

2021

# ESG Report



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# Partners' Letter

Over the last year, ECP has made significant progress in advancing our strategy within the energy transition and sustainability sectors, activities that fundamentally advance Environmental, Social, and Governance (ESG) goals across the investment industry, and for our society and economy as a whole. Importantly, we have demonstrated how **Innovating, Bridging, and Redefining** the energy sector are critical to addressing the challenges our world currently faces.

Woven together over the course of ECP's past, present, and future, the above three tenets of our strategy have always focused on balancing four themes: **Decarbonization, Electrification, Reliability, and Sustainability**. Making our first investment with these themes in 2006 and continuing to add portfolio companies today, we know that these four themes are deeply interconnected; success in one area cannot be achieved without advancements in the other three. We also believe that tunnel vision in one area can risk the success of the long-term horizon of the energy transition. Unfortunately, in recent years and even months, we have seen that risk crystallize on both a domestic and global level. From rolling brownouts in California to extreme-weather induced market failures in Texas, and the fragility of the European grid as the continent decreases reliance on Russian energy, the importance of energy reliability is evident.

Just as the energy transition has evolved, so too has the world's approach to achieving a more sustainable future, as reliability, affordability, and energy security have surged to the forefront. Now, policy makers, society, and investors are embracing an approach we trailblazed decades ago. Europe, reversing course, has designated natural gas power generation and nuclear generation as "green" energy in certain circumstances, as those technologies support the growth of intermittent renewables and displace coal. California is considering an expansion of its natural gas generation capacity and extending the lives of existing natural gas plants in order to maintain electric reliability in the absence of large-scale, long-duration battery storage capacity. The need for reliability is critical as the U.S. now faces the potential for significant electricity demand growth. Petroleum-based fuels accounted for 46% of the U.S.' 2021 carbon dioxide (CO<sub>2</sub>) emissions, primarily consumed by the transportation sector. The decarbonization of the transportation sector,



Convergent, Denton, MD

and many others, is entirely dependent on a dramatic increase in electrification. In addition, new legislation at both the federal and state levels is providing an opportunity for clean energy to support this growth—from community solar to storage to carbon capture, utilization, and storage (CCUS) to renewable fuels, all of which are sectors ECP is currently active in through our existing portfolio companies.

In the last year and a half, ECP has announced investments in several key sectors, including:

- Solar + storage development with New Leaf Energy (**New Leaf**);
- Community solar with Pivot Energy (**Pivot**);
- Renewable natural gas (RNG) and diesel with **Avolta** and Restaurant Technologies Inc. (**RTI**);
- Carbon capture projects with **Calpine**;
- Hydrogen with Heartland Generation (**Heartland**); and
- Energy efficiency with Metrus Energy (**Metrus**).





1,000+

new jobs created by ECP portfolio companies in 2021

Terra-Gen, Tehachapi, CA

We remain the largest private power generation owner in the U.S. without coal generation. We continue to pursue a diverse portfolio that includes the world’s largest utility-scale solar + storage projects—**Terra-Gen’s** 1,118 MW solar and 2,165 MWh energy storage development at Edwards Sanborn—as well as one of the largest low-income community solar projects in the U.S.—**Pivot’s** 41-MW community solar portfolio. In 2020, ECP’s portfolio avoided over 22.3 million metric tons of carbon dioxide equivalent (tCO<sub>2e</sub>), equal to the annual emissions of 4.8 million passenger vehicles driven.

ECP has been at the forefront of investing in environmental infrastructure businesses that manage and recycle waste and advance beneficial re-use and circular economy goals. In the last year and a half, we made two investments in the sector, including Liberty Tire Recycling (**Liberty**) and **RTI**. We believe these types of businesses are essential for the energy transition as reducing energy intensity and waste are leading contributors to decarbonization success.

ECP firmly believes that value creation and strong ESG practices are inherently linked and that continued progress on ESG goals drives not only strong financial and operational performance, but also a strong firm-wide culture that permeates through to our portfolio companies. In 2021, we rolled out increased ESG and reporting requirements from our portfolio companies, held multiple training sessions for Board members and portfolio company management teams, and conducted ESG assessments of each of our equity-controlled companies.

We are proud to report Scope 1 and 2 emissions for our firm and our controlled investment portfolio as a result. Fortunately, our overall investment strategy puts us in an advantageous position as we believe our investments have a beneficial impact on the environment and society given our focus on energy transition, renewable, and sustainability-linked investments.

We are also committed to reaching beyond our portfolio companies and expanding our advocacy role in the sector. This year we joined the Andlinger Center for Energy and the Environment as an E-ffiliates Member at Princeton University, the group that released the Net-Zero America Report, more details of which are shared later in this report.

As the opportunities in our sector are growing, so is our focus on ensuring that we attract and retain the best talent to act upon those opportunities. We are proud that approximately 60% of our Senior Leadership Team has been with ECP for at least ten years. To continue that success and to ensure that the decisions we make reflect a variety of viewpoints, we are excited to announce that we recently hired our first Head of Talent, Kristine Rea, who will lead our talent management, recruitment, and diversity, equity, and inclusion (DEI) efforts. The energy industry is people intensive, requiring reliable, committed employees and safe, compliant operations to ensure operational success and employee health and happiness. Over the course of owning 59 portfolio companies since inception and

over 250 power generation and renewable facilities, we have created thousands of jobs across the U.S., Canada, and U.K.

We are proud of the progress we have made over the last year and excited for what is to come. We know there is more work to do, but we believe that market tailwinds are in our favor and we further believe that our forward-thinking strategy, combined with a robust ESG governance program, have put us in the right place at the right time within the energy transition.

We look forward to continuing the partnership with our employees, investors, and industry partners as we make a sustainable future our shared reality.



**Doug Kimmelman**  
Senior Partner and Founder



**Pete Labbat**  
Managing Partner



**Tyler Reeder**  
Managing Partner



# Guiding Themes of Our Investment Strategy

## DECARBONIZATION, ELECTRIFICATION, RELIABILITY, AND SUSTAINABILITY

Since our first investment in renewables in 2006, we have sought to build and maintain a portfolio that aligns with our firm's key themes of decarbonization, electrification, reliability, and sustainability. However, we understand that an attempt to achieve progress on one front is only effective if we acknowledge and support the remaining themes. For this reason, several of our investments make progress towards one or more of our firm's goals using a variety of complementary approaches.

**22.3 million tCO<sub>2</sub>e**

GHG emissions avoided by ECP portfolio companies in 2020

EQUAL TO THE ANNUAL EMISSIONS OF



**4.8 million**  
passenger vehicles driven

We have stated this previously, but believe it is worth emphasizing again: a functioning economy and society cannot exist without safe, cost-effective, environmentally sound, and reliable energy. As the world looks for more sustainable and reliable means of sourcing energy, ECP is a driving force in achieving those outcomes. We believe our investments democratize access, improve affordability, increase reliability, and maintain critical infrastructure.

While significant public attention focuses on decreasing greenhouse gas (GHG) emissions from the electricity sector, transitioning to a sustainable economy involves a substantially broader focus. Electrifying transportation and buildings, remediating and responsibly managing waste, and increasing recycling through more circular economy investments will all play key roles in achieving a greener future. Members of the ECP team have been investing in the electricity sector for over three decades. This experience, combined with our position as one of the largest private owners of power generation and renewable assets in the U.S., our strong reputation as a preferred partner, and our differentiated sourcing advantage, gives ECP a decided edge in the market, both for creating value for our investors and for responsibly advancing the ongoing energy transition.



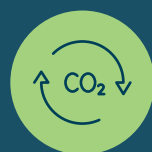
Convergent, Denton, MD

## SUSTAINABLE DEVELOPMENT GOALS

We are proud that our investment strategies advance five of the United Nations Sustainable Development Goals (UN SDGs):



## ECP's Investment Strategy



### Decarbonization

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As electrification rapidly expands, pursuing opportunities beyond renewable energy will be necessary to advance decarbonization—one of the key mitigants to the effects of climate change. We believe investing in clean energy sources, energy efficient solutions, and CCUS will help decrease the carbon intensity of our economy and meet emission reduction goals.



### Electrification

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Closely linked with decarbonization, electrification is the primary tool in reducing the global reliance on fossil fuels and lowering overall carbon emissions. In fact, we believe that the marginal dollar spent in reducing GHG emissions will come from electrification. The increasing demand for electricity will require more sustainable forms of energy going forward.



### Reliability

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As electricity demand grows from the electrification of the economy, and as reliance on intermittent energy sources increases, maintaining grid reliability and affordability will help support an equitable and safe energy transition. We see the value in maintaining the use of available dispatchable resources like natural gas and increasing the availability of power through energy storage, both of which can maintain grid reliability, lower emissions, and support additional renewable build-out.

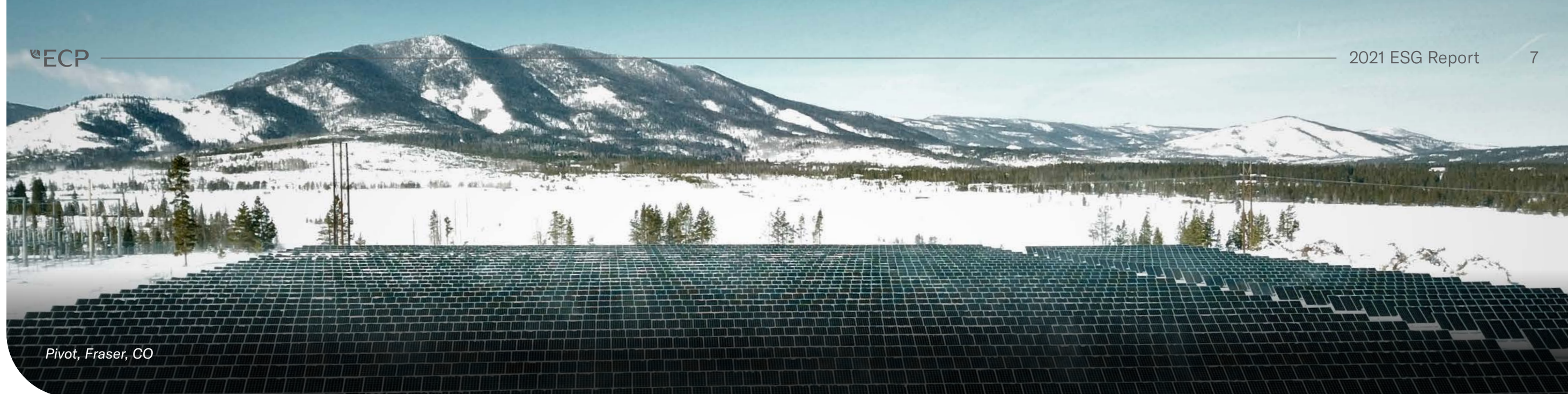


### Sustainability

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True decarbonization requires evaluating the full lifecycle of products. As we all take steps towards a more sustainable and circular economy, we aim to identify immense value in assets that provide innovative and sustainable solutions to reduce, recycle, and reuse waste and by-products, such as converting waste into valuable derivative products and optimizing recycling efficiency.





Pivot, Fraser, CO

## OUR PAST: LEADING THE ENERGY TRANSITION

With over three decades of experience investing in critical energy infrastructure and a nearly two-decade history as a firm, we are at the forefront of energy transitions, having successfully navigated a complex and evolving energy landscape over that time. We have a history of identifying and investing in businesses that we believe create value for the environment and society. This experience provides perspective on what it takes to build and manage renewables and energy storage projects, achieve decarbonization goals, support reliable and affordable energy, and advance sustainability solutions—all while safely operating large-scale, critical assets with integrity and transparency.

As of the date of this publication, ECP has raised \$27 billion of committed capital across five private equity funds, two credit funds, two continuation fund vehicles (one of which is entirely renewables focused), and several co-investment and other bespoke vehicles. As a result, we have far-reaching influence in the North American energy sector, including owning, operating, and developing over 60 GW of generating capacity, or 5% of all the generating capacity in the U.S., over the course of our history.<sup>[1]</sup> Within that ownership, 11 renewable platforms represent over 20 GWs spanning solar, hydro, geothermal, waste-to-energy, and wind generation. In addition, ECP has been investing in energy storage solutions for over 16 years, allowing us to invest in standalone storage platforms and diversify existing power or renewable platforms with battery storage projects, an approach that continues to be used in our strategy today.

This scale, in combination with members of our leadership possessing over 30 years of energy-transition expertise, having strong connections to leaders in the industry, and maintaining a reputation of being reliable and knowledgeable, enables ECP to successfully execute what we believe are innovative transactions and approaches to investing in the sector. Our expertise and proven ability to identify innovative technologies and solutions enables us to drive new transitions, as we did in the environmental infrastructure space—a sector in which we have now completed 14 transactions, including add-ons, representing nearly \$3 billion of equity capital, to date of this report.

Throughout our history, we have completed over 100 transactions, including add-ons, representing over \$50 billion in enterprise value. We attribute the success of our investing strategy to our ability to:

- Leverage a long history and ownership track record in energy transition
- Build on our cycle-tested, thematic strategy to create an investment edge
- Cultivate a proprietary sourcing network, established through scale, sector credibility, and deep relationships
- Utilize our comprehensive commercial and operational skill sets, including ensuring safe and environmentally compliant operations, as levers for value creation

[1] Represents ECP's historical generation ownership as a percentage of 2021 U.S. total utility-scale generation capacity per U.S. Energy Information Administration (EIA) — "Electricity Explained: Electricity generation, capacity, and sales in the United States," accessed July 2022.

**KEY STATISTICS**

**\$27 billion**

in capital commitments to date

**\$1.2 billion**

renewable continuation fund

**\$2 billion**

of new investment in energy transition businesses from the start of 2021 through mid-2022

**20+ GW**

of renewable and storage assets owned, operated, or in development since firm inception

**60+ GW**

of power generation, renewable, and storage assets owned, operated, or in development since firm inception, an increase of 4 GW since the publication of 2020 ESG Report

**KEY SECTORS**

We concentrate our investments in five key areas: power generation, renewables, storage, environmental infrastructure, and sustainability, efficiency, and reliability.



**Power Generation**

natural gas as the transition solution

**16+ years**

in power generation experience

**\$7 billion**

invested in power generation



**Renewables**

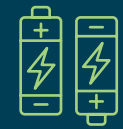
wind, solar, geothermal, hydro, waste-to-energy

**16+ years**

in renewable and storage experience

**\$3+ billion**

invested in renewable and storage



**Storage**

energy storage solutions

**16+ years**

in energy storage experience

**6**

portfolio companies invested in energy storage



**Environmental Infrastructure**

environmental clean-up, recycling, waste management, disposal and processing, beneficial re-use

**14+ years**

in environmental infrastructure experience

**\$3 billion**

invested in environmental infrastructure



**Sustainability, Efficiency & Reliability**

energy efficiency, energy use and supply management, RNG, digital infrastructure, downstream infrastructure, CCUS

**14+ years**

in sustainability, efficiency, and reliability experience

**\$2 billion**

of committed capital in sustainability, efficiency, and reliability



66

ECP employees  
across the globe

25,000+

employed historically across  
59 portfolio companies

*Pivot, Bridgeview, IL*

## OUR PRESENT: 2021 AT A GLANCE

ECP is extremely proud of the progress we have made over the last year in both formalizing our ESG program and continuing our history of making investments that have a positive contribution to the environment and community, on both a local and national level.

The opportunity to both find and create value within the energy transition is game-changing, as evidenced by our ability to complete six deals from the start of 2021 through mid-2022, representing nearly \$2 billion of equity capital. Each these businesses—**New Leaf**, **Avolta**, **RTI**, **Metrus**, **Liberty**, and **Pivot**—provide reliable energy or innovative sustainability

solutions. At each of our equity-controlled portfolio companies we are working to facilitate tangible ESG improvements, helping to grow future value. We are proud that we now conduct a formalized ESG evaluation for each of these portfolio companies as part of our ongoing firm- and fund-level ESG engagement initiatives.

This ESG engagement involves everyone, from our portfolio companies to our Partnership group, and has meaningfully strengthened our current ESG program and inspired initiatives for further improvement. We highlight our significant investments and the enhancements to our ESG program in detail throughout this report.

## 2021–2022 ESG Program Highlights

Since our last ESG Report, ECP has accomplished the following milestones to enhance our ESG program:

### Portfolio Company Engagement

- Worked with portfolio companies and ECP investment professionals through roundtable discussions and subject matter expert-led trainings to drive engagement, encourage collaboration, and guide progress
- Worked internally and with portfolio companies to monitor and improve ESG performance through quarterly and annual reporting of key performance indicators (KPIs)
- Drove portfolio companies to advance ESG initiatives and transparency in reporting efforts

### Climate Change

- Developed a comprehensive GHG emissions inventory to better understand both our firm- and portfolio-wide climate impacts
- Completed a climate study to understand the decarbonization landscape and potential implications for ECP

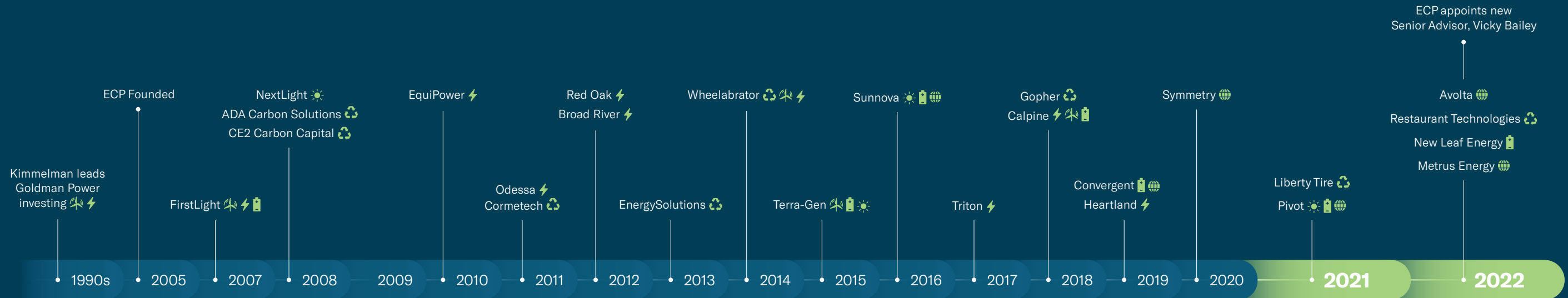
### Investment Due Diligence

- Formalized ESG due diligence checklist process to improve consistency and comprehensiveness of ESG risk assessments

### ESG at ECP

- Developed and implemented an ESG roadmap encompassing action plans for ECP's ESG program to support achieving both firm and portfolio objectives

⚡ Power   ♻️ Environmental Infrastructure   🔋 Energy Storage   🌐 Sustainability, Efficiency & Reliability   ☀️ Solar   🌬️ Wind



We have consistently been a leader and first-mover in electrification, decarbonization, reliability, and sustainability investment themes, building on learnings from previous investments. As part of the expansion of our environmental infrastructure investments, we acquired **Liberty** in 2021. Centered on landfill diversion and beneficial recycling of end-of-life tires, **Liberty** amplifies our strong portfolio of companies supporting a circular economy. In addition, our acquisition of **Pivot** helped broaden the type of solar projects in which we invest (moving into community solar), further supporting clean electricity generation and equitable access to green energy through our portfolio.

As a natural continuation of our market leading presence across the energy transition value chain, in 2022, ECP committed to investing in **Avolta**, a leading developer, owner, and operator of RNG projects. **Avolta's** specialization in RNG, viewed as a “carbon-negative” investment, supports the development of low-carbon, reliable, and efficient energy solutions, cutting across many of our investment themes.

In early 2022, ECP invested in **RTI**, a company that at the time of acquisition was the largest supplier of low-carbon intensity feedstock to the renewable diesel market. **RTI's** closed-loop cooking oil management solutions improves employee safety by eliminating dangerous and undesirable manual work previously done by restaurant employees, reduces plastic waste associated with traditional fresh oil deliveries, and displaces fossil-based diesel.

In mid-2022, ECP acquired **New Leaf**, a solar development business with an advanced pipeline of solar and energy storage projects. This opportunity represents our eleventh renewable platform and fourth standalone solar platform.

Furthermore, in mid-2022, ECP also acquired **Metrus**, a pioneering energy efficiency provider and leader in the building and sustainability space. ECP continues to be a leader in evaluating and seizing upon opportunities that offer innovative alternatives that contribute to a more sustainable future.



## OUR FUTURE: LOOKING AHEAD

Our world is in a constant state of change and the current energy transition is no exception. Once driven almost entirely by a push for GHG emission reductions, recent events, particularly the war in Ukraine, have highlighted a focus on energy independence and grid reliability and caused a reassessment of what green or clean energy looks like. Fortunately, we have always operated with that mindset and, as a result, have positioned ECP as an investor who can find opportunities across the spectrum and across evolving market environments. We believe in creating a targeted and balanced portfolio of investments that capitalizes on multiple themes (specifically decarbonization, electrification, reliability, and sustainability), sector trends, and future potential scenarios across constantly fluctuating economic, policy, capital, and market conditions.

As we describe throughout this report, our investments often emphasize overlooked societal benefits, including building or maintaining the integrity of vital infrastructure to support local economies, and providing communities with access to more affordable electricity and other energy inputs. We are excited that governments and regulatory bodies around the world are recognizing the essential bridge—natural gas—that is needed to advance decarbonization and electrification.

Looking ahead in our journey, we will continue:

- Maintaining generation infrastructure for existing dispatchable resources fueled by natural gas, while investing in other technologies that support grid reliability such as battery storage;
- Investing in a diverse array of renewable power which supports electrification and decarbonization by providing additional sources of clean energy; and
- Supporting sustainable solutions for resource challenges by enhancing the circular economy.

From an ESG perspective, we plan to continue building on the momentum of our ESG program development and progress over the last two years. We continue to enhance our investment professionals' and portfolio companies' understanding of ECP's ESG program through regular awareness sessions and roundtables, including specific training for ECP investment professionals who serve on the board of one or more portfolio companies. Sessions address key topics such as DEI, GHG emissions inventories, and cybersecurity. Sessions discuss ESG best practices and specific actions each company can take to meet ECP's ESG expectations. Our investment professionals are working with portfolio company management teams to ensure ECP's core ESG requirements are consistently met. Looking forward, we are exploring new technology to expand our portfolio company data tracking and capture additional key metrics, such as Scope 3 emissions.



*Avolta, Campbellsport, WI*





Pivot, Kankakee, IL

## SUSTAINING A RELIABLE ENERGY TRANSITION:

# Real World Learnings

featuring **Vicky Bailey, Senior Advisor**



Vicky Bailey joined ECP as a senior advisor to the firm in 2021. Vicky is currently the Executive Chairperson of the United States Energy Association (USEA). She has previously served as a commissioner on the Federal Energy Regulatory Commission (FERC) and as Assistant Secretary for Domestic Policy and International Affairs at the U.S. Department of Energy (DOE). She is also the founder of Anderson Stratton International, LLC, and was previously President and CEO of PSI Energy, Inc., Indiana's largest electric utility, now Duke Indiana.

“ The continued development of green energy will not only help advance decarbonization, it will also create new jobs across the infrastructure spectrum and spur the growth of a green economy. ”

ECP's core themes of electrification, decarbonization, reliability, and sustainability resonate deeply with me. Over the course of my decades-long energy industry career, in both the private and public sectors, I have acutely focused on how the actions we take and the policies we implement serve to balance the need for reliable energy, economic growth, and environmental preservation. These three “E's”—energy, economy, and environment—are irrevocably intertwined and though this connection evolves over time, I believe it is our responsibility to maintain that balance over the course of whatever transitions occur.

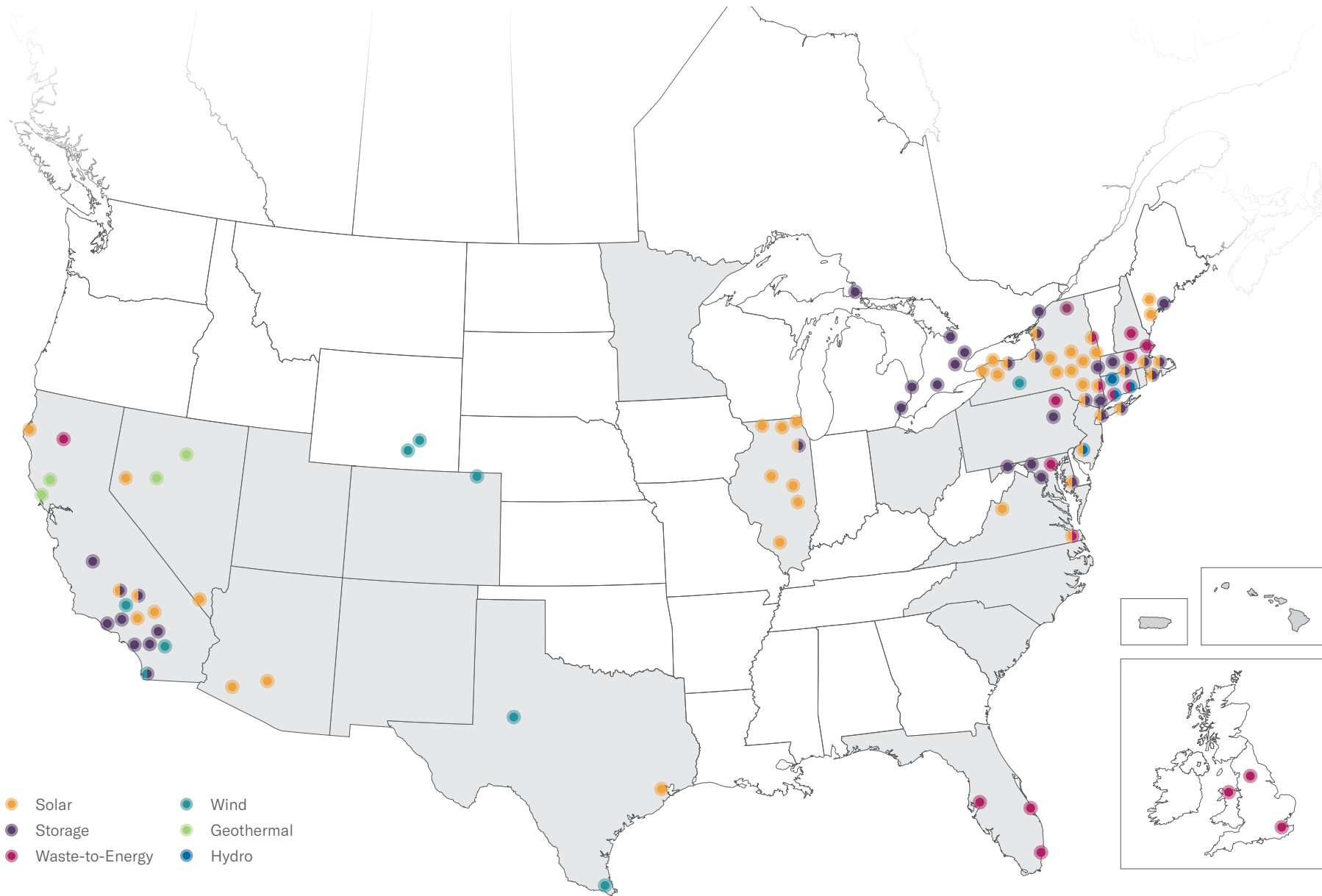
To me, this responsibility necessitates an “all-of-the-above” approach. The continued development of green energy will not only help advance decarbonization, it will also create new jobs across the infrastructure spectrum and spur the growth of a green economy. However, weather-dependent renewable energy requires suitable back-ups to maintain grid stability during severe weather and everyday variations in wind and sun resources. Natural gas and nuclear are critical pieces to achieving reliable electricity supply and lowering overall system emissions. In addition,

I am hopeful that advancements in technology will continue to be made, particularly in battery storage and carbon capture. Finally, we must prioritize investment into our aging infrastructure; without substantial funding from both public and private entities, our grid will continue to be susceptible to extreme weather events and may limit the progress of shared decarbonization ambitions.

Over the last few decades, I have spent much of my time working towards achieving these goals. My learnings on what can help us get there are twofold. First, public engagement on federal, state, local, and individual levels is essential to the long-term success of the transition. Second, education is fundamental as a basic understanding of the current energy system and the challenges it poses will enable us to find solutions for the future. While there is much common ground in the current energy transition, there may be a failure to recognize that the nexus of the three “E's” can benefit everyone without the requisite engagement and education. Should we address these needs, we can have an impact as we create a more sustainable and equitable future, together.



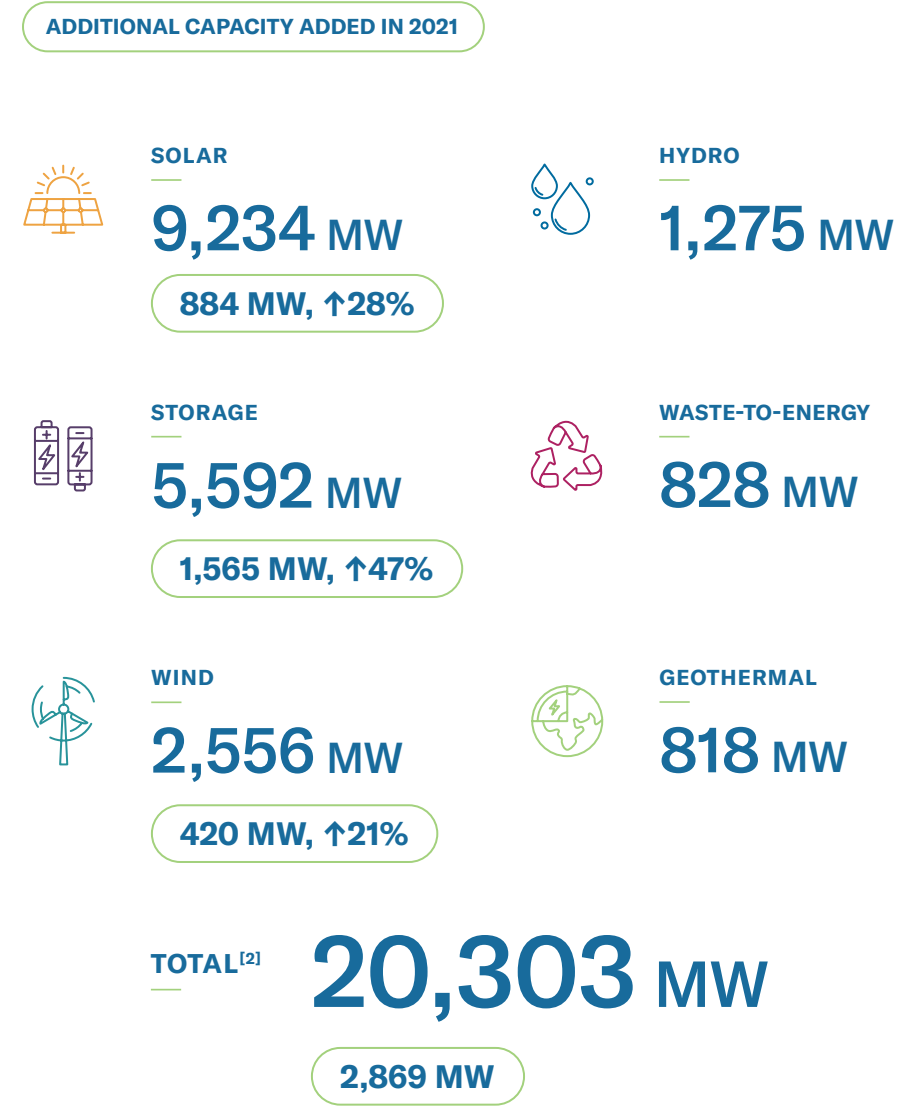
### Cumulative Renewable Investment Globally



- Solar
- Storage
- Waste-to-Energy
- Wind
- Geothermal
- Hydro

U.S. states and territories with Sunnova and/or Pivot solar development

### Total Renewable Capacity by Asset Type Since Firm Inception, Including Projects in Development<sup>[1]</sup>



[1] Figures represent total capacity of portfolio companies, not adjusting for percentage ECP ownership.  
 [2] Total may not add up to due to rounding.

# Investment Strategy in Action

## GROUNDING IN ELECTRIFICATION

One of the primary tools to decarbonize is through electrification. Entire sectors, including those that have been resistant to change or limited by the criticality of their operations, are electrifying. The transportation sector has seen a dramatic shift, as demand for electric vehicles (EV) increases and penetration rates rise; today, most traditional automobile manufacturers are planning to offer at least one fully electric model with some considering going completely electric. This change will drive

# 42+ GW

of power generation, renewable, and storage capacity currently owned, operated, or in development

## ENOUGH TO POWER



## 28 million

U.S. homes each year

a need for EV charging infrastructure, both on a commercial and residential scale. Further driving the push to electrification, critical industries and real estate owners, including homeowners, municipalities, industrial and manufacturing operations, and digital infrastructure and data centers, are exploring ways to simultaneously increase their electrical intensity and source that electricity from cleaner sources.

Electricity demand is expected to rise dramatically, driving an increased need not just for clean energy, but for energy that is both clean and reliable.

ECP has the ability to invest in the electrification sector while navigating ongoing energy transitions and disruptions through its access to meaningful capital, significant domain knowledge, and an extensive network of industry relationships. Coupled with society's desire for reliable, clean electricity, the need for natural gas, renewables, and energy storage solutions highlight the opportunity to apply ECP's expertise and in-depth knowledge. In addition to our large footprint in the bridge fuel, natural gas power generation, we have been investing in renewables and storage since 2006, including owning and operating wind, solar, geothermal, and storage projects.

## PORTFOLIO COMPANY HIGHLIGHT

### Pivot

In 2022, **Pivot** was selected to develop a 41 MW community solar portfolio in Colorado that exclusively serves income-qualified households beneath an established income threshold. It represents one of the largest income-qualified portfolios in the U.S. and impacts thousands of households by increasing access to **affordable, clean energy**. This investment highlights ECP's ability to source attractive investments that provide positive benefits from both a social and environmental justice standpoint.

### Terra-Gen

Acquired in 2015, **Terra-Gen** develops, constructs, and operates utility-scale wind, solar, and energy storage facilities. **Terra-Gen** supports domestic **electrification** as its record-breaking renewable energy production and storage facilities play a key role in the supply of **low-carbon, reliable electricity**. The company's assets represent over 3.3 GW of wind, solar, and energy storage capacity, which is estimated to be enough to power nearly 2 million U.S. homes. **Terra-Gen's** development pipeline features Edwards Sanborn, one of the largest battery storage projects in the world. ECP's hands-on management approach has helped **Terra-Gen** identify opportunities for the initial development and subsequent expansion of new and current wind sites that have helped grow its operating platform by 386 MW and development pipeline by 1,960 MW in 2021.



## CASE STUDY

## Calpine Combines Baseload Electricity With Carbon Capture and Energy Storage Technologies

**Calpine is one of the largest and among the cleanest generators of electricity in the U.S. today with a material and growing green energy business, including its geothermal assets and near-term project pipeline of storage and CCUS.**

Acquired in 2018, Calpine exemplifies many of ECP's investment themes by generating renewable electricity through geothermal, driving decarbonization by operating natural gas plants that displace coal production and pursuing carbon capture projects. Calpine also enables grid reliability through energy storage systems and baseload natural gas and geothermal generating capacity. As one of the largest power producers in the U.S., Calpine understands the challenge of balancing power generation with decarbonization and the need for innovative sustainability solutions to support the stability of the grid.

At its Los Medanos Energy Center, Calpine is evaluating the installation of innovative carbon capture technology that can capture 95% of the CO<sub>2</sub> emitted at the facility. At the same facility, Calpine is also working with Blue Planet to install a carbon capture and sequestration pilot-scale facility that sequesters carbon and processes it into cementitious building materials by combining CO<sub>2</sub> with other minerals.

At its Deer Park and Delta Energy Centers, Calpine has been awarded two separate grants from the DOE to develop CCUS technologies that will capture 95% or more of the total CO<sub>2</sub> emissions from the facilities. Captured CO<sub>2</sub> emissions will enable the Deer Park Energy Center to

provide low-carbon industrial heat to co-located facilities and low-carbon power to the Texas grid, while Delta's captured emissions will be stored in the nearby Sacramento Basin.

Calpine also partnered with GE Renewable Energy to complete the Santa Ana Storage Project (SASP) in 2021. SASP contains 20MW/80MWh of standalone energy storage. The storage system uses GE Renewable Energy's Reservoir energy storage technology and supports grid reliability by providing energy for up to 12,000 households during peak events or 24,000 households during normal load conditions. Since the storage system is connected to the grid, it represents progress in Calpine's plans to grow their energy storage footprint.

# 40 MW

of battery storage under construction and advanced development at Calpine as of mid-2022

Calpine, Freestone Energy Center

## PORTFOLIO COMPANY HIGHLIGHT

## Convergent

Acquired in 2019, **Convergent** is a leader in grid reliability and decarbonization. Founded in 2011, **Convergent** is one of the original players in the energy storage sector. With over 500 MW/800 MWh of storage and solar + storage capacity operating or under development, **Convergent** uses proven battery storage technology to provide **affordable** and **reliable** grid solutions.

During 2021, **Convergent** developed an industrial-scale battery storage system for NSG Group's Pilkington glass manufacturing plant. The battery storage system will store 5 MW/10MWh of energy and is the first within the NSG Group. The storage system uses **Convergent's** proprietary software that reduces the facility's **electricity** usage during carbon-intensive grid peaks. The installation of this battery storage system will contribute to NSG Group's sustainability goals, including affording it some energy independence, and have a projected electricity cost savings of \$450,000 in summer 2021.

## Avolta

Acquired in 2022, **Avolta** specializes in developing, owning, and operating RNG projects that provide **sustainable solutions** for **decarbonizing** the agricultural industry. **Avolta's** pipeline contains projects at dairy farms throughout the U.S. designed to capture livestock's methane emissions. The captured methane will be upgraded into high quality gas for use in nearby pipelines, maintaining the reliability of existing infrastructure and ensuring the transition to "greener" fuels does not disrupt current operations.

**Avolta's** RNG will also qualify for attractive renewable credits under the federal renewable fuel standard program and the California Low Carbon Fuel Standard program. As methane has a significantly higher global warming potential than carbon dioxide, capturing the potent methane, that would otherwise be vented into the atmosphere, qualifies RNG as a "carbon negative" fuel.

## ADVANCING DECARBONIZATION

ECP recognizes that the demand for decarbonization of our economy and the energy sector is increasingly driven by end-users, including state and local governments and both private and public corporations. Thirty states in the U.S. currently have renewable portfolio standards mandating a minimum level of clean energy procurement, with several targeting 100% renewable energy supply by 2040-2050. Additionally, nearly 1,500 companies have set science-based targets to reduce their emissions in line with net zero.<sup>[1]</sup>

As actors in the public and private sector work to identify climate-related physical and transition risks and mitigate their effects, demand for low- and no-emissions energy will continue to grow. At ECP, we believe these tailwinds will continue to enable significant investment in our focus areas, including businesses that displace coal, support electrification, grow renewable energy, or provide innovative solutions like CCUS. CCUS is an effective path to achieve such emission reduction targets, and as global efforts to reduce GHG emissions intensify, it is expected to play a critical role in achieving carbon reduction targets for harder-to-abate industries.

Our renewable and storage investment platforms strive to meet the growing demand for emissions-free energy, while our natural gas assets displace coal-fired generation, support the growth of renewable generation, and serve as reliable, dispatchable back-up generation. Though coal generation still makes

# 1,300 tCO<sub>2</sub>e

GHG emissions avoided by  
Convergent's projects in 2021

# 90%+

Calpine's Geysers asset's availability in  
2021, demonstrating geothermal power  
as a consistent source of energy

up approximately 22% of the U.S. generation fleet, it represented nearly 50% only 17 years ago and natural gas generation has been a critical part of pushing coal out of the supply stack.<sup>[2]</sup> Our approach has always taken a holistic viewpoint on decarbonization, where we believe value can be created by focusing on overall system emissions, while still considering reliability needs.

[1] [Companies taking action - Science Based Targets](#)

[2] [U.S. EIA – Electricity Explained: Electricity generation, capacity, and sales in the United States](#)



## CASE STUDY

## Triton Power Advances the U.K.'s First Blue Hydrogen Plant

**Triton, a U.K.-based private power generation company, generated approximately 7,000 GWh of power in 2021. The company's output can provide electricity for up to half a million homes in the U.K.**

### Reliable Power Generation Through the Low-Carbon Energy Transition

Triton plays a leading role in advancing the U.K. government's legislative goals of 78% reduction in national GHG emissions from 1990 levels by 2035 en route to net zero emissions by 2050. The company engages in public-private partnerships to fund investments in innovative renewable infrastructure solutions, such as hydrogen-fired power generation and carbon capture solutions, that will power the British economy through the low-carbon economic transition. Triton maintains lower-carbon gas-fired generation to help reliably produce enough electricity to power up to half a million U.K. households while renewable technologies continue to develop.

In March 2021, Triton won joint funding from the U.K. Government Research and Innovation Agency to convert the company's 1,200 MW Saltend Combined Heat and Power station to one of the U.K.'s—and

the world's—first blue hydrogen plants. The project, "Hydrogen to Humber" (H2H) Saltend, forms blue hydrogen by combining natural gas with steam at high temperatures to isolate hydrogen and carbon dioxide. Blue hydrogen differs from conventional 'grey' hydrogen as Triton captures the consequent carbon dioxide that would otherwise be released into the atmosphere and sequesters it in subsea caverns; therefore, mitigating part of the environmental impact of this combustion. The Saltend facility will initially burn a 30% blue hydrogen blend with the goal of achieving a 100% fuel-switch by 2035 as U.K. hydrogen production capacity expands to meet the demand for low-carbon transportation and heating. The facility is planned to be operational by the end of 2026.

Beyond decarbonizing Triton's operations, H2H Saltend will enable energy-intensive industrial customers in the adjacent Saltend Chemicals Park to fully switch over to hydrogen fuel from natural

gas, which will avoid the release of approximately 900,000–2.6 million tCO<sub>2</sub>e annually. H2H focuses on production of hydrogen to help fully decarbonize the concentration of industrial facilities in the Humber region of Northern England. The switch to hydrogen at scale over the next decade is expected to reduce carbon emissions by 10 million metric tons by 2030 and create 200,000 jobs across the U.K.

In addition to the Saltend facility, Triton also operates the 140 MW-capacity Indian Queens facility in Cornwall and the 500 MW-capacity Deeside facility in North Wales, two Combined Cycle Gas Turbine power stations that provide security of supply to the U.K. power market as it transitions to a low-carbon future. The Deeside power station's two gas turbines have been repurposed to provide National Grid Electricity System Operator with standalone system support services, allowing the system to run at the right frequency and reduce the risk of power cuts, as part

of a six-year contract that was awarded in January 2020. The facility will provide inertia and reactive power to ensure security of supply in the U.K. market. This world-first approach to managing electricity cements Triton's adaptability and competitiveness in an increasingly carbon-conscious market.

In September 2022, ECP sold Triton to a joint venture between SSE and Equinor, who will rely on Triton assets during intermittent renewable generation from the pair's substantial offshore wind capacity in the region. This exit was primarily driven by Saltend's transition to a blue hydrogen facility that can use the output from Equinor's proposed adjacent hydrogen plant as soon as 2027, as well as the aforementioned redevelopment of Deeside as an inertia facility that can serve as a unique provider of synchronized frequency response.





## PORTFOLIO COMPANY HIGHLIGHT

## Metrus

Acquired by ECP in 2022, Metrus Energy is a pioneering energy efficiency provider and leader in the building efficiency and sustainability space. Energy efficiency will be crucial to expanding the electrification of the grid; however, the implication of this expansion—rising electricity demand—underscores the need for reliability.

Metrus facilitates the deployment of building efficiency upgrades by developing, financing, and managing projects and assets on behalf of customers. This model provides customers with an off-balance sheet financing solution that requires no upfront capital expenditures from the customer. This flexibility resonates well with commercial and industrial customers, as well as municipalities, educational institutions, and hospitals, that tend to face budgetary constraints. Metrus is a signatory to the Principles for Responsible Investment (PRI), underscoring its commitment to promote sustainability throughout the company.



**5+** GW

of storage in operation or development across the ECP portfolio

**38+** GW

of natural gas and geothermal capacity historically

*Pivot, Lakewood, CO*

## MAINTAINING RELIABILITY

ECP is proud that its investments help maintain the reliability and affordability of the electrical grid, enabling a well-functioning society and productive economy. Our power generation platforms historically have generated capacity to provide power for nearly 40 million homes each year, or approximately 28% of the total residential homes in the U.S., each year.

As renewable generation capacity grows and large-scale retirements of coal and nuclear power plants continue, intermittent resources represent an increasing percentage of power feeding the electric grid. As a result, the use of existing dispatchable resources is critical to maintaining the reliability and affordability of the grid. Until society makes significant technological advances in battery storage solutions, natural gas generation offers a critical transition solution to ensure grid reliability as the

energy mix uses more renewable energy. More distributed resources, like residential and community solar and storage, also facilitate reliability on a smaller scale and in the hands of the end-user, mitigating potential system-wide threats. Importantly, natural gas and distributed resources help democratize the energy transition, so that all citizens across socio-economic lines have access to reliable, affordable energy and to cleaner sources.



## Sustaining a Reliable Energy Transition: Real World Scenarios

Across the globe, nations are pursuing various renewable energy generation and carbon neutral policies over the next couple of decades. Yet, recent events have made it even clearer that a thoughtful and diversified energy transition strategy is necessary to avoid inadvertently creating near-term reliability issues or taking a step backwards relative to emission reduction targets.

Europe has been a leader in renewable and clean energy targets, pursuing aggressive renewable capacity buildouts and announcing coal generation shutdowns in the next decade. Though this approach has led to reductions in GHG emissions in previous years,<sup>[1]</sup> it has also created an unforeseen reliability crisis given the repercussions from the war in Ukraine and the prospects for dramatically increasing demand for electricity over the next several decades as electrification expands.<sup>[2]</sup>

Russia was Europe's largest natural gas provider, but with prohibitions on importing Russian gas, supply is shrinking while prices are rising dramatically. As a result, European Union (EU) energy ministers recently approved a draft European law in an effort to lower gas demand by 15% from August 2022

through March 2023.<sup>[3]</sup> Though this need for energy security is accelerating the continent's push towards renewables, the capacity build-out for renewables will take time. Meanwhile consumers are facing the more immediate impacts of rising energy costs and the potential for brownouts. In countries like Germany, the situation is exacerbated by the country's aggressive retirement of nuclear resources, which are baseload and emit no GHGs. As a result, some countries are turning back to fossil fuels and, in particular, coal. France, Italy, Austria, and the Netherlands have all announced plans to restart coal plants, though those countries' plans are not nearly as extensive as Germany, which plans to restart 21 coal plants in order to maintain grid reliability. The International Energy Agency (IEA) recorded a 14% increase in coal consumption in the EU in 2021, driven by gas-to-coal switching, and estimated a 10% increase in coal consumption in the first half of 2022. The IEA expects consumption to continue to increase in the second half of the year, driven by the uncertainty of Russian gas supply and the need to stock up for winter.<sup>[4]</sup> Given coal emits more harmful emissions relative to natural gas, the region may face rising GHG emissions and a more challenging road to achieving their carbon neutral goals.

**With renewable power generation increasing, flexible assets like natural gas plants are key for grid reliability and decarbonization.**



*Calpine, Fore River Energy Center*

As a sign of recognition of natural gas as a bridge or transition fuel and its role in reducing GHG emissions in the face of rising coal generation, the European Parliament has agreed to label investments in natural gas and nuclear power as green and climate-friendly, marking a stark turnaround to its previous statements.

As European countries search for alternatives to Russian natural gas, they are quickly securing LNG supplies and driving up prices—up 1900% since bottoming out two years ago during the COVID-19 pandemic—essentially squeezing out more developing countries. Some countries, like Bangladesh, are forced to cut off electricity supply for parts of the day, while others, like India, are pivoting to using more coal, increasing GHG emissions.

A sustainable future requires that the energy transition maintains reliable, affordable, and equitable access to the electric grid. A balanced generation mix is essential to achieving this goal, especially as the generation capacity of intermittent renewable

energy grows and until energy storage becomes more scalable and widespread. As electrification expands and more renewables are integrated into the grid, natural gas will remain a fundamental energy source in providing affordable and reliable power to the grid as intermittency increases.

ECP has a long-standing history of providing reliable power across the U.S. and U.K., and our investments will continue to play a critical role in supporting grid reliability and providing lower-carbon power. While we maintain our investments in natural gas, we are also investing in other technologies and solutions that support grid reliability such as battery storage and renewable natural gas. As the world moves toward decarbonization and electrification, our assets will continue to support reliability within the energy mix.

[1] [Total greenhouse gas emission trends and projections in Europe \(europa.eu\)](https://europea.eu)

[2] [NERC 2022 Summer Reliability Assessment](#)

[3] [European Union strikes deal to ration natural gas amid Russia cut-off fears](#)

[4] [IEA Coal Market Update – July 2022](#)



RTI, Minneapolis, MN

## EVOLVING SUSTAINABILITY SOLUTIONS

As businesses and consumers have turned their attention to electrification and decarbonization, this mindset shift has naturally led them to consider a broader set of environmental impacts, beyond just GHG emissions. In addition, rising consumer demand and increasing regulatory action around sustainability are further bolstering this evolution.

As a result, the push towards a creating a more sustainable, and in some cases more circular, economy is gaining traction in many energy-related and industrial-linked businesses as there is an increasing need to find ways to reduce, recycle, and reuse waste and by-products in

innovative and environmentally beneficial ways. Expanding renewable energy production, growing battery storage capacity, retiring older, less efficient assets, and upgrading or redesigning infrastructure to support electrification and decarbonization mean new and potentially growing sources of waste.

ECP has been focused on sustainable investments that provide environmental solutions for utilities, consumers, and industrial consumers for more than a decade and has found opportunities across the spectrum of the sustainability landscape from emissions control technology to environmental remediation to waste-to-energy to recycling and waste management.

### PORTFOLIO COMPANY HIGHLIGHT

## Restaurant Technologies, Inc.

Acquired in early 2022, **RTI** is a leading provider of cooking oil management systems to more than 32,000 restaurants, hotels, convenience stores, universities, and hospitals. **RTI's** automated system eliminates often dangerous and undesirable manual work previously tasked to restaurant employees. In doing so, it improves employee safety, reduces waste associated with traditional fresh oil delivery, and ensures that waste oil is recycled into low carbon intensity transportation fuels, displacing fossil-based diesel.

**RTI** recently partnered with Renewable Energy Group (REG) to convert **RTI's** used cooking oil into biodiesel at REG's network of commercial-scale manufacturing facilities. This closed-loop system produces **sustainable** alternative to fossil fuels, thereby supporting both the **circular economy** and **decarbonization**. The partnership also promotes reliability by leveraging existing diesel infrastructure.



## CASE STUDY

## Pivot Expands Local Access to Clean Energy

**Pivot develops, finances, builds, and manages solar energy and energy storage projects with a focus on expanding local access to clean energy. In 2021, Pivot's solar projects produced 80,146 MWh of clean energy, powering nearly 7,500 U.S. homes.**

Pivot develops solar in partnership with owner-operators, utilities, and co-ops to further advance the shift to clean energy in communities throughout the U.S. As a certified B Corporation, Pivot evaluates business decisions by the net impact they will have on the 'triple bottom line' of people, planet, and profit. The company works with a variety of local vendors, suppliers, and community groups to yield sustainable impact over the course of a project lifecycle, including throughout the supply chain and in local communities.

### Growing Community Partnerships

Pivot expands clean energy access to communities through several initiatives that focus on equity and empowerment for minority groups and non-profit organizations, including the development of community solar projects and donation partnerships.

In 2021, Pivot completed the construction of a 4 MW portfolio of community solar projects in Colorado in partnership with Standard Solar. One quarter of

the portfolio is dedicated to serving low-income subscribers, while the remainder is contracted to municipalities and businesses. The community solar project increases access to solar for renters, low-income families, and non-profit organizations, breaking down barriers to adopting rooftop solar. Moreover, the solar developments further stimulate local economies by providing financial support to the local hosts who own that land. Additionally, the project helps the community adapt to an increasingly unpredictable climate.

In partnership with Dream Solar, a minority, woman-owned solar company, Pivot plans to continue to donate solar systems to local families, businesses,

and social justice organizations, expanding access to the cost-saving benefits of clean energy to underrepresented groups. For instance, the pair recently donated two rooftop solar systems to a local family and a community-based restaurant in Denver, Colorado. The rooftop systems are expected to lower monthly electricity bills, therefore saving each party thousands over the coming years. This partnership is part of Pivot's larger effort to elevate the voices and increase the market share of minority-owned businesses in the industry, to promote stronger relationships, and take an equity-focused approach to corporate partnerships and business.

**Pivot was selected to develop a 41 MW community solar portfolio in Colorado—representing one of the largest low- and middle-income qualified portfolios in the U.S.**

*Pivot, Brush, CO*

# ESG at ECP

## ESG GOVERNANCE

ECP believes that setting the right ESG tone starts with our senior leadership team, and we expect all of the firm's employees to be culture carriers of ECP's core ESG values. We take ECP's fiduciary duty seriously and endeavor to be good stewards of the capital entrusted to us, to invest responsibly, and to consider all stakeholders when managing our portfolio companies.

ECP's ESG Committee oversees firm-wide initiatives, guides our investment professionals' work with our portfolio companies throughout the investment lifecycle, and assess ESG related risk and opportunity. In 2021, we expanded the Committee to 15 members that represent a complete cross-section of ECP. The Committee is responsible for managing our ESG-related policies and programs, and monitoring performance, while ultimate responsibility for our ESG goals sits with the ECP Partnership.

Our firm continuously improves our responsible investing activities and leverages our portfolio to drive positive ESG outcomes for society. Our ESG Policy is guided by the recommendations

of the PRI and provides an overview of our ESG approach, accountability, and responsible investing practices. After our last significant update in 2021, our ESG Committee regularly evaluates our ESG Policy for effectiveness.

ECP's deal team members typically hold portfolio company Board seats to support oversight and support. ECP controlled portfolio companies are expected to assign senior management responsibility for ESG matters and ensure ESG initiatives are discussed by the board at least once per year, though most discuss at least one major component of ESG during each quarterly board meeting. ECP deal teams are required to provide an update on a quarterly basis to our Investment Committee and ESG Committee.

**The wide-ranging skill set of our ESG Committee members provides the holistic perspective required to execute ECP's ESG initiatives.**

Recent ESG-related new hires at portfolio companies include:

- **Convergent** made a commitment in its inaugural sustainability report to hire a Corporate Social Responsibility manager in 2022 to help meet performance goals and foster continued growth
- **Symmetry** hired an experienced Chief Human Resources Officer who will be leading the effort to develop the company's DEI initiative
- **Pivot** hired a team lead dedicated to community engagement
- **U.S. Development Group** added a new board member to help grow their Diluent Recovery Unit and USD Clean Fuels platforms

## Recent Governance and Strategy Advancements at a Glance

- Worked with portfolio companies to implement action plans to drive ESG improvement and transparency
- Launched portfolio company roundtables to drive engagement
- Initiated Board member awareness sessions on select ESG topics
- Conducted review meetings with ECP deal teams to review oversight of KPI tracking, implementation of must have initiatives, and alignment with core requirements
- Reviewed implementation of must have initiatives and status of reported KPIs

# 100%

of ECP equity-controlled portfolio companies report ESG data to ECP





**\$1.3 billion**

CAPEX spent by ECP portfolio companies on renewables in 2021

*Convergent, South Orange County, CA*

## ESG IN ACTION

At ECP, we work to enable responsible stewardship of the environment and the communities in which our portfolio companies, their employees, and ECP operate. In 2021, we developed an ESG roadmap encompassing action plans for ECP's ESG program to support achieving our firm and portfolio objectives. This year, we continued to work with portfolio companies to implement action plans to drive consistent ESG performance improvement. ECP's deal teams provide customized support based on the companies' needs, scale, and market focus. This support includes training for executives and/or employees, external advisory services, and performance incentives, as appropriate.

In 2021, we organized the collection of ESG-related metrics, gauged portfolio company ESG maturity, and identified areas where ECP can offer support in developing and strengthening ESG initiatives and

management systems. Our strategy includes actions to better assess and track ESG metrics and to expand portfolio company engagement opportunities. ECP requests portfolio companies to submit quarterly and annual questionnaires covering a range of ESG KPIs that allow us to monitor and improve on our ESG considerations.

In early 2022, we launched a series of portfolio company roundtables to drive engagement and support companies on specific ESG initiatives, including topics focused on GHG emissions and DEI. Read more about the GHG roundtable we completed early this year on page 29. Further, in 2022, we are providing Board member awareness sessions—led by a relevant third-party subject matter expert—to further support our Board members in the engagement with portfolio company management teams on ESG initiatives. Read more about these training sessions on pages 29, 37, and 39, respectively.

## Core Requirements

Our Core Requirements outline the expectation for each equity-controlled company:

### Accountability

Designate at least one person in a senior leadership position responsible for ESG matters (number of people with designated responsibility is commensurate with the size of the company)

### ESG Policy

Implement an ESG Policy or policies that address ESG matters

### Diversity, Equity, and Inclusion

Implement a DEI policy and report on diverse representation at the board and senior leadership level

### GHG Emissions

Monitor and report Scope 1 and 2 emissions annually, with the addition of Scope 3 emissions to follow

### Environmental Management

Employ programs to manage permitting, compliance, regulatory reporting, and updates to regulations

### Safety

Conduct safety programs, track quantitative health and safety KPIs, and take action to address health risks

### Cybersecurity

Deploy dedicated cybersecurity infrastructure resources for proactive response to potential threats



“ ECP is proud to support such a significant research program, particularly one in our home state of New Jersey and whose mission strongly aligns with ECP’s investment strategy and ESG goals. ”

Matt DeNichilo, Partner & ESG Committee Member

### Advocating for the Energy Transition

At ECP, we recognize the critical role that advocacy and strong policies play in the energy transition. We also believe that a thoughtful and reasonable approach, considering the full spectrum of the transition including cost, energy security and reliability, is necessary to successfully achieve clean energy goals. With that in mind, in 2022, we joined the Princeton E-affiliates Partnership run by Princeton University’s Andlinger Center for Energy and the Environment. The Partnership fosters collaboration between Princeton faculty, students, and researchers with companies, policy centers, and other organizations to translate fundamental research in technology and policy into practical solutions for meeting the world’s increasing energy demands while minimizing the associated environmental impacts. Since inception, E-affiliates has supported over 225 researchers. For more information, see the [Andlinger Center’s annual reports](#).

### Princeton E-affiliates Partnership



One of the most ambitious projects spearheaded by Princeton University researchers, the Net-Zero America study, has become a global resource for understanding what it would take for the U.S. to achieve an economy-wide net-zero greenhouse gas emissions by 2050. The study provides uniquely granular analysis on what actions are needed to translate pledges into tangible progress and guidance on technology and infrastructure investments and the impacts on energy costs, land use, and jobs. The study identified five pathways by which the U.S. could reach net-zero by 2050 using known technologies, and found that such transitions could be achieved without increasing annual spending on energy as a fraction of gross domestic product. The key elements in a least-cost system focused on several key themes around which ECP invests: the level of electrification of transportation and buildings; the degree to which solar and wind electricity generation are relied upon; the extent to which bioenergy is expanded; and the level of support for CCUS and nuclear. For more details, see the full [Net-Zero America Report](#).

### Green Financing

As we invest in sustainability-minded companies, we can utilize green financing to support certain portfolio companies and contribute to the growth of this burgeoning, and critical, capital market. Green loans are instruments that exclusively finance or refinance eligible green or sustainable projects that offer clear environmental benefits and are developed in accordance with the core components of the Green Loan Principles. Our acquisition of **Liberty** in May 2021 involved a \$410 million, seven-year Term Loan B (TLB). The transaction was among the first U.S. green term loans outside the renewable energy sector and TLB in the U.S. leveraged loan market that backed a buyout. Our add-on acquisition of Rubbecycle in Q1 2022 added an additional \$150 million of value to this facility. Further, \$810 million in green loan financing supported ECP’s acquisition of **RTI** in 2022. Our existing renewable platforms have also been able to receive green financing, including **Sunnova** and **Calpine’s** Geysers, but ECP is most proud to be at the forefront of expanding the opportunity set for green lending into sustainable businesses outside of traditional clean energy.

**\$2.7 billion**

in green financing raised by ECP portfolio companies historically through mid-2022, a 56% increase from the prior year

Calpine, The Geysers



Our portfolio companies also act as strong advocates in the energy transition. As part of the company's mission, **Pivot** advocates for policies that expand deployment of and access to clean local energy. **Pivot** conducted notable policy engagements in 2021:

- **New Mexico:** Engaged in creating program rules at the NM Public Regulation Commission to ensure the rollout of a successful and inclusive program following the passage of the Community Solar Act
- **Illinois:** Supported the passage of the Climate and Equitable Jobs Act to bolster the development of nearly 6 GW of distributed solar over the next decade
- **Colorado:** Led the passage of Senate Bill 20 to create fair and equal property tax treatment for all renewable energy projects in the state
- **Federal:** Participated in the Local Solar for All coalition to support a study showing that the U.S. must deploy a minimum of 103 GW of distributed, local solar power and 137 GW of distributed energy storage by 2030 to achieve President Biden's climate and equity goals at the lowest cost

**Calpine** is also a leader in the power industry in advocating for environmental and regulatory policies that are fair and environmentally responsible. The company belongs to numerous trade associations and organizations at local, state, and national levels to help amplify their expertise and work collaboratively on public policy priorities.

**Calpine is a founding member of the Climate Leadership Council, an international policy institute with a mission to promote effective, fair, and lasting climate solutions.**



### Leading With Ethics and Integrity

Acting with integrity and treating each other with respect are critical pillars of our success. These attributes are ingrained in our culture from the top down and are specifically highlighted in our Code of Ethics. Transparency, accountability, and communication are prerequisites for ethical business practices and are critical to maintaining trust with our investors, employees, portfolio companies, and the communities with which we engage. ECP is committed to being open and honest with each other and our external stakeholders.

Our Employee Handbook and related policies, including our Code of Ethics, govern our approach to employment matters and address topics such as anti-money laundering, anti-corruption, data privacy, and conflicts of interest. The ECP Compliance Program, which includes frequent employee trainings, supports the implementation of these policies, and strengthens our compliance culture. Through this program, we adopt a zero-tolerance policy against bribery and corruption.

### Policies and Guidelines

- ESG Policy
- DEI Policy
- Responsible Contractor Policy
- Code of Ethics
- Anti-Money Laundering Policy
- Anti-Corruption and Foreign Corrupt Practices Act
- Cybersecurity Policy
- Information Security Program
- ECP Business Principles

### ESG IN THE INVESTMENT CYCLE

We act on our commitment to ESG and strive to meet rapidly evolving investor expectations through the way we incorporate ESG values into our investment decision-making process. Our ESG Policy and strategy—guided by the framework set by the PRI and governed by our ESG Committee—holds ECP accountable for investing responsibly.

### Investment Due Diligence

ECP takes an in-depth and collaborative approach to each investment. For each opportunity, we specifically tailor our due diligence efforts to reflect the ESG-related risks and opportunities of the industry and the company. While the extent of the assessment varies depending on the nature of the opportunity, in each case we implement minimum ESG considerations that are included in a mandatory ESG diligence checklist.

The checklist was formalized in 2021 and is used by ECP deal teams to conduct comprehensive ESG risk assessments, including historical asset performance and adherence to social and environmental policies. The checklist provides a scoring system across several critical items, allowing deal teams to identify risks and opportunities, and evaluate the prospective investment’s current ESG practices. Deal teams are required to provide a summary of ESG impact findings

in a standardized final report to the Investment Committee. Among other essential factors, our due diligence approach places a significant focus on compliance and risk management as foundational requirements for our portfolio companies.

Once ECP acquires an investment, we actively engage with the company to enable effective ESG integration and management from ownership to exit. As part of our valuation process, our Investment Committee receives updates on portfolio company performance and significant ESG initiatives on a quarterly basis. Board meetings cover operational results, compliance, and ESG performance and considerations. Each deal team is responsible for conducting ongoing monitoring of portfolio companies and prioritizing areas of opportunity identified during the due diligence process.

8

ECP portfolio companies published a sustainability report within the last year



Calpine, 2021 Sustainability Report



Convergent, 2021 Sustainability and Impact Report



Sunnova, 2021 ESG Report



Pivot, 2021 ESG Report



Heartland, 2021 ESG Report



Liberty, 2020–2021 ESG Report



RTI, 2022 ESG Report



U.S. Development Group, 2021 Sustainability/ESG Report

### Investment Exit

Given the nature of energy businesses, adherence to applicable regulations and maintenance of necessary operating permits is essential to demonstrate reliable performance and financial strength to potential buyers as ECP prepares companies for exit. The initial screen we conduct during diligence and the subsequent actions taken by the respective company board and deal team to capitalize on areas of opportunity are essential to implementing the value-add approach we pursue with ESG.





NCSG, Kneehill County, AB

# Q&A With ECP's ESG Leadership

featuring Jennifer Gray, Deputy GC & CCO and Tyler Kopp, Principal

Jennifer and Tyler Co-Chair the firm's ESG Committee, which includes other executive leaders and a diverse cross-section of employees at ECP. Here they discuss the importance of ESG not only as a lever to support the energy transition, but also as a key component in ECP's approach to value creation for the firm's stakeholders.

## What prompted ECP to start taking a more systematic approach to ESG?



**Jennifer:** We are incredibly proud of the work we have done to cement ECP's role as a leader in energy transitions. ESG principles are engrained naturally in our approach to investing, going all the way back to our first investment in FirstLight Power, which included hydro generation. That said, we do not take our leadership for granted, and know we need to continue to evolve our transparency and formalization of our ESG initiatives and partnerships with our portfolio companies. Clear firm-level policies, procedures, and expectations of our deal teams and our portfolio companies serve as the foundation to the evolution of best practices in the years to come.

“ We are incredibly proud of the work we have done to cement ECP's role as a leader in energy transitions. ”

We believe our commitment to responsible investing creates value for our portfolio companies and delivers positive outcomes for society. In recent years, we have focused investment strategies to support our goal of maintaining a reliable supply of affordable, sustainable energy while simultaneously advancing the energy transition and decarbonization. At the same time, we have refined a well-rounded ESG strategy to capture a broader range of material topics, including DEI and cybersecurity, to reflect a more holistic picture of sustainability.

## Why is it important for ECP to integrate ESG considerations into its investment lifecycle, particularly pre-acquisition due diligence?



**Tyler:** When we make an investment in a company, we are not just allocating capital. Our stakeholders expect us to be responsible stewards of their capital and pursue investments that align with our firm's core values. To this end, we assess ESG performance at each stage of our investment lifecycle to stay true to our investment themes of decarbonization, electrification, reliability, and sustainability, and create value for our investors.

“ We assess ESG performance at each stage of our investment lifecycle to stay true to our investment themes and create value for our investors. ”



As part of our pre-acquisition due diligence, we evaluate quantitative and qualitative data to understand each potential investment's ESG-related attributes, including company-specific risks and opportunities. We take special interest in the company's operations, such as ESG performance, as it is an important component of value creation.

During our ownership, we provide a number of resources to initiate and accelerate our portfolio companies' sustainability journeys. Data is key to establish a baseline from which we can measure progress, and so we track detailed ESG metrics from all portfolio companies on a quarterly and annual basis. Using these data insights, our deal teams partner with company leadership to develop goals designed to address the company's previously identified ESG risks and opportunities. We then work with each company to equip their team with the resources necessary for their specific program and monitor their progress along the way.

For example, at Liberty, we worked with management to focus on enhancing the company's branding to emphasize its positive ESG attributes as a recycling and beneficial re-use business. Liberty named Amy Brackin as its Vice President of Sustainability, who has helped the company issue its first ESG report and advance a revitalized branding and marketing strategy.

## What are some key ESG milestones ECP has achieved to date?



**Jennifer:** Prior to 2020, ECP had a history of investing in the energy transition and sustainability-linked businesses, but without the support of a more formalized ESG approach. In 2021, we expanded our ESG Committee and established policies to administer firm-level and portfolio-level ESG procedures to govern diligence and oversight. To increase transparency, we published our inaugural ESG Report that discusses these improvements and other key sustainability topics. The formalization of our ESG initiatives is catching up to our actions. To date, we have over \$13 billion invested in energy transition businesses, 2,869 MW additional renewable capacity added in 2021, and 100% of ECP equity-controlled portfolio companies reporting ESG data to ECP, among other key achievements described throughout this report. We believe that improved transparency also includes recognizing all the valuable ESG work done by our portfolio companies—read more about our portfolio company awards on page 40.

Less than a year after the formalization of our ESG program, we continue to accelerate the pace of our improvement and mature our disclosures. For instance, we are already benefiting from a new hiring initiative instituted in response to our DEI policy's commitment to increase representation across the firm. Approximately fourth-fifths of our incoming 2022 investment associates identify as a woman or a member of an underrepresented minority. In addition, we recently welcomed a Head of Talent, who will be our first dedicated resource to all employee matters, including advancing our DEI initiatives.



# ESG Focus Areas

In 2021, ECP conducted an in-depth materiality assessment to identify and assess the ESG topics most significant to our firm and its stakeholders, including employees, limited partnerships, and portfolio companies. While these topics evolve year-over-year, they continue to inform the structure of our ESG disclosures, and we believe we have made substantial progress in these areas over the last year.

## FACING CLIMATE CHANGE

Given investors' and stakeholders' increased focus on climate change as a risk in the global economy, we took the first formal steps at aligning our climate disclosures with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Fortunately, our overall investment strategy puts us in an advantageous position as we believe our investments have a beneficial impact on the environment and society given our focus on energy transition, renewable, and sustainability-linked investments.

### Governance

The ESG Committee receives updates on portfolio company climate-related performance on an annual basis, including metrics such as total Scope 1 and 2 GHG emissions for the year. In 2022, we held our first portfolio company roundtable focused on the development of high-quality GHG emissions inventories. This session discussed the tools portfolio companies need to meet our reporting requirements, covering

regulations and market trends, carbon accounting, and best practices for building and maintaining a GHG emissions inventory by varying levels of portfolio company maturity. We intend to also provide ECP Board member training on partnering with management teams to further enhance and maintain a robust GHG emissions inventory.

# 10.4 million MWh

electricity generated across ECP's renewable portfolio in 2021

EQUAL TO APPROXIMATELY



## 965,000

U.S. homes' annual energy use



*Avolta, Milky Way RNG, Maricopa, AZ*

## Strategy

We emphasize ESG considerations, including climate change and GHG emissions, into our investment processes and our ongoing interaction with our portfolio companies. Our portfolio companies undertake environmental initiatives that support emission reduction goals and the transition to a lower-carbon economy, including use of solar, wind, storage, and renewable natural gas power generation.

ECP firmly believes in strategically investing in natural gas as an essential component in the low carbon economy energy mix as it provides end-users with reliable, low-cost electricity, supporting the growth of renewables, and displacing coal resources. This approach is consistent with EU Taxonomy's recognition of natural gas for its role in decarbonization as a transition fuel, which includes natural gas as a green fuel in the taxonomy until 2030 if it replaces coal

generation. Notably, ECP does not own coal-fired power plants. In late 2021, **Heartland** completed the final coal-to-gas conversions of its coal facilities, fully phasing out its coal-fired power generation.

In 2022, ECP completed a strategic assessment of approaches to climate change and decarbonization in the private equity space. We analyzed industry standards and frameworks to understand the rapidly evolving climate landscape, and we reviewed climate approaches of our private equity peers. The assessment brought into focus the role of TCFD as a central tool, increasingly leveraged throughout the financial sector as well as industries in which we invest. As ECP continues to evaluate climate strategies and initiatives, we are dedicated to playing our part in the long game of ensuring a reliable energy transition for our country.



## CASE STUDY

## Heartland Completes Off-Coal Transition and Explores Hydrogen Conversion

**As the first large-scale generator in Alberta to fully phase out coal-fired generation in favor of natural gas, Heartland is powering Canada's transition to a low-carbon economy.**

Heartland recognizes its unique ability to advance Canadian decarbonization as the second largest merchant power generator in Alberta, with 10 generating stations and a combined production capacity of 1.8 GW—enough to power 295,200 homes. The company continually seeks to minimize the environmental footprint of its assets through investments in efficient generation and early-stage development of leading low-carbon technologies, including carbon capture, storage, and hydrogen.

In 2021, Heartland achieved an important milestone in the company's decarbonization strategy with the successful completion of an \$85-million investment in the off-coal conversion of its Battle River and Sheerness Generating Stations. This accomplishment was realized nearly 10 years ahead of regulatory deadlines, reflecting Heartland's prioritization of the issue since ECP acquired the asset portfolio in 2019.

Heartland plans to invest an additional \$150 million in coal-supply termination, mine remediation, and natural gas transportation infrastructure to support continued safe and reliable power generation at Battle River and Sheerness. These continued efforts to shift Heartland's portfolio assets to power sources with lower emissions intensities are anticipated to result in an annual GHG emission reduction of approximately 4.5 million tCO<sub>2</sub>e. This investment showcases the positive environmental and economic impact from acquiring operating fossil fuel-powered assets to repurpose them into cleaner, more sustainable assets, thereby increasing their expected useful life and terminal value.

Heartland is exploring pathways to achieve net zero by 2035 through hydrogen conversion. The company invested \$3.2 million to determine the feasibility of a 300 MW clean hydrogen project at the company's



Battle River facility in partnership with Emissions Reduction Alberta. The project is exploring the practicality of building a new facility at the Battle River site to convert natural gas to hydrogen for

use as feedstock to create clean power at the existing Battle River plant. Should the plan proceed, Heartland anticipates capturing remaining CO<sub>2</sub> for sequestration in nearby aquifers.



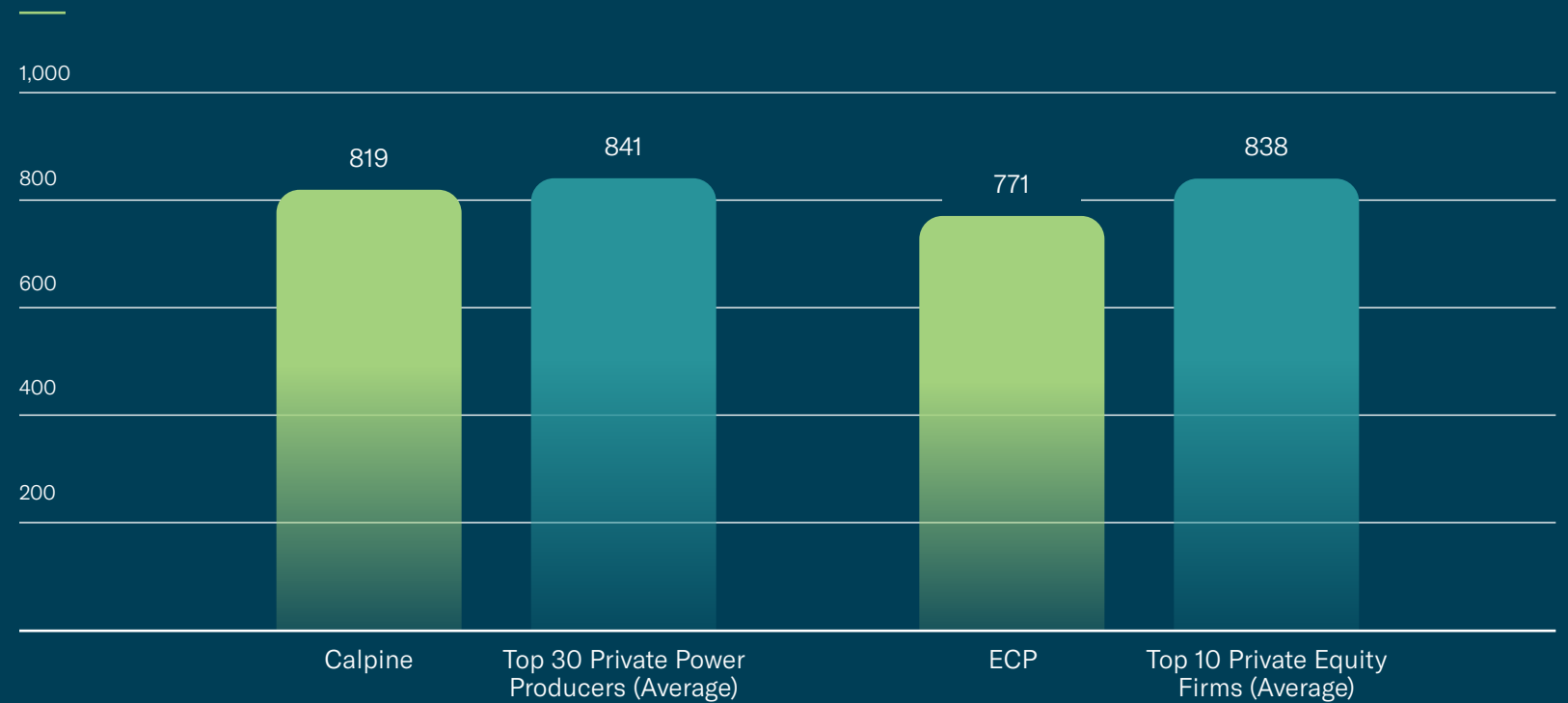
## 2021 Scope 1, 2, and 3 Emissions<sup>[1]</sup>

TYPE OF EMISSIONS	TOTAL (tCO <sub>2</sub> e)
<b>Firm-Level Operational Emissions</b>	
Scope 1 (office natural gas)	84
Scope 2 (purchased electricity)	98
Scope 3, Category 6 (business travel)	179
<b>Financed Emissions</b>	
Scope 3, Category 15 (financed emissions)	54,355,010
Power Generation	53,724,858
Environmental Infrastructure	277,132
Midstream	245,754
Sustainability, Efficiency & Reliability	39,142
Renewables	21,032
Storage	41

# 100%

of ECP equity-controlled portfolio companies track and report Scope 1 GHG emissions

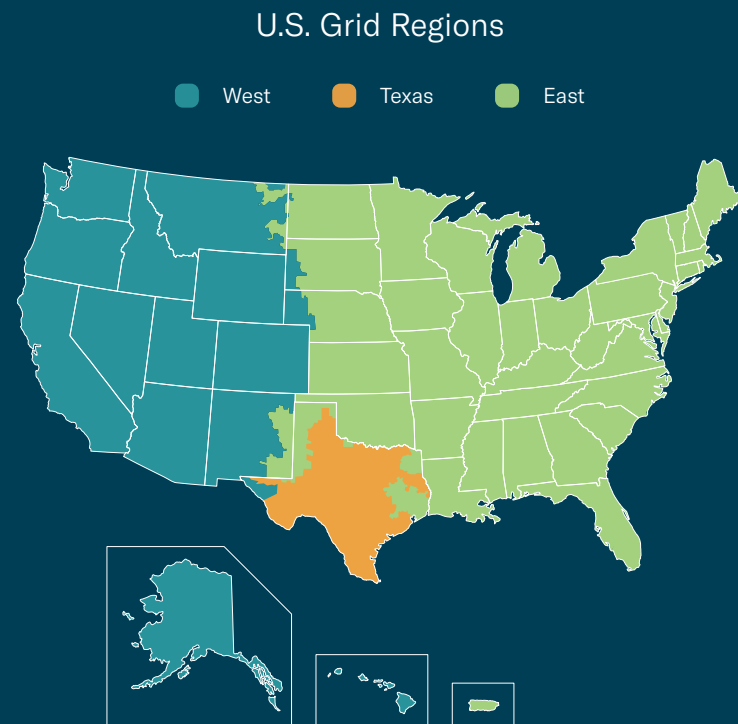
## GHG Emissions Intensity Overview (lbs. CO<sub>2</sub>/MWh)<sup>[2]</sup>



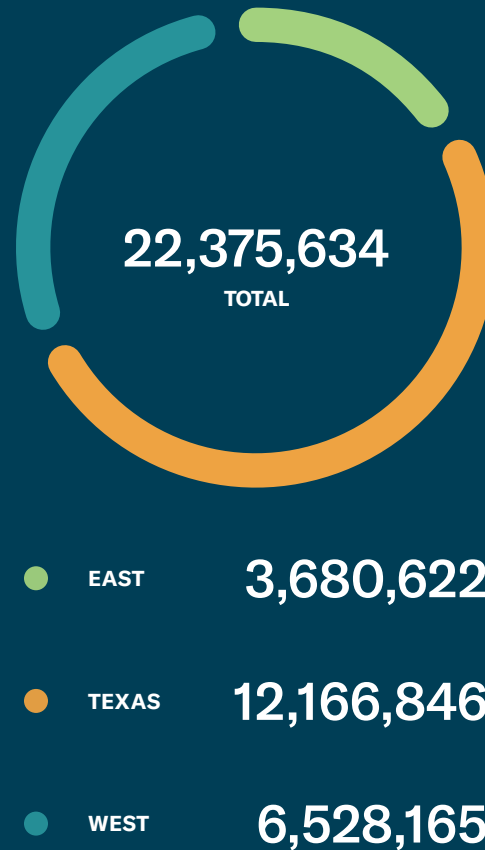
[1] ECP's GHG emissions footprint was calculated in accordance with the GHG Protocol. The financed emissions portion of this footprint from our investment portfolio, Scope 3 Category 15, additionally follows PCAF standards for attributing emissions based on ECP's percentage ownership in each portfolio company. As part of this calculation, 84% of portfolio companies provided direct data and the remaining 16% was estimated using Exiobase, a global, detailed Multi-regional Environmentally Extended Supply and Use / Input Output database.

[2] Reflects power plant ownership as of December 31, 2020. Top 30 Private Power Producers (Average) and Top 10 Private Equity Firms (Average) reflect annual net power generation and CO<sub>2</sub> emissions intensity of power generation assets, adjusted for percentage portfolio company ownership, of the top 30 U.S. investor-owned or privately held power producers and the top 10 power producing private equity firms, respectively, by 2020 U.S. generation. ECP and Calpine averages represent total annual CO<sub>2</sub> emissions divided by annual net generation of power generation assets, adjusted for percentage portfolio company ownership. Source: [ERM Benchmarking Air Emissions of the 100 Largest Power Producers in the U.S.](#)

**ECP's GHG emissions intensity was 16% lower than the national U.S. grid average in 2020.<sup>[1]</sup>**



**2020 Annual GHG Emissions Avoided by Region (tCO<sub>2</sub>e)<sup>[2]</sup>**



**ECP Annual GHG Emissions Avoided and Plant Annual Net Generation<sup>[2][3]</sup>**

U.S. GRID REGION	2019	2020
<b>Annual Avoided Emissions (tCO<sub>2</sub>e)</b>		<b>(7%↑)</b>
● East	3,402,447	3,680,622
● Texas	11,712,347	12,166,846
● West	5,768,738	6,528,165
<b>Total</b>	<b>20,883,532</b>	<b>22,375,634</b>
<b>Plant Annual Net Generation (MWh)</b>		<b>(8%↑)</b>
● East	26,205,263	29,462,979
● Texas	47,437,893	48,654,422
● West	29,670,088	33,825,740
<b>Total</b>	<b>103,313,244</b>	<b>111,943,141</b>

[1] U.S. Grid averages reflect the average U.S. EPA eGRID CO<sub>2</sub> equivalent output GHG emission intensity as of December 31, 2020. ECP plant average represents total annual GHG emissions in CO<sub>2</sub> equivalent divided by annual net generation of power generation assets, adjusted for percentage portfolio company ownership. Sources: U.S. EPA Power Profiler; ERM Benchmarking Air Emissions of the 100 Largest Power Producers in the U.S.

[2] ECP calculated GHG emissions avoided in CO<sub>2</sub> equivalent, including CO<sub>2</sub>, methane, and nitrous oxide, for the U.S. power generation assets in its portfolio for the calendar year 2020. Avoided emissions represent the difference between the GHG emission levels of indicial ECP generation assets and the GHG emission level of generation units with the highest variable operating costs—peaking units. The GHG emission rate for each ECP plant was compared against the relevant U.S. EPA eGRID grid sub-region non-baseload emission factor. U.S. Grid Regions are defined by North American Electric Reliability Corporation (NERC).

[3] ECP calculated annual net generation of power generation assets, adjusted for percentage portfolio company ownership, for U.S. Grid Regions as of December 31, 2020. U.S. Grid Regions are defined by North American Electric Reliability Corporation (NERC). Source: ERM Benchmarking Air Emissions of the 100 Largest Power Producers in the U.S.





Pivot, Boulder, CO

### Risk Management

We keep up-to-date with the climate landscape as it evolves. As part of our recent strategic assessment of climate approaches in the private equity space, we completed an evaluation of established climate scenarios, including scenarios from the IEA, Network for the Greening of the Financial System, PRI, and Princeton University. This review of recognized scenarios helps to inform our views on potential transition horizons and risks as well as relevant opportunities for our investment portfolio.

**We took our first formal steps at aligning our climate disclosures with the TCFD recommendations and reported both firm and portfolio Scope 1 and 2 GHG emissions for 2021.**

### Metrics

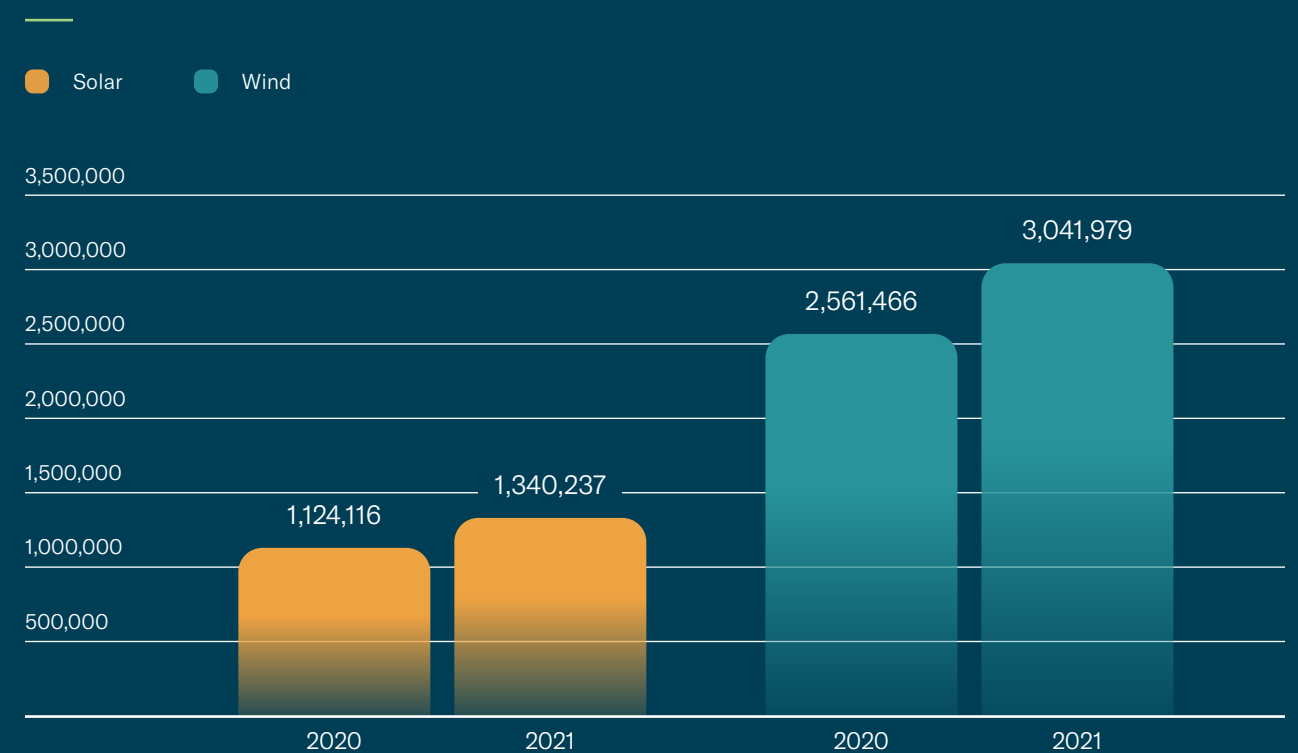
This year, we achieved a key milestone. 2021 marked the first year for which we have a complete GHG emissions inventory, including our firm's operational Scope 1 and 2 GHG emissions, as well as Scope 3 GHG emissions from our investment portfolio and business travel.

ECP requires equity-controlled portfolio companies to track and report their Scope 1 and 2 GHG emissions annually. In 2022, we collected portfolio company GHG emission inventories and developed a portfolio company GHG emissions footprint, covering calendar year 2021. We developed this inventory in accordance with the GHG Protocol Scope 3 Standard and Partnership for Carbon Accounting Financials (PCAF) standard for attributing emissions from our investment portfolio based on our percentage ownership in each portfolio company. Collecting the GHG emissions associated with our firm's operations, business travel, and investment portfolio, provides us with a clear baseline upon which we can make strategic decisions about tracking, disclosure, and reduction efforts going forward.

19% ↑

year-over-year increase in both portfolio company solar and wind generation

### Solar and Wind Power Generation (MWh)





## CASE STUDY

## New Leaf Accelerating Renewable Energy Adoption

**As one of the leading distributed solar and energy storage developers in the U.S., New Leaf is accelerating the adoption of renewable energy by executing one of the largest project pipelines in the distributed generation space.**

In July 2022, ECP acquired Borrego's development business, including its project pipeline with 8.4 GW of solar and 6.4 GW/25 GWh of energy storage projects. Established in 1980, Borrego is a leading developer and operator of commercial, community, and utility-scale solar, as well as energy storage projects. Following the acquisition, the business was renamed New Leaf, which represents ECP's eleventh renewable platform and fourth standalone storage platform. New Leaf's strong development track record and robust project pipeline will help advance its mission to accelerate the adoption of renewable energy. New Leaf projects support local electrification and decarbonization by providing additional sources of clean energy and enhance the reliability of intermittent solar power by coupling its solar projects with energy storage. Through ECP's investment, New Leaf is equipped to grow rapidly in 2022 and beyond.

The company's development team applies decades of expertise in regional policies and interconnection standards which determine how renewable energy systems connect to the electrical grid. The team utilizes its experience to identify, optimize, and develop profitable sites for utility-scale and community solar, solar + storage, and standalone storage projects, while mitigating risk and creating value for its customers.

Through transparency and open communication, New Leaf's development team also supports landowners and communities through the process of leasing land for solar. As the demand for locally-sourced renewable energy grows, landowners have more opportunities to lease their land or rooftops for solar—offering a reliable, financial incentive from their property.



### Leading Solar and Energy Storage Development

Since 2013, New Leaf has developed and sold 1 GW of commercial, community, and utility-scale solar and approximately 450 MWh of energy storage across 12 states. New Leaf's projects support the growth of electrification products and services as the demand for cleaner electricity rises. Notably, New Leaf designed and built a project on a closed landfill in Belleville, Illinois, that offered the brownfield site new life. With over 32,000 solar modules, this 13.2 MW solar facility, owned by AES, is among the largest solar arrays built on a closed landfill in the U.S. The system provides Renewable Energy Credits (wRECs) to ComEd, Ameren, and MidAmerican Energy, collectively serving over 20 million customers in

Illinois. The project offsets over 12,800 tCO<sub>2</sub>e annually—equivalent to supplying electricity to 2,167 homes for one year. In addition to its environmental benefits, the project employed local workers during construction and is estimated to generate \$1.2 million in local property taxes in its lifetime.

Further highlighting the company's community solar and energy storage projects, the Bullock Road solar + storage project creates more clean energy for the local electrical grid. Located in Freetown, MA, the system provides 12 MW of solar and approximately 26 MWh of energy storage and was constructed adjacent to future residential housing to benefit residents with access to clean, local electricity.





RTI, Minneapolis, MN

## ENABLING THE CIRCULAR ECONOMY

We believe the economy is moving toward a circular paradigm where waste and by-products are reprocessed into valuable, derivative products or recycled in a manner that optimizes process efficiency and costs, while limiting negative environmental impacts. Portfolio companies like **Liberty** and **RTI** repurpose waste into valuable, innovative products such as garden mulch and feedstock for renewable fuels, among others. **RTI** converts used cooking oil collected from restaurants into biodiesel at the company's biodiesel manufacturing facilities, which reduces waste and provides a low-carbon and resource efficient alternative to crude oil. Read more about **RTI** on page 20.

We are leading this evolution through waste reduction initiatives at the firm-level and the portfolio-level by investing in circular economy businesses. An

increased desire for efficiency at an operational level and changing consumer demand is prompting opportunities for sustainability and beneficial re-use. For example, with the demand for batteries rising as our economy electrifies, particularly the transportation sector, the need to recycle materials and enable sustainable procurement is increasing in parallel with the need to optimize battery storage efficiencies and practices.

# 1.6+ billion

tires have been collected by Liberty over the last decade

## PRIORITIZING EMPLOYEE HEALTH, SAFETY, AND WELLBEING

In order to promote continued health for all employees, contractors, and community members, ECP is committed to creating and maintaining safe work environments across our firm and portfolio. Our deal teams, Board members, and portfolio company leaders work together to ingrain a culture of workplace safety within our portfolio and continually improve performance relative to industry standards.

While we closely monitor performance to ensure portfolio companies meet or outperform regulatory health, safety, and reporting requirements, ECP empowers portfolio company management and employees to take ownership of workplace safety at individual work sites. We believe this approach encourages individuals to take accountability in creating a safe work environment for themselves and their colleagues. As part of our commitment to our companies' health and safety programs, we established a Safety Best Practices Committee in 2015. The Committee works with portfolio company members to track and report health and safety metrics on a quarterly basis and share best practices and lessons learned. When we began to formalize our ESG approach more specifically, we wanted to take the inspiration from our Safety Committee and expand that to all aspects of ESG.

# 100,000+

cumulative safety training hours completed across the portfolio in 2021

ECP focuses on enhancing health and safety practices and performance throughout our portfolio. We require all portfolio companies to track metrics in line with Occupational Safety and Health Administration requirements, including hours of safety training, lost time incident rate, days away, restricted, or transferred, total recordable incident rate, near miss rate, and fatalities for employees and contractors. Deal teams brief the firm's Safety Committee on developments from the portfolio companies as received and provide quarterly updates about progress against these performance indicators. Portfolio company health and safety performance trends, both positive and negative, are crucial considerations at ECP's quarterly valuation meetings.

As we believe strong health and safety management practices are positively correlated with a company's financial performance, we seek to tie a portion of compensation to safety and environmental performance.

## CASE STUDY

## Liberty Expands Circularity Business and Deepens ESG Integration

**Liberty is the leading provider of tire collection and recycling services in North America and a key player in advancing the circular economy through its innovative solutions for end-of-life tires.**

Operating in all 50 U.S. states, the company collects more than 190 million tires annually, equating to more than 3 billion pounds of rubber available for new products. Liberty's products and services help their customers to advance their sustainability programs. In 2021, Liberty's customers avoided more than 945,000 tCO<sub>2</sub>e through the use of Liberty's products and services.

Liberty extends the lifecycle of tires as it collects and recycles them to make new products such as mulch for playgrounds and landscaping, crumb rubber for surfacing applications and industrial feedstock, fuel for industrial kilns, and other construction and civil engineering applications. Notably, Liberty's SmartMIX™ Asphalt Additives uses tires as an

additive in asphalt, helping to decarbonize the production of asphalt by displacing fossil fuels and giving tires a second life. SmartMIX™ uses Sustainable Materials and Asphalt Rubber Technologies (Smart) to create paving materials with greater durability and flexibility than traditional asphalt. SmartMIX™ materials are completely recyclable, produce fewer emissions than wet processed rubber or polymer mixes, and offset the reduced stiffness and brittleness of reclaimed asphalt materials.

### Expanding Operations to Elevate Circular Solutions

Always looking for opportunities to make the most impact and increase its sustainable offerings, Liberty expanded its business to include recycling giant mining tires. Historically stockpiled, buried, or abandoned, Liberty now recycles these tires, which greatly contributes to sustainable solutions in the mining industry. These tires contain nearly a ton of steel, which Liberty extracts and returns for recycling, while the rubber is repurposed into secondary market applications.

In January 2022, Liberty acquired Rubberecycle, a New Jersey based producer of rubber mulch and innovative pour-in-place rubber products. Mainly focused on the commercial and municipal markets, Rubberecycle's proprietary products are mainly used in playground and park construction to minimize injury risk. Their products have industry leading head injury criterion scores that far exceed industry safety standards.

As Liberty Tire looks to the future, it continues to look for opportunities to expand sustainable offerings to its customers and advance the circular economy.

**Liberty's customers avoided more than 945,000 tCO<sub>2</sub>e through the use of Liberty's products and services.**

# 190 million

tires collected by Liberty in 2021

Liberty, Delta, BC





### FOSTERING DIVERSITY, EQUITY, AND INCLUSION

ECP strives to hire and promote talent from diverse backgrounds to cultivate an inclusive workforce at both the firm- and portfolio-level. We promote diversity and inclusion through policies and benefits, including providing all employees mentorship opportunities, parental leave, and resources for wellness, health, and philanthropy. Beyond our employees, ECP and our portfolio companies also support organizations which serve under-resourced populations within the communities where we live and work. We believe this holistic approach has yielded tangible improvements within our industry that historically struggles with a homogenous workforce.

#### DEI at ECP

ECP creates an inclusive firm culture by attracting and retaining a talented workforce from diverse backgrounds across all our activities. We strive to demonstrate our commitment to this culture through our executive leadership, our employees, our suppliers, and the community organizations we support. As of 2021, 56% of ECP's internal workforce identified as either a woman or person of racially or ethnically diverse backgrounds. To date in 2022, this number has increased to nearly 60%.

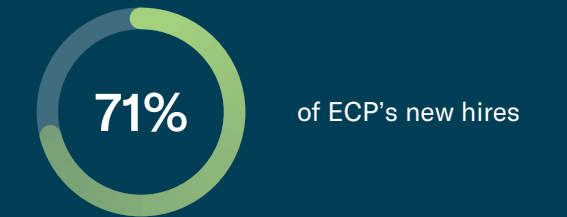
Our ESG Committee, working closely with ECP's investment professionals and portfolio companies, is responsible for executing initiatives related to DEI and monitoring progress. To govern our approach, in

2021, we developed and implemented a DEI Policy that covers both our own operations and our portfolio companies. We are exploring additional opportunities to foster our approach to DEI both at the firm- and portfolio-level. For example, in 2021, ECP began formally monitoring gender and ethnic diversity at various levels across the firm. In November 2021, we engaged a third-party to conduct a mandatory anti-harassment training session. Later in 2022, we will be conducting training for our Board members which will help guide and support them in driving DEI performance improvements throughout portfolio company operations.

We believe the best decisions are made when we include a variety of viewpoints. We revamped our recruitment processes as we strive to be more intentional in the hiring and development of diverse talent in our workforce. These new initiatives build on the successes of our ongoing partnerships with The Opportunity Network and the Andrew F. Makk Youth Opportunity Scholarship, named in honor of our late colleague, to support the early career advancement of women and people of color. We are beginning to realize the progress of these actions, particularly in our Associate classes. In 2022, 83% of our incoming investment associates are female or underrepresented minorities. While we know there is still work to be done to continue to improve our teams' representation, we have seen significant year-over-year progress in representation across the firm in terms of new hires and promotions.

### 2021 Diversity, Equity, and Inclusion Data

In 2021, employees who identified as women and underrepresented minorities comprised:





# 100%

of employees of reporting portfolio companies are offered benefits

# 171

second chance employees hired by Liberty in 2021

# 62%

of Liberty's workforce identified as diverse based on ethnicity, race, and gender in 2021

## DEI in Our Portfolio

Our ESG Committee works closely with our investment professionals and portfolio companies to implement the principles of our DEI Policy and achieve the objectives of our ESG strategy. For example, in 2022, we focused on encouraging our portfolio companies to implement specific ESG initiatives, particularly those that center on DEI considerations. We expect to hold our second portfolio company roundtable, focused on DEI, before the end of 2022.

In addition, we encourage all our portfolio companies to consider at least one diverse candidate for executive-level positions whenever roles need to be filled.

To improve recruitment from a diverse pool of qualified candidates, **Liberty** participates in second chance recruiting. This process extends job opportunities to people recently released from prison. Second chance recruiting is a crucial resource for men and women seeking stable employment and rehabilitation after incarceration. In 2021, newly hired second chance employees represented approximately 6% of **Liberty's** workforce.

In 2021, **Calpine** expanded its DEI program with the addition of three new Employee Resource Groups (ERGs)—Hispanics Energizing Calpine, Black/African American ERG, and Asian American ERG—which complement existing groups such as the Veterans' and Women's ERGs. ERGs provide meaningful opportunities for employees with common identities to share experiences and encourage success at **Calpine**. The company also launched a leadership workshop—Accelerating Belonging at Calpine—focusing on the mindset of inclusive leadership and facilitating conversations about leading with curiosity and empathy. By the end of May 2022, well over 90% of its leaders have participated in this workshop, and **Calpine** plans to bring the program to the rest of its employees over the course of the year.



## ADVANCING CYBERSECURITY AND DATA PRIVACY

A robust cybersecurity framework underlies our continued success as a firm. A team of employees across our firm and portfolio works to formalize cybersecurity and data privacy measures to ensure data security and prevent data breaches. As our employees are an essential component of cybersecurity infrastructure, we equip them with the knowledge and training necessary to understand, identify, and mitigate potential cybersecurity risks. We implement best practices and processes to track and report our progress on cybersecurity-related metrics.

ECP employs an in-house, dedicated Chief Information Officer (CIO), who coordinates the firm's cybersecurity program and works directly with our portfolio companies. At a firm level, they oversee the deployment of firm-wide trainings, including user awareness and training programs for our employees to address cybersecurity and privacy concerns. Additionally, a third-party service provider

conducts targeted training exercises in which team members receive weekly cybersecurity and phishing attempts to maintain their cybersecurity awareness. ECP supports its portfolio companies with their cybersecurity approaches to protect their critical information, minimize business impacts, and comply with regulations. In 2022, we led a training exercise for our Board members, which focused on the importance of cybersecurity practices, how Board members can support cybersecurity programs, and key cybersecurity considerations for the portfolio.

Among our portfolio, we support companies in developing protective measures commensurate with each company's unique cybersecurity and data privacy risks, including risk assessments; governing programs and frameworks; incident response plans; and training and phishing exercises. Together with our Chief Compliance Officer, our CIO also leads monthly cybersecurity roundtables for our equity-controlled portfolio companies to share best practices and learn from peers' experiences.

# 40+ hours

of ECP firm-level cybersecurity trainings completed in 2021

# 30+ hours

of cybersecurity work and trainings at ECP portfolio companies in 2021



Convergent, Cicero, NY

While we believe enhanced training and technology have increased our capacity to identify and preempt potential cybersecurity threats, we recognize this is an ever-evolving challenge. We are committed to implementing the latest technology, as appropriate, to sustain and enhance our digital protection and minimize cybersecurity risks. In 2021, through a partnership with a third-party consultant, we undertook a detailed evaluation of cybersecurity practices across our portfolio, including conducting a gap analysis, to identify areas for continued growth. The gap analysis focused on cyber risk areas such as email security, company vulnerabilities, malware,

and user behavior. Using the results of the analysis performed at the portfolio companies, we were able to assist the companies in the following ways:

- Continued monitoring of company specific cyber risks and awareness
- Identification and remediation of items in gap analysis
- Fostered the hiring of IT and cyber support personnel at various portfolio companies
- Provided training and portfolio company policy work to help bolster continued cybersecurity success





Calpine's Geysers Visitor Center, CA

## CHAMPIONING COMMUNITY INVOLVEMENT AND PHILANTHROPY

ECP and our portfolio companies actively support engagement and philanthropic initiatives that extend benefits to the local communities and economies in which we live and operate.

In partnership with the U.S. Tennis Association (USTA), the USTA Foundation, the TGR Foundation, and Winward Academy, the Kimmelman Family Foundation are developing the **Carol Kimmelman Athletic and Academic Campus** (“LuLu’s Place”), expected to open by 2024 and become the largest non-profit, community athletic and academic center in the western U.S. As a comprehensive community center, the Campus will offer academic and athletic programs for under-resourced children and families in the greater Los Angeles area. The Campus will provide access to quality teachers, coaches, resources, facilities, and opportunities for underserved children in the community. The campus is expected to cost \$125 million to build, with approximately one-third of

the funding coming from the Kimmelman family, and ECP and its employees. We are proud to support this campus in the state where we are the largest power and renewable generator.

The campus is expected to have nearly 40 tennis and pickleball courts for community, professional, and college use. In addition to tennis, the Campus will include five full-size soccer fields, basketball courts, track and field, fitness and play areas. To provide academic enrichment, the Campus will feature a 25,000 square foot Learning Center that will be operated by the Tiger Woods Foundation and its STEM-focused educational organization. The campus honors the legacy of Carol Kimmelman (Doug Kimmelman’s wife and mother of four), who was an elementary school teacher in inner-city Los Angeles and who passed away in 2017 after a long bout with ovarian cancer.

In 2021, **Pivot** donated over \$150,000 to community organizations through solar project funds, scholarships, corporate donations, and employee

giving. Further, **Pivot** partnered with Dream Solar, an African American woman-owned solar company to donate two rooftop solar systems to a local family and a local business. This partnership is also part of a larger effort by **Pivot** to elevate the voices and increase the market share of minority-owned businesses in the industry, which will promote stronger relationships and more equity-focused corporate partnerships and business over time.

**Calpine** encourages its employees to participate in strategic charitable events. In 2021, the company donated over \$3.1 million to local and national charities, including corporate donations to the **Calpine** Employee Fund to support employees experiencing hardship.

**Heartland** is committed to building strong communities through their four pillars of giving— Conservation, Science & Innovation, First Responders, and Community & Indigenous Support. In 2021, the company donated \$300,000 CDN to a number of organizations, including Calgary Food Bank, Highbanks Indigenous Society, and women’s emergency shelters.

**\$35+** million

in charitable donations contributed by ECP and its portfolio companies in 2021

## 2022 ECP Portfolio Company Awards

### ECP Safety Awards

To promote a commitment to health and safety excellence within our portfolio, we present an annual safety award in recognition of a company’s outstanding achievements over the previous year.

We are pleased to recognize **Heartland** as the winner of ECP’s 2022 Safety Award.

### ECP ESG Awards

Similarly, we present annual ESG awards in recognition of companies’ outstanding ESG-related achievements in the previous year.

We are pleased to recognize **Liberty** as the winner of ECP’s 2022 ESG Award.



## CASE STUDY

## Terra-Gen Leads Responsible Renewable Development

**Terra-Gen is a leading owner, operator, and developer of renewable and clean power assets in the U.S. Terra-Gen's projects are exemplary of the company's diligent oversight of key site factors such as cultural heritage and biodiversity.**

Terra-Gen began construction on the company's landmark Edwards Sanborn (Edwards) solar power and battery storage facility in early 2021. Construction will be completed in phases, with the facility anticipated to be brought online through 2022 and 2023. Upon completion, the facility will consist of 1,118 MW of solar capacity and 2,165 MWh of energy storage, making it the largest single-site solar and storage project in the world. Edwards' use of stand-alone and collocated energy storage helps the facility reliably deploy renewable energy during variable weather conditions. This large-scale project is projected to play a significant role in meeting California's carbon reduction goals. While Terra-Gen is eager to complete Edwards to bring renewable power to households and corporate partners, the company recognizes the need for careful development that responsibly manages the social and environmental impact of the project.

### Managing Impacts on Areas of Indigenous Cultural Significance

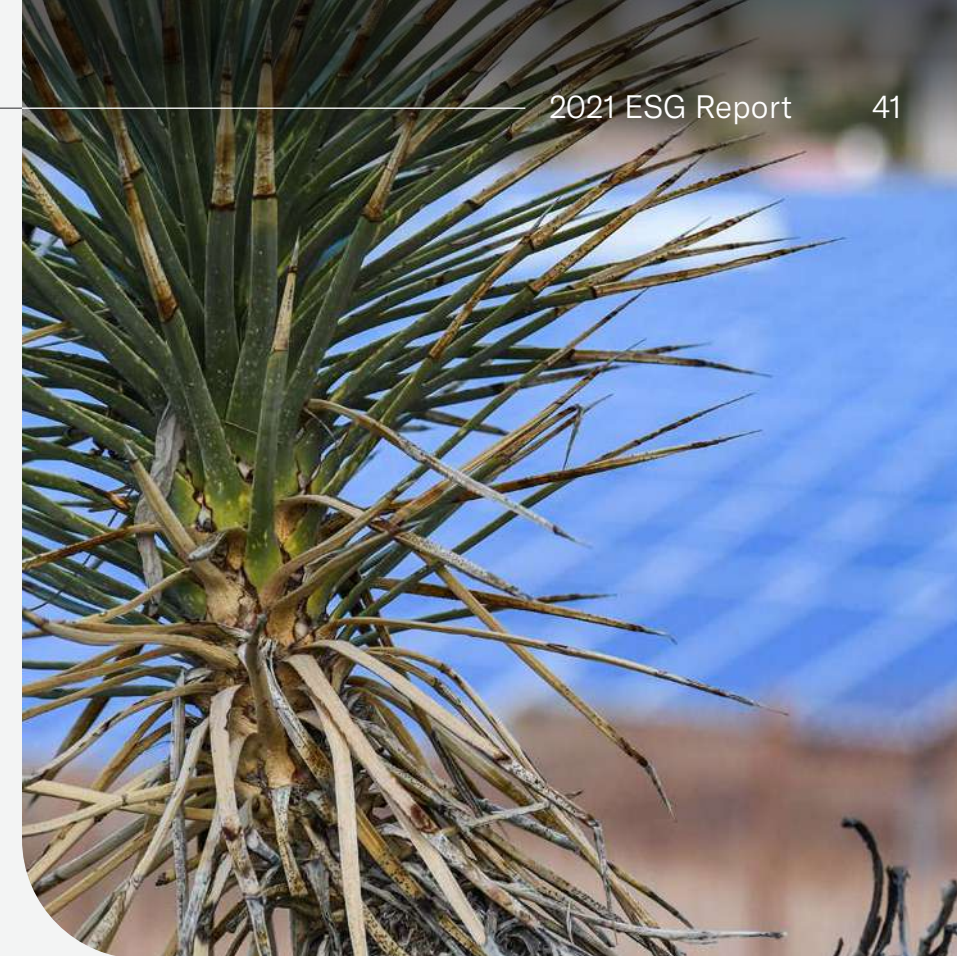
Part of Edwards Phase 1 is located on the Edwards Air Force Base. Within the site boundary, there is also an ancient dry lake of cultural importance to two local Indigenous tribes: the San Manuel Band of Mission Indians and the Tejon Indian Tribe. Terra-Gen has worked closely with the two Tribes and the U.S. Air Force (as the lead permitting agency) to identify and manage potential impacts on culturally significant sites. Terra-Gen engaged an archaeological consultant, in addition to an independent archaeologist who reports to the Air Force Base team, and requires all

onsite workers to complete training on the cultural and environmental sensitivity of the area prior to commencing work. Prior to clearing land, archeological monitoring protocols were developed in consultation with the two Tribes to address the treatment of known historic sites in the area and any discoveries of cultural significance. Tribal representatives directly monitor all ground disturbing activities. In addition, a public outreach program that aims to build a wider understanding of the cultural significance and history of the areas has been developed. After mapping the area into grids, test pits revealed unexpected sites of importance. As a result, Terra-Gen downsized the initial project area and found alternative sites that had a lower risk of negative cultural impact.

Land clearing for Edwards Phase 1 is now in advanced stages, and sites with major cultural importance have either been avoided or cleared without any significant issues. Terra-Gen continues to partner with the local Indigenous Tribes and the U.S. Air Force.

### Leading the Industry on Joshua Tree Conservation

The Edwards Sanborn area is also home to the Joshua tree, a species being considered for listing under the California Endangered Species Act. This presents a challenge for the state of California, where thousands of megawatts of solar projects are being developed in desert areas that may be Joshua tree habitat.



Terra-Gen worked with the California Department for Fish and Wildlife to develop a Joshua tree "take permit," enabling the company to displace the tree where needed for project development, with an impact mitigation plan. The plan includes providing \$3.5 million to support broader conservation and mitigation efforts in other areas of high-quality Joshua tree habitats and working with the local Planning and Natural Resources Department to develop a Joshua tree Woodland Preservation Plan. Following Terra-Gen's lead, other project developers in the region are now using this approach.

The culmination of these efforts is a project that adds significant renewable energy and much needed storage capacity to the California grid, while demonstrating the continued environmental and cultural leadership that has made Terra-Gen a successful developer in the state for 15 years.



**POWERING A SUSTAINABLE FUTURE**

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ECP would like to acknowledge ERM, the world's largest pure-play sustainability consulting firm, for its support with ESG strategy development and this report. ERM was founded in 1971 and has more than 50 years of environmental, health, safety, risk, and social experience partnering with clients to define goals and translate them into action. The firm employs more than 5,500 consultants across 160 offices in over 40 countries.