

Sustainability Committee · Terms of Reference

Serica Energy plc (the **Company**)

1. Constitution

- 1.1 The Board of directors of the Company (the **Board**) has established a committee of the Board known as the Sustainability Committee (the **Committee**).
- 1.2 The meetings and proceedings of the Committee are governed by these Terms of Reference which were adopted by the Board on [●] [and took effect on [●]].
- 1.3 Committee's role is to assist the Board in fulfilling its responsibility to review and provide oversight of the Group's strategies, goals, policies, procedures, performance and disclosures related to sustainability and environmental, social and governance matters.

2. Membership and attendance

- 2.1 The Committee shall comprise at least three directors. A majority of the members of the Committee shall be independent non-executive directors.
- 2.2 Members of the Committee shall be appointed by the Board on the recommendation of the nomination committee and in consultation with the chair of the Committee (the **Committee Chair**). Appointments shall be for a period of up to three years, which may be extended for up to two further periods of three years each, provided the director still meets the criteria for membership of the Committee.
- 2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as other directors and members of the executive leadership team and other external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

3. Committee Chair

- 3.1 The Board shall appoint the Committee Chair, who shall be an independent non-executive director.
- 3.2 In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

4. Secretary

The Company Secretary or their nominee shall act as the secretary of the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues contained in them.

5. Quorum, venue and voting

- 5.1 The quorum necessary for the transaction of business shall be two members of the Committee.
- 5.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 5.3 The Committee may hold meetings where members are physically present together or may hold meetings by telephone or by using any other method of electronic communication whereby the participants are able to communicate effectively with each other. Decisions of the Committee shall be

made by majority vote. In the event of an equality of votes, the Committee Chair shall not have a second or casting vote.

- 5.4** The Committee may also take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the Committee Chair. A resolution in writing, signed or otherwise agreed to (including by way of email) by all those members of the Committee for the time being entitled to receive notice of a committee meeting, who would have been entitled to vote on the resolution at a meeting of the Committee shall be as valid and effective for all purposes as a resolution passed at a meeting duly convened and held, and may consist of two or more copies in like form each signed or agreed to by one or more of such members of the Committee.

6. Frequency of meetings

The Committee shall meet at least three times a year and otherwise as required.

7. Notice of meetings

- 7.1** Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair or, if they consider it necessary, any of its members.
- 7.2** Notices and supporting papers may be circulated electronically.
- 7.3** Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date (and dial-in details if appropriate) together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required or invited to attend no later than five days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- 7.4** Shorter notice and/or late submission or circulation of supporting papers will be permitted at the discretion of the Committee Chair.

8. Minutes of meetings

- 8.1** The secretary of the Committee shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 8.2** The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 8.3** Draft minutes of Committee meetings shall be circulated to the Committee Chair and thereafter to all other members of the Committee. Once approved, minutes should be made available or otherwise circulated to all other members of the Board and the Company Secretary unless, in the opinion of the Committee Chair, it would be inappropriate to do so.

9. Engagement with shareholders and annual general meeting

- 9.1** The Committee Chair should attend the annual general meeting (**AGM**) to answer any shareholder questions on the Committee's activities.
- 9.2** If requested to do so by the chair of the Board, the Committee Chair should make a statement at the AGM on the activities of the Committee over the year. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

10. Role

The Committee shall:

- 10.1 Monitor Company environmental performance operated and non-operated.
- 10.2 Monitor progress against approved emissions reduction projects.
- 10.3 Ensure transparency in reporting on environmental, social and governance (**ESG**) matters 'beyond compliance'.
- 10.4 Review investment options in the energy transition sector.

11. Duties

The Committee shall:

Strategy

- 11.1 Oversee the development of, advise the Board regarding, and recommend for approval by the Board, on the Group's strategy related to sustainability and ESG.¹ [The strategies, goals and commitments include but are not limited to:
 - a. climate risks and opportunities;
 - b. the Company climate transition plan and commitments and progress to greenhouse gas emissions; pollution; waste management and reduction and producer responsibility;
 - c. diversity and inclusion;
 - d. biodiversity and nature;
 - e. deforestation and land use;
 - f. energy efficiency;
 - g. resources efficiency (including water);
 - h. human rights; and
 - i. supply chain management.
- 11.2 Ensure that the Group's sustainability and ESG priorities are reflected in the Group's culture by alignment with the corporate strategy, purpose, values and codes of conduct.

Goals and metrics

- 11.3 Advise on, and recommend for approval by the Board, appropriate strategic goals, targets, commitments and key metrics related to sustainability and ESG matters.
- 11.4 Monitor annual and long-term progress against previously set sustainability and ESG objectives, including compliance with public commitments on sustainability and ESG issues. Oversee ongoing measurement and reporting of performance against key sustainability and ESG metrics.

Performance and Ratings

- 11.5 Consider and review the Company's sustainability and ESG ratings and accreditations.
- 11.6 Periodically review external rating agency perception, how the ratings are used and evolved.

Horizon scanning

11.7 Monitor current and emerging trends and developments to identify:

- a. emerging sustainability and ESG risks, applicable laws, rules, regulations and voluntary frameworks and initiatives; and
- b. key developments in the sustainability and ESG regulatory landscape of relevance to the Company.

11.8 Advise the Board on sustainability and ESG-related issues and developments which are likely to impact the Group's strategies, goals and commitments and disclosures, and whether and how any changes should be reflected in the Group's strategy, objectives, policies and reporting.

Risk

11.9 Provide oversight of any specific risks as may be allocated to the Committee by the Board from time to time.

Policies and Procedures

11.10 Consider and recommend for approval by the Board, and oversee implementation of, and ongoing compliance with, the Group's sustainability and ESG policies and procedures, including ESG Strategy, ESG Policy and Company decarbonisation plans.

11.11 Review, update and oversee the Group's policies and procedures, systems, and controls for collection, management and monitoring of sustainability and ESG information (including the information used to prepare sustainability and ESG-related statements and disclosures, including preparation of the ESG statements and disclosures in the annual report, the modern slavery statement, and the gender pay gap report).

Training and Education

11.12 Oversee the delivery of regular and effective sustainability and ESG training throughout the Company at all levels (including in induction training for new employees and board members) and regularly benchmark the quality and effectiveness of that training.

11.13 Oversee the preparation, communication and education of senior leadership and functional groups on changes in sustainability and ESG policies and practices within the Company.

12. Reporting responsibilities

12.1 The Committee Chair shall report to the Board after each meeting on the nature and content of its discussions, recommendations and actions to be taken, to the extent appropriate.

12.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and adequate time should be made available for Board discussion where necessary.

12.3 The Committee shall oversee the production of annual sustainability reporting] and statements and disclosures on the Group's ESG strategy, policies and practices for inclusion in the Company's annual report.

13. Other matters

The Committee shall:

13.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required.

13.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

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- 13.3** Give due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code and published guidelines or recommendations as appropriate.
 - 13.4** Ensure that a periodic evaluation of the Committee's own performance is carried out.
 - 13.5** Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.
 - 13.6** At least annually, review its constitution and these Terms of Reference to ensure the Committee is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
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14. Authority

The Committee is authorised to:

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- 14.1** Seek any information, including reports, that it requires from any employee of the Group and from any sub-contractor, consultant or other provider of services to the Group in order to perform its duties.
 - 14.2** Obtain, at the Company's expense, outside legal or other professional advice on any matters on any matter it believes it necessary to do so.
 - 14.3** Call any employee to be questioned at a meeting of the Committee as and when required.
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