

UN GLOBAL COMPACT: COMMUNICATION ON PROGRESS

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United Nations Global Compact: Serica Energy's 2021 Communication on Progress

Serica continues to be a proud and active signatory of the United Nations Global Compact (UNGC). Throughout 2021 Serica continued to show its support for the UNGC's Ten Principles on human rights, labour, environment, and anti-corruption. As an organisation we remain committed to further integrating the UNGC and its principles into our strategy, culture and day to day running of Serica's operations. This is Serica's second Communication on Progress (CoP) and aims to highlight the actions taken by Serica throughout the reporting period in relation to the UNGC principles.

Human Rights

Serica Energy is a supporter of the Universal Declaration of Human rights.

Serica has a comprehensive Business Management System (BMS) which includes codes, policies and procedures to work fairly and transparently as well as meet all laws and regulations. As part of this, Serica's Code of Conduct sets out behaviours expected from employees, contractors and third parties who act on Serica's behalf to meet all legal requirements and work to the highest ethical standards. For more details see [page 40](#).

More details on how Serica supports human rights in the workplace and in our communities can be found on [page 41](#).

Labour

Serica is not currently unionised and therefore there is currently no collective bargaining. However, Serica does recognise and support the right to collective bargaining and freedom of association. This was highlighted in 2021 with Serica's strong support for the Energy Services Agreement (ESA). More details can be found [page 35](#).

Serica is proud to have a number of Bruce Elected Safety Representatives, who meet on a fortnightly basis to discuss any raised safety matters. Our Elected Safety Representatives hold regular meetings and have a direct line to offshore management. In 2021, the reps made a positive impact in areas such as evacuation routes, training and contractor relations, more details can be found on [page 20](#).

Serica complies with the Modern Slavery Act (2015) including implementation of contract clauses, staff training and the right to audit contractors and suppliers to verify compliance. The [Modern Slavery Statement](#) outlines our approach, risk assessment and strategies to prevent forced labour of any kind.

Serica has an Equal Opportunities and Dignity at work policy which states that employees will receive equal treatment regardless of age, race, religion, gender, nationality etc. Throughout 2021, our Diversity and Inclusion Committee took many steps to help develop an even more inclusive working environment that encourages diversity. Details of these actions can be found on [page 30](#).

Serica continued its support and membership of the AXIS Network, a group dedicated to improving gender equality in the energy sector. In 2021, Serica became members of the Association For Black and Ethnic Minority Engineers UK (AFBE-UK) and also signed up to the Armed Forces Covenant, more information on Serica's memberships can be found on [page 32](#).



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20 August 2020

H.E. António Guterres
Secretary-General
United Nations
New York,
NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to confirm that Serica Energy plc supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our intent to implement those principles. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Serica Energy will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the UN Global Compact, and annually thereafter according to the UN Global Compact COP policy. This includes:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the UN Global Compact.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the UN Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption).
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

Sincerely yours,

Mr Mitch Flegg
CEO

Environment

In 2021, Serica continued to reduce its total flaring volumes by 16% compared to 2020 volumes and by 53% compared to our 2019 baseline. This year-on-year reduction is attributed to many factors, such as Serica's robust Flaring Strategy, increased visibility of daily flaring volumes and the setting of challenging flaring targets that were linked to employee remuneration. To build on the progress already made, Serica has set flaring related KPIs, limiting total flared volumes to >5,000 tonnes of gas and limiting Category A daily flaring volumes to 9.5 tonnes of flared gas.

A key aim for Serica in 2021 was to better understand the measuring and monitoring of our emissions and where they were coming from. Throughout 2021, Serica worked with two separate innovative digital technology providers to assist in the development and trial of two emissions tracking and reporting tools. The first of these tools, *OPEX.AI* is a cloud based artificial intelligence system that takes data directly from turbine data tags to calculate the emissions from each open cycle gas turbine. Data is graphically represented to allow for more timely and insightful interpretation and analysis. The second digital tool to be developed and rolled out in 2021 was the collaboratively developed Xodus/ Serica Emissions Reporter tool, Emissions Insight. Emissions Reporter was designed to automate the requirements of the UK ETS monitoring plan. More information on these tools can be found on [page 11](#).

Methane has a global warming potential of 28 times that of CO₂ over a 100-year time horizon. Serica has committed to developing and implementing an asset specific Methane Action Plan detailing how we will monitor and reduce methane emissions. This will include using an unmanned aviation vehicle (UAV) to establish a methane emissions baseline for the Bruce Platform.

We have improved our monitoring and reporting of Scope 3 emissions associated with our R3 well intervention and Columbus drilling projects. We worked with suppliers and vessels operators to calculate the month-on-month impact of our projects. In addition to that we have increased our capability to report our Scope 3 emissions associated with our standard operations and have worked with the operators of our non-operated assets to provide an accurate picture of our share of emissions.

In terms of waste, Serica is proud to say that we were able to achieve our target of limiting generated waste to below 200 tonnes. In 2021, we produced a total of 199 tonnes of waste, a reduction of 55 tonnes compared to 2020. We attribute this success to a change in attitude and culture, which has nurtured creative initiatives that has helped us reduce our waste volumes by replacing single-use items with reusable alternatives. We have continued to implement initiatives to reduce the impact of our supply chain on the environment in which we operate. In July we began sharing a Platform Support Vessel with another operator, which has helped us significantly reduce the associated transport emissions, as the agreement reduces sailing times by 2-3 days per week. More details on supply chain initiatives can be found on [page 13](#).

Serica are members of the Net Zero Technology Centre (NZTC) and OEUK, both of which have Net Zero goals. Through our membership with the NZTC, in 2021, Serica partnered with Arc Marine and will assist in trialling their innovative Marine Matts, which are designed to reduce the environmental impacts associated with concrete mattresses, more details can be found on [page 36](#).

Anti-Corruption

The [Anti-Bribery and Corruption](#) Policy is owned by the Board of Directors and is regularly reviewed and updated as required. More details are available in the [Code of Business Conduct](#). Serica has also provided a confidential whistleblowing service SeeHearSpeakUp for those who may have concerns. In 2021, no concerns were raised through the service.