

SERICA ENERGY: APPROACH TO TAX

This tax statement has been prepared by Serica Energy plc ("**Serica Energy**") on behalf of itself and its subsidiaries (including Serica Energy UK Limited). It complies with paragraph 16(2) of Schedule 19 of the Finance Act 2016.

ABOUT SERICA ENERGY

Serica Energy is a UK independent upstream oil and gas upstream company with production, development and exploration interests in the UK Continental Shelf. Serica seeks to deliver value for shareholders through optimising our portfolio of assets and to run our business with integrity and accountability.

More information can be found here: www.serica-energy.com

APPROACH TO COMPLIANCE

We comply with tax law and practice in all the territories in which we operate, including the UK which is our main place of business. Compliance for us means paying the right amount of tax and involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available.

TAX PLANNING

In structuring our commercial activities, we will consider – among other factors – the tax laws of the countries within which we operate with a view to maximising value on a sustainable basis for our shareholders. Any tax planning undertaken will have commercial and economic substance and will have regard to the potential impact on our reputation and broader goals. We will not undertake planning that is contrived or artificial.

TAX RISK MANAGEMENT

Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of tax law and nature of our compliance arrangements. We proactively seek to identify, evaluate, manage and monitor these risks to ensure they remain in line with the group's risk appetite. Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought.

The board is ultimately accountable for tax risk within the Group. The Group Treasurer has responsibility for ensuring that policies and procedures supporting the Group Tax Strategy are in place and are followed consistently in all areas of the business.

RELATIONSHIP WITH TAX AUTHORITIES

We engage with tax authorities, including HMRC, with honesty, integrity, respect and fairness and in a spirit of co-operative compliance. We are prepared to litigate where we disagree with a ruling or decision of a tax authority but will first seek to resolve any disputed matters through pro-active and transparent discussion and negotiation.

Where we deem it appropriate, we will seek advance guidance from HMRC or any other relevant tax authority on the correct tax treatment of transactions. We will not consider any arrangement which relies on less than full disclosure to HMRC or other tax authorities.

This strategy applies to Serica Energy and all UK entities in its UK group and complies with paragraph 16(2) of Schedule 19 of the Finance Act 2016.