Appendix 1 **TCFD summary report**

Task Force for Climate-related Financial Disclosures ('TCFD')

Details of Serica's ESG strategies directed towards reducing carbon emissions and contributing to the UK's Net Zero target are described on page 13 of the 2024 ESG Report.

Acting responsibly is one of Serica's core values and is reflected throughout its business activities. Climate-related risk management is increasingly integrated into executive decision-making and is factored into Serica's strategic objective to grow its business.

The TCFD framework aims to formalise the implementation and reporting of financial disclosures related to climate change. Serica has reviewed guidance issued by the TCFD regarding the identification, management and reporting of climate-related financial risks and has continuously developed its capabilities to analyse and report climate-related risks.

This disclosure has been made on a voluntary basis and is not yet in full alignment with all 11 recommendations of the TCFD. The Company supports the release and implementation of the IFRS S1 and S2 standards and, in 2025, Serica will look at further enhancing its climate-related risk reporting in line with the IFRS standards, addressing gaps in its disclosure.

Governance

The Serica Board of Directors is comprised of highly experienced oil and gas industry professionals and is ultimately responsible for the governance and management of climate change and climate-related risks and opportunities.

The Board recognises climate change as a material risk to Serica with potential financial implications. It understands that responding to the risks associated with climate change and building resilience is integral to the long-term success of the Company.

It reviews major risks regularly, receives updates from its committees and takes direct reports from key personnel. It sets general policy related to climate risks and opportunities, identifies where further actions are required and delegates authorities accordingly. This includes progress on emissions reduction, general environmental performance, developments in climate-related regulation and cost impacts.

At the end of 2024, there were five committees with accountabilities relating to climate-related risks and opportunities:

- The Sustainability Committee reports to the Board on the effectiveness of the Company's ESG programmes and the management of climate-related risks and opportunities. The Committee also reviews Serica's environmental performance for both operated and non-operated assets and has input into metrics and targets used to measure environmental performance. The Committee aids in steering Serica's long-term decarbonisation strategy ensuring that emissions reduction projects are progressing in a timely manner.
- The Health, Safety and Environment Committee reports to the Board on the effectiveness of the Company's HSEQ programme and ensures that risks, including environmental or carbon-related hazards, are fully assessed and appropriately mitigated. In addition, this committee ensures that all personnel, including contractors employed by the Company, are fully aware of their HSE responsibilities and have been properly trained.
- The Audit Committee reviews the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems. They approve the statements to be included in the Annual Report concerning internal control, financial risk management, including the assessment of principal risks and emerging risks, climate-related financial disclosures and the viability statement.
- The Remuneration Committee determines employee compensation packages and bonus structures which incorporate incentives to deliver climate-related objectives.
- The Nominations Committee ensures that Serica's Board and Executive team have the right skills to manage the company's risks and execute its strategic vision. It also assists in evaluating the performance of the Board, recruitment and succession planning.

Serica's ESG Team provides information to the Board on climate-related topics and issues, such as government policy, changes to relevant legislation and insights from the energy industry. This information may be provided directly in Board papers or via the quarterly Sustainability Committee meetings. During 2024, ESG was both the subject of a dedicated agenda item for a Board meeting and separately as part of the Board's corporate strategy day.

The Senior Leadership Team is kept up to date on climate-rated issues during the weekly management team meeting. Members of Serica's Senior Leadership Team are also a part of industry forums and taskforces. These groups are run by industry bodies and regulators providing members with updates on current and upcoming legislation and expectations, as well as creating the opportunity to hear from peers and other external organisations about their activities. Serica is represented on the OEUK (Offshore Energies UK) and NSTA ESG Forums and relevant information is shared within Serica as appropriate.

Strategy

The Company's focus remains on acquiring or developing oil and gas assets, extending the producing lives of mid-to-late life assets and developing additional reserves where this can be done with a low incremental carbon footprint, typically by utilising existing processing and export facilities.

Serica aligns with the UK government's commitment to achieving Net Zero emissions by 2050. Although our current assets are estimated to cease production well before 2050, Serica takes into account the emissions reduction targets of the North Sea Transition Deal when making strategic decisions.

Serica uses the risk categories recommended by the TCFD to identify and assess climate-related risk and opportunities: namely transition risks, including policy, legal, technology, market changes, and physical risks resulting from event driven (acute) or longer-term (chronic) shifts in climate patterns. Risks are assessed in line with Serica's internal risk management practices. The most material climate related risks form the basis of the Company's Climate Risk Register, which is reviewed by the Sustainability Committee.

The UK relies on oil and gas imports for around half of its requirements. While this situation exists, oil and gas produced in the UK North Sea plays a valuable role in protecting the country's energy security while also contributing to economic growth and quality jobs. Domestic production, especially of gas, also offers a lower carbon source of energy than certain other fuels including imported LNG.

Serica also recognises, however, the opportunities that may be presented by the transition to a low carbon economy. Below is a table summarising the actions Serica has taken to apprise itself of such opportunities.

Opportunity area	Opportunity description	Opportunity exploitation actions
Markets and resilience	Strengthening of relationships with key stakeholders, including investors, banks, regulators, government bodies, industry associations, employees, and communities. This could enhance access to funding and sustain ongoing investor support as well as assist in the identification of new developments, and acquisition opportunities and maintain heightened social licence to operate	The company actively works with ESG Rating Agencies to ensure that it's scoring accurately reflects performance The company transparently reports sustainability information in line with several internationally recognised frameworks Serica's Group Investor Relations Manager has an ongoing dialogue with existing and potential shareholders to understand their expectations The company has representatives on both regulator and industry body forums and takes an active role in these groups
Products, services and resource efficiency	Third parities may seek to sell upstream oil and gas assets to redirect investment, creating potential acquisition opportunities for Serica.	Serica pro-actively seeks UKCS M&A opportunities
Products, resource efficiency and markets	Fiscal incentives or government funding may be available for in technology and carbon reducing activities	Serica evaluates emissions reduction initiatives and technologies that could qualify for investment incentives (eg, Decarbonisation Allowance) Serica monitors trends and potential opportunities in the CCUS and other energy transition businesses that might complement its core E&P business.
Products, resource efficiency and markets	Collaboration with other asset and infrastructure owners may lead to innovative solutions such as sharing power sources and area electrification schemes	Serica is a participant among many other upstream operators in the WINTOG Programme, which aims to assess the feasibility of fully/partially powering offshore installations via the grid or using wind turbine generators Serica remains engaged in INTOG developments in the CNS area, relevant to the potential Buchan Horst development Serica has engaged in identifying, screening and assessing low carbon power opportunities with other Operators

Further work will be undertaken in 2025 to inform Serica's understanding of the opportunities arising from the energy transition.

Scenario analysis

The TCFD recommends that business resilience to climate risks should be assessed through scenario analysis. Scenarios can either by exploratory, whereby a set of starting parameters are established and the impacts are explored, or normative, whereby they begin with an end goal, i.e. limiting global temperature rise to 1.5°C, and then model the steps that society, industry, governments, etc. must take in order to achieve it. The scenarios describe the impact on factors such as supply, demand, regulations, taxes and commodity pricing.

Serica has modelled the economic impact on its business of comparative levels of oil, gas and carbon prices under three scenarios described in the 2024 International Energy Agency ('IEA') World Outlook:

1. Net Zero – accelerated emissions reduction to achieve Net Zero emissions in the energy system by 2050
2. Stated Policies – slower progress based upon existing governmental policies – limiting targets missed
3. Announced Pledges – all current targets and announced pledges are met by countries with temperature - limiting targets narrowly missed.

The results of this quantitative economic scenario analysis confirmed that Serica's business model remains valid in the Stated Policies and Announced Pledges scenarios. There is, however, a major reduction in the value of the Company's assets in the Net Zero scenario. These results are reflected in Serica's current strategy which includes a focus on short cycle investments and M&A which prioritises producing assets over long term developments.

Serica will continue to use scenario analysis to test its resilience under different climate scenarios.

Climate risk management

Serica's Executive Leadership Team ('ELT') is structured and empowered to ensure that the Board has the necessary information to understand and assess risks and opportunities, including those presented by climate change.

Serica's ESG and Business Innovation Manager reports directly to a member of the ELT and is responsible for the development of the ESG Policy and implementation of the ESG Strategy, of which climate risk management is an integral part.

Serica's risk management policies underline the identification, assessment and mitigation of climate-related risks. Serica uses an Operating Risk Management Framework and risk assessment matrix to capture, rank and manage significant risks.

Having assessed climate-related risks the Company either identifies specific mitigating actions and programmes or, where such specific responses are not considered feasible, builds likely financial impacts into valuations and planning.

As Serica's climate-related risk identification and management programme progresses, regular updates are provided to the Board and where appropriate added into the Company's enterprise level risk register which is reviewed regularly.

Serica's existing assets are all currently projected to cease production within the next fifteen years. Accordingly, the Company has primarily targeted its considerations of climate-related risks and opportunities over the short and medium terms. Serica have defined the time period for short, medium and long terms risks as:

- Short term risks: 1 – 3 years
- Medium term risks: 4 – 9 years
- Long term risks: 10 + years

Transition risks:

Transition risks include the policy, legal, technology, and market changes required to deliver the energy transition and adaptation to the impacts of climate change.

Serica has identified transition risks as of growing importance for its business model.

TCFD risk category	Risk	Potential consequences	Perceived impact timescale	Mitigations
Reputation	Negative perception of the oil and gas industry by external stakeholders	External opposition to petroleum licenses and consents leading to decreased future production, revenue and supply chain capacity Negative impacts on workforce management/planning (e.g. employee attraction/retention/job security)	Short term	– Serica advocates publicly for the positive impact the domestic upstream sector has on economic growth, jobs, local communities, government finances and production emissions – Serica is an active member of OEUK and Brindex, which promote the Industry across the UK – Serica reports transparently and follows internationally recognised ESG reporting guidelines
Market	Sources of finance including equity markets and debt providers may be harder to access or become more expensive	Lenders reduce funding available to exploration and production companies and this may impact debt terms and/or debt capacity Organisations with poor ESG commitments, disclosures and performance can expect to see materially reduced lending appetite over time Less debt capacity and increased cost of debt may lead to reduced asset and company valuation	Short term	– Management engages with potential sources to anticipate their ESG compliance requirements – Serica seeks to retain a range of alternative financing options – Potential funding cost increases and loan structures (i.e. sustainability led loans) are considered when planning investments – Serica has put in place a six-year financing facility with a group of international banks – Serica ensures prudent with commitments with banks (e.g. ESG Commitments, such as Net Zero targets) – Serica maintains a strong balance sheet with high cash reserves
Market	The transition away from carbon-based power generation and transport fuels	Stranded oil and gas reserves Increase in unit operating costs due to falling oil and gas sales and increases in the cost of carbon emissions Abrupt and unexpected shifts in energy pricing i.e the rise of LNG supply diluting natural gas prices in the UK Re-pricing of assets (e.g. fossil fuel reserves, land valuations, securities valuations) Accelerated decommissioning costs arising from permanent cessation of production	Medium to long term	– The impact of the value of future reserves is lower for later periods of production due to discounting and so has less impact on Net Present Value – Serica's oil and gas reserves are evenly split between oil and gas mitigating the risk of demand for one commodity over another – Serica closely follows industry related commodity price forecasts and trends from numerous sources and is able to hedge resources – Serica runs climate-related scenario analysis to test the impact of different climate scenarios on its business model – Commercial terms of past transactions are designed to limit Serica's exposure to decommissioning liabilities

TCFD risk category	Risk	Potential consequences	Perceived impact timescale	Mitigations
Policy and legal	Legal challenge to decisions to approve new UKCS field developments	Delay in executing development projects. Potential inability to execute development projects.	Short to medium term	– All such risks factored into development decisions – Serica considers investing overseas to dilute its UKCS exposure
Policy and legal	Increased carbon costs through higher prices for carbon credits and removal of free allowances	Increased operating costs may erode financial returns and the longevity of field lives	Medium term	– Serica aims to deliver ERAP projects to reduce carbon emissions and reduce need for ETS allowances – Serica and its Partners hedge ETS allowances when prices are low – Serica works with non-operated partners to decarbonise assets
Policy and legal	Failure of Serica and/or its Operating Partners to conform with the OGA Plan/ Inventory requirements	Early COP of outlying assets that do not meet requirements and/or are emitting above the industry average Fulfilling the OGA Plan requirements may result in increased costs	Medium term	– Serica aims to deliver ERAP projects to reduce carbon emissions from its operated facilities and reduce need for ETS allowances – Serica supports the creation and execution by operators of ERAPs for its non-operated assets – Asset emissions profiles are considered in potential M&A transactions
Market and reputation	The range of potential assets or company acquisitions may be restricted by ESG considerations	Reduced revenues due to lower production Limited Business Development opportunities Reputation damage if new acquisitions are believed to be not aligned with the Group's commitments	Short to medium term	– Management considers the emissions profiles of potential acquisition targets and the mitigating actions that it can implement – Serica prioritises opportunities to deliver low carbon intensity production into the UK market compared to imports – Serica considers investing overseas to dilute its UKCS exposure
Market and reputation	Poor ESG performance of the operators of Serica's non-operated assets damages Serica's value and reputation	Economic value of assets damaged Standing of Serica with regulatory authorities harmed Public profile of Serica harmed	Short to medium term	– Serica closely monitors performance of Joint Venture operators – Serica share emissions reduction plans and case studies with Partners – Serica reviews and monitors Environmental KPIs of assets and project future carbon intensities to understand future trends from across its portfolio to help identify potential outliers
Policy, legal, reputation	Lack of awareness of climate related issues, regulations or responsibilities could result in disputes, fines or litigation in the UK and abroad	Increased costs resulting from fines and judgments Damage to the Group's reputation as a result of fines or litigation cases Negative impacts on workforce management/planning (e.g. employee attraction/retention)	Short to medium term	– Board and senior management are updated with information on climate and ESG topics and regulations – Serica subscribes to Weston Compliance Services which provides updates on relevant emerging UK regulations – Serica engages with key industry bodies and regulators such as OEUK and NSTA – Legislation associated with potential M&A locations are reviewed

Physical risks:

Physical risks resulting from climate change can result from event driven (acute) or longer-term (chronic) shifts in climate patterns:

- **Acute** - More extreme weather may threaten or disrupt operations, in particular major storms or exceptional wave conditions;
- **Chronic** - Increased severity of weather patterns may cause ongoing or regular disruption, including supply chain logistics efficiency, asset structural integrity, operational uptime, and offshore development schedules. These risks may need to be highlighted in Serica's future transactions.

TCFD risk category	Risk	Potential consequences	Perceived impact timescale	Mitigations
Chronic physical	More extreme weather patterns may threaten or disrupt operations or supply chain	Reduced revenue due to transport difficulties and supply chain interruption due to extended shutdowns Increased operating costs due to delays within the supply chain and capital costs associated with project delays	Medium to long term	– Serica seeks to maintain robust transport and supply chains – Operations plans such as for drilling, diving and seismic include contingencies for adverse weather – Serica looks to identify technologies that reduce exposure to weather disruptions – Serica plans work scopes around weather (eg maintenance shutdowns take place in the summer)
Acute physical	Extreme weather events could significantly damage an asset	Write-offs and early retirement of existing assets Increased capital costs (e.g., damage to facilities) Reduced revenues from lower sales/output from extended shutdowns Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations	Long term	– The Company operates under a Severe Weather Action Plan – The impact of extreme climatic conditions such as exceptional waves are incorporated into risk management scenarios – Serica maintains customary insurance cover

Impact of climate-related risks and opportunities on business, strategy, financial planning:

Serica's management considers climate-related strategic and financial risks in both its existing asset portfolio and future business growth, including potential acquisitions. The below table highlights how the identified climate-related risks and opportunities have impacted areas such as Serica's operations and services and supply chains.

Area	Description of impact/change
Access to capital	Management has engaged with potential finance sources to anticipate ESG compliance requirements and sought alternative financing options Serica has considered potential funding cost increases and loan structures when planning investments
Operations	Resource allocation to produce and implement an Emissions Reduction Action Plan ('ERAP') for the Bruce Hub aimed at reducing emissions in line with targets set out in the North Sea Transition Deal Extensive interaction with operator regarding emissions reduction initiatives for the Triton FPSO Increased tracking of performance metrics relating to emissions, flaring, waste, and discharges to sea
Acquisitions or divestments	Management has evaluated the emissions profiles of potential acquisition targets to assess the impact these may have on Serica's emissions and carbon intensity performance
Products and services	Carbon costs have impacted production costs and are additional factor to be considered in assessing future investments and the long-term viability of existing assets
Investment in research and development ('R&D')	Serica has contributed, through a combination of cash and in-kind support, to a number of Research and Development (R&D) initiatives aimed at exploring opportunities for investment in decarbonisation technology
Adaptation and mitigation activities	Capital investment and technical support for efficiency and decarbonisation projects relating to Serica's assets Review of potential opportunities arising from the energy transition
Supply chain and/or value chain	Increased time and cost are deployed to meeting the increasing regulatory requirements and market expectations for the disclosure of ESG and climate-related information relating to the supply and value chains

Metrics and targets

The framework for assessing Serica's climate-related risks is aligned with Serica's enterprise-level risk assessment matrix. This matrix looks at the potential frequency of a risk occurring and the potential financial impact this may have on the organisation. Once its likelihood and potential financial impact has been determined, it is given a risk rating, which is then used by Serica to rank the risks. Efforts to mitigate risks are concentrated on those potential events ranked highest in terms of their chance of occurrence and impact.

Carbon emissions data is collected from Serica's assets, including operated and non-operated facilities. Serica assures this data for consistency and comparability. It is used to monitor compliance with emissions regulation, operating permits and consents associated with Serica's assets, all of which are located in the UKCS. It also enables performance to be benchmarked, potentially identifying the scope for further meaningful and achievable emissions reductions.

Serica is fully aligned with the emission reduction targets as set out in the North Sea Transition Deal, which commits the UK oil and gas industry to reduce absolute basin emissions by 10% by 2025, by 25% by 2027, 50% by 2030, and become Net Zero by 2050 from a 2018 baseline. Serica also supports the World Bank's target of reaching zero routine flaring by 2030.

Serica sets annual emissions targets as part of its annual bonus scheme. Performance against these targets is directly linked to the remuneration of our staff and executives. Serica has implemented ESG bonus linked targets since 2021.

In 2024, the bonus linked intensity target was:

– Bruce Hub Carbon Intensity <15.5 kgCO_2/boe in 2024

This was not achieved with the Bruce installation carbon intensity during 2024 being 17 kgCO2/boe as a result of production instability in the second half of the year. Further details about emissions performance can be found on page 12 of the 2024 ESG Report.

In 2025, Serica will continue to tie emissions reduction initiatives to its remuneration and corporate bonus scheme and has implemented the following emissions related targets:

– Bruce installation Scope 1 emissions 210,000 tonnes of CO_2 or below

- Net producing portfolio carbon intensity of 20 kgCO2/boe or below

The above targets are a mix of absolute and intensity based and cover the full 2025 calendar year.

Serica also has a suite of other environmental targets and KPIs used to monitor its performance. These include average daily flaring volumes, percentage of waste diverted from disposal, volume of general waste generated and quantity of oil in produced water that is discharged to sea. Performance against these targets is monitored regularly and reported across the organisation.

Serica's Scope 1, 2 and 3 emissions are presented on pages 12 - 17 of the 2024 ESG Report.

Alignment to the TCFD Recommendations

This Alignment Table provides information as to the alignment of Serica Energy's reporting with the Task Force on Climate-related Financial Disclosures ('TCFD'), implementing the recommendations of the Task Force on Climate-related Financial Disclosures (2021 report). The information herein is associated with the 2024 calendar year. This Alignment Table was produced by Sustain:able.

Serica understands that climate change resilience is integral to the long-term success of its organisation. Serica have used the TCFD recommendations to further develop its climate-related strategies, programmes, and reporting. While its reporting is not in full alignment with the TCFD requirements at this stage, Serica will focus on maturing its reporting process to further enhance its climate-related risk reporting in line with the IFRS standards and will continue to evaluate scenario analyses to support strategic planning and capital allocation.

Governance		Disclosure alignment	Reporting location
a	Describe the board's oversight of climate-related risks and opportunities	Full	Page 1
b	Describe management's role in assessing and managing climate-related risks and opportunities	Full	Page 1

Serica fully aligns with the TCFD Governance reporting recommendations. Both its board and management teams recognise climate change as a material risk to Serica with potential financial implications. As such, climate-related risks and opportunities are integrated into board and management accountabilities and decision making. Regular reviews, evaluations and discussions are part of Serica's proactive approach to manage climate change and further organisational resilience.

Strategy		Disclosure alignment	Reporting location
a	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Full	Page 4 - 6
b	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Partial	Page 7
c	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Partial	Page 3

Serica partially aligns with the TCFD Strategy reporting recommendations. Its disclosure of a is generally aligned with the guidance. Serica is in partial alignment with b and c.

Risk management		Disclosure alignment	Reporting location
a	Describe the organisation's processes for identifying and assessing climate-related risks	Full	Page 3
b	Describe the organisation's processes for managing climate-related risks	Partial	Page 3
c	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Full	Page 3

Serica partially aligns with the TCFD Risk Management reporting recommendations. Serica aligns with the Risk Management guidelines regarding the reporting of our procedures for identifying, evaluating, and mitigating climate-related risks and how they are integrated into its risk management strategy (a and c). It provides an account of its methodology for determining materiality, including climate-related risks, within the company, which outlines the relative importance of climate-related risks in relation to other risks in its materiality matrix. It includes reference to transition and physical risks and opportunities; however, it does include a comprehensive evaluation of all the risks included on pages 4 - 6.

Metrics and targets		Disclosure alignment	Reporting location
a	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Partial	Page 7
b	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	Full	Page 7
c	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Full	Page 7

Serica partially aligns with a of the Metrics and Targets recommendations and fully aligns with the scope disclosures of component b as well as the target setting of part c of the guidance. While our disclosure of climate-related metrics includes GHG emissions, air emissions and others (ESG Report pages 12 - 17), our reporting does not include the complete range of metrics outlined in Tables A1.1 and A2.2. We also do not disclose our internal carbon prices for confidentiality reasons.

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