

Audit and Risk 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 Audit and Risk 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 13 October 2026.

2. Membership and attendance

- 2.1 The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. At least one member of the Committee shall have recent and relevant financial experience with competence in accounting and/or audit and the Committee as a whole shall have competence relevant to the sector in which the Company operates. The chair of the Board shall not be a member of the Committee.
- 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 members continue to be independent.
- 2.3 Only members of the Committee have the right to attend Committee meetings. However, the Chief Financial Officer, senior finance executives and the external auditor will be invited to attend meetings of the Committee on a regular basis and other individuals 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

- 6.1** The Committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. At least one meeting per year shall not have any members of the executive management present.
- 6.2** Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the chair of the Board, the Chief Executive Officer, the Chief Financial Officer, senior finance executives and the external auditor.

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 any of its members or at the request of the external auditor if they consider it necessary.
- 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 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. Duties

The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the Company, its subsidiary undertakings and the group as a whole, as it considers appropriate.

10.1 Financial reporting

- a.** The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which these statements contain having regard to the matters communicated to it by the auditor.
- b.** The Committee shall also report to the Board on the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and the role of the Committee in that process.
- c.** In particular, the Committee shall review and challenge where necessary:
 - i.** compliance with accounting standards and legal and regulatory requirements, taking into account the views of the auditor;
 - ii.** the application and appropriateness of significant accounting policies and any changes to them;
 - iii.** the methods used to account for significant or unusual transactions where different approaches are possible;
 - iv.** whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor on the financial statements;
 - v.** the clarity and completeness of disclosures in the Company's financial statements and the context in which statements are made;
 - vi.** related information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management;
 - vii.** significant adjustments resulting from the external audit;
 - viii.** whether it is appropriate for the Company to adopt the going concern basis of accounting including consideration of any material uncertainties to the Company's ability to do so over a period of at least 12 months from the date of approval of the financial statements (the **going concern statement**); and
 - ix.** whether it is appropriate for the Board to give its viability statement taking account of the Company's current position and principal risks and explaining how it has assessed the prospects of the Company over a given period including its statement that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment, drawing attention to any qualifications or assumptions as necessary (the **viability statement**).
- d.** The Committee shall review any other statements requiring Board approval which contain financial information, where to carry out a review prior to approval by the Board would be practicable and consistent with any prompt reporting requirements under any law or regulation including the FCA's UK Listing Rules Sourcebook, Admission to Trading on a Regulated Market Sourcebook, Disclosure Guidance and Transparency Rules Sourcebook.

- e. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

10.2 Narrative reporting

- a. Where requested by the Board, the Committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

10.3 Risk management and internal control

The Committee shall:

- a. review and monitor the Group's risk management and internal control framework (covering all material controls including financial, operational, reporting and compliance controls) and at least annually carry out a review of its effectiveness and report its findings and recommendations to the Board;
- b. review the approach to the identification of emerging and principal risks (including those which may threaten the Group's business model, future performance, solvency or liquidity and reputation) and the management and mitigation of those risks to reduce the likelihood of their incidence or their impact and report its findings to the Board;
- c. provide advice to the Board on the Group's risk appetite and whether this fits within its tolerance for risk;
- d. review and recommend for approval by the Board the statements and declaration to be included in the Company's annual report concerning the viability statement and the going concern statement;
- e. review and recommend for approval by the Board the statements and declaration to be included in the Company's annual report concerning the risk management and internal control framework, including:
 - i. a description of how the Board has monitored and reviewed the effectiveness of the risk management and internal control framework;
 - ii. a declaration as to the effectiveness of the Company's material controls as at the balance sheet date; and
 - iii. a description of any material controls which have not operated effectively at the balance sheet date, the actions taken, or proposed, to address such matters and any previously reported issues; and
- f. review internal assurance reports and consider the level of assurance generally on the risk management and internal control framework, and advise the Board on whether that is sufficient to help it satisfy itself that these frameworks are operating effectively.

10.4 Reserves Committee

- a. The Committee shall establish the Reserves Committee as a sub-committee with its own terms of reference. The Reserves Committee shall have responsibility for appointing an independent external qualified petroleum engineering consultancy every year to produce a Reserves Report on the Company's oil and gas reserves. This report, once agreed with senior management, must be prepared in time to meet with the requirements of the external auditor and the preparation of the annual report of the Company.
- b. The Committee shall ensure that:
 - i. the Reserves Committee reports their actions to the Committee when the Reserves Report is completed; and

- ii. the annual independent Reserves Assurance process is completed by the Reserves Committee ahead of the year-end financial modelling and the Committee shall accept the year-end reserves.

10.5 Treasury Matters

The Committee shall:

- a. monitor compliance with the Group Treasury Policy and carry out the other responsibilities and duties assigned to the Committee under the Group Treasury Policy;
- b. review reports from the Chief Financial Officer and/or the Group Treasurer relating to the Group Treasury Policy, and report its findings and recommendations to the Board for approval;
- c. monitor the implementation of the Group's hedging programmes, review reports from the Chief Financial Officer regarding the implementation of and controls over such programmes and make recommendations to the Board as appropriate; and
- d. at least annually, carry out a review of the Company's treasury policies including the Group Treasury Policy and the Hedging Policy and report its findings and recommendations to the Board for approval.

10.6 Compliance, whistleblowing and fraud

The Committee shall:

- a. review the adequacy and security of the Company's arrangements: for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and to allow proportionate and independent investigation of such raised matters and appropriate follow up action;
- b. review the Company's procedures for detecting fraud; and
- c. review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

10.7 Internal audit

For so long as the Company has not appointed a person/persons to provide internal audit services, the Committee shall consider annually whether the Company has a need for an internal audit function and report its findings and recommendations to the Board for approval. Where applicable, the absence of an internal audit function shall be explained in the annual report along with an explanation for how internal assurance is achieved and how this affects the work of external audit.

Where applicable, the Committee shall approve the arrangements for the provision of internal audit services to the Company and any termination of such arrangements.

Where the Company has appointed a person/persons to provide internal audit services, the Committee shall:

- a. review and approve the role and mandate of the internal auditor, approve the annual internal audit plan and monitor and, at least once a year, review the effectiveness of its work;
- b. review and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;
- c. receive regular reports on work carried out by the internal auditor and monitor management's response to internal audit findings and recommendations;
- d. satisfy itself that the internal auditor has the necessary resources and access to information and to management to enable it to fulfil its mandate;
- e. ensure the internal auditor has access to the Board chair and to the Committee Chair where necessary, allowing it to be independent of the executive, accountable to the Committee and able to exercise independent judgement;

- f. meet regularly with the internal auditor and, at least once a year, without the presence of management, to discuss the effectiveness of the function; and
- g. monitor and assess the role and effectiveness of the Company's internal auditor in the overall context of the Company's risk management system, and the work of compliance, finance and the external auditor, overseeing the relationship between these functions to ensure they are co-ordinated and operating effectively to avoid duplication.

10.8 External audit

The Committee shall, taking into account where relevant any applicable law and regulation, and having regard where appropriate to the Financial Reporting Council (the **FRC**) Corporate Governance Code (the **Code**), the FRC Corporate Governance Code Guidance, the FRC Audit Committees and the External Audit: Minimum Standard, the FRC's Revised Ethical Standard (the **Ethical Standard**) and to other professional requirements:

- a. consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- b. ensure that at least once every ten years, the external audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of services provided by the incumbent auditor with those of other audit firms;
- c. develop and conduct the tender selection process for the appointment of the audit firm in accordance with the Code and regulatory requirements, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process, and make recommendations to the Board accordingly;
- d. if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- e. oversee the relationship with the external auditor. In this context the Committee shall:
 - i. approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
 - ii. regularly assess audit quality using FRC thematic reviews, external benchmark data and feedback from management; and
 - iii. approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- f. review and monitor the external auditor's independence and objectivity taking into account the Group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats, including the provision of any non-audit services;
- g. satisfy itself that there are no relationships between the auditor and the Group (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- h. agree with the Board a policy on the employment of former employees of the Company's auditor and monitor the application of this policy;
- i. monitor the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- j. monitor the level of fees paid by the Group to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;

- k. assess annually the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- l. evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- m. develop, recommend to the Board, and implement, the Group's formal policy on the provision of non-audit services by the external auditor, including prior approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
 - i. the impact the provision of non-audit services may have on the independence and objectivity of the external auditor and any safeguards in place;
 - ii. the nature of the non-audit services;
 - iii. whether the external audit firm is the most suitable supplier of the non-audit services;
 - iv. the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - v. the criteria governing compensation;
- n. meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- o. discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- p. review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - i. a discussion of any major issues which arose during the audit;
 - ii. the auditor's explanation of how the risks to audit quality were addressed;
 - iii. key accounting and audit judgements;
 - iv. the auditor's view of their interactions with senior management; and
 - v. levels of errors identified during the audit;
- q. review any representation letter(s) requested by the external auditor before they are signed by management;
- r. review the management letter and management's response to the auditor's findings and recommendations; and
- s. review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

11. Reporting responsibilities

- 11.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting and at such other times as the Committee may determine on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- a. the significant issues that it considered in relation to the financial statements and how these were addressed;
- b. its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor and information on the length of tenure of the external audit firm, when a tender was last conducted and any advance notice of any retendering plans; and
- c. any other issues on which the Board has requested the Committee's opinion.

11.2 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.

11.3 The Committee shall provide a description of its work in the annual report, including where appropriate:

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- a. the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
 - b. an explanation of the application of the Company's accounting policies;
 - c. where shareholders have requested that certain matters be covered in the audit and that request has been rejected, an explanation of the reasons why;
 - d. an explanation of how the Committee has addressed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current external audit firm, when a tender was last conducted and any advance notice of any retendering plans;
 - e. where a regulatory inspection of the quality of the Company's audit has taken place, information about the findings of that review, together with any remedial action the auditor is taking in the light of these findings;
 - f. in the case of the Board not accepting the Committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the Committee explaining its recommendation and the reasons why the Board has taken a different position;
 - g. where there is no internal audit function, an explanation for the absence, how internal assurance is achieved and how this affects the work of external audit;
 - h. an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services;
 - i. if a tender has taken place within the year, an explanation of the criteria used to make the selection and of the process followed;
 - j. an explanation of the activities the Committee has undertaken to meet the requirements of the FRC Audit Committees and the External Audit: Minimum Standard; and
 - k. as regards the Competition & Markets Authority Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the **CMA Order**), a statement of compliance with its provisions and if the Company has not completed a competitive tender process for auditor appointments in the last consecutive five years, a statement of when the Company next proposes to complete a tender, and the reason why a tender in that financial year is in the best interest of the Company's members.

11.4 In compiling the reports referred to in paragraphs 11.1 and 11.3, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

12. Other matters

The Committee shall:

- 12.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- 12.2 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.
- 12.3 Give due consideration to all relevant laws and regulations (including the 2006 Act), the provisions of the Code and associated guidance (including the External Audit: Minimum Standard), the requirements of the FCA's UK Listing Rules Sourcebook, Admission to Trading on a Regulated Market Sourcebook, Disclosure Guidance and Transparency Rules Sourcebook and any other applicable rules, as appropriate.
- 12.4 Where applicable, be responsible for oversight of the co-ordination of the internal and external auditors.
- 12.5 Oversee any investigation of activities which are within its terms of reference.
- 12.6 Work and liaise as necessary with all other Board committees ensuring that interaction between committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to different committees to avoid duplication and ensure comprehensive oversight.
- 12.7 Ensure a periodic review of its own performance is carried out.
- 12.8 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.

13. Authority

The Committee is authorised to:

- 13.1 Seek any information 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.
- 13.2 Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so.
- 13.3 Call any employee to be questioned at a meeting of the Committee as and when required.
- 13.4 Have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board. If the Board has not accepted the Committee's recommendation on the external auditor appointment, reappointment or removal, the Company's annual report should include a statement explaining the Committee's recommendation and the reasons why the Board has taken a different position.