 2021.

Despite this tough backdrop REL has performed well. Our listed companies have remained focused on executing their achievable near-term growth plans. Furthermore, higher commodity prices have lifted the value of our conventional E&P investments, generating additional cashflows that support our share buybacks and the growth of our decarbonisation portfolio as we continue to pivot into the energy transition.

Government policy supports decarbonisation investment

Elevated energy prices and wider inflationary pressures continue to fuel a cost-of-living crisis, threatening major economies with recession just as they recover from the pandemic. More welcome is that after years of low cost and abundant energy being taken for granted, we are now seeing greater attention being placed on energy security on both sides of the Atlantic.

Many European governments have reacted to the crisis by introducing some form of windfall tax on high energy profits and at the EU level a gas and power price cap. While it is understandable that governments act to protect their most vulnerable citizens at this time, this needs to be balanced against compounding the crisis by dis-incentivising badly needed new investment in energy. Consequently, it is encouraging that in addition to imposing additional taxes governments have also doubled down on decarbonisation as a means both to bolster energy security through diversification and accelerate efforts to keep global warming to below 1.5 degrees.

The EU announced the REPowerEU plan in May with the intention to make Europe independent of Russian fossil fuels before 2030. Under the plan the Commission made hundreds of billions of Euro's in financing available to member states to support clean energy and clean industry initiatives and encourage significant energy saving initiatives across the bloc.

In August, the US Congress passed its largest ever climate-related legislation, the Inflation Reduction Act ("IRA"). The legislation makes \$391 billion of climate related incentives and provisions available, two thirds of which are uncapped and could see the overall quantum rise further. Designed to spur growth of the US's domestic green energy industry and supply chain, the legislation will accelerate the development of blue hydrogen and CCUS amongst others.

REL is well placed to capitalise on these new initiatives. While there is little in either REPowerEU or the IRA to address one of our key strategic initiatives which is to invest in grid flexibility and resilience, our other areas of focus should benefit. These are the electrification of transport; agriculture; next generation liquid fuels; and next horizon resource use plays – all areas we have identified as attractive opportunities for making decarbonisation investments.

Board changes

As previously announced, after nearly ten years as a REL Non-Executive Director and as Chair of the Board for almost seven years, I am standing down as Chair of the Board in February 2023 and retiring from the Board after the AGM in May 2023. I am proud that over the course of my time as Chair of the Board, REL has successfully reoriented its strategy towards investing in the energy transition, while strengthening its balance sheet and improving the liquidity of its assets, as well as implemented significant favourable adjustments to the IMA. Further, as of 31 December 2022, REL has returned £113 million (\$145 million) to Shareholders by purchasing 29,005,073 shares through the buyback programme, representing 36.3 per cent. of the total outstanding shares at commencement in May 2020, at a weighted average price of £3.89 (\$5.00) per share. As a result, I am leaving the Company well positioned to benefit from and support decarbonisation, the greatest investment theme of the coming decades.

In October 2022, we welcomed Richard Horlick to the Board as a Non-Executive Director. Richard brings a huge amount of experience from a long career in investment management, including with Schroders and Fidelity International. As well as joining the Audit Committee, Nomination Committee and Management Engagement Committee, Richard will become Chair of the Board in February 2023. I wish him every success in the role.

During the year, two further Non-Executive Directors announced that they would be standing down from the Board, having served for nearly ten years. Peter Barker will retire from the REL Board at the Company's 2023 Annual General Meeting, while Patrick Firth will remain on the Board until December 2023 to ensure the orderly transition of his responsibilities as Chair of the Audit Committee. Again, I would like to thank both Peter and Patrick for their service to REL and our Shareholders over the years.

I would like to welcome John Roche to the Board. John joined as a Non-Executive Director in December 2022 and will become Chair of the Audit Committee, taking over from Patrick Firth. John is a former partner of PwC. With these changes to the Board of Directors, I believe REL is now well placed for the next phase of its growth as the Company continues to maximise the value of its conventional energy investments and build out its investment portfolio in the decarbonisation space.

Investment portfolio summary

As of 31 December 2022, REL's portfolio comprised thirteen active investments in decarbonisation and three conventional energy investments. Over the course of 2022, we continued to invest in the decarbonisation pipeline, making six exciting new investments.

At the beginning of the year, we made a \$17.5 million investment in T-REX Group. T-REX brings together asset class expertise, critical data management capabilities, and a platform for deal structuring, cash flow modelling, scenario analysis, real-time performance tracking, and reporting. By giving institutions the modernised tools and validation they require to deploy capital, T-REX facilitates increased investment allocations into sustainable, decarbonisation-related assets.

Shortly afterwards in February, REL announced it was making a lead investment of \$17.5 million in Infinitum Electric's \$80 million Series D round. Founded in 2018, Infinitum Electric created the breakthrough air-core motor which offers superior performance at half the weight and size of conventional motors – and at a fraction of the carbon footprint.

In March, REL invested \$20 million in Anuvia Plant Nutrients' \$65.5 million Series D fund raising round. The company has developed and now uses a unique technology that optimises nutrient availability and efficiency for plants, while also improving soil health, preserving natural resources, and reducing greenhouse gas emissions.

Group14 Technologies held a \$400 million Series C round in April, with REL investing \$4 million. Group14 is a battery materials technology company that has developed a proprietary silicon-based anode battery material to replace graphite in conventional lithium-ion batteries.

In September, REL, alongside other investors, increased Tritium DCFC Limited's existing debt facility by \$60 million to a total of \$150 million. Tritium is a global developer and manufacturer of direct current (DC) fast charging technology for electric vehicles. The additional funding will be used to fund working capital, product development and to help accelerate production to meet high demand from across the globe.

Our final investment of the year came in December, when REL funded \$11.5 million of its \$12.5 million commitment to Our Next Energy's \$300 million Series B round, valuing the company at over \$1 billion. ONE is a Michigan-based energy storage technology company working to develop batteries for mobility and large-scale storage applications.

The year also saw two mergers in our portfolio companies. Centennial and Colgate completed its merger in September to create a \$7 billion Permian basin pure-play. REL has invested \$268 million into Centennial since 2016 and has so far realised \$194 million, or ~73 per cent. of its cost basis through proceeds from share sales.

In September, REL announced that Hammerhead Resources Inc., a Calgary based E&P company, was merging with Decarbonization Plus Acquisition Corporation IV (DCRD), a special purpose acquisition company. The combination values Hammerhead at an EV of C\$1.39 billion, approximately 2.2x DCRD's projected 2024 EBITDA for Hammerhead. The transaction will create a publicly traded upstream oil and gas company with an identified investment programme to decarbonise its oil and gas operations through carbon capture and sequestration. This is expected to lead to a 79 per cent. reduction in scope 1 and 2 emissions by 2029 versus 2021, even after a doubling in production. The transaction closed on 23 February 2023 (see Post-Year End Update section in the Investment Manager's Report on page 31 for further details).

Finally, REL realised some value from its legacy energy assets announcing in February that it was exiting Pipestone Energy Corp. Pipestone, a Calgary-based E&P company listed on the Toronto Stock Exchange, yielded net proceeds of C\$53 million, representing approximately a 0.64x Gross MOIC. The sale further shifted our portfolio away from oil and gas and provided additional proceeds to accelerate our growth in decarbonisation opportunities.

Board Chair's Statement continued

Buyback programme

Since the Company's announcement on 14 February 2022 of the authorised increase of £46 million for the share buyback programme, 4,045,941 ordinary shares have been bought back at a total cost of approximately £26.8 million (\$32.2 million) and at an average share price of approximately £6.63 (\$7.95). As of 31 December 2022, £23.2 million was available for repurchasing.

With the intention to narrow the Company's trading discount, the Board took the decision in Q4 2022 to steadily buyback shares up to £15.5 million (\$17.5 million) for the period to 31 December 2022. In Q4, REL repurchased 1,190,588 shares, an increase from 632,041 shares purchased in Q3. The Board will continue evaluating opportunities for additional share buybacks or tender offers based upon projected cashflow from potential significant asset investment and divestitures.

Portfolio valuation

REL ended the period to 31 December 2022 with a NAV of \$14.52 (£11.99) per share, a 17.0 per cent. and 30.5 per cent. increase in USD and GBP, respectively, compared to the 31 December 2021 NAV of \$12.41 (£9.19) per share. REL ended the period with an aggregate gross cash balance of \$120 million (£99 million) across the Company, Partnership and REL US Corp. Reflecting the improved commodity price environment and the extension of the share buyback programme, shares traded up 45.8 per cent. during the full year 2022.

Owing to the volatile markets, REL's largest investments by gross unrealised value had a mixed performance year on year. Onyx was marked up from 1.70x to 3.00x Gross MOIC during 2022, a substantial improvement and benefiting from continued good performance in European energy markets. However, GoodLeap, one of REL's decarbonisation investments, saw a decline in its marks from 2.75x Gross MOIC at the start of the year to 2.20x in December 2022.

The valuation of REL's investments is conducted quarterly by the Investment Manager and is subject to approval by the independent Directors. In addition, the valuations of REL's investments are audited by Ernst & Young LLP in connection with the annual audit of the Company's Financial Statements. The Company's valuation policy is compliant with both IFRS and IPEV Valuation Guidelines and has been applied consistently from period to period since inception. Those of the Company's investments which are not publicly quoted require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant. Further information on the Company's valuation policy can be found in the Investment Manager's Report.

Outlook for 2023 and beyond

As I wrote at the beginning, 2022 has seen unprecedented event and policy driven shifts in global energy and public markets. While that makes predictions about the future even harder to make than usual, I believe we are likely to see geopolitics continue to dominate, whether that is Ukraine, US-China relations, or rising tensions in Asia Pacific, and Taiwan in particular. These are likely to outweigh any recessionary impacts with commodity prices remaining elevated as a consequence.

While Europe looks like it will weather the 2022/23 winter, the following winter could well be tougher, especially if a lack of alternatives to Russian gas makes it hard to fill European storage during the summer months. There is also a risk that by dis-incentivising further necessary investment in energy – renewable and conventional – the EU's gas and power cap and other windfall taxes will further limit the supply of badly needed energy into Europe. Obviously, a powerful settlement to the Ukraine conflict and lifting of sanctions could be expected to stabilise energy prices at lower levels.

What is required is a pragmatic approach and recognition that cleaner fossil fuels have an important role to play as a bridge to wider decarbonisation in the energy transition. We believe the need to provide greater supplies of green fossil fuels will become more widely accepted. The IRA will boost both blue hydrogen and Carbon Capture, Utilisation and Storage (CCUS) in the US and, with transactions like Hammerhead and DCRD. Pressure on agriculture to deliver the crop and food yields necessary to supply the world, at a time when weather and climate is making this ever harder, continues the drive and opportunity for innovative solutions. REL is well placed to continue to invest into these trends as part of growing its wider decarbonisation portfolio.

The Board's objective has always been to maximise shareholder value and to maintain the highest standards of corporate governance. Over the past several years, there have been several significant changes to the IMA. These include the Investment Manager's representatives voluntarily leaving the Board, amending the IMA to stop performance fees until there is 100 per cent. make whole from prior realised and unrealised losses (aggregating circa \$660 million at the start and now \$95 million), and instituting an 8 per cent. hurdle for each deal as well as the requirement of full capital return on individual deals before a performance fee. It is important to note that changes to the IMA cannot be unilaterally made by the Board. The Investment Manager's consent is required for IMA amendments, and both the Investment Manager and the Cornerstone Investors must agree to any changes in performance fees. Such negotiations are always protracted and require compromises by all parties.





To be very clear, the Board has always been focused on the Net Asset Value (“NAV”) share discount in making asset allocations. We evaluate the immediate NAV uplift of share buy back as well as the long term value enhancement from new investments in high return decarb opportunities. Since inception, the Board has emphasised and the Investment Manager has sought to achieve high risk adjusted long term returns as was the premise with Riverstone Energy Funds V and VI, which was set forth in the IPO prospectus. When the share NAV discount is large, the Board has pursued aggressive open market and tender offer buy backs. In aggregate, REL has purchased 29,005,073 shares, representing 36.3 per cent. of the total outstanding shares at a weighted average price of £3.89 (\$5.00) per share. This is one of the largest buybacks for any closed end fund since May 2020 when the Company commenced its buyback programme. However, we are also cognisant of the after effects of such programmes: reduced share liquidity, less capital available for future investments, smaller pool of investment opportunities, smaller deal size with higher likely volatility, and therefore fewer deals, more concentration, and less diversification, all of which entails additional risk.

The Board welcomes feedback from Shareholders, but will not relinquish its responsibilities to meet short-term objectives. Moreover, if the Board deems it appropriate, they will call an EGM for a shareholder vote, as can any shareholder or shareholder group which in aggregate totals 10 per cent or more of the shares outstanding.

Our investment protocols have proven to be successful during 2022. According to a recent JPM Euro Equity research report, with the exception of four aircraft leasing companies, REL had the highest price total return for closed end investment companies. During 2022 and 2021, respectively, the Company’s share price traded up 45.8 per cent. from £4.65 to £6.78 per share and 56.6 per cent. from £2.97 to £4.65 per share. The list included many energy, renewable, infrastructure and commodity funds.

Still, more can and will be done. Energy markets, both fossil and renewable, have been challengingly volatile and the Board must adapt accordingly. They will continue to allocate capital where they expect the highest risk adjusted long term returns from both capital investments and share repurchases. The Board will also maintain their regular discussions with the Investment Manager to make further shareholder friendly changes to the IMA, which will require the consent of the Investment Manager and possibly the Cornerstone investors as well. This approach should give the Directors and Shareholders confidence that REL will continue with the success it has achieved to date.

Let me end by thanking you for your continued support. REL has repositioned its investments and portfolio over recent years to capitalise on the shift towards the energy transition. The long-term trends and demand driving our decarbonisation investments remain strong and we see the opportunity for continued capital deployment. At the same time the Investment Management team and the teams running our portfolio companies have taken the necessary steps to reduce leverage, improve cash generation and improve liquidity. As a result, both our conventional, legacy E&P investments and our thirteen decarbonisation investments are well placed to continue to perform through a period of considerable disruption and uncertainty in global energy markets.

I look forward to watching REL continue to grow under a refreshed Board and would like to thank you all for your support over the past 10 years.

Richard Hayden

Richard Hayden
Chair of the Board
28 February 2023

Environmental, Social and Governance Report

THE INVESTMENT STRATEGY OF THE COMPANY, WHICH WAS ORIGINALLY FOCUSED ON THE TRADITIONAL OIL AND GAS SECTOR, HAS BEEN TRANSITIONED TOWARDS DECARBONISATION ASSETS SINCE 2020.

This shift is reflective of a larger awareness and implementation of Environmental, Social and Governance (“ESG”) policies and is a clear statement of the Company’s focus on this area. The Company’s focus on ESG not only guides its new investments, but also extends to its legacy portfolio, which has made demonstrable progress in the pursuit of improvement of ESG policies and performance.

The Company itself, led by its independent Board, views ESG as a core element in the management of REL. In order to put ESG into practice, the Board relies on its Investment Manager to design and implement an ESG policy which applies to their operations and those of the investee companies. This policy and examples of its application are highlighted below.

The Company utilises the services of Riverstone as the Investment Manager to take appropriate ESG principles into account in its investment decisions and in the ongoing management of the portfolio. In order to support the robustness of these principles, the Board engages with the Investment Manager on ESG matters and monitors compliance of REL’s portfolio companies with Riverstone’s ESG policy. Patrick Firth, a member of the REL Board and Audit Committee Chair, leads the ESG efforts for the Company. The Board receives periodic updates from the Investment Manager on the Investment Manager’s ESG programme and on ESG matters related to the REL investment portfolio. The Board takes its fiduciary responsibility to Shareholders seriously and engages with Riverstone on corporate governance matters as evidenced by the changes to the Investment Management Agreement agreed in January 2020.

Riverstone published its annual ESG report for 2022 in February 2023. The pages that follow summarise the key elements for investors which impact REL’s current and future investments. More detail is included in the full report, which is available on Riverstone’s website: <https://www.riverstonellc.com/en/responsible-investing/esg-reports>. The statement from the Investment Manager below relates to the Investment Manager’s portfolio which includes investments made by the Company.

While Riverstone seeks to integrate ESG matters into its overall investment management processes, including the standards and strategies described in this report, there can be no assurance that Riverstone will be able to successfully apply such strategies or implement its ESG policies to procure particular ESG results for any particular portfolio company or other initiative. The ESG results for any portfolio company or business are no guarantee as to ESG outcomes for any other portfolio company. Applying ESG factors to investment decisions involves a mix of factors, including considerations that are qualitative and subjective by nature. There can be no assurance that the ESG criteria utilised by Riverstone, or any judgment exercised by Riverstone with respect to ESG matters, will reflect the beliefs or values of any third party.

No representation, warranty, forecast or other projection is given with respect to any investment results. This report contains forward-looking statements and actual results and outcomes may differ materially and adversely. Numbers and percentages in this report include estimates, approximations and assumptions that, if inaccurate, may make results differ from current disclosures and expectations. We are also reliant in part on third party data that we have not independently verified or audited.

Riverstone’s ESG Report

Our primary obligation is to be exceptional stewards of our investors’ capital. In today’s world, this translates not only into delivering strong risk-adjusted returns but also doing so in a manner which formally adopts and integrates proportionate and measured environmental, social and governance (ESG) practices for the benefit of a diverse group of stakeholders.

This is all at a time of increasing economic uncertainty, emerging regulatory complexity and political scrutiny that will undoubtedly shape how ESG evolves over the coming years.

We continue to recognise the correlation between those businesses that make ESG a core pillar of their strategies and day-to-day operations and those that are successful in what they do. At Riverstone, we remain committed to deploying your capital in a manner that appropriately and thoughtfully integrates sustainability, ethical and social considerations.

In our last ESG report, we outlined several ambitious objectives. The advances we have made against each of these are set out in more detail in the following pages.

The below report on ESG is for the period ending on 31 December 2022. This report does not constitute an offer to sell or a solicitation of an offer to purchase any securities. Past or projected performance is no guarantee of future results. Additionally, Riverstone may provide information herein that is not necessarily “material” under the federal securities laws for SEC reporting purposes, but that is informed by various ESG standards and frameworks (including standards for the measurement of underlying data) and the interest of various stakeholders. Much of this information is subject to assumptions, estimates or third-party information that is still evolving and subject to change.

For example, Riverstone's disclosures based on any standards may change due to revisions in the framework requirements, availability of information, changes in Riverstone's business or applicable government policies, or other factors, some of which may be beyond Riverstone's control.

Emissions Reporting

We are particularly proud of the work we have undertaken to measure greenhouse gas (GHG) emissions across Riverstone's portfolio (which includes the companies in which the Company has invested). We now know the magnitude of financed emissions from our investments for the 2021 calendar year. Having completed our baseline year, we have two primary goals on emissions:

- Increasing GHG emissions data quality with more of our portfolio companies reporting more granular, "bottom-up" data; and
- Working with our portfolio companies on GHG emissions reduction initiatives and technologies

As a firm, we will continue to invest in climate solutions and data analytics to decrease the emissions of our portfolio companies. By reducing these emissions and being able to track such reductions, we understand and effectively communicate our contribution to climate change mitigation.

Climate Risk Assessments

The climate crisis poses a host of different risks to the financial stability of all organisations that need to be anticipated and incorporated into investment decisions. These risks fall under two main categories: "physical risks" and "transition risks."

During 2022, we undertook physical and transition climate risk assessments for the majority of Riverstone's portfolio, including for a number of the companies in which the Company has invested. We plan to use the results to support our portfolio companies as they seek to improve their climate resilience and capture potential opportunities presented by the energy transition.

While some of the identified risks may be unavoidable, understanding and adapting to the distinct and systemic risks posed by the effects of climate change are important first steps to reducing climate risk.

In addition to our work around emissions and climate change, there are a number of other noteworthy developments to our ESG programme which are highlighted in the following pages.

Looking Forward

We are encouraged by the improvements we have made to our ESG programme in 2022. However, against the backdrop of the heightened focus on ESG and, in particular, on climate change issues, we recognise there is much more work required, in partnership with our investors, our management teams, our regulators and other important stakeholders. We will continue to prioritise our commitment to being responsible investors and look forward to providing further updates on our ESG activities in the year to come.

In support of the low carbon transition, we will continue to focus on investments in decarbonisation and plan to further align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

As the ESG landscape evolves, we are preparing to manage risks by monitoring emerging industry trends and scanning the regulatory horizon, including evolving requirements from the SEC.

We also plan to maintain awareness of changes in reporting frameworks as the International Sustainability Standards Board (ISSB) strives to develop global sustainability standards. We will consider opportunities to integrate these standards once available to provide additional critical ESG data in our reporting. In addition, we will monitor the framework in development from the Taskforce on Nature-related Financial Disclosures (TNFD).

We will also continue to mature our ESG programme by leveraging the insights collected during the past year and strengthening our management approach for climate change.

To accomplish this, we plan to build on the objectives outlined in our 2021 ESG Report while looking to incorporate additional priorities for 2023 and 2024 and:

- Continue to further align our reporting with the TCFD recommendations and evaluate opportunities to advance our risk management and estimate the financial implications of risks
- Refine our GHG accounting across our portfolio companies and include any new investments in our GHG inventory
- Consider development of potential targets for emission reductions and support our portfolio companies in understanding their emissions and pursuing their own reduction goals
- Using the findings from our climate risk assessment, enhance our engagement with our portfolio companies to mitigate climate-related risks, capitalise on opportunities to enhance resilience and assess opportunities to build on our risk assessment further by evaluating additional companies and considering sensitivity analysis
- Update our annual ESG questionnaire to further monitor ESG practices and track performance with additional focus on climate change

Environmental, Social and Governance Report continued

- Continue to facilitate ESG training/capacity building at Riverstone to promote greater ESG awareness and capabilities, specifically to further incorporate climate-related considerations into our ongoing risk management and due diligence processes
- Further evolve our ESG due diligence procedures and resources to incorporate climate risk assessment for potential investments and enhance rigor of assessment process

Riverstone's Approach to ESG

As one of the most experienced private investment firms within the energy, power, infrastructure and decarbonisation sectors, Riverstone recognises the ever-increasing importance of ESG and has made the proactive implementation of ESG initiatives one of its highest priorities. Riverstone takes its fiduciary responsibility to investors very seriously and believes that a strong commitment to addressing ESG factors is critical to the success of its funds, portfolio companies and firm. By devoting substantial internal and external resources towards ESG matters, Riverstone has developed clear processes that take account of leading industry standards. Riverstone believes this effort helps it to make sustainable, ethical and socially responsible decisions over the long run.

ESG objectives

Riverstone has established institutional ESG processes that support the high standards that it has set for itself. These procedures were developed to achieve several key objectives related to ESG, including:

- Providing Riverstone personnel and its portfolio companies with training and the resources to enable those portfolio companies to provide the necessary ESG support appropriately
- Identifying potential risks and mitigants before an investment is made
- Immediate assistance with the identification of any issues that may arise and tracking ongoing performance through portfolio monitoring
- Evaluating and tracking portfolio companies' execution of opportunities to improve current practices at its portfolio companies and firm

Riverstone's ESG policy

Riverstone has an ESG policy that sets out its approach to handling key ESG factors, including inter alia natural resource management, health and safety, community and stakeholder impact, climate change, GHG emissions and governance. This policy helps inform the ESG considerations that are relevant to the management of Riverstone's portfolio companies from initial due diligence all the way through to an exit, and the operation of Riverstone's own business. Riverstone has continuously evolved its ESG policy in conjunction with third-party ESG experts to strive towards best practices across the board. A copy of Riverstone's ESG policy is available online: <https://www.riverstonellc.com/en/responsible-investing/esg-policy>.

ESG resources at Riverstone

Riverstone's ESG Committee comprises a cross-functional set of leaders and our external ESG advisor, Environmental Resources Management (ERM). The ESG Committee meets on a quarterly basis to continually develop our ESG strategy, support ESG initiatives across the firm and its portfolio companies, grow the capabilities of the investment teams on which REL relies, and analyse and benchmark ESG performance and trends using data from portfolio company operations.

Nominated investment team members serve as ESG deal leads and engage their respective portfolio company on ESG management and performance. In partnership with Riverstone's internal legal team, ESG deal leads maintain responsibility for coordinating the completion of annual compliance reviews and ESG questionnaires and providing feedback on the ESG monitoring scorecards.

Riverstone's annual performance reviews assess the quality of ESG engagement driven by each ESG deal lead, and the results inform decisions related to compensation and promotion for ESG deal leads.

ESG in Practice

The careful evaluation of ESG issues is a mandatory component for the underwriting of all REL investments, both by the Investment Manager's Investment Committee and the Company's Board. Furthermore, Riverstone investment professionals conduct a comprehensive evaluation of ESG considerations throughout the lifecycle of an investment. These steps are summarised below:

Risk identification

- Use Riverstone's deep industry expertise, its ESG Minimum Expectations (or 'ESG-MEs') and its proprietary ESG toolkit to identify and manage material ESG risks and value creation opportunities in a consistent manner for investments throughout the deal lifecycle

Due diligence

- Early engagement with the management team and advisors to understand the "ESG landscape" for a potential investment
- Engage third-party experts to evaluate specific risks and areas of concern
- Thorough evaluation of key ESG risks for each potential investment and determination of whether appropriate mitigants can be implemented
- Completion of the climate change screening questionnaire to analyse whether a company has considered impacts from climate-related market shifts, regulatory and voluntary frameworks and extreme weather events





Investment committee

- Complete ESG risk assessment as part of the Investment Committee memo for potential investments, within the context of the investment's broader risk analysis
- Review third-party ESG assessments and reference checks
- Determine whether a potential investment has any ESG risks that are "deal-breakers"
- Robust discussion at Investment Committee, and by the Company Board, of the ESG risk evaluation scorecard
- Go/no go investment decision

ONGOING MONITORING AND PORTFOLIO MANAGEMENT

- Health, safety, environmental (HSE) and other material ESG issues as part of Riverstone's participation on the board of portfolio companies
- Annual portfolio review through ESG questionnaires with portfolio company follow-up based on responses received
- All portfolio companies are subject to periodic assessment of foreign bribery risks and regular reporting and training required for those portfolio companies identified as facing higher levels of risk
- Portfolio companies implement regular training and compliance reviews including, where necessary, by third-party legal teams

- A third party conducts regular cybersecurity assessments of portfolio companies to evaluate financial, operational technology and information technology controls

Exit

- Where appropriate, make relevant ESG disclosures and evaluate whether potential buyers' ESG standards comply with all applicable laws with regard to, for example, employees and decommissioning of assets and infrastructure

ESG:2022 in Review

In our 2021 ESG report, we established a number of overarching ESG objectives for 2022 and 2023. Our progress through 2022 against these objectives, and other ESG issues addressed during the year, are summarised below and presented in more detail throughout this report.

Climate change

- Completed actions to further develop Riverstone's ESG reporting, resulting in further alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)
- Engaged a leading carbon accounting platform, Persefoni, to collaborate with our portfolio companies to track their emissions, yielding disclosure of our financed emissions for the first time, including Scope 1 and 2 emissions and significant sources of Scope 3 emissions for our portfolio companies
- Performed climate risk assessments to identify physical and transition risks for the majority of the portfolio

ESG integration

- Maintained portfolio company performance against our ESG Minimum Expectations (or 'ESG-MEs') and continued to strengthen criteria to drive further improvements in performance
- Developed an ESG onboarding pack for new portfolio companies to share information with them about our ESG programme, portfolio engagement and best practices
- Continued to expand our Green and Sustainability-Linked Loan investments across our credit funds

ESG engagement

- Strengthened our partnership with Howard University by providing summer internships, participating in their career fair and leading on-campus seminars
- Built ESG capacity at all levels in Riverstone by facilitating training on ESG topics, including unconscious bias and anti-harassment, and providing guidance on effectively utilising the ESG toolkit
- Participated in the ESG Data Convergence Initiative (EDCI) to contribute comparable data that will enable private equity firms to better assess their ESG progress and practices

Environmental, Social and Governance Report continued

CLIMATE CHANGE AND DECARBONISATION

Alignment with the TCFD recommendations

Riverstone recognises climate change is a threat to our global economy, society and ecosystems. As a firm, we support the Paris Agreement and its goal to limit global warming “to no more than” (which tracks our ESG policy) 2°C above pre-industrial levels. In addition, climate change also impacts how we evaluate investment risk and opportunity as part of the world’s transition to a low carbon economy.

In its April 2022 report, the Intergovernmental Panel on Climate Change (IPCC) identified the financial industry as a fundamental enabler of the low carbon transition. As the effects of climate change continue to become more apparent, capital allocators can look to climate-related disclosures to make informed decisions. To enable greater understanding of these impacts, the TCFD recommendations promote consistency and transparency around climate-related reporting. The climate disclosure proposal presented by the U.S. Securities and Exchange Commission (SEC) also aligns emerging regulations with the pillars and requirements of the TCFD framework.

In 2022, Riverstone performed analyses and took steps to improve our management practices and enhance our disclosures through increased alignment with TCFD guidance. Riverstone’s disclosures aligning with the TCFD recommendations and structure are included in pages 12 to 17 of this report.

In addition to reporting on more elements of the TCFD recommendations in 2022, we also consider the TCFD Supplemental Guidance for the Financial Sector specific to asset managers.

Riverstone’s GHG emissions disclosure efforts align with the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry.

We also reference the supplemental guidance in the GHG Accounting and Reporting for the Private Equity Sector report — produced by Initiative Climat International (iCI) and ERM and supported by the Principles for Responsible Investment (PRI).

The statement from the Investment Manager below around governance, strategy, risk management and metrics and targets relate to the Investment Manager’s portfolio which includes investments made by the Company.

Governance

Responsibilities

Driving collaboration across the firm, our cross-functional ESG Committee leads Riverstone’s ESG programme and our response to climate change, which includes our climate strategy, climate risk assessments, risk management efforts and GHG reporting for our firm and portfolio.

The ESG Committee monitors consistent application of our ESG Policy and associated ESG initiatives across our activities.

The ESG Committee also supports our ESG deal leads. Each of our investment teams has a designated ESG deal lead who help to screen, assess and manage climate-related risks and opportunities for each portfolio company throughout the investment lifecycle. Please refer to page 10 for more details about the responsibilities of ESG deal leads.

We incorporate external support as needed to enhance our ESG programme and disclosures. For example, ERM serves as an external advisor to our ESG Committee and assists our ESG deal leads with portfolio engagement.

As part of Riverstone’s commitment to decarbonisation, we have also engaged a leading carbon accounting platform, Persefoni, to measure, track and report GHG emissions across our portfolio. Persefoni’s platform is fully compliant with the PCAF framework, and all calculations adhere to the global gold standard of carbon accounting—the GHG Protocol. To learn more about how we strive to understand and monitor the GHG footprint of our investments, please see this video for interviews with key leaders within the firm.

Awareness

We endeavour to enhance understanding of climate-related risks and opportunities across our firm and increase awareness of key actions by providing regular ESG training for our investment professionals. Through our ESG training we review information about Riverstone’s ESG programme and ESG deal lead responsibilities. We also provide updates on available resources such as the ESG toolkit and the ESG diligence scorecards, which include our climate change screening questionnaire and inform due diligence and portfolio engagement around ESG topics. In addition, we held a firm-wide call in 2022 to share the findings of our climate risk assessments and highlight the importance of managing climate-related risks and opportunities.

Strategy

Climate-Related Risks and Opportunities

We continue to inform our climate strategy by monitoring physical and transition risks and opportunities within our portfolio.

Riverstone leverages these insights to drive conversations with portfolio company management teams and to inform our overall decarbonisation investment approach as part of the low carbon transition. We consider the following time horizons as we evaluate risks:

- Short term: Present-2030
- Medium term: 2031-2040
- Long term: 2041-2050

Climate risk assessments allow us to proactively identify key hazards. Our investment time horizon focuses on the short-term timeframe. By understanding present and future risks, we can support portfolio company success throughout the lifetime of our investment and integrate our findings into implementation plans and investment strategies. To inform our efforts, our third-party partner, ERM, leveraged a Screen—Assess—Adapt strategic approach for reviewing portfolio company data and used innovative tools that generated insights into key risks and opportunities.

Physical Risk

Based on the evaluation of the selected sites of the Investment Manager's portfolio companies, the climate risk assessment showed that approximately 3 per cent. of assets have high risk and 35 per cent. have moderate risk. While the number of high-risk assets remains the same by 2030, the proportion of moderate risk assets increases to 45 per cent.

Climate risk assessment conducted on a subset of the Investment Manager's portfolio revealed that companies may be subject to a variety of physical climate hazards. Please see page 14 for details about the selection of portfolio companies included in the analysis. In the short term, top climate hazards across select portfolio companies of the Investment Manager include water stress (including drought) and tropical cyclones. Key emerging risks, which reflect the greatest increases over medium- and long-term time horizons, are extreme heat, water stress and wildfires.

Company-specific risk profiles, which highlight key climate hazards facing the portfolio company, were developed and shared with each company that was included in the assessment.

Impacts of climate hazards vary by sector and asset type.

Examples of potential impacts to operations include the following:

- Extreme weather events, such as cyclones, wildfires and flooding, may damage critical infrastructure, buildings, equipment and vehicles, as well as interrupt key transportation routes and supply chain networks
- Water stress and extreme heat may reduce productivity levels and lead to higher costs for cooling systems and other operational needs
- Climate hazards may pose health and safety risks to site personnel and may require delays in operations that impact revenue
- If risks are not managed properly, climate-related events could lead to potential contaminations, waste releases and water pollution in the local environment

Transition Risk

From a transition risk perspective, losses in market share and revenue primarily drive growing risks for exploration and production and midstream oil and coal-fired power generation portfolio companies in the medium- and long-term timeframes in a low carbon future. Some portfolio companies could benefit in the future from falling fuel prices but may also realise reduced operational expenditures by switching to lower carbon fuels. However, potential decarbonisation policies may add carbon pricing to fuel costs and require companies to invest in emissions reduction measures throughout their operations.

In the near term, natural gas may serve as a lower-emitting "bridge option" compared to coal and other high carbon fuels. If demand increases, natural gas-fired power generation portfolio companies may have potential expansion opportunities. Despite potential short-term benefits, natural gas demand is ultimately expected to decrease over medium- and long-term time horizons in a low carbon future and impact the market share for portfolio companies in related sectors.

Power and energy transition portfolio companies may have greater growth opportunities in a low carbon future, which could be readily available in the short-term time horizon. Emerging supportive policies and incentives may further improve the conditions for these portfolio companies, depending on geography. Portfolio companies that focus on renewable energy and electric vehicle charging infrastructure may have greater opportunity for market expansion over time. However, portfolio companies may receive pressure to decarbonise their supply chains and invest in new technology to reduce their carbon footprint, which may increase operational costs for emissions management.

Environmental, Social and Governance Report continued

Implementation Plan

At portfolio company level, we aim to enhance our resilience against climate-related risks through strategic engagement and mitigation of risks identified in our assessment. By leveraging these findings to promote discussion with management teams, we plan to outline actions for mitigating physical risks, encouraging geographical diversity, preparing for market shifts and limiting emissions in advance of impending regulations.

Our climate strategy focuses on investments that align with our decarbonization platform. Our climate risk assessment highlighted the intensifying risks usually associated with conventional investments and outlined the types of companies that may access greater market share in the future. The screening did not include financial or impact assessments at this stage, but we plan to make use of the initial insights from the risk analysis. Going forward, we intend to primarily invest in businesses that support the low carbon transition and represent key growth opportunities. We concentrate on reducing the impact that our investments have on the climate by investing in five core areas that offer scalable climate solutions:

- Grid flexibility and resiliency
- Electrification of transportation
- Next generation fuels
- Efficient resource use
- Agriculture and natural resource plays

As we evolve our investment strategy in alignment with the low carbon transition, we will also consider opportunities to integrate climate-related physical and transition risks into our investment process. We will strive to draw on potential opportunities to increase resilience and drive value creation across our portfolio, and we aim to track our progress as we build further on our performance.

Risk management

We actively utilise our ESG toolkit, climate risk assessments and portfolio engagement processes to support our portfolio companies in managing climate-related risks and monitoring GHG emissions.

During pre-investment due diligence, our deal teams evaluate how a potential investment assesses and manages climate-related risks and opportunities. As part of scoring prospective investments on the basis of ESG performance, the deal teams utilise our climate change screening questionnaire to analyse whether a company has considered impacts from climate-related market shifts, regulatory and voluntary frameworks and extreme weather events.

Each Investment Committee memo includes the results of this assessment, along with a summary of other key ESG practices, to inform investment decisions.

In 2022, we collaborated with a third party, Persefoni, to engage a subset of our portfolio companies in developing high-quality GHG inventories to track their emissions. During ownership, we expect portfolio companies to establish a GHG baseline inventory for Scope 1 and 2 emissions, monitor their emissions and annually report on performance as part of our portfolio engagement process.

Deal teams, with third party support as required, develop actions to help portfolio companies meet our expectations and improve their overall ESG performance, including efforts related to climate change.

Additionally, Riverstone actively communicates with portfolio companies on climate-related topics throughout the year as part of our wider portfolio engagement efforts.

Climate Risk Assessment

Riverstone utilises risk assessments throughout the investment lifecycle to identify and assess the impacts from potential climate-related risks and opportunities. The analysis allows us to identify risks for and to better inform our engagement with specific portfolio companies.

In 2022, we expanded upon our pilot climate assessment and conducted an in-depth climate risk assessment for certain portfolio companies to contribute to a greater understanding of Riverstone's exposure to acute and chronic climate hazards, as well as the types of climate policy, technology, market, reputational and legal risks. We selected portfolio companies while considering the level of our equity ownership and the materiality of each company to our business strategy. The subset of companies reflects the wide range of sectors and geographies represented in our portfolio.

The results of the recent analysis provided insights about the relevant types of climate-related risks and opportunities, which are described in this report starting on page 13. In addition to supporting engagement with specific portfolio companies, we aim to apply the results to inform our ongoing implementation plan to prepare for climate change and advance our decarbonisation investments.

Physical Risk Analysis

To understand the acute and chronic physical risks associated with climate change, our assessment included analysis of extreme temperatures, river flooding, rainfall flooding, coastal flooding, tropical cyclones, wildfires, rainfall-induced landslides, water stress and drought. We evaluated current and emerging climate hazards at operational sites for certain portfolio companies at present, 2030 and 2050 timeframes.

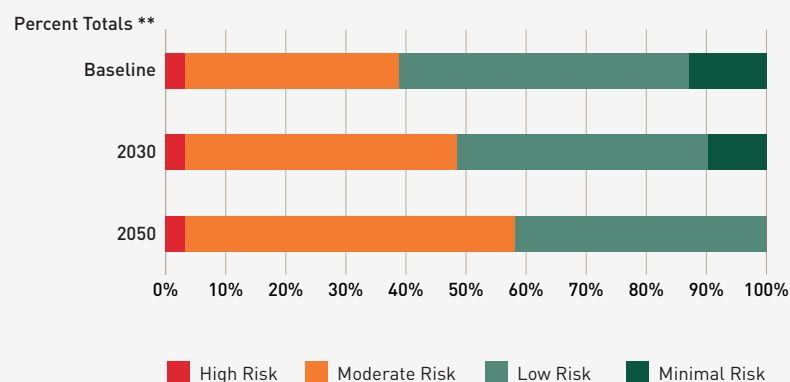
The scenarios used for the climate analysis are based on the IPCC Assessment Report 6, which incorporates around 100 leading climate models into five Shared Socioeconomic Pathways (SSPs). These SSPs present plausible scenarios for global trends in net carbon dioxide emissions. Although uncertainties exist around the different scenarios and climate impacts, evaluation across multiple scenarios enables increased preparedness against possible risks. Two climate scenarios were analysed in our physical risk assessment:

- SSP1-2.6 is a low GHG emissions scenario in which global warming stays below 2°C by 2100, aligned to current commitments under the Paris Agreement
- SSP3-7.0 represents a high GHG emissions scenario in which an average warming greater than 3°C is projected to occur by 2100

We utilised ERM's proprietary Climate Risk Impacts and Solutions Platform (CRISP) tool to conduct a TCFD-aligned assessment of the Investment Manager's portfolio's physical assets. CRISP integrates climate data and exposure ratings, which account for the characteristics of the site type (e.g., an oil and gas, renewable or manufacturing site), and normalises the risk levels of individual climate hazards to produce overall risk scores. The analysis considered acute risks, which reflect extreme weather events, and chronic risks, which are longer-term shifts in climate patterns.

For the subset of portfolio companies reflected in the analysis, the screening provided asset-specific climate risk scores and highlighted the asset locations and climate hazards that pose the greatest risk. Assessment results included climate risk scores at the present, 2030 and 2050 timeframes under the two SSP scenarios. This analysis generated asset-specific insights about the top baseline climate hazards and emerging climate hazards at a given location. We will leverage these findings throughout portfolio engagement to build resilience across operational sites within our portfolio.

Physical Risk Level in Current and Future Time Horizons*



* Based on the SSP3-7.0 climate scenario and the assets analysed in the 2022 climate risk assessment.

** Climate risk ratings at the asset level present a summary statistic across different climate hazards (flooding, extreme heat, tropical cyclones, etc.) While generalising an asset's overall climate risk from "Low" to "Very High" is essential for comparative analysis, especially when assessing risk across a portfolio of assets, an overall risk rating should be distinguished from the underlying individual climate hazards. Certain individual hazards may be rated as "Very High Risk," but with an asset's overall resulting risk rating being lower due to other individual hazards being rated as "Low Risk." An asset must be threatened by several hazards that reflect "Very High Risk" for an asset to achieve a "Very High Risk" rating overall. For "Very High Risk" and "High Risk" categories, each asset risk category may remain stable due to individual hazards remaining relatively stable for all time horizons. Conversely, the individual hazards may increase or decrease but result in a stable rating (e.g., risk of flooding may be increasing while risk of extreme cold may be decreasing).

Environmental, Social and Governance Report continued

Transition Risk Analysis

We also conducted a climate transition risk assessment to better understand how climate-related risks and opportunities might develop under different scenarios, including how impacts change if policy efforts ramp up over time to meet climate targets. Similar to the physical risk analysis, the transition risk analysis employed two main scenarios to determine potential trends. For global temperature alignments, the scenarios incorporated data primarily from the International Energy Agency (IEA) World Energy Outlook and IEA Energy Technology Perspectives models:

- The 2°C scenario limits global temperature rises by 2°C by 2100, based on pathways for sustainable development
- The business-as-usual (BAU) scenario applies current policies and commitments outlined by countries to mitigate emissions

This assessment incorporated geographic- and sector-specific energy and emission results from the climate scenario modelling to assess risks and opportunities from 2030 to 2050. To estimate the effects of a low carbon transition, the process involved assignment of company relevance weightings to sector-specific indicators, used as a proxy for understanding potential commercial impacts on each of the individual portfolio companies analysed.

Geography also impacts trajectories for risk assessment and indicator data, because forecasts may expect certain countries to decarbonise more quickly compared to other less developed regions. This assessment relied on geography-specific model data where available, based on the main operating regions of the portfolio companies, and considered relevant policies and regulations specific to that region.

Scenario indicators were selected to cover a broad range of transition risks and opportunities across the economy and Riverstone's business. Indicators included sector-specific model results related to emissions in various industries and across the value chain, fuel demand in certain markets, fuel prices and different power generation resource types. Transition scenario indicators collectively describe an economy-wide shift from BAU to the low carbon 2°C scenario path and individually they provide relevance to the target sector and portfolio company. The assessment generated indicator scores for 2030 to 2050 based on assigned relevance weightings, which were informed by how the indicator potentially characterised the financial risk or opportunity of transition to a company. As described in pages 13 and 14, the results generally align with our expectations for growth or decline in certain sectors while generating additional insights about specific risks.

The risk assessment provides information for Riverstone to consider while evaluating potential adjustments to risk appetite and strategy. We can also use the findings to respond to emerging changes in a low carbon future and to capitalise on potential opportunities for growth. This evaluation of risks continues to represent an ongoing process as we strive to determine the extent of financial and risk management implications.

Metrics and targets

To establish a baseline for our portfolio, Riverstone engaged a leading carbon accounting platform, Persefoni, to support our portfolio companies in calculating their GHG emissions. We performed our GHG accounting in alignment with the PCAF standard to estimate our Scope 3 category 15 financed emissions across our portfolio. The organisational reporting boundary was used in accordance with the GHG Protocol, and the calculations included the seven GHGs outlined in the IPCC Fourth Assessment Report and converted to carbon dioxide equivalent (CO₂e) using relevant global warming potentials. For each portfolio company, we evaluated Scope 1 and 2 emissions, and we included partial Scope 3 emissions for portfolio companies based on Scope 3 materiality determinations⁽¹⁾.

“

~41,000 metric tons of CO₂e of financed emissions (Scope 1 and 2)

We plan to explore opportunities to help portfolio companies set individual reduction targets. Some of our portfolio companies have already set GHG reduction targets:

Company	Climate-related Targets*
Enviva	<ul style="list-style-type: none"> → 2030 Net Zero Target → Plan to Neutralise Scope 2 Emissions by using 100% renewable energy by 2030
Hammerhead Resources	<ul style="list-style-type: none"> → 2030 Net Zero on Scope 1 and 2 Emissions
Onyx Power	<ul style="list-style-type: none"> → 2035 carbon neutral target

* This table is based on third-party information as of 31 December 2022, and has not been independently verified.

To measure our portfolio's progress in this area, we also track GHG reporting through our ESG-MEs, which include a recommendation for companies to calculate their GHG baseline for Scope 1 (direct emissions) and Scope 2 (purchased energy) and annually monitor and report their GHG emissions. We continue to track this metric to assess how companies can enhance their GHG emissions management. We also collect and report climate data along with other ESG-related data through the EDCI.

⁽¹⁾ Materiality was determined by reviewing common sources of emissions for each industry and evaluating the most significant sources for each portfolio company included in Scope 3 calculations. Companies were then engaged to confirm the materiality of emissions for relevant Scope 3 categories.

Additionally, we continue to calculate Riverstone's annual firm GHG footprint to assess the climate impact of our own activities and identify ways to reduce or offset our carbon footprint. In 2022, we expanded and refined our analysis of Scope 1 emissions from stationary combustion at our facilities, Scope 2 emissions from purchased electricity at our sites and Scope 3 emissions from private and commercial air travel (category 6). We also re-evaluated our 2021 emissions baseline using our revised methodology, leading to an updated estimate of 326 metric tons CO₂e for our operational emissions in 2021 (note: we updated our calculation methodology but did not incorporate new sources of data). This adjustment was largely driven by adopting an updated methodology around private air travel.

In 2022, our total emissions across these categories amounted to approximately 413 metric tons of CO₂e. Compared to 2021, Riverstone's emissions increased by approximately 27 per cent. year-over-year. This increase was largely due to greater amounts of business travel and increased office energy use as our operations returned to more in-person work, post-pandemic.

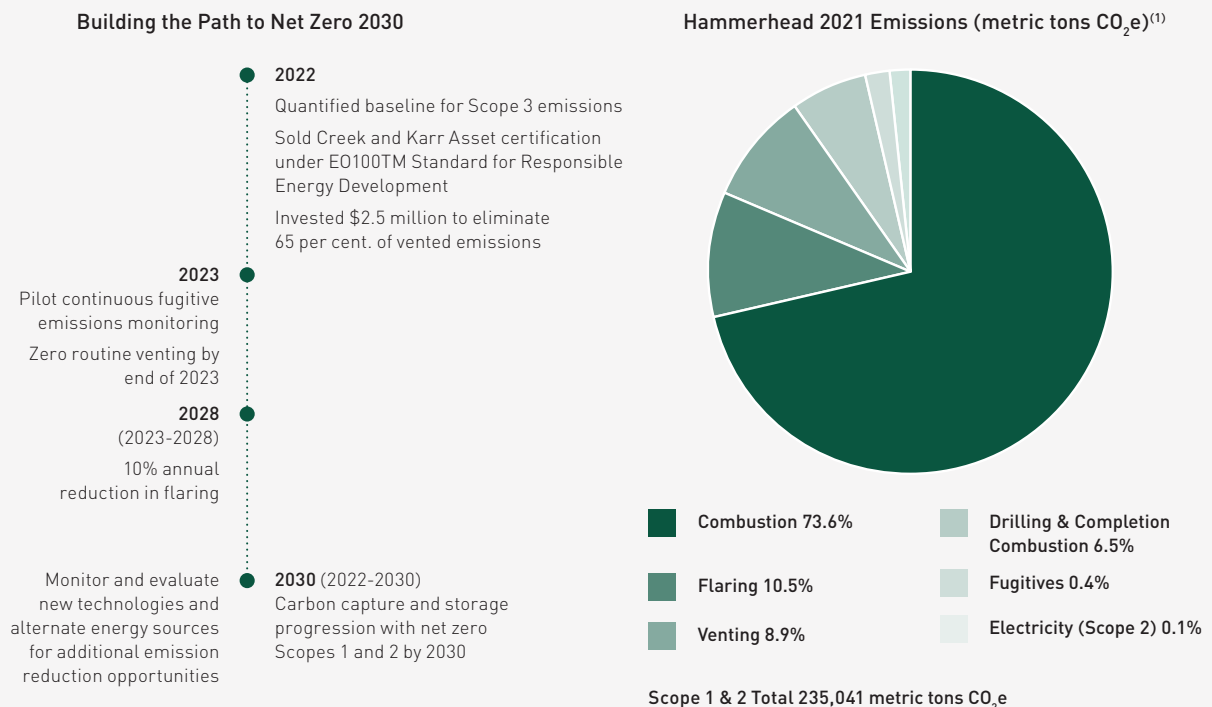
ESG in Practice within REL's Portfolio*

Hammerhead

Hammerhead Resources (Hammerhead) is a growth-oriented, upstream Canadian oil and gas company headquartered in Calgary, Alberta, with an asset portfolio in Northern Alberta.

In 2020, Hammerhead made the commitment to net zero by 2050. Since that time, Hammerhead has dedicated resources to focus on understanding baseline air pollutants and emissions (Scopes 1, 2 and 3), challenging operations to improve efficiency around emitting sources and evaluating solutions to achieve an accelerated net zero goal, on a Scope 1 and 2 basis, by 2030.

Hammerhead has mapped a path to net zero using carbon capture technology and will be progressing engineering design on its current batteries in the coming years. Hammerhead's goal is to not only be considered a top producer, but also to accelerate its net zero target to 2030, while also becoming a leader in sustainability and ESG disclosure and performance.



* The case studies presented in this report are intended to highlight relevant portfolio company ESG characteristics or results and are set forth for illustrative purposes only. There can be no assurance that other Riverstone portfolio companies will have similar ESG characteristics or results.

⁽¹⁾ 2021 emissions have been amended from Hammerhead's 2022 ESG Report to reflect a 733 metric ton increase due to previously unaccounted liquid fuel invoices. Regarding calculation methodology, greenhouse gases included in Scope 1 and 2 calculations are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). HFCs, PFCs, SF₆ and NF₃ volumes are zero. All emission factors used for Scope 1 and 2 emissions, nitrogen oxides, sulfur dioxides and other significant air emissions are provided by the Canadian Association of Petroleum Producers (CAPP), Canada Energy Regulator (CER), Environment Climate Change Canada (ECCC) and Alberta Environment and Parks (AEP). All standards, methodologies and assumptions used for air emission calculations are provided by the CAPP, ECCC and AEP.

Investment Manager's Report

POSITIONED FOR GROWTH.

Concern's about inflation and fears of a global recession ruled fourth quarter headlines, however due to a warmer than expected winter consumers found some respite from elevated energy prices. This provided relief to European consumers and also undermined Russia's efforts to weaponise energy in its ongoing war with Ukraine. As the conflict stretches into its second year, the EU has made improvements in its energy supply, leaning heavily on conventional power assets to compensate for conflict-era deficits. Unseasonably warm weather in the fourth quarter and near capacity storage of natural gas in Europe drove prices to a 12-month low at year end. Lower energy prices have provided governments a much-needed reprieve from natural gas supply concerns to address structural weaknesses in legacy energy supply chains and the opportunity to further integrate additional renewable generation. On 14 January, Germany broke the wind generation record it had set just 10 days prior, generating 50,802 MW. Investments in grid and intermittency management systems, among other decarbonisation technologies, will allow the continent to take full advantage of existing assets in efforts to advance a just and equitable energy transition.

The Investment Manager continues to make good progress in meeting its investment strategy of re-positioning the portfolio away from oil and gas investments in the exploration and production sector and towards renewable energy, decarbonisation and select infrastructure investments. This evolution in the portfolio reflects the broader changes occurring in the global economy at large. In 2022, REL made a further six investments in line with this strategy in the year and has also taken further steps to generate value from its existing portfolio investments in the oil and gas space.

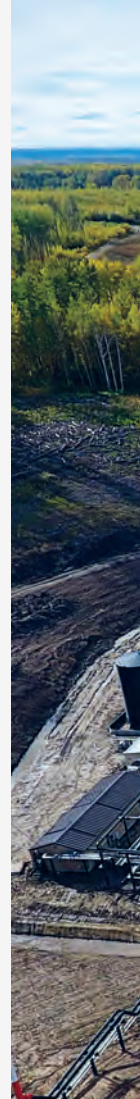
These portfolio changes were made against a backdrop of highly volatile energy and commodity price moves which saw oil and gas prices broadly ending the year where they started. Within that, though, oil prices rose over 50 per cent. from trough to peak in the year and gas prices more than doubled on the same basis before pulling back in the second half of 2022. Despite these moves in energy prices, our conventional energy companies are well positioned to continue delivering positive earnings and returning cash to their shareholders.

Commodity assets performed best among all asset classes in 2022 returning 16 per cent., while small-cap and growth companies performed near the bottom of all asset classes, – down 20 per cent. in 2022. These two extremes in performance carried implication for REL's entire portfolio as the majority of investments are characterised as either commodity-linked — nearly 64 per cent. of the portfolio's gross unrealised value — or small cap assets, which characterise the majority of REL's decarbonisation holdings. REL's conventional portfolio investments held or improved their valuations in the fourth quarter of 2022. Despite a considerable reduction in anticipated weather-related natural gas demand, Permian Resources, REL's sole publicly traded conventional energy investment, grew in value by 12.5 per cent. Onyx, the second-largest investment in REL's portfolio, made three distributions to REL totalling \$61 million. The company has returned its cost basis on REL's investment, maintained its value over the course of the quarter, and continues to provide key energy resources to western Europe in the midst of the now year-old conflict in Ukraine.

REL ended the period to 31 December 2022 with a NAV of \$14.52 (£11.99) per share, a 17.0 per cent. and 30.5 per cent. increase in USD and GBP, respectively, compared to the 31 December 2021 NAV of \$12.41 (£9.19) per share.

Consistent with its investment strategy, REL announced in February it was exiting Pipestone Energy Corp for net proceeds of C\$53 million, representing approximately a 0.64x Gross MOIC. The year also saw two mergers in our traditional investment portfolio companies. Centennial and Colgate were merged in July to create a \$7 billion Permian basin pure-play. REL has invested \$268 million into Centennial since 2016 and has so far realised \$194 million, or 73 per cent. of its cost basis through proceeds from share sales.

In September, REL announced Hammerhead Resources Inc, a Calgary based E&P company, was merging with Decarbonisation Plus Acquisition Corporation IV (DCRD), a special purpose acquisition company. The combination values Hammerhead at an EV of C\$1.39 billion and REL holds an approximate 17 per cent. stake in Hammerhead at 0.60x Gross MOIC as of 31 December 2022, a carrying value of \$154 million. In addition, REL owns 396,456 founder shares and 638,247 warrants in DCRD worth \$3 million at 31 December 2022. The transaction will create a publicly traded upstream oil and gas company with an identified investment programme to decarbonise its oil and gas operations through carbon capture and sequestration. Please see Post-Year End Update section in the Investment Manager's Report on page 31 for further details regarding the closing of the transaction.





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With the exception of four aircraft leasing companies, REL had the highest price total return for closed end investment companies.

REL also made six new investments into areas aligned with the modified investment strategy and which shift the portfolio further towards our chosen areas of focus in renewable energy, agriculture and decarbonisation. These investments were:

- \$17.5 million investment in T-REX Group, a SaaS provider supporting the asset-backed financing industry to deploy capital.
- A lead investment of \$17.5 million in Infinitem Electric's \$80 million Series D round. Infinitem Electric created the breakthrough air-core motor which offers superior performance at half the weight and size of conventional motors – and at a fraction of the carbon footprint.
- \$20 million invested in Anuvia Plant Nutrients' \$65.5 million Series D fund raising round. The company has developed and now uses a unique technology that optimises nutrient availability and efficiency for plants, while also improving soil health, preserving natural resources, and reducing greenhouse gas emissions.
- \$4 million in Group14 Technologies' \$400 million Series C round. Group14 is a battery materials technology company that has developed a proprietary silicon-based anode battery material to replace graphite in conventional lithium-ion batteries.

- Along side other investors, REL increased Tritium DCFC Limited's existing debt facility by \$60 million to a total of \$150 million. Tritium is a global developer and manufacturer of direct current (DC) fast charging technology for electric vehicles. The additional funding will be used to fund working capital, product development and to help accelerate production to meet high demand from across the globe.
- Lastly, in December, REL funded \$11.5 million of its \$12.5 million commitment to Our Next Energy's \$300 million Series B round, valuing the company at over \$1 billion. ONE is a Michigan-based energy storage technology company working to develop batteries for mobility and large-scale storage applications.

There remains a significant opportunity in clean energy, driven by increasing concern over the need to take more urgent and significant steps to reduce the impact of carbon emissions on climate change, as 2022 looks like being one of the warmest years on record. Coupled with the increase in energy prices and concerns over security of energy supply, as well as decades of under-investment in energy generation and infrastructure assets, the pressure to find sustainable alternative sources of energy means that three quarters of the growth in energy investment is coming from renewable energy investment which is expected to top \$1.4 trillion in 2023.

A further catalyst for clean energy is the Inflation Reduction Act, the largest ever climate-related bill which passed into law in the US Congress on 16 August 2022. It provides \$391 billion in climate related incentives and provisions, with two thirds of incentives uncapped which could see these provisions materially increase. REL's decarbonisation investments will stand to benefit from this stimulus as its five investment families stand firmly at the core of the legislation's intended impact: batteries, renewables infrastructure, critical materials, EV batteries and storage, and sustainable fuels to name a few. The portfolio has already benefitted from this legislation, with Group14 receiving in October a \$100 million non-dilutive grant to accelerate the build-out of its manufacturing facility in Washington state. We expect other existing and future portfolio companies to benefit from this Federal largesse.

Investment Manager's Report continued

Current Portfolio – Conventional

Investment (Public/Private)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ⁽¹⁾	Gross Unrealised Value (\$mm) ⁽²⁾	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2022 Gross MOIC ⁽²⁾	31 Dec 2021 Gross MOIC ⁽²⁾
Permian Resources ⁽⁴⁾ (Public)	268	268	194	118	312	1.17x	0.98x
Onyx (Private)	66	60	61	118	179	3.00x	1.70x
Hammerhead Resources (Private)	307	295	23	154	177	0.60x	0.39x
Total Current Portfolio – Conventional – Public⁽³⁾	268	268	194	118	312	1.17x	0.98x
Total Current Portfolio – Conventional – Private⁽³⁾	373	355	84	272	356	1.00x	0.61x
Total Current Portfolio – Conventional – Public & Private⁽³⁾	641	623	278	390	668	1.07x	0.77x

Current Portfolio – Decarbonisation

Investment (Public/Private)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ⁽¹⁾	Gross Unrealised Value (\$mm) ⁽²⁾	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2022 Gross MOIC ⁽²⁾	31 Dec 2021 Gross MOIC ⁽²⁾
GoodLeap (formerly Loanpal) (Private)	25	25	2	53	55	2.20x	2.75x
Enviva ⁽⁴⁾ (Public)	22	18	-	35	35	1.93x	2.45x
Infinitum (Private)	18	18	-	23	23	1.30x	n/a
FreeWire (Private)	10	10	-	20	20	2.00x	2.00x
Anuvia Plant Nutrients Inc. (Private)	20	20	-	20	20	1.00x	n/a
Solid Power ⁽⁴⁾ (Public)	48	48	-	19	19	0.39x	1.24x
T-REX Group, Inc (Private)	18	18	-	18	18	1.00x	n/a
Tritium DCF ⁽⁴⁾ (Public)	25	25	-	15	15	0.60x	6.46x
Our Next Energy (Private)	13	11	-	11	11	1.00x	n/a
Group 14 (Private)	4	4	-	4	4	1.00x	n/a
DCRD ⁽⁴⁾⁽⁵⁾ (Public)	1	1	-	3	3	4.99x	1.00x
Ionic I & II (Samsung Ventures) (Private)	3	3	-	3	3	1.00x	1.00x
Hyzon Motors (Public)	10	10	-	2	2	0.16x	0.65x
Total Current Portfolio – Decarbonisation – Public⁽³⁾	105	102	-	73	73	0.72x	1.49x
Total Current Portfolio – Decarbonisation – Private⁽³⁾	109	108	2	152	154	1.42x	2.42x
Total Current Portfolio – Decarbonisation – Public & Private⁽³⁾	214	210	2	225	227	1.08x	1.80x
Total Current Portfolio – Conventional & Decarbonisation – Public & Private⁽³⁾	855	833	280	615	895	1.07x	0.93x
Cash and Cash Equivalents ⁽¹¹⁾			\$120				
Total Liquidity			\$311				
Total Market Capitalisation			\$418				

⁽¹⁾ Gross realised capital is total gross proceeds realised on invested capital. Of the \$1,285 million of capital realised to date, \$983 million is the return of the cost basis, and the remainder is profit.

⁽²⁾ Gross Unrealised Value and Gross MOIC (Gross Multiple of Invested Capital) are before transaction costs, taxes (approximately 21 to 27.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on applicable gross profits in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019. Since there was no netting of losses against gains before the aforementioned revised terms, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. No further carried interest will be payable until the \$95.2 million of realised and unrealised losses to date at 31 December 2022 (largest deficit of \$605.5 million at 30 June 2020) are made whole with future gains, so the earned carried interest of \$0.8 million at 31 December 2022 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Since REL has not yet met the appropriate Cost Benchmark at 31 December 2022, \$38.0 million in Performance Allocation was not accrued in accordance with the terms of the current agreement, which would have been accrued under the prior agreement. Based on the aforementioned Performance Allocation, net of estimated applicable taxes, the potential increase arising from the Investment Manager's share purchases would be \$19 million as of 31 December 2022. In addition, there is a management fee of 1.5 per cent. of net assets (including cash) per annum and other expenses. Given these costs, fees and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes, primarily on U.S. assets, may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for US tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. effectively connected income. The C Corporations file U.S. corporate tax returns with the U.S. Internal Revenue Service and pay U.S. corporate taxes on its taxable income.

⁽³⁾ Amounts may vary due to rounding.

Realisations

Investment (Initial Investment Date)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ⁽¹⁾	Gross Unrealised Value (\$mm) ⁽²⁾	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2022 Gross MOIC ⁽²⁾	31 Dec 2021 Gross MOIC ⁽²⁾
Rock Oil ⁽⁶⁾ (12 Mar 2014)	114	114	233	4	237	2.07x	2.06x
Three Rivers III (7 Apr 2015)	94	94	204	-	204	2.17x	2.17x
ILX III ⁽⁷⁾ (8 Oct 2015)	179	179	172	-	172	0.96x	0.96x
Meritage III ⁽⁷⁾ (17 Apr 2015)	40	40	88	-	88	2.20x	2.16x
RCO ⁽⁸⁾ (2 Feb 2015)	80	80	80	-	80	0.99x	0.99x
Carrier II ⁽⁹⁾ (22 May 2015)	110	110	63	3	66	0.60x	0.70x
Pipestone Energy (formerly CNOR)	90	90	58	-	58	0.64x	0.58x
Sierra (24 Sept 2014)	18	18	38	-	38	2.06x	2.06x
Aleph Midstream (9 Jul 2019)	23	23	23	-	23	1.00x	1.00x
Ridgebury H3 (19 Feb 2019)	18	18	22	-	22	1.22x	1.22x
Castex 2014 (3 Sep 2014)	52	52	14	-	14	0.27x	0.27x
Total Realisations⁽³⁾	819	819	995	7	1,002	1.22x	1.23x
Withdrawn Commitments and Impairments ⁽¹⁰⁾	350	350	9	-	9	0.02x	0.02x
Total Investments⁽³⁾	2,024	2,001	1,285	622	1,906	0.95x	0.89x
Total Investments & Cash and Cash Equivalents⁽³⁾⁽¹¹⁾				741			

⁽⁴⁾ Represents closing price per share in USD for publicly traded shares Permian Resources Corporation (formerly Centennial Resource Development, Inc.) (NASDAQ:PR – 31-12-2022: \$9.40 per share / 31-12-2021: \$5.98 price per share); Enviva, Inc. (NYSE:EVA – 31-12-2022: \$52.97 per share / 31-12-2021: \$70.42 price per share); Solid Power, Inc. (NASDAQ:SLDP – 31-12-2022: \$2.54 per share / 31-12-2021: \$8.74 price per share); Hyzon Motors, Inc. (NASDAQ:HYZN – 31-12-2022: \$1.55 per share / 31-12-2021: \$6.49 price per share); and Tritium DCFC Limited (NASDAQ:DCFC – 31-12-2022: \$1.68 price per share / 31-12-2021: \$9.97 price per share), which consisted of only the Tritium/DCRN Sponsor investment at 31 December 2021.

⁽⁵⁾ SPAC Sponsor investment for Decarbonisation Plus Acquisition Corporation IV (NASDAQ:DCRD).

⁽⁶⁾ The unrealised value of the Rock Oil investment consists of rights to mineral acres.

⁽⁷⁾ Midstream investment.

⁽⁸⁾ Credit investment.

⁽⁹⁾ The unrealised value of the Carrier II investment consists of certain assets held back at the closing of the transaction in December 2022, which are scheduled to be released from escrow in Q1 2023. Please refer to the Investment Portfolio Summary section in the Investment Manager's report on page 30 for further information regarding the details of the Carrier II realisation transaction in December 2022.

⁽¹⁰⁾ Withdrawn commitments consist of Origo (\$9 million) and CanEra III (\$1 million), and impairments consist of Liberty II (\$142 million), Fieldwood (\$80 million), Eagle II (\$62 million) and Castex 2005 (\$48 million).

⁽¹¹⁾ This figure is comprised of \$15.8 million held at the Company, \$68.4 million held at the Partnership and \$35.3 million held at REL US Corp.

Investment Manager's Report continued

Investment Portfolio Summary



ONYX POWER

\$60 MILLION

INVESTED OF ITS \$66 MILLION COMMITMENT
TO ONYX

Onyx

As of 31 December 2022, REL, through the Partnership, has invested \$60 million of its \$66 million commitment to Onyx. Onyx is a European-based independent power producer that was created through the successful acquisition of 2,350MW of gross installed capacity (1,941MW of net installed capacity) of five coal- and biomass-fired power plants in Germany and the Netherlands from Engie SA. Two of the facilities in the current portfolio are among Europe's most recently constructed thermal plants, which benefit from high efficiencies, substantial environmental controls, low emissions profiles and the potential use of sustainable biomass.

As of 31 December 2022, REL's interest in Onyx, through the Partnership, was valued at 3.00x Gross MOIC⁽¹⁾ or \$179 million (Realised: \$61 million, Unrealised: \$118 million). The Gross MOIC⁽¹⁾ increased over the prior period.



HAMMERHEAD
RESOURCES

\$295 MILLION

INVESTED OF ITS \$307 MILLION COMMITMENT
TO HAMMERHEAD

Hammerhead

As of 31 December 2022, REL, through the Partnership, has invested \$295 million of its \$307 million commitment to Hammerhead. Hammerhead is a private E&P company focused on liquids-rich unconventional resources in the Montney and Duvernay resource play in Western Canada. Since its establishment in 2010, Hammerhead has aggregated one of the largest and most advantaged land positions in the emerging Montney and Duvernay formations of Western Canada's Deep Basin. The company controls and operates 100 per cent. of this asset base, which comprises over 1,800 net drilling locations across approximately ~112,000 Montney net acres. Since Riverstone's initial investment, Hammerhead has increased production almost ten-fold and has significantly grown reserves to 310 mmbbl. As of 31 December 2022, the company was producing approximately 30,200 boepd.

Hammerhead plans to have higher capital expenditures in 2023 than in 2022 in order to increase development activities. As of 31 December 2022, Hammerhead had hedged approximately 47 per cent. of forecasted 2022 oil production at a weighted average price of US\$72.95/bbl.

As of 31 December 2022, REL's interest in Hammerhead, through the Partnership, was valued at 0.60x Gross MOIC⁽¹⁾ or \$176 million (Realised: \$23 million, Unrealised: \$153 million). The Gross MOIC⁽¹⁾ increased over the prior period.

In September, REL announced that Hammerhead was merging with DCRD, a special purpose acquisition company (see further details in the DCRD and Post-Year End Update sections on pages 29 and 31, respectively).

(1) Gross Unrealised Value and Gross MOIC (Gross Multiple of Invested Capital) are before transaction costs, taxes (approximately 21 to 27.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on applicable gross profits in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019. Since there was no netting of losses against gains before the aforementioned revised terms, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. No further carried interest will be payable until the \$95.2 million of realised and unrealised losses to date at 31 December 2022 (largest deficit of \$405.5 million at 30 June 2020) are made whole with future gains, so the earned carried interest of \$0.8 million at 31 December 2022 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Since REL has not yet met the appropriate Cost Benchmark at 31 December 2022, \$38.0 million in Performance Allocation was not accrued in accordance with the terms of the current agreement, which would have been accrued under the prior agreement.

As of 31 December 2022, REL's portfolio comprised twenty active investments including three E&P investments, sixteen decarbonisation investments and one power investment.



Permian Resources (formerly Centennial)

As of 31 December 2022, REL, through the Partnership, has invested in full its \$268 million commitment to Permian Resources / Centennial. Headquartered in Midland, Texas, Permian Resources is the largest pure-play E&P company in the Delaware Basin.

In Q3 2022, Centennial closed its merger with Colgate and began its first day of trading as Permian Resources (NYSE: PR) on 12 September 2022.

In Q4 2022, Permian Resources announced an inaugural quarterly base dividend of \$0.05 / share and a robust capital programme, aiming to return at least 50% of free cash flow after dividends starting in 2023.

Permian Resources expects to generate ~\$1.1 billion of free cash flow FY 2023 and closed on a new \$2.5 billion borrowing base RCF with an elected commitment amount of \$1.5 billion.

REL, through the Partnership, owns approximately 12.5 million shares which are publicly traded (NYSE: PR).

As of 31 December 2022, REL's interest in Centennial, through the Partnership, was valued at 1.17x Gross MOIC⁽¹⁾ or \$312 million (Realised: \$194 million, Unrealised: \$118 million). The Gross MOIC⁽¹⁾, which reflects the mark-to-market value of REL's shareholding, increased over the period.



GoodLeap (formerly Loanpal)

As of 31 December 2022, REL, through the Partnership, has invested in full its \$25 million commitment to GoodLeap. The company is a technology-enabled sustainable home improvement loan originator, providing a point-of-sale lending platform used by key residential contractors. GoodLeap does not take funding risk. The company presells its originated loans via forward purchase agreements to large asset managers. The company's attractive unit economics and asset-light business model allow for rapid growth and the ability to scale faster than its competitors, while generating free cash flow by capitalising on upfront net cash payments on the flow of loan originations and avoiding costly SG&A and capital expenditures incurred by other portions of the value chain.

During the second quarter of 2022, the company closed on its 13th securitisation which was oversubscribed despite volatile markets. Management continues to execute on its growth plans. On 13 October 2021, GoodLeap announced a new investment round of over \$800 million, which will support the company's operational improvements, technology innovation efforts, and expansion.

As of 31 December 2022, REL's interest in GoodLeap, through the Partnership, was valued at 2.20x Gross MOIC⁽¹⁾ or \$55 million (Realised: \$2 million, Unrealised: \$53 million). The Gross MOIC⁽¹⁾ decreased over the period.

Based on the aforementioned Performance Allocation, net of estimated applicable taxes, the potential increase arising from the Investment Manager's share purchases would be \$19 million as of 31 December 2022. In addition, there is a management fee of 1.5 per cent. of net assets (including cash) per annum and other expenses. Given these costs, fees and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes, primarily on U.S. assets, may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for US tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. effectively connected income. The C Corporations file U.S. corporate tax returns with the U.S. Internal Revenue Service and pay U.S. corporate taxes on its taxable income.

Investment Manager's Report continued

Investment Portfolio Summary continued



Enviva

As of 31 December 2022, REL, through the Partnership, has invested \$18 million of its \$22 million commitment to Enviva, which was reduced by \$3.0 million this period in conjunction with an overall commitment reduction to the company by the Investment Manager. Enviva, based in Bethesda, Maryland, is the world's largest supplier of wood pellets to major utilities and heat and power generators, principally in Europe and Japan. Through its subsidiaries, Enviva owns and operates ten plants with a combined wood pellet production capacity of approximately 6.2 million MTPY.

On 31 December 2021, Enviva completed its conversion from a master limited partnership to a corporation following approval by Enviva unitholders on 17 December 2021. The company continues to capitalise on the industry's growth opportunities, announcing its inaugural agreements with German customers in May and continuing to expand into heat and other industrial applications. Enviva commissioned its newly constructed Lucedale plant in March 2022 and commemorated its first shipment of pellets from the Port of Pascagoula in June 2022. On 17 November 2022, Enviva priced \$100 million of bonds in the U.S. tax-exempt market through the Mississippi Business Finance Corporation (the issuer). The Tax-Exempt Green Bonds will bear interest at an annual rate of 7.75 per cent. and mature in 2047, with the option for holders to redeem at par in 2032.

As of 31 December 2022, REL's interest in Enviva, through the Partnership, was valued at 1.93x Gross MOIC⁽¹⁾ or \$35 million (Realised: nil, Unrealised: \$35 million). The Gross MOIC⁽¹⁾ decreased over the period.



Samsung Ventures

On 17 August 2021, REL announced the purchase of an interest in one of Samsung Ventures' battery technology focused venture capital portfolios (the "Samsung Portfolio") for \$30.0 million. The majority of the Samsung Portfolio consists of 1.66 million shares of Solid Power, Inc., which successfully completed its business combination with DCRC on 8 December 2021. Gross proceeds to Solid Power from the transaction amounted to \$542.9 million from a fully committed \$195 million PIPE and \$347.9 million of cash held in trust net of redemptions; only 0.6 per cent. of shares held by public stockholders of DCRC were redeemed. Of the shares voted at the special meeting of DCRC's stockholders, over 99.9 per cent. voted to approve the business combination.

The remainder of the portfolio is held in shares of Ionic Materials (Ionic I & II), a material science company that manufactures transformative polymers for use in solid-state batteries, healthcare and 5G applications. Ionic Materials' solid polymer is believed to be the first of its kind to conduct ions at room temperature, a critical enabler of solid-state batteries.

As of 31 December 2022, REL's aggregate investment in the Samsung Portfolio, through the Partnership, was marked at 0.50x Gross MOIC⁽¹⁾ or \$15 million (Realised: nil, Unrealised: \$15 million). The Gross MOIC⁽¹⁾ decreased over the period.

(1) Gross Unrealised Value and Gross MOIC (Gross Multiple of Invested Capital) are before transaction costs, taxes (approximately 21 to 27.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on applicable gross profits in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019. Since there was no netting of losses against gains before the aforementioned revised terms, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. No further carried interest will be payable until the \$95.2 million of realised and unrealised losses to date at 31 December 2022 (largest deficit of \$405.5 million at 30 June 2020) are made whole with future gains, so the earned carried interest of \$0.8 million at 31 December 2022 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Since REL has not yet met the appropriate Cost Benchmark at 31 December 2022, \$38.0 million in Performance Allocation was not accrued in accordance with the terms of the current agreement, which would have been accrued under the prior agreement.



DCRC/Solid Power

As of 31 December 2022, REL, through the Partnership, has fully invested its \$20.6 million commitment to DCRC/Solid Power. Riverstone sponsored DCRC's \$350 million IPO on 23 March 2021. REL made a \$0.6 million investment in DCRC at the time of the IPO, as the blank check company began to pursue merger candidates. On 15 June 2021, DCRC announced its business combination agreement with Solid Power, a Louisville, Colorado based producer of all solid-state batteries for electric vehicles, to which REL committed an additional \$20 million to the \$165 million PIPE that was raised.

Between DCRC's IPO and announcing the business combination with Solid Power, Solid Power closed on a \$130 million Series B investment raise led by BMW Group, Ford Motor Company, and Volta Energy Technologies. In conjunction with the Series B raise, BMW and Ford expanded their existing joint development agreements with the company to secure all solid-state batteries for future electric vehicles. Both Ford and BMW will receive full-scale 100 Ah cells for automotive qualification testing and vehicle integration beginning in 2022. Solid Power's all solid-state platform technology allows for the production of unique cell designs expected to meet performance requirements for each automotive partner.

The business combination between DCRC and Solid Power closed on 8 December 2021, with Solid Power beginning to trade on NASDAQ under the ticker "SLDP". Gross proceeds to Solid Power from the transaction amounted to \$542.9 million from a fully committed \$195 million PIPE and \$347.9 million of cash held in trust net of redemptions; only 0.6 per cent. of shares held by public stockholders of DCRC were redeemed. Of the shares voted at the special meeting of DCRC's stockholders, over 99.9 per cent. voted to approve the business combination.

As of 31 December 2022, REL's interest in Solid Power, through the Partnership, consisted of the \$0.6 million sponsor investment, which was valued at 2.20x Gross MOIC⁽¹⁾ or \$1 million (Realised: \$- million, Unrealised: \$2 million), and the \$20 million PIPE investment, which was valued at 0.25x Gross MOIC⁽¹⁾ or \$5 million (Realised: nil, Unrealised: \$5 million).



Hyzon

In connection with the closing of the previously announced merger between DCRB and Hyzon Motors Inc. (NASDAQ: HYZN), REL purchased \$10 million of DCRB common stock in a private placement transaction at \$10 per share in July 2021. Hyzon, headquartered in Rochester, New York, is the industry-leading global supplier of zero-emissions hydrogen fuel cell powered commercial vehicles.

As of 31 December 2022, REL's interest in Hyzon, through the Partnership, was valued at 0.16x Gross MOIC⁽¹⁾ or \$2 million (Realised: nil, Unrealised: \$2 million). The Gross MOIC⁽¹⁾ decreased over the period.

Based on the aforementioned Performance Allocation, net of estimated applicable taxes, the potential increase arising from the Investment Manager's share purchases would be \$19 million as of 31 December 2022. In addition, there is a management fee of 1.5 per cent. of net assets (including cash) per annum and other expenses. Given these costs, fees and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes, primarily on U.S. assets, may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for US tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. effectively connected income. The C Corporations file U.S. corporate tax returns with the U.S. Internal Revenue Service and pay U.S. corporate taxes on its taxable income.

Investment Manager's Report continued

Investment Portfolio Summary continued



ANUVIA
PLANT INSPIRED PRODUCTS

\$20 MILLION

INVESTED IN FULL ITS COMMITMENT
TO ANUVIA PLANT NUTRIENTS

Anuvia Plant Nutrients

As of 31 December 2022, REL, through the Partnership, has fully invested its \$20 million commitment to Anuvia Plant Nutrients. Anuvia Plant Nutrients manufactures high-efficiency, sustainable field-ready fertilisers for the agriculture, turf, and lawncare industries.

Located in Winter Garden, Florida, the company developed and uses a unique technology that not only optimises nutrient availability and efficiency for plants, but also improves soil health, preserves natural resources, and reduces greenhouse gas emissions.

As of 31 December 2022, REL's interest in Anuvia Plant Nutrients, through the Partnership, was valued at 1.00x Gross MOIC⁽¹⁾ or \$20 million (Realised: nil, Unrealised: \$20 million).



T REX

\$17.5 MILLION

INVESTED IN FULL ITS COMMITMENT
TO T-REX GROUP

T-REX Group

As of 31 December 2022, REL, through the Partnership, has fully invested its \$17.5 million commitment to T-REX Group. T-REX Group, a SaaS provider supporting the asset-backed financing industry, brings together asset class expertise, critical data management capabilities, and a platform for deal structuring, cash flow modeling, scenario analysis, real-time performance tracking, and reporting.

T-REX Group combines sophisticated cloud-based SaaS technology with big data and asset class expertise to drive down operating and capital expense, reduce risk exposure, and enhance performance for complex investments.

As of 31 December 2022, REL's interest in T-REX Group, through the Partnership, was valued at 1.00x Gross MOIC⁽¹⁾ or \$17.5 million (Realised: nil, Unrealised: \$17.5 million).

(1) Gross Unrealised Value and Gross MOIC (Gross Multiple of Invested Capital) are before transaction costs, taxes (approximately 21 to 27.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on applicable gross profits in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019. Since there was no netting of losses against gains before the aforementioned revised terms, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. No further carried interest will be payable until the \$95.2 million of realised and unrealised losses to date at 31 December 2022 (largest deficit of \$405.5 million at 30 June 2020) are made whole with future gains, so the earned carried interest of \$0.8 million at 31 December 2022 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Since REL has not yet met the appropriate Cost Benchmark at 31 December 2022, \$38.0 million in Performance Allocation was not accrued in accordance with the terms of the current agreement, which would have been accrued under the prior agreement.




\$17.5 MILLION

INVESTED IN FULL ITS COMMITMENT
TO INFINITUM

Infinitum Electric

As of 31 December 2022, REL, through the Partnership, has fully invested its \$17.5 million commitment to Infinitum. Infinitum Electric's patented air-core motors offer superior performance in half the weight and size, at a fraction of the carbon footprint of traditional motors, making them pound for pound the most efficient in the world. Infinitum Electric motors open up sustainable design possibilities for the machines we rely on to be smaller, lighter and quieter, improving our quality of life while also saving energy.

As of 31 December 2022, REL's interest in Infinitum Electric, through the Partnership, was valued at 1.30x Gross MOIC⁽¹⁾ or \$22.8 million (Realised: nil, Unrealised: \$22.8 million).



\$25 MILLION

INVESTED IN FULL ITS COMMITMENT
TO DCRN/TRITIUM

DCRN/Tritium

In February 2021, REL invested \$0.6 million in the Founder Shares and Warrants of Decarbonisation Plus Acquisition Corp. II (NASDAQ: DCRN) at the time of its IPO. In May 2021, DCRN announced it would combine with Tritium, a Brisbane based pioneer in e-mobility and EV charging infrastructure. On 4 January 2022, Tritium announced record breaking Q4'21 and FY'21 financial performance results. The merger vote to approve the combination of Tritium and DCRN occurred and closed on 12 January 2022.

In February 2022, REL funded an additional \$15 million commitment to Tritium. The funding event occurred three days after the company met with President Biden to announce the construction of the Company's Lebanon, Tennessee manufacturing plant. The plant will employ 500 over the next five years, produce over 10,000 DC fast chargers units annually, and will ultimately reach peak production capacity of 30,000 units annually.

On 17 January 2023, Tritium announced its largest single customer order from BP plc (NYSE: BP) for deployment across the U.S., UK, Europe, and Australia. bp will install the chargers for fleets and the general public across three continents as part of a multi-year contract with Tritium to expand its EV charging business, bp pulse. In December 2022, Tritium achieved the largest monthly production output in company history, with 50 per cent. more output than any previous month as its Tennessee factory continues to ramp up.

The company opened the 2023 calendar year with a record order backlog of ~\$159 million as of 31 December 2022. The company is projecting 2023 revenue in excess of \$200 million, corresponding to a 100+ per cent. YoY increase with expected gross margins of 10 per cent. to 12 per cent. as the company benefits from manufacturing scale up, improved product pricing, and planned produce suite streamlining.

As of 31 December 2022, REL's interest in Tritium, through the Partnership, consisted of the \$0.6 million sponsor investment, which was valued at 1.7x Gross MOIC⁽¹⁾ or \$1 million (Realised: nil, Unrealised: \$1 million), the \$15 million equity investment, which was valued at 0.28x Gross MOIC⁽¹⁾ or \$4 million (Realised: nil, Unrealised: \$4 million), and the \$9.7 million loan investment, which was valued at 1.00x Gross MOIC⁽¹⁾ or \$10 million (Realised: \$0.2 million, Unrealised: \$9.8 million).

Based on the aforementioned Performance Allocation, net of estimated applicable taxes, the potential increase arising from the Investment Manager's share purchases would be \$19 million as of 31 December 2022. In addition, there is a management fee of 1.5 per cent. of net assets (including cash) per annum and other expenses. Given these costs, fees and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes, primarily on U.S. assets, may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for US tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. effectively connected income. The C Corporations file U.S. corporate tax returns with the U.S. Internal Revenue Service and pay U.S. corporate taxes on its taxable income.

Investment Manager's Report continued

Investment Portfolio Summary continued



GROUP14

\$4 MILLION

INVESTED IN FULL ITS COMMITMENT
TO GROUP14

Group14

In April 2022, REL, through the Partnership, invested \$4 million into Group14 Technologies, Inc.'s \$400 million Series C funding round. The Series C round was led by Porsche AG, with participation from OMERS Capital Markets, Decarbonisation Partners, Vsquared Ventures, and others. Group14 is a battery materials technology company founded in 2015. The company has developed a proprietary silicon-based anode battery material to replace graphite in conventional lithium-ion batteries.

In Q4 2022, the company raised an additional \$214mm as a second close to its Series C transaction; bringing total Series C capital raised to \$614mm, fully funding the business plan through 2023.

As of 31 December 2022, REL's interest in Group14, through the Partnership, was valued at 1.00x Gross MOIC⁽¹⁾ or \$4 million (Realised: nil, Unrealised: \$4 million).



FREEWIRE

\$10 MILLION

INVESTED IN FULL ITS COMMITMENT
TO FREEWIRE TECHNOLOGIES

FreeWire Technologies

As of 31 December 2022, REL, through the Partnership, has fully invested its \$10 million commitment to FreeWire. FreeWire is the leading provider of battery-integrated DC fast chargers (DCFCs) and their associated software. Riverstone led the company's \$50 million Series C round in January 2021.

Their primary hardware product is the Boost Charger, a unitised, turnkey DCFC that offers charging speeds of up to 200kW with only a 27kW grid connection by using a 160kWh battery. These specifications support 15-24 fast charging sessions per day. The current software platform, AMP Connect, allows for charger management and integration with existing customer platforms with broader services in development.

As of 31 December 2022, REL's interest in FreeWire, through the Partnership, was valued at 2.00x Gross MOIC⁽¹⁾ or \$20 million (Realised: nil, Unrealised: \$20 million).

(1) Gross Unrealised Value and Gross MOIC (Gross Multiple of Invested Capital) are before transaction costs, taxes (approximately 21 to 27.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on applicable gross profits in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019. Since there was no netting of losses against gains before the aforementioned revised terms, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. No further carried interest will be payable until the \$95.2 million of realised and unrealised losses to date at 31 December 2022 (largest deficit of \$405.5 million at 30 June 2020) are made whole with future gains, so the earned carried interest of \$0.8 million at 31 December 2022 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Since REL has not yet met the appropriate Cost Benchmark at 31 December 2022, \$38.0 million in Performance Allocation was not accrued in accordance with the terms of the current agreement, which would have been accrued under the prior agreement.




\$0.6 MILLION

INVESTED IN FULL ITS COMMITMENT
TO DCRD

DCRD

In August 2021, REL announced an investment of \$0.6 million in DCRD, a special purpose acquisition vehicle sponsored by an affiliate of REL's Investment Manager which raised over \$316 million in its IPO.

On 23 January 2023, the business combination agreement by and among DCRD, Hammerhead, Hammerhead Energy Inc., an Alberta corporation and wholly owned subsidiary of Hammerhead ("NewCo") and 2453729 Alberta ULC ("AmalCo") was approved with 27,623,812 votes for, 3,314,327 votes against, and 1 abstention. The transaction subsequently closed on 23 February 2023. Please see further details in the Post-Year End Update section on page 31.

As of 31 December 2022, REL's interest in DCRD, through the Partnership, was valued at 4.99x Gross MOIC⁽¹⁾ or \$3.0 million (Realised: nil, Unrealised: \$3.0 million).




\$11.5 MILLION

INVESTED OF ITS \$12.5 MILLION COMMITMENT
TO OUR NEXT ENERGY (ONE)

Our Next Energy (ONE)

In December 2022, REL invested \$11.5 million of its \$12.5 million commitment to Our Next Energy's (ONE) \$300 million Series B round, valuing the company at over \$1 billion. ONE is a Michigan-based energy storage technology company working to develop batteries for mobility and large-scale storage applications. ONE will use the proceeds of the round to complete ONE Circle, its Van Buren Township, Michigan facility, which will be its first Lithium Iron Phosphate (LFP) battery manufacturing plant.

As of 31 December 2022, REL's interest in ONE, through the Partnership, was valued at 1.00x Gross MOIC⁽¹⁾ or \$11 million (Realised: nil, Unrealised: \$11 million).

Based on the aforementioned Performance Allocation, net of estimated applicable taxes, the potential increase arising from the Investment Manager's share purchases would be \$19 million as of 31 December 2022. In addition, there is a management fee of 1.5 per cent. of net assets (including cash) per annum and other expenses. Given these costs, fees and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes, primarily on U.S. assets, may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for US tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. effectively connected income. The C Corporations file U.S. corporate tax returns with the U.S. Internal Revenue Service and pay U.S. corporate taxes on its taxable income.

Investment Manager's Report continued

Investment Portfolio Summary continued

Realised Investments



\$110 MILLION

INVESTED OF ITS \$113 MILLION COMMITMENT
TO CARRIER II

Carrier II

Carrier II is focused on the acquisition and exploitation of upstream oil and gas assets by partnering with select operators that are developing both unconventional and conventional reservoirs in North America. Shortly after its establishment in May 2015, Carrier II entered into a joint venture agreement with a highly experienced operator group made up of Henry Resources, LLC and PT Petroleum, LLC, targeting 19,131 net acres for development in the southern Midland Basin (subsequently increased to 20,260 net acres). In addition, through three separate acquisitions, the company has acquired 3,892 net acres in Karnes County in the Eagle Ford basin, targeting the Sugarloaf Project and the Chisholm Project, both operated by Marathon Oil Corp.

The company continues to operate prudently and remains focused on using free cash flow from high commodity prices to fund development and reduce outstanding indebtedness on the company's term loan.

Since inception, Carrier II has distributed \$63 million through dividends to REL, through the Partnership, representing approximately 57 per cent. of REL's invested capital.

On 27 December 2022, the non-operated interests of Carrier II were sold to the operator of its wells, Marathon Oil Corporation. At closing, REL received proceeds of approximately \$34 million from Carrier II, and as a result has reflected this as a realisation even though the Company will be retaining its interest in Carrier II until Q1 2023 when it expects to receive approximately \$3 million of residual proceeds to be released from escrow.

As of 31 December 2022, REL's realised position in Carrier, through the Partnership, was valued at 0.60x Gross MOIC or \$66 million (Realised: \$63 million, Unrealised: \$3 million).



\$90 MILLION

INVESTED IN FULL ITS COMMITMENT
TO PIPESTONE (FKA CNOR)

Pipestone

Pipestone is a Calgary-based oil and gas company focused on the Western Canadian Sedimentary Basin. CNOR had invested in a joint venture with Tourmaline Oil Corp. targeting the Peace River High area (126,000 net acres), which it sold in 3Q19 for C\$175 million. Earlier in 2019, CNOR closed on a strategic combination with publicly-traded Blackbird Energy to consolidate its ~25,000 net acre Pipestone Montney position with that of Blackbird's offsetting ~73,000 acres. The pro forma company is named Pipestone Energy Corporation and trades under TSX: PIPE. During the third quarter of 2019, Pipestone completed the build-out of required infrastructure needed to expand its future operations and has since been working towards bringing incremental production online.

In February 2022, REL sold its entire position in Pipestone for net proceeds of 53 million CAD (USD 41.7 million). With this transaction, REL no longer owns any interest in Pipestone.

As of 31 December 2022, REL's realised position in Pipestone, through the Partnership, was valued at 0.64x Gross MOIC or \$58 million (100 per cent. realised).

(1) Gross Unrealised Value and Gross MOIC (Gross Multiple of Invested Capital) are before transaction costs, taxes (approximately 21 to 27.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on applicable gross profits in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019. Since there was no netting of losses against gains before the aforementioned revised terms, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. No further carried interest will be payable until the \$95.2 million of realised and unrealised losses to date at 31 December 2022 (largest deficit of \$405.5 million at 30 June 2020) are made whole with future gains, so the earned carried interest of \$0.8 million at 31 December 2022 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Since REL has not yet met the appropriate Cost Benchmark at 31 December 2022, \$38.0 million in Performance Allocation was not accrued in accordance with the terms of the current agreement, which would have been accrued under the prior agreement. Based on the aforementioned Performance Allocation, net of estimated applicable taxes, the potential increase arising from the Investment Manager's share purchases would be \$19 million as of 31 December 2022. In addition, there is a management fee of 1.5 per cent. of net assets (including cash) per annum and other expenses. Given these costs, fees and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes, primarily on U.S. assets, may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for US tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. effectively connected income. The C Corporations file U.S. corporate tax returns with the U.S. Internal Revenue Service and pay U.S. corporate taxes on its taxable income.

Valuation

The Investment Manager is charged with proposing the valuation of the assets held by REL through the Partnership. The Partnership has directed that securities and instruments be valued at their fair value. REL's valuation policy is compliant with IFRS and IPEV Valuation Guidelines and has been applied consistently from period to period since inception. As the Company's investments are generally not publicly quoted, valuations require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant.

The Investment Manager values each underlying investment in accordance with the Riverstone valuation policy, the IFRS accounting standards and IPEV Valuation Guidelines. The value of REL's portion of that investment is derived by multiplying its ownership percentage by the value of the underlying investment. If there is any divergence between the Riverstone valuation policy and REL's valuation policy, the Partnership's proportion of the total holding will follow REL's valuation policy. Valuations of REL's investments through the Partnership are determined by the Investment Manager and disclosed quarterly to investors, subject to Board approval.

Riverstone values its investments using common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation.

For development-type investments, Riverstone also considers the recognition of appreciation or depreciation of subsequent financing rounds, if any. For those early stage privately held companies where there are other indicators of a decline in the value of the investment, Riverstone will value the investment accordingly even in the absence of a subsequent financing round.

Riverstone reviews the valuations on a quarterly basis with the assistance of the Riverstone Performance Review Team ("PRT") as part of the valuation process. The PRT was formed to serve as a single structure overseeing the existing Riverstone portfolio with the goal of improving operational and financial performance.

The Audit Committee reviews the valuations of the Company's investments held through the Partnership and makes a recommendation to the Board for formal consideration and acceptance.

Uninvested Cash

As of 31 December 2022, REL had a cash balance of \$15.8 million and the Partnership, including its wholly-owned subsidiaries, REL Cayman Holdings, LP, REL US Corp and REL US Centennial Holdings, LLC, had uninvested funds of over \$103.8 million held as cash and money market fixed deposits, gross of the accrued Management Fee of \$2.7 million. After the accrued Management Fee, REL's aggregate cash balance is \$116.9 million. As in prior years, in accordance with the Partnership Agreement, if the Company requires additional funds for working capital, it is entitled to receive another distribution from the Partnership. The Partnership maintains deposit accounts with several leading international banks. In addition, the Partnership invests a portion of its cash deposits in short-term money market fixed deposits. REL's treasury policy seeks to protect the principal value of cash deposits utilising low risk investments with top-tier counterparts.

Uninvested cash earned approximately 49 basis points during the year ended 31 December 2022. All cash deposits referred to in this paragraph are denominated in U.S. dollars.

On 4 March 2022, the Board was pleased to allocate an additional £46.0 million to the Share Buyback Programme at which time the Company had the authority to repurchase 8,062,463 shares pursuant to the authority granted at its 2022 AGM. In 2022, the Company had repurchased 4,045,941 shares, in aggregate, for £26.8 million (\$32.2 million) at an average share price of £6.63 (\$7.95). Since REL started the buyback programme in May 2020, the Company has purchased 29,005,073 shares, in aggregate, for £113 million (\$145 million) at an average share price of £3.89 (\$5.00). As of 31 December 2022, £23 million remains available for repurchasing.

As of 31 December 2022, REL, through the Partnership, had potential unfunded commitments of \$23 million. In connection with the listing of REL on the London Stock Exchange, all proceeds of the offering were converted to U.S. dollars at an average rate of 1.606 at inception. All cash deposits referred to above are denominated in U.S. dollars. Additionally, REL's functional currency and Financial Statements are all presented in U.S. dollars. The Partnership's commitments are denominated in U.S. dollars, except Hammerhead which is denominated in Canadian dollars.

Post-Year End Update

As a result of the combination of Hammerhead and DCRD, which closed on 23 February 2023, REL's existing Hammerhead ownership converted into 15.4 million common shares of Hammerhead Energy Inc. (NASDAQ / TSX: HHRS). REL also owns a 5 per cent. stake in the DCRD Sponsor. The DCRD Sponsor is entitled to up to 45 per cent. of the 7.9 million Sponsor Shares subject to Riverstone Fund V achieving a 1.0x Gross MOIC, as detailed in the F-4 Side Letter. Therefore, at or above a \$10.53 share price, REL will own an additional 0.2 million HHRS shares. Based on the 15.4 million common shares of HHRS at the HHRS closing share price of \$14.97 as of 27 February 2023, the company's initial day of trading on NASDAQ and TSX, REL's investments in Hammerhead and the DCRD Sponsor are valued at \$255.8 million, inclusive of previously realised proceeds of \$23.1 million, which is an increase from \$179.9 million as at 31 December 2022. There can be no assurance that the closing price as of 27 February 2023 is an indicator of future performance. As the shares of HHRS are publicly traded, going forward the valuation will be determined based on the market price, rather than the basis used previously for unquoted investments.

Outlook

The Investment Manager continues to work with its portfolio companies and management teams to navigate dynamic market conditions driven by geopolitical strife, the ongoing pandemic, volatility in commodity markets, and the energy transition. We believe past work with the legacy commodity linked portfolio and work to identify strong growth equity opportunities in the ever-evolving decarbonisation space, has positioned the portfolio well to capitalise on the upside of energy market volatility and the steady march toward a decarbonised economy. We expect portfolio companies to manage liquidity with discipline, and to increase strategic capital expenditure where appropriate. The Investment Manager will continue to execute on the modified investment programme, identifying new decarbonisation investments that present attractive risk-reward profiles supporting value creation for shareholders.

RIGL Holdings, LP
28 February 2023

Investment Strategy

THE INVESTMENT MANAGER CONTINUES TO REPOSITION REL'S PORTFOLIO AWAY FROM COMMODITY PRICE-SENSITIVE OIL AND GAS INVESTMENTS TOWARDS A FOCUS ON RENEWABLE AND THE DECARBONISATION THEMATIC.

This shift in the portfolio began in the summer of 2020 with the Company, through the Partnership investing in Enviva, and progressed in 2021 with the commitments to GoodLeap, FreeWire Technologies, DCRB, DCRN and DCRC.

In 2022, REL, through the Partnership, further invested \$95 million in six companies (T-REX, Infinitum, Tritium, Anuvia Plant Nutrients, Group14 and ONE), which are located at diverse junctions of the energy transition value chain. The Company believes that each of these investments provides an opportunity to create shareholder value while supporting REL's long-term focus on ESG and energy transition investments. Going forward, REL expects to continue to increase its exposure in areas that support decarbonisation across the entire investment spectrum, from traditional power generation to technology-enabled solutions that facilitate increased renewables adoption and helps the global economy reach its climate change goals.

The Company's independent directors are supportive of the continuation of the Investment Manager's modified investment strategy for the immediate future. The independent directors will continue to monitor the Investment Manager's success in repositioning the Company's existing investment strategy through the modified investment strategy. At the EGM in 2020, the Board committed to review the Company's performance and, before 31 December 2022, decide whether or not it would be in the best interests of all Shareholders to request an EGM to vote on a run-off of its portfolio. Based on the significant improvement in the performance of REL, taking into account the trading price of the Ordinary Shares and portfolio performance from 30 September 2020 to 30 September 2022, and the outlook for further energy transition investment opportunities from the Investment Manager, the Company's independent Directors did not seek Shareholder approval before 31 December 2022 to amend the Company's investment policy to provide for the managed wind-down of the Company.

Investment Policy

The Company's investment objective is to generate long term capital growth by making investments in the global energy sector. For so long as the Investment Manager (or any of its affiliates) remains the investment manager of the Company, the Company shall have the option to participate in all Qualifying Investments in which the Private Riverstone Funds invest.

Asset Allocation

The Company shall acquire its interests in each Qualifying Investment at the same time (or as near as practicable thereto) as, and on substantially the same economic and financial terms as, the relevant Private Riverstone Fund which may involve the Private Riverstone Fund acquiring all or some of such Qualifying Investment and selling it on to the Company on the same terms on which the Private Riverstone Fund acquired the transferred interest in the Qualifying Investment.

The Company and either Fund V or Fund VI has participated in each applicable Qualifying Investment in which Fund V or Fund VI, respectively, invests in a ratio of one-third to two-thirds. This investment ratio was subject to adjustment on a case-by-case basis (a) to take account of the liquid assets available to each of the Company and Fund V for investment at the relevant time and any other investment limitations applicable to either of them or otherwise if (b) both (i) a majority of the Company's independent directors and (ii) the Investment Manager agree that the investment ratio should be adjusted for specific Qualifying Investments.

For each Private Riverstone Fund subsequent to Fund V which is of a similar target equity size as Fund V (i.e. US\$7.7 billion) and has a similar investment policy to the Company Riverstone shall seek to ensure that, subject to the investment capacity of the Company at the time, the Company and the Private Riverstone Fund invest in applicable Qualifying Investments in an investment ratio of one-third to two-thirds or in such other ratio as the Company's independent directors and the Investment Manager agree at or prior to the first closing of such Private Riverstone Fund.

Such investment ratio may be adjusted by agreement between the Company's independent directors and the Investment Manager on subsequent closings of a Private Riverstone Fund having regard to the total capital commitments raised by that Private Riverstone Fund during its commitment period, the liquid assets available to the Company at that time and any other investment limitations applicable to either of them.





The Investment Manager will typically seek to ensure that the Company and the Private Riverstone Funds dispose of their interests in Qualifying Investments at the same time and on substantially the same terms, and in the case of partial disposals, in the same ratio as the relevant Qualifying Investment was acquired, but this may not always be the case.

In addition, the Company may at any time make investments consistent with its investment policy independent from Private Riverstone Funds, which may include investments alongside Riverstone employee co-investment vehicles or other Riverstone-managed co-investment arrangements.

The Company may hold controlling or non-controlling positions in its investments and may make investments in the form of equity, equity-related instruments, derivatives or indebtedness (to the extent that such indebtedness is a precursor to an ultimate equity investment). The Company may invest in public or private securities. The Company will not permit any investments to be the subject of stock lending or sale and repurchase.

In selecting investments, the Investment Manager will target investments that are expected to generate long term capital growth and, in particular, investments that are expected to generate a Gross IRR of between 20 and 30 per cent.

Diversification

Save for the Company's investment in Hammerhead, which may represent up to 35 per cent. of the Company's gross assets, including cash holdings, measured at the time the investment was made, no one investment made by the Company may (at the time of the relevant investment) represent more than 25 per cent. of the Company's gross assets, including cash holdings, measured at the time the investment is made. As at 31 December 2022, the Company's investment in Hammerhead represented approximately 21 per cent. of the Company's gross assets, including cash holdings. The Company shall utilise the Partnership and its Investment Undertakings or other similar investment holding structures to make investments and this limitation shall not apply to its ownership interest in the Partnership or any such Investment Undertaking.

Gearing

The Company may, but shall not be required to, incur indebtedness for investment purposes, working capital requirements and to fund own-share purchases or redemptions up to a maximum of 30 per cent. of the last published NAV as at the time of the borrowing, or such greater amount as may be approved by the Shareholders passing an ordinary resolution. The consent of a majority of the Company's Directors shall be required for the Company or the Partnership to enter into any credit or other borrowing facility. This limitation will not apply to portfolio level entities in respect of which the Company is invested or is proposing to invest.

Investment Restrictions

The Company is subject to the following investment restrictions:

- for so long as required by the Listing Rules, it will at all times seek to ensure that the Investment Manager invests and manages the Company's and the Partnership's assets in a way which is consistent with the Company's objective of spreading risk and in accordance with the Company's investment policy;
- for so long as required by the Listing Rules, it must not conduct a trading activity which is significant in the context of the Company and its Investment Undertakings;
- for so long as required by the Listing Rules, not more than 10 per cent. of the value of its total assets will be invested in other UK-listed closed-ended investment funds, except for those which themselves have published investment policies to invest not more than 15 per cent. of their total assets in other UK-listed closed-ended investment funds; in addition, the Company will not invest more than 15 per cent. of the value of its total assets in other UK-listed closed-ended investment funds; and
- any investment restrictions that may be imposed by Guernsey law (although no such restrictions currently exist).

Currency and interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management and these transactions will not be undertaken for speculative purposes.

Board of Directors

AN EXPERIENCED BOARD



Richard Hayden (77)

Chair of the Board and
Non-executive Independent Director

Appointment Appointed to the Board in May 2013 and appointed as Chair of the Board in May 2016.

Experience Mr Hayden serves as non-executive Chairman of TowerBrook Capital Partners Advisory Board and member of the Investment Committee. Prior to joining TowerBrook in 2009, Mr Hayden was Vice Chairman of GSC Group Inc and Global Head of the CLO and Mezzanine Debt business. Previously, Mr Hayden was with Goldman Sachs from 1969 to 1999. Mr Hayden held a variety of senior positions during his time at Goldman Sachs, including Deputy Chairman of Goldman Sachs International Ltd and Chairman of the Global Credit Committee. Mr Hayden has served on a number of corporate and advisory boards including CQS Capital Management, Haymarket Financial, Deutsche Borse and Abbey National Bank. Mr Hayden is currently on the Finance and Investment Committee of the Children's Investment Fund Foundation. Mr Hayden is a UK resident.

Committee Membership



Richard Horlick (63)

Chair Elect and
Non-executive Independent Director

Appointment Appointed to the Board in October 2022.

Experience : Mr Horlick serves as a non-executive director and chair of BH Macro Limited and a non-executive director of VH Global Sustainable Energy Opportunities PLC, each of which is admitted to trading on the Main Market of the London Stock Exchange. In addition to his listed positions, he is currently the non-executive chairman of CCLA Investment Management which manages assets for over 38,000 charities and church and local authority funds. Mr Horlick is a UK resident and has served on a number of closed end fund boards and was previously head of investment and main board director of Schroders Plc and President, Institutional, of Fidelity International and subsequently chairman of the Trust Bank for the Fidelity Mutual funds in the US. He has had a long and distinguished career in investment management since graduating from Cambridge University in 1980 with an MA in Modern History.

Committee Membership



Peter Barker (74)

Non-executive
Independent Director

Appointment Appointed to the Board in September 2013.

Experience: Mr Barker was California Chairman of JPMorgan Chase & Co., a global financial services firm, from September 2009 until his retirement on 31 January 2013, and a member of its Executive Committee in New York. Mr Barker was also an Advisory Director of Goldman, Sachs & Co. from December 1998 until his retirement in May 2002, and a Partner of Goldman, Sachs & Co. from 1982 to 1998, heading up Investment Banking on the West Coast, having joined Goldman, Sachs & Co. in 1971. Mr Barker is President of the Fletcher Jones Foundation and has held numerous directorships. He is currently on the board of Avery Dennison Corporation, the W. M. Keck Foundation, the Irvine Company, and the Automobile Club of Southern California. Mr Barker is also a Trustee of Claremont McKenna College, having formerly been its Chairman, and was previously Chair of the Los Angeles Area Council of the Boy Scouts of America. Mr Barker is a U.S. resident.

Committee Membership



Patrick Firth (61)

Non-executive
Senior Independent Director

Appointment Appointed to the Board in May 2013 and appointed as Senior Independent Director in May 2016.

Experience: Mr Firth qualified as a Chartered Accountant with KPMG Guernsey in 1991 and is also a member of the Chartered Institute for Securities and Investment. He has worked in the fund industry in Guernsey since joining Rothschild Asset Management (CI) Limited in 1992 before moving to become Managing Director at Butterfield Fund Services (Guernsey) Limited (subsequently Butterfield Fulcrum Group (Guernsey) Limited), a company providing third party fund administration services, where he worked from April 2002 until June 2009. He is a non-executive Director of a number of investment funds and management companies, including India Capital Growth Fund Limited, CT UK Capital & Income Investment Trust plc and NextEnergy Solar Fund Limited. Mr Firth is a UK resident.

Committee Membership





Jeremy Thompson (67)

Non-executive
Independent Director

Appointment Appointed to the Board in May 2016.

Experience: Mr Thompson has sector experience in Finance, Telecoms, Engineering and Oil & Gas. He acts as an independent non-executive director for both listed, including DP Aircraft 1 Limited, and PE funds. Prior to that, he has worked in private equity and was CEO of four autonomous global businesses within Cable & Wireless Plc (operating in both regulated and unregulated markets), and earlier held CEO roles within the Dowty Group. He currently serves as chairman of the States of Guernsey Renewable Energy Team and is a commissioner of the Alderney Gambling Control Commission. He is also an independent member of the Guernsey Tax Tribunal panel. He is a graduate of Brunel (B.Sc), Cranfield (MBA) and Bournemouth (M.Sc) Universities and was an invited member to the UK's senior defence course RCDS (Royal College of Defence Studies). He is a member of the IoD and holds the IoD's Certificate and Diploma in Company Direction, is an associate of the Chartered Institute of Arbitration and a chartered Company Secretary. Mr Thompson is a resident of Guernsey and has previously lived and worked in the UK, USA and Germany.

Committee Membership



Claire Whittet (67)

Non-executive
Independent Director

Appointment Appointed to the Board in May 2015.

Experience Mrs Whittet has over 40 years of experience in the financial services industry. After obtaining a MA (Hons) in Geography from the University of Edinburgh, she joined the Bank of Scotland for 19 years and undertook a wide variety of roles. She moved to Guernsey in 1996 and was Global Head of Private Client Credit for Bank of Bermuda before joining the Board of Rothschild & Co Bank International Limited in 2003, initially as Director of Lending and latterly as Managing Director and Co-Head until May 2016 when she became a non-executive Director. Mrs Whittet is an ACIB member of the Chartered Institute of Bankers in Scotland, a Chartered Banker, a member of the Chartered Insurance Institute and holds an IoD Diploma in Company Direction. She is an experienced non-executive Director and currently sits on the board of four other listed funds (BH Macro Limited, Eurocastle Investment Limited, Third Point Offshore Investors Limited and TwentyFour Select Monthly Income Fund Limited) and various PE funds. Mrs Whittet is a Guernsey resident.

Committee Membership



John Roche (57)

Non-executive
Independent Director

Appointment Appointed to the Board in December 2022.

Experience Mr Roche qualified as an Irish Chartered Accountant in 1988 and moved immediately to Guernsey to join the PwC predecessor firm, Coopers & Lybrand. He seconded to the investment management practices at PwC Ireland (1996-1998) and PwC UK (2003-2008) returning on a full time basis to Guernsey in 2009. Promoted to partner in 2006, he is now recently retired with a strong background in auditing as well as IPO and capital markets transactions for investment companies on the various London markets. He has focussed delivering audit services to alternative investment managers, specialising in private equity, secondaries, private debt, infrastructure and real estate in the listed and private sectors. Mr Roche has been the firm's Risk Management Partner (2008-2015), Partner Responsible for Independence/Ethics & Business Conduct (2008-2015 & 2018-2022), as well as the Guernsey Office Managing Partner (2013-2020). He was also President of the Guernsey Society of Chartered and Certified Accountants (2013-2015). Mr Roche is a Guernsey resident.

Committee Membership



- Audit Committee Member
- Nomination Committee Member
- Management Engagement Committee Member
- Chairman

Report of the Directors

THE DIRECTORS HEREBY SUBMIT THE ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS FOR THE COMPANY FOR THE YEAR
ENDED 31 DECEMBER 2022. THIS REPORT OF THE DIRECTORS SHOULD BE READ
TOGETHER WITH THE CORPORATE GOVERNANCE REPORT ON PAGES 46 TO 55.

General Information

REL is a company limited by shares, which was incorporated on 23 May 2013 in Guernsey with an unlimited life and registered with the Commission as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law. It has been listed on the London Stock Exchange since 29 October 2013. The registered office of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

Principal Activities

The principal activity of the Company is to act as an investment entity through the Partnership and make investments in the energy sector.

The Company's investment objective is to generate long-term capital growth by investing in the global energy sector.

Business Review

A review of the Company's business and its likely future development is provided in the Board Chair's Statement on pages 4 to 7 and in the Investment Manager's Report on pages 18 to 31.

Listing Requirements

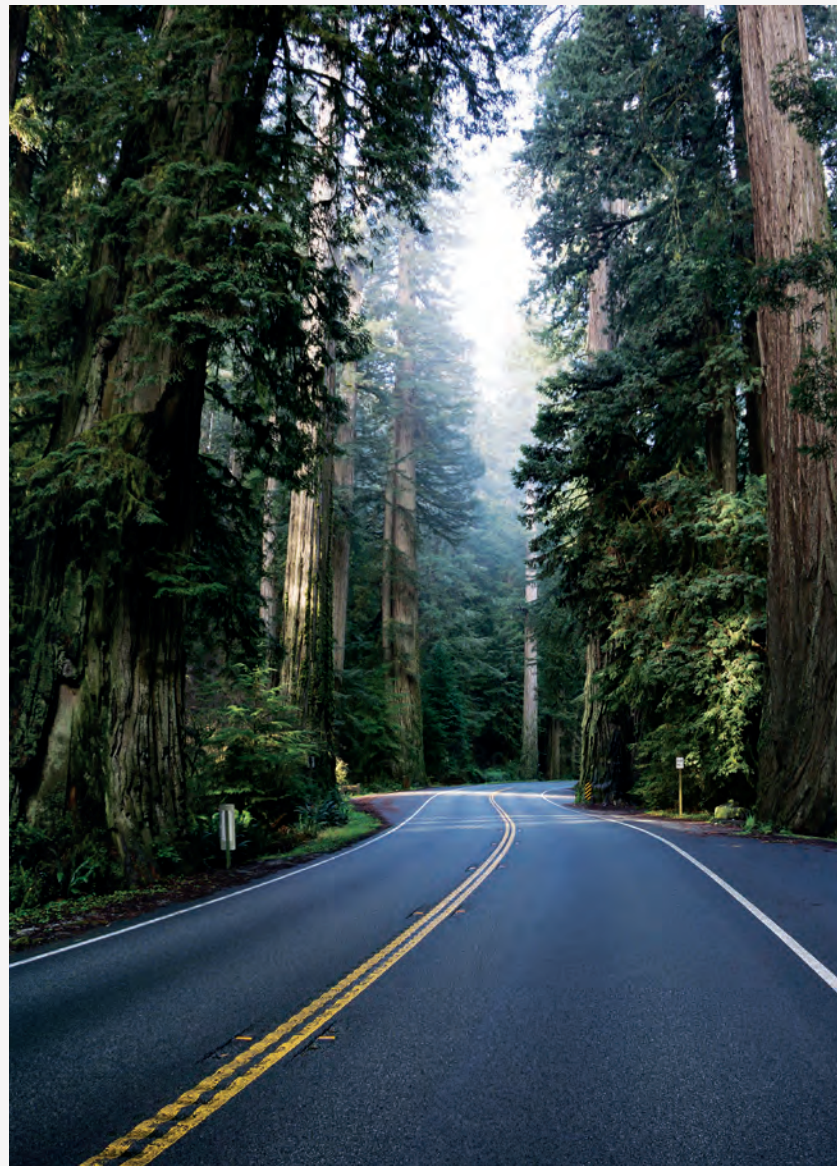
Since being admitted on 29 October 2013 to the Official List of the UK Listing Authority, maintained by the FCA, the Company has complied with the applicable Listing Rules.

Results and Dividend

The results of the Company for the year are shown in the audited Statement of Comprehensive Income on page 68.

The Net Asset Value of the Company as at 31 December 2022 was \$739 million (31 December 2021: \$682 million).

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022 (31 December 2021: \$nil).



Share Capital

At incorporation on 23 May 2013, the Company issued one founder Ordinary Share of no par value. On 29 October 2013, the Company issued 71,032,057 Ordinary Shares of no par value at £10 per Ordinary Share in an initial public offering raising a total of \$1,138 million.

KFI, one of the Cornerstone Investors in the Company, paid for and acquired 10 million Ordinary Shares in two equal tranches of £50 million. The first tranche was paid on Admission and the second tranche of 5 million Ordinary Shares was paid on 26 September 2014.

On 11 December 2015, the Company raised £67.6 million (\$102.3 million) ⁽¹⁾ through the issuance of 8,448,006 new Ordinary Shares at £8.00 per Ordinary Share.

On 15 October 2018, the Company announced a Tender Offer for £55.0 million in value of the Company's Ordinary Shares. The Company acquired 4,583,333 Ordinary Shares at £12.00 per share, which were cancelled on 23 November 2018.

On 1 May 2020, the Company announced a buyback programme with the intention of returning £50 million to Shareholders via on market buybacks; which was completed on 9 March 2021. Since the announcement, the Company has purchased 17,214,197 shares, in aggregate, for £50 million (\$63 million) at an average share price of £2.90 (\$3.67).

On 11 May 2021, the Company announced a buyback programme with the intention of returning £20 million to Shareholders via on market buybacks, which subsequently, on 4 October 2021, was increased to £40 million. Since the announcement, the Company has purchased 7,744,935 shares, in aggregate, for £36 million (\$50 million) at an average share price of £4.65 (\$6.40).

On 14 February 2022, the Company announced that the Board and Investment Manager agreed to allocate an additional £46.0 million to the programme. Since the announcement, 4,045,941 ordinary shares have been bought back at a total cost of approximately £26.8 million (\$32.2 million) at an average share price of approximately £6.63 (\$7.95). With the intention to narrow the Company's trading discount, the Board took the decision in Q4 2022 to steadily buyback shares up to £15.5 million (\$17.5 million) for the period to 31 December 2022.

As at 31 December 2022, the share capital of the Company is 50,891,658 Ordinary Shares in aggregate.

The Company has one class of Ordinary Shares. The issued value of the Ordinary Shares represents 100 per cent. of the total issued value of all share capital. Under the Company's Articles of Incorporation, on a show of hands, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every share held.

⁽¹⁾ Gross of share issuance costs of \$3.6 million

Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. The Company has not declared or paid dividends from inception to 31 December 2022, and has no intention to do so.

The Ordinary Shares have no right to fixed income.

Shareholdings of the Directors

The Directors with beneficial interests in the shares of the Company as at 31 December 2022 and 2021 are detailed below:

Director	Ordinary Shares held 31 December 2022	Per cent. Holding at 31 December 2022	Ordinary Shares held 31 December 2021	Per cent. Holding at 31 December 2021
Richard Hayden ⁽¹⁾	10,000	0.020	10,000	0.018
Richard Horlick ⁽¹⁾	10,000	0.020	-	-
Peter Barker ⁽¹⁾⁽²⁾	5,000	0.010	5,000	0.009
Patrick Firth ⁽³⁾	8,000	0.016	8,000	0.015
Jeremy Thompson ⁽¹⁾	3,751	0.007	3,751	0.007
Claire Whittet ⁽¹⁾⁽⁴⁾	2,250	0.004	2,250	0.004
John Roche ⁽¹⁾	2,201	0.004	-	-

⁽¹⁾ Non-executive Independent Director.

⁽²⁾ Ordinary Shares held jointly with spouse.

⁽³⁾ Senior Independent Director.

⁽⁴⁾ Ordinary Shares held indirectly with spouse.

In addition, the Company also provides the same information as at 28 February 2023, being the most current information available.

Director	Ordinary Shares held 28 February 2023	Per cent. Holding at 28 February 2023
Richard Hayden ⁽¹⁾	10,000	0.020
Richard Horlick ⁽¹⁾	10,000	0.020
Peter Barker ⁽¹⁾⁽²⁾	5,000	0.010
Patrick Firth ⁽³⁾	8,000	0.016
Jeremy Thompson ⁽¹⁾	3,751	0.007
Claire Whittet ⁽¹⁾⁽⁴⁾	2,250	0.004
John Roche ⁽¹⁾	2,201	0.004

⁽¹⁾ Non-executive Independent Director.

⁽²⁾ Ordinary Shares held jointly with spouse.

⁽³⁾ Senior Independent Director.

⁽⁴⁾ Ordinary Shares held indirectly with spouse.

Report of the Directors *continued*

Directors' Authority to Buy Back Shares

At the AGM on 24 May 2022 in St Peter Port, Guernsey, the Company renewed the authority to make market purchases of up to a maximum of 14.99 per cent. of the issued share capital of the Company. Any buy back of the Company's Ordinary Shares will be made subject to Companies Law and within any guidelines established from time to time by the Board. The making and timing of any buy backs will be at the absolute discretion of the Board, with consent of the Investment Manager, and not at the option of the Shareholders. Purchases of the Company's Ordinary Shares will only be made through the market for cash at prices below the prevailing Net Asset Value of the Company's Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance Shareholder value. Such purchases will also only be made in accordance with the Listing Rules.

In accordance with the Company's Articles of Incorporation and Companies Law, up to 10 per cent. of the Company's Ordinary Shares may be held as treasury shares.

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company.

Substantial Shareholdings

As at 31 December 2022, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of the following substantial voting rights as Shareholders of the Company.

Shareholder	Shareholding	Per cent. Holding	Nature of Holding
Quilter Investors	12,292,141	24.2%	Indirect
Moore Capital Mgt	8,430,490	16.6%	Indirect
AKRC Investments LLC	6,208,990	12.2%	Direct
SIX Group Ltd.	4,440,565	8.7%	Indirect
Riverstone Related Holdings	3,358,828	6.6%	Direct

In addition, the Company also provides the same information as at 24 February 2023, being the most current information available.

Shareholder	Shareholding	Per cent. Holding	Nature of Holding
Quilter Investors	12,292,141	24.6%	Indirect
Moore Capital Mgt	8,430,490	16.9%	Indirect
AKRC Investments LLC	4,777,598	9.6%	Direct
SIX Group Ltd.	4,521,538	9.0%	Indirect
Riverstone Related Holdings	3,358,828	6.7%	Direct

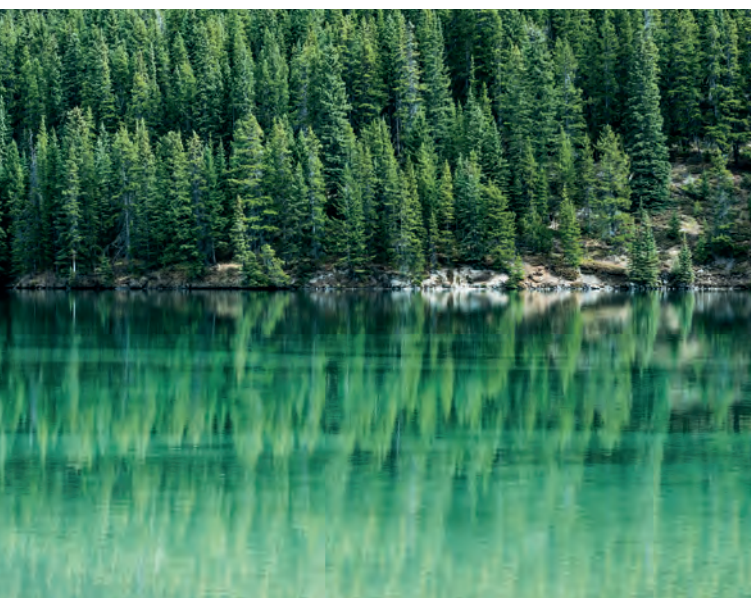
The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company.

Independent External Auditor

Ernst & Young LLP has been the Company's external auditor since incorporation in 2013. The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Company, which includes monitoring the use of the external auditor for non-audit services and the balance of audit and non-audit fees paid. Following a review of the independence and effectiveness of the external auditor, a resolution will be proposed at the 2023 Annual General Meeting to reappoint Ernst & Young LLP. Each Director believes that there is no relevant information of which the external auditor is unaware. Each has taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that Ernst & Young LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies Law. Further information on the work of the external auditor is set out in the Report of the Audit Committee on pages 56 to 59.

Articles of Incorporation

The Company's Articles of Incorporation may only be amended by special resolution of the Shareholders. At the AGM on 22 May 2018, the Company adopted Amended and Restated Articles.



AIFMD

REL is regarded as an externally managed non-EEA AIF under the AIFM Directive. RIGL is the Investment Manager of the Company as its non-EEA AIFM. The AIFMD outlines the required information which has to be made available to investors in an AIF and directs that material changes to this information be disclosed in the Annual Report of the AIF. All information required to be disclosed under the AIFMD is either disclosed in this Annual Report or is detailed in the Appendix entitled AIFMD Disclosures on page 178 in REL's latest Prospectus which can be obtained through the Company's website www.RiverstoneREL.com. The AIFM has no remuneration within the current or prior year that falls within the scope of Article 22 of the Directive.

RIGL provides AIFMD compliant management services to REL. The AIFM acting on behalf of the AIF, has appointed Ocorian Depositary Company (UK) Limited to provide depositary services to the AIF. The appointment of the Depositary is intended to adhere to, and meet the conditions placed on the Depositary and the AIFM under Article 21 and other related articles of the AIFMD. The Depositary shall only provide depositary services to the AIF should it admit one or more German and/or Danish investors following marketing activity towards them. At that time, the Depositary shall observe and comply with the Danish and German regulations applying to the provision of depositary services to a non-EEA AIF marketed in Denmark or Germany, as the case may be, by a non-EEA AIFM.

UCITS Eligibility

The Investment Manager is a relying adviser of Riverstone Investment Group LLC. Riverstone Investment Group LLC is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act. As such, the Investment Manager is subject to Riverstone Investment Group LLC's supervision and control, the advisory activities of the Investment Manager are subject to the U.S. Investment Advisers Act and the rules thereunder and the Investment Manager is subject to examination by the SEC. Accordingly the Company has been advised that its Ordinary Shares should be "transferable securities" and, therefore, should be eligible for investment by authorised funds in accordance with the UCITS Directive or NURS on the basis that:

- the Company is a closed end investment company;
- the Ordinary Shares are admitted to trading on the Main Market of the London Stock Exchange; and
- the Ordinary Shares have equal voting rights.

However, the manager of the relevant UCITS or NURS should satisfy itself that the Ordinary Shares are eligible for investment by the relevant UCITS or NURS.

AEOI Rules

Under AEOI Rules the Company continues to comply with both FATCA and CRS requirements to the extent applicable to the Company.

General Partner's Performance Allocation and Management Fees

The General Partner's Performance Allocation is equal to 20 per cent. of all applicable realised pre-tax profits, in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019 (see Note 9 for further detail). In particular, taxes on realised gains from ECI investments, as shown in the Investment Manager's Report, in excess of existing net operating losses, can be substantial at rates up to 27.5 per cent. The Company is not an umbrella collective investment undertaking and therefore has no gross liability. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for U.S. tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. ECI. The C Corporations file U.S. corporate tax returns with the U.S. IRS and pay U.S. corporate taxes on its taxable income.

The General Partner's Performance Allocation is calculated under the aforementioned revised terms of the Partnership Agreement announced on 3 January 2020, but effective 30 June 2019, and as described in the Prospectuses.

The accrued Performance Allocation is calculated on a quarterly basis, which is taken into account when calculating the fair value of the Company's investment in the Partnership, as described in Note 10. The fair value of the Company's investment in the Partnership is after the calculation of Management Fees, as described in Note 9.

The financial effect of the General Partner's Performance Allocation, Management Fees and any taxes on ECI investments is shown in Note 6. The Investment Management Agreement continues into perpetuity post the seventh year anniversary as the Discontinuation Resolution was not passed in 2020, subject to the termination for cause provisions described in Note 9.

However, either the Board or a 10 per cent. Shareholder or group can request an EGM to vote on a wind-up of the Company at any time. If passed, such actions would trigger an exit fee equal to 20 times the most recent quarterly management fee.

Report of the Directors *continued*

Going Concern

The Audit Committee has reviewed the appropriateness of the Company's Financial Statements being prepared in accordance with Guernsey law and IFRS and presented on a going concern basis, which it has recommended to the Board. As further disclosed in the Corporate Governance Report, the Company is a member of the AIC and complies with the AIC Code. The Financial Statements have been prepared on a going concern basis for the reasons set out below and as the Directors, with the recommendation from the Audit Committee, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, which is defined as the period from the date of approval of Financial Statements up until 31 March 2024. In reaching this conclusion, the Directors, with the recommendation from the Audit Committee, have considered the risks that could impact the Company's liquidity over the period from the date of approval of the Financial Statements up until 31 March 2024, and have taken into account the following two key considerations, which are discussed further below.

1. Available liquid resources and potential proceeds from investment realisations versus current and expected liabilities of the Company over the period from the date of approval of the Financial Statements up until 31 March 2024; and
2. Available liquid resources and potential proceeds from investment realisations versus total potential unfunded commitments of the Partnership

1. Available liquid resources and potential proceeds from investment realisations versus current and expected liabilities of the Company over the period from the date of approval of the Financial Statements up until 31 March 2024

REL retained \$11.5 million of cash in the Company's IPO and Placing and Open Offer for the initial three years post-listing and has requested and received eight distributions for working capital needs in aggregate of \$29.4 million from the Partnership cumulatively through 31 December 2022. During 2022, the Company requested and received distribution requests in aggregate of £35.2 million (\$42.3 million) for the share buyback programme, of which \$15.7 million remains at 31 December 2022 (31 December 2021: \$7.3 million). This cash and cash equivalents balance is sufficient to cover the Company's existing liabilities at 31 December 2022 of \$0.7 million and the forecasted company's annual expenses of approximately \$4.3 million. Additionally, REL will need additional distributions of approximately \$28.0 million from the Partnership to fulfill the remainder of the share buyback programme amount of £23.2 million, which was announced by the Company on 8 February 2022 and for which the buyback authority was approved at the EGM on 4 March 2022. As in prior years, in accordance with the Partnership Agreement, if the Company requires additional funds for working capital or the share buyback programme, it is entitled to receive another distribution from the Partnership. In order to do so, the Company would submit a distribution request approved by the Board to the Partnership, which would then be required to arrange for the payment of the requested amount. Since REL's inception, the Company has requested and received eight distributions from the Partnership for working capital needs. As detailed further in section 2 below, REL, through the Partnership, had available liquid resources of \$103.8 million in excess of potential unfunded commitments of \$22.9 million at 31 December 2022, but currently, as of the date of this report, REL, through the Partnership, has total potential unfunded investment commitments of up to \$21.9 million, which does not exceed its available liquid resources of \$99.9 million. However, based on the Investment Manager's cash flow forecast for the next three years to 31 December 2025, the expectation is that, if needed, the Partnership will only fund the remaining investment commitments to Enviva, and Onyx, which total \$9.7 million as of the date of this report.



2. Available liquid resources and potential proceeds from investment realisations versus total potential unfunded commitments of the Partnership up until 31 March 2024

As at 31 December 2022, REL and the Partnership, including its wholly-owned subsidiaries, REL Cayman Holdings, LP, REL US Corp and REL US Centennial Holdings, LLC, had \$119.5 million of uninvested funds held as cash and cash equivalents (31 December 2021: \$105.8 million). This amount is comprised of \$103.8 million held at the Partnership and \$15.7 million held at REL. Subsequent to 31 December 2022 and up to the date of this report, the Company, through the Partnership, made payments of \$2.7 million for the Q4 2022 Management Fee, \$0.1 million for Partnership expenses and funded the remaining commitment amount for ONE of \$1.0 million. In accordance with the revised terms for REL's GP Performance Allocation announced in January 2020, REL did not meet the portfolio level Cost Benchmark at 31 December 2022; therefore, any unrealised Performance Allocation has been deferred. If these changes had not been accepted, then the accrued GP Performance Allocation would have been \$38.0 million as of 31 December 2022. No performance fees will be payable until the \$95.2 million realised and unrealised losses to date at 31 December 2022 are offset with future gains. If these realised and unrealised losses have not been offset, any such accrued fees will no longer be payable after three years from each respective accrual date.

The Company's total potential unfunded investment commitments of \$22.9 million as at 31 December 2022 (31 December 2021: \$49.1 million), through the Partnership, did not exceed its available liquid resources as at 31 December 2022. This amount does not exceed the Partnership's available liquid resources of \$99.9 million as of the date of this report. It is not expected that all potential unfunded investment commitments will be drawn due to a variety of factors, such as the ability for the commitment to be reduced and/or cancelled by the Investment Manager with consideration from the Board, the present market conditions do not warrant presently further capital expenditure as the returns would not be incrementally positive, a portfolio company being sold earlier than anticipated or a targeted investment opportunity changing or disappearing. Based on the Investment Manager's cash flow forecast for the next three years to 31 December 2025, the expectation is that, if needed, the Partnership will only fund the remaining commitments to Enviva and Onyx which aggregate up to \$9.7 million as of the date of this report. However, if the Board decides to fund any of the Partnership's unfunded commitments to the other active investments, the Partnership can execute a reactionary measure to provide liquidity as discussed further below.

At 31 December 2022, ten of the Company's realised investments, held through the Partnership, resulted in \$937.9 million of gross proceeds on invested capital of \$729.3 million, respectively in aggregate, resulting in an average Gross MOIC of approximately 1.3x. The initial commitments to these ten investments were in excess of \$1,067.8 million, so approximately 68 per cent. had been funded before realisation. In addition, the board of each underlying portfolio company, more often than not are controlled by Riverstone, which has discretion over whether or not that capital is ultimately invested. Moreover, REL's arrangements with Riverstone allow the Company's potential unfunded commitments to be reduced and/or cancelled by the Investment Manager with consideration from the Board, although this has yet to happen. Moreover, any proposed investments outside of those made with Fund V and VI can be unilaterally declined by the Board.

Finally, as a reactionary measure, the Partnership's investments in the publicly-traded shares of the portfolio companies could always be sold, or used as collateral to secure asset-backed financing, to fund the Partnership's shortfall of liquid resources and potential proceeds from investment realisations versus potential unfunded commitments. The Partnership holds unrestricted marketable securities consisting of publicly-traded shares of Enviva, Permian Resources, Solid Power, Tritium and Hyzon, for which the aggregate fair value was \$177.1 million at 31 December 2022 and \$198.0 million as of 27 February 2023. Additionally, the Partnership holds restricted marketable securities consisting of publicly-traded shares of Tritium (lock-up expiration in 1Q2023), and DCRD (lock-up expiration is one year post future business combination), for which the aggregate fair value was \$4.0 million at 31 December 2022 and \$234.2 million as of 27 February 2023, which also includes the shares of HHRS (see Post-Year End Update section on page 31 for further information).

Directors' Assessment of Going Concern

Based on the reasons outlined above, on balance, the Directors are satisfied, as of the date of this report, that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

Report of the Directors *continued*

Viability Statement

The Directors, with recommendation from the Audit Committee, have assessed the prospects of the Company over a longer period than required by the going concern provision. With recommendation from the Audit Committee, the Board chose to conduct a review for a period of three years to 31 December 2025 as it was determined to be an appropriate timeframe based on the historical investment cycle of the Company's investments, through the Partnership, and its financial planning processes. On a rolling basis the Directors evaluate the outcome of the investments and the Company's financial position as a whole. While an unprecedented and long term decline in global oil and gas consumption could threaten the Company's performance, it would not necessarily threaten its viability, not least as a result of the Company's progressive shift to decarbonisation asset investments.

In support of this statement, the Audit Committee recommended to the Directors to take into account all of the principal risks and their mitigation as identified in the Principal Risk and Uncertainties section of the Corporate Governance Report, the nature of the Company's business; including the cash reserves and money market deposits at the Partnership, the potential of its portfolio of investments to generate future income and capital proceeds, and the ability of the Directors to minimise the level of cash outflows, if necessary. The most relevant potential impacts of the identified Principal Risks and Uncertainties on viability were determined to be:

- An investment's capital requirements may exceed the Company's ability to provide capital; and
- The Company may not have sufficient capital available to participate in all investment opportunities presented.

Each quarter, the Directors, through the Audit Committee, review threats to the Company's viability utilising the risk matrix and update as required due to recent developments and/or changes in the global market. The Board relies on periodic reports provided by the Investment Manager and Administrator regarding risks faced by the Company. When required, experts are utilised to gather relevant and necessary information, regarding tax, legal, and other factors.

The Investment Manager considers the future cash requirements of the Company before funding portfolio companies. Furthermore, the Board receives regular updates from the Investment Manager on the Company's cash position, which allows the Board to maintain their fiduciary responsibility to the Shareholders and, if required, limit funding for existing commitments.

The Board, with recommendation from the Audit Committee, considered the Company's viability over the three year period, based on a working capital model prepared by the Investment Manager. Given the significant improvement in the performance of the Company, taking into account the trading price of the Ordinary Shares and portfolio performance from 30 September 2020 to 30 September 2022, the Company's independent directors did not seek Shareholder approval before 31 December 2022 to amend the Company's investment policy to provide for the managed wind-down of the Company.

The working capital model forecasts key cash flow drivers such as capital deployment rate, investment returns, Management Fees and operating expenses. In connection with the preparation of the working capital model, capital raises, realisations, and, dividend payments and/or share repurchases were assumed to not occur during the three year period, unless already predetermined. In addition, the Board reviews credit market availability, but no such financing has been assumed.

If all factors apart from capital deployment rate remain constant, accelerating the capital deployment rate (which is the most critical aspect of the Company's operations) by approximately 67 per cent., from 36 months to 12 months, in a worst case scenario, would result in the Company being able to preserve its ability to maintain sufficient working capital for the three year period.

The Investment Manager believes that the investment outlook for the Company remains attractive, in particular in light of its modified investment programme for the Company (adopted in 2019) which seeks to give the Company greater autonomy from the private funds managed by affiliates of the Investment Manager and to diversify the Company's investments. The Investment Manager continues to reposition the Company's focus away from oil and gas investments in the exploration and production sector and to increase its focus on renewable, decarbonisation and selective infrastructure investments, in each case with strong ESG processes in place. This includes the Company's \$96.5 million in aggregate commitments announced and funded during 2022 to Anuvia (\$20.0 million), T-REX Group (\$17.5 million), Infinitum (\$17.5 million), Tritium (\$15.0 million), Tritium Loan (\$10.0 million) Our Next Energy (\$12.5 million) and Group14 (\$4.0 million).

The Company's fully independent Board is supportive of the continuation of the Investment Manager's modified investment strategy for the immediate future and will continue to monitor the Investment Manager's success in repositioning the Company's existing investment policy through the modified investment strategy. At the EGM in 2020, the Board committed to review the Company's performance and, before 31 December 2022, decide whether or not it would be in the best interests of all Shareholders to request an EGM to vote on a run-off of its portfolio. As mentioned above, based on the significant improvement in the performance of REL, taking into account the trading price of the Ordinary Shares and portfolio performance from 30 September 2020 to 30 September 2022, and the outlook for further energy transition investment opportunities from the Investment Manager, the Company's independent Directors did not seek Shareholder approval before 31 December 2022 to amend the Company's investment policy to provide for the managed wind-down of the Company.

Based on the aforementioned procedures and the existing internal controls of the Company and Investment Manager, the Board, with recommendation from the Audit Committee, has concluded there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment.

Directors' Responsibilities

Although the Company is domiciled in Guernsey, in accordance with the guidance set out in the AIC Code, the Directors describe in this Annual Report how the matters set out in Section 172 of the UK Companies Act 2006 have been considered in their board discussions and decision-making. Section 172 of the Companies Act requires that the directors of a company act in the way that they consider, in good faith, is most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long term and the interests of all the Company's stakeholders.

The Board seeks to encourage engagement between the Company's Shareholders and the Chair of the Board, the Chairs of the Audit and Management Engagement Committees and the Senior Independent Director, which has been facilitated throughout the year. Up to date quarterly reporting also provides the Board with accurate, timely information on shareholder sentiment and direct feedback from service providers, impacted by the Company's operations, and is canvassed at least annually by the Chair of the Management Engagement Committee. It is against this backdrop that key decisions which are either material to the Company or are significant to any of the Company's key stakeholders on pages 52 and 53 are taken. The below key decisions were made or approved by the Directors during the year, with the overall aim of promoting the success of the Company, having regard to the long term, while considering the impact on its members, stakeholders and the wider society as outlined in the ESG section on pages 8 to 17.

Engagement with Shareholders

The Company reports to Shareholders in a number of formal ways, including its Annual Report, Interim Report and regulatory news releases, all of which are approved by the Board. In addition, the Company's website contains comprehensive information for Shareholders.

On 11 May 2020, the Company announced a buyback programme with the intention of returning £20 million to Shareholders via on market buybacks, which subsequently, on 4 October 2021, was increased to £40 million. The Board allocated a further £46.0 million to the buyback programme in March 2022. With the intention to narrow the Company's trading discount, the Board took the decision to steadily buyback shares up to £15.5 million (\$17.5 million) of the available £31 million (\$35 million) for the period to 31 December 2022. Since the announcement, the Company has purchased 4,045,941 shares, in aggregate, for £27 million (\$32 million) at an average share price of £6.63 (\$7.95).

Financial Risk Management Objectives

Financial Risk Management Objectives are disclosed in Note 10 on pages 86 to 90.

Principal Risk and Uncertainties

Principal Risk and Uncertainties are discussed in the Corporate Governance Report on pages 53 to 55.

Annual General Meetings

The AGM of the Company will be held at 10:30 BST on 23 May 2023 at the offices of Ocorian Administration (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the notices of meetings to be distributed to Shareholders listed on the register as at 31 December 2022 together with this Annual Report. As a matter of good practice, all resolutions will be conducted on a poll and the results will be announced to the market as soon as possible after the meeting.

Members of the Board, including the Chair of the Board and the Chair of each Committee, intend to be in attendance at the AGM, and will be available to answer Shareholder questions. Additionally, Shareholders can submit questions in advance to IR@RiverstoneREL.com addressed for the attention of the Board.

By order of the Board



Richard Hayden

Chair of the Board
28 February 2023

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

The Companies Law requires the Directors to prepare Financial Statements for each financial year. Under the Companies Law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the Financial Statements comply with Companies Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.RiverstoneREL.com). The work carried out by the external auditor does not involve considerations of these matters and, accordingly, the external auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Report under the Disclosure Guidance and Transparency Rules

Each of the Directors whose names are on pages 34 and 35 confirms to the best of their knowledge and belief that:

- the Financial Statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties faced; and
- the Annual Report and Financial Statements include information required by the UK Financial Conduct Authority so that the Company complies with the provisions of the Listing Rules, Disclosure Guidance and Transparency Rules of the UK Listing Authority. With regard to corporate governance, the Company is required to disclose how it has applied the principles, and complied with the provisions of the corporate governance code applicable to the Company.

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. As part of the preparation of the Annual Report and Financial Statements, the Directors have received reports and information from the Company's Administrator and Investment Manager. The Directors have considered, reviewed and commented upon the Annual Report and Financial Statements throughout the drafting process in order to satisfy itself in respect of the content. In the opinion of the Directors, the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

By order of the Board



Richard Hayden
Chair of the Board
28 February 2023

Patrick Firth
Director
28 February 2023

Corporate Governance Report

AS A UK LISTED COMPANY, REL'S GOVERNANCE POLICIES AND PROCEDURES ARE BASED ON THE PRINCIPLES OF THE UK CODE AS REQUIRED UNDER THE LISTING RULES. THE UK CODE IS AVAILABLE ON THE FINANCIAL REPORTING COUNCIL'S WEBSITE, WWW.FRC.ORG.UK.

The Company is subject to the GFSC Code, which applies to all companies registered as collective investment schemes in Guernsey. The GFSC has also confirmed that companies that report against the UK Code or AIC Code are deemed to meet the GFSC Code.

Although not required as the Company is no longer within the FTSE 350, the Board monitors developments in corporate governance to ensure the Board remains aligned with best practice especially with respect to the increased desired focus on greater gender and ethnic diversity on the boards of FTSE 350 companies. The Board recognises and supports the Hampton Alexander Review and the Parker Review, and acknowledges the importance of having a variety of backgrounds and experiences represented in the boardroom for the effective functioning of the Board. It is the ongoing aspiration of the Board to have a well-diversified representation. The Board also values diversity of business skills and experience because Directors with diverse skills sets, capabilities and experience gained from different geographical backgrounds enhance the Board by bringing a wide range of perspectives to the Company. The Board's view has been and, continues to be, that all appointments to the Board should be merit based, assessed against objective selection criteria. To avoid precluding any deserving candidate from consideration, executive search consultants will be asked to provide candidates from a diverse range of backgrounds and that these lists are gender neutral.

The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to Shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

As explained in the UK Code, the Board considers that the above provisions are not currently relevant to the position of the Company, being an externally managed investment company, which delegates most day-to-day functions to third parties.

The Company does not have a chief executive or any executive directors. The Company has not established a separate remuneration committee as the Company has no executive officers and the Board is satisfied that any relevant issues that arise can be properly considered by the Board.

The Company has no employees or internal operations and has therefore not reported further in respect of these provisions. The need for an internal audit function is discussed in the Audit Committee report.

The Board

The Company is led and controlled by a Board of Directors, which is collectively responsible for the long-term sustainable success of the Company. It does so by creating and preserving value, and has as its foremost principle acting in the interests of Shareholders as a whole and the Company's stakeholders.

The Company believes that the composition of the Board is a fundamental driver of its success as the Board must provide strong and effective leadership of the Company. The current Board was selected, as their biographies illustrate, to bring a breadth of knowledge, skills and business experience to the Company. The non-executive Directors provide independent challenge and review, bringing wide experience, specific expertise and a fresh objective perspective.

The Board consists of seven Non-executive Directors (31 December 2021: five), all of whom, including the Chair of the Board, are independent of the Company's Investment Manager; Mr Hayden, Mr Firth, Mr Barker, Mrs Whittet, Mr Roche, Mr Horlick and Mr Thompson. All Directors served during the year, with Mr Horlick being appointed on 26 October 2022 and Mr Roche being appointed on 14 December 2022. As flagged in the Board Chair's Statement, Mr Hayden and Mr Baker will not be standing for re-election at the next AGM and the Board will revert to five members.

The Chairman of the Board is independent and is appointed in accordance with the Company's Articles of Incorporation. Mr Hayden is considered to be independent because he:

- has no current or historical employment with the Investment Manager;
- has no current directorships or partnerships in any other investment funds managed by the Investment Manager; and
- is not an executive of a self-managed company or an ex-employee who has left the executive team of a self-managed company within the last five years.

The Board is fully satisfied that Mr Firth demonstrates complete independence and robustness of character and judgement in his capacity as Senior Independent Director. The Board is of the view that no individual or group of individuals dominates decision making.

New Directors receive an induction from the Investment Manager and all Directors receive other relevant training as necessary.

At each subsequent Annual General Meeting of the Company, each of the Directors at the date of the notice convening the Annual General Meeting shall retire from office and may offer themselves for election or re-election by the Shareholders.

The Board meets at least four times a year for regular, scheduled meetings and should the nature of the activity of the Company require it, additional meetings may be held, some at short notice. At each meeting the Board follows a formal agenda that covers the business to be discussed. The primary focus at Board meetings is a review of investment performance and associated matters such as asset allocation, share price discount/premium management, investor relations, peer group information, gearing, industry issues and principal risks and uncertainties in particular those identified at the end of this report. Additionally, since the Company's modified investment strategy was implemented in 2020, the Board is required to regularly hold meetings to consent to all new investments brought forward by the Investment Manager. During the year, the total number of ad hoc and regular meetings was 29.

Between meetings the Board visits the Investment Manager at least annually, and there is regular contact with the Administrator. The Board requires to be supplied in a timely manner with information by the Investment Manager, the Company Secretary and other advisers in a form and of a sufficient quality to enable it to discharge its duties.

The Company has adopted a share dealing code for the Board and will seek to ensure compliance by the Board and relevant personnel of the Investment Manager and other third party service providers with the terms of the share dealing code.

Board Tenure and Re-election

In accordance with the AIC Code, when and if any director shall have been in office (or on re-election would at the end of that term of office) for more than nine years, the Company will consider further whether there is a risk that such a director might reasonably be deemed to have lost independence through such long service. Mr Firth has served for more than nine years but the Board considers him to be independent and he is to remain a Director until the end of 2023 in order to facilitate a handover period to Mr Roche who will become the new Audit Chair. The Board considers its composition and succession planning on an ongoing basis. All Directors stand for annual re-election at the AGM.

A Director who retires at an Annual General Meeting may, if willing to continue to act, be elected or re-elected at that meeting. If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the Director is put to the meeting and not passed.

Directors are appointed under letters of appointment, copies of which are available at the registered office of the Company. The Board considers its composition and succession planning on an ongoing basis.

Directors' Remuneration

The level of remuneration of the Non-executive Directors reflects the time commitment and responsibilities of their roles. The remuneration of the Non-executive Directors does not include any share options or other performance related elements and there are no plans to seek any Shareholder waivers to deviate from this.

The Chair of the Board is entitled to annual remuneration of £132,000 (31 December 2021: £132,000). The Chair of the Audit Committee is entitled to annual remuneration of £82,500 (31 December 2021: £82,500) and the Chair of the Management Engagement Committee is entitled to annual remuneration of £71,500 (31 December 2021: £71,500). The other independent Directors are entitled to annual remuneration of £66,000 (31 December 2021: £66,000). The Chair of the Nomination Committee is entitled to remuneration of £71,500 with effect from 1 January 2022.

Director	2022 (\$'000)	2021 (\$'000)
Peter Barker ⁽¹⁾	82	91
Patrick Firth ⁽¹⁾⁽²⁾	102	114
Richard Hayden ⁽¹⁾⁽³⁾	164	182
Jeremy Thompson ⁽¹⁾	89	91
Claire Whittet ⁽¹⁾⁽⁴⁾	89	98
Richard Horlick ⁽¹⁾	15	-
John Roche ⁽¹⁾	4	-

⁽¹⁾ Non-executive Independent Director

⁽²⁾ Senior Independent Director and Chair of the Audit Committee

⁽³⁾ Chair of the Company

⁽⁴⁾ Chair of the Management Engagement Committee

The above fees due to the Directors are for the year ended 31 December 2022 and 31 December 2021, and none were outstanding at 31 December 2022 (31 December 2021: \$nil).

Duties and Responsibilities

The Board is responsible to Shareholders for the overall management of the Company. The duties and powers reserved for the Board include decisions relating to the determination of investment policy and approval of investments in certain instances, strategy, capital raising, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

The Board retains direct responsibility for certain matters, including (but not limited to):

- approving the Company's long term objective and any decisions of a strategic nature including any change in investment objective, policy and restrictions, including those which may need to be submitted to Shareholders for approval;
- reviewing the performance of the Company in light of the Company's strategy objectives and budgets ensuring that any necessary corrective action is taken;
- the appointment, overall supervision and removal of key service providers and any material amendments to the agreements or contractual arrangements with any key delegates or service providers;

Corporate Governance Report *continued*

- approving any transactions with “related parties” for the purposes of the Company’s voluntary compliance with the applicable sections of the UK Listing Rules;
- the review of the Company’s valuation policy;
- the review of the Company’s corporate governance arrangements; and
- approving any actual or potential conflicts of interest.

The Directors have access to the advice and services of the Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with Companies Law and applicable rules and regulations of the GFSC and the LSE. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company. The Company maintains directors’ and officers’ liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board’s responsibilities for the Annual Report are set out in the Directors’ Responsibility Statement. The Board is also responsible for issuing appropriate half-yearly financial reports, quarterly portfolio valuations and other price-sensitive public reports.

Directors’ attendance at Board and Committee Meetings:

One of the key criteria the Company uses when selecting Non-executive Directors is their confirmation prior to their appointment that they will be able to allocate sufficient time to the Company to discharge their responsibilities in a timely and effective manner.

The Board formally met four times during the year. The Board has held a number of ad hoc meetings, and the sub committees of the Board have met frequently, during the course of 2022. The Chair of the Board meets privately with the Non-executive Directors before each scheduled Board meeting. Directors are encouraged when they are unable to attend a meeting to give the Chair of the Board their views and comments on matters to be discussed, in advance. In addition to their meeting commitments, the Non-executive Directors also liaise with the Investment Manager whenever required and there is regular contact outside the Board meeting schedule. In addition to the Board members, members of the Investment Manager attend relevant sections of the Board meetings by invitation.

Attendance is further set out below:

Director	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Management Engagement Committee Meetings	Tenure as at 31 December 2022
Peter Barker ⁽¹⁾	4	4	4	1	9 years, 4 months
Patrick Firth ⁽¹⁾⁽²⁾	4	4	4	1	9 years, 8 months
Richard Hayden ⁽¹⁾	4	4	4	1	9 years, 8 months
Claire Whittet ⁽¹⁾	4	4	4	1	7 years, 8 months
Jeremy Thompson ⁽¹⁾	4	4	4	1	6 years, 8 months
John Roche ⁽¹⁾	-	-	-	-	0.5 months
Richard Horlick ⁽¹⁾	1	1	1	1	2 months

⁽¹⁾ Non-executive Independent Director ⁽²⁾ Non-executive Senior Independent Director

A quorum is comprised of any two or more members of the Board from time to time, to perform administrative and other routine functions on behalf of the Board, subject to such limitations as the Board may expressly impose on this committee from time to time.

Board members who are not ordinarily resident in Guernsey were unable to travel and attend certain Board and committee meetings in person during 2022. In those cases, the relevant Board members attended those meetings by telephone or video link (and are shown as being in attendance at the relevant meeting in the table above), although only the Directors who were physically present in Guernsey were treated as being present at the meeting for the quorum and voting provisions applicable to Board and committee meetings contained in the Company’s Articles.

Conflicts of interest

A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. The Board requires Directors to declare all appointments and other situations that could result in a possible conflict of interest and has adopted appropriate procedures to manage and, if appropriate, approve any such conflicts. The Board is satisfied that there is no compromise to the independence of those Directors who have appointments on the boards of, or relationships with, companies outside the Company.

Committees of the Board

The Board believes that it and its committees have an appropriate composition and blend of skills, experience, independence and diversity of backgrounds to discharge their duties and responsibilities effectively. The Board keeps its membership, and that of its committees, under review to ensure that an acceptable balance is maintained, and that the collective skills and experience of its members continue to be refreshed. It is satisfied that all Directors have sufficient time to devote to their roles and that undue reliance is not placed on any individual.

Each committee of the Board has written terms of reference, approved by the Board, summarising its objectives, remit and powers, which are available on the Company's website (www.RiverstoneREL.com) and reviewed on an annual basis. All committee members are provided with appropriate induction on joining their respective committees, as well as on-going access to training. Minutes of all meetings of the committees (save for the private sessions of committee members at the end of meetings) are made available to all Directors and feedback from each of the committees is provided to the Board by the respective committee Chairmen at the next Board meeting. The Chair of the Board of each committee attends the AGM to answer any questions on their committee's activities.

The Board and its committees are supplied with regular, comprehensive and timely information in a form and of a quality that enables them to discharge their duties effectively. All Directors are able to make further enquiries of management whenever necessary and have access to the services of the Company Secretary.

Audit Committee

The Audit Committee is chaired by Mr Firth and comprises Mr Barker, Mr Hayden, Mr Thompson, Mrs Whittet, Mr Roche and Mr Horlick. The Chair of the Audit Committee, the Investment Manager and the external auditor, Ernst & Young LLP, have held discussions regarding the audit approach and identified risks. The external auditors attend Audit Committee meetings and a private meeting is routinely held with the external auditors to afford them the opportunity of discussions without the presence of management. The Audit Committee activities are contained in the Report of the Audit Committee.

Nomination Committee

The Nomination Committee is chaired by Mr Thompson and comprises Mr Barker, Mr Firth, Mr Hayden, Mrs Whittet, Mr Roche and Mr Horlick.

The Nomination Committee is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. The Nomination Committee recognises the continuing importance of planning for the future and ensuring that succession plans are in place. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and evaluates the balance of skills, experience, independence, and knowledge of each candidate. Appointments are therefore made on personal merit and against objective criteria with the aim of bringing new skills and different perspectives to the Board whilst taking into account the existing balance of knowledge, experience and diversity.

In the case of candidates for Non-executive Directorships, care is taken to ascertain that they have sufficient time to fulfil their Board and, where relevant, committee responsibilities. The Board believes that the terms of reference of the Nomination Committee ensure that it operates in a rigorous and transparent manner.

The Board believes that, as a whole, it comprises an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. The Board remains focussed on the guidelines outlined by the Hampton-Alexander Review and The Parker Review.

The Nomination Committee met frequently in the second half of the year to establish a process to identify successors for the Chair of the Board and Audit Chair. The Committee faced the situation of three retiring directors during the course of 2023. Mr Hayden and Mr Barker advised that they would not seek re-election at the May 2023 AGM and would stand down following that meeting. Mr Firth rather than standing down at the AGM was requested to serve until December 2023 to allow for a transition period with the incoming Audit Chair elect. The Committee reviewed the size of the Board and confirmed that notwithstanding the overlap of key Directors it was the intention that the Board size would revert to five members.

A comprehensive and rigorous process was undertaken to identify a chair successor. As a first step in starting the systematic global search (led by Egon Zehnder) each Director was consulted privately, to enable the design of a specification that reflected the desired independence, appropriate sector knowledge and compelling chair skills for a major public company with a diverse investor base.

More than 30 candidates were researched in depth and considered from both sides of the Atlantic, in two phases of the search. Following this process over half were approached. The Committee met with 8 potential candidates, some excelling in energy transition knowledge; others brought specific strengths in closed-end funds and PLC governance. The three short listed candidates met with the Company's principal advisors and Investment Manager prior to the final interview with the Committee. The recommendation by the Committee to the Board was that the Company would be best served with the appointment of Mr Horlick - who combined compelling, demonstrably independent, fund board leadership skills with meaningful knowledge of the energy transition space. This recommendation was accepted and ratified by the Board.

The Nomination Committee, working with a leading search firm (FletcherJones), also commenced a rigorous process to identify a successor to Mr Firth as Audit Chair elect. Following a process which included a long list and short list process the Committee interviewed four candidates in person. From this position the Committee recommended the appointment of Mr Roche, a Guernsey based former partner of PwC as the preferred candidate. This recommendation was accepted and adopted by the Board.

The Committee is working to find a successor to Mr Barker and the Board expects to be in a position to announce his successor prior to the AGM.

Corporate Governance Report *continued*

The Nomination Committee has reviewed the composition, structure and diversity of the Board, succession planning, the independence of the Directors and whether each of the Directors has sufficient time available to discharge their duties effectively. The Nomination Committee and the Board confirm that they believe that the Board has an appropriate mix of skills and backgrounds and was selected with that in mind, that all Directors should be considered as Independent in accordance with the provisions of the AIC Code and that all Directors have the time available to discharge their duties effectively.

Notwithstanding that Mrs Whittet is on the Boards of five companies listed on the London Stock Exchange or Euronext, the Committee noted that she is a full-time non-executive director and that all of the five companies are listed investment companies where the level of complexity and time commitment required is lower than larger trading companies. Further, they noted that Mrs Whittet has attended all Board and main committee meetings during the year, and that she has always shown the time commitment to discharge fully and effectively her duties as a Director.

Mr Firth is a Director and Chair of the Audit Committee of four companies listed on the London Stock Exchange. He is also a full-time non-executive director and all of the four companies are listed investment companies. Further, they noted that Mr Firth has attended all Board and main committee meetings during the year and that he has always demonstrated the time commitment to discharge fully and effectively his duties as a Director.

Although not a requirement for REL, during 2022, the Board agreed to defer the tri-annual requirement for an independent evaluation until 2023 due to the changes in the Board's composition.

Accordingly, the Board recommends that Shareholders vote in favour of the re-election of all Directors at the forthcoming AGM, as noted in the Board Tenure and Re-election section of the Corporate Governance Report.

Management Engagement Committee

The Management Engagement Committee is chaired by Mrs Whittet and comprises Mr Barker, Mr Hayden, Mr Firth, Mr Thompson, Mr Roche and Mr Horlick. The Management Engagement Committee meets at least once a year pursuant to its terms of reference.

The Management Engagement Committee provides a formal mechanism for the review of the performance of the Investment Manager and the Company's other advisors and service providers. It carries out this review through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Shareholders.

Board Performance and Evaluation

In accordance with Provision 26 of the AIC Code which requires a formal and rigorous annual evaluation of its performance, the Board formally reviews its performance annually through an internal process. Internal evaluation of the Board, the Audit Committee, the Nomination Committee, the Management Engagement Committee and individual Directors has taken the form of self-appraisal questionnaires and discussions to determine effectiveness and performance in various areas as well as the Directors' continued independence.

The Board believes that annual evaluations are helpful and provide a valuable opportunity for continuous improvement. Whilst the Board is not for a FTSE 350 company, it will be undertaking an external board evaluation during 2023.

All Directors participated in the evaluation, and the findings were collectively considered by the Board. No significant areas of weaknesses were highlighted during the evaluation and the Board concluded that it had operated effectively throughout 2022. The Board is confident in its ability to continue effectively to lead the Company and oversee its affairs. The Board believes that the current mix of skills, experience, knowledge and age of the Directors is appropriate to the requirements of the Company.

New Directors receive an induction on joining the Board and regularly meet with the senior management employed by the Investment Manager both formally and informally to ensure that the Board remains regularly updated on all issues. All members of the Board are members of professional bodies and serve on other Boards, which ensures they are kept abreast of the latest technical developments in their areas of expertise.

The Board arranges for presentations from the Investment Manager, the Company's brokers and other advisors on matters relevant to the Company's business. The Board assesses the training needs of Directors on an annual basis.

Internal Control and Financial Reporting

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss. However, the Board's objective is to ensure that REL has appropriate systems in place for the identification and management of risks. The Directors carry out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The key procedures which have been established to provide internal control are that:

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- the Board has delegated the day-to-day operations of the Company to the Administrator and Investment Manager; however, it retains accountability for all functions it delegates;
 - the Board clearly defines the duties and responsibilities of the Company's agents and advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisors and will continue to do so through the Management Engagement Committee;
 - the Board monitors the actions of the Investment Manager at regular Board meetings and is given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies;
 - the Administrator provides administration and company secretarial services to the Company.
 - The Administrator maintains a system of internal control on which they report to the Board; and
 - the Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Manager, including their own internal controls and procedures, provide sufficient assurance that an appropriate level of risk management and internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external reporting purposes. The Administrator and Investment Manager both operate risk controlled frameworks on a continual ongoing basis within a regulated environment. The Administrator has undertaken an ISAE 3402: Assurance Reports on Controls at a Service Organisation audit and formally reports to the Board quarterly through a compliance report. The Investment Manager formally reports to the Board quarterly including updates within Riverstone and also engages with the Board on an ad-hoc basis as required. No weaknesses or failings within the Administrator or Investment Manager have been identified.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss. This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements. It is reviewed by the Board and is in accordance with the FRC's internal control publication: Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Investment Management Agreement

The Investment Manager is the sole Investment Manager of the Company and the Partnership. Pursuant to the Investment Management Agreement, the Investment Manager has responsibility for and discretion over investing and managing the Company's and the Partnership's direct and indirect assets, subject to and in accordance with the Company's investment policy. The Investment Manager is entitled to delegate all or part of its functions under the Investment Management Agreement to one or more of its affiliates.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Management Engagement Committee at its regular scheduled meetings. Each year, a detailed review of performance pursuant to their terms of engagement is undertaken by the Management Engagement Committee. In particular, during 2019, the Management Engagement Committee and the Investment Manager discussed fees, termination provisions, capital structure management, the performance of the Company, and the basis of the Company's and the Investment Manager's relationship and alignment of interests at length, including the benefits to the Company of Riverstone's extensive participation in the management of all of the Company's investments and the significant equity commitment of Riverstone to the Company as one of its major Shareholders.

In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Investment Manager, in the opinion of the Directors the continuing appointment of the Investment Manager on the terms agreed is in the interests of the Shareholders as a whole.

On 3 January 2020, the Company announced amendments to Performance Allocation arrangements under the Investment Management Agreement that are effective from 30 June 2019. The amended terms on which the Company is required to pay a Performance Allocation in respect of its investment are as follows:

- Portfolio level cost benchmark: A Performance Allocation will only be distributed in respect of a realised investment if, at the time of the realisation of the relevant investment, the aggregate of the fair market value of all of the Company's then unrealised investments and the proceeds of all of its realised investments since inception exceeds the aggregate acquisition price of all of the Company's unrealised and realised investments. If this portfolio level cost benchmark is not met at the time of realisation of the relevant investment, distribution of the Performance Allocation is subject to deferment as described further below. As of 31 December 2022, the portfolio level cost benchmark was in deficit of \$95.2 million.

Corporate Governance Report *continued*

- 8 per cent. Hurdle rate: A Performance Allocation will only be accrued for payment upon the realisation of an investment if the proceeds from that investment exceed an amount equal to its acquisition cost plus an 8 per cent. annual cumulative hurdle rate calculated from the date of investment to the date of realisation. If the hurdle is met, the Performance Allocation will be 20 per cent of all Net Profits in respect of each such investment. As of 31 December 2022, ten investments exceeded the hurdle rate and the total portfolio's Gross IRR is approximately (1) per cent.
- Full realisation: A Performance Allocation will only be calculated and accrued on the full realisation of the entire interest in an investment, unless a partial realisation results in the full return of all capital invested in such investment. Otherwise, no Performance Allocation will be payable on partial disposals and the ability for the Investment Manager to elect to receive a Performance Allocation on an investment that has been held by the Company for at least seven years (but not sold) has been removed.
- Deferral: If the portfolio level cost benchmark is not met at the time of full realisation of the relevant investment, it will be retested on a quarterly basis for the following three years. If, at any time during those three years, the benchmark is satisfied for four continuous quarters, the relevant Performance Allocation will then become distributable without interest. Any accrued but undistributed Performance Allocation that has been deferred due to the portfolio level cost benchmark test will expire after 36 months.

The Investment Manager will continue to be required to apply each Performance Allocation (net of taxes) to acquire ordinary shares of the Company.

During 2021, in compliance with the laws of the Cayman Islands, the Company and its existing Investment Manager, Riverstone International Limited, a Cayman Islands exempted company, assigned its investment advisory rights and obligations under the Company's Investment Management Agreement to RIL's immediate parent entity, RIGL Holdings, LP, a Cayman Islands exempted limited partnership.

Furthermore, on 9 December 2020, the Company's Investment Management Agreement has been amended to remove the Investment Manager's ability to nominate directors of the Company and to replace it with the ability to request that its representatives attend Board meetings as observers instead, except in circumstances where matters specifically regarding the Investment Manager and its affiliates are being considered.

Distribution of Investment Proceeds

In addition, the Company and the Investment Manager have agreed that, going forward, 20 per cent. of the Net Profits attributable to each fully realised investment, net of taxes, withholdings or reserves for taxes will, at the discretion of the Company, be available for distribution to the Company's Shareholders, whether by dividend or share repurchases.

Our Culture

The Board has determined that the Company's culture is built around that of the Investment Manager, with a focus on long lasting relationships with a diverse investor base; sustainable investment excellence; and a world class team demonstrating extensive industry knowledge. The Board monitors the Company's culture on an annual basis through continued engagement with Shareholders and management.

Relations with Shareholders

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. In addition, Mr Firth, as the Senior Independent Director, is available to Shareholders if they have concerns which contact through the normal channels has failed to resolve or for which such contact would be inappropriate. Mrs Whittet, Management Engagement Committee Chair, is available to discuss matters regarding service providers of REL. The Chair of the Board, Senior Independent Director and other Directors are also available to meet with Shareholders at other times, if required. At the request of several Shareholders, the Chair of the Board, Senior Independent Director and other Directors arranged meetings and addressed direct correspondence raised at the quarterly Board meetings during the year.

The Company reports formally to Shareholders in a number of ways; regulatory news releases through the London Stock Exchange's Regulatory News Service, announcements are issued in response to events or routine reporting obligations. Also, an Interim Report will be published each year outlining performance to 30 June and the Annual Report will be published each year for the year ended 31 December, both of which will be made available on the Company's website. In addition, the Company's website contains comprehensive information, including company notifications, share information, financial reports, investment objectives and policy, investor contacts and information on the Board and corporate governance. Shareholders and other interested parties can subscribe to email news updates by registering online on the website.

The Investment Manager has regular contact with Shareholders, including the Cornerstone Investors, and any views that they may have are communicated to the Board and vice versa. No sensitive information is provided to the Cornerstone Investors that is not provided to the Shareholders as a whole and at the same time. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Manager and the Corporate Brokers. The Directors and Investment Manager receive informal feedback from analysts and investors, which is presented to the Board by the Company's Broker. The Company Secretary also receives informal feedback via queries submitted through the Company's website and these are addressed by the Board, the Investment Manager or the Company Secretary, where applicable.

Over the year, the Investment Manager's investor relations team and senior management held several roadshows and meetings with investors and equity research analysts.

Financial results, events, corporate reports, webcasts and fact books are all stored in the Investor Relations section of our website: www.riverstonerel.com/investors/

2023 Key Shareholder Engagements

January	Quarterly Portfolio Valuations
February	Full Year Results Approved
April	Notice of Annual General Meeting Quarterly Portfolio Valuations
May	Annual General Meeting
July	Quarterly Portfolio Valuations
August	Half Year Results
October	Quarterly Portfolio Valuation

Engagement with Stakeholders

The wider stakeholders of the Company comprise its service providers, investee companies and suppliers and the Board recognises and values these stakeholders.

The Company's relationship with its service providers, including the Investment Manager, is of particular importance. Service providers have been selected and engaged based on due diligence and references including consideration of their internal controls and expertise. The Company has a Management Engagement Committee, who will review the performance of each service provider annually and provide feedback as appropriate, to maintain good working relationships.

Responsible investing principles have been applied to each of the investments made, which ensures that appropriate due diligence has been conducted and that the terms of the investments are clearly set out and agreed with investee companies in advance.

The Board recognises that relationships with suppliers are enhanced by prompt payment and the Company's Administrator, in conjunction with the Investment Manager, ensures all payments are processed within the contractual terms agreed with the individual suppliers.

Relations with Other Stakeholders

The Investment Manager conducts presentations with analysts and investors to coincide with the announcement of the Company's full and half year results, providing an opportunity for discussions and queries on the Company's activities, performance and key metrics. In addition to these semi-annual presentations, the Investment Manager meets regularly with analysts and investors to provide further updates with how the Company and the investment portfolio are performing.

The Directors and Investment Manager receive informal feedback from analysts and investors, which is presented to the Board by the Company's Brokers. The Company Secretary also receives informal feedback via queries submitted through the Company's website and these are addressed by the Board, the Investment Manager or the Company Secretary, where applicable.

The Directors recognise that the long term success of the Company is linked to the success of the communities in which the Group, and its investee companies, operate.

Whistleblowing

The Board has considered arrangements by which staff of the Investment Manager or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisation.

Principal Risks and Uncertainties

The Company's assets consist of listed and private equity investments, held through the Partnership, in the conventional and decarbonisation portfolios. Initially, there was a particular focus on opportunities in the global E&P and midstream energy sub-sectors, but since 2020 REL has been exclusively focussed on pursuing a global strategy across decarbonisation sectors presented by Riverstone's investment platform. Its principal risks are therefore related to market conditions in the energy and energy transition sectors in general, but also to the particular circumstances of the businesses in which it is invested through the Partnership. The Investment Manager, through the Partnership, seeks to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential targets before entering into any investments.

Each Director is fully aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has adopted procedures and controls that enable it to carry out a robust assessment of the risks facing the Company, manage these risks within acceptable limits and meet all of its legal and regulatory obligations. The Board is committed to upholding and maintaining our zero tolerance towards the criminal facilitation of tax evasion.

The Board thoroughly considers the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis and these risks are reported and discussed at Audit Committee and Board meetings. The Board ensures that effective controls are in place to properly mitigate these risks to the greatest extent possible and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

For each material risk, the likelihood and consequences are identified, management controls and frequency of monitoring are confirmed, and results reported and discussed at the quarterly Board meetings.

The Company's principal risk factors are fully discussed in the Prospectuses, available on the Company's website (www.RiverstoneREL.com) and should be reviewed by Shareholders. Please note that not all principal risks are disclosed on the Company's website, only those established at the time of the Prospectuses.

Corporate Governance Report *continued*

The Company's current principal areas of risk and mitigating actions being taken are summarised below:

1. The Company initially intended to only invest in the global energy sector, with a particular focus on oil and gas exploration and production, and midstream investments, which exposed it to industry and sector concentration risk.

Under the modified investment strategy, since 2020, the Company has pivoted to focus on energy transition and decarbonisation and this provides an element of diversification for the portfolio, albeit with the additional investment risks noted below. Overall, the valuation risk of the investment portfolio has also been reduced with an increased portion now being held in listed investments.

2. The Company's shares have, for a considerable period of time, been trading at a discount to NAV per share for reasons, including, but not limited to, general market conditions in the energy sector, liquidity concerns, perceived issues with the terms of the Investment Management Agreement and actual or expected Company performance as the Company transitions to maximise value from the conventional portfolio allowing investment into its decarbonisation strategy. This persistent discount to NAV has the potential to lead to material shareholder dissatisfaction where any shareholder or shareholder group which in aggregate totals 10 per cent or more of the shares outstanding can call an EGM for a shareholder vote.

The Company has seen a marked improvement in the performance of its share price since 2020, and over this time it has also been very active in attempting to narrow this persistent discount with the introduction of a well-funded and material series of successive buybacks as well as enhanced shareholder engagement. There is no guarantee that the continued attempts to mitigate this discount will be successful or that the continued use of discount control mechanisms will remain possible over time. There is a risk that through successive buybacks to try and manage the share price discount to NAV, that the Company may become too small to be viable or to be able to make new or follow-on investments.

3. The investment portfolio held by the Company in both the conventional and decarbonisation strategies exposes the Company to a number of specific investment and valuation risks, the most notable ones being:
 - The risks and judgements associated with the fair valuation of the private equity investments could result in the NAV of the Company being materially misstated. These private equity investments expose the Company's valuation models to changes over time in a number of variables including the price of oil, interest rates, certain public market trading comparables, transaction comparables, discounted cash flow rates, taxation etc. Ultimately the success or otherwise of a private equity investment will only be determined on eventual realisation.

The Investment Manager has an extensive and consistent valuation policy which is applied each quarter and fair values all private equity investments held. All quarterly valuations firstly go through the valuation processes adopted by the Investment Manager and when approved by the Investment Manager are released to the Board for review and challenge. Quarterly meetings are held by the Board with the Investment Manager to review the draft valuations ahead of confirmation and release to the market.

- Potential changes to domestic policy, banking, regulatory and/or the tax environment of target and existing investments in the Company's chosen geographies may adversely affect the fair value/market value or liquidity of those investments, their ability to borrow and transact business plans or impact the Company's ability to properly realise those investments at previously intended valuations or timescales.

The Investment Manager closely monitors the sectors and industries in which the Company invests or intends to target investment. All investment opportunities proposed only proceed after thorough due diligence processes prior to acquisition and ongoing monitoring processes are employed while investments are held in the portfolio.

- The specific investments in the decarbonisation portfolio can expose the Company to additional investment and operational risks arising from investment in the build-up and early/development stages where a company may have little or no operating history, be more vulnerable to financial failure than more established companies, have requirements to invest in further funding rounds or suffer dilution/decrease in value, operating in emerging industries with technologies that are as yet unproven and investments where the Company is a minority investor with limited access.
- Significant global/regional conflict, such as that in Ukraine, or the imposition of sanctions or adverse publicity and/or poor ethical practices of the Company or, more particularly, our portfolio companies, operating in hazardous industries which are highly regulated by health and safety laws and where their supply chains could lead to a significant increase in the risk of disruption to the supply chains that are key for the Company and our portfolio companies and have an adverse impact on the reputation of the Company and on the valuations/realisation prospects of our portfolio companies.

The Investment Manager maintains dialogue with the portfolio companies to make sure that they have appropriate plans and resources in place to prioritise the health and safety of their employees, as well as to assess their wider operational and macro environments to include supply chain disruptions and ensure the normal operations of their businesses and to protect our valuations. All investments are initially screened and then monitored against the Investment Manager's ESG policy.

Although this risk is reducing over time, there may be differences in the investment time horizons and fee provisions between the Company and the private funds managed by Riverstone where the Company has coinvested and these may create conflicts regarding the allocation of investment opportunities and holding periods between the Company and those funds, in particular as a result of step-downs in fees payable by a private fund part way through its duration. The investments made via Special Purpose Acquisition Companies ("SPACs") may attract a degree of liquidity risk of the SPAC vehicle itself.

4. The Company is heavily reliant on the services provided by the Investment Manager under the Investment Management Agreement, including ongoing investment opportunities for REL. The Investment Management Agreement requires the Investment Manager to provide competent, attentive, and efficient services and personnel to the Company. If the Investment Manager was not able to do this or if there was an unacceptable reduction in the service received or investment competence levels of the personnel employed by the Investment Manager, then the Company would not be able to terminate The Investment Management Agreement as it does not expressly provide for termination on notice without specific cause, and poor investment performance, the departure of key Riverstone executives or a change of control of Riverstone do not constitute cause for these purposes.

Furthermore, it will be costly for the Company to terminate the Investment Management Agreement as the Company would be required to make significant payments, including if a Discontinuation Resolution were to be proposed and passed by Shareholders or if the Company was otherwise wound up. Please refer to page 39.

The Board has been engaged over time with the Investment Manager to effect some changes to the Investment Management Agreement most notably in the area of performance fees. The Board continues to monitor the performance of the Investment Manager and to discuss potential changes in light of the overall financial performance of the Company.

5. Affiliates of the Investment Manager and the Company's Cornerstone Investors would be entitled to vote on any Discontinuation Resolution that may be proposed. As the Investment Manager and its affiliates (and, indirectly, the Cornerstone Investors) receive fees from the Company, they will most probably be incentivised to vote against such resolution. As at 31 December 2022 and 24 February 2023, respectively, Riverstone and the Company's Cornerstone Investors, in aggregate, own ~36 per cent. and ~33 per cent. of outstanding Ordinary Shares, with the largest Cornerstone Investor owning ~17 per cent. at both period-end's.
6. The effects of climate change and the transition to a low carbon economy could possibly reduce demand for some of the Company's existing investments, as well as impact their valuations, and may limit future growth opportunities. General sentiment may affect investor appetite and hence may lead to a depression of the Company's share price. There is a risk that the change to ESG investment focus is wrongly perceived by the market as being without genuine foundation (greenwashing). Furthermore, there may be a perceived over reliance on the Investment Manager's ESG credentials. Riverstone has adopted what it believes are currently best practices for ESG investing having become a signatory to the UN-supported Principles for Responsible Investment.

The Company (as with all companies) continues to be exposed to external cyber-security threats. The Company recognises the increased incidence of cyber-security threats and regularly reviews its policies, procedures and defences to mitigate associated risks, as well as receiving confirmation of the policies, procedures and defences of the Investment Manager, Administrator and key service providers, and engages market-leading specialists where appropriate. This is to ensure that the Company is resilient to existing and emerging threats.

The above risks are mitigated and managed by the Board through continual review, policy setting and updating of the Company's Risk Matrix at each Audit Committee Meeting to ensure that procedures are in place with the intention of minimising the impact of the above-mentioned risks. The Board relies on periodic reports provided by the Investment Manager and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including tax advisers, legal advisers, and environmental advisers. As it is not possible to eliminate risks completely, the purpose of the Company's risk management policies and procedures is not to eliminate risks, but to reduce them and to ensure that the Company is adequately prepared to respond to such risks and to minimise any impact if the risk develops.

By order of the Board



Richard Hayden
Chair of the Board
28 February 2023

Report of the Audit Committee

THE AUDIT COMMITTEE, CHAIRED BY MR FIRTH, OPERATES WITHIN CLEARLY DEFINED TERMS OF REFERENCE, WHICH ARE AVAILABLE FROM THE COMPANY'S WEBSITE WWW.RIVERSTONEREL.COM, AND INCLUDE ALL MATTERS INDICATED BY DISCLOSURE GUIDANCE AND TRANSPARENCY RULE 7.1, THE AIC CODE AND THE UK CODE.

Its other members are Mr Barker, Mr Horlick, Mr Hayden, Mr Thompson, Mrs Whittet and Mr Roche. Members of the Audit Committee must be independent of the Company's external auditor and Investment Manager. The Audit Committee will meet no less than three times in a year, and at such other times as the Audit Committee Chair shall require, and will meet the external auditor at least once a year.

The Committee members have considerable financial and business experience and the Board has determined that the membership, as a whole, has sufficient recent and relevant sector and financial experience to discharge its responsibilities and that at least one member has competence in accounting or auditing having a background as a chartered accountant.



Responsibilities

The main duties of the Audit Committee are:

- to monitor the integrity of the Company's Financial Statements and regulatory announcements relating to its financial performance and review significant financial reporting judgements;
- to report to the Board on the appropriateness of the Company's accounting policies and practices;
- to review the valuations of the Company's investments prepared by the Investment Manager, and provide a recommendation to the Board on the valuation of the Company's investments;
- to oversee the relationship with the external auditors, including agreeing their remuneration and terms of engagement, monitoring their independence, objectivity and effectiveness, ensuring that policy surrounding their engagement to provide non-audit services is appropriately applied, and making recommendations to the Board on their appointment, reappointment or removal, for it to put to the Shareholders in general meeting;
- to monitor and consider annually whether there is a need for the Company to have its own internal audit function;
- to keep under review the effectiveness of the Company's internal controls, including financial controls and risk management systems;
- to review and consider the UK Code, the AIC Code, the GFSC Code, the AIC Guidance on Audit Committees and the Stewardship Code; and
- to report to the Board on how it has discharged its responsibilities.

The Audit Committee is aware that the Annual Report is not subject to formal statutory audit, including the Board Chair's Statement and the Investment Manager's Report. Financial information in these sections is reviewed by the Audit Committee.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The external auditor is invited to attend the Audit Committee meetings at which the Annual Report and Interim Financial Report are considered and at which they have the opportunity to meet with the Committee without representatives of the Investment Manager or Administrator being present at least once per year.

Financial Reporting

The primary role of the Audit Committee in relation to financial reporting is to review with the Administrator, Investment Manager and the external auditor and report to the Board on the appropriateness of the Annual Report and Financial Statements and Interim Financial Report, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the external auditor including going concern and viability statement;
- whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to our financial reporting.

To aid its review, the Audit Committee considers reports from the Administrator and Investment Manager and also reports from the external auditor on the outcomes of their half-year review and annual audit. The Audit Committee supports Ernst and Young LLP in displaying the necessary professional scepticism their role requires.

Meetings

During the year ended 31 December 2022, the Audit Committee met formally four times and maintained ongoing liaison and discussion between the external auditor and the Chair of the Audit Committee with regards to the audit approach and the identified risks. Additional ad hoc meetings or informal discussions have been convened at other times during the year as the Committee determined appropriate. The Audit Committee has met on two occasions since the year-end through to the date of this report on 23 February 2023 and 28 February 2023. The matters discussed at those meetings include:

- review of the terms of reference of the audit committee for approval by the Board;
- review of the accounting policies and format of the Financial Statements;
- review and approval of the audit plan of the external auditor;
- discussion and approval of the fee for the external audit;
- detailed review of the valuations of the Company's investment portfolio and recommendation for approval by the Board;
- detailed review of the Annual Report and Financial Statements, Interim Financial Report and quarterly portfolio valuations, and recommendation for approval by the Board;
- assessment of the independence of the external auditor;

- assessment of the effectiveness of the external audit process as described below;
- review of the Company's key risks and internal controls;
- consideration of going concern applicability;
- focus on ESG; and
- application of any IFRS changes.

Significant Areas of Judgement Considered by the Audit Committee

The Audit Committee has determined that a key risk of misstatement of the Company's Financial Statements relates to the valuation of the investment in the Partnership at fair value through profit or loss, in the context of the judgements necessary to evaluate market values of the underlying investments held through the Partnership.

The Directors have considered whether any discount or premium should be applied to the net asset value of the Partnership, which is based on the fair value of its underlying investments. In view of the Company's investment in the Partnership and the nature of the Partnership's assets, no adjustment to the net asset value of the Partnership has been made, as this is deemed equivalent to fair value.

The Audit Committee reviews, considers and, if thought appropriate, recommends for the purposes of the Company's Financial Statements, valuations prepared by the Investment Manager in respect of the investments of the Partnership. As outlined in Note 6 to the Financial Statements, the total carrying value of the investment in the Partnership at fair value through profit or loss at 31 December 2022 was \$723 million (31 December 2021: \$674 million). Market quotations are not available for this financial asset such that the value of the Company's investment is based on the value of the Company's limited partner capital account with the Partnership, which itself is based on the value of the Partnership's investments as determined by the Investment Manager, along with the cash and fixed deposits held. The valuation for each individual investment held by the Partnership is determined by reference to common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation, as detailed in the Investment Manager's Report and Note 5 to the Financial Statements.

The valuation process and methodology was discussed with the Investment Manager and with the external auditor at the Audit Committee meetings held on 14 October 2022 and 23 February 2023. The Investment Manager has carried out a valuation quarterly and provided a detailed valuation report to the Company at each quarter.

The Audit Committee reviewed the Investment Manager's Report.

The external auditor explained the results of their audit work on valuations. There were no adjustments proposed that were material in the context of the Annual Report and Financial Statements as a whole.

Report of the Audit Committee *continued*

The Audit Committee considers, and if thought appropriate, recommends that the Board adopts the going concern basis for preparing the Company's Financial Statements. As outlined in Report of the Directors on pages 36 to 43, the Audit Committee has considered the risks that could impact the Company's liquidity over the next period from the date of approval of the Financial Statements up until March 2024, as well as taken into account the below two key considerations.

1. Available liquid resources and potential proceeds from investment realisations versus current and expected liabilities of the Company over the period from the date of approval of the Financial Statements up until 31 March 2024; and
2. Available liquid resources and potential proceeds from investment realisations versus total potential unfunded commitments of the Partnership.

The Audit Committee, based on the reasons set out in the Report of the Directors, are satisfied, as of today's date, that it is appropriate to adopt the going concern basis in preparing these Financial Statements and has recommended this approach is adopted by the Board.

The Audit Committee considers, and if thought appropriate, recommends that the Board considers the Company's viability over a period of three years to 31 December 2025. The Audit Committee has determined that the period of three years was deemed to be an appropriate timeframe and that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over this period of assessment, as further outlined in the Report of the Directors on pages 36 to 43. Accordingly, the Audit Committee has recommended the three year period of assessment for the Company's longer-term viability is adopted by the Board.

Risk Management

The Board is accountable for carrying out a robust assessment of the principal risks facing the Company, including those threatening its business model, future performance, solvency and liquidity. On behalf of the Board, the Audit Committee reviews the effectiveness of the Company's risk management processes. The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Audit Committee. The work of the Audit Committee was driven primarily by the Company's assessment of its principal risks and uncertainties as set out in the Corporate Governance Report. The Audit Committee receives reports from the Investment Manager and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Internal Audit

The Audit Committee shall consider at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

External Audit

Ernst & Young LLP has been the Company's external auditor since the Company's incorporation. This is the tenth year of audit.

The external auditor is required to rotate the audit partner every five years. The current Ernst & Young LLP lead audit partner, David Moore, started his tenure in 2018 and his current rotation will end with the audit of the 2022 Annual Report and Financial Statements. There are no contractual obligations restricting the choice of external auditor and the Company will put the audit services contract out to tender periodically. It was decided the audit services contract will not be put out to tender for the next reporting period due to mutual benefits of Ernst & Young's external audit contract with the other Riverstone private funds. Under Companies Law, the reappointment of the external auditor is subject to Shareholder approval at the Annual General Meeting.

The Audit Committee assessed the qualifications, expertise and resources, and independence of the external auditor as well as the effectiveness of the audit process. This review covered all aspects of the audit service provided by Ernst & Young LLP, including obtaining a report on the audit firm's own internal quality control procedures and consideration of the audit firm's annual transparency reports in line with the UK Code. The Audit Committee also approved the external audit terms of engagement and remuneration. During 2022, the Committee held private meetings with the external auditor. The Audit Committee Chair also maintained regular contact with the audit partner throughout the year. These meetings provide an opportunity for open dialogue with the external auditor without management being present. Matters discussed included the auditor's assessment of significant financial risks and the performance of management in addressing these risks, the auditor's opinion of management's role in fulfilling obligations for the maintenance of internal controls, the transparency and responsiveness of interactions with management, confirmation that no restrictions have been placed on them by management, maintaining the independence of the audit, and how they have exercised professional challenge. The Audit Committee will continue to monitor the performance of the external auditor on an annual basis and will consider their independence and objectivity, taking account of appropriate guidelines. In addition, the Audit Committee Chair will continue to maintain regular contact with the lead audit partner outside the formal Committee meeting schedule, not only to discuss formal agenda items for upcoming meetings, but also to review any other significant matters. Members of the Audit Committee also sat in on the valuation meetings between the Investment Manager and external auditor.

The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to the level of non-audit fees. The Audit Committee is also monitoring developments, in this regard, with respect to the Crown Dependencies' Audit Rules and Guidance. Notwithstanding such services the Audit Committee considers Ernst & Young LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the Audit Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. This precludes Ernst & Young LLP from providing certain services such as valuation work or the provision of accounting services and also sets a presumption that Ernst & Young LLP should only be engaged for non-audit services where Ernst & Young LLP are best placed to provide the non-audit service for example, the interim review. Note 13 details services provided by Ernst & Young LLP. In addition to processes put in place to ensure segregation of audit and non-audit roles, Ernst & Young LLP is required, as part of the assurance process in relation to the audit, to confirm to the Committee that it has both the appropriate independence and the objectivity to allow it to continue to serve the members of the Company. This confirmation is received every six months and no matters of concern were identified by the Committee.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee considers:

- discussions with or reports from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the committee reviews:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit; and
- feedback from other service providers evaluating the performance of the audit team.

The Audit Committee is satisfied with Ernst & Young LLP's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the external auditor remains independent and effective, the Audit Committee has recommended to the Board that Ernst & Young LLP be reappointed as external auditor for the year ending 31 December 2023.

The Audit Committee has provided the Board with its recommendation to the Shareholders on the re-appointment of Ernst & Young LLP as external auditor for the year ending 31 December 2023. Accordingly, a resolution proposing the reappointment of Ernst & Young LLP as our external auditor will be put to Shareholders at the Annual General Meeting.

On behalf of the Audit Committee



Patrick Firth
Chair of the Audit Committee
28 February 2023

Independent Auditor's Report To The Members Of Riverstone Energy Limited

Opinion

We have audited the Financial Statements of Riverstone Energy Limited (the "Company") for the year ended 31 December 2022 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ('IFRS').

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the Financial Statements section" of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- The audit engagement partner directed and supervised the audit procedures on going concern, including internal consultations where deemed necessary;
- We assessed the determination made by the Board of Directors of the Company and the Investment Manager that the Company is a going concern, including sensitivity disclosures (as compared to prior year) where they are not now relevant up until 31 March 2024, and hence the appropriateness of the financial statements to be prepared on a going concern basis;

- We obtained the cash flow forecasts and sensitivities prepared by the Investment Manager and tested the arithmetical accuracy of the models;
- We challenged the appropriateness of the Investment Manager's forecasts by assessing historical forecasting accuracy, challenging their consideration of downside sensitivity analysis and applying further sensitivities to understand the impact on liquidity of the Company;
- We assessed whether available funds compared to commitments made to underlying investments, taking account of the existing arrangements with the Riverstone Energy Investment Partnership, L.P. ("the underlying Partnership") and continued share buy-backs, cast significant doubt over the going concern status of the Company; and
- We assessed the disclosures in the Annual Report and Financial Statements relating to going concern to ensure they were fair, balanced and understandable and in compliance with IAS1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern from the date the Financial Statements are authorised for issue up until 31 March 2024.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' Statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview of our audit approach

Key audit matters	→ Misstatement or manipulation of the valuation of the Company's investment in Riverstone Energy Investment Partnership, L.P. ("the Underlying Partnership")
Materiality	→ Overall materiality of \$14.4 million which represents 2 per cent. of equity.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

The audit was led from Guernsey, and the audit team included individuals from the Guernsey and New York offices of Ernst & Young and operated as an integrated audit team. In addition, we engaged our Valuation, Modelling and Economics (“VME”) industry valuation specialists from the Houston and London offices, who assisted us in auditing the valuation of unquoted investments.

Changes from the prior year

Due to the additional investments in unquoted companies made by the underlying Partnership in the current period we have increased the sample size assigned to our valuation specialists and have ensured that the new investments deemed to have a high degree of estimation uncertainty were included in the sample.

We further note that the extent of our procedures performed in relation to the Director’s going concern assessment reduced as, given the deadline set by the Directors has passed, we no longer needed to assess the probability that the Directors would seek approval to amend the Company’s investment policy to provide for the managed run-off of the Company’s portfolio.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the most significant future impacts from climate change on its operations will be from transition and physical risks. These are explained on page 13 in the Task Force for Climate related Financial Disclosures and on page 55 in the Principal Risks and Uncertainties. They have also explained their climate commitments on pages 9 and 10. All of these disclosures form part of the “Other information,” rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on “Other information”.

In planning and performing our audit we assessed the potential impacts of climate change on the Company’s business and any consequential material impact on its financial statements.

The Company has explained in Notes 2(a)(iii) its articulation of how climate change has been reflected in the financial statements and how they have reflected the impact of climate change in their financial statements. Significant judgements and estimates relating to climate change are included in note 3.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management’s assessment of the impact of climate risk, be it physical or transitional, their climate commitments, and the significant judgements and estimates disclosed in note 3 and whether these have been appropriately reflected in asset values where these are impacted by future cash flows following the requirements of IFRS. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors’ considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the Financial Statements to be a key audit matter. Our audit effort was focused on the significant assumptions used in estimating the valuation of the Company’s investment in the underlying Partnership. Details of our procedures and findings are included in our key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Independent Auditor's Report

To The Members Of Riverstone Energy Limited continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Misstatement or manipulation of the valuation of the Company's investment in the underlying Partnership (\$723 million; 2021 \$674 million).</p> <p>Refer to the Audit Committee Report page 57; Accounting policies page 71; and Note 5 of the Consolidated Financial Statements page 76.</p> <p>The fair value of the Company's investment in the underlying Partnership is based on the Net Asset Value of the underlying Partnership which, in turn, is based on the fair values of its net assets including the underlying investments held by the underlying Partnership through the investment structures. A number of the underlying investments are level three investments as defined in the IFRS hierarchy. Valuing such investments requires significant judgement and estimation as explained in Note 3 to the Financial Statements and in the Audit Committee Report on pages 56 to 59. It also requires significant industry expertise.</p> <p>The values of unquoted investments may be misstated due to the application of inappropriate methodologies, inputs to the valuation, discount/premiums applied at the underlying Partnership level and/or inappropriate judgemental factors.</p> <p>There is also a risk that proper adjustments are not made in the fair value calculations for the effects that tax and General Partner performance allocation will have on realised and unrealised gains of underlying investments.</p>	<p>Our audit procedures consisted of:</p> <ul style="list-style-type: none"> → Updating and confirming our understanding of the Company's processes and methodologies, including the use of industry specific measures, and policies for valuing investments held by the underlying Partnership; → Obtaining and inspecting the valuation papers and supporting data to assess whether the data used is appropriate and relevant, and discussing these with the Investment Manager to evaluate whether the fair value of the Company's investment in the underlying Partnership approximates to the net asset value of the underlying Partnership, challenging the assumptions made by the Investment Manager and Board of Directors of the Company; → Attending fair value discussions in relation to 30 September and 31 December 2022 valuations. These included the Investment Manager, EY Guernsey and EY New York audit teams, EY Houston VME and EY London VME teams; → Obtaining management's calculations and supporting documents with regards to the discounts applied to the SPAC sponsor investments and assessing the reasonableness of the discounts applied. Our procedures included, on a sample basis, independently sourcing the model and inputs to re-calculate the discounts, and testing the arithmetical accuracy of the Company's calculations; → Vouching valuation inputs that do not require specialist knowledge to independent sources and testing the arithmetical accuracy of the Company's calculations; → For a sample of investments, engaging EY Houston and EY London VME teams as valuation specialists to: <ul style="list-style-type: none"> a) use their knowledge of the market to corroborate the Investment Manager's mark, and their related judgements and valuation inputs including, amongst others, discount rates, forward oil price, production values and recent relevant transaction data; and b) assist us to determine whether the methodologies used to value investments were in accordance with methods, particularly those specific to the industry, usually used by market participants. → Updating our previous discussions with the Investment Manager with respect to the qualitative factors and other information used to value investments; → Performing roll forward procedures to capture fair value changes between 30 September and 31 December 2022, with specific focus on changes in macro factors such as oil prices, geopolitical events and Company specific events; → Assessing levels of taxation and performance fee/incentive accruals in investment valuations; → Reporting to the Audit Committee on the calibration of investment valuations against EY's ranges and comment on those ranges against other market participants. In addition, we commented on any specific movements of valuation marks in those ranges' vs prior periods; and → Identifying the key unobservable inputs to valuations and reviewing and assessing the reasonableness of the sensitivity workings and disclosures, comparing the Investment Adviser's position with EY's range of acceptable inputs. 	<p>We reported to the Audit Committee that, overall, the valuation of the Company's investment in the underlying Partnership was materially correct, in accordance with IFRS and within our estimated valuation range.</p>

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be \$14.4 million (2021: \$13.2 million), which is approximately 2 per cent. (2021: 2 per cent.) of the equity value at 30 June 2022. We believe that equity provides us with Company's primary performance measures for internal and external reporting. During the course of our audit, we reassessed initial materiality and elected to keep materiality at the 30 June 2022 materiality as it, in our professional judgment, remains appropriate for the actual results for the financial year.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75 per cent. (2021: 75 per cent.) of our materiality, namely \$10.8 million (2021: \$9.9 million). We have set performance materiality at this percentage given that there is no history of material misstatements, the likelihood of misstatement in the future is deemed low, we have a strong understanding of the control environment and there were no changes in circumstances such as a change in accounting personnel or events out of the normal course of business.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$0.8 million (2021: \$0.7 million), which is set at 5 per cent. of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 59 and 67 to 101, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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.

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 (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the Financial Statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 40 and 41;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 40 to 42;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on pages 40 to 42;
- Directors' statement on fair, balanced and understandable set out on page 45;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 53 to 55;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 50 and 51; and
- The section describing the work of the audit committee set out on pages 56 to 59.

Independent Auditor's Report To The Members Of Riverstone Energy Limited *continued*

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 44, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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 Company and Management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are:
 - Financial Conduct Authority ("FCA") Listing Rules
 - Disclosure Guidance and Transparency Rules ("DTR")
 - The 2018 UK Corporate Governance Code
 - The 2019 AIC Code of Corporate Governance
 - The Companies (Guernsey) Law, 2008, as amended
 - The Protection of Investors (Bailiwick of Guernsey) Law, 2020 (including Registered Collective Investment Schemes (RCIS) Rules 2021)
- We understood how the Company is complying with those frameworks by:
 - Discussing the processes and procedures used by the Directors, the Investment Manager, the Company Secretary and Administrator to ensure compliance with the relevant frameworks;
 - Reviewing internal reports that evidenced quarterly compliance testing; and
 - Inspecting any correspondence with regulators.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by undertaking the audit procedures set out in Key Audit Matter section above and reading the Financial Statements to check that the disclosures are consistent with the relevant regulatory requirement; and.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Through discussion, gaining an understanding of how those charged with governance, the Investment Manager, the Company Secretary and Administrator identify instances of non-compliance by the Company with relevant laws and regulations;
 - Inspecting the relevant policies, processes and procedures to further our understanding;
 - Holding discussions with the Company's nominated Compliance Officer;
 - Reviewing internal compliance reporting, Board and Audit Committee minutes;
 - Inspecting correspondence with regulators; and
 - Obtaining relevant written representations from the Board of Directors.

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.

Other matters we are required to address

→ Following the recommendation from the audit committee, we were appointed by the Company to audit the financial statements for the year ending 31 December 2013 and subsequent financial periods. We signed an engagement letter on 28 January 2014.

The period of total uninterrupted engagement including previous renewals and reappointments is ten years, covering the years ending 31 December 2013 to 31 December 2022.

→ The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Robert John Moore, ACA

For and on behalf of Ernst & Young LLP
28 February 2023

Notes:

- ⁽¹⁾ The maintenance and integrity of the Company's website is the sole responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.
- ⁽²⁾ Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Report Of Independent Auditors To The Directors Of Riverstone Energy Limited

Opinion

We have audited the Financial Statements of Riverstone Energy Limited (the “Company”), which comprise the Statement of Financial Position as of 31 December 2022 and 2021, and the related Statements of Comprehensive Income, the Statements of Changes in Equity, the Statements of Cash Flows for the years then ended, and the related notes (collectively referred to as the “Financial Statements”).

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company at 31 December 2022 and 2021, and the results of its operations, changes in equity, and its cash flows for the years then ended, in conformity with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Director’s Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with IFRS and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Financial Statements that are free of material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the Financial Statements are available to be issued.

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 of 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Financial Statements.

In performing an audit in accordance with GAAS, we:

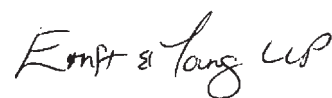
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Financial Statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report set out on pages 1 to 59 and pages 67 to 101, but does not include the Financial Statements and our auditor’s report thereon. Our opinion on the Financial Statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Ernst & Young LLP

Guernsey, Channel Islands
28 February 2023

Statement Of Financial Position

As at 31 December 2022

	Notes	31 December 2022 \$'000	31 December 2021 \$'000
Assets			
Non-current assets			
Investment at fair value through profit or loss	6	723,102	674,439
Total non-current assets		723,102	674,439
Current assets			
Trade and other receivables		598	970
Cash and cash equivalents	7	15,755	7,296
Total current assets		16,353	8,266
Total assets		739,455	682,705
Current liabilities			
Trade and other payables		665	664
Total current liabilities		665	664
Total liabilities		665	664
Net assets		738,790	682,041
Equity			
Share capital	8	1,101,674	1,133,854
Retained deficit		(362,884)	(451,813)
Total equity		738,790	682,041
Number of Shares in issue at year end	8	50,891,658	54,937,599
Net Asset Value per Share (\$)	12	14.52	12.41

The Financial Statements of the Company on pages 67 to 92 were approved and authorised for issue by the Board of Directors on 28 February 2023 and signed on its behalf by:

By order of the Board



Richard Hayden
Chair of the Board

Patrick Firth
Director

The accompanying notes on pages 71 to 92 form an integral part of the Company's Financial Statements.

Statement Of Comprehensive Income

For the year ended 31 December 2022

	Notes	1 January 2022 to 31 December 2022 \$'000	1 January 2021 to 31 December 2021 \$'000
Investment profit			
Change in fair value of investment at fair value through profit or loss	6	95,939	346,677
Expenses			
Directors' fees and expenses	9	(854)	(648)
Legal and professional fees		(1,036)	(426)
Other operating expenses	13	(3,732)	(3,270)
Total expenses		(5,622)	(4,344)
Operating profit for the financial year		90,317	342,333
Finance expense			
Foreign exchange loss		(1,388)	(389)
Total finance expense		(1,388)	(389)
Profit for the year		88,929	341,944
Total comprehensive income for the year		88,929	341,944
Basic and Diluted Earnings per Share (cents)	12	171.87	561.73

All activities derive from continuing operations.

Statement Of Changes In Equity

For the year ended 31 December 2022

	Share capital \$'000	Retained deficit \$'000	Total Equity \$'000
As at 1 January 2022	1,133,854	(451,813)	682,041
Profit for the financial year	-	88,929	88,929
Total comprehensive income for the year	-	88,929	88,929
Buyback and cancellation of shares	(32,180)	-	(32,180)
As at 31 December 2022	1,101,674	(362,884)	738,790
	Share capital \$'000	Retained deficit \$'000	Total Equity \$'000
As at 1 January 2021	1,184,100	(793,757)	390,343
Profit for the financial year	-	341,944	341,944
Total comprehensive income for the year	-	341,944	341,944
Buyback and cancellation of shares	(50,246)	-	(50,246)
As at 31 December 2021	1,133,854	(451,813)	682,041

The accompanying notes on pages 71 to 92 form an integral part of the Company's Financial Statements.

Statement Of Cash Flows

For the year ended 31 December 2022

	Notes	1 January 2022 to 31 December 2022 \$'000	1 January 2021 to 31 December 2021 \$'000
Cash flow used in operating activities			
Operating profit for the financial year		90,317	342,333
Adjustments for:			
Increase in fair value of investment at fair value through profit or loss	6	(95,939)	(346,677)
Decrease in trade and other receivables		372	167
Increase / (Decrease) in trade and other payables		1	(2,526)
Net cash used in operating activities		(5,249)	(6,703)
Cash flow generated from investing activities			
Distribution from the Partnership		47,276	55,827
Net cash generated from investing activities		47,276	55,827
Cash flow used in financing activities			
Buyback of shares	8	(32,180)	(50,246)
Net cash used in financing activities		(32,180)	(50,246)
Net movement in cash and cash equivalents during the year		9,847	(1,122)
Cash and cash equivalents at the beginning of the year		7,296	8,807
Effect of foreign exchange rate changes		(1,388)	(389)
Cash and cash equivalents at the end of the year		15,755	7,296

The accompanying notes on pages 71 to 92 form an integral part of the Company's Financial Statements.

Notes To The Financial Statements

For the year ended 31 December 2022

1. GENERAL INFORMATION

REL is a company limited by shares, which was incorporated on 23 May 2013 in Guernsey with an unlimited life and registered with the GFSC as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law. The Company's Ordinary Shares were admitted to the UK Listing Authority's Official List and to trading on the London Stock Exchange as part of its IPO which completed on 29 October 2013. The registered office of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

The Company makes its investments through the Partnership, a Cayman Islands registered exempted limited partnership, in which the Company is the sole limited partner. The principal place of business of the Partnership is the Cayman Islands. Both the Company and the Partnership are subject to the Investment Management Agreement with the Investment Manager, a partnership registered in the Cayman Islands.

The Partnership has the right to invest alongside the Private Riverstone Funds in all Qualifying Investments in which the Private Riverstone Funds participate. These funds are managed and advised by affiliates of the Investment Manager. Further detail of these investments is provided in the Investment Manager's Report.

2. ACCOUNTING POLICIES

Basis of preparation

The Financial Statements for the year ended 31 December 2022 have been prepared in accordance with IFRS and with the Companies (Guernsey) Law, 2008, (as amended) (the "Companies Law").

In the preparation of these Financial Statements, the Company followed the same accounting policies and methods of computation as compared with those applied in the previous year.

The Financial Statements have been prepared on a going concern basis. The Board has examined areas of possible financial risk, in particular the projected cash requirements for the Company and the Partnership. After due consideration, the Directors believe that the Company has adequate financial resources and suitable management arrangements in place to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. Accordingly, the Financial Statements have been prepared on a going concern basis.

Foreign currencies

The functional currency of the Company is U.S. Dollars reflecting the primary economic environment in which the Company operates.

The Company has chosen U.S. Dollars as its presentation currency for financial reporting purposes.

Transactions during the year, including purchases and sales of investments, income and expenses are translated into U.S. Dollars at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than U.S. Dollars are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a currency other than U.S. Dollars are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a currency other than U.S. Dollars are translated using the exchange rates at the date when the fair value was determined. Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the "Change in fair value of investments at fair value through profit or loss". Exchange differences on cash and cash equivalents are included in profit or loss in the Statement of Comprehensive Income as "Foreign exchange gain/(loss)".

Notes To The Financial Statements continued

For the year ended 31 December 2022

Financial instruments

In accordance with IFRS 9, financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

At initial recognition, financial assets are classified based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company initially measures a financial asset at its fair value.

a) Investment at fair value through profit or loss

i. Classification

Financial assets classified at FVTPL are those that do not meet the contractual cash flow test and are managed with their performance evaluated on a fair value basis in accordance with the Company's investment strategy. The Company includes in this category its only investment, being the Partnership.

ii. Measurement

Investments made by the Company in the Partnership are measured initially and subsequently at fair value, with changes in fair value taken to the Statement of Comprehensive Income.

iii. Fair value estimation

A summary of the more relevant aspects of IPEV of the underlying Partnership's valuations are set out below:

Marketable (Listed) Securities – where an active market exists for the security, the value is stated at the bid price on the last trading day in the period. Marketability discounts are not generally applied unless there is some contractual, governmental or other legally enforceable restriction preventing realisation at the reporting date, such as the Founder shares acquired through the SPAC Sponsor investments (see further below in Unlisted Investments section and Note 5).

Unlisted Investments – are carried at such fair value as the Investment Manager considers appropriate, and as approved or adjusted by the Board, taking into account the performance of each investee company and the exercise of ratchets, options or other incentive schemes. Methodologies used in arriving at the fair value include prices of recent investment, earnings multiples, net assets, discounted cash flows analysis and industry valuation benchmarks. Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (examples include discount rates, forward oil prices, production multiples, volatility of comparable public traded prices, and multiplying a key performance metric of the investee company such as estimated, unobservable EBITDA by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted for differences between the investment and the referenced comparable. For the SPAC Sponsor investments, the Investment Manager values the Founder Shares based on the closing price of the publicly traded common shares, subject to applicable discounts for lack of identified target, risk of unsuccessful closing of the business combination and applicable lock-up periods post-closing. The Founder Warrants are valued based on a valuation from a third party, independent valuation specialist.

The Company has determined that the fair value of its investment in the Partnership is \$723 million (31 December 2021: \$674 million) and is calculated in accordance with applicable IFRS accounting standards and IPEV Valuation Guidelines. No adjustment to the net asset value of the Partnership has been made, as this is deemed equivalent to fair value.

b) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposit. Cash equivalents are held to meet short term cash commitments and comprise other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

c) Trade and other receivables

Trade receivables are classified as financial assets at amortised cost. They are measured at amortised cost less impairment assessed using the simplified approach of the expected credit loss model based on experience of previous losses and expectations of future losses.

A financial asset is derecognised (in whole or in part) either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Financial liabilities

Trade and other payables

Trade payables are classified as financial liabilities at amortised cost.

Equity

The Company's Ordinary Shares are classified as equity and upon issuance, the fair value of the consideration received is included in equity, net of share issue costs (excluding share issue costs of the IPO). All formation and initial expenses of the Company, including the share issue costs of its IPO, have been borne by the Investment Manager.

Repurchase of Ordinary Shares for cancellation

The cost of repurchasing Ordinary Shares, including any related stamp duty and transaction costs, is charged to 'Share Capital' and dealt with in the Statement of Changes in Equity. Share repurchase and cancellation transactions are accounted for on a trade date basis.

Finance income

Interest income is recognised on a time apportioned basis.

Expenses

Expenses include legal, accounting, auditing and other operating expenses. They are recognised on an accruals basis in the Statement of Comprehensive Income in the period in which they are incurred.

Provisions and Contingent Liabilities

In line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, we recognise provisions when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where this criterion is not met we disclose a contingent liability if the Company has a possible obligation, or has a present obligation with an outflow that is not probable or which cannot be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Amended standards and interpretations

New and amended standards and interpretations applied in these Financial Statements

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2022 that had a significant effect on the Company's Financial Statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on these Financial Statements.

Notes To The Financial Statements continued

For the year ended 31 December 2022

2. ACCOUNTING POLICIES continued

New and amended standards and interpretations not applied in these Financial Statements (issued but not yet effective)

Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2023 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Company.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management has made the following critical judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Assessment as an Investment Entity

The Company meets the definition of an investment entity on the basis of the following criteria:

1. the Company obtains funds from multiple investors for the purpose of providing those investors with investment management services;
2. the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
3. the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

To determine that the Company meets the definition of an investment entity, further consideration is given to the characteristics of an investment entity, which are that:

- it should have more than one investment, to diversify the risk portfolio and maximise returns
- it should have multiple investors, who pool their funds to maximise investment opportunities
- it should have investors that are not related parties of the entity; and
- it should have ownership interests in the form of equity or similar interests

The Directors are of the opinion that the Company meets the essential criteria and typical characteristics of an Investment Entity.

Assessment of control over the Partnership

The Company makes its investments through the Partnership in which it is the sole limited partner.

The Board has assessed whether the Company has all the elements of control as prescribed by IFRS 10 in relation to the Company's investment in the Partnership and has concluded that although the Company is the sole limited partner, it does not control the Partnership but instead has significant influence and therefore accounts for the Partnership as an investment in associate at fair value in accordance with IAS 28.

Assessment of the Partnership as a structured entity

The Company considers the Partnership to be a structured entity under IFRS 12. Transfer of funds by the Partnership to the Company is determined by the General Partner (see Note 9). The risks associated with the Company's investment in the Partnership are disclosed in Note 10. The summarised financial information for the Company's investment in the Partnership is disclosed in Note 6.

Contingent Liabilities - Performance Fee Allocation

In the ordinary course of business, we monitor the performance fee allocation and provide for anticipated costs where an outflow of resources is considered probable and a reasonable estimate can be made of the likely outcome.

Where an outflow is not probable but is possible a contingent liability may still exist and its relevant details will be disclosed.

In January 2020, the management engagement committee of REL, consisting of REL's independent directors, agreed with RIGL Holdings, LP (formerly Riverstone International Limited), REL's Investment Manager (the "Investment Manager"), to amend the terms on which REL is required to pay a performance allocation (the "Performance Allocation") in respect of REL's investments. These terms are disclosed in Note 9; Related Party Transactions.

At the reporting date we are not aware of any evidence to indicate that a present obligation exists, nor is it probable that an outflow of resources will be required such that any amount should be provided for, even though there were realisations of certain investments during the period. This is due to the Portfolio Level Cost Benchmark and 8 per cent. Hurdle Rate not being met.

Estimates and assumptions

Fair valuation of investment in the Partnership

The area involving a high degree of judgement or complexity and where assumptions and estimates are significant to the Financial Statements has been identified as the risk of misstatement of the valuation of the investment in the Partnership (see Note 5). Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The Board's determination that no discount or premium should be applied to the net asset value of the Partnership involves a degree of judgement due to the nature of the Partnership's investments and other assets and liabilities (see Note 2: Financial assets a) iii.) and the valuation techniques and procedures adopted by the Partnership.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the ESG Report.

In preparing the financial statements, the Directors have considered the medium and longer term cash flow impacts of climate change on a number of key estimates within the financial statements, including the estimates of future cash flows and future profitability used in the assessment of the fair value of the underlying investments held by the Partnership.

These considerations did not have a material impact on the financial reporting estimates and assumptions in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the recognition and separate measurement considerations of the assets or the Company's short-term cash flows including those considered in the going concern and viability assessments.

Notes To The Financial Statements continued

For the year ended 31 December 2022

4. TAXATION

The Company has made an election to, and currently expects to conduct its activities so as to be treated as a partnership for U.S. federal income tax purposes. Therefore, the Company expects that it generally will not be liable for U.S. federal income taxes. In the normal course of business, REL may form wholly owned subsidiaries, to be treated as C Corporations for U.S. tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. ECI. The C Corporations file U.S. corporate tax returns with the U.S. IRS and pay U.S. corporate taxes on its income. Each of the Company's Shareholders who are liable for U.S. taxes will take into account their respective share of the Company's items of income, gain, loss and deduction in computing its U.S. federal income tax liability as if such Shareholder had earned such income directly, even if no cash distributions are made to the Shareholder.

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2008 and is charged an annual exemption fee of £1,200.

The Cayman Islands at present impose no taxes on profit, income, capital gains or appreciations in value of the Partnership. There are also currently no taxes imposed in the Cayman Islands by withholding or otherwise on the Company as a limited partner of the Partnership on profit, income, capital gains or appreciations in respect of its partnership interest nor any taxes on the Company as a limited partner of the Partnership in the nature of estate duty, inheritance or capital transfer tax.

Local taxes may apply at the jurisdictional level on profits arising in operating entity investments. Further taxes may apply on distributions from such operating entity investments. The company is structured, and has structured its investments, to eliminate the incurrence of ECI by REL's investors. Based upon the current commitments and investments held through REL US Corp., the future U.S. tax liability on profits is expected to be in the range of 21 to 27.5 per cent. (31 December 2021: 21 to 27.5 per cent.). Additionally, depending on REL US Corp's current and accumulated earnings and profit, the future U.S. tax liability on distributions from REL US Corp is expected to be 0 per cent. and 30 per cent., respectively, for those distributions determined to be return of capital and dividend income. Any applicable taxes are captured in the Company's NAV through the fair value movements in the underlying investments held by the Partnership and its related Investment Undertakings.

5. FAIR VALUE

IFRS 13 'Fair Value Measurement' requires disclosure of fair value measurement by level. The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement, adjusted if necessary.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's only financial instrument carried at fair value is its investment in the Partnership which has been classified within Level 3 as it is derived using unobservable inputs. Amounts classified under Level 3 for the year ended 31 December 2022 were \$723 million (31 December 2021: \$674 million).

The fair value of all other financial instruments approximates to their carrying value.

Transfers during the period

There have been no transfers between levels during the year ended 31 December 2022 (31 December 2021: nil). Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investment in the Partnership, it is always expected to be classified under Level 3.

Valuation methodology and process

The Directors base the fair value of the investment in the Partnership on the value of its limited partnership capital account received from the General Partner, which is determined on the basis of the fair value of its assets and liabilities, adjusted if necessary, to reflect liquidity, future commitments, and other specific factors of the Partnership and Investment Manager. This is based on the components within the Partnership, principally the value of the Partnership's investments in addition to cash, cash equivalents and short-term money market fixed deposits. Any fluctuation in the value of the Partnership's investments in addition to cash, cash equivalents and short-term money market fixed deposits held will directly impact on the value of the Company's investment in the Partnership.

The Partnership's investments are valued using the techniques described in the Company's valuation policy. The Investment Manager's assessment of fair value of investments held by the Partnership, through Investment Undertakings, is determined in accordance with IPEV Valuation Guidelines. When valuing the Partnership's investments, the Investment Manager reviews information provided by the underlying investee companies and other business partners and applies IPEV methodologies, to estimate a fair value as at the date of the Statement of Financial Position, subject to Board approval. It is the opinion of the Directors, that the IPEV valuation methodology used in deriving a fair value is generally not different from the fair value requirements of IFRS 13. In the event that there is a difference, the requirements of IFRS 13 override the IPEV requirements.

The Investment Manager values the investments on a quarterly basis using common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation and discounted cash flow valuation. For early stage private investments, Riverstone's investment due diligence process includes assumptions about short-term financial results in determining the appropriate purchase price for the investment. For the SPAC Sponsor investments, the Investment Manager applies discounts to the closing price of the publicly traded shares for lack of identified target, risk of unsuccessful closing of the business combination and applicable lock-up periods post-closing. The techniques used in determining the fair value of the Company's investments through the Partnership are selected on an investment by investment basis so as to maximise the use of market based observable inputs.

REL's valuation policy is compliant with both IFRS and IPEV Valuation Guidelines and is applied consistently from period to period. As the Company's investments are generally not publicly quoted, valuations require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant.

For the year ended 31 December 2022, the valuations of the Company's investments, through the Partnership, are detailed in the Investment Manager's Report.

Notes To The Financial Statements continued

For the year ended 31 December 2022

5. FAIR VALUE continued

Qualitative Information for Level 3 Fair Value Measurements as at 31 December 2022

Industry: Energy

Fair value of Level 3 Investments (in thousands)	Valuation technique(s)	Unobservable input(s)	Range		Weighted Average ⁽¹⁾	Sensitivity of the input to fair value of Level 3 investments ⁽²⁾	Fair value of Level 3 Investments affected by unobservable input ⁽³⁾ (in thousands)
			Low ⁽¹⁾	High ⁽¹⁾			
\$255,797	Public comparables	2023E EV / EBITDA Multiple	16.0x	36.0x	34.1x	25 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	53,156
		2024E EV / EBITDA Multiple ⁽⁵⁾	1.0x	3.0x	1.0x	25 per cent. weighted average change in the input would result in 6 per cent. change in the total fair value of Level 3 investments	118,348
		2022E EV/ Revenue Multiple	2.0x	12.4x	7.2x	20 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	40,043
		2023E EV/ Revenue Multiple ⁽⁵⁾	2.0x	19.1x	10.9x	20 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	113,406
	Transaction comparables	Asset Value (\$/kW)	\$56	\$182	\$58	50 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3	118,348
	Discounted cash flow	Discount Rate ⁽⁴⁾	30%	10%	30%	50 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	138,348
\$188,795	Other ⁽⁶⁾						
\$444,592	Total						

⁽¹⁾ Calculated based on fair values of the Partnership's Level 3 investments.

⁽²⁾ Based on its professional experience and recent market conditions, the Investment Manager has provided the Board with these weighted average change in the inputs with a forecasted time period of 6 to 12 months.

⁽³⁾ The Partnership's Level 3 investments are valued using one or more of the techniques which utilise one or more of the unobservable inputs, so the amounts in the "Fair value of Level 3 investments" column will not aggregate to the total fair value of the Partnership's Level 3 investments.

⁽⁴⁾ Discounted cash flow technique involves the use of a discount factor of 10 per cent.

⁽⁵⁾ As at 31 December 2022, the sensitivity of this unobservable input to the total fair value of Level 3 investments was determined to be significant by applying the same methodology that determined it not to be significant as at 31 December 2021.

⁽⁶⁾ 'Other' include certain investments that are not subject to a sensitivity analysis because they are insensitive to the changes in inputs set out above as at 31 December 2022 and 31 December 2021, respectively.

⁽⁷⁾ As at 31 December 2021, the sensitivity of this unobservable input to the total fair value of Level 3 investments was determined to be significant by applying the same methodology that determined it not to be significant as at 31 December 2020.

⁽⁸⁾ As at 31 December 2022, the sensitivity of this unobservable input to the total fair value of Level 3 investments was determined to be no longer significant by applying the same methodology that determined it to be significant as at 31 December 2021.

Qualitative Information for Level 3 Fair Value Measurements as at 31 December 2021

Industry: Energy

Fair value of Level 3 Investments (in thousands)	Valuation technique(s)	Unobservable input(s)	Range		Weighted Average ⁽¹⁾	Sensitivity of the input to fair value of Level 3 investments ⁽²⁾	Fair value of Level 3 Investments affected by unobservable input ⁽³⁾ (in thousands)
			Low ⁽¹⁾	High ⁽¹⁾			
\$330,548	Public comparables	2022EV / EBITDA Multiple	1.0x	24.5x	7.5x	25 per cent. weighted average change in the input would result in 4 per cent. change in the total fair value of Level 3 investments	310,548
		2021 EV / Revenue Multiple ⁽⁷⁾	24.2x	27.9x	25.1x	10 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	87,402
		EV / 2021E Production Multiple (\$/Boepd) ⁽⁸⁾	\$33,200	\$41,100	\$35,900	25 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	141,493
		EV / 2022E Production Multiple (\$/Boepd) ⁽⁸⁾	\$28,200	\$41,100	\$32,600	10 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	141,493
		1P Reserve multiple (\$/Boe) ⁽⁸⁾	\$6	\$10	\$8	25 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	48,172
		2P Reserve multiple ⁽⁸⁾ (\$/Boe)	\$4	\$5	\$4	25 per cent. weighted average change in the input would result in 3 per cent. change in the total fair value of Level 3 investments	93,321
	Transaction comparables	Asset Value (\$m/kW)	\$56	\$182	\$57	50 per cent. weighted average change in the input would result in 2 per cent. change in the total fair value of Level 3 investments	101,653
	Discounted cash flow	Oil Price Curve (\$/bbl)	\$61	\$67	\$63	35 per cent. weighted average change in the input would result in 10 per cent. change in the total fair value of Level 3 investments	141,493
		Gas Price Curve (\$/mcf)	\$3	\$4	\$3	35 per cent. weighted average change in the input would result in 11 per cent. change in the total fair value of Level 3 investments	141,493
		Discount Rate	30%	10%	30%	+/-50 per cent. weighted average change in the input would result in +/-1 per cent. change in the total fair value of Level 3 investments	101,653
\$52,478	Other ⁽⁴⁾						
\$383,026	Total						

Notes To The Financial Statements continued

For the year ended 31 December 2022

5. FAIR VALUE continued

The Board reviews and considers the fair value of each of the Partnership's investments arrived at by the Investment Manager before incorporating such values into the fair value of the Partnership. The variety of valuation bases adopted, quality of management information provided by the underlying investee companies and the lack of liquid markets for the investments mean that there are inherent difficulties in determining the fair value of these investments and such difficulties cannot be eliminated. Therefore, the amounts realised on the sale of investments may differ from the fair values reflected in these Financial Statements and the differences may be significant.

The Board approves the valuations performed by the Investment Manager and monitors the range of reasonably possible changes in significant observable inputs on a regular basis with consultation from the Investment Manager. Using its extensive industry experience, the Investment Manager provides the Board with its determination of the reasonably possible changes in significant unobservable inputs in normal market conditions as of the year end. For the SPAC Sponsor investments, a reasonable change in the discounts applied (as set out above) to the closing price of the publicly traded shares have been deemed not to be material.

The Directors have considered whether a discount or premium should be applied to the net asset value of the Partnership and have concluded that as the Partnership's underlying assets are measured at fair value, no adjustment to the net asset value of the Partnership has been deemed to be necessary (see Note 3).

6. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

The movement in fair value is derived from the fair value movements in the underlying investments held by the Partnership, net of income and expenses of the Partnership and its related Investment Undertakings, including any Performance Allocation and applicable taxes. The table below reconciles the Company's Level 3 assets during the year.

	31 December 2022 \$'000	31 December 2021 \$'000
Cost		
Brought forward	1,094,090	1,149,917
Distribution from the Partnership	(47,276)	(55,827)
Carried forward	1,046,814	1,094,090
Fair value movement through profit or loss		
Brought forward	(419,651)	(766,328)
Fair value movement during the year – see Summary Income Statement below	95,939	346,677
Carried forward	(323,712)	(419,651)
Fair value at year end	723,102	674,439

Summary financial information for the Partnership's investments and its related Investment Undertakings

	31 December 2022 \$'000	31 December 2021 \$'000
Summary Balance Sheet		
Investments at fair value (net)	657,040	672,314
Cash and cash equivalents ⁽¹⁾	68,483	4,127
Money market fixed deposits	-	-
Management Fee payable – see Note 9	(2,682)	(2,463)
Other net assets	261	461
Fair value of REL's investment in the Partnership	723,102	674,439

⁽¹⁾ These figures, together with the \$35.3 million held at REL US Corp (31 December 2021: \$94.4 million), comprise the \$103.8 million cash and cash equivalents held in the Partnership (31 December 2021: \$98.5 million).

	31 December 2022 \$'000	31 December 2021 \$'000
Reconciliation of Partnership's investments at fair value		
Investments at fair value – Level 1 (gross)	177,136	194,937
Investments at fair value – Level 3 (gross) - see Note 5	444,592	383,026
Investments at fair value (gross)	621,728	577,963
Cash and cash equivalents	35,312	94,351
Partnership's investments at fair value (net)	657,040	672,314
	1 January 2022 to 31 December 2022 \$'000	1 January 2021 to 31 December 2021 \$'000
Summary Income Statement		
Unrealised and realised gain on Partnership's investments (net)	108,696	356,805
Interest and other income	1,477	(76)
Management Fee expense – see Note 9	(11,302)	(8,874)
Other operating expenses	(2,932)	(1,178)
Portion of the operating gain for the year attributable to REL's investment in the Partnership	95,939	346,677
	1 January 2022 to 31 December 2022 \$'000	1 January 2021 to 31 December 2021 \$'000
Reconciliation of unrealised and realised gain on Partnership's investments		
Unrealised profit on Partnership's investments (gross)	148,511	619,723
Realised loss on Partnership's investments (gross)	(37,235)	(260,371)
General Partner's performance allocation – see Note 9	-	-
Release of provision for taxation	(2,580)	(2,547)
Unrealised and realised gain on Partnership's investments (net)	108,696	356,805

7. CASH AND CASH EQUIVALENTS

These comprise cash and short-term bank deposits available on demand. The carrying amounts of these assets approximate to their fair value.

Notes To The Financial Statements continued

For the year ended 31 December 2022

8. SHARE CAPITAL

	31 December 2022 \$'000	31 December 2021 \$'000
Authorised:		
Ordinary Shares of no par value	Unlimited	Unlimited
	Total No.	Total No.
Issued and fully paid:		
Unlimited Shares of no par value		
Shares as at inception	-	-
Issued on 23 May 2013	1	1
Issued on 29 October 2013	71,032,057	71,032,057
Issued on 10 October 2014	5,000,000	5,000,000
Issued on 11 December 2015	8,448,006	8,448,006
Cancelled on 23 November 2018	(4,583,333)	(4,583,333)
Cancelled during year ended 31 December 2020	(16,958,265)	(16,958,265)
Cancelled during year ended 31 December 2021	(8,000,867)	(8,000,867)
Cancelled during year ended 31 December 2022	(4,045,941)	-
Shares as at year end	50,891,658	54,937,599
Share capital	\$'000	\$'000
Share capital brought forward	1,133,854	1,184,100
Movements for the year:		
Cancellation of shares	(32,180)	(50,246)
Share capital as at year end	1,101,674	1,133,854

The Company has one class of Ordinary Shares. The issued value of the Ordinary Shares represents 100 per cent. of the total issued value of all share capital. Under the Company's Articles of Incorporation, on a show of hands, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every Share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, providing the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. The Ordinary Shares have no right to fixed income.

On 15 October 2018, the Company announced a Tender Offer for £55.0 million in the value of the Company's Ordinary Shares. The Company acquired 4,583,333 Ordinary Shares which were cancelled on 23 November 2018.

On 1 May 2020, the Company announced a share buyback programme for £50.0 million in the value of the Company's Ordinary Shares. During the year 2020, the Company acquired 16,958,265 Ordinary Shares which were subsequently cancelled.

On 11 May 2021, the Company announced a share buyback programme for £20.0 million in the value of the Company's Ordinary Shares, which subsequently, on 4 October 2021, was increased to £40 million. During 2021 the Company acquired 8,000,867 Ordinary Shares which were subsequently cancelled.

On 8 February 2022, the Company announced a share buyback programme for £46.0 million in the value of the Company's Ordinary Shares. During 2022 the Company acquired 4,045,941 Ordinary Shares which were subsequently cancelled.

Following the cancellation of Ordinary Shares from the Tender Offer and share buyback programme, the share capital of the Company is 50,891,658 Ordinary Shares in aggregate.

9. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Directors

The Company has seven non-executive Directors (31 December 2021: five). The Chair of the Board is entitled to annual remuneration of £132,000 (31 December 2021: £132,000). The Chair of the Audit Committee is entitled to annual remuneration of £82,500 (31 December 2021: £82,500) and the Chair of the Management Engagement Committee is entitled to annual remuneration of £71,500 (31 December 2021: £71,500). The other independent Directors are entitled to annual remuneration of £66,000 (31 December 2021: £66,000). The Chair of the Nomination Committee is entitled to remuneration of £71,500 with effect from 1 January 2022.

Directors' fees and expenses for the year ended 31 December 2022 amounted to \$854,413 (31 December 2021: \$647,815), which resulted in a reduction to the 31 December 2022 quarter-end Management Fee as further discussed below. \$nil of Directors' expenses were outstanding at year-end (31 December 2021: \$nil).

Messrs Barker and Hayden have direct or indirect economic interests in Other Riverstone Funds as investors.

Partnership

In accordance with section 4.1(a) of the Partnership Agreement, the Company received distributions in aggregate of \$47.2 million (31 December 2021: \$55.8 million) from the Partnership through the year to 31 December 2022. In accordance with section 4.1(a) of the Partnership Agreement, in the event of the Company requiring additional funds for working capital, it is entitled to receive another distribution from the Partnership.

Investment Manager

The Investment Manager, an affiliate of Riverstone, provides advice to the Company and the Partnership on the origination and completion of new investments, on the management of the portfolio and on realisations, as well as on funding requirements, subject to Board approval. For the provision of services under the Investment Management Agreement, the Investment Manager is paid in cash out of the assets of the Partnership an annual Management Fee equal to 1.5 per cent. per annum of the Company's Net Asset Value (including cash). The fee is payable quarterly in arrears and each payment is calculated using the quarterly Net Asset Value as at the relevant quarter end.

The Investment Manager has agreed to deduct from its annual Management Fee all fees, travel costs and related expenses of the Directors exceeding the following annual limits:

Portion of NAV	Limit (as a percentage of the then last published NAV)
Up to and including £500 million	0.084 per cent.
From £500 million to and including £600 million	0.084 per cent. at £500 million and thereafter adjusted downwards proportionately to NAV to 0.07 per cent. at £600 million
From £600 million to and including £700 million	0.07 per cent. at £600 million and thereafter adjusted downwards proportionately to NAV to 0.06 per cent. at £700 million
Above £700 million	0.06 per cent.

The above limits are subject to adjustment by agreement between the Investment Manager and the Company acting by its independent Directors. Based on the last published NAV as of 31 December 2022, the maximum amount of annual fees, travel and related expenses of the Directors is \$765,682 (31 December 2021: \$553,425). During the year ended 31 December 2022, fees and expenses of the Directors amounted to \$854,413 (31 December 2021: \$647,815), resulting in a reduction of \$88,731 to the 31 December 2022 quarter-end Management Fee (31 December 2021: reduction of \$94,390 of the quarter-end Management Fee).

Notes To The Financial Statements continued

For the year ended 31 December 2022

9. RELATED PARTY TRANSACTIONS continued

During the year ended 31 December 2022, the Partnership incurred Management Fees of \$11,302,322 (31 December 2021: \$8,874,492) of which \$2,681,729 remained outstanding as at the year-end (31 December 2021: \$2,463,262). In addition, the Company and Partnership, in aggregate, reimbursed the Investment Manager \$2,028,851 in respect of amounts paid on their behalf for the year (31 December 2021: \$1,555,093), of which \$1,376,733 related to legal and professional fees of the Company and Partnership (31 December 2021: \$1,273,507), and \$192,603 related to travel and other operating expenses of the Investment Manager (31 December 2021: \$27,834), and reimbursable amounts due to the Investment Manager of \$459,515 (31 December 2021: \$253,752) related to expenses incurred by portfolio companies.

The circumstances in which the Company and the Investment Manager may terminate the Investment Management Agreement are as follows:

Event	Notice period	Consequences of termination
By the Company if the Investment Manager is in material breach which has not been rectified	12 months	The General Partner is entitled to receive a payment equal to four times the quarterly Management Fee payable to the Investment Manager on the basis of the Company's most recent Net Asset Value and an amount equal to the Performance Allocation due on the Company's investments on the basis, at the Company's option, of the latest quarterly valuation or the actual realisation value for each investment.
By the Investment Manager if the Company is in material breach which has not been rectified	12 months	The General Partner is entitled to receive a payment equal to twenty times the quarterly Management Fee payable to the Investment Manager on the basis of the Company's most recent Net Asset Value and an amount equal to the Performance Allocation due on the Company's investments on the basis, at the General Partner's option, of the latest quarterly valuation or the actual realisation value for each investment.
By the Company if the Investment Manager becomes insolvent or resolves to wind up or if the Investment Manager commits an act of fraud or wilful default in relation to the Company which results in material harm to the Company	Immediate	No payment to be made to the Investment Manager or the General Partner.

The Investment Management Agreement cannot be terminated by either the Company or the Investment Manager without cause.

Following the seventh anniversary of the Company's London listing on 29 October 2020, a discontinuation resolution was proposed and not passed, therefore the Investment Manager Agreement will continue in perpetuity subject to the termination for cause provisions described above. However, either the Board or Shareholders holding in aggregate 10 per cent. of the Company's voting securities can call an EGM at any time to vote on the liquidation of the Company (75 per cent. of the votes cast in favour required) or run-off of its portfolio (50 per cent. of the votes cast in favour required). As announced on 30 October 2020, the Company's independent directors agreed to closely monitor the Investment Manager's success in repositioning the Company's existing investment strategy through the modified investment strategy over the next twenty four months following the previous quarter ended 30 September 2020. In the absence of a significant improvement in the performance of the Company, taking into account the trading price of the Ordinary Shares and portfolio performance over that period through 30 September 2022, the independent directors would release an announcement in November 2022 regarding an EGM to seek Shareholder approval before 31 December 2022 to amend the Company's investment policy to provide for the managed wind-down of the Company. Based on this significant improvement in the performance of REL and the outlook for further energy transition investment opportunities from the Investment Manager, the Company's independent directors did not seek Shareholder approval before 31 December 2022 to amend the Company's investment policy to provide for the managed wind-down of the Company. Under both these scenarios, the General Partner would be entitled to twenty times the most recent quarterly Management Fee payable to the Investment Manager.

General Partner

The General Partner makes all management decisions, other than investment management decisions, in relation to the Partnership and controls all other actions by the Partnership and is entitled to receive a Performance Allocation, calculated and payable at the underlying investment holding subsidiary level, equal to 20 per cent. of the gross realised profits (if any) in respect of a disposal, in whole or in part, of any underlying asset of the Company.

The General Partner is entitled to receive its Performance Allocation in cash, all of which, after tax, Riverstone, through its affiliate RELCP, reinvests in Ordinary Shares of the Company on the terms summarised in Part I and Part VIII of the IPO Prospectus.

During the year ended 31 December 2022, the Partnership paid Performance Allocation of \$nil (31 December 2021: \$nil) of which \$nil remained outstanding as at the year-end (31 December 2021: \$nil).

On 3 January 2020, the Company announced amendments to Performance Allocation arrangements under the Investment Management Agreement that were effective from 30 June 2019. The amended terms on which the Company is required to pay a Performance Allocation in respect of its investment are as follows:

- Portfolio level cost benchmark: A Performance Allocation will only be distributed in respect of a realised investment if, at the time of the realisation of the relevant investment, the aggregate of the fair market value of all of the Company's then unrealised investments and the proceeds of all of its realised investments since inception exceeds the aggregate acquisition price of all of the Company's unrealised and realised investments. If this portfolio level cost benchmark is not met at the time of realisation of the relevant investment, distribution of the Performance Allocation is subject to deferment as described further below. As of 31 December 2022, the portfolio level cost benchmark was in deficit of \$95.2 million.
- 8 per cent. hurdle rate: A Performance Allocation will only be accrued for payment upon the realisation of an investment if the proceeds from that investment exceed an amount equal to its acquisition cost plus an 8 per cent. annual cumulative hurdle rate calculated from the date of investment to the date of realisation. If the hurdle is met, the Performance Allocation will be 20 per cent. of all Net Profits in respect of each such investment. As of 31 December 2022, ten investments exceeded the hurdle rate and the total portfolio's Gross IRR was approximately (1) percent.
- Full realisation: A Performance Allocation will only be calculated and accrued on the full realisation of the entire interest in an investment unless a partial realisation results in the full return of all capital invested in such investment. Otherwise, no Performance Allocation will be payable on partial disposals and the ability for the Investment Manager to elect to receive a Performance Allocation on an investment that has been held by the Company for at least seven years (but not sold) has been removed.
- Deferral: If the portfolio level cost benchmark is not met at the time of full realisation of the relevant investment, it will be retested on a quarterly basis for the following three years. If, at any time during those three years, the benchmark is satisfied for four continuous quarters, the relevant Performance Allocation will then become distributable without interest. Any accrued but undistributed Performance Allocation that has been deferred due to the portfolio level cost benchmark test will expire after 36 months.

In accordance with the revised terms above, no further Performance Allocation will be payable until the \$95.2 million of realised and unrealised losses to date at 31 December 2022 are made whole with future gains. The earned Performance Allocation of \$0.8 million at 31 December 2022 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Since REL has not yet met the appropriate Cost Benchmark at 31 December 2022, \$38.0 million in Performance Allocation was not accrued in accordance with the terms of the current agreement, which would have been accrued under the prior agreement. The Investment Manager will continue to be required to apply each Performance Allocation (net of taxes) to acquire ordinary shares of the Company.

Distribution of Investment Proceeds

In addition, the Company and the Investment Manager have agreed that, going forward, 20 per cent. of the Net Profits attributable to each fully realised investment, net of taxes, withholdings or reserves for taxes will, at the discretion of the Company, be available for distribution to the Company's Shareholders, whether by dividend or share repurchases.

Notes To The Financial Statements continued

For the year ended 31 December 2022

9. RELATED PARTY TRANSACTIONS continued

Cornerstone Investors

Each of the Cornerstone Investors has acquired an indirect economic interest in each of the General Partner and the Investment Manager depending on the size of their commitment and the total issue size, up to an aggregate maximum indirect economic interest of 20 per cent. in each, for nominal consideration. These interests entitle the Cornerstone Investors to participate in the economic returns generated by the General Partner, including from the Performance Allocation, and the Investment Manager, which receives the Management Fee.

10. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Company's investing activities, through its investment in the Partnership, intentionally expose it to various types of risks that are associated with the underlying investee companies of the Partnership, including the ongoing volatility in the oil and gas market. The Company makes the investment in order to generate returns in accordance with its investment policy and objectives.

The most important types of financial risks to which the Company is exposed are market risk (including price, interest rate and foreign currency risk), liquidity risk and credit risk. The Board of Directors has overall responsibility for the determination of the Company's risk management and sets policy to manage that risk at an acceptable level to achieve those objectives. The policy and process for measuring and mitigating each of the main risks are described below.

The Investment Manager and the Administrator provide advice to the Company which allows it to monitor and manage financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. The Investment Manager and the Administrator report to the Board on a quarterly basis.

Categories of financial instruments

	31 December 2022 \$'000	31 December 2021 \$'000
Financial assets		
<i>Investment at fair value through profit or loss:</i>		
Investment in the Partnership	723,102	674,439
<i>Other financial assets:</i>		
Cash and cash equivalents	15,755	7,296
Trade and other receivables	598	970
Financial liabilities		
<i>Financial liabilities:</i>		
Trade and other payables	(665)	(664)

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the capital return to Shareholders. The capital structure of the Company consists of issued share capital and retained earnings, as stated in the Statement of Financial Position.

In order to maintain or adjust the capital structure, the Company may buy back shares or issue new shares. During the year, the Company bought and cancelled 4,045,941 Ordinary Shares. There are no external capital requirements imposed on the Company.

The Company's investment policy is set out in the Investment Policy section of the Annual Report.

Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

(a) Price risk

The underlying investments held by the Partnership present a potential risk of loss of capital to the Partnership and hence to the Company. The Company invests through the Partnership. Price risk arises from uncertainty about future prices of underlying financial investments held by the Partnership, which at year-end was \$621,728,409 (31 December 2021: \$577,963,016). Please refer to Note 5 for quantitative information about the fair value measurements of the Partnership's Level 3 investments. In addition, there were \$177 million (31 December 2021: \$195 million) Level 1 investments which are exposed to price risk as well. A change of +/- 10% in the Level 1 investments would result in a +/- \$17.7 million change in their fair value (31 December 2021: a change of +/- 10% in the Level 1 investments would result in a +/- \$19.5 million change in their fair value).

The Partnership is exposed to a variety of risks which may have an impact on the carrying value of the Company's investment in the Partnership. The Partnership's risk factors are set out in (a)(i) to (a)(iii) below.

(i) *Not actively traded*

The Partnership's investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The underlying investments of the Partnership vary as to industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

Although the investments are in the same industry, this risk is managed through careful selection of investments within the specified limits of the investment policy. The investments are monitored on a regular basis by the Investment Manager.

(ii) *Concentration*

The Company, through the Partnership, invests in the global energy sector, with a particular focus on businesses that engage in oil and gas exploration and production and midstream investments in that sector. This means that the Company is exposed to the concentration risk of only making investments in the global energy sector, which concentration risk may further relate to sub-sector, geography, and the relative size of an investment or other factors. Whilst the Company is subject to the investment and diversification restrictions in its investment policy, within those limits, material concentrations of investments have arisen.

The Board and the Investment Manager monitor the concentration of the investment in the Partnership on a quarterly basis to ensure compliance with the investment policy.

(iii) *Liquidity*

The Company's underlying investments through the Partnership are dynamic in nature. The Partnership will maintain flexibility in funding by keeping sufficient liquidity in cash and cash equivalents which may be invested on a temporary basis in line with the cash management policy as agreed by the Board from time to time.

As at 31 December 2022, \$103.8⁽¹⁾ million or 14.3 per cent. (31 December 2021: \$98.5⁽¹⁾ million or 14.6 per cent.) of the Partnership's financial assets, including those held by its wholly-owned subsidiaries, REL US Corp and REL US Centennial Holdings, LLC, were cash balances held on deposit with several, A or higher rated, banks.

⁽¹⁾ These figures are comprised of \$68.5 million (2021: \$4.1 million) held at the Partnership and \$35.3 million (2021: \$94.4 million) held at REL US Corp.

Notes To The Financial Statements continued

For the year ended 31 December 2022

10. FINANCIAL RISK MANAGEMENT continued

(b) Foreign currency risk

The Company has exposure to foreign currency risk due to the payment of some expenses in Pounds Sterling. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the U.S. Dollar.

The Directors do not consider that the foreign currency exchange risk at the balance sheet date is material and therefore sensitivity analysis for the foreign currency risk has not been provided.

The following tables set out, in U.S. Dollars, the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

	\$ \$'000	£ \$'000	Total \$'000
As at 31 December 2022			
Assets			
Non-current assets			
Investment in the Partnership ⁽¹⁾	723,102	-	723,102
Total non-current assets	723,102	-	723,102
Current assets			
Trade and other receivables	572	26	598
Cash and cash equivalents	2,037	13,718	15,755
Total current assets	2,609	13,744	16,353
Current liabilities			
Trade and other payables	100	565	665
Total current liabilities	100	565	665
Total net assets	725,611	13,179	738,790
As at 31 December 2021			
Assets			
Non-current assets			
Investment in the Partnership ⁽¹⁾	674,439	-	674,439
Total non-current assets	674,439	-	674,439
Current assets			
Trade and other receivables	938	32	970
Cash and cash equivalents	1,524	5,772	7,296
Total current assets	2,462	5,804	8,266
Current liabilities			
Trade and other payables	117	547	664
Total current liabilities	117	547	664
Total net assets	676,784	5,257	682,041

⁽¹⁾ Includes the fair value of one investment held through the Partnership, Hammerhead, denominated in CAD and therefore subject to foreign currency risk. This investment had an aggregate fair value of \$153.7 million as at 31 December 2022 (31 December 2021: \$128.9 million for Hammerhead and Pipestone (formerly CNOR)). The impact of a +/- 4% change in CAD/USD exchange rate would have a +/- \$6.6m impact on the profit/loss for this investment (31 December 2021: the impact of a +/- 4% change in CAD/USD exchange rate would have a +/- \$5.2m impact on the profit/loss for these investments).

(c) Interest Rate Risk

The Company's exposure to interest rate risk relates to the Company's cash and cash equivalents held through the Partnership. The Company is subject to risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. As at the date of the Statement of Financial Position, the majority of the Company's cash and cash equivalents were held on interest bearing fixed deposit accounts and Treasury Bills at the Partnership. Any exposure to interest rate risk at the underlying investment level is captured within price risk.

The Company has no other interest-bearing assets or liabilities as at the reporting date. As a consequence, the Company is only exposed to minimal variable market interest rate risk. Management does not expect any residual interest rate risk to be material, and therefore sensitivity analysis has not been provided.

	31 December 2022 \$'000	31 December 2021 \$'000
Non-interest bearing		
Cash and cash equivalents	15,755	7,296

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

The Company adopts a prudent approach to liquidity management and through the preparation of budgets and cash flow forecasts maintains sufficient cash reserves to meet its obligations. During the year, the Company received distributions in aggregate of £39.1 million (\$47.3 million) from the Partnership (2021: \$55.8/£40 million) to fund the 2021 share buyback programme announced on 11 May 2021. As in prior years, in accordance with the Partnership Agreement, if the Company requires additional funds for working capital, it is entitled to receive further distributions from the Partnership. In order to do so, the Company would submit a distribution request approved by the Board to the Partnership, which would then be required to arrange for the payment of the requested amount. Since REL's inception, the Company has requested and received eight distributions from the Partnership for working capital needs. As at 31 December 2022, REL, through the Partnership, had available liquid resources of \$103.8 million in excess of potential unfunded commitments of \$22.9 million, but currently, as of the date of this report, REL, through the Partnership, has total potential unfunded commitments of up to \$21.9 million. This amount does not exceed its available liquid resources of \$99.9 million as of the date of this report. However, based on the Investment Manager's cash flow forecast for the next three years, the expectation is that, if needed, the Partnership will only fund the remaining commitments to Enviva and Onyx, which aggregate up to \$9.7 million as of the date of this report. In order to enable the Partnership to satisfy an additional distribution request from the Company, as a reactionary measure, the Partnership's investments in the publicly-traded shares of portfolio companies could always be sold, or used as collateral to secure asset-backed financing, to fund the Partnership's shortfall of liquid resources and potential proceeds from investment realisations versus potential unfunded commitments. The Partnership holds marketable securities consisting of publicly-traded shares of Enviva, Permian Resources, Solid Power, Tritium and Hyzon for which the aggregate fair value was \$177.1 million at 31 December 2022 and \$198.0 million as of 27 February 2023.

The Company's financial assets (excluding equity investments) and liabilities have an expected maturity of less than 12 months from 31 December 2022 (2021: less than 12 months from 31 December 2021). Based on the assessment outlined above, the Board has concluded that, as of the date of this report, the Company and Partnership have sufficient available liquid resources to meet current liabilities as they fall due over the next 13 months to 31 March 2024.

Notes To The Financial Statements continued

For the year ended 31 December 2022

10. FINANCIAL RISK MANAGEMENT continued

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Any exposure to credit risk at the underlying investment level is captured within price risk.

Financial assets mainly consist of cash and cash equivalents, trade and other receivables, and investments at fair value through profit or loss. The Company's risk on liquid funds, including those held by the Partnership⁽¹⁾, is reduced because it can only deposit monies with institutions with a minimum credit rating of "single A". The Company mitigates its credit risk exposure on its investment at fair value through profit or loss by the exercise of due diligence on the counterparties of the Partnership, its General Partner and the Investment Manager.

The table below shows the material cash balances and the credit rating for the counterparties used at the year-end date:

Counterparty	Location	Rating	31 December 2022 \$'000	31 December 2021 \$'000
Barclays Bank Plc	Guernsey	A	15,755	7,296

(1) The Partnership hold its cash and cash equivalents at Barclays Bank Plc (Rating: A), Citibank (Rating: A+) and JPMorgan Bank Luxembourg S.A. (Rating: A+).

The Company's maximum exposure to loss of capital from credit risk at the year-end is shown below:

31 December 2022	Carrying Value and Maximum exposure \$'000
Other financial assets (including cash and cash equivalents but excluding prepayments)	15,755
31 December 2021	Carrying Value and Maximum exposure \$'000
Other financial assets (including cash and cash equivalents but excluding prepayments)	7,296

Gearing

As at the date of these Financial Statements the Company itself has no gearing. The Company may have indirect gearing through the operations of the underlying investee companies.

11. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the Total Return of the Company's Net Asset Value and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Financial Statements.

For management purposes, the Company is organised into one main operating segment, which invests in one limited partnership.

All of the Company's income is derived from within Guernsey and the Cayman Islands.

All of the Company's non-current assets are located in the Cayman Islands.

Due to the Company's nature, it has no customers.

12. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

Earnings per Share

	31 December 2022 Basic / Diluted	31 December 2021 Basic / Diluted
Profit for the year (\$'000)	88,929	341,944
Weighted average numbers of Shares in issue	51,742,789	60,873,614
EPS (cents)	171.87	561.73

The Earnings per Share is based on the profit or loss of the Company for the year and on the weighted average number of Shares the Company had in issue for the year ended 31 December 2022.

The weighted average number of Shares during the year is 51,742,789 (31 December 2021: 60,873,614).

There are no dilutive Shares in issue as at 31 December 2022 (31 December 2021: nil).

Net Asset Value per Share

	31 December 2022 Basic / Diluted	31 December 2021 Basic / Diluted
NAV (\$'000)	738,790	682,041
Number of Shares in issue	50,891,658	54,937,599
Net Asset Value per Share (\$)	14.52	12.41
Net Asset Value per Share (£)	11.99	9.19
Share Price (£)	6.78	4.65
Discount to NAV (per cent.)	43.46	49.40

The Net Asset Value per Share is arrived at by dividing the net assets as at the date of the Statement of Financial Position by the number of Ordinary Shares in issue at that date. The Discount to NAV is arrived at by calculating the percentage discount of the Company's Net Asset Value per Share to the Company's closing Share price as at the date of the Statement of Financial Position.

13. AUDITOR'S REMUNERATION

Other operating expenses include all fees payable to the auditor, which can be analysed as follows:

	2022 \$'000	2021 \$'000
Ernst & Young LLP (United Kingdom) Audit fees	626	603
	2022 \$'000	2021 \$'000
Ernst & Young LLP (United Kingdom) Interim Review fees	211	190
Ernst & Young Non-Audit fees	211	190

Notes To The Financial Statements continued

For the year ended 31 December 2022

14. IFRS TO US GAAP RECONCILIATION

The Company's Financial Statements are prepared in accordance with IFRS, which in certain respects differ from US GAAP. These differences are not material and therefore no reconciliation between IFRS and US GAAP has been presented. For reference, please see below for a summary of the key judgments and estimates taken into account with regards to the Company as of 31 December 2022, as well as the Shareholders' financial highlights required under US GAAP.

Assessment as an Investment Entity

As stated in Note 3, REL meets the definition of an investment entity under IFRS 10. Per US GAAP (Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements or "ASC 946"), REL meets the definition of an investment company, and as required by ASC 946, REL measures its investment in the Partnership at FVTPL, which in turn measures its investment in the underlying investments at FVTPL.

REL's Investment in the Partnership

As stated in Note 3, although the Company is the sole limited partner, it does not control the Partnership (as that is attributable to the General Partner), but instead has significant influence. Therefore, REL accounts for the Partnership as an investment in associate in accordance with IAS 28 – Investment in Associates and Joint Ventures, and, since REL meets the definition of an investment company in accordance with IFRS 10, it measures its investment in the Partnership at FVTPL. Taking into consideration all applicable US GAAP requirements (ASC 946 and ASC 323), REL is permitted to not consolidate its investment in the Partnership and account for it at FVTPL as required by ASC 946 and ASC 323, which is similar to the IFRS 10 requirements.

Fair Value Measurements

The fair value of the underlying investments held by the Partnership are determined based on valuation techniques and inputs that are observable and unobservable in the market which market participants have access to and will use to determine the exit price or selling price of the investments. The change in valuation of REL's investments held by the Partnership is then reflected in the fair value of REL's investment in the Partnership.

Shareholders' Financial Highlights	Year Ended 31 December 2022	Year Ended 31 December 2021
Expense ratio ⁽¹⁾	2.7%	2.7%
Performance Allocation ratio ⁽¹⁾	0.0%	0.0%
Total Expense and Performance Allocation ratio	2.7%	2.7%
Net investment loss ratio ⁽²⁾	(2.6) %	(2.8) %
Internal rate of return ⁽³⁾ , beginning of year	(5.4) %	(13.0) %
Internal rate of return ⁽³⁾ , end of year	(3.8) %	(5.4) %
Net contributed capital to total capital commitments ⁽⁴⁾	100.0%	100.0%

15. POST-YEAR END UPDATE

As a result of the combination of Hammerhead and DCRD, which closed on 23 February 2023, REL's existing Hammerhead ownership converted into 15.4 million common shares of Hammerhead Energy Inc. (NASDAQ / TSX: HHRS). REL also owns a 5 per cent. stake in the DCRD Sponsor. The DCRD Sponsor is entitled to up to 45 per cent. of the 7.9 million Sponsor Shares subject to Riverstone Fund V achieving a 1.0x Gross MOIC, as detailed in the F-4 Side Letter. Therefore, at or above a \$10.53 share price, REL will own an additional 0.2 million HHRS shares. Based on the 15.4 million common shares of HHRS at the HHRS closing share price of \$14.97 as of 27 February 2023, the company's initial day of trading on NASDAQ and TSX, REL's investments in Hammerhead and the DCRD Sponsor are valued at \$255.8 million, inclusive of previously realised proceeds of \$23.1 million, which is an increase from \$179.9 million as at 31 December 2022. There can be no assurance that the closing price as of 27 February 2023 is an indicator of future performance. As the shares of HHRS are publicly traded, going forward the valuation will be determined based on the market price, rather than the basis used previously for unquoted investments.

⁽¹⁾ The expense ratio is calculated using total expenses of the Company and the Partnership allocated to the Shareholders divided by the Shareholders' average capital balance for the year presented. For the years ended 31 December 2022 and 2021, the Performance Allocation realised by the General Partner of the Partnership was \$nil and \$nil, respectively, and the Performance Allocation accrued by the General Partner of the Partnership was approximately \$nil and \$nil, respectively.

⁽²⁾ The net investment loss ratio is the Shareholders' investment income of the Company and Partnership reduced by total expenses of the Company and the Partnership divided by the Shareholders' average capital balance for the year presented. However, net investment loss does not include any realised or unrealised gains/losses generated from the sale or recapitalisation of an investment of the Partnership. Thus, net investment loss includes dividend and interest income of the Company and the Partnership less the total expenses of the Company and the Partnership incurred during the year presented.

⁽³⁾ The internal rate of return since the commencement of operations ("IRR") is computed based on the dates of the Shareholders' capital contributions to the Company, distributions from the Company to the Shareholders, and the fair value of the Shareholders' NAV as of 31 December 2022. The IRR of the Shareholders is net of all fees and Performance Allocation to the General Partner of the Partnership. The computation of the IRR for an individual Shareholder may vary from the IRR presented above due to the timing of capital transactions.

⁽⁴⁾ Net contributed capital is based on the Shareholders' gross capital contributions.

Alternative Performance Measures (“APMs”)

This Annual Report and Accounts contain APMs, which are financial measures not defined in IFRS. These include certain financial and operational highlights and key financials on pages 2 and 3, as well as in the performance section of the Board Chair’s Statement 4 to 7. The definition of each of these APMs is shown below.

The Company assesses its performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. The APMs that the Company uses may not be directly comparable with those used by other companies. These APMs are used to present a clearer picture of how the Company has performed over the year and are all financial measures of historical performance.

The table below defines our APMs.

APM	Definition	Purpose	Calculation and (where relevant) reconciliation to IFRS
NAV per Ordinary Share	The Company’s NAV divided by the number of Ordinary Shares.	A measure of the value of one ordinary share.	The net assets as shown on the statement of financial position (\$739 million as at 31 December 2022 and \$682 million as at 31 December 2021) divided by the number of Ordinary Shares in issue as at the calculation date (50,891,658 as at 31 December 2022 and 54,937,599 as at 31 December 2021).
Ordinary NAV total return	The increase/(decrease) in the NAV per ordinary share.	A measure of the overall financial performance of the Company.	The difference in the NAV per Ordinary Share at the beginning and end of the year from the statement of financial position (\$14.52 for the year ended 31 December 2022 & \$12.41 for the year ended 31 December 2021) as a percentage of the opening NAV per Ordinary Share as shown in the Statement of Financial Position (being \$12.41 per ordinary share as at 31 December 2021 & \$6.20 as at 31 December 2020).
Premium/(discount) to NAV	The amount by which the ordinary share price is higher/lower than the NAV per Ordinary Share, expressed as a percentage of the NAV per ordinary share.	A measure of the performance of the Company’s share price relative to the NAV per Ordinary Share.	The difference between the Company’s share price and NAV per Ordinary Share as a relative percentage of the NAV per Ordinary Share (43.5 per cent. as at 31 December 2022 and 49.4 per cent. as at 31 December 2021).
Annual total costs’ impact on return per year	The impact on return each year that total costs, including GP Performance Allocation, have on the investment return.	A measure to show how total costs, including GP Performance Allocation, affect the return from the Company.	Annual total costs of the Company and Partnership as a per cent of average NAV of the Company: Total annual costs for the year ended 31 December 2022: \$19,856,075 (31 December 2021: \$14,367,376). Average NAV of the Company for the year ended 31 December 2022: \$742,637,411 (31 December 2021: \$603,786,244). Annual total costs’ impact of return per year: 2.6 per cent. as of 31 December 2022 (2.4 per cent. as of 31 December 2021).
Reconciliation of Partnership’s investments	The annual investment value of the Partnership, including capital deployed into the Company’s assets, cash received from the Company’s investment portfolio and the net unrealised change in value.	A reconciliation of the Partnership’s investments on an annual basis.	For the year ended 31 December 2022: \$578 million – Brought Forward \$95 million – Capital Invested \$(164) million – Cash Proceeds \$113 million – Change in Unrealised Gain/ (Loss) \$622 million – Carried Forward For the year ended 31 December 2021: \$288 million – Brought Forward \$109 million – Capital Invested \$436 million – Cash Proceeds \$617 million – Change in Unrealised Gain/(Loss) \$578 million – Carried Forward

Alternative Performance Measures (“APMs”) continued

APM	Definition	Purpose	Calculation and (where relevant) reconciliation to IFRS
Expense Ratio	The impact on return each year that total costs, excluding GP Performance Allocation, have on the investment return.	A measure to show how costs, excluding GP Performance Allocation, affect the return from the Company.	As shown in Note 14, the expense ratio is calculated using total expenses of the Company and the Partnership allocated to the Shareholders divided by the Shareholders' average capital balance for the year presented 2.7 per cent. for the year ended 31 December 2022 & 2.7 per cent. for the year ended 31 December 2021).
Performance Allocation Ratio	The impact on return each year that GP Performance Allocation has on the investment return.	A measure to show how GP Performance Allocation affects the return from the Company.	As shown in Note 14, for the years ended 31 December 2022 and 2021, the Performance Allocation realised by the General Partner of the Partnership was \$nil and \$nil million, respectively, and the Performance Allocation accrued by the General Partner of the Partnership was approximately \$nil and \$nil, respectively.
Net Investment Loss Ratio	The impact on return each year that total costs, net of interest income, have on the investment return.	A measure to show how total costs, net of interest income, affect the return from the Company.	As shown in Note 14, the net investment loss ratio is the Shareholders' investment income of the Company and Partnership reduced by total expenses of the Company and the Partnership divided by the Shareholders' average capital balance for the year presented. However, net investment loss does not include any realised or unrealised gains/losses generated from the sale or recapitalisation of an investment of the Partnership. Thus, net investment loss includes dividend and interest income of the Company and the Partnership less the total expenses of the Company and the Partnership incurred during the year presented. (2.6 per cent. for the year ended 31 December 2022 & 2.8 per cent. for the year ended 31 December 2021).
Internal Rate of Return	The cumulative return on Shareholders' investment.	A measure to show the return from the Company.	As shown in Note 14, the internal rate of return since the commencement of operations ("IRR") is computed based on the dates of the Shareholders' capital contributions to the Company, distributions from the Company to the Shareholders, and the fair value of the Shareholders' NAV as of 31 December 2022. The IRR of the Shareholders is net of all fees and Performance Allocation to the General Partner of the Partnership. (3.8) per cent. as of 31 December 2022 (5.4) per cent. as of 31 December 2021 (13.0) per cent. as of 31 December 2020
Net Contributed Capital to Total Capital Commitments	The Shareholders' gross capital contributions in relation to total capital commitments.	A measure to show the remaining unfunded portion of the Shareholders' total capital commitments.	As shown in Note 14, net contributed capital is based on the Shareholders' gross capital contributions. (100 per cent. as of 31 December 2022 and 2021).

Glossary Of Capitalised Defined Terms

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- “**1P reserve**” means proven reserves;
- “**2P reserve**” means proven and probable reserves;
- “**Administrator**” means Ocorian Administration (Guernsey) Limited (formerly Estera International Fund Managers (Guernsey) Limited);
- “**Admission**” means admission, on 29 October 2013, to the Official List and/or admission to trading on the London Stock Exchange, as the context may require, of the Ordinary Shares becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards as the context may require;
- “**AEOL Rules**” means Automatic Exchange of Information;
- “**AIC**” means the Association of Investment Companies;
- “**AIC Code**” means the AIC Code of Corporate Governance;
- “**AIF**” means Alternative Investment Funds;
- “**AIFM**” means AIF Manager;
- “**AIFMD**” means EU Alternative Investment Fund Managers Directive (No. 2011/61EU);
- “**Aleph Midstream**” means Aleph Midstream S.A.;
- “**Annual General Meeting**” or “**AGM**” means the general meeting of the Company;
- “**Annual Report and Financial Statements**” means the annual publication of the Company provided to the Shareholders to describe their operations and financial conditions, together with their Financial Statements;
- “**Anuvia**” means Anuvia Plant Nutrients;
- “**Articles of Incorporation**” or “**Articles**” means the articles of incorporation of the Company, as amended from time to time;
- “**Audit Committee**” means a formal committee of the Board with defined terms of reference;
- “**bbl**” means barrel of crude oil;
- “**Board**” or “**Directors**” means the directors of the Company;
- “**boepd**” means barrels of equivalent oil per day;
- “**CAD**” or “**C\$**” means Canadian dollar;
- “**CanEra III**” means CanEra Inc.;
- “**Carrier II**” means Carrier Energy Partners II LLC;
- “**Castex 2005**” means Castex Energy 2005 LLC;
- “**Castex 2014**” means Castex Energy 2014 LLC;
- “**CCUS**” means Carbon Capture, Utilisation and Storage;
- “**Centennial**” means Centennial Resource Development, Inc.;
- “**CNOR**” means Canadian Non-Operated Resources LP;
- “**Companies Law**” means the Companies (Guernsey) Law, 2008, (as amended);
- “**Company**” or “**REL**” means Riverstone Energy Limited;
- “**Company Secretary**” means Ocorian Administration (Guernsey) Limited (formerly Estera International Fund Managers (Guernsey) Limited);
- “**Cornerstone Investors**” means those investors who have acquired Ordinary Shares and acquired a minority economic interest in the General Partner and in the Investment Manager, being AKRC Investments LLC, Casita, L.P., KFI and McNair;
- “**Corporate Brokers**” means JP Morgan Cazenove and Numis Securities Limited;
- “**C Corporation**” means a C Corporation, under U.S. federal income tax law, being a corporation that is taxed separately from its owners;
- “**CRS**” means Common Reporting Standard;
- “**DCRB**” means Decarbonisation Plus Acquisition Corporation;
- “**DCRC**” means Decarbonisation Plus Acquisition Corporation III;
- “**DCRD**” means Decarbonisation Plus Acquisition Corporation IV;
- “**DCRN**” means Decarbonisation Plus Acquisition Corporation II;
- “**Depository**” means Ocorian Depository Company (UK) Limited (formerly Estera Depository Company (UK) Limited);
- “**Disclosure Guidance and Transparency Rules**” or “**DTRs**” mean the disclosure guidance published by the FCA and the transparency rules made by the FCA under section 73A of FSMA;
- “**Discontinuation Resolution**” means a special resolution that was proposed and not passed by the Company’s Shareholders to discontinue the Company within six weeks of the seventh anniversary of the Company’s first Admission if the trading price has not met the Target Price, and the Invested Capital Target Return has not been met;
- “**Discount to NAV**” means the situation where the Ordinary shares of the Company are trading at a price lower than the Company’s Net Asset Value;
- “**E&P**” means exploration and production;
- “**Eagle II**” means Eagle Energy Exploration, LLC;

Glossary Of Capitalised Defined Terms *continued*

- “**Earnings per Share**” or “**EPS**” means the Earnings per Ordinary Share and is expressed in U.S. dollars;
- “**EBITDA**” means earnings before interest, taxes, depreciation and amortisation;
- “**ECI**” means effectively connected income, which refers to all income from sources within the United States connected with the conduct of a trade or business;
- “**EEA**” means European Economic Area;
- “**EGM**” means an Extraordinary General Meeting of the Company;
- “**Enviva**” means Enviva Holdings, LP;
- “**EU**” means the European Union;
- “**EV**” means enterprise value;
- “**FATCA**” means Foreign Account Tax Compliance Act;
- “**FCA**” means the UK Financial Conduct Authority (or its successor bodies);
- “**Fieldwood**” means Fieldwood Energy LLC;
- “**Financial Statements**” means the audited financial statements of the Company, including the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and associated notes;
- “**FRC**” means Financial Reporting Council;
- “**FreeWire**” means FreeWire Technologies, Inc.;
- “**Fund V**” means Riverstone Global Energy & Power Fund V, L.P.;
- “**Fund VI**” means Riverstone Global Energy & Power Fund VI, L.P.;
- “**FVTPL**” means Fair Value through the profit or loss;
- “**General Partner**” means REL IP General Partner LP (acting through its general partner, REL IP General Partner Limited), the general partner of the Partnership and a member of the Riverstone group;
- “**GFSC**” or “**Commission**” means the Guernsey Financial Services Commission;
- “**GFSC Code**” means the GFSC Finance Sector Code of Corporate Governance;
- “**GHG**” means greenhouse gases;
- “**GoodLeap**” means GoodLeap, LLC;
- “**Gross IRR**” means an aggregate, annual, compound, gross internal rate of return on investments. Gross IRR does not reflect expenses to be borne by the relevant investment vehicle or its investors including, without limitation, Performance Allocation, management fees, taxes and organisational, partnership or transaction expenses;
- “**Gross MOIC**” means gross multiple of invested capital;
- “**Hammerhead**” means Hammerhead Resources Inc.;
- “**HHRS**” means Hammerhead Energy Inc.;
- “**Hyzon**” means Hyzon Motors, Inc.;
- “**IAS**” means international accounting standards as issued by the Board of the International Accounting Standards Committee;
- “**IEA**” means International Energy Agency;
- “**IFRS**” means the International Financial Reporting Standards as adopted by the European Union, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board;
- “**ILX III**” means ILX Holdings III LLC;
- “**IMO**” means the International Maritime Organization (IMO), an agency of the United Nations which has been formed to promote maritime safety;
- “**Interim Financial Report**” means the Company’s half yearly report and unaudited interim condensed financial statements for the period ended 30 June;
- “**Investment Manager**” or “**IM**” means RIL (effective through 17 August 2020) and RIGL (effective after 17 August 2020) which are both majority-owned and controlled by Riverstone;
- “**Investment Management Agreement**” or “**IMA**” means the investment management agreement dated 24 September 2013 between RIL, the Company and the Partnership (acting through its General Partner) under which RIL is appointed as the Investment Manager of both the Company and the Partnership (effective 17 August 2020), the 2nd Amended & Restated investment management agreement effective after 17 August 2020 between RIGL, the Company and the Partnership (acting through its General Partner) under which RIGL is appointed as the Investment Manager of both the Company and the Partnership and the 3rd Amended & Restated investment management agreement effective 9 December 2020 between RIGL, the Company and the Partnership (acting through its General Partner);
- “**Invested Capital Target Return**” means, as defined in the Articles, the Gross IRR of 8 per cent. on the portion of the proceeds of the Issue (as such term is defined in the Company’s Prospectus) that have been invested or committed to an investment (“Invested Capital”) in respect of the period from the dates of investment or commitment of that Invested Capital (being the dates from which a Management Fee has been paid in respect of that Invested Capital) to the seventh anniversary of the first Admission, calculated by reference to the prevailing U.S. dollar valuations (as of the seventh anniversary of the first Admission (or earlier disposal)) of the investment acquired with that Invested Capital and sales proceeds of investments that have been disposed of prior to such seventh anniversary and taking account of any distributions made on those investments prior to the seventh anniversary of the first Admission;

“**Investment Undertaking**” means the Partnership, any intermediate holding or investing entities that the Company or the Partnership may establish from time to time for the purposes of efficient portfolio management and to assist with tax planning generally and any subsidiary undertaking of the Company or the Partnership from time to time;

“**IPEV Valuation Guidelines**” means the International Private Equity and Venture Capital Valuation Guidelines;

“**IPO**” means the initial public offering of shares by a private company to the public;

“**IRS**” means the Internal Revenue Service, the revenue service of the U.S. federal government;

“**ISA**” means International Standards on Auditing (UK);

“**ISAE 3402**” means International Standard on Assurance Engagements 3402, “Assurance Reports on Controls at a Service Organisation”;

“**ISIN**” means an International Securities Identification Number;

“**KFI**” means Moore Capital Management, formerly known as Kendall Family Investments, LLC, a cornerstone investor in the Company;

“**Liberty II**” means Liberty Resources II LLC;

“**Listing Rules**” means the listing rules made by the UK Listing Authority under section 73A Financial Services and Markets Act 2000;

“**Loanpal**” means Loanpal, LLC;

“**London Stock Exchange**” or “**LSE**” means London Stock Exchange plc;

“**LSE Admission Standards**” means the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Official List;

“**Management Engagement Committee**” means a formal committee of the Board with defined terms of reference;

“**Management Fee**” means the management fee to which the Investment Manager is entitled;

“**mcfe**” means thousand cubic feet equivalent (natural gas);

“**McNair**” means RCM Financial Services, L.P. for the purposes of acquiring Ordinary Shares and Palmetto for the purposes of acquiring a minority economic interest in the General Partner and the Investment Manager;

“**Meritage III**” means Meritage Midstream Services III, L.P.;

“**mmboe**” means million barrels of oil equivalent;

“**NASDAQ**” means National Association of Securities Dealers Automated Quotations Stock Market;

“**NAV per Share**” means the Net Asset Value per Ordinary Share;

“**Net Asset Value**” or “**NAV**” means the value of the assets of the Company less its liabilities as calculated in accordance with the Company’s valuation policy and expressed in U.S. dollars;

“**Net MOIC**” means gross multiple of invested capital net of taxes and Performance Allocation on gross profit;

“**Net Profits**” means the proceeds received from each realised investment (after the expenses related to its disposal) minus the acquisition price of that realised investment;

“**Nomination Committee**” means a formal committee of the Board with defined terms of reference;

“**NURS**” means non-UCITS retail schemes;

“**NYSE**” means The New York Stock Exchange;

“**Official List**” is the list maintained by the Financial Conduct Authority (acting in its capacity as the UK Listing Authority) in accordance with Section 74(1) of the Financial Services and Markets Act 2000;

“**Onyx Power**” means Onyx Strategic Investment Management I BV;

“**Ordinary Shares**” means redeemable ordinary shares of no par value in the capital of the Company issued and designated as “Ordinary Shares” and having the rights, restrictions and entitlements set out in the Articles;

“**Origo**” means Origo Exploration Holding AS;

“**Other Riverstone Funds**” means other Riverstone-sponsored, controlled or managed entities, including Fund V/VI, which are or may in the future be managed or advised by the Investment Manager or one or more of its affiliates, excluding the Partnership;

“**ONE**” or “**Our Next Energy**” means Our Next Energy, Inc.;

“**Partnership**” or “**RELIP**” means Riverstone Energy Investment Partnership, L.P., the Investment Undertaking in which the Company is the sole limited partner;

“**Partnership Agreement**” means the partnership agreement in respect of the Partnership between inter alios the Company as the sole limited partner and the General Partner as the sole general partner dated 23 September 2013;

“**Performance Allocation**” means the Performance Allocation to which the General Partner is entitled;

“**Permian Resources**” means Permian Resources Corporation;

“**PIPE**” means private investment in public entity;

“**Placing and Open Offer**” means the issuance of 8,448,006 new Ordinary Shares at £8.00 per Ordinary Share on 11 December 2015;

“**POI Law**” means the Protection of Investors (Bailiwick of Guernsey) Law, 2020;

Glossary Of Capitalised Defined Terms *continued*

“Private Riverstone Funds” means Fund V and all other private multi-investor, multi-investment funds that are launched after Admission and are managed or advised by the Investment Manager (or one or more of its affiliates) and excludes Riverstone employee co-investment vehicles and any Riverstone managed or advised private co-investment vehicles that invest alongside either Fund V or any multi-investor multi-investment funds that the Investment Manager (or one or more of its affiliates) launches after Admission;

“Prospectuses” means the prospectus published on 24 September 2013 by the Company in connection with the IPO of Ordinary Shares and further prospectus published on 23 November 2015;

“PRT” means Riverstone Performance Review Team;

“Qualifying Investments” means all investments in which Private Riverstone Funds participate which are consistent with the Company’s investment objective where the aggregate equity investment in each such investment (including equity committed for future investment) available to the relevant Private Riverstone Fund and the Company (and other co-investees, if any, procured by the Investment Manager or its affiliates) is \$100 million or greater, but excluding any investments made by Private Riverstone Funds where both (a) a majority of the Company’s independent directors and (b) the Investment Manager have agreed that the Company should not participate;

“RCO” means Riverstone Credit Opportunities, L.P.;

“RELCP” means Riverstone Energy Limited Capital Partners, LP (acting by its general partner Riverstone Holdings II (Cayman) Ltd.) a Cayman exempted limited partnership controlled by affiliates of Riverstone;

“Ridgebury H3” means Ridgebury H3, LLC;

“RIGL” means RIGL Holdings, LP;

“RIL” means Riverstone International Limited;

“Riverstone” means Riverstone Holdings LLC and its affiliated entities (other than the Investment Manager and the General Partner), as the context may require;

“Rock Oil” means Rock Oil Holdings, LLC;

“SEC” means the U.S. Securities and Exchange Commission;

“Sierra” means Sierra Oil and Gas Holdings, L.P.;

“Shareholder” means the holder of one or more Ordinary Shares;

“Solid Power” means Solid Power, Inc.;

“SPAC” means special purpose acquisition company;

“Stewardship Code” means the UK Stewardship Code;

“Target Price” means, as defined in the Articles, £15.00, subject to (a) downward adjustment in respect of the amount of all dividends and other distributions, stock splits and equity issuances below the prevailing NAV per Ordinary Share made following the first Admission and (b) upward adjustment to take account of any share consolidations made following the first Admission;

“Tender Offer” means up to £55,000,000 in value of Ordinary Shares made by the Company in 2018;

“Three Rivers III” means Three Rivers Natural Resources Holdings III LLC;

“Total Return of the Company’s Net Asset Value” means the capital appreciation of the Company’s Net Asset Value plus the income received from the Company in the form of dividends;

“T-REX” or **“T-REX Group”** means T-REX Group, Inc.;

“Tritium” means Tritium DCFC Limited;

“TSX” means Toronto Stock Exchange;

“UCITS” means undertakings for collective investment in transferable securities;

“United States Bankruptcy Code” means the source of bankruptcy law in the United States Code;

“United States Code” means the consolidation and codification by subject matter of the general and permanent laws of the United States;

“UK” or **“United Kingdom”** means the United Kingdom of Great Britain and Northern Ireland;

“UK Code” means The UK Corporate Governance Code 2018, issued by the FRC;

“UK Listing Authority” or **“UKLA”** means the Financial Conduct Authority;

“U.S.” or **“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“US GAAP” means the accounting principles generally accepted in the United States;

“WTI” means West Texas Intermediate which is a grade of crude oil used as a benchmark in oil pricing;

“£” or **“Pounds Sterling”** or **“Sterling”** means British pound sterling and **“pence”** means British pence; and

“\$” means United States dollars and **“cents”** means United States cents.

Directors And General Information

Directors

Richard Hayden (Chair of the Board)
Richard Horlick
Peter Barker
Patrick Firth
John Roche
Jeremy Thompson
Claire Whittet

Audit Committee

Patrick Firth (Chair)
Peter Barker
Richard Hayden
Richard Horlick
John Roche
Jeremy Thompson
Claire Whittet

Management Engagement Committee

Claire Whittet (Chair)
Peter Barker
Patrick Firth
Richard Hayden
Richard Horlick
John Roche
Jeremy Thompson

Nomination Committee

Jeremy Thompson (Chair)
Peter Barker
Patrick Firth
Richard Hayden
Richard Horlick
John Roche
Claire Whittet

Investment Manager

RIGL Holdings, LP
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Investment Manager's Performance Review Team

Pierre Lapeyre
David Leuschen
Baran Tekkora
Robert Tichio

Website: www.RiverstoneREL.com

ISIN: GG00BBHXCL35

Ticker: RSE

Administrator and Company

Secretary

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Registered office

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United States of America

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St Peter Port
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Corporate Brokers

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Canary Wharf
London
E15 5JP
United Kingdom

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT
United Kingdom

Swiss Supplement

Additional Information For Investors In Switzerland

This Swiss Supplement is supplemental to, forms part of and should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 for RIVERSTONE ENERGY LIMITED (the “Fund”).

Effective from 20 July 2015, the Fund had appointed Société Générale as Swiss Representative and Paying Agent. The current Prospectus, the Memorandum and Articles of Association and the annual report of the Fund can be obtained free of charge from the representative in Switzerland, Société Générale, Paris, Zurich Branch, Talacker 50, P.O. Box 5070, CH-8021 Zurich. The paying agent of the Fund in Switzerland is Société Générale, Paris, Zurich Branch, Talacker 50, P.O. Box 5070, CH-8021 Zurich. The Company may offer Shares only to qualified investors in Switzerland. In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Swiss Representative.

Cautionary Statement

The Board Chair's Statement, the Investment Manager's Report and the Report of the Directors have been prepared solely to provide additional information for Shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Board Chair's Statement, the Investment Manager's Report and the Report of the Directors may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Adviser, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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Riverstone
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