



Sustainability Report 2022

Capricorn Energy PLC





As an energy producing company, the environmental aspect of sustainability means it is vital for us to find a way to deliver net zero carbon emissions for the Company.”

Chris Cox
Interim Chief Executive Officer (CEO)

Overview

Capricorn is an Egypt-focused energy producer, with an attractive portfolio of onshore exploration, development and production assets in the Western Desert.

Outside Egypt, the Company has selective exploration interests which it is seeking to monetise, farm-down or exit.

Capricorn is headquartered in Edinburgh, Scotland.

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About Our Sustainability Report

This document comprises Capricorn Energy's full Sustainability Report 2022, covering our sustainability strategy and performance from 1 January to 31 December 2022.

A key focus for the business in 2022 has been on setting out our net zero policy more clearly for our stakeholders. As part of that, we aim to reduce Scope 1 and 2 equity CO₂ emissions by 15% by 2025 and by 30% by 2030. Ultimately, this would lead us to our target of being net zero by 2040, if not sooner. This has involved setting clear principles to underpin those targets – see page 9 for more detail.

Key initiatives and updates in 2022

- Articulation of our roadmap to net zero.
- Culture shift towards greater use of targets and measurements.
- Establishment of well-resourced, highly-targeted presence in Egypt.
- Social investment programmes being discussed in Egypt, and continued in Suriname and Mexico.
- Careful consideration of human rights challenges in Mauritania in anticipation of contracting requirements.
- Seismic data collection programme completed in Egypt with exploration drilling beginning in Q1 2023.
- Introduction of the ambition to deliver No Net Biodiversity Loss in areas where we operate.
- Revised approach to competency management.

Third-Party Assurance

We have commissioned Deloitte to provide independent third-party assurance of our operated Greenhouse Gas (GHG) emissions data, and have commissioned a study on next steps to be able to assure a wider set of data, including equity GHGs.

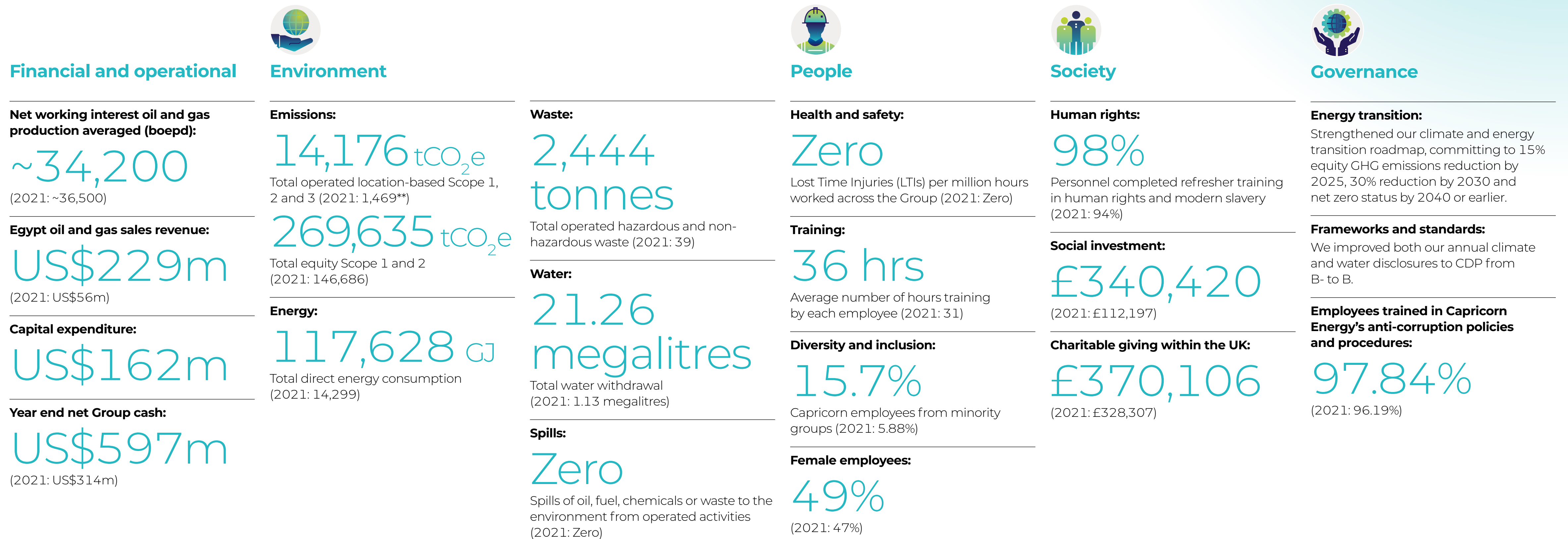
Our Corporate Responsibility Management System (CRMS)

We continue to review our CRMS annually to ensure our policies, procedures and guidance match regulatory requirements. The annual review is high-level with a focus on continual improvement year-on-year, and the following actions took place in 2022 to support our CRMS ambitions:

- Continued to update our own reporting to match the evolving Task Force on Climate-related Financial Disclosure (TCFD) requirements, and extended our assessment to cover physical risks from climate change.
- More clearly set out our net zero pathway for all stakeholders, highlighting a 15% and 30% reduction in emissions by 2025 and 2030 respectively with a focus on zero emissions by 2040, if not sooner.
- Progressed our carbon capture and storage study, with candidate storage and screening phases completed.
- Incorporated a new five-step human rights guidelines to help better define how we identify, assess and manage potential issues.

Once they have been developed, our asset managers are responsible for ensuring all of our operations adhere to the CRMS guidelines.

2022 Highlights*



[Read more about our financial performance in our Annual Report and Accounts.](#)

[Read more about our environmental performance on pages 16-26.](#)

[Read more about our people performance on pages 27-37.](#)

[Read more about our social performance on pages 38-45.](#)

[Read more about our governance arrangements on pages 46-58.](#)

* 2022 environmental discharges reflect the increase in operational activity from the previous year.

** 2021 figures include Scope 3 figures for business travel only.

Frameworks and Standards

We commit to complying with the regulations set by the authorities in the countries where we operate, and continue to seek to provide meaningful contributions to the United Nations Sustainable Development Goals (UN SDGs). Our culture of working responsibly is reinforced by global management frameworks and standards that promote good working practices and responsible corporate behaviour, as outlined on this page.

Our rigorous approach to safety has led to an excellent safety record that we are proud of and determined to maintain as we enter territories that are new for us, such as Egypt and Suriname.

¹ Organisations can report in accordance with the GRI Standards at one of two levels (Core or Comprehensive), depending on the degree to which the Standards have been applied. The Standards were updated in 2021 for adoption by companies by January 2023. From FY22, Capricorn will adopt these new requirements and transition to fully reporting against them by 2023.

² The IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries.

³ IOGP/IPIECA, 2014: Operating Management System Framework for controlling risk and delivering high performance in the oil and gas industry, IOGP Report 510.

Environment

- Our CRMS is aligned with the international environmental management systems standard ISO 14001 and verified against the management system issued under the Oslo/Paris Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR).
- We do not operate in UN World Heritage Sites or International Union for Conservation of Nature (IUCN) Ia (Strict Nature Reserve) and Ib (Wilderness Area) category locations.
- We have undertaken resilience modelling to understand the impact the energy transition could have on our assets under different scenarios: International Energy Agency (IEA) Stated Policies Scenario (STEPS); IEA Announced Pledges Scenario (APS); and IEA Net Zero Emissions by 2050 (NZE).
- Our carbon offset strategy is based on the acquisition of verified, high-quality carbon credits that are aligned with the International Carbon Reduction and Offset Alliance (ICROA), Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and certified by Verified Carbon Standard (Verra), Gold Standard and American Carbon Registry.
- We are now regularly using the Integrated Biodiversity Assessment Tool (IBAT), together with an in-house geographical information system (GIS)-based biodiversity risk screening tool, developed with the United Nations Environment Programme's World Conservation Monitoring Centre (UNEP WCMC).

People

- Our CRMS is aligned with ISO 45001:2018, the international standard for occupational health and safety management systems.
- We operate in accordance with the UK Modern Slavery Act and in line with international labour standards – see our Modern Slavery Statement.

Society

- We support the principles contained within the Universal Declaration of Human Rights (UDHR) and meet the requirements of the Voluntary Principles on Security and Human Rights (VPSHR).
- Our CRMS is aligned with ISO 26000 guidance on operating in a socially responsible way.

- The UN SDGs (pages 59-60) guide us in minimising our negative impacts and maximising the social, economic and environmental benefits of our activities.
- Supporting the above, we have compliance with, or consideration of, the UN UDHR; the UN Guiding Principles on Business and Human Rights; and the International Finance Corporation (IFC) Performance Standards.

Governance

- We use the latest guidance from the Financial Reporting Council (FRC) and the International Petroleum Industry Environmental Conservation Association (IPIECA) to inform our stakeholder engagement (pages 13 and 14) and materiality (page 15) processes.
- We assess our reporting of climate-related risks and opportunities against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, with clear disclosure of our workings (pages 61-66).
- We report our sustainability information in accordance with the Global Reporting Initiative (GRI) Standards (Core option)¹ – see our GRI Content Index on our website.
- Our reporting is aligned with the Sustainability Accounting Standards Board (SASB) Oil & Gas – Exploration & Production Standard and International Standard on Assurance Engagements (ISAE) 3000/3410.
- We work to the IFC² Performance Standards on Environmental and Social Sustainability.
- We align our CRMS with international best practice, including the International Association of Oil & Gas Producers (IOGP) standards and guidance. Our CRMS is based on the IOGP/IPIECA Operating Management System Framework³.
- We are a member of the Extractive Industries Transparency Initiative (EITI), a coalition that promotes payment transparency in the oil, gas and mining sector.
- As a signatory to the United Nations Global Compact (UNGC), we have integrated universally accepted principles on human rights, labour, the environment and anti-corruption into our policies and Code of Ethics – see our UNGC Index.

A Responsible Business

Capricorn has a long history of responsible business practice. We continue to understand changing legislation, standards and societal norms, helping us to improve the way we work to protect our legacy and address future challenges. This means environmental, social and governance (ESG) issues have been, and continue to be, at the heart of our business as our portfolio evolves.

Our operations

Capricorn's role is to produce hydrocarbons responsibly for the foreseeable future while playing a meaningful role in energy transition and limiting the rise in global temperatures.

Capricorn's main operations are in Egypt's Western Desert, where we hold a portfolio of onshore exploration, development and production assets. Elsewhere, we hold exploration positions in Mauritania, Suriname, Mexico and the UK North Sea which we are seeking to monetise, farm down or exit.

📄 See our Annual Report and Accounts and our website for more information.



Interim CEO Letter

The year started with the UK, and much of the world, emerging from the challenges of the COVID-19 era. In the 12 months that followed, Capricorn maintained its focus on delivering value for all stakeholders, albeit in an uncertain world. The increasing evidence of climate change along with the invasion of Ukraine precipitated new challenges around the world, and Capricorn has made strong progress in its approach to these threats, particularly our roadmap for achieving net zero by 2040. This approach is important because as a signatory to the United Nations Global Compact, we uphold our commitment to align with universally accepted principles in human rights, labour, the environment and anti-corruption.

As an energy producing company, the environmental aspect of sustainability means it is vital for us to find a way to deliver net zero carbon emissions for the Company – and thus sustainability – for all our stakeholders. In 2022 we began to flesh out the detail about how we will play our part in the transition to lower carbon energy, ultimately, to a net zero emissions world. You can read about this on pages 7-9.

Sustainability comprises more than the environment alone, however. Capricorn aims to be a good employer and a responsible corporate citizen. It is these impulses that drive our energies in ensuring that ours is a sustainable business. As well as our environmental responsibility, we focus on our people, our approach to society as a whole and on the governance of our company. In doing so, we strive to balance the interests of all stakeholders in a way that serves the sustainability of Capricorn Energy well into the future.

Having established our presence in Egypt, Mauritania and Suriname in previous years, in 2022 we focused on deepening our understanding of these countries. In Egypt we have begun exploration drilling following a successful and safe seismic data collection operation and have built a strong, experienced team as we have established our presence in the country. Respecting human rights is a fundamental part of our commitment to protect both our business and our stakeholders. We do all we can to ensure that we are never complicit in human rights abuses by identifying, assessing and managing human rights risks within our sphere of influence. You will read examples of how this works in practice throughout this Sustainability Report.

Finally, I would like to thank everyone who works at Capricorn for their commitment, professionalism and effort this year. Our people make this company and they demonstrated yet again this year, our core values of respect, relationships and responsibility in action.

Chris Cox
Interim CEO



Our Role in the Energy Transition

We are continuing to develop good practices and standards for transparency in line with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Our latest reporting includes 11 TCFD-recommended disclosures across four areas: governance, strategy, risk management and metrics and targets.

Solving the 'Energy Trilemma' while increasing ESG pressures

2022 has seen a significant ramping-up in pressure on global energy issues. The disruption caused by Russia's invasion of Ukraine in February 2022 caused a global energy crisis, with energy prices soaring to record highs.

Solving the Energy Trilemma became a priority, as governments tried to balance sustainable and affordable energy with security of supply.

Regulatory, societal and political pressures, emanating from Western Europe and North America, but now resonating internationally, are being reflected in the concerted development of global sustainability standards affecting virtually all environment, society and governance (ESG) criteria. There has been a particular focus on climate change and the transition, notably formalised in the Corporate Sustainability Reporting Directive (CSRD) guidelines adopted by the EU Parliament in November 2022 and evolving TCFD requirements.

The Oil and Gas industry response

In response, at the industry level, it is clear that the European major oil and gas corporations are stepping up their investment allocation to low carbon energy solutions, on average now accounting for around 25% of their total investment spends¹ in the near term. The independent exploration and production (E&P) sector is also responding in its strategic thinking and reporting. From our own assessment Capricorn is positioned in the top quartile compared to its independent peers on its Carbon Disclosure Project (CDP) scoring, and similarly in terms of its targets for net zero emissions (under Scope 1 and Scope 2) by 2040.

Our net zero pathway

Consequently we are conscious of the need to set out our net zero pathway more clearly for our stakeholders, and to demonstrate real strategic progress in meeting those targets. In doing so we must nevertheless be transparent that this is a journey that cannot be completed overnight, and requires us to assure all our stakeholders, including investors, that we as a business can successfully position ourselves through the energy transition, while continuing to deliver attractive returns and sustainable assets.

We set out our updated net zero pathway in September 2022 which commits to reducing Scope 1 and 2 CO₂ emissions by 15% by 2025, 30% by 2030 and entirely by 2040 or earlier. The clear principles underpinning these targets are: Avoid, Reduce, Substitute, Sequester and Offset.

Decarbonisation and diversification

The short to medium-term strategy is based on decarbonisation of existing and planned oil and gas assets, through electrification of our operations, a move to no routine flaring, use of energy-efficient transport, services and infrastructure, and the reduction of fugitive emissions. Over the past year Capricorn has assessed a number of opportunities in the clean energy sector, across geothermal, hydrogen, solar and carbon capture, utilisation and storage (CCUS) themes. The strategy review, which is currently being conducted, is expected to provide further clarity on our medium to long-term energy transition strategy, including the diversification into clean technologies.

As we move along this pathway, offsetting will be undertaken to compensate for ongoing net emissions, but is regarded as only a temporary form of mitigation – ultimately the business will need to aim for a robust, fully net zero status operationally.

Case study

COP27

Capricorn Energy took part in the British Egyptian Business Association (BEBA) event at COP27 in Sharm El-Sheikh. BEBA provided a platform for key players from the government and industry to come together and share knowledge and experience on how to accelerate implementation of clean energy projects across different sectors of the Egyptian economy, supporting COP27's key themes on Adaptation and Implementation.

Capricorn Energy's Transition Director, Dr Valentina Kretzschmar, shared insights on the Company's net zero by 2040 decarbonisation pathway, reflecting our strong commitment to being a responsible oil and gas producer. Dr Kretzschmar discussed the challenges the current compounding energy and economic crises are posing for decarbonisation efforts, as the world tries to solve the energy trilemma, balancing the security of energy supply, affordability and sustainability.

Dr Kretzschmar focused the discussion on the importance of decarbonisation of fossil fuels, which currently account for more than 80% of global primary energy demand and will continue to dominate the global energy mix for the next few decades. Capricorn Energy's climate and energy transition Strategy is underpinned by its decarbonisation efforts, including stopping flaring, electrifying operations and using CCUS.



¹ Source: Wood Mackenzie.

Our Role in the Energy Transition continued

Early advances in Egypt

The advances being made in Egypt give us considerable confidence in our short to medium-term targets. We are anticipating significant reduction in daily diesel consumption for power generation in three years. Using flare gas for power is expected to further reduce emissions, and installation of transmission lines to electric submersible pump (ESP) wells will significantly assist in electrification of operations. Longer-term opportunities in Egypt include CCUS, biofuel and waste heat recovery projects.

We are making progress with our carbon capture and storage study, with initial data collection and candidate storage and screening phases now completed. The next phase of the project will model and further screen potential storage sites.

Climate change and transition governance

Capricorn recognises the importance to climate change considerations at Board level and throughout the organisation, together with broader environmental, societal and governance responsibilities. Internally climate change and energy transition are ranked as principal risks for the business. The formation of the Sustainability Committee, which meets twice a year, has embedded consideration of climate change, the transition and wider sustainability factors in to every Board decision. Examples include the screening of all new investment opportunities with resilience testing against transition and climate change, and the vetting of contractors for drilling, marine and aviation services for compliance with energy efficiency and emissions standards.

This approach will be further refined as part of the Company's strategic review.

TCFD risk assessment turns to physical risks

As part of its governance, the Company has progressed in its TCFD reporting, which now lies at the heart of its climate-related financial disclosure for the financial markets, investors and broader stakeholders. The main objective of TCFD compliance is to provide transparency on the risks and opportunities presented to the business by climate change. To the end of 2021, Capricorn had reported analysis of the transition risks for the Company on the value of its asset portfolio based on policy, legal, technological, market and reputational factors. In 2022, we extended this assessment to cover physical risks from climate change, including the severity and frequency of extreme weather, impacting our assets or operating environment.

Insurance specialist, Willis Towers Watson (WTW) was commissioned to assess the Value at Risk (VAR) impacts associated with climate hazards, and the level of operational vulnerability on our current and future portfolio. Overall the assessment's modelling indicates that increased drought and heat stress and a decrease in correlated precipitation are likely across Capricorn sites by 2050. Due to the location of our assets, other climate hazards such as river flooding, cyclones and rising sea levels are predicted to be broadly stable.

In terms of VAR, the likely impact was concluded to be very low under the Representative Concentration Pathways (RCP) 2.6 scenario, where global warming is kept below 2°C above pre-industrial temperatures. Under the more extreme RCP 8.5 'hothouse' scenario, drought stress was identified as the most material risk for the Company in the 2040-2050 timeframe, with medium VAR (defined as US\$1-10m impact on cash flow and potentially US\$25-100m in terms of market capitalisation). These risks have been entered into the Company's risk register.

Mitigatory measures are already being put in place to address the impact of stressed water resources and high temperatures on our operations and employees in Egypt. As a result of the WTW report the Board will consider any further additional measures that should be actioned in the short to medium term to address issues raised.

[Visit our Annual Report for further information.](#)



Case study

Emissions Reduction: Diadem exploration well

The operated Diadem exploration well, drilled earlier this year in the UK Central North Sea, presented one of the first opportunities for Capricorn to put their emissions reduction planning into action.

The first stage of this was to develop and present our emissions reduction plan and corporate net zero strategy to the UK environmental regulators as part of our drilling permit environmental assessment. Through the development of this plan, we identified the aspects of the project that have the greatest impact on emissions and worked out the best process for reducing the atmospheric impact. Our planning also ensured that the Diadem work aligned with the Energy White Paper, the North Sea Transition Deal and the Offshore Petroleum Regulator for Environment & Decommissioning (OPRED) Net Zero Strategy.

With the implementation of this plan, Capricorn kept the emissions from drilling operations to a minimum. The plan detailed how we use energy efficiency and emissions as a differentiating factor in our contractor selection, how we designed the project to minimise the environmental impact in the event of a discovery and how we selected a drilling rig equipped with specialist NO_x reducing units in its engines along with a suite of other emissions reduction strategies.

Our approach and presentation of our emissions reduction plan was highly commended during our drilling permit application process. Capricorn continues to look for new ways to reduce our emissions footprint and we shall be implementing similar emissions reduction plans in future operations.

Our Role in the Energy Transition continued

Our Net Zero commitment in action

Focus on Scope 1 & 2 equity emissions reduction.

Zero routine flaring

First UK independent to commit to World Bank Zero Routine Flaring by 2030.

Portfolio resilience

Current portfolio creates value in stringent transition scenario testing.

Clear principles underpin target

Avoid, reduce and substitute

- Power generator rationalisation and fuel substitution of diesel for clean-burning gas progressing.
- Electrification of Badr El Din (BED) area with completion in 2023.
- Exploring feasibility for installation of waste heat recovery units at Obaiyed Central Processing Platform (CPP).
- Progression of workstream on solar integration at North East Abu Charadig (NEAG).
- Assessing methane monitoring solutions.

Sequester

Study to test technical and commercial feasibility for CCUS.





Offset

Progression of workstream on diversified high quality carbon offsets.


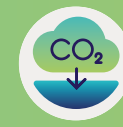





Where we are now



-  Use of more energy-efficient vessels and services where practicable
-  Flare and vent reduction including zero flaring by 2030
-  Electrification of operations
-  Detect and reduce fugitive emission

Short-term target

-  Operational improvement measure
-  Carbon capture and storage opportunities
-  Biofuels
-  Waste heat recovery
-  Renewable/hybrid power

Short to medium-term target



Long-term target

By 2025 reduce emissions by **15%**

2025

By 2030 reduce emissions by **30%**

2030

By 2040 reach **Net Zero**

2040

Industry Context

The global energy crisis of 2022 has demonstrated the fragility of the world's, and in particular Europe's, energy system and led to unparalleled energy market pressures. Persistent underinvestment in energy supply has exacerbated the impact of geopolitical tensions.

Industry and policy makers have struggled to react to the energy crisis quickly enough to ensure sufficient short-term energy security. Longer-term policy responses are just now emerging and suggest that while demand for hydrocarbon-derived energy looks set to grow in the medium term, the policy response to the impact to global energy markets of Russia's invasion of Ukraine may yet make 2022 a key milestone in the acceleration of a distributed, decarbonised energy system.



A key phase in the multi-decade transition to emissions-free energy will be ensuring that relatively low-emissions hydrocarbon-based energy, particularly from reliable sources of gas, will be available to reduce the leverage of unreliable suppliers.”

Crisis highlights the need to change energy systems

2022 highlighted the critical challenge of providing reliable, affordable energy as a cornerstone of economic stability in very stark terms. Countries facing spiralling fuel and food inflation demanded increased domestic production, wherever short-cycle investment opportunities were possible. However, the scale of the issue and the time required to implement change in the energy system have been highlighted very clearly to governments and consumers. It is also becoming more widely accepted that companies need to develop integrated solutions to energy provision that acknowledge the near-term necessity of existing sources alongside the critical need to decarbonise. The most environmentally responsible of the existing hydrocarbon resources should be preferentially produced with a focus on improving environmental efficiency of production, including through carbon capture and storage (CCS), as companies including Capricorn are pursuing in Egypt. The critical role of upstream producers' in the energy supply chain is also creating opportunities to add value through the integration of renewable resources, both to improve upstream efficiency and for standalone generation, again as is being pursued in Egypt.

Persistent underinvestment

The 2022 energy crisis has also demonstrated the key need to invest further in gas production and transportation infrastructure, both fixed and floating. Record levels of global coal demand reached in late 2022 show that the potential for gas to enable the multi-decade transition to lower-emissions energy cannot be taken for granted. Investment, particularly in efficient, relatively low emissions sources in reliable jurisdictions will have the potential to generate very material value for shareholders and stakeholders. However, achieving the necessary doubling of gas production that is modelled to be required to enable a transition to net zero by 2050 will be extremely challenging (source: ThunderSaid Energy, 3/1/23). A switch away from Russian gas would see Europe needing to add liquefied natural gas (LNG) supplies of up to 100bcm per year by 2030 (source: Platts, Oct 2022 Long-term gas outlook, Goldman Sachs Research Aug 2022). Additional capacity is being sanctioned particularly in the US and Qatar which will be available later this decade; however, the availability of material

undeveloped LNG resources in other reliable jurisdictions is relatively limited. While the European gas price will return to the long-run marginal cost of production, probably set by US LNG exports, (source: IHS Markit 222 LNG Breakeven) it seems likely that it will take at least the next decade to return to this equilibrium, increasing our mid-term LNG and gas price outlook.

In the meantime governments should be incentivising increased production from reliable players. In Europe, conflicting messages regarding support for the upstream industry paired with the political inevitability of windfall taxes demonstrate that despite the market pressures, Europe remains a very uncertain investment location for the upstream industry.

The longer-term outlook, driven by EU's REpower initiative and the US's Inflation Reduction Act (IRA) mean that the ultimate consequences of 2022's geopolitical fractures may yet prove positive for the transition to a low-carbon energy system. These initiatives should provide unprecedented stimulus for industry to invest in a decentralised, decarbonised energy system, supported by CCS and with hydrogen as an energy transport and storage medium. Indeed, the scale and breadth of the IRA could potentially kick-start a race to develop cost-efficient clean energy technology that will ultimately reduce hydrocarbon demand.



Our Approach

We deliver value for stakeholders from our primary business: the production of energy through the oil and gas life cycle. We believe we have a role to play in meeting global energy demand and the expectations of society, while achieving net zero emissions by 2040 or earlier and making meaningful contributions to the United Nations Sustainable Development Goals (UN SDGs).

Capricorn’s role is to produce hydrocarbons responsibly for the foreseeable future while playing a meaningful role in energy transition and limiting the rise in global temperatures.

Our Board and Executive Committee (ExCo) examined our business model in the context of energy transition and the UK’s commitment to reach net zero to ensure our business proposition is attractive, sustainable and resilient. Targeting responsible hydrocarbon projects that contribute to multiple UN SDGs will ensure we manage climate-related resilience while creating value for shareholders and stakeholders. Our approach to sustainability is focused on the decarbonisation of our Egyptian assets over time as part of our climate and energy transition policy.

Working responsibly

Our commitment to working responsibly is integral to how Capricorn works. Our principles and values are embedded in our management systems, Code of Ethics (available online) and key performance indicators (KPIs). The UN SDGs (pages 59-60) present a framework against which to measure efforts to manage our impacts and benefit society, and are core to our business and decision-making processes.

An integrated approach to sustainability

Decarbonising our business to reach net zero emissions by 2040 at the latest is a key focus, and one we are embedding in the way we work. But this is only one part of our integrated sustainability approach. We also prioritise the health, safety, security and well-being of our people, contractors and partners, and we are pursuing a robust diversity and inclusion (D&I) strategy. Having reviewed and revised the criteria for selecting and assessing the success of social investment projects, we are also positioned to better measure the positive impact we can create through social investment in the communities where we operate.

Towards net zero

Climate change considerations play a fundamental role in Capricorn’s business and approach. Our governance processes, including our Sustainability Committee, contribute significantly to the embedding of the consideration of climate change, energy transition and wider sustainability factors in Board decisions. Examples include the screening of all new investment opportunities with resilience testing against transition and climate change, and the vetting of contractors for drilling, marine and aviation services for compliance with energy efficiency and emissions standards.

Recognising that reaching net zero will require a combination of options, we have adopted a hierarchy of actions in this area. Our highest priority has been the avoidance and reduction of emissions through improved technology and operations, followed by sequestration such as carbon capture, and finally offsetting. We also engage in initiatives that support our efforts, including participating in global programmes like the World Bank’s Zero Routine Flaring by 2030 initiative and reporting against TCFD recommendations. For TCFD, we are performing resilience modelling to understand the impact energy transition could have on our assets under different scenarios. We assess the financial impact of both transition and physical risks of climate change on our portfolio.

Our scenario modelling, based on what we are doing today, applies the International Energy Agency (IEA)’s Announced Pledges Scenario (APS) for limiting temperature rises to 1.7°C and its 1.5°C Net Zero Emissions by 2050 (NZE) scenario.

Executing our Strategy Responsibly

Working responsibly means delivering value in a safe, secure and environmentally responsible manner for all our stakeholders. Our sustainability strategy underpins efforts to: protect the environment and transition to more sustainable energy

sources; support society by creating value for employees, suppliers, shareholders and communities; and use sound governance structures to ensure we conduct our business ethically and manage risks effectively.

Our long-established Business Principles are integrated into our systems and processes. They determine how we work, helping us to behave responsibly to people, to the environment and to society.



Responsible Governance

Business Principles

- We manage risk and seek to continually improve.
- We behave honestly, fairly and with integrity.

Read more on pages 46-58.



Behaving Responsibly to the Environment

Business Principles

- We take a precautionary approach to our effect on the environment.
- We strive to prevent and minimise our impact on the environment.

Read more on pages 16-26.



Behaving Responsibly to People

Business Principles

- We develop the potential of our people.
- We foster a workplace that respects personal dignity and rights, is non-discriminatory and provides fair rewards.
- We provide a healthy, safe and secure work environment.

Read more on pages 27-37.



Behaving Responsibly to Society

Business Principles

- We seek to make a positive social impact in every area where we work.
- We respect the rights and acknowledge the aspirations and concerns of the communities in which we work.

Read more on pages 38-45.



Setting the Scene

Physical risks of climate change and how they may impact our portfolio.

Climate change impact on assets

We commissioned insurance specialist WTW to undertake an assessment of the impact of climate change on the value of our assets across the Company. Specifically, we asked them to assess the directional VAR impacts associated with climate hazards and operational vulnerability on Capricorn Energy for current and future time horizons across a range of climate scenarios.

Additionally, WTW were asked to assess the materiality and plausible impact and likelihood ranges with a focus on Drought, Heat Stress and Windstorm on Capricorn Energy's business and discuss where these key climate risks would likely fall on Capricorn's own Enterprise Risk Materiality Matrix (measuring impacts to KPIs and associated likelihood of occurrence).

Workshop-based validation

As part of the assessment, WTW conducted a workshop with key Capricorn Energy stakeholders to discuss and validate assumptions of the physical and associated financial vulnerabilities of operations that the business currently relies on, and provide the Company with considerations for good practice physical climate risk adaptation and mitigation options.

Looking at the climate scenario of a 2-3°C rise in global temperature to the end of the century (known as RCP4.5), predictions are that Capricorn Energy would adapt to these conditions because it already operates in highly drought-exposed regions. The strict regulations already in place should help mitigate extended heat and drought patterns with the residual VAR likely to rise, but only within a low to modest range. Exposure to extratropical cyclones is expected to remain stable throughout the 21st century. Our sites are exposed to low or very low flood hazard and this is predicted to continue to be the case throughout the century. Our sites in Mexico are the only elements of the portfolio to be exposed to the threat of major tropical cyclones.

The assessment's modelling indicates that the increased drought stress and a decrease in correlated precipitation are likely across Capricorn sites by 2050 and that heat stress is also increasing. Other climate hazards, such as river flooding, cyclones and rising sea levels, are predicted to be broadly stable.

The findings of the VAR Impact Assessment are summarised below:

- **Drought stress** (prolonged periods of rain and water shortage), in particular for the RCP8.5 hothouse world had been identified as the most material risk for Capricorn Energy by 2040-50 timeframe. The impact of this chronic hazard for this scenario was estimated during the workshop as likely being in the **medium** VAR impact range (US\$1–10m on Cashflow and US\$25–100m Market Cap Loss) with a 'probable' likelihood forecasted by the climate models utilised. For RCP4.5 and 2040-50 timeframe, this hazard was estimated to have **low** VAR impact (US\$0.1–1m on Cashflow and US\$5–25m Market Cap Loss), whereas for the low carbon emission world RCP2.6, the VAR impact for the same timeframe was estimated to likely be **very low** (similar to estimates for current climate conditions).
- **Heat stress** (periods of heatwaves) was estimated for the RCP8.5 hothouse world by 2040-50 time horizon to have a **low** VAR impact (US\$0.1–1m on Cashflow and US\$5–25m Market Cap Loss). For all other scenarios, also taking into account climate change by 2040-50, the VAR impact for this chronic hazard was estimated to be very low.
- **Wind storm and wave action** hazards were estimated for all scenarios by 2040-50 time horizon to have a **low** VAR impact (US\$0.1–1m on Cashflow and US\$5–25m Market Cap Loss). This was also because of the sea level rise implications on wave action impact for all climate scenarios tested. For current climatic conditions the VAR impact estimated for these acute hazards was estimated to be **very low**.



Stakeholder Engagement

Stakeholders and our s172 Statement

Understanding what matters to our stakeholders is fundamental to enabling us to operate. Continuous engagement is integral to our day-to-day operations and working together towards shared goals is a key factor in facilitating the long-term success of the business.

The Directors of Capricorn Energy PLC, and those of all UK companies, are bound by their duties under the Companies Act 2006 to promote the success of the Company for the benefit of its members, and in doing so, having regard to the interests and views of all relevant stakeholders.

The Board fully recognises the need to balance the contrasting and, at times, conflicting interests of various stakeholder groups, whilst focusing on the Company's purpose, values and strategic priorities. Such engagement underpins the governance framework embedded throughout our business and helps to ensure we maintain the highest standards of business conduct.

Throughout the past year, there has been extensive engagement regarding a number of significant matters which has helped shape the Company's actions including the return of capital following receipt of the Indian tax refund proceeds, proposed mergers, Board composition, ongoing operational arrangements and the energy transition. All key business decisions considered include an analysis of stakeholder considerations, anticipated impact and any mitigating factors.

Continued on next page

Why is it important to engage?	How the Board and/or management engaged	Key topics of engagement	Examples of the impact of such engagement and actions taken
Investors			
<ul style="list-style-type: none"> – Their views influence our strategic and operational decision-making. – We are dependent on shareholders for access to funding. – We are accountable to our shareholders. 	<ul style="list-style-type: none"> – Undertaking a full investor programme including: <ul style="list-style-type: none"> – holding over 180 investor meetings including one to ones and attending roadshows/conferences; – conducting regular financial reporting; – responding in a timely manner to investor and analyst enquiries; – offering shareholders the opportunity to submit questions by email in advance of general meetings (as well as being able to raise questions at the meetings themselves); – post-general meeting correspondence to discuss vote outcomes. 	<ul style="list-style-type: none"> – Return of capital to shareholders following receipt of the Indian tax refund. – Proposed merger opportunities and transactions. – ESG matters including energy transition. – Board composition. – Strategy and performance. – Corporate governance. 	<ul style="list-style-type: none"> – Regular reviews of corporate objectives. – Return of capital being conducted by way of tender offer as opposed to special dividend. – Contributed to the decisions to not proceed with the proposed combinations with Tullow Oil plc and NewMed Energy Limited Partnership (as discussed in our Annual Report on page 3). – Board composition changes (as discussed in our Annual Report on pages 55 to 65).
Governments			
<ul style="list-style-type: none"> – We are responsible to them for compliance with local and/or international laws. – Their permissions are required for us to access acreage and operate. 	<ul style="list-style-type: none"> – Meetings with Heads of State, UK and Country Ambassadors, Ministers and Civil Servants. 	<ul style="list-style-type: none"> – Legal compliance. – ESG matters. – Major accident prevention. – Investment and economic growth. 	<ul style="list-style-type: none"> – Continued monitoring of responsible performance at Board meetings and annual review of Corporate Responsibility Management System (CRMS) and objective KPI setting. – Implementation of enhanced incident reporting system. – Reviewing feedback and commentary from government and regulatory bodies regarding performance expectation. – KPIs include performance against leading and lagging indicators for health, safety and environmental protection and are reviewed at all Board meetings.

Stakeholder Engagement continued

Stakeholders and our s172 Statement continued

The Directors of Capricorn Energy PLC consider, both individually and together, that they have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in Section 172(1) of the Companies Act 2006.

Details of how the Board and senior management engage and foster strong relationships with some of our key stakeholders, and examples of the impact of this engagement are set out below.

[Further information can be found throughout our Annual Report and within this Strategic Report.](#)

Stakeholder Engagement

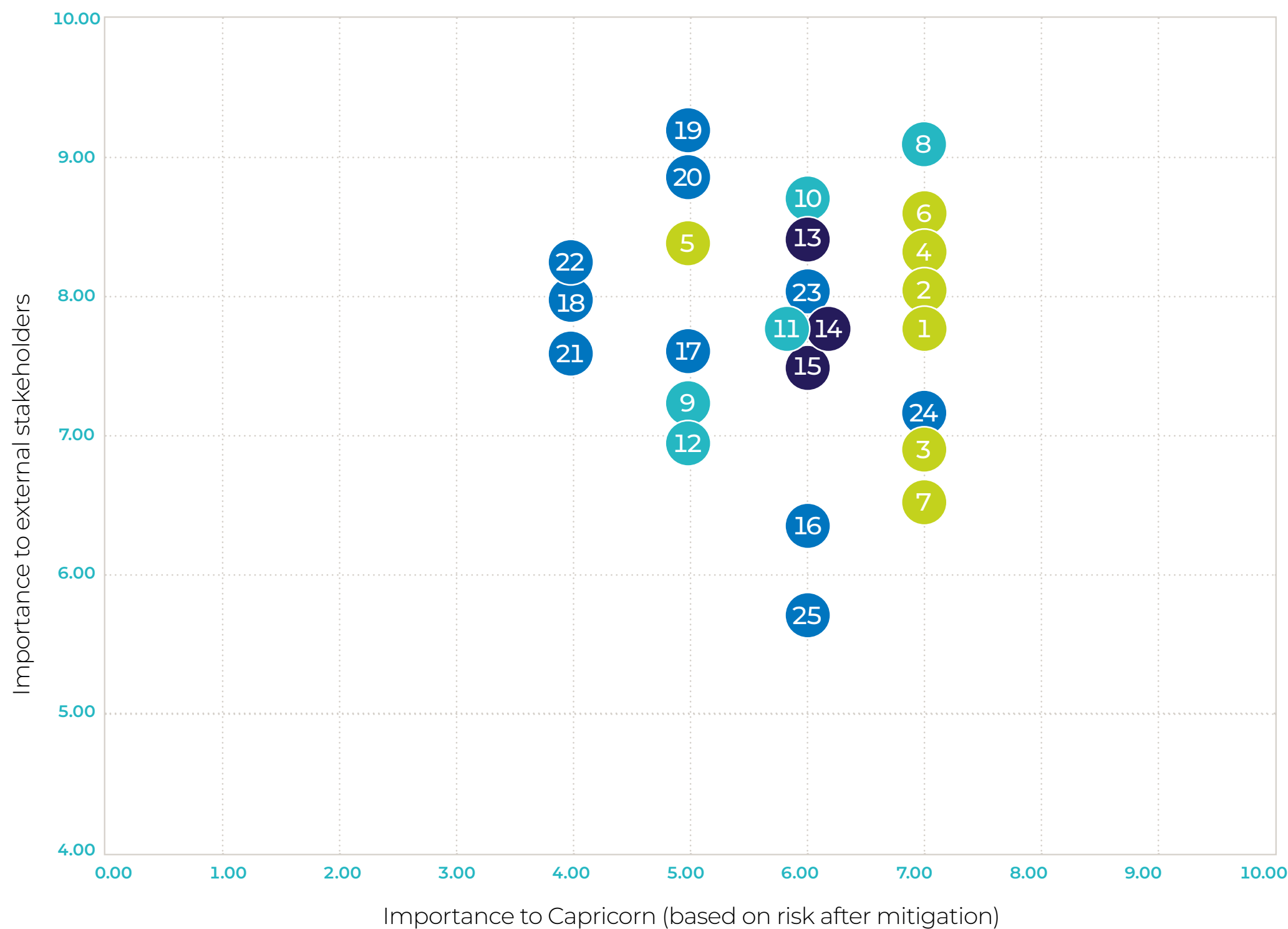
Capricorn has a diverse range of stakeholders and the Board is committed to engaging closely with them in order to understand what matters to them.

Our stakeholder engagement programme is as varied as our range of stakeholders. It includes investor relations activities such as investor meetings and roadshows, regular financial reporting and responding in a timely manner to enquiries from investors and analysts; at our operations in the field, we undertake extensive engagement with local communities that allow us to understand and appreciate the environments in which we are operating; and with our employees, we provide many opportunities to share insights with them and hear from them about their priorities. This stakeholder engagement is vital to the Company's licence to operate. The Board pays close attention to the views of stakeholders and recognises the need to balance the contrasting and, at times, conflicting interests of the various stakeholder groups at the same time focusing on the Company's purpose, values and strategic priorities in key decision making.

Why is it important to engage?	How the Board and/or management engaged	Key topics of engagement	Examples of the impact of such engagement and actions taken
Business partners, peers and contractors			
<ul style="list-style-type: none"> – We are reliant on viable partners in joint ventures. – We are commercially responsible to contractors, suppliers and partners. – Their performance directly impacts our financial, operational and responsible performance. 	<ul style="list-style-type: none"> – Meetings with partners, peers and contractors with Board members and senior executives in addition to regular joint venture and operations planning meetings. – Maintaining membership of industry bodies. – Active management of key projects and assets (including alignment of project deliverables). 	<ul style="list-style-type: none"> – Policies and standards. – Industry reputation. – Investment opportunities for growth. – Long-term relationships. – ESG matters. 	<ul style="list-style-type: none"> – Careful selection of contractors (discussed on page 49). – Continued membership of the International Association of Oil & Gas Producers (IOGP) Security Committee (performance against IOGP benchmarks discussed on page 30). – Actively engage with all Joint Venture (JV) partners early to establish good working relationships.
Local communities and interest groups			
<ul style="list-style-type: none"> – We have an ethical responsibility to maximise social and economic benefit and to minimise impact on livelihoods and the environments in which we operate. – They provide an alternative perspective, strengthening our knowledge of local situations and/or specific demands. 	<ul style="list-style-type: none"> – Community meetings. – Reviews of social investment strategies aligned with UN SDGs. – Senior management visits. – Media monitoring. 	<ul style="list-style-type: none"> – Protection of resources and livelihoods. – Community development and social investment. – Access to employment and business opportunities. – Transparency of payments to government. – Education assistance. 	<ul style="list-style-type: none"> – Community investment focus to include adaption to climate change. – Continued membership of the Extractive Industries Transparency Initiative (EITI). – Continued dialogue with Invest in Africa to build skills and capacity among small to medium-sized enterprises (SMEs). – Implementation of targeted stakeholder engagement plans to support activity in Mauritania. – Social investment in Egypt and Suriname including supporting further education in the health and energy sectors (discussed on pages 44 and 45).
Employees			
<ul style="list-style-type: none"> – We are dependent on employees' performance and that of the wider workforce. – We have a legal and ethical responsibility for their well-being. – They bring a diverse perspective to the identification of opportunities and ways of working. 	<ul style="list-style-type: none"> – Regular staff meetings. – Monthly 'pulse' surveys. – Employee Voice Forum (EVF) meetings (discussed on page 35). – Working practice focus groups. – General Meetings. – Exit interviews. 	<ul style="list-style-type: none"> – Long-term and short-term strategy. – Internal mobility. – Working practices. – Lessons learned from projects. 	<ul style="list-style-type: none"> – Introduced the Shadow4success programme to encourage under-represented groups to apply for senior roles within the Company (discussed on page 34). – Adoption of a permanent hybrid working strategy. – Continuing the development and delivery of health and well-being initiatives. – Formation of an employee representative group, providing support to employees primarily on cross-department matters.

Identifying Material Issues

To guide our sustainability programme and support our licence to operate we need to understand the issues that are of most significance, or materiality, to our stakeholders, alongside those that will have the most impact on the Company financially or potentially in terms of risk. This year we have undertaken a more rigorous materiality assessment which, in line with evolving international reporting requirements, has looked at both external impacts and our own internal view of ESG risks.



Materiality Issues by Theme

Environment

- 1 Climate Change & Energy Transition
- 2 Reduction of GHG Emissions
- 3 Reduction of Fossil Fuel Consumption
- 4 Protection of Biodiversity & Ecosystems
- 5 Discharges to Air, Sea, Land & Sound
- 6 Protection of Freshwater Resources
- 7 Circular Approach & Minimisation of Waste

People

- 8 Workplace Safety & Security
- 9 Diversity, Equality & Inclusion
- 10 Health & Well-Being
- 11 Talent Management
- 12 Learning & Development

Society

- 13 Safeguarding Human Rights
- 14 Supporting & Safeguarding Local Communities
- 15 Investing in Local Skills, Recruitment & Procurement

Governance

- 16 Managing a Just Transition
- 17 Building & Maintaining a Responsible Supply Chain
- 18 Decommissioning, Closure & Rehabilitation Commitment
- 19 Ethics, Transparency & Regulatory Compliance
- 20 Anti-Bribery & Corruption Practices
- 21 Robust Whistleblowing Mechanisms
- 22 Emergency Preparedness & Crisis Management
- 23 Data & Cyber Security
- 24 Investment in Clean Technologies & Business Innovation
- 25 Linking Remuneration & Incentivisation to Sustainability and Other Non-Financial Performance Measures

How we assess material issues

- Our materiality assessment process for 2022 has included:
- An ongoing review of the international reporting requirements of IPIECA, GRI, SASB and TCFD*, with a continued focus on the United Nations Sustainable Development Goals (SDGs).
 - Benchmarking of Capricorn's material issues against leading peers in the oil and gas E&P sector.
 - Refining our material issues down from 60 previously to 25 to enable greater focus on those topics that matter most.
 - A stakeholder survey of 57 respondents across nine stakeholder groups.
 - 17 one-to-one interviews with stakeholders to assess the importance of respective materiality issues.
 - An internal ESG risk assessment of those same 25 issues.

The result of this process has been a Materiality Matrix which clearly identifies those issues which are of most importance externally and internally. The findings are being used to inform our sustainability reporting for this year and to guide our sustainability priorities for the coming year, and short, medium and long-term.

Key themes and issues

We have retained the four key themes of Environment, People, Society and Governance under which we have reported previously. The refined list of 25 material issues have been classified under these four themes. For the Materiality Matrix these issues have been ranked from 0 to 10 according to their importance to stakeholders and the level of ESG risk assessed by the Company.

Key findings from the Materiality Matrix

For external stakeholders Ethics, Transparency & Regulatory Compliance; Workplace Safety & Security; and Anti-Bribery & Corruption Practices were the most important issues.

For the Company, the greatest ESG risks were mostly issues listed under the Environment theme, as well as Workplace Safety & Security and Investment in Clean Technologies & Business Innovation.

ESG risk weighting

The Company's ESG risk weighting is based on its comprehensive Risk Register, which is then weighted for potential financial impacts, likelihood and mitigation measures which have been put in place. This accounts for a number of important issues which have been weighted as lower risk, where the Company believes sufficient mitigation or preventative measures have been put in place, and others, such as climate change risk, where the Company has limited influence on external and/or global factors.

* See glossary for definitions.

Environment

Environmental protection is fundamental to how Capricorn operates. Our approach to protecting the planet includes making strenuous efforts to reduce climate change and biodiversity loss as well as safeguarding precious water resources. We are committed to being a responsible energy producer and we are focusing our efforts on reaching net zero emissions by 2040 or earlier.

We take a precautionary approach, with rigorous risk assessments and robust working methods that help us to minimise our environmental impacts without affecting our commitment to safety. In 2022 we made significant progress with regard to benchmarking, measuring and protecting biodiversity (see pages 22 and 23).



Environment continued



Strategic Objectives

Maintain licence to operate.

Provide a safe and healthy working environment.

Principal Risks

Lack of adherence to policies: Health, Safety and Security, Environmental and Climate Change, Social Responsibility, Major Accident Prevention and People.

2022 Performance Against Sustainability Objectives

Revised our climate and energy transition strategy.

Developed short-, medium- and long-term sustainability objectives and targets.

Integrated carbon pricing mechanisms and re-evaluated the resilience of our portfolio.

Assessed physical risks of climate change on our portfolio.

Improved our reporting against the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) requirements.

Began disclosing Scope 3 emissions from the use of our products.

Applied newly developed biodiversity assessment tools and improved disclosure of biodiversity issues.

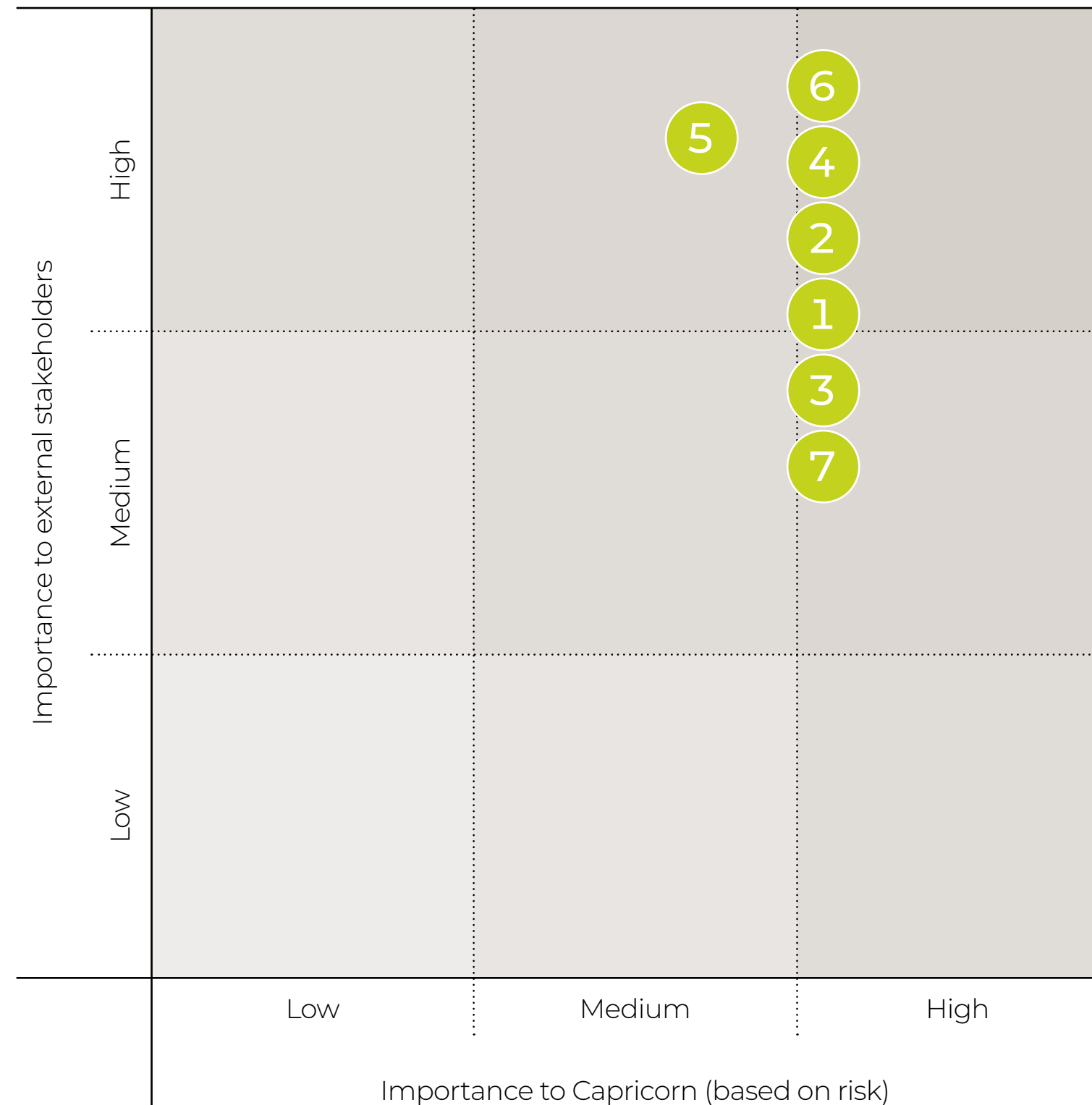
Undertook an Environmental Baseline Survey, furthered knowledge of biodiversity and ecosystem services risks in Mauritania.

Commenced the environmental and social impact assessment (ESIA) process for our exploration work in Mauritania, including engagement with key stakeholders.

Applied our improved water resilience and stress ranking and reporting to opportunity screening.

Completed ESIA's for our operated exploration projects in Egypt.

The Environment Matrix



Material Issues

- 1 Climate Change & Energy Transition
- 2 Reduction of GHG Emissions
- 3 Reduction of Fossil Fuel Consumption
- 4 Protection of Biodiversity & Ecosystems
- 5 Discharges to Air, Sea, Land & Sound
- 6 Protection of Freshwater Resources
- 7 Circular Approach & Minimisation of Waste

Materiality Issue 1

Climate Change & Energy Transition

Both the energy crisis and the challenges of energy transition were defining influences of 2022. The invasion of Ukraine, which represented a new global challenge, drove the former, whereas the latter was a continuation of a long-standing concern. This latter point was highlighted at COP27 in Egypt, having previously been a focus at COP26 in Glasgow in 2021.

These two factors have demonstrated in an uncompromising manner the need to find a balance between reducing carbon emissions, whilst finding a manageable trajectory for the oil and gas industry to deliver reliable and affordable global energy demand during the transition.

This is a central dynamic for us at Capricorn. We are seeking ways to fundamentally understand and address our climate and environmental impact, moving towards lower emissions-based production, but nevertheless acknowledging the continued requirement for oil and gas resources as the world moves towards a net zero status. The turmoil in the energy markets since the Russian invasion of Ukraine in February 2022 has clearly highlighted the need for global energy security during the transition, and particularly in our home market of Europe. It has drawn into focus what might be called the 'trilemma' of simultaneously achieving energy security alongside affordability and sustainability. The geopolitical crisis has raised the consideration of broader defence and security factors within the energy debate, further complicating the energy challenges faced internationally.

Our net zero pathway

Our pathway is aligned with the net zero goals of the Paris Agreement, which stipulates that we must limit global warming to no more than two degrees – and preferably 1.5°C – compared to pre-industrial levels. The core of our business for the foreseeable future will remain based on the production of gas and oil, but with an increasingly low operational carbon intensity.

We are starting to deliver on our decarbonisation promises, set out in our net zero strategy in 2021, which aims for net zero on Scope 1 and 2 CO₂ absolute emissions by 2040¹ if not before. Initially we are focused on operational improvements that are based around reducing emissions from exploration and production activities, such as ending routine flaring, introducing electrification and replacing diesel with gas or solar, as well as addressing our methane footprint alongside that of CO₂. Our plans on flaring are in line with the World Bank's Zero Routine Flaring by 2030 initiative. We are reporting our carbon offset programme in more detail this year.

[For more information about our path to net zero, please see pages 7 to 9.](#)

Our progress in 2022

We have made steady progress on our objectives during 2022. We have undertaken further definition and reporting of our Scope 3 emissions to include categories 1, 3, 4, 5, 6 and 7. We have progressed our decarbonisation plans for Egypt, including electrification, removal of diesel generation, flare reduction, fugitive gas identification and integration of solar generation – for full implementation in 2024. We have pursued our offset programme with the acquisition of a further 490,000 tonnes of credits in diverse projects across Ghana, Thailand, Brazil, Turkey, Guatemala and Cambodia. And we have made good progress with our TCFD reporting as outlined below.

TCFD reporting

As part of our climate-related governance, we have advanced our reporting against the TCFD recommendations.

[For further information on TCFD, please see the appendices on pages 61 to 66.](#)

We have undertaken resilience modelling to understand the impact the energy transition could have on our assets under different scenarios: the International Energy Agency (IEA) Stated Policies Scenario (STEPS); IEA Announced Pledges Scenario (APS); and IEA Net Zero Emissions by 2050 (NZE) scenario. This modelling concluded that our asset portfolio generates value even under the 1.5°C IEA NZE scenario. We are also assessing the actual physical risks posed by climate change to our asset base and an overview of the findings can be found on page 8.

¹ Absolute emissions refers to the total quantity of GHG emissions being emitted, unlike GHG intensity which compares the quantity of emissions against a unit of economic output.

Materiality Issue 2

Reduction of GHG Emissions

The reduction of greenhouse gas (GHG) emissions is a key focus of our approach to addressing climate change. It remains a key demand from our external stakeholders and is also seen as a significant business risk by the Company.

Our approach to reducing our GHG emissions is based around clear, simple principles: Avoid, Reduce, Substitute, Sequester and Offset. As set out in our net zero strategy, the short-to medium-term focus is on reduction of Scope 1 and 2 absolute emissions, and applying these reductions to our equity-based reporting and not just our own operated assets. We also report our Scope 3 emissions from categories 1, 3, 4, 5, 6 and 7 (operated) and 9, 10 and 11 (equity).

Progress on equity reporting

2022 was a key year for improved GHG emissions understanding associated with the Egyptian producing assets, whereby the joint venture (JV) completed a more comprehensive baseline survey in our first full year of ownership,

with the applied methodologies independently confirmed as consistent with international standards. This gives us an opportunity to apply new approaches and techniques to lower emissions from this 2022 baseline over the next three years to achieve our target of a minimum of 15% reduction by 2025. We are pleased that BADR Petroleum Company (Bapetco) has already identified, and in some cases, started to execute, measures that will move us to lower absolute emissions.

Decarbonising our Egyptian operations

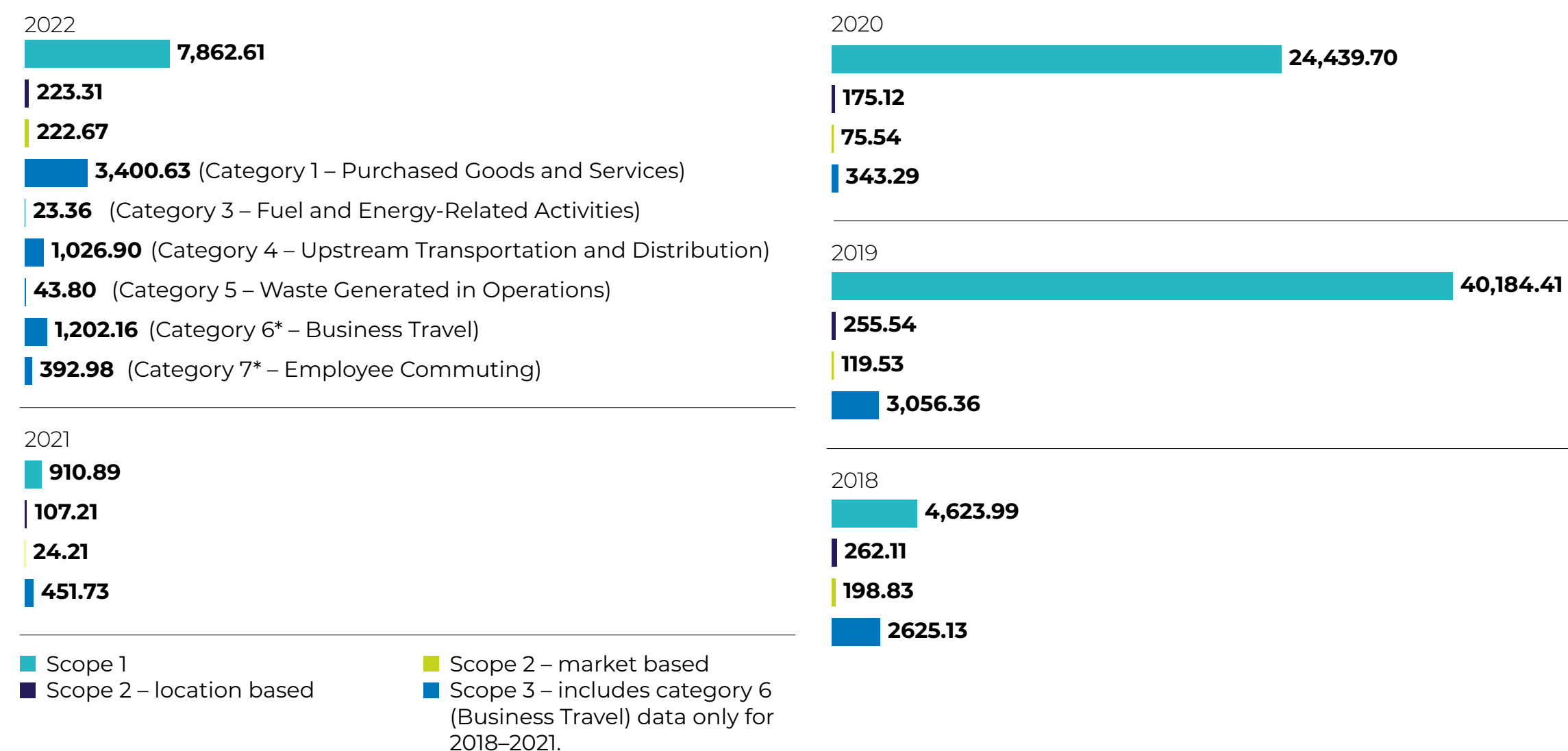
We have been working closely with our partners in Egypt to significantly improve confidence in emissions measurement and reporting, conducting a baseline study in 2022.

We have also been working to develop a suite of decarbonisation projects, which include:

- **Electrification**, to reduce diesel consumption, is progressing well with power centralisation at Badr El Din 3 (BED3) expected for completion in early 2024 (further details below). Other projects across Bahga, BED and North East Abu Gharadig (NEAG) are expected for delivery in 2023, which combined will achieve a diesel saving of 17,000 l/day.
- **Flare reduction projects** are underway with flare gas to power projects being developed. By the end of 2023, projects across Bahga, Barq, NEAG, BED and Obaiyed are expected to reduce routine flaring by 4.2 MMscfd compared to 2022.
- **Fugitive identification** has been completed for all Bapetco fields with a corrective maintenance plan in place.
- **Integration of larger scale solar power** is under consideration with further integration of small scale solar being considering for short-term implementation at accommodation camps.
- **Waste heat recovery units** have the potential to materially reduce emissions at both BED and Obaiyed by removing hot oil heaters. Feasibility for waste heat recovery is being explored at Obaiyed, and if viable could potentially achieve a 30,000 ktCO₂e/yr emission reduction.
- The potential for **carbon dioxide sequestration** is being studied (further details below).
- The **use of biofuels and hydrogen** are being considered.

* Deloitte have provided independent third-party limited assurance in accordance with the International Standard for Assurance Engagements 3000 (ISAE 3000) and Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) issued by the International Auditing and Assurance Standards Board (IAASB) over selected metrics, identified with a *, within Capricorn Energy's energy consumption and greenhouse gas (GHG) emission. Deloitte's full unqualified assurance opinion, which includes details of the metrics assured, can be found on our website at www.capricornenergy.com/working-responsibly. Details about our data, methodologies and calculations can be found in our Basis of Reporting document hosted on our website.

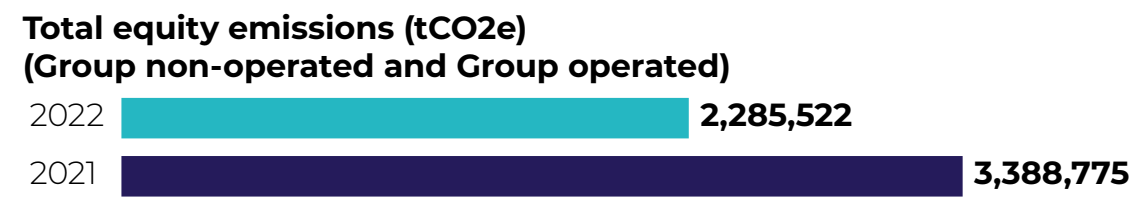
Total operated GHG emissions, Scopes 1, 2 and 3 (tonnes CO₂e) – five-year trend



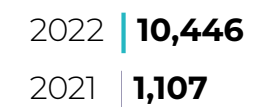
Materiality Issue 2

Reduction of GHG Emissions continued

Equity emissions vs operated emissions – 2022 vs 2021



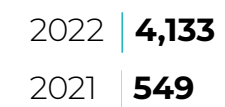
Total equity emissions – Operated



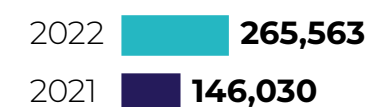
Total equity emissions – Non-operated



Equity emissions – Scope 1 Operated



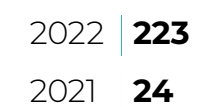
Equity emissions – Scope 1 Non-operated



Scope 2 – Location-based



Scope 2 – Market-based



Equity emissions – Scope 3 downstream categories 9, 10 and 11



Carbon dioxide sequestration

Natural gas produced from the Western Desert portfolio must meet a set gas composition specification before entering the wider gas transmission system. For certain fields, a proportion of naturally occurring CO₂ must be removed to meet this specification – the CO₂ removal process is carried out at Obaiyed and BED gas processing facilities. There is currently no local market for this CO₂ and it is therefore considered a waste product. If viable, subsurface sequestration and long-term storage of CO₂ offers the potential to materially decarbonise Western Desert operations.

The first step in testing feasibility for carbon dioxide storage is to determine the availability of suitable storage sites in the area surrounding the CO₂ source locations. Capricorn, along with partners Cheiron, have commissioned Schlumberger Limited (SLB) to support Bapetco's work in identifying and screening

carbon dioxide storage candidates. The project will rank sites based on factors including: lithology, porosity, permeability and distance to faults and wells. The best ranked sites will then be taken forward into a modelling phase that will further test their appropriateness for CO₂ storage. The project will also consider the facilities required for the treatment, transport and injection of CO₂. In addition to supporting decarbonisation of Western Desert operations, the project will be of regional importance by offering the potential to act as a hub for decarbonisation of other oil and gas and industrial activity. Capricorn is pleased to support this project as an important first step.

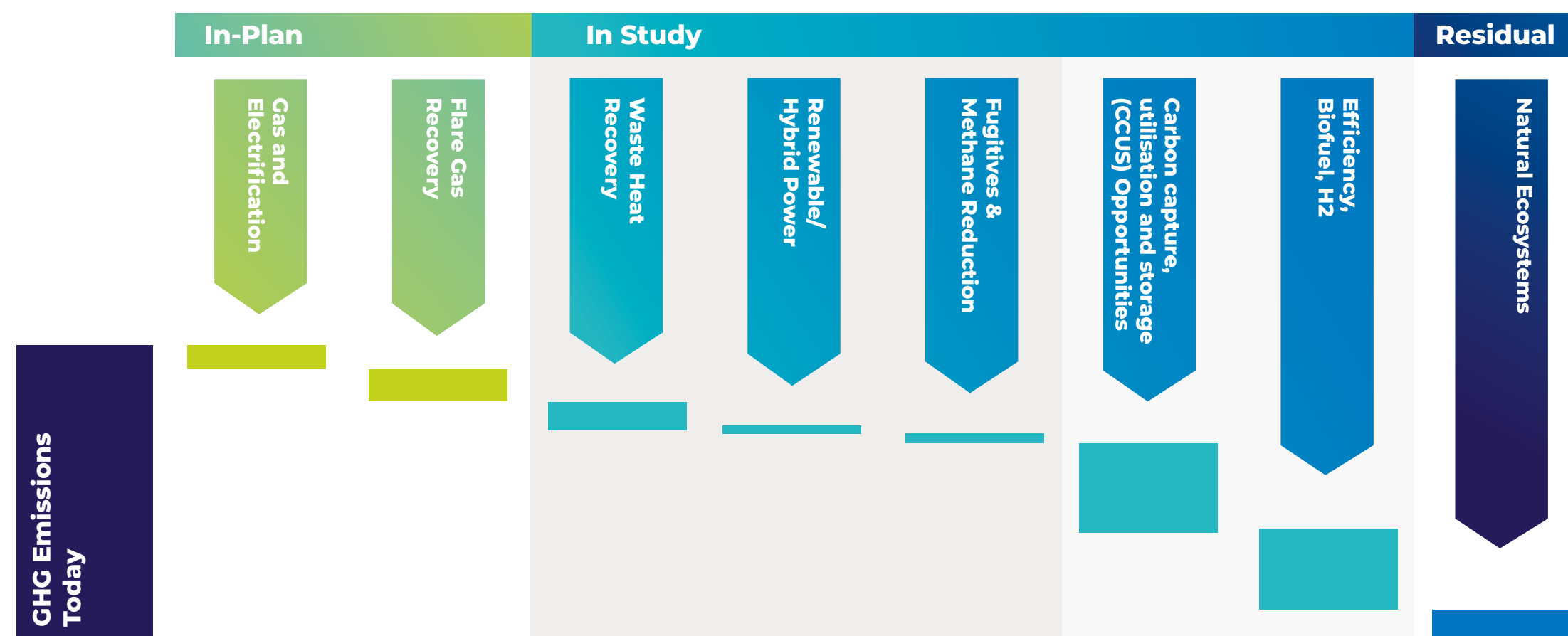
Carbon offsets

In 2022 Capricorn acquired 490,000 tonnes CO₂e of carbon credits as part of its sequestration and offset programme against its carbon emissions. We do not see offsetting as a long-term panacea for emissions, but it is an important part

of our overall decarbonisation programme. Over the short to medium term, offsetting can help to address the balance of emissions that we simply cannot eliminate through operational and supply chain improvements.

These offsets comprised the elimination in Ghana and Thailand (51%) of refrigerant gas (including potent GHG, which included chlorofluorocarbons and hydrochlorofluorocarbons), landfill to gas projects in Brazil and Turkey (29%) and Reducing Emissions from Deforestation and Forest Degradation (REDD+) forestry projects in Guatemala and Cambodia (20%). Our carbon offset strategy is based on the acquisition of verified, high-quality carbon credits that are aligned with the International Carbon Reduction and Offset Alliance (ICROA) and Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and certified by Verra, Gold Standard and American Carbon Registry.

Bapetco emissions reduction – overview of areas identified by Bapetco to reduce their current GHG emissions



Case study

Power centralisation project

Power centralisation at BED3 will use existing spare power generated at the BED3 plant and distribute this power to surrounding fields.

The use of a central power generation facility will reduce the need for field-based diesel generators, providing more efficient and reliable power supply. The project is expected to reduce diesel consumption by almost 13,000 l/day.

A technical and economic study has been completed to determine the most optimal and reliable transmission method. Front End Engineering and Design (FEED) is complete, with detailed engineering and procurement planned for 2023. Final project installation is expected in early 2024.

Materiality Issue 3

Reduction of Fossil Fuel Consumption

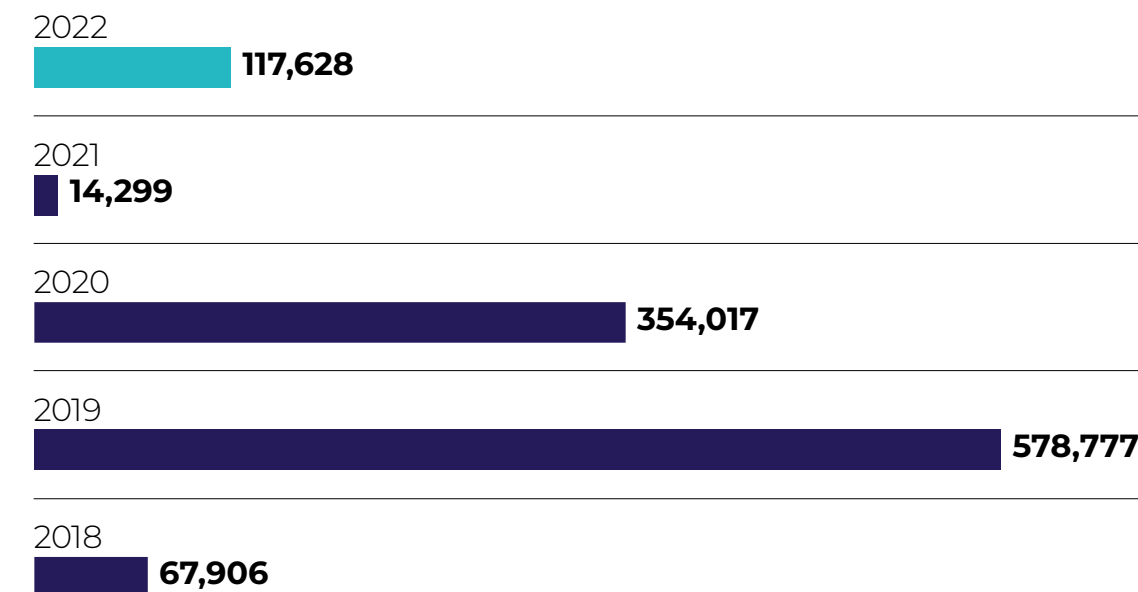
Reducing our fossil fuel consumption is a large part of our broader GHG emissions reduction programme. It has the potential to reach deep into our supply chain, and also to address broader aspects of our operations, including travel and office utilities. Its largest contributor is diesel usage in our production operations, but we are also making substantial improvements in our fossil energy use in non-operational activities.

Minimising fuel consumption is also part of our selection criteria when evaluating different contractors for tenders. Supply chain partners and contractors have to submit daily, monthly and annual fuel consumption based on their expected support for our operations, and those outside of a certain percentage of the industry average will be eliminated. Winning bidders also need to input monthly figures regarding emissions and our UL360 computing system will flag figures that are much higher than expected so we can investigate.

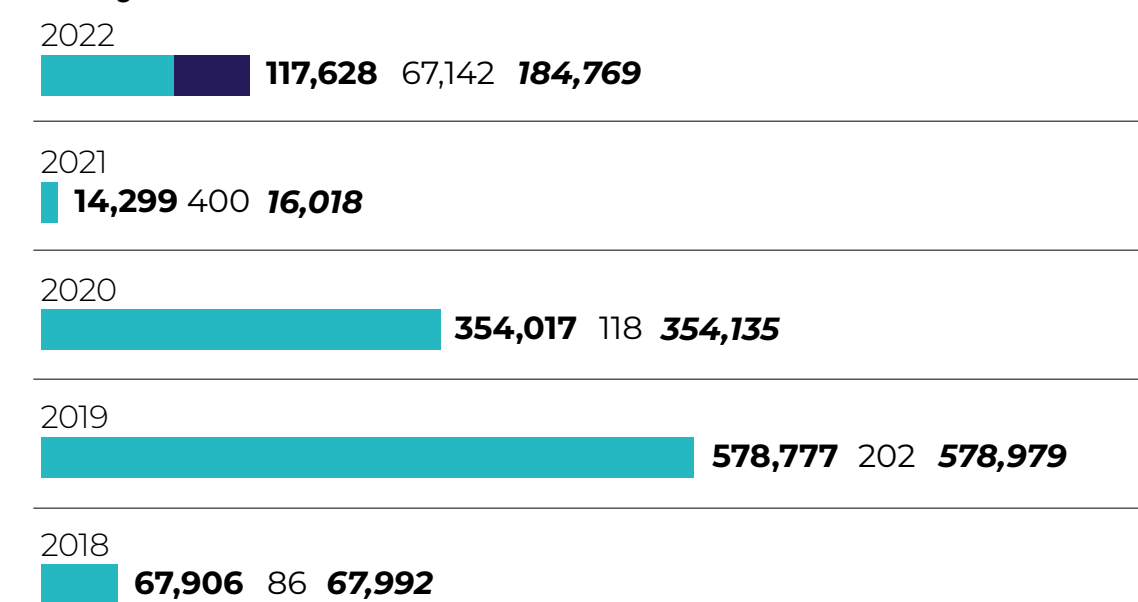
Working from home restrictions, in response to the COVID-19 outbreak in 2020, has evolved into our hybrid working practices as part of our focus for reducing fossil fuel consumption. Capricorn offices are open from Monday to Friday, but Tuesdays and Fridays are designated as optional 'Working from Home' days.



Total direct energy consumption (GJ) – five-year trend

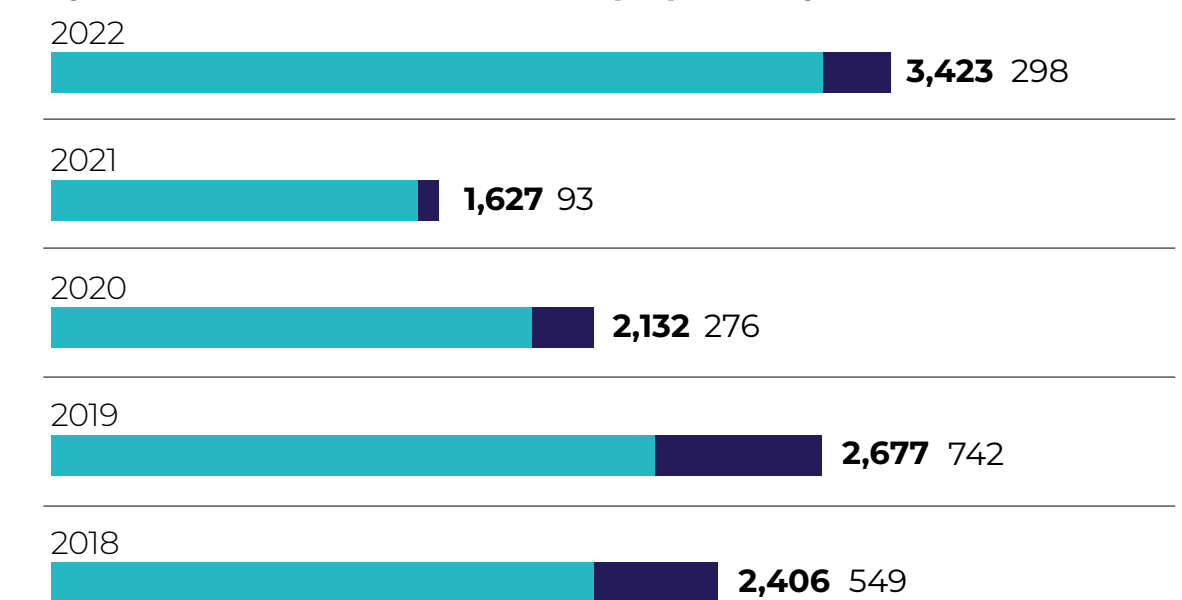


Annual direct and indirect energy consumption (GJ) – five-year trend



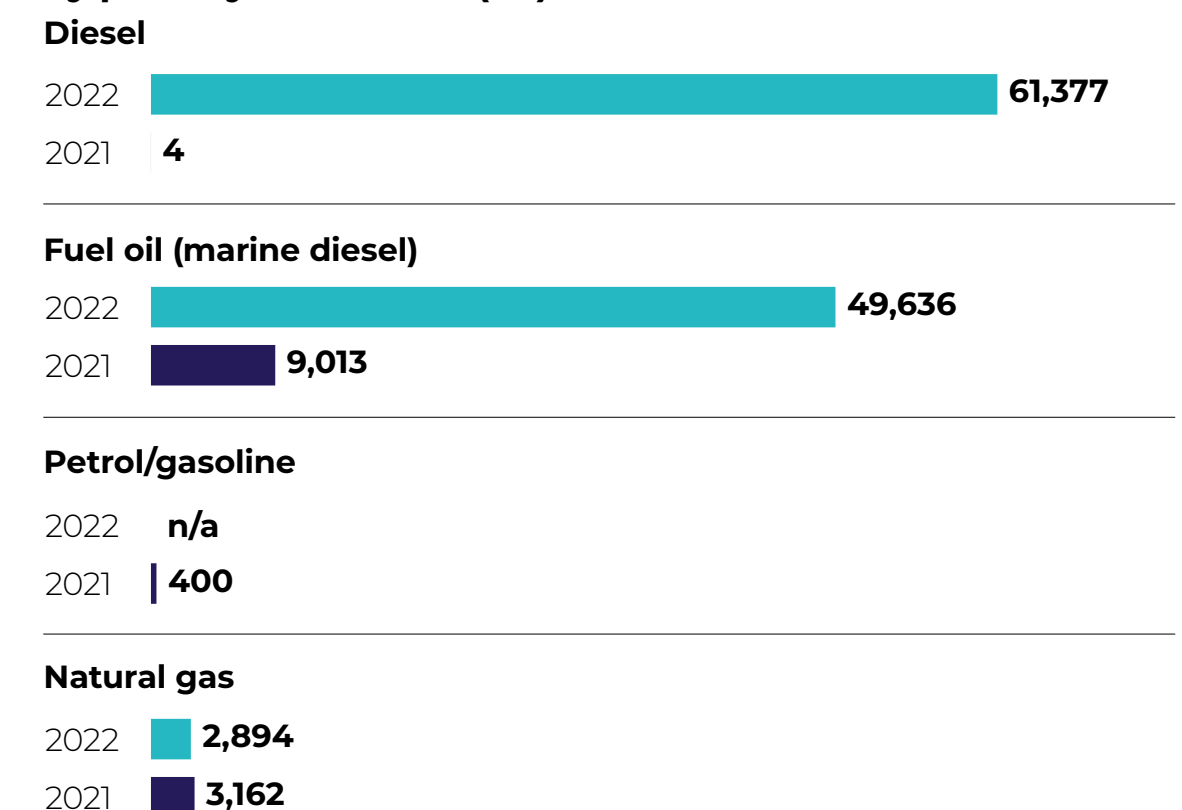
■ Direct ■ Indirect Total

Direct energy (purchased electricity) consumption by renewable/non-renewable (GJ) – five-year trend



■ Renewable ■ Non-renewable

Direct energy consumption from within the organisation by primary fuel source (GJ) – 2022 vs 2021



Materiality Issue 4

Protection of Biodiversity & Ecosystems

Protection of biodiversity and natural ecosystems ranks highly as a material issue with our stakeholders. By recognising the importance of the sustainable use of nature in supporting the United Nations Sustainability Development Goals (UN SDGs), and its crucial role in addressing climate change, Capricorn is committing increasing time and resources to this area. We updated our biodiversity policy at the end of 2021, and during 2022 we have been implementing and building on the new tools and guidelines we have in place for assessing and managing risk to biodiversity from our operations.

We have been managing biodiversity impacts through our Code of Ethics commitments and environmental management efforts for many years, although we accept that we still have additional work to do to implement a comprehensive biodiversity programme, particularly in terms of robust and effective KPIs. We are leveraging our Proteus Partnership membership to closely monitor the implications for business of the post-2020 Global Biodiversity Framework, agreed at the recent UN Biodiversity Conference (COP15) in Montreal in December.

We are also following the development of the numerous initiatives to support business action on nature. These include Business for Nature, the Taskforce on Nature-related Financial Disclosures (TNFD), the Science Based Targets Network and the Aligning Accounting Approaches for Nature (Align) project. We will disclose our nature-related impacts and dependencies following guidance from major reporting initiatives such as the Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI) and the TNFD when introduced.

In 2022 we delivered a number of training events to increase biodiversity awareness and management capacity including: a three-quarter day session on no net loss for biodiversity (developed and delivered by the United Nations Environmental Programme's World Conservation Monitoring Centre (UNEP WCMC) Board education session addressing the evolving corporate nature management and reporting requirements, and a lunch and learn for all staff.

Our biodiversity framework and guidance

Our Biodiversity Framework provides a common, cross-operational approach to identifying, assessing and mitigating potential impacts. Its measures include biodiversity risk screening, Environmental Baseline Surveys (EBS) to benchmark conditions before operations commence, and ESAs to evaluate the significance of potential impacts and propose mitigation. It also includes Environmental Management Plans (EMPs) and Biodiversity Action Plans (BAPs) in areas of higher biodiversity

risk, which together form key elements of the framework to enable the implementation of the mitigation and monitoring measures. The framework is supported by our Guidance for Managing Biodiversity Risks and Opportunities, issued in February 2022. This document maps principles from IPIECA, the International Petroleum Industry Environmental Conservation Association (IPIECA), the International Association of Oil & Gas Producers (IOGP) Biodiversity and Ecosystem Services guidance, and the Cross Section Biodiversity Initiative's guide for implementing the Mitigation Hierarchy, to our business processes and Project Delivery Process (CPDP).

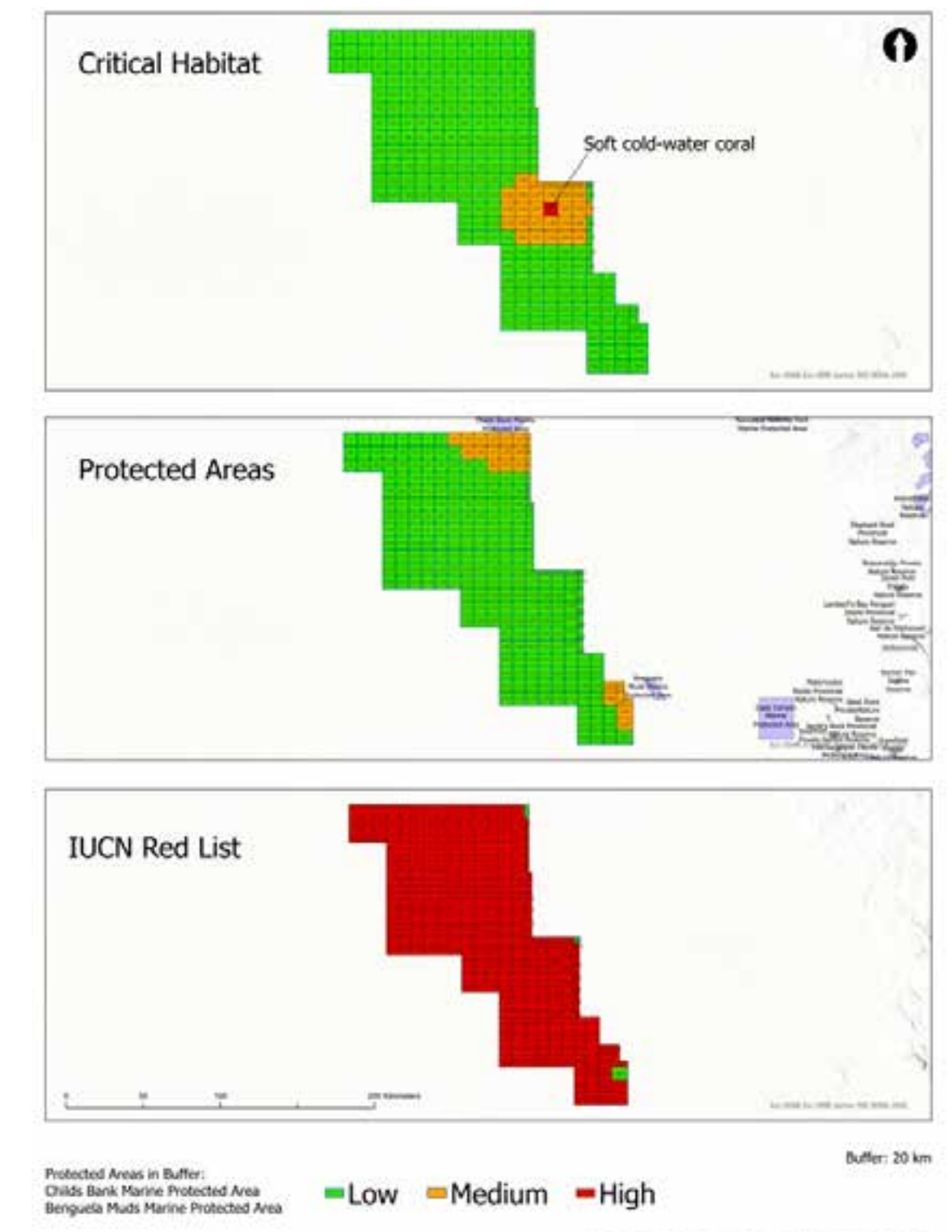
Protecting and screening biodiversity and sensitive areas

As nature and biodiversity risk are inherently location-specific, prior to entering new areas, we undertake detailed screening and consultation to identify protected areas and priority locations for biodiversity conservation. As a matter of policy, we do not explore, develop or enter into joint ventures in United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage sites or International Union for Conservation of Nature (IUCN) categories Ia (Strict Nature Reserves) and Ib (Wilderness Areas). The finding of high biodiversity risk has led to recent decisions not to progress investment, or has been followed by the commitment to implement BAPs in high diversity risk areas.

We are now regularly using the IBAT, together with an in-house Geographical Information Service (GIS)-based biodiversity risk screening tool, developed with the UNEP WCMC. This tool, based on Stage 1 of the Biodiversity Indicators for Site-based Impacts (BISI) methodology (developed by the United Nations Environment Programme's World Conservation Monitoring Centre (UNEP WCMC). Fauna and Flora International, and Conservation International), is used to interrogate diverse environmental datasets (including critical habitats, protected species and the IUCN Red List of threatened species) to provide a 'traffic light' risk profile. The tool, used as part of our new opportunity screening process, gives us a consistent methodology to examine and compare biodiversity risks.

It is helping us to look carefully at new potential joint venture or exploration licence opportunities, as well as enabling more disciplined and standardised use and recording of such data. An example of the output from the tool is shown here.

Site stage 1 risk assessment scores



Materiality Issue 4

Protection of Biodiversity & Ecosystems continued

Assessing our biodiversity impacts

When we embark on new projects, Capricorn undertakes EBSs to define existing environmental and biodiversity conditions around planned operations. These are used both to inform the development of ESIA's and ultimately the EMPs, and where applicable, BAPS, for those sites to manage potential biodiversity risks. In 2022 we completed an EBS and agreed ESIA Terms of Reference with the Mauritanian Government for our proposed exploration drilling in the C7 licence block, offshore Mauritania. Recognising the high biodiversity value of this area, we are working closely with stakeholders including technical specialists, government departments, non-governmental organisations (NGOs) and other local stakeholders to progress our ESIA for the project and develop appropriate mitigation.

In Egypt we completed an EIA, and all related studies required for our activities such as Social Impact Assessment (SIA), as per national requirements, for our 3D seismic projects in our operated concessions (West El Fayium (WEF) and South East Horus (SEH)) and for our exploration drilling campaign, which will start in the first quarter of 2023.

We also work with stakeholders to identify potential biodiversity improvement activities, either as part of operational projects, or as in our support of the Mangrove Rehabilitation project in Suriname, as part of our corporate social responsibility (CSR) investments in areas where we operate.

Managing our impacts on biodiversity

The fundamental concept which Capricorn applies to manage potential impacts to biodiversity is that of the Mitigation Hierarchy; that is taking measures to Avoid, Minimise, Restore, and finally Offset negative impacts.

We recognise the extreme importance of avoidance measures and the increased uncertainty of positive outcomes which measures further down the hierarchy bring. As such we strive to incorporate location-specific biodiversity data into our project planning at the earliest possible stage. For example, we have used data gathered from our EBS in the Dauphin prospect of the C7 licence area to identify potential drilling locations which avoid sensitive seabed habitat in the area. We strive to achieve no net loss of biodiversity in areas which we operate and promote this with our partners.

We recognise the challenges in achieving this, particularly in the marine realm, and will be looking to develop KPIs to assist us with delivering this commitment; we will focus on location-specific key biodiversity features which may be materially impacted by our operations and align these with the emerging nature management and reporting guidance such as the State, Pressure, Response framework of the Biodiversity Indicator for Site-based Impacts (BISI) methodology.

Case study

Trialling eDNA analysis in Mauritania

eDNA (Environmental DNA) analysis relies on the collection of environmental media (e.g. water or sediment) for the identification of DNA left behind by organisms in the ecosystem in which they exist or through which they transit. The information provided about species presence and variability offers a more complete biodiversity dataset than conventional survey methods, which rely on visual analysis techniques.

This is an emerging field and requires more work to standardise methods and integrate them into monitoring frameworks. We believe it is potentially a game-changing technology offering data to support biodiversity monitoring KPIs, as well as time and cost savings.

We were excited to include our first use eDNA analysis in the C7 exploration project EBS, offshore Mauritania, to gather biodiversity data to support our understanding of the habitats and species in the area. The analysis results indicated the presence of a number of species which were not detected through the traditional sampling and analysis. We will share the data with the Mauritanian Authorities to further develop the knowledge base of the region.

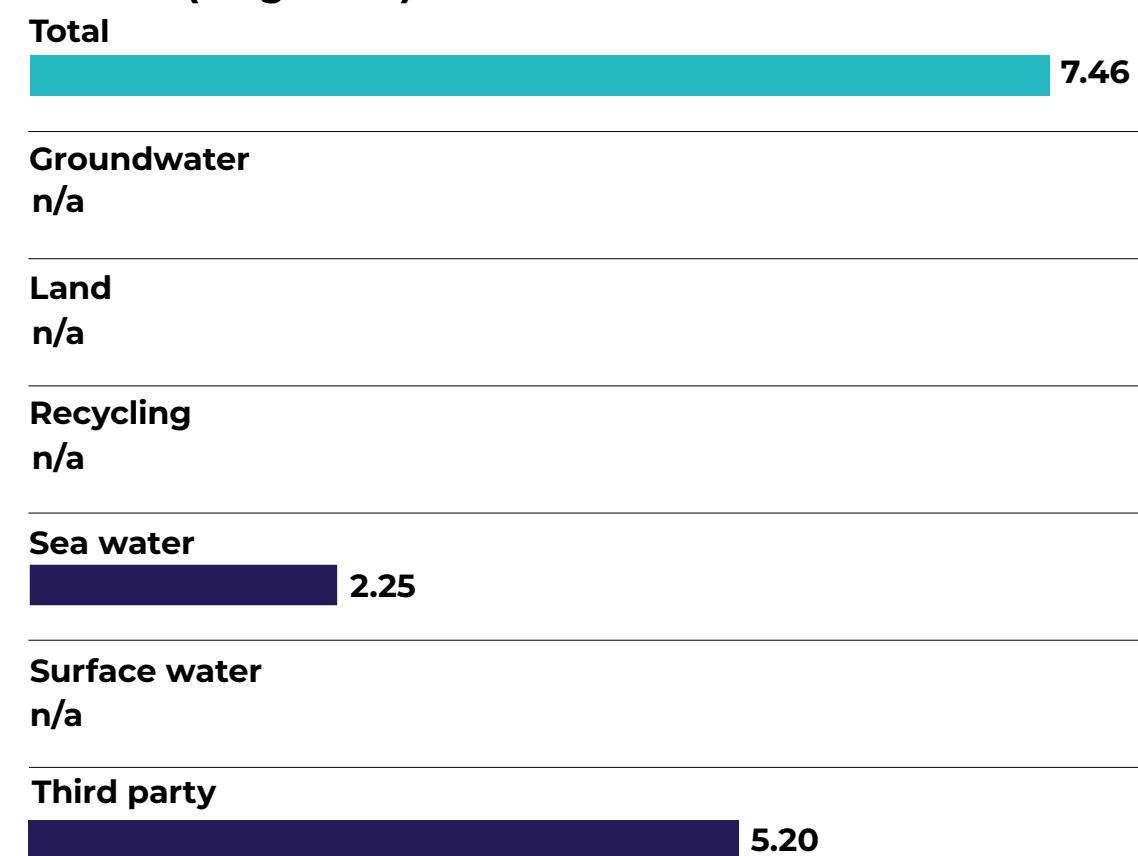


Materiality Issue 5

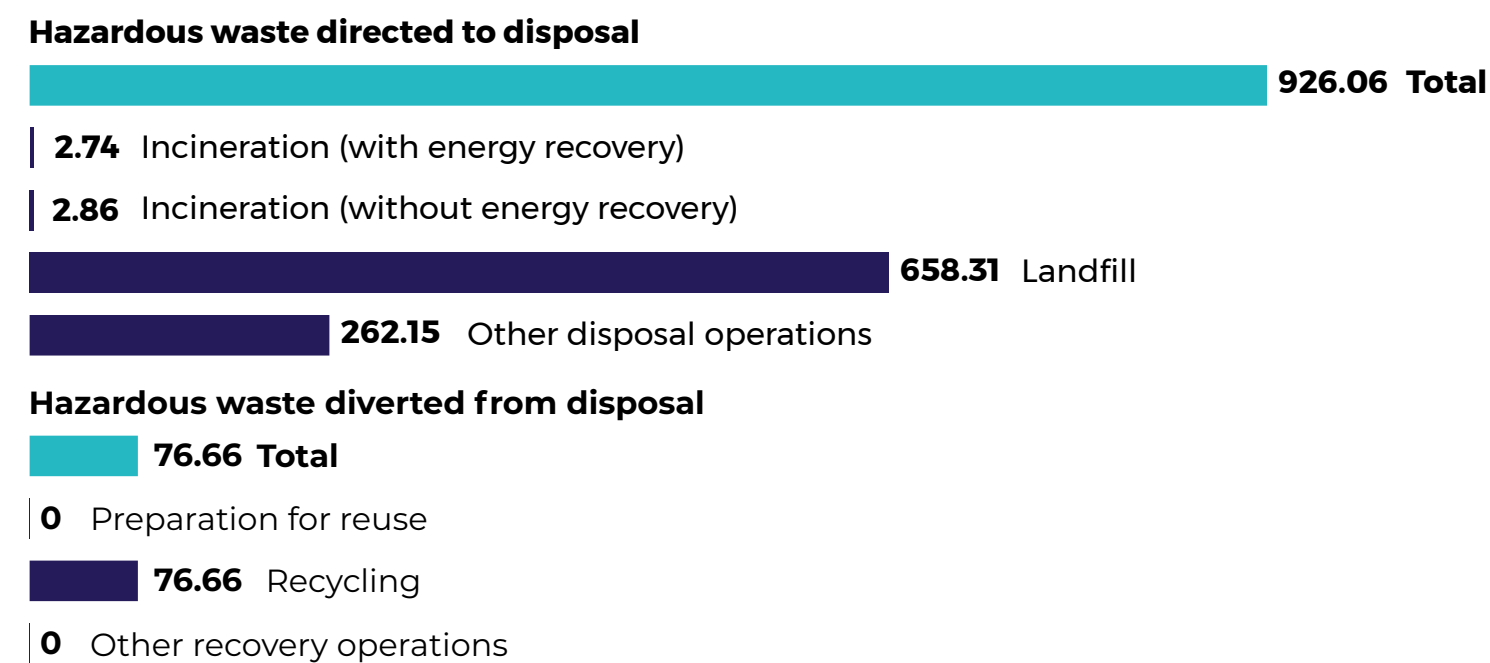
Discharges to Air, Sea, Land & Sound

An important part of our commitment to the environment is the minimisation of discharges and emissions from our operations. It ranks highly in the concerns of our external stakeholders. As we move into a more active phase in our operations in Egypt it is a subject on which we are putting a particular focus.

Total operated water effluent discharged by destination in 2022 (megalitres)



Total regulated hazardous waste quantities by disposal method in 2022 (metric tonnes)



In our activities, as well as the local regulations of the host country and international conventions, such as the International Convention for the Prevention of Pollution from Ships (MARPOL) and the Oslo/Paris Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR), we seek to comply best international industry practices, such as the environmental management guidelines published by IPIECA and IOGP, amongst others.

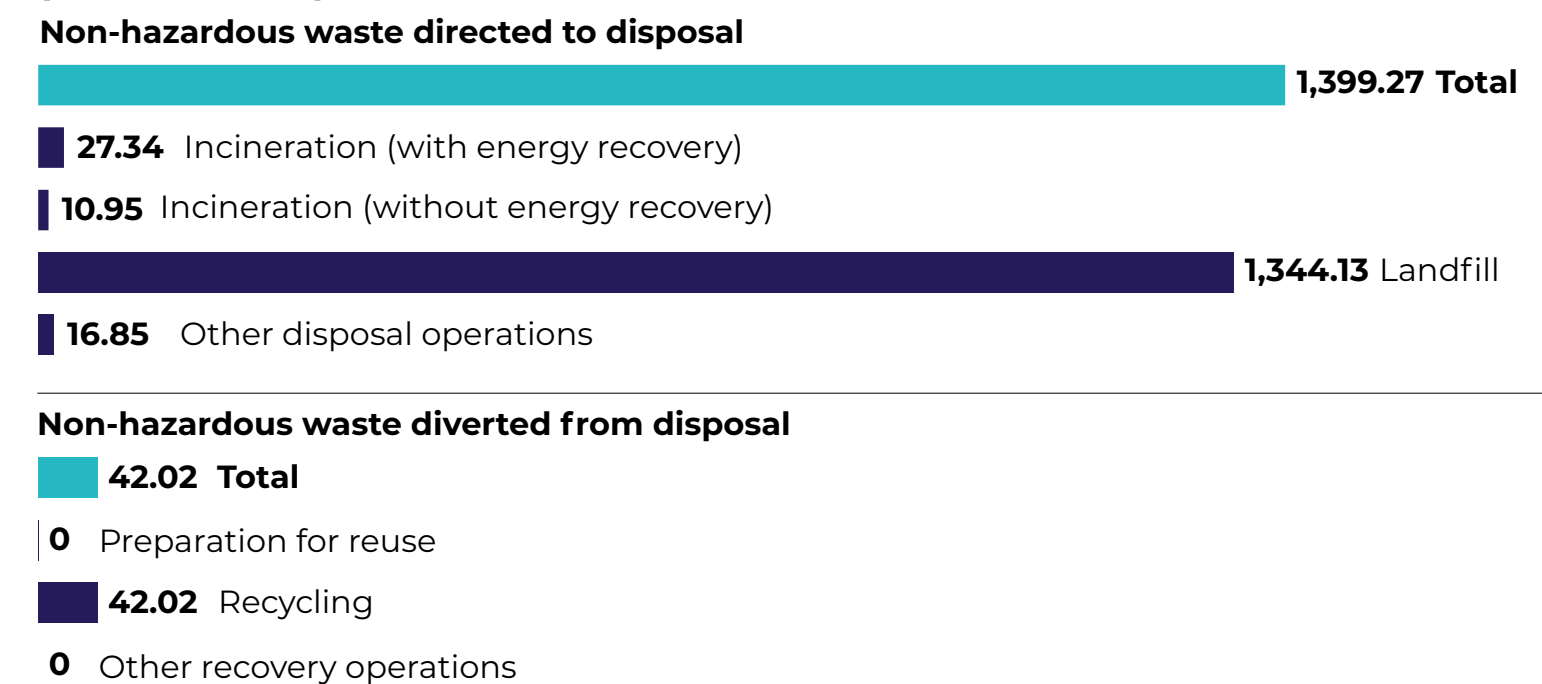
Summary of our discharges

Discharges of water to land and sea increased in 2022 compared to 2021 reflecting the lack of operated activity in 2021. The discharges in 2022 comprised principally domestic effluent from survey work carried out in Egypt and the Diadem well drilling campaign in the North Sea. Offshore discharges to sea are treated in line with MARPOL. The wastewater from the accommodation camps supporting the exploration work in Egypt was disposed of at a licensed disposal site.

During the EBS undertaken in C7 offshore Mauritania, we took measures to manage the potential environmental impact of sound emissions from the geophysical survey equipment used during marine megafauna monitoring, which was undertaken to give an indication of the fauna present in the project area and to minimise the risk of injury to marine mammals during operations.

Marine mammal observers and passive acoustic monitoring ensured that during all operations the Joint Nature Conservation Committee (2017) 'Guidelines for minimising the risk of injury to marine mammals from geophysical surveys' (August 2017) were adhered to.

Total regulated non-hazardous waste quantities by disposal method in 2022 (metric tonnes)



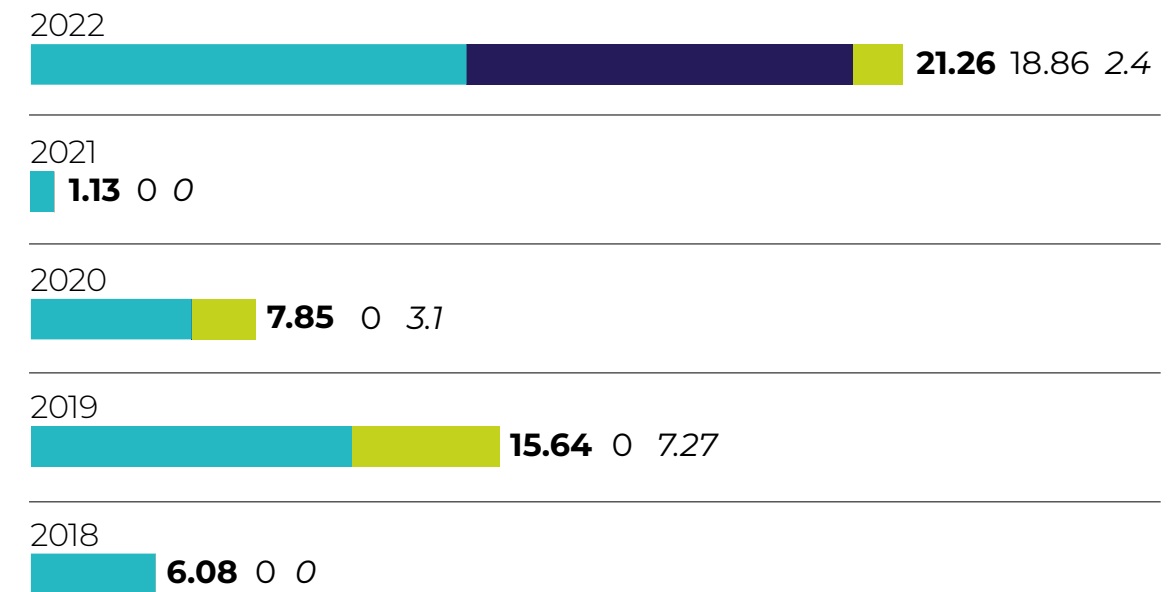
Materiality Issue 6

Protection of Freshwater Resources

Climate change and increased water consumption are putting greater pressure on freshwater resources around the world. Access to clean, safe water for local communities is a fundamental human right and is enshrined within the United Nations Sustainable Development Goals (UN SDGs). We therefore take our responsibility for protecting and maintaining the sources and quality extremely seriously. Our Corporate Environmental & Climate Change Policy (CECP) outlines the Company’s commitment to efficient operations regarding water usage. This policy aims to protect water sources and water quality where we operate, promotes the efficient use of water, and includes the need to engage with local communities to ensure environmental resources are conserved.

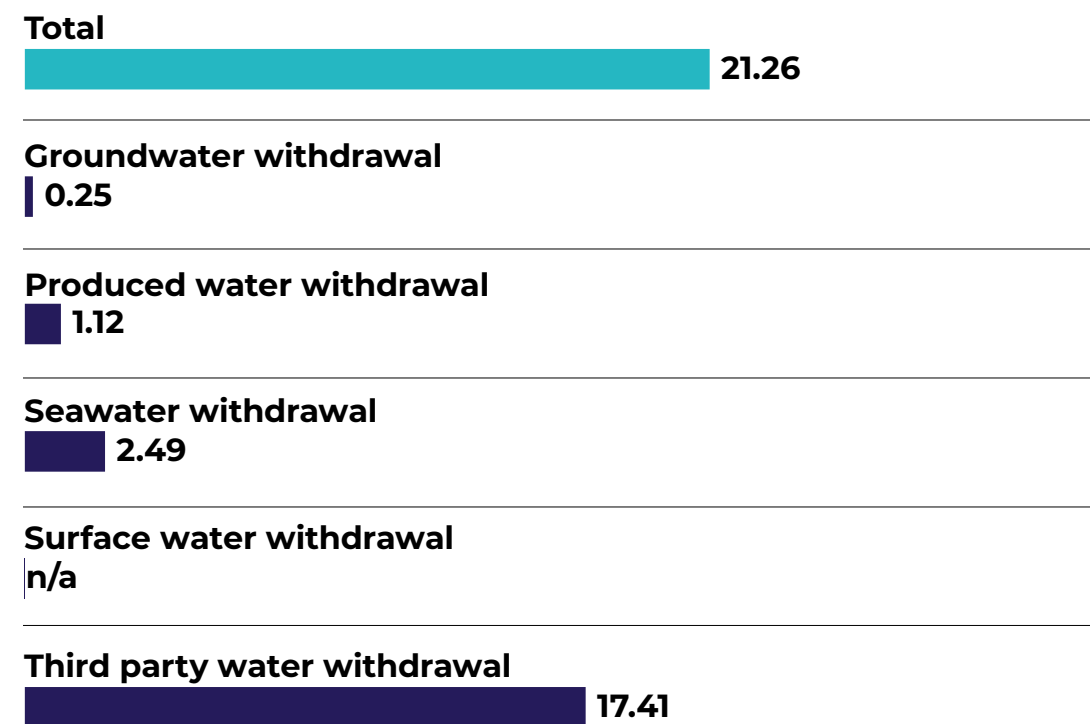
Our 2022 water use increased compared to 2021, reflecting the lack of operated exploration activities in 2021. Water use in 2022 was in line with previous years when Capricorn undertook drilling and survey activities.

2022 Total operated water withdrawal (megalitres) – five-year trend



■ Capricorn total <=> 1,000 mg/litres dissolved solids
 ■ Freshwater <=> 1,000 mg/litres dissolved solids
 ■ Sea water <=> 1,000 mg/litres dissolved solids

2022 Operated water withdrawal by source (megalitres)



Capricorn’s primary direct use of freshwater in 2022 was for operated exploration activities in the UK and Egypt. The majority of the water used to support these drilling and seismic operations was received from municipal or contracted suppliers. The remaining amount was mainly from the use of seawater by the drilling rig to create water-based drilling muds.

Capricorn anticipates that future water dependency for fresh water will increase for both direct and indirect operations in line with our ambition for operational growth. On an annual basis, our indirect and direct freshwater dependencies will vary according to our upstream operational activities.

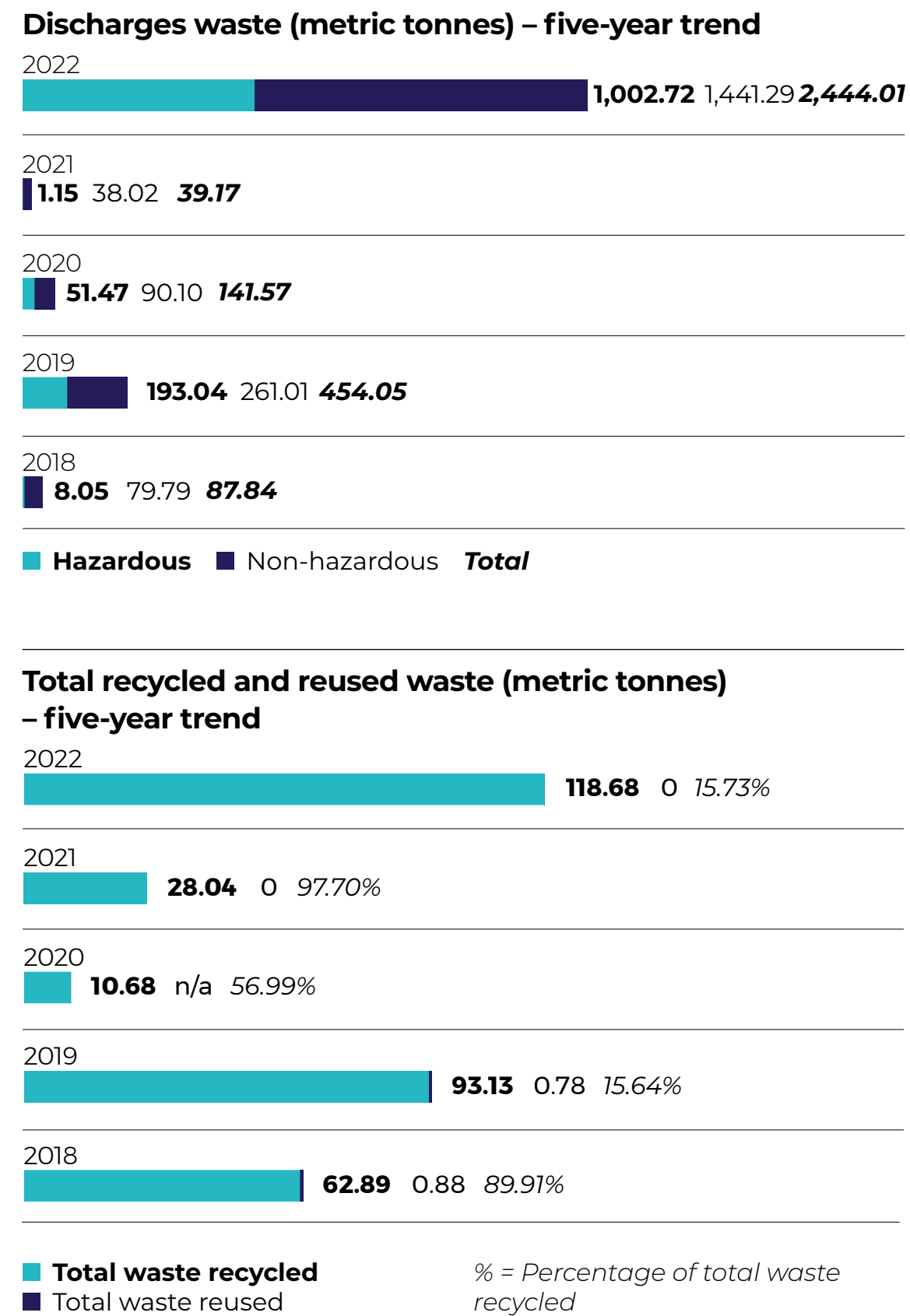
In 2022 we received a score of B in our CDP Water Security submission compared to B- in 2021, putting us among the top performers within our peer group.



Materiality Issue 7

Circular Approach & Minimisation of Waste

Capricorn regards the minimisation of waste at its operated sites and the move towards the circular economy as a fundamental part of its sustainability commitments. IPIECA is actively encouraging its members to implement circular thinking in their business decisions and supply chains, from initial project definition and material specification through to end-of-life management and decommissioning of assets.



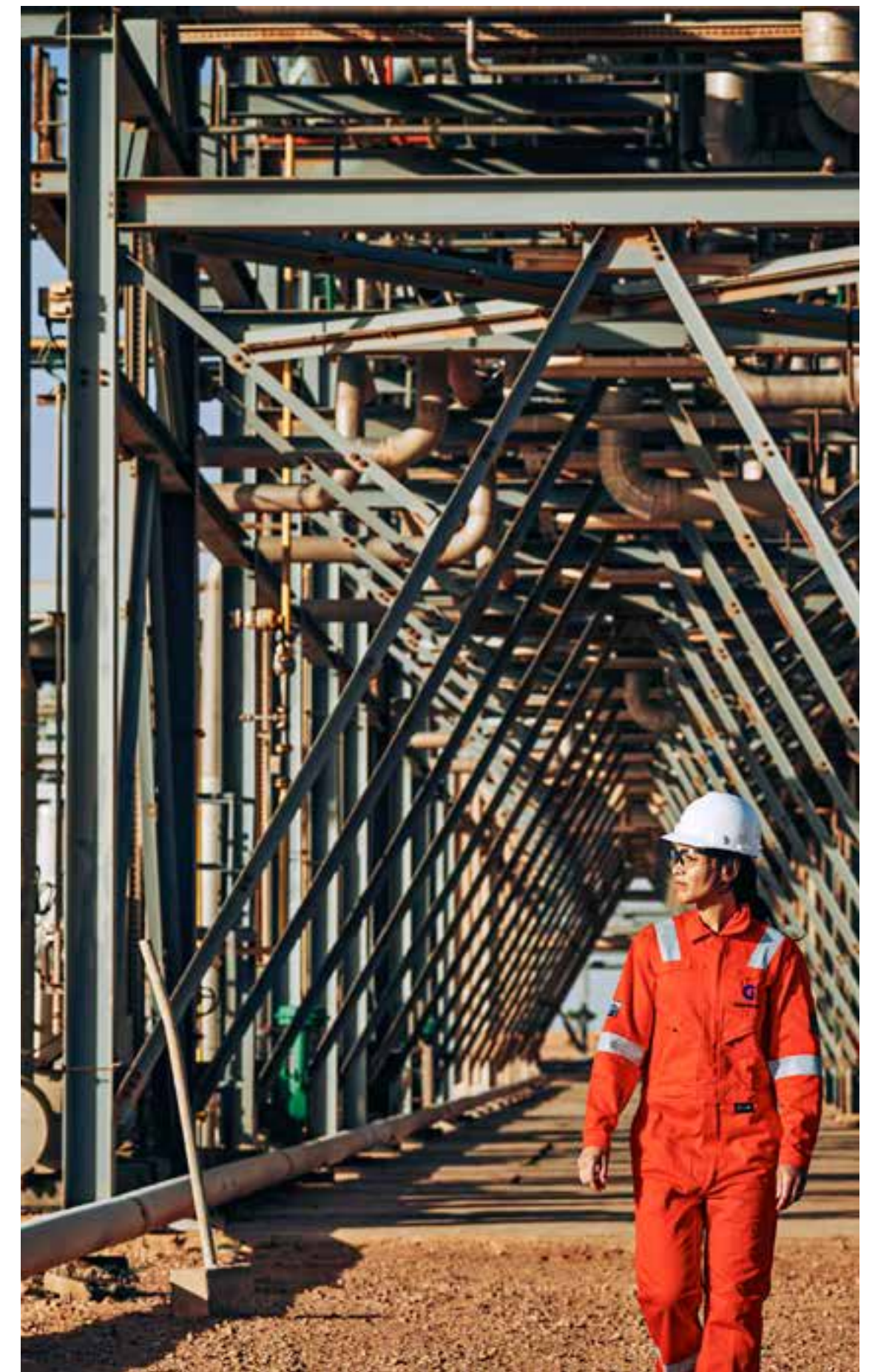
The volumes of waste produced in 2022 were higher than in 2021 representing the increased level of operated exploration activity. The majority of the waste, both hazardous and non-hazardous, was associated with drilling the Diadem well in the North Sea.

We align our processes with the accepted material management hierarchy of Reduce, Reuse, Recycle, Recover such that actual end waste is minimised and ultimately eliminated. This covers our operating activities through to our office locations. Where reuse or recycling is not possible, disposal routes such as waste to energy are favoured in preference to landfilling.

Hazardous waste from the Diadem drilling campaign comprised mainly contaminated cuttings. These were treated via thermal mechanical recovery, which was used to separate hydrocarbons and residual water from the rock cuttings, and recovered oils were recycled with cuttings being landfilled.

The majority of the recycled waste material we recorded in 2021 were recycled oils.

Our recent EIAs for the Egyptian onshore exploration programme in 2022 included the development of detailed Waste Management Plans for the minimisation of waste and its recycling and/or disposal responsibly in line with international and local guidelines and regulations.



People

At Capricorn, our people are the key to our success. Led by the Executive Committee (ExCo) and implemented through the Management Team and every member of our workforce, our employees' well-being, safety and security is one of the core values that underpins how we do business and the behaviours we expect. Our culture promotes honesty and openness, and we have programmes in place that prioritise health, safety, inclusion, well-being and security, which leads to a professional, talented, diverse and engaged workforce.

Our rigorous approach to safety has led to an excellent safety record that we are proud of and determined to maintain.



People continued



Strategic Objectives

Maintain licence to operate.

Provide a safe and healthy working environment.

Principal Risks

Lack of adherence to policies: Health, Safety and Security, Environmental and Climate Change, Social Responsibility, Major Accident Prevention and People.

2022 Performance Against Sustainability Objectives

Established our Diversity & Inclusion (D&I) strategy and working group, and developed tools and methods to embed D&I in the way we work.

Delivered the next phase of our talent management programme, as we shift to a more production-based strategy.

Continued to support staff on COVID-19 and facilitated a return to office working.

Reviewed and updated our competency procedures in relation to health, safety and environment (HSE) and major accident safety in drilling operations.

Revised our Corporate Project Delivery Process (CPDP) with improved integration of health, safety and environment (HSE) elements within the Wells Project Management Procedure.

Implemented a health, safety, security and environment (HSSE) management system roadmap for our in country team in Cairo.

Established a system to track social investment across the Group that helps deliver a positive impact on the communities with which we work.

Implemented an enhanced incident reporting system across the Company and provided training to users.

Reviewed our security guidelines against the latest International Organization of Standardization (ISO) standards, assessed information sources and providers to identify potential improvements and updated our Business Continuity Plan.

Revised our technical competencies project and strengthened links to our Corporate Major Accident Prevention Policy (CMAPP).

Reviewed and updated our corporate policies to ensure alignment with latest legislation and clarity of messaging.

Revised our contractor assessment criteria in relation to emissions, energy efficiency objectives and our net zero targets.

Set improved contractor HSE leadership expectations, including revised key performance indicators (KPIs) for forthcoming projects.

Aligned our scoring mechanism for contractor HSE evaluations with International Association of Oil & Gas Producers (IOGP) methodologies and achieved our stretch target for 2022.

The People Matrix



Material Issues

- 8 Workplace Safety & Security
- 9 Diversity, Equality & Inclusion
- 10 Health & Well-Being
- 11 Talent Management
- 12 Learning & Development

Materiality Issue 8

Workplace Safety & Security

Ensuring a safe working environment for our people is our absolute priority, and it is a key issue for our stakeholders as well.

At its core, corporate responsibility means providing safe working conditions for all employees and contractors, while minimising any risk to people and the environment. We use risk assessment techniques to safely manage risk, and while some cannot be avoided, we apply an 'as low as reasonably practical' (ALARP) approach to manage and mitigate any residual risk.

The mitigation of risk includes engineering controls, safe working practices and the competency of both Capricorn Energy employees and our contractors. This is supported through leadership audits, site visits and project performance reviews at a Group level, and through active engagement with contractors, from contracting stage through to execution, to ensure they have effective systems and resources in place. This ensures only contractors with strict assurance processes can proceed from tendering stages to support our work.

Competency management system

Our competency management system was streamlined during the past year. It now features greater detail and has created a smoother and clearer process for those using it. It also picks up areas that might not otherwise be identified during a contracting HSE review.

The results of the competency management system were shared with the UK offshore regulator as part of their checks of the competency levels within our employees and contractors during our UK drilling operations in 2022. Not all oil and gas companies share the level of information that we do, but we see it as best practice and a clear indication of how important safety is across the whole business.

The competency management review supports our already rigorous induction process. This includes onboarding slides, mandatory e-learning, required reading and acknowledging documents and a number of other elements to ensure that all employees understand risk, how it can be avoided and what to do in certain situations.

Keeping our people safe

Safety and security in our operational sites and during travel is a key focus, with our HSSE team reinforcing a message that safety leadership and responsibility goes beyond the management of 'trips, slips and falls'. Major accident hazards can happen within the oil and gas sector and the HSSE team ensure we have the correct safety processes in place while reminding all employees about health and safety in practice.

As an HSSE initiative throughout 2022, we undertook several senior leadership visits to our operated and non-operated activities with the aim of promoting safety leadership across staff, contractors and suppliers.

In December 2022, HSSE also provided a Group-wide presentation as part of an HSSE Awareness drive. The presentations provided an overview of major accident hazards and processes, personal safety, travel security and social challenges. Together with the IOGP life-saving rules, the presentation reminded staff to always be vigilant of operational and personal safety and that safety is everyone's responsibility.

Global focus on safety and security

The nature of our business means that we operate in countries and in conditions around the world that present particular safety and security challenges. Some of these areas have security, risk and safety guidelines that are not as mature as those in more established oil and gas regions. We implement our standards in HSSE in all jurisdictions in which we operate and do not make concessions based on geographical location.

Case study

Competency management in action

Our off-shore exploration well into Diadem earlier in the year highlights our competency management process in action. All Capricorn people taken on board to work on this project had to go through a competency management questionnaire, after which the results were discussed with the key subject matter experts across the business. Specific training programmes and knowledge requirements could then be advised and actioned to ensure the people with the right skills were in place.

Meanwhile, competency reports and matrices are required from all contractors about their employees working on our behalf. This ensures they are sufficiently qualified for their assigned roles. The competency management review could

spot whether someone's survival training or other core competency skill would expire while they were on board, ensuring refresher courses could take place for the relevant people before the operations began.

Materiality Issue 8

Workplace Safety & Security continued

We are committed to supporting Capricorn’s safety leadership and culture at all our operational sites and in 2022 our senior management carried out four visits to our operations, including our BADR Petroleum Company (Bapetco) assets, onshore seismic operations in Egypt and our offshore drilling site in the UK. This helped ensure that the Company’s central safety messages are fully absorbed and understood by everyone working for us.

Our security measures are balanced with human rights considerations and our corporate responsibility, and executed in accordance with international standards, local laws and good industry practice. We ensure strict compliance with the Voluntary Principles on Security and Human Rights (VPSHR).

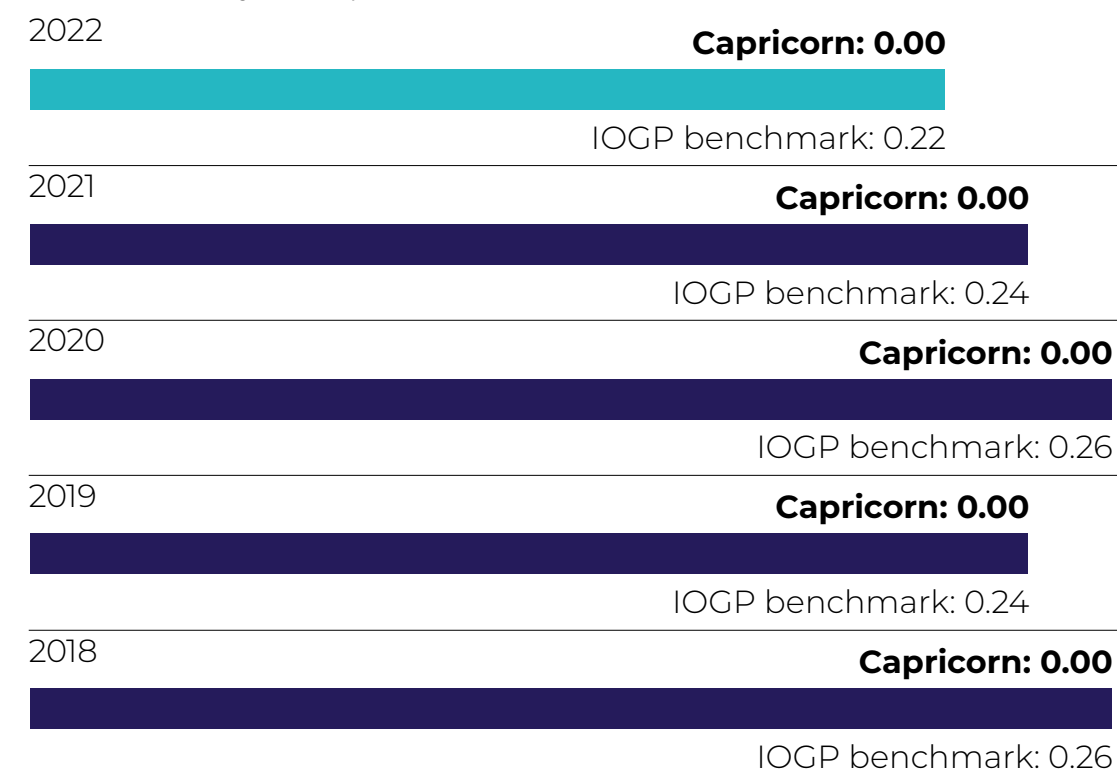
As a member of the IOGP Security Committee, we remain vigilant to emerging threats, act on intelligence from embassies, civil authorities and contractors in both active locations and potential countries of interest, and offer support, advice and training as necessary.

Our 2022 performance

With over 1.5 million man hours recorded throughout the year, one restricted work day case (RWDC) and zero lost time injuries (LTIs) in our operated assets, our occupational safety performance exceeded our target; this was set using the IOGP benchmarks, which we use as lagging KPIs. This performance was exceptional, recognising that the activity level in 2022 was much higher and more complex than in 2021, featuring an offshore well in the UK Continental Shelf (UKCS) and two seismic projects in the newly acquired Egyptian Western Desert concessions covering a total of 1,060 sq km. For 2023, we have reviewed our KPI weightings to reflect the greater level of onshore drilling field activities that will take place in 2023 in Egypt and other activities across the portfolio.

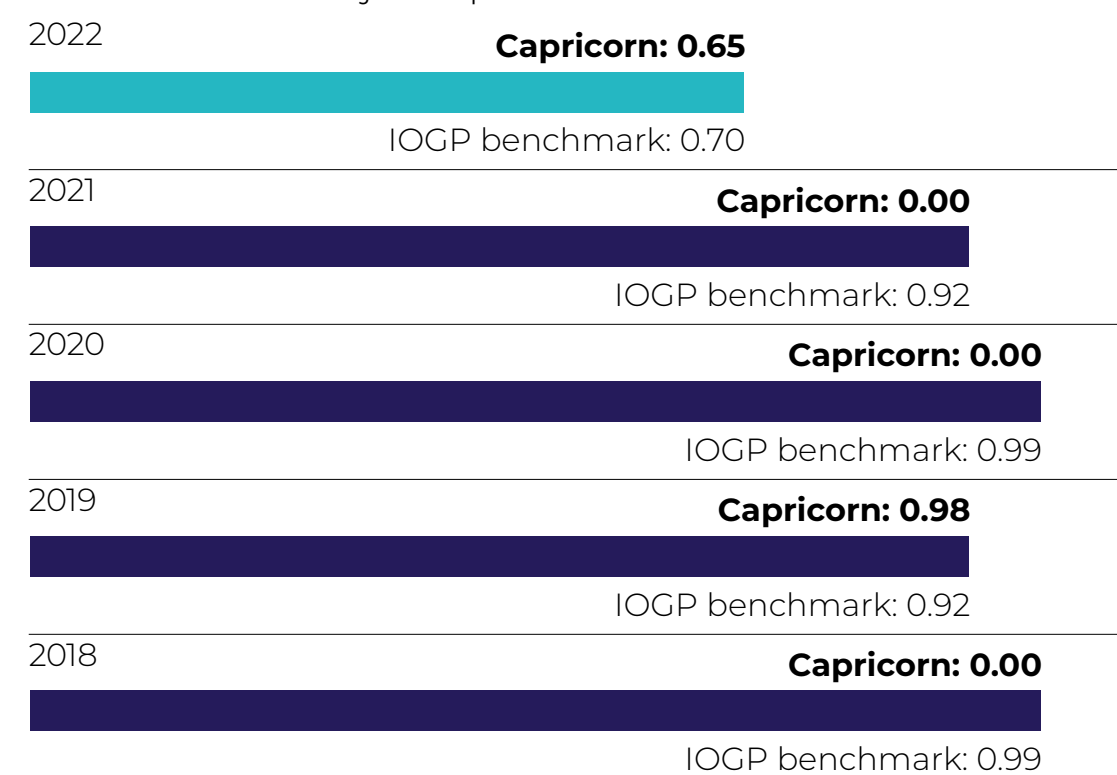
Lost Time Injury Frequency (LTIF) – five-year trend

Lost time injuries per million hours worked



Total Recordable Injury Rate (TRIR) – five-year trend

Total recordable injuries per million hours worked



In 2022 we had a busy operational period with the drilling of the Diadem well in the UK, and executing seismic surveys in our South East Horus (SEH) and West El Fayium (WEF) concessions in Egypt. To measure HSSE performance during future operations we set ourselves relevant lagging KPIs using IOGP HSSE benchmarks as per prior years across our operated portfolio of surveys and onshore and offshore wells. Throughout 2022 the performance was strong and we completed the Diadem well on 23 September 2022 with zero injuries and spills and commenced and completed the mine clearing operations in Egypt with the same result. The SEH seismic campaign was completed with no recordable injuries, however, during the WEF seismic project, one of our contractors sustained a fracture in his lower arm during a driving incident whilst negotiating sand dunes resulting in a RWDC.

Our approach to security

An assessment of security risk is an ongoing process and is conducted at the earliest possible stage of a new venture or project. We work with contractors, security advisors and our own staff in the local regions to constantly analyse potential threats and manage and mitigate these risks.

Travelling employees can access our Journey Management System and traveller guides both before travel and during their visit, and 2022 saw us implement an improved briefing for new starters. In medium- and high-risk areas, we continue to develop and implement Security Management Plans which may involve ground security teams to provide safe travel to hotels, airports and meetings, and to support field visits.

Security incidents in 2022

Zero

(2021: 1)

Case Study

Remaining vigilant

In Mexico, our travel team reviews journeys and provides defence-trained drivers and vehicle monitoring systems. This helps mitigate the risk of potential car-jackings and the use of firearms against vehicles.

However, new tactics to extort money have been seen on Mexican motorways, including vehicles stopping in the middle of the road to create a crash from which money is extorted from the driver and passengers. This almost occurred in 2022 to the driver of a vehicle used by Capricorn Energy, with it recorded as a security near-miss as the driver was aware of the tactic and so avoided the situation. It highlights how our contractors and HSE team need to stay constantly updated about evolving criminal tactics.



Materiality Issue 8

Workplace Safety & Security continued

Security review in action – driving

Driving remained a major risk focus in 2022 for a number of reasons. In Egypt, we have appointed dedicated security drivers to manage our transport throughout the country. These drivers take care of all aspects of our road travel, planning routes, driving the vehicles and providing information and intelligence 24 hours a day on incidents or security risks that may affect our travel.

Our experience in Mexico (see case study on page 30) has informed our approach and we take a defensive approach to travel, including a full risk assessment ahead of any new journeys.

Accountability for safety and security

Overall accountability for working safely and responsibly remains with the Board, while applying these controls across our operations falls to the Management Team. We had a target of four visits by members of our Senior Management Team to operational sites during the year, supported by an additional HSE Leadership Team visit. From those, we capture feedback and create reports to support the messaging we give to our employees and contractors, and what are expectations are regarding HSE practices.

Asset managers are responsible for ensuring that operations adhere to our Corporate Responsibility Management System (CRMS), including HSE standards and procedures, and that plans are in place to manage risks. Our robust management process ensures incidents are recorded and investigated, and lessons are learned from any shortfalls. Performance updates are reported to the Board.

Managing operational safety hazards involves several mechanisms to promote safe working procedures but largely falls under the systems of our contractors wherever they operate key activities such as drill rigs and seismic providers. Clear oversight is provided by our own personnel, and procedures are bridged where necessary to ensure responsibilities are understood.

Our operating partners apply their own safety management and behavioural safety systems and we engage with them to understand and improve performance on a routine basis, promoting good industry practice and applying the lessons learned in the event of an accident.

Crisis management and emergency response

We focus on prevention but, should a significant accident or incident occur, we maintain a three-tiered crisis and emergency response that supports our activities around the world. For a quick and effective tactical response, trained local Incident Management Teams (such as in Mexico City and Cairo) are in place in all operational locations. These are supported by Incident Response Teams in our field assets, normally provided by our contractors. Our Crisis and Emergency Response Team in Edinburgh provides strategic and tactical support, depending on local capability. Specialists can be called in to assist in crisis management and to prevent escalation, in accordance with the priority issues of People, Environment, Assets and Reputation (the PEAR principle).

Data gathering

To support communications with outside agencies and to match our KPI requirements, we produced a more formalised approach to data gathering in 2022. We already had our own data collection, validation and reporting procedures in place, but the updated approach allows us to collect and report data and material to align with the requirements set out by IOGP and other agencies, as well as support our Task Force on Climate-related Financial Disclosures (TCFD) reporting.

We work closely with Deloitte on this approach, and report all progress and updates to our quality programme report (QPR) reports every quarter, and regularly provide an HSE update to the Board.

Case study

Safety and security in Egypt

A key challenge of 2022 was to plan and execute the safety and security aspects of onshore seismic operations in Egypt. Egypt is a new territory for us and we deployed a well-qualified team with a highly experienced HSE manager who has a particular focus on culture to help us understand the regulatory and cultural environment in which we were operating.

The Capricorn explorations blocks in Egypt are located in the Western Desert. The SEH concession was an El Alamein stronghold in World War II, so there were many mines that need to be identified and cleared before we could begin our operations. We worked with the Egyptian military to carry this out and the task was made even more challenging as a result of a shortage of resources due

to the building of a new city nearby that also required mine-clearance. We have bolstered our HSE team in Egypt to work with the seismic contractors with local recruits whom we have fully inducted into the Capricorn safety culture and empowered to be ambassadors for it within Egypt.



Materiality Issue 8

Workplace Safety & Security continued

Managing and minimising health risks

We support all staff who may be exposed to health risks through their work, minimising the risks through the application of procedures and good industry practice. The main threat remains the risk of exposure to infectious diseases, either where we have assets or during travel to prospective business destinations, and we remain vigilant to any new or re-emerging epidemics.

An example was during our Diadem operations. We enforced a rigorous COVID-19 prevention and control procedure, working with our aviation providers and all personnel travelling to the offshore installation were required to be tested and given a negative result prior to travelling offshore. In operational locations where endemic diseases such as malaria are prevalent, we have mechanisms and plans in place to minimise the risk.

As part of our Journey Management System, we perform risk assessments to identify and reduce health risks before international travel. This includes inoculation and specific country briefings, as well as general advice on basic travel health, natural disasters, security alerts and female traveller security. Our Traveller Health and Security intranet site provides all personnel with safety and security advice and travel management procedures for our countries of operation.

Exposure to hazardous materials

Ensuring the competency of our personnel and contractors

It is vital that everyone – employees and contractors – has the necessary skills and training before they begin work on any Capricorn project. We use competency questionnaires to establish this suitability; these are scored, analysed and discussed by a range of internal stakeholders to establish the training requirements for each individual under consideration. This can flag up potential gaps. For example, it identified a contractor who at the time of joining the project, had the relevant accreditation for survival training, but that qualification was set to expire during the course of the project.

This pre-project review gives us the opportunity to ensure that all relevant requirements will be met for the life of the project.

In 2022 we streamlined our competency system to make sure it ran smoothly and efficiently. The operational roles set out in this year's questionnaires were more closely defined and the questions asked were more detailed and searching. A greater number of internal stakeholders had the opportunity to comment on the responses and were involved in their analysis. This means we are able to take a more granular approach to the competencies we are considering as well as giving us a more holistic perspective of the whole project. With a range of functions reviewing the questionnaires, this means that shortfalls can be identified and addressed ahead of the start of a project.

Health, safety and environment data collection, verification and reporting

In 2022, Capricorn revised the HSE data collection, verification and reporting procedure to reflect the reporting requirement to monitor progress towards our net zero commitment. The update outlines the roles and responsibilities of various departments whilst collaborating on this important aspect of our reporting obligations. As part of our limited assurance process, Capricorn commissioned an external consultancy to review our greenhouse gas (GHG) inventory and stress test our data collection workflows. For 2022, the assurance scope includes our operated Scope 1 and Scope 2 GHG emissions and an extended Scope 3 assurance to include categories 6 and 7. Capricorn aims to expand our reporting capacity to include more operated Scope 3 categories over the course of 2023.

Asset and office security

We regularly review our building security procedures and remind staff of our security housekeeping rules to mitigate the potential threats from groups opposed to the oil and gas industry. We have recently updated our Business Impact Analysis for each department, in both Edinburgh and London, and our UK Business Resilience Plan for communicating across the business.



Materiality Issue 9

Diversity, Equality & Inclusion

We recognise that our success depends on a diverse range of talented people with the necessary skills and passion, and acknowledge diversity in all its dimensions: national origin, age, race and ethnicity, religion and belief, gender, sexual orientation and marital status. We nurture a diverse and inclusive culture, where everyone can uniquely contribute and thrive; a culture which values and encourages individual differences, unleashing the potential of our talent, and flourishes under the collective strength and value that diversity brings.

Our Group People Management Policy guides us in building D&I into all aspects of recruitment, learning and development, and remuneration and benefits. We also have policies on disability, equality and diversity, fixed term employees, part-time employees, flexible working and harassment.

Whilst Diversity, Equality & Inclusion were ranked of relatively modest importance to stakeholders, we nevertheless recognise these are crucial issues that define the qualities and behaviour of the Company. We believe they contribute significantly to the performance and value of the business.

Having delivered our D&I strategy in 2021, our focus for 2022 was to build a D&I working group which reflected our diverse workforce. The purpose of the working group is to cultivate greater D&I within our workforce and to elevate our existing culture of collaboration and belonging.

To achieve this, the working group identified and prioritised a number of key initiatives and impactful programmes as well as act as D&I champions across the organisation. A key initiative

was to commission an independent survey by the Energy Transition Institute at Robert Gordon University (RGU) to help us establish a D&I baseline which would allow us to benchmark ourselves and measure our progress against an industry-wide peer group.

The report provided responses to 46 survey questions under eight broad topics: Belonging & Openness, Respect, Career & Opportunities, Organisation, Culture, Leadership, D&I Impact and Flexibility weaving in the diverse characteristics of age, gender, orientation, disability, role-type, time in organisation and job family.

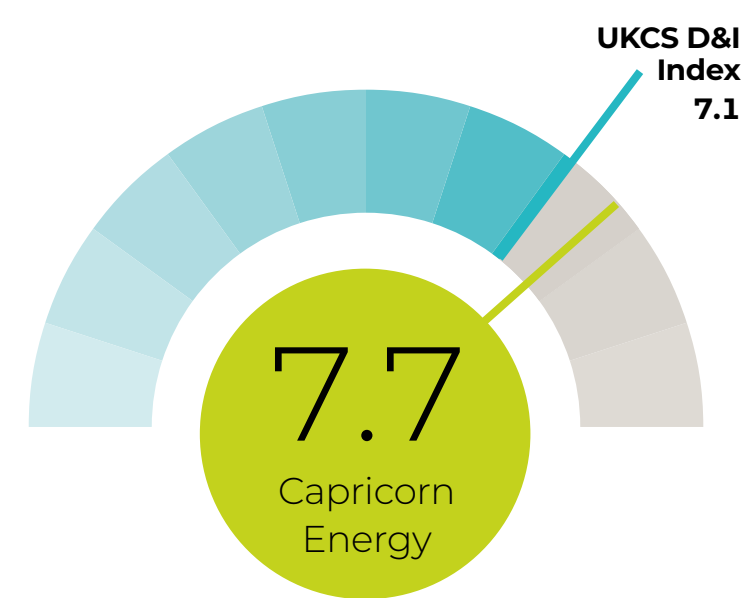
Of the 46 questions asked, we scored greater than +0.5 on 19 questions and greater than +1.0 on 10 questions, compared to the benchmark data.

Overall, our score was 7.7 (out of 10) on the D&I Index, which is higher than the UKCS average of 7.1.

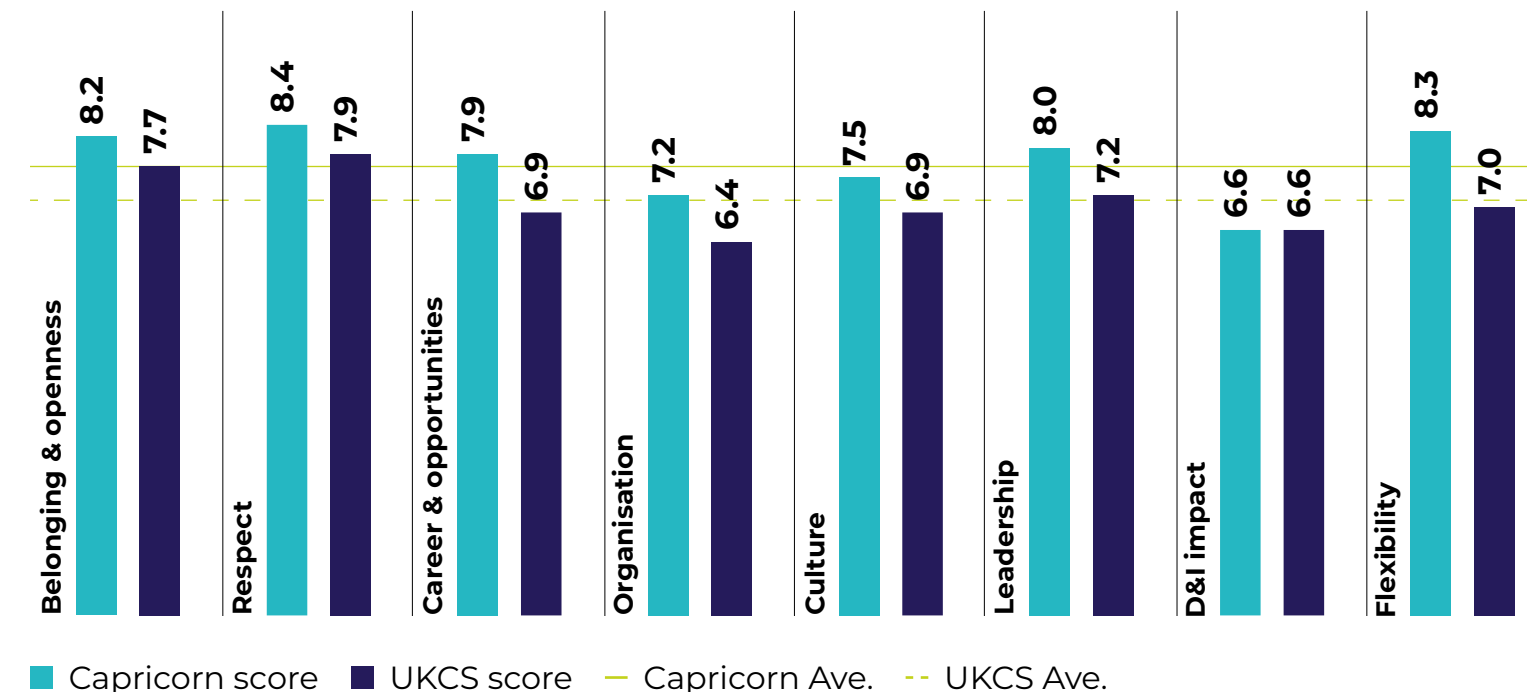
Employees from minority groups – five-year trend



2022 Capricorn Energy D&I Index



Our D&I report scoring in comparison to UKCS score



Our culture

We will nurture a diverse and inclusive culture where everyone can uniquely contribute and thrive; a culture that values and encourages individual differences, unleashes the potential of our talent and flourishes under the collective strength and value that diversity brings.

Our people

We will focus our outreach across a breadth of communities to support a more diverse talent pool, as we strive to attract, develop and retain the very best talent.

Our communities

Our commitment to D&I reaches beyond the boundaries of our business to incorporate the diverse values and perspectives of the communities and societies of the countries within which we are privileged to work. We will continue to reflect these values and perspectives in our social investment decisions and practices in all countries in which we operate.

Materiality Issue 9

Diversity, Equality & Inclusion continued

Activating our D&I strategic framework

Last year, we developed and communicated a strategic framework to better cultivate D&I across our business and match our Code of Governance regarding the theme. During 2022, we rolled out a programme of activities that linked back to each point on the framework.

An outside agency provided the calendar of activities which was regionalised to reflect our many different cultures. In the UK, for example, a range of activities supported Mental Health Day. The ambition was to raise awareness of the respective topics, while working groups created e-documents that could be shared across the business to encourage greater awareness. The list of activities for 2023 was then set during Q3 2022.

As well as a calendar of activities throughout the year, a survey was conducted by RGU to measure the success of our increased focus on D&I. Staff from across Capricorn Energy were asked a series of questions to answer, the results giving us a comparative benchmark figure to compare against industry peers. Scores from the Exploration team were lower than expected and a follow up discussion was had with them, although no specific actions were required. The survey will be repeated in 2024 to help measure progress.

Shadow4success

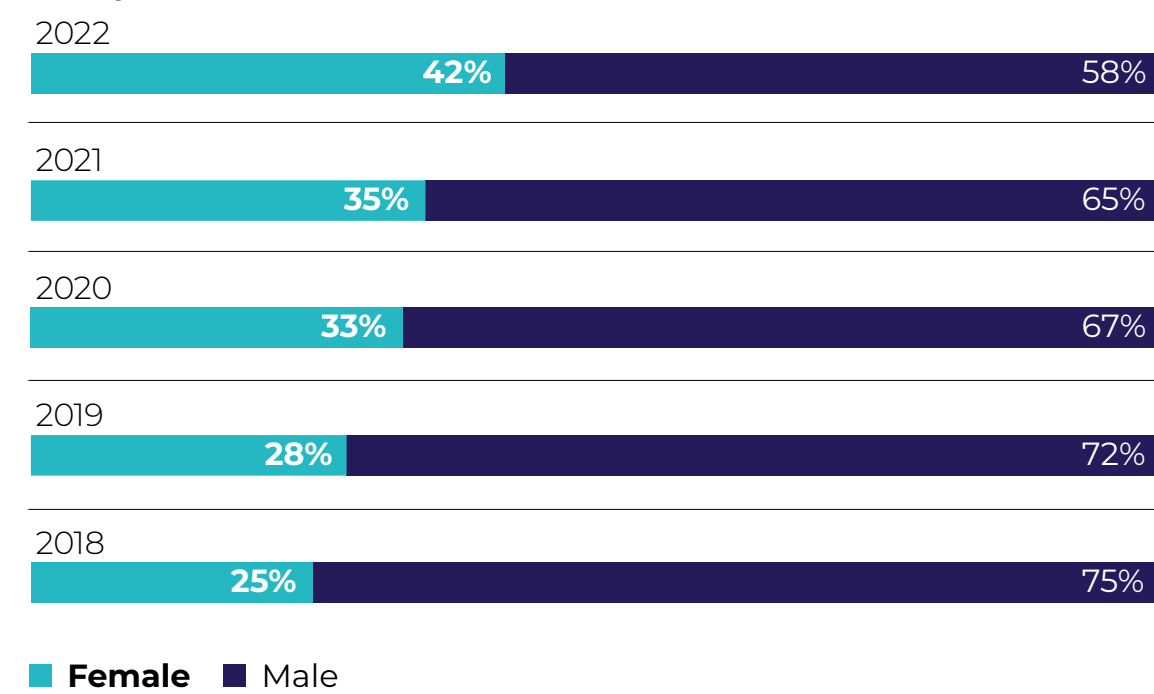
The oil and gas industry, with its roots in heavy engineering, is historically male dominated in its composition. The RGU report, which helped the business identify a D&I baseline, identified that Capricorn is ahead of its peers in bringing D&I to its business. Nevertheless, the findings of the research indicated that people do not see diversity reflected in our Leadership Team at Capricorn. To address this, we introduced a mentoring scheme called Shadow4success. This initiative provides an opportunity for under-represented groups to gain a better understanding of how the leadership of the Company – the ExCo – operates, with the intention over time of increasing the diversity of applications for more senior roles within Capricorn.

Gender split

The gender split of Capricorn's employees is pretty balanced with 49% female and 51% male, although we recognise we have work to do to bring more balance across the senior, more technical engineering and exploration roles. We continue to appoint these positions based on the merits of the individual applicants, and in common with the majority of our industry, this means it is currently male dominated. However, we hope greater balance will be achieved as more and more females gain long-term experience within the sector.

Our management does have a greater proportion of females in 2022 than it did in 2021, and key D&I priorities will be set during the opening months of 2023.

Gender breakdown of managerial employees – five-year trend



Case study

Shadow4success

In early 2022, as part of Capricorn's D&I strategy, a pilot programme was launched to provide greater opportunities for under-represented groups to gain a better understanding of how Capricorn's ExCo operates. The primary aim was to encourage colleagues from different backgrounds to apply for future senior roles.

Whilst Capricorn's overall workforce is evenly split on female/male 49:51, this ratio starts to move to 42:58 for the people management population, 25:75 for the Management Team, and currently no female representation in the ExCo. Consequently, we decided to focus the programme on the Company's female employees during the first year with the intention to widen the programme to include other under-represented groups in the future.

Above all, the programme's success has been a demonstration of the value of two-way conversation in engendering feelings of inclusivity. Shadow4success has received high praise from participants and the Company Executives, and participation will continue to be recommended in the future.

A programme of activity was designed that allowed successful applicants to be assigned an Executive to shadow on a rotational basis. This gave participants the broadest insights into the workings of executive meetings such as Board meetings, ExCo meetings, Management Team meetings, and meetings with top shareholders among others.

As a result of participating, colleagues reported that they have gained real insight into the diverse levels of thinking and preparation required for discussions and decisions involving Executives. Positive personal outcomes from participants include an increase in their confidence as well as having significantly widened their networks.



Materiality Issue 10

Health & Well-Being

Throughout 2022, we continued to provide a number of benefits and support programmes to our employees to ensure they felt engaged with the Company. Many of these provided the opportunity for employees to directly raise any concerns they had, while a number of our programmes provided guidance to also support our employees outside of their working role.

Health and well-being were recognised in the 2022 stakeholder survey as being of considerable importance to virtually all of the Company's audiences.

2022 saw a programme of events throughout the year, featuring themes such as 'Motivate' for January with a session on resetting healthy habits and 'Thrive' in May with presentations on the concept of learned optimism and another on challenging the stigma around mental health.

Hybrid working

Following the COVID-19 pandemic, Capricorn has introduced a hybrid working pattern for employees in the UK. Our offices are open five days a week, from Monday to Friday, and Tuesdays and Fridays are designated optional Work from Home days. Employees have the choice to work at home or in the office on those days.

Well-being programmes

We partnered with an external agency in 2022 to deliver a well-being programme. Our employees could access one or two activities per month via Teams or face-to-face, all managed through our learning management system.

Invitations were circulated to all our employees with each month themed; the focus in February was 'Renew' for example, while a 'Connect' theme directed our activities in June. Each of these was directed by our external partner to help our team recognise ways they can monitor and improve their own well-being.

Financial well-being can feed directly into the mental and physical well-being of any individual. We hosted financial activities throughout the year, many with a focus on helping our staff overcome the cost of living challenge.

With rising inflation costs, we provided an optional cash payment to support employees, while our pension provider gave an overview of how an amended pension contribution plan can support an employee's response to rising living costs.

Our pension provider also gave a session on retirement planning and we also hosted more general financial sessions which included budget friendly cooking and reducing food waste.

Commitment to employee engagement

Our people are the foundation on which our success is built. We aim to create a positive, collaborative work environment that enables colleagues to fulfil their potential. We respect personal dignity and rights and want everyone to feel involved and valued by their colleagues, managers and senior leaders.

Measuring engagement: Pulse Surveys

2022 marked the fourth year of our 'Have your say' pulse surveys. These short, regular snapshots continue to attract consistently high participation rates of around 90%, 4% above the industry average. Gauging the effectiveness of communication of the Company strategy and the support given to colleagues have been key areas of focus for this year's survey.

Our engagement scores at the end of each quarter of 2022 were 8.2, 7.5, 6.7 and 6.2 respectively, compared to the industry benchmark of 7.5. Throughout, the majority of the scores for each component of the survey tended to be higher than the industry average. The year-end figure of 6.2 – a 2.1 reduction compared to Q4 2021 – can largely be attributed to a period of uncertainty experienced by colleagues from June 2022 when plans for a potential merger were first communicated. Colleague engagement comments revealed they would be less likely to recommend Capricorn Energy as a place to work – a key measure driving our engagement score – as a direct result of the merger-related uncertainty.

During the year, high scores were received for Management Support and Peer Relationships. This demonstrated the depth of support that our people had provided to their colleagues and to their teams during a year which had brought the potential for significant change.

From the feedback, key areas for improvement are identified and progress is sponsored by a senior team member.

Employee Voice Forum

Our Employee Voice Forum (EVF) gives our people direct access to the Board. There are two meetings each year, chaired by a Non-Executive Director, at which colleagues' material concerns, ideas and suggestions are discussed. The main themes explored in 2022 covered future working practices, long-term and short-term strategy and future focus of the Company.

My HR

My HR is a digital portal, first rolled out in Q3 2021. It provides a secure environment in which to keep important employee information such as performance reviews and total reward statements. Annual salary reviews and bonus processes have been migrated across to My HR, reducing the need to share important and personal documents via email.

My HR also supports the reduction of printed paper, positively impacting the environmental footprint in our offices.

Rewards and benefits

We benchmark salaries against other oil and gas companies and the general market annually. It guides our ability to continue offering a competitive package to attract and retain employees.

Employees also receive an annual Total Reward Statement to demonstrate the total value of their compensation and benefits, which we believe is highly competitive.

Materiality Issue 11

Talent Management

We recognise that we operate in an increasingly competitive employment market, where we are competing not just within the oil and gas sector, but across industries and geographies, and that attracting and growing the right talent and skills are critical to our continued success.

In 2022 we began to articulate our talent management strategy, including our succession plans, more explicitly than we had done in the past. Following the Board's direction, we worked with a software development company to design a tool to help us understand and manage our talent.

The tool allows us to assess leadership skills and behavioural traits for Executive, Management and Senior Technical roles and also assess the readiness of colleagues for specific future roles. This gives us a robust approach to our succession plans. This unique tool makes us well placed to proactively manage our talent in support of the Company's future success.

Our approach

When we recruit, we aim to attract excellent people from across all communities, deploying them where their skills and experience create the best business value. We do that while providing job satisfaction and career development opportunities.

During 2022, we recruited 28 new colleagues to the business, each successfully going through our robust onboarding process that highlights our expectations of them, and the available rewards, benefits and promotion opportunities. As always, our contractor numbers fluctuate with the level of activity. In 2022, we engaged 36 direct contractors and 748 third-party contractors in the field, compared to 28 and 33 respectively in 2021. This increase reflects our increased operational activity in 2022 with drilling at Diadem (UK) and activity at our two seismic acquisitions in Egypt.

Freedom of Association

We continue to consult our people on organisational performance issues, and respect contracted employees and their membership of unions. We have identified specific risks and requirements in relations to unions in certain locations, such as Mexico, and deal transparently in this area, respecting their right to freedom of association and collective bargaining.



Materiality Issue 12

Learning & Development

Operating to the highest standard means providing optimised learning opportunities for our people. The right education also means our business is more efficient, effective and successful. We invest in developing our people, and each colleague has a personal learning budget, helping them to fulfil their potential, deliver our objectives and meet the changing demands of our industry.

Group-wide learning opportunities

Typically, opportunities are provided through e-learning modules, traditional classroom training, 'lunch and learn' sessions, workshops, seminars, conferences and field trips. Overseas secondments are also used to further develop knowledge and sector experience.

The learning opportunities are supported by our 15 mandatory courses that all employees need to complete.

Leadership and management development

To support our senior leaders, we continued our partnership with a local provider to work with each person on a one-to-one basis. The sessions provided coaching and insights on strengths and characteristics, and look at resilience, managing

relationships, emotional intelligence, inclusive leadership and succession planning. Each individual also benefited from a robust development plan with short-, medium- and long-term actions.

For current and aspiring people managers, we have added the TalentBuilder® programme to our Management Bootcamp programme, while a Career Focus module is now available for all staff.

Talent management tool

In 2022 we developed a talent management tool in collaboration with an external provider. The tool is designed to measure leadership skills and behavioural competencies at two levels – Executive level and Management Specialist levels.

As well as measuring leadership skills and behavioural competencies, the tool can also be used to assess role-specific competency.

We completed our first assessment of our talent in July 2022, focusing specifically on leadership skills and behavioural competencies within a defined employee set as part of our succession planning. Due to merger-related activities throughout 2022, we did not utilise the role-specific assessment. This was due to the likelihood of role requirements potentially needing to change in order to support merger-related activities.

However, we still foresee using the talent management tool to provide robust learning and development plans across our whole workforce in time.

Case study

Capricorn Learning Academy

The Capricorn Learning Academy entered a new phase of its development in 2022, as we released all our material on to the training portal, giving employees the opportunity to access all material and, in consultation with their manager, choose what they wanted to learn.

Employees at Capricorn have a training budget allocated to them to fit their role and they and their manager can decide the best way to allocate that budget. The system allows managers to see what courses their team members are taking and keeps track of progress on the mandatory courses that all employees must complete.



Capricorn Energy
Edinburgh, 2022



Capricorn Energy
Cairo, 2022

Society

Capricorn strives to be a good corporate citizen, and make a positive contribution to society and the communities within which it operates. A fundamental principle is our commitment to respecting and protecting human rights across and around our operations. Our social commitment also extends to deeply engrained support for and safeguarding of local communities and investing in skills, recruitment and procurement.



Society continued



Strategic Objectives

Maintain licence to operate.

Provide a safe and healthy working environment.

Principal Risks

Lack of adherence to policies: Health, Safety and Security, Environmental and Climate Change, Social Responsibility, Major Accident Prevention and People.

2022 Performance Against Sustainability Objectives

Applied human rights guidance in planned operations, including the availability of transparent grievance procedures.

Delivered a specialist-run, in-house human rights 'lunch and learn' session for all staff.

Rolled out human rights and modern slavery training to employees.

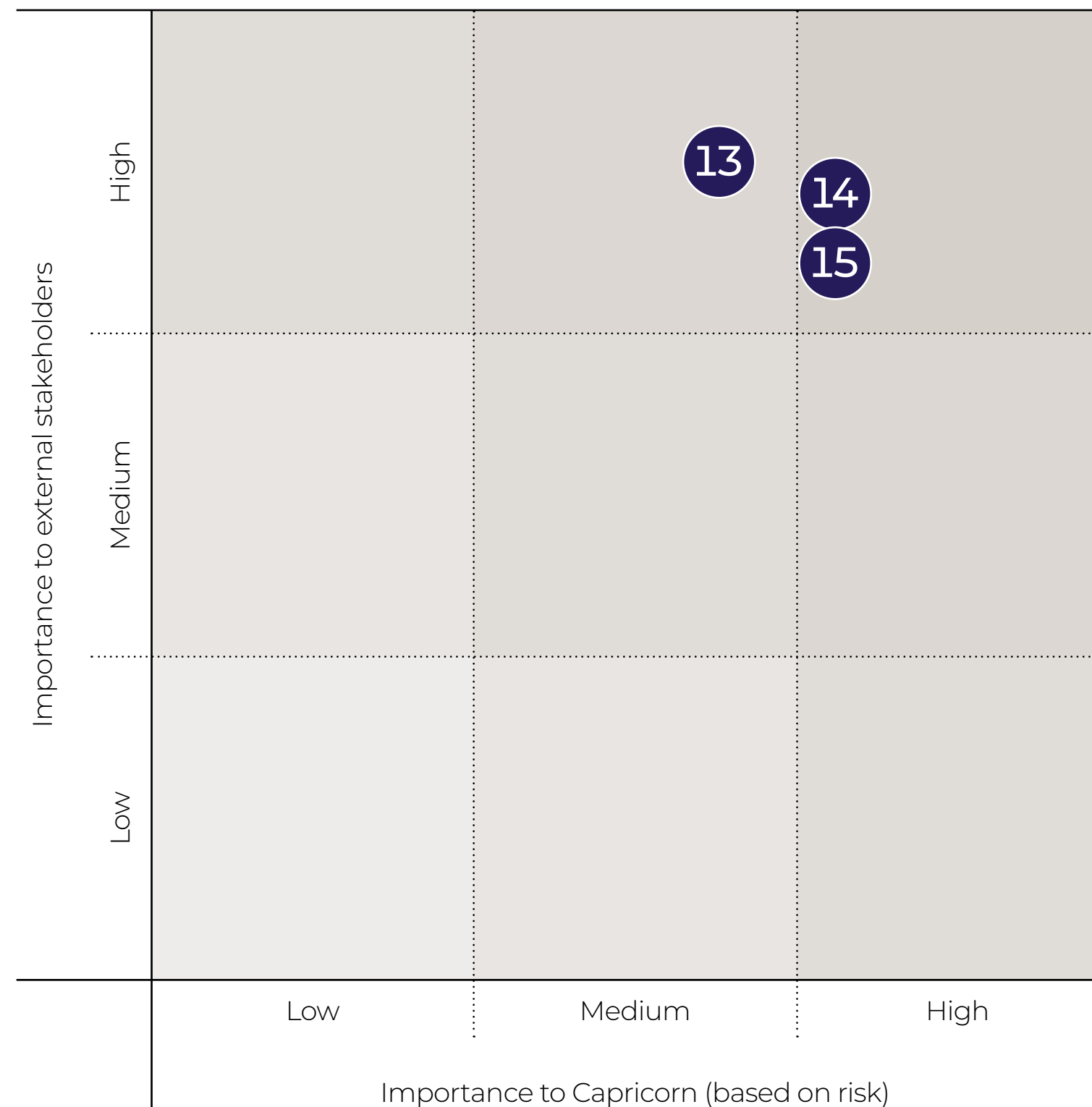
Audited the application of modern slavery prevention requirements in selected projects.

Implemented new social investment projects and carried out scoping for potential projects across the Group.

Applied the recently developed Social Investment screening tool to potential and new social investment projects.

Developed stakeholder engagement plans (SEPs) for all new projects demonstrating application of stakeholder engagement guidance.

The Society Matrix



Material Issues

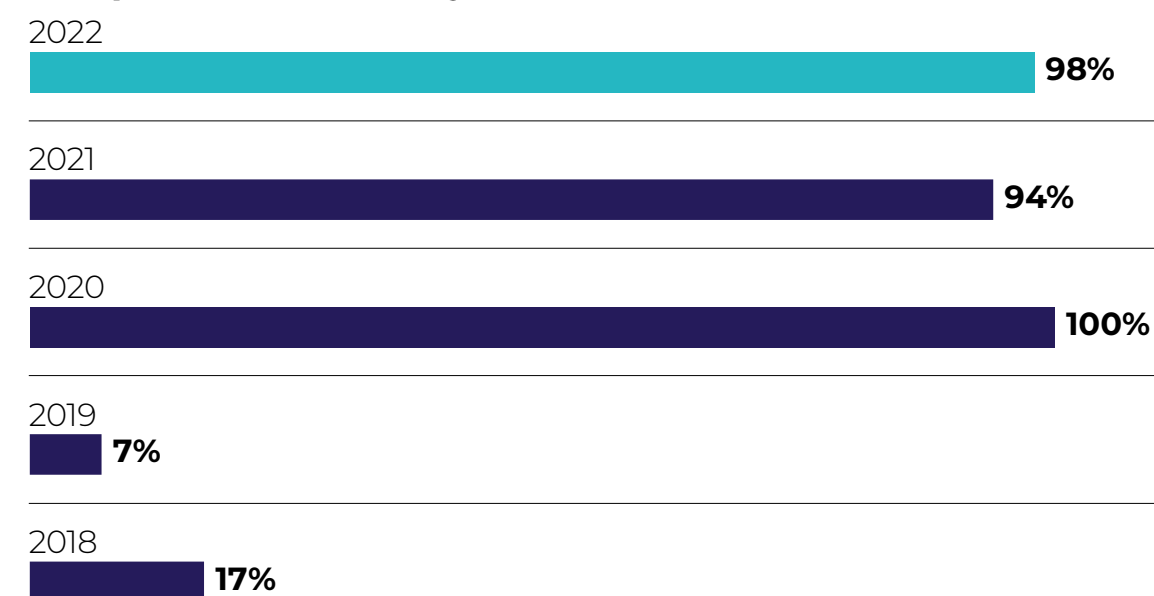
- 13 Safeguarding Human Rights
- 14 Supporting & Safeguarding Local Communities
- 15 Investing in Local Skills, Recruitment & Procurement

Materiality Issue 13

Safeguarding Human Rights

The safeguarding of human rights is of high importance to our stakeholders in how we conduct our business (see Materiality Matrix page 15). This relates to both those who work for and with Capricorn, and those whose lives we impact. We are committed to respecting internationally recognised human rights conventions and support the principles contained within the Universal Declaration of Human Rights (UDHR).

Percentage of employees trained on human rights policies and procedures – five-year trend



100%

Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

(2021: 100%)

Identifying and assessing human rights risks

Our starting point in safeguarding human rights in our business is to identify and assess potential internal and external risks of human rights transgressions within our sphere of influence. The standards that we work within include compliance with or consideration of the UN UDHR; the UN Guiding Principles on Business and Human Rights; the International Finance Corporation (IFC) Performance Standards; and the International Organization for Standardization (ISO) 26000 Guidance for Social Responsibility.

With this in mind we have developed our own Human Rights Guidelines which define how we identify, assess and manage potential issues, not least when we are considering or entering new projects. The guidelines include a five-step process which has been incorporated into our Corporate Responsibility Management System (CRMS). Our overall position on human and labour rights is summarised in our Corporate Social Responsibility (CSR) policy and our Code of Ethics (both hosted on our website).

Ahead of any major project, we undertake extensive Environmental Impact Assessments (EIAs), Social Impact Assessments (SIAs), and where necessary Human Rights Impact Assessments. Where potential issues are identified we engage in detail with interested parties to consider how best to manage or mitigate risks accordingly and develop comprehensive Social Management Plans (SMPs) (see below).

Human rights training

The human rights and modern slavery modules of our training programme were each completed by 181 people during 2022, representing 98% of Capricorn's employees across our sites. This is undertaken through the e-learning platform of the Capricorn Learning Academy scheme.

As part of our wider training, in January 2022, the Institute for Human Rights and Business presented a lunch and learn session in our Edinburgh office to help employees understand the context of this vital subject. The session shared examples of sector-specific 'red flags' and highlighted the link between conflict and human rights, while showing the need for employees to be transparent when working in areas of risk. The session ended by showing the impact of climate change on human rights, highlighting the importance of the business community in reaching its net zero targets.

Materiality Issue 13

Safeguarding Human Rights continued

Modern slavery

Absolute zero tolerance of all aspects of modern slavery and human trafficking in all its forms are central to the Capricorn approach to its place in society. All employees have a responsibility to uphold these principles in their dealings with others, and we expect the same from our partners, suppliers and subcontractors. These elements are embedded in how we ensure the highest standards with regard to human rights. We do not employ forced, bonded or child labour or any form of modern slavery, and take all reasonable steps to ensure that such practices do not exist in our operations or anywhere along our supply chain.

Our position on the subject is published in our Modern Slavery Statement <https://www.capricornenergy.com/services/modern-slavery-statement/> and its constituent parts are incorporated as a compulsory component of the e-learning training modules of the Capricorn Learning Academy for personnel.

We seek to achieve a zero tolerance approach and result through forensic risk and situation assessment of the geographies we operate in, and then very careful selection of suppliers and service providers that can comply with our required standards. We use sources of information such as Human Rights Watch, the Global Slavery Index, the Corruption Perceptions Index and the US Trafficking Victims Protection Act to help us assess the challenges we may face as we enter new territories of operation. These indices categorise countries around the world and provide insights on their human rights climate and the prevalence and nature of the potential for modern slavery.

To mitigate risks in procurement, we tend to use specialist international and local contractors with well-developed applying practices and standards, and we are also seeking to extend our influence down the supply chain with subcontractors to demand high quality employment practices, and prevent behaviours such as discrimination and child labour exploitation.

The standard terms and conditions within our contracts specify our zero tolerance of modern slavery among suppliers and subcontracting parties, and include our right to undertake audits to verify compliance. All tenderers receive our Code of Ethics and must agree to abide by it. Our CSR policy, which is included in all contracts, encompasses our human rights commitments.

Case study

Modern slavery

In 2022, we undertook an audit of one of our Tier 1 vendors, providing services during the Diadem drilling campaign.

The audit was to ensure prevention of modern slavery risks within the supply chain, and the key areas of focus included:

- Determination of contractor's parent company policy position on matters of modern slavery and conformance with Capricorn policies and procedures.
- Test understanding of potential risks within the local supply chain used by the contractor.
- Assessment of conditions of employment of personnel and subcontract or agency personnel.
- Examine safeguards in place.

Security and human rights

The nature of our business means that we operate in challenging and constantly evolving security environments. Creating and maintaining safe and secure operations for our personnel and associated partners, contractors and local communities is essential. Consequently we adhere to the VPSHR and the IOGP standards on security, contractors and guard forces. Ultimately, ensuring the selection of effective professional and considerate security contractors, and putting in place strong working relationships with all parties, helps maintain good stakeholder relations and supports our licence to operate in these jurisdictions.



The standard terms and conditions within our contracts specify our zero tolerance of modern slavery among suppliers and subcontracting parties.”



Materiality Issue 14

Supporting & Safeguarding Local Communities

Supporting, protecting and engaging with our local communities is fundamental to Capricorn's ethos and maintaining our commitment to operate responsibly. This is particularly true of localities such as Egypt where we are building up a significant presence, but it also applies to currently less substantial operations in countries such as Mauritania, Mexico and Suriname, where we are at various stages of early exploration. We are committed to demonstrating our 'on the ground' participation in and contribution to the social and economic fabric of the communities within which we operate.

Social investment

Our approach to social investment is maturing, and during 2022, we have taken further steps to ensure that our initiatives are focused, effective and sustainable. We also continue to assess proposed projects for their alignment with the United Nations Sustainable Development Goals (UN SDG) criteria. In order to achieve a more focused approach in 2021 we developed four categories of social investment:

- Community health.
- Community economic and environmental benefits.
- Community protection and climate adaptation.
- Education and innovation.

In 2021 we also developed a proprietary tool, our social investment screening tool, that helps us to identify and pursue projects that adhere to the categories listed. We applied this tool to new social investments during the year such as the Al Amal graduate programme in Egypt. Beyond the categories listed above, we have other criteria that we consider, such as longevity of impact and the potential that a project has for greater scale and impact through partnerships. This enables us to be more disciplined in assessing projects and ensuring they are aligned with our plans and values. We are also seeking to measure outcomes from our social investment programmes. We look to do this by putting in place key performance indicators (KPIs) against our social investment projects to measure performance on a three-to five-year horizon. 2021 was the first year in which we recorded social investment project KPIs; 2022 marks our second year of measuring those KPIs, which include:

- **Inputs** (e.g. financial value of investment, cash and in-kind contributions, hours of volunteering).
- **Initial outputs** (e.g. people trained or reached, organisations supported, hectares restored).
- **Longer-term outcomes** (e.g. greater access to energy or clean water, improved food security, higher incomes).

Social impact assessments and management plans

As outlined with regard to human rights and modern slavery, we similarly use our SIA process to analyse the potential impacts that our operations will have on local communities. The scope and nature of assessment depend on the local context and regulations in that jurisdiction, and the SIA is typically becoming part of the wider Environmental and Social Impact Assessment (ESIA) given their mutual interdependence, although some countries require separate reports.

Out of each SIA, we develop a SMP for each project that outlines the social programme that we intend to put in place to mitigate any identified impacts, and to build the positive benefits that we are seeking from our presence and operations. The SMP comes with targets and timelines so that the impacts and benefits can be monitored and tracked.

Community engagement in Egypt

2022 was our first full year of operation in Egypt, having acquired production, development and exploration assets in the Western Desert onshore from Shell in September 2021. There is generally only sparse human habitation in the Western Desert, but desert environments and communities are naturally finely balanced. Consequently, we have engaged in a detailed assessment phase to ensure we understood, in advance of any operational activity, any interaction between local communities, the farming economy, the social fabric, and essential requirements such as access to education, water and infrastructure.

It is vital that everyone working on this project, whether directly or as a consultant, understands, in advance of any operational activity commencing in field, Capricorn's commitment to making a positive social impact and to respecting local communities. In June 2022 a team from our head office in Edinburgh travelled to Egypt to run a workshop alongside our team in Cairo. The workshop was for partners and contractors who would be working in field with us on the first operational activity in country which consisted of two sequential seismic acquisition programmes in the Western Desert. The main aim of this workshop was to emphasise the importance Capricorn places on working responsibly with local communities – respecting, protecting and, where possible, enhancing livelihoods through targeted social investment.



Our approach to social investment is maturing, and during 2022, we have taken further steps to ensure that our initiatives are focused, effective and sustainable.”

Materiality Issue 14

Supporting & Safeguarding Local Communities continued

Egypt social management

In many jurisdictions SIAs are statutory obligations under local regulations. In Egypt, there is no legal requirement for a SIA to be conducted, only an EIA. However, in line with our internal standards we committed to conduct SIAs for our planned operational activity in 2022, namely two seismic acquisition programmes in two different blocks.

Alongside the SIAs we also developed SEPs and Social Needs Assessments (SNAs) for each block. The former identifies key stakeholders with an interest in the project and establishes means for engaging with them. The latter identifies potential social investment priority areas and is important in guiding social investment planning. In the case of all three of these studies, discussion and engagement with the communities in field was critical to informing them.

We engaged a specialist social advisory consultancy with experience in SIA and in the Western Desert to conduct all of these studies and worked, and continue to work, closely with them to produce detailed and complementary documents and plans.

With the pre-operational studies completed we moved into the operational phase and from a social perspective, the monitoring phase. The SIAs included SMPs which identified key issues and the engagement or mitigation measures required to manage those issues appropriately. The SMPs also included monitoring indicators and reporting parameters. Tracking the compliance of these is important and we are in the process of completing SMPs for both of our seismic acquisition programmes which completed in late 2022. This will close out the social aspect of these work programmes.

Case study

Community Liaison Officer field work in Egypt

Engaging a Community Liaison Officer (CLO) was a key tenet of our SMP for both seismic acquisition programmes in Egypt in 2022. The CLO is our eyes and ears within the community, helping us build an accurate picture of what is happening on the ground.

We appointed an experienced CLO named Mohamed Abd El Hady. Mohamed's key responsibilities were implementing the SEP in the field – regularly meeting with any local community persons and the seismic workforce to understand any concerns they might have, share project information and share with them Capricorn's grievance mechanism, as well as helping to manage any potential grievances. Mohamed captured all activity through daily reports which were fed back to both the Cairo and Edinburgh teams. A key concern was also around land access. Whilst population distribution in the Western Desert is sparse and there were no communities within our areas of activity, part of Mohamed's role was to conduct scouting trips of the areas to be surveyed in advance of the seismic trucks and personnel. These scouting trips were to identify in advance any water wells or agricultural holdings which would require engagement with owners or potential compensation activity.



Materiality Issue 14

Supporting & Safeguarding Local Communities continued

A key output of the SNA that we undertook was to feed into the identification of appropriate projects for Capricorn to support in Egypt close to our operations. To identify a select number of appropriate social investment opportunities for consideration, we followed a rigorous process, including site visits and presentations. We are now in the final stages of reviewing the preferred candidate. In line with the findings of the SNA, our focus was on veterinary issues, people's health, and water. It is crucial that we support projects that have a lasting legacy after we have left.

Building our social investment in Suriname

Capricorn continues to work on its licence commitments in Suriname, working closely with Staatsolie, the national oil company. During 2022 we held an Operators Forum in the Suriname capital, Paramaribo, in November and participated in a Technical Committee Meeting. Through the Production Sharing Contract (PSC) started in 2018 we are committed to a spend of US\$100,000 per annum on local social responsibility and community investment programmes and training.

In 2022, Capricorn agreed to support seven students taking a two-year MSc degree in Public Health at Anton de Kom University. This project, in which we cover the students' tuition fees for the two years of the course, meets criteria in both the Community Health and Education categories. The students we are supporting are drawn from community or other local hospitals or are current local government employees with a particular interest in public health.

Community hub in Coronie

Having previously invested in much-needed information technology (IT) and office equipment at the Institute for Natural Resources and Engineering Studies in the capital, Paramaribo, in 2022 we supported a community hub in the district of Coronie in the same way. The hub provides local students with a place to study, complete homework and improve their IT skills. An investment from Capricorn of US\$56,000 provided IT equipment and printers not otherwise available in the area.

Six schools – four primary and two secondary – have access to the hub. The committee keeps an eye on how it is progressing and reports that it is popular and well-used and continues to run well. We spent much of 2022 assessing other local organisations and projects for participation in our social investment programme with final allocations pending.

Extensive engagement in Mauritania

The block we are working in Mauritania borders the Banc d'Arguin, a United Nations Educational, Scientific and Cultural Organization (UNESCO) national park where the local communities are populated by Imraguen people who maintain proprietary and ancient fishing practices. We are committed to protecting as best we can the national park in full consultation with all concerned in order to protect their livelihood and mitigate any loss they may experience as a result of our work. We have undertaken detailed stakeholder engagement and reporting and are building an understanding of the needs and priorities of these communities, consulting with Mauritanian and international organisations and non-governmental organisations (NGOs) over the course of the last year. In November we held a public meeting in Nouamghar, the largest village in the national park, at which we presented the Terms of Reference for our ESIA to around 90 local people.

As part of this engagement opportunity, we wanted to present our plans clearly, while listening to the feedback of the local community which we would then incorporate within our EIA planning. Many of their questions related to social investment, covering topics such as water and jobs, and to concerns about the impact our work may have on their fishing sites and practices. It was clear to us at the meeting that local people were highly engaged with the process and keen to be involved in the decision making. We will continue to build on the feedback we received with a social investment scoping visit to these communities planned for early 2023.

Case study

Mangrove rehabilitation

We are continuing to work with Suriname's Anton de Kom University, on the mangrove rehabilitation project. This is designed to protect a section of coastline just north of Paramaribo that is particularly at risk from rising sea levels and erosion.

In 2022 this project attracted considerable international attention, with visits from the President of Suriname, the Director General of the United Nations and the Dutch Prime Minister. It has also caught the imagination of many young people in the country who are volunteering to support the project.

The second phase of this work with the university is being conducted in collaboration with an in-country international oil company. Together, we have committed to invest around US\$150,000 over the next two years. We will also support the project with remote sensing data and satellite imagery to monitor the rehabilitation over time, and help inform decisions about future mangrove planting.



Materiality Issue 15

Investing in Local Skills,
Recruitment & Procurement

One of our revised materiality issues relates to our investment in local skills, recruitment and procurement. We are wholly committed to maximising employment opportunities for local people in and around our operations, together with building up their energy-related technical knowledge as potential recruits or for the wider benefit of our host countries. In some cases, such as Mexico, our PSC actually specifies this kind of training with a stipulation that we must undertake a technology transfer programme.

With regard to procurement, as part of Capricorn Operating Standards, we have set out a comprehensive process through which the 'national content' of tender submissions is assessed. Where applicable, contractors are required to confirm that they, and any subcontractors, will comply with the required minimum percentage of national content and associated reporting requirements.

Human rights and labour practice risks are screened as part of any new country-entry process and further reviewed in the ESIA's. At all our operating sites, we apply principles as set out in our Code of Ethics (available online) which links with our support of the UN Global Compact Labour Standard and includes the freedom of association and right to collective bargaining.

Recruitment and procurement in Egypt

We continue to grow our operations in Egypt and this creates greater work opportunities for the local population. To help support future employee requirements, and to support Egypt's oil and gas sector as a whole, we have been supporting the Al Amal graduate programme (see below) as part of our social investment programmes.

Case study

Al Amal Geoscience Graduate Training Programme

Capricorn Energy has a long history of supporting students within the geoscience sector and has extended this commitment through sponsorship of the annual Al Amal graduate programme in Egypt.

Al Amal, which means 'hope' in Arabic, is an initiative between the Egyptian Petroleum Exploration Society and the Egyptian Geophysical Society and seeks to bridge the gap between academic learning and industry experience. Now in its thirteenth year, the programme aims to help Egyptian students compete for jobs both locally and globally within the oil and gas sector. This is achieved through sector-specific courses and field trips to develop an understanding of the exploration-production cycle and by providing opportunities to develop more personal skills such as English and CV writing.

Procurement in Mauritania

Our work in Mauritania is in its early stages and our focus in 2022 was on preparing the ground for future potential drilling. One of the many considerations around procurement in Mauritania was the responsibility we carry in getting our approach to human rights and labour practices correct given the country's low scoring in the 2018 Global Slavery Index.

Consequently, we are being extremely vigilant, scrutinising every link in our planned supply chain and rigorously monitoring the composition of third-party contractors for unacceptable labour and employment practices and conditions. To that end, we have introduced a range of new qualitative assessments in our Contracts & Procurement processes and have amended the questionnaires that we issue as part of the procurement process. We have bolstered the protection of human rights and in particular the anti-slavery wording in our contracts. In preparation for potential drilling, the ESIA, including a human rights consideration, is already underway. A key way that we monitor our success in avoiding human rights abuses is via thorough audits undertaken by our

New hires in Egypt in 2022

19

(2021: 6)

contracts and procurement function and we will be increasing this element of our oversight for Mauritania.

Fostering oil and gas expertise in Suriname

In November 2022, the Suriname authorities opened a new secondary technical college to spearhead oil and gas industry-related training in the country. Working with the state-owned oil and gas company Staatsolie and other organisations operating in the country, including Capricorn, the Natin-MBO Natuurtechnisch Instituut (NATIN), offers an 18-month training programme in the oil and gas industry for 30 students. The course will build a strong supply of candidates with real expertise to assist in the development of the Surinamese offshore oil and gas industry and the wider energy sector. The 2022 cohort of NATIN includes graduates in the fields of mechanical, electrical and process engineering. Capricorn Energy is supporting the course by providing key equipment and sharing its knowledge of the sector to help the college bridge the knowledge gap that exists in the field.



Governance

Our strategy, performance, reputation and value ultimately depend on robust, transparent corporate governance in the way we run the Company. This holds true for the governance of our sustainability standards, ambition and behaviour, criteria which are becoming critical for virtually all stakeholder groups. 2022 has seen a further year of evolution in our governance of sustainability, as we seek to put ourselves at the forefront of environmental, social and governance (ESG) performance in the sector, and as we adapt and prepare for new reporting standards and societal expectations.

The establishment of the Sustainability Committee was a key step in this journey. It has galvanised the Company and enabled major steps forward in our sustainability thinking. As a result, departments and functions throughout the Company are more focused than ever on developing reporting frameworks and key performance indicators (KPIs) that will enable setting evidence-based targets and monitoring and measuring progress. This culture shift is also supporting the Company-wide commitment to improving the skills and competencies that are crucial to our continuing success.



Governance continued



Strategic Objectives

Maintain licence to operate.

Clarify energy transition position and progress to net zero.

Maintain a strong business proposition.

Principal Risks

Future challenges and costs to achieving pathway to net zero by 2040.

2022 Performance Against Sustainability Objectives

Further strengthened our climate and energy transition roadmap, committing to net zero by 2040 or earlier, with a reduction of emissions of 15% by 2025 and 30% by 2030.

Continued to communicate about climate change for the investment community and our wider stakeholders.

Recorded, tracked and reported our Scope 1 and 2 equity emissions, reporting against additional Scope 3 listings.

Set up a Sustainability Committee which featured all Board members meeting twice in 2022 to discuss sustainability-related issues and review policies.

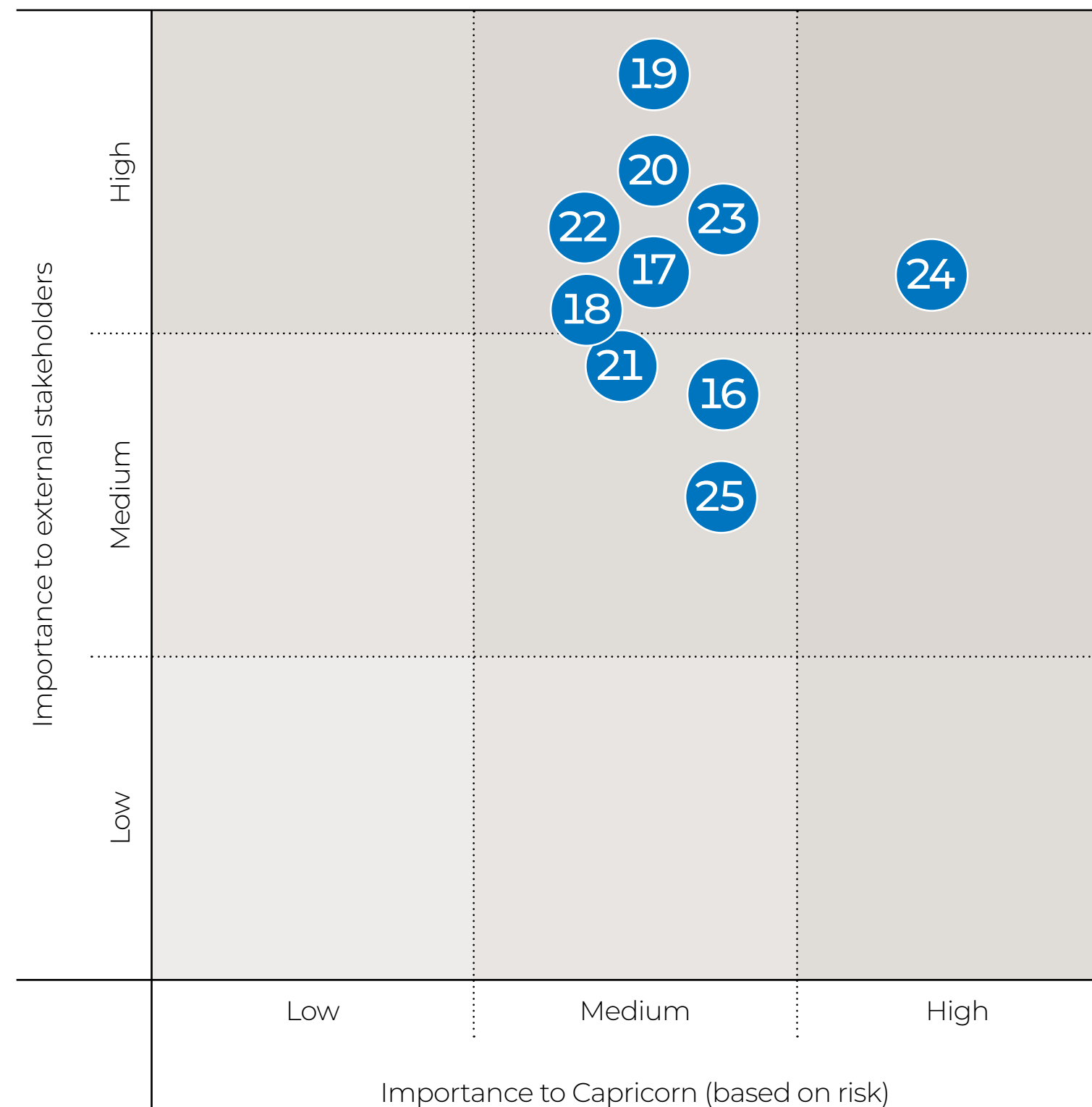
Developed a new Operating Management System (OMS) based on the International Association of Oil & gas Producers (IOGP) OMS model, designed to focus on all phases of an asset life.

Undertook a detailed review of our Corporate Major Accident Prevention Policy (CMAPP) and resource base to meet the need for major accident prevention.

Enhanced our approach to diversity and inclusion (D&I), and commissioned an independent D&I survey with 170 employee respondents to compare our results with those from 100+ other energy companies.

Set up a D&I working group to identify several key initiatives to focus on during the year.

The Governance Matrix



Material Issues

- 16 Managing a Just Transition
- 17 Building & Maintaining a Responsible Supply Chain
- 18 Decommissioning, Closure & Rehabilitation Commitment
- 19 Ethics, Transparency & Regulatory Compliance
- 20 Anti-Bribery & Corruption Practices
- 21 Robust Whistleblowing Mechanisms
- 22 Emergency Preparedness & Crisis Management
- 23 Data & Cyber Security
- 24 Investment in Clean Technologies & Business Innovation
- 25 Linking Remuneration & Incentivisation to Sustainability and Other Non-Financial Performance Measures

Materiality Issue 16

Managing a Just Transition

The Paris Agreement, COP26 and COP27 have all recognised the importance of a Just Transition that enables all communities and parts of society to benefit from the transition to a net zero economy, and leaves no groups or individuals worse off in the process. It is part of our overall sustainability commitment, and we are ensuring that it is implicit to our plans in preparing our local communities' and workforce's skills and resources for these future challenges.

We regard stakeholder engagement as crucial to achieving a Just Transition, and anticipate intensive collaboration between governments, industry participants, unions, communities, civil society and international agencies. It will require transformations and compromises in thinking and practices to develop achievable policy and action.

The International Petroleum Industry Environmental Conservation Association (IPIECA) is playing a leading role in supporting oil and gas companies through their preparation for, and participation in, the transition. Specific objectives which IPIECA endorses and to which we subscribe include:

- respecting the rights of communities and workforces, including in supply chains;
- addressing the impacts on those who currently depend on the oil and gas industry for jobs and energy;
- promoting long-term opportunities for decent work and sustainable livelihoods; and
- leaving no-one behind in a world aspiring to a net zero future.

Just transition for the workforce

Our Director of Energy Transition delivered lunch and learn sessions to staff throughout 2022 to provide context and insight about energy transition and the scope it covers. We continue to review energy transition developments within the oil and gas sector and share with Capricorn Energy employees if appropriate to their role. With a new business strategy likely in early 2023, we will look to identify and develop further education and training to support the roles of our employees as we look to match the long-term direction of the sector and achieve net zero before 2040.

Just transition for local communities

Within all the local communities with which we engage we seek to have a collaborative relationship, whereby our ongoing operations contribute to the quality of their lives, and we contribute positively to local skills, training and educational resources that will help prepare them for the demands of the new economy that will exist in a generation's time.

Case study

US\$56,000 investment supports community IT plans

Schools in Totness, Coronie have only limited computing equipment, so the community hub was established in 2010 to provide extra information technology (IT) support for students and adults within the community. Students could access IT to help them with their homework and assignments, while also increasing their own knowledge of the technology. Outside of school hours, the hub attracted people from across the local community who used it for their own research and education.

However, the community hub had not been used for 18 months until Capricorn Energy's investment. During this time, schoolchildren and local residents were often having to make lengthy bus trips to access computing facilities in other towns. However, Capricorn Energy's support allowed the hub to purchase 25 desktop computers, five laptops, two printers and a variety of office equipment and stationery in 2022.

The upgrade to the facilities means that the community hub now hosts between 200-300 schoolchildren from six different schools every week, often arriving as a class for 2-hour long lessons. At weekends, the hub hosts IT workshops for the local adult community helping increase the many benefits felt by the local community. Capricorn Energy's investment has also secured the ambitions of the community hub for the long-term, with no concerns that it will fall back into disuse.



Materiality Issue 17

Building & Maintaining a Responsible Supply Chain

We are increasingly working with and choosing our business partners and contractors to align with us on sustainability issues. Our sustainability requirements are summarised in our Code of Ethics (hosted on our website) and our procurement process has sustainability compliance factors as a key component before new contractors can work with us. We also maintain a regular audit review of partners and contractors to monitor key sustainability data.

Our membership of the IOGP, helps us to monitor the latest developments in best sustainability practice within the industry, and we then seek to incorporate these practices into our operations and Corporate Responsibility Management System (CRMS). As a signatory to the United Nations Global Compact (UNGC) continue to integrate universally accepted principles on human rights, labour, the environment and anti-corruption into our policies and Code of Ethics – see our UNGC Index hosted on our website.

Sustainability focus

As part of our initial selection criteria, we will ask for data linked to fuel use when appropriate. For example, potential suppliers tendering to support an offshore survey have to send information regarding proposed fuel use for vessels, rigs and helicopters. Those outside of a certain percentage of other tenders will be automatically eliminated. Selected suppliers are then required to fill in figures monthly to reflect their actual use of fuel and energy, and this is checked to ensure it is not too far from expectations.

Working with partners on new opportunities

Sustainability is also a key focus when investing in new opportunities with a joint venture (JV) partner. Sustainability risks are evaluated when entering these new relationships or locations, and the ethical, safety or environmental risks have to be viably managed to an acceptable level by our business partner or ourselves before we proceed.

Responsible partners

We have a strong due diligence process in advance of working with suppliers and new partners, and this applies to working with partners in both established and high-risk areas. The due diligence includes an assurance they reflect our own anti-bribery and corruption focus (see page 52), as well as ensuring they have strong health, safety and environment (HSE) and risk processes in place. These are assessed and discussed directly with the suppliers regularly.



Materiality Issue 18

Decommissioning, Closure & Rehabilitation Commitment

We recognise that as we move into a greater orientation to production within our portfolio, whether operated or non-operated, we need to adjust to a comprehensive approach to asset life cycle management.

In 2022, we developed an OMS based on the IOGP OMS model, that is designed to focus on all phases of the asset life cycle from exploration, through production and onto decommissioning.

Whilst sustainability is clearly an important consideration throughout an assets life cycle, it is a major factor at the time of decommissioning, naturally including the impact on the environment and biodiversity, but extending to resource reuse and recycling, rehabilitation, health and safety, and social impacts. The technical complexity and challenges of decommissioning depend on the type, scale and geographic locations of the assets. But as IPIECA states: “the overall goals are the same: protecting the environment; minimising the impact on communities; and ensuring the safety of the workforce.”

Decommissioning

Capricorn’s business approach usually means we have exited a project before the decommissioning stage begins. However, there is a management plan to ensure we follow best practices to enable a sustainable decommissioning and this was last reviewed in 2021 with the next review set for 2023.

At the end of the oil and gas life cycle, decommissioning represents a set of safety risks that relate to reverse engineering and making equipment and installations safe. This may also take place in active fields where plant or equipment is replaced or obsolete. Safety management in these circumstances is no less important than when the installation was operational. It is important to recognise that several simultaneous operations may require compound risks to be assessed, and engineering and operation controls to be implemented in sequence to ensure safety is maintained.



Materiality Issue 19

Ethics, Transparency & Regulatory Compliance

The highest standard of ethics, strong reporting transparency and compliance with all appropriate regulations are all fundamental to our licence to operate as a business. They build trust for our partners, our host countries, our wider stakeholders and our employees. They enable our access to funding and contribute to the credibility and value of the business. At the heart of this commitment lies a culture based on working responsibly. This means having the right values, principles and policies in place, embedding them in our systems and processes, and making sure our people understand and uphold them.

The governance structure we have in place comprises the following:

- the Board is accountable for corporate governance, overseeing delivery of the strategy in line with shareholders' and stakeholders' interests;
- the Executive Committee (ExCo) provides the vision and strategy for culture, corporate governance, corporate responsibility and HSE matters, for agreement with the Board and for implementation within the business; and
- the Management Team ensures our strategy is translated into our day-to-day business, and that we comply with our ethics and procedures in all our operations.

Transparency and reporting

Our reporting transparency is led by our annual financial and corporate disclosures through the Annual Report and Accounts, which are in line with International Financial Reporting Standards (IFRS), London Stock Exchange and Task Force for Climate-related Financial Disclosure (TCFD) requirements. The annual Sustainability Report and accompanying Data Appendix provide investors, analysts, interest groups and communities with easy access to comprehensive information about our sustainability approach and performance. We apply the globally recognised sustainability standards provided by the TCFD, Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), and are preparing for the implementation of the UK Net Zero Transition Plan and Corporate Sustainability Reporting Directive (CSRD).

Furthermore, additional relevant disclosure is made by our statutory public announcements, which are also provided via the Investors section of our website and through investor meetings and roadshows.

Tax and payments to governments

As part of our commitment to financial transparency, we report tax and payments to governments in our Annual Report and Accounts, in compliance with EU legislation, and as a member of the Extractive Industry Transparency Initiative (EITI). The EITI is a voluntary international coalition of governments, companies and civil society working to encourage the full disclosure of tax and other payments made by oil, gas and mining companies to governments; it also requires governments to publish receipts from companies. Both the payments and receipts are independently verified. We have maintained our EITI membership and actively participated in local working groups in relevant countries.

As in previous years, our 2022 EITI disclosures included payments to governments such as corporate income tax, licence fees and withholding tax. We also report additional payments including VAT, payroll taxes and social security costs.

We operate in several locations with diverse tax obligations and requirements, and seek to comply with local rules and regulations in every territory. Our Group Tax Strategy is to not enter into any artificial tax planning and, in managing our tax affairs, to align any tax planning with genuine commercial activity.

[See our Annual Report and Accounts for more information.](#)

Public policy and lobbying

We do not engage in party politics or make donations to political parties, candidates or lobbyists. In the course of our business, we do engage stakeholders on legislation, regulation and the awarding of new licences that affect our business or plans, but do not do so through professional lobbyists.

The management of each of our assets is responsible for engaging transparently with host governments and other stakeholders, as part of its local stakeholder engagement plan (SEP). This encompasses licence agreements and regulatory requirements, and interfaces with a wide range of non-governmental stakeholders.

Our involvement in broader public policy development and lobbying is conducted through industry bodies such as the IOGP and regional industry groups. These include Oil & Gas UK, Association of British Independent Exploration Companies (BRINDEX) and Association of Mexican Hydrocarbon Businesses (AMEXHI).



Materiality Issue 20

Anti-Bribery & Corruption Practices

Capricorn maintains a zero-tolerance position on bribery, fraud and corruption. Since we operate in a variety of sensitive and complex locations around the world, we seek to understand the geopolitical and local risks, as part of our initial Investment Proposals.

In locations where we are looking to establish a more permanent presence, we develop mitigation measures through our New Country Entry (NCE) process and undertake an anti-bribery and corruption (ABC) risk assessment to highlight exposure to potential risks and to ensure we take the necessary level of due diligence. Our new venture activity spans many locations with heightened ethical risks and varying attitudes to ABC, so it is critical to identify locations where official corruption might impact our operations and our reputation.

Throughout 2022, we conducted due diligence in all the areas where we have operations, and identified no issues or near misses. A country-specific ABC risk assessment for Egypt was completed in November 2021 and revised further in June 2022. The risk assessment will be used to drive compliance activities for the next 12 months.

ABC controls in operations

We do not tolerate or permit bribery, corruption or improper payments of any kind in our business dealings, anywhere in the world, with either governments or the private sector. Accordingly, staff, business partners and service providers are expected to act with honesty and integrity, and to comply with all applicable laws when working for or with Capricorn.

Business partners and service providers are carefully selected after appropriate due diligence has been conducted, and are subject to written contracts that contain robust ABC provisions. An ABC register of partners and service providers details the results of any due diligence and monitoring requirements.

As with all stakeholders, our relations and dealings with government officials have integrity at the core. There is guidance for all staff on the protocols that must be followed when interacting with government officials.

ABC training

All employees are trained in Capricorn's ABC policies and procedures, and we seek to achieve close to 100% coverage of our employees annually. In 2022, 100% of our staff were communicated to on anti-corruption policies and procedures, with nearly 98% receiving training on the subject. Through the Capricorn Learning Academy (see page 37), we provide annual training on our Code of Ethics and our ABC management system, alongside the other key ethics, safety and rights modules.

Where we perceive a heightened threat of ABC risks in a new venture, the staff involved must complete further training. Bespoke training sessions for staff in higher-risk roles were delivered during the year, including a workshop in Egypt in March 2022 and a virtual session with the Mexico office in October 2022. ABC briefings and training are provided to the Management Team and the Board on a regular basis to ensure they are fully apprised of risks and the measures being taken within the Company.



Materiality Issue 21

Robust Whistleblowing Mechanisms

We take grievances and complaints of wrong-doing from employees or external stakeholders very seriously. But in order for these to be reported and for action to be taken, complainants need to be aware of the channels available for them to report, and to be confident of their confidentiality and protections in doing so.

Our whistleblowing procedure is designed to provide this confidence and to be sensitive to circumstances.

Within our operations and administrative activities, our grievance procedures enable external individuals, community representatives and employees to address any concerns or report non-compliance with legal requirements and Company policy. We provide grievance mechanisms in local languages, and tailor them to ensure they are culturally appropriate and accessible, depending on the location of operation. Feedback from grievances can be important in informing future stakeholder engagement and social management plans (SMPs).

The hierarchy of grievance or whistleblowing reporting for a member of staff extends from notifying their line manager, to the relevant asset manager, to the Head of Department, to the nominated Investigative Officer, and up to the Chairperson. If an employee feels uncomfortable with notifying any of these individuals they can take their grievance or report to external facilitators, Safecall, Protect, the Gangmasters and Labour Abuse Authority or the Modern Slavery & Exploitation Helpline – all in the UK.

Whistleblowing within our Code of Ethics

Whistleblowing is one of the featured elements within our Code of Ethics, with a process on how to disclose any concerns confidentially. The full Code of Ethics document was last updated in 2021 and has been translated into five languages to reflect the main areas where we operate.

The document describes how we do business and what our core values are, and shares our whistleblowing policy to help personnel should they have experienced or witnessed unsafe or unethical behaviour. This policy is supported by a commitment from the Directors of Capricorn that incidents will be investigated and that there is no retaliation against the person raising a concern.

Every employee is required to sign and adhere to the terms of the Code as part of their employment conditions. We also require contractors and service providers working on our behalf to comply with the Code, and we audit them to ensure consistent application.

Total number of grievance procedures in 2022

Zero



Materiality Issue 22

Emergency Preparedness & Crisis Management

By its very nature the oil and gas industry is subject to risks of major accidents and incidents that can impact our own operations, assets and people, and surrounding communities and the environment. It is our absolute responsibility to minimise these risks within the Health and Safety Executive's ALARP definition (as low as reasonably practicable). This is in line with legislation in the United Kingdom Continental Shelf (UKCS) and many other jurisdictions, as well as aligning with industry good practice.

Our CMAPP specifies the protocol and arrangements we have in place across the Group to address these risks. These extend to the requirements we must have available at any time for emergency response capability, required under the UK Offshore Installations (Offshore Safety Directive) (Safety Case etc) Regulations 2015.

We undertook a detailed review of our CMAPP and resource base in 2022 to meet the needs for major accident prevention competency. As part of planning for the Diadem well in 2022, we also reviewed and refreshed the UK Safety and Environmental Management System.

A CMAPP training module is a fundamental part of our training requirement and has been incorporated into our internal training portal, the Capricorn Learning Academy (page 37).

In non-operated projects full crisis risk assessment is part of our vetting procedure ahead of our participation. Depending on the activity, our equity share of the asset and the regulatory framework under which we operate, we seek to influence our JV partners through Operating Committee, Technical Committee and Board meetings. We specify clearly to partners and contractors our minimum crisis and emergency preparedness requirements, and the robustness of reporting, data and transparency we demand.

Capricorn Energy's Egypt incident management

In our operated projects in Egypt, the Capricorn risk management process defines risks specific to the assets. An Emergency Response Plan then describes how Capricorn manage any credible situation that may arise through the execution of the Capricorn Egypt activities.

The Capricorn Egypt incident management organisation follows widely adopted industry guidance, such as IOGP guidance on Incident Management Systems, including organisational elements, management structure, terminology and operating procedures. This model allows for a response organisation that is fit for purpose and scalable, to accomplish all incident response objectives.

Appropriate training and simulations take place to assure effectiveness and readiness of the response capability.



Materiality Issue 23

Data & Cyber Security

Recent events such as the invasion of Ukraine by Russia, the damage to pipeline and energy infrastructure, and the growing prevalence of malware attacks on corporate data systems, have emphasised the significant threats to the oil and gas industry from data and cyber security breaches.

Stakeholders rank data and cyber security as significant in their concerns. The potential impacts of attacks on SCADA (supervisory control and data acquisition) systems on offshore rigs, oil wells, pipelines and refineries could be devastating in terms of physical damage, disruptions and injuries or fatalities. Similarly, attacks on corporate infrastructure and data storage could be reputationally and/or financially damaging, as well as compromising business and personal information.

There were no reported cyber security breaches of Capricorn systems during 2022. We regularly review our arrangements to ensure our IT infrastructure remains protected from such incidents and have a dedicated cyber security manager supported by a 24/7 security partner to continually assess and manage current or potential threats.

We continue to communicate threats, strategies and improvement plans to maintain a holistic and collaborative approach throughout the Group. To increase awareness and stay on top of security trends, we actively participate in several industry bodies, including the IOGP Security Committee, and take guidance from the Information Commissioner's Office and the Government Communications Headquarters (GCHQ) National Cyber Security Centre.

In compliance with EU General Data Protection Regulation (GDPR) legislation, we document the processing of personal data by both Capricorn and third parties on our behalf, and publish revised privacy notices for greater transparency. In addition, mandatory training has been delivered and a Data Privacy Coordinator supports the Group in complying with GDPR and internal risk governance.

Number of reportable GDPR incidents reported in 2022

Zero

(2021: zero)



Materiality Issue 24

Investment in Clean Technologies & Business Innovation

Investment in clean technologies and broader business innovation is important to our stakeholders as part of our approach to the energy transition and our climate change strategy. It is an area that will be considered in the current strategic review. We recognise that as we develop our assets we need increasingly to find ways of using cleantech to increase our operational efficiency and to minimise our carbon and other emissions.

Our main focus at present is on decarbonising our Egyptian operations at the field level. Alongside the proportionate increase in gas production within the portfolio, we are implementing a range of initiatives to reduce our greenhouse gas (GHG) emissions. These include replacing diesel generators with cleaner-burning gas generators, electrifying well sites and downhole pumps using centralised power generation, connecting operations to the electricity grid where possible, and integrating solar power options where it makes sense to do so.

We continue to look at carbon capture, utilisation and storage (CCUS) opportunities in Egypt and are awaiting the findings of a feasibility assessment on these.



Materiality Issue 25

Linking Remuneration & Incentivisation to Sustainability and Other Non-Financial Performance Measures

In order to demonstrate the importance of sustainability to our overall ethos and value creation, we are committed to linking our senior management remuneration and incentivisation to sustainability and other non-financial measures. In 2022, these considerations made up 20% of the Group wide KPIs, the extent of achievement of which determining the Executive Director bonus opportunity for the year.

ESG-specific elements of the 2022 KPIs were split into four key areas:

- (a) Environmental – outlining a roadmap and delivering opportunities to achieve Scope 1 and 2 emissions reductions versus our short-, medium- and long-term net zero targets.
- (b) Social – Agreeing, establishing and tracking social investment across the Group to help deliver a positive impact on the communities with which we work.
- (c) Governance – Communicating our climate change strategy and performance, and our processes for governance, risk management, target setting and carbon pricing.
- (d) Governance – enhancing our approach to D&I.

Targets a) and c) were target based, with b) and d) milestone based, and all four criteria were achieved.

Our achievements in 2022

To help meet the criteria of the 2022 KPIs, a number of key actions took place. Below is a summary of those actions:

- (a) The progress of a GHG emissions reduction initiative in Egypt gave the Board confidence to set bolder Scope 1 and 2 targets, with a new near-term target of 15% reduction by 2025 set, and the previous 25% reduction by 2030 was increased to a 30% reduction. This was communicated to investors in September 2022.

An emissions baseline assessment in Egypt provided assurance on the quality of emissions reporting, in line with the API GHG compendium. A suite of projects and a roadmap has been identified to deliver on an ambitious Scope 1 and 2 emissions reduction pathway, while significant progress was made on emissions improvement initiatives – see page 19.

In January 2022, we purchased a portfolio of high-quality carbon offsets, all verified by either Verra, Gold Standard or the American Carbon Registry.

- (b) Inputs and outcome from 2022's social investments were assessed and it was concluded that these met all social investment guidelines and were being actively managed by social advisers in collaboration with a number of external stakeholders. A social management framework, first developed in 2021, was first used in 2022 and this included a social investment screening tool.

A number of social investment projects in Mexico were undertaken in 2022, and included our second year of support to a Turtle Conservation Project. This funded the patrolling of 7,000km of beach, an increase in the number of hatchlings being released year-on-year, and a technology transfer education and innovation programme with 25 participants.

In Suriname, we supported a mangrove rehabilitation project for a third year. Our donation was used to acquire key pieces of equipment to help the construction of sediment trapping units (see page 44). We also donated to a community hub to allow local students and youths to gain IT access and experience (see page 48). Further donations have funded the tuition fees for seven students doing a MSc in public health, and also allowed the purchase of key pieces of equipment for the electrical engineering element of the NATIN Phase 2 project (see page 45).

In the UK, we supported three students working on their clean energy PhD at Heriot Watt University, while also funding 16 PhD students with their GeoNetZero CDT.

In Egypt, a financial donation and provision of a volunteer team was made to the Al Amal Graduate Training Programme (see page 45).

- (c) CDP – We received B ratings for both our Water and Climate Change CDP relating to 2021 ESG data. This puts us among the top performers among our peers on both metrics.


TCFD – We delivered a detailed standalone TCFD report, addressing all four pillars and 11 disclosures as required by the framework (see pages 61 to 66).

We assessed the potential impact of the physical risks of climate change on our assets, conducting a survey with independent provider Willis Towers Watson (WTW). This helped us calculate our Value at Risk for three principal scenarios (see pages 8 and 12).

SASB – To improve the quality and transparency of our reporting, we assessed and aligned our reporting against the Sustainability Accounting Standards Board (SASB) Oil & Gas – Exploration Sustainable Accounting Standard (SASB, Oil & Gas – Exploration and Production Index 2021).

- (d) We commissioned an independent D&I survey in April 2022, with 170 employees responding. We compared our results with 100+ energy companies operating in the UK Continental Shelf (UKCS), recording a score of 7.7 out of 10, compared to the UKCS average of 7.1.

A D&I working group was formed and identified several key initiatives to further embed D&I within the company culture including a project to improve opportunities for under-represented groups. The initiatives included the Shadow4success mentoring programme (see page 34), an inclusion calendar to raise awareness of key dates and activities to reflect our diverse staff population. See pages 33 and 34 for more information about D&I.

 **For more detailed information about 2022 KPI performance against the ESG criteria, see pages 92 to 95 of our Annual Report.**

Sustainability Governance

Sustainability governance

The Board has ultimate accountability for maintaining our organisation-wide culture of working responsibly.

This accountability is supported by:

- Our values, Code of Ethics, Business Principles, policies, processes, standards and systems, which all employees, contractors and suppliers are required to comply with.
- The internal oversight of key committees and groups, including our ExCo, Management Team, Risk Management Committee, Audit Committee and, newly constituted in 2022, our Environmental, Safety, Social Responsibility and Sustainability Committee (see below).
- Internal and external assurance audits.
- Engagement with stakeholders, which influences how we view material issues and formulate strategy and business objectives.

Our CRMS, which includes our policies, procedures and guidance, prescribes the requirements for working safely and responsibly, and enables us to embed processes and procedures throughout the organisation. It also helps us to identify, evaluate and address potential health and safety, security, environmental and societal risks, benefits and impacts.

With effect from early 2022, we established a new Environmental, Safety, Social Responsibility and Sustainability Committee. These areas are considered within every Board decision and are therefore a key element of each Board meeting. Establishing a committee dedicated to these matters has further embedded their importance within the Board and across the wider organisation.

Governance of ESG risk

Sustainability considerations have been a standing Board agenda item since 2021 and remained so during 2022. This focus is supported by an important ESG-based KPI determining our Management Remuneration (see pages 92-93 of our 2022 Annual Report).

The Chief Executive Officer (CEO) and Board are accountable for the governance of climate-related risks and opportunities, as well as the systems used to manage risks, which are reviewed at each Board meeting. Our ExCo also reviews climate and energy transition issues, including Capricorn's position and external drivers.

The Management Team reviews the Group risk register quarterly, as well as the associated controls and actions, to agree on or challenge the main climate-related risks and opportunities. Reporting to the Chief Financial Officer, our Energy Transition Director regularly updates the ExCo and the Board on these risks and opportunities.

Operating with integrity

To ensure Capricorn Energy continues to have the right values, principles and policies in place, and can embed them into our systems and processes, while making sure our people understand and uphold them:

- the Board remains accountable for strategy and promotes high standards of corporate governance, overseeing delivery of the strategy in line with shareholders' interests;
- Climate-related risks and opportunities are presented at the Group Risk Management Committee and Management Team meeting for discussion;

- the Board engages with shareholders and other stakeholders to deliver benefits;
- the ExCo provides the vision and strategy for culture, corporate governance, corporate responsibility and health, safety and environment (HSE) matters, for agreement with the Board and for implementation within the business; and
- the Management Team ensures our strategy is translated into our day-to-day business, and that we comply with our ethics and procedures in all projects.



The UN Sustainable Development Goals

Our Goals 2022

We consider how our activities contribute to the United Nations' 17 Sustainable Development Goals (SDGs), a framework for the business community to assess the impact and increase the value of its activities.

Many of our activities contribute positively towards the SDGs. These include providing energy to meet demand and supporting communities through targeted social investments. We also look to minimise or mitigate any potentially negative impacts on both society and the environment, such as driving down the emissions intensity of our operations and conducting robust ESAs.

Aligning our efforts with the SDGs helps to inform the development of Impact Benefit Plans, which we now draft for each major project. These plans evolve over time as we evaluate the net value our activities bring.

Our contributions to the SDGs that are applicable to our business in 2022 are summarised here and on our website.

Minimise Negative Impacts

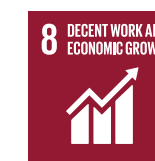
- Enhanced employee travel health and security risk management in general, and in support of new business locations (page 30).
- Continued to apply our CRMS to protect the health and safety of workers, including major accident hazard assessments in planned projects (page 31).
- Minimised the impact of COVID-19 spreading in early 2022 by maintaining a working from home option, and enforced a rigorous prevention and control procedure at our Diadem operations (page 32).
- As part of our Journey Management System, we performed risk assessments to identify and reduce health risks before international travel (page 32).

- Continued to monitor gender equality among staff and contractors across the Capricorn Group (page 34).

- Continued to implement our Corporate Environmental & Climate Change Policy (CECP) to protect water sources and water quality (page 25).

- Continued to implement a policy to promote the efficient use of energy (page 19).
- Influenced partners to reduce the carbon intensity of projects (page 19).
- Introduced the need for contractors to declare energy efficiency as part of tender evaluations (page 21).
- Directed research partners in Egypt to reduce the carbon intensity of both existing and future projects (page 19).

SDG



Maximise Positive Impacts

- Continued to make contractual payments to host governments throughout our operations (page 51).
- Donated to UK charities Rowan Alba and Fresh Start to help alleviate homelessness in Scotland, and to UK charity Empty Kitchens to help provide healthy meals for people in need.

- Continued to offer employee health benefits across the organisation (page 35).
- Continued to provide support for mental health and well-being (page 35).
- Donated to UK charities, including the Teenage Cancer Trust and Maggie's, while providing Scotland-specific financial support the MS Therapy Centre, Edinburgh Headway Group, Leuchie House and Lothian Autistic organisations, as well as to the It's Good 2 Give and Teapot Trust charities which provide support to young people.








- Donated to UK charities Winning Scotland Foundation and Into University to support young people through education.
- Continued to deliver a technology training programme on petroleum systems in partnership with a Mexican university.
- Provided funding for equipment and shared industry knowledge with a technical college in Suriname (see page 44).
- Sponsored a training programme in Egypt to bridge the gap between academia and industry (see page 45).

- Maintained a robust D&I policy and practices (page 33).
- Further embedded our D&I strategy to better support our diverse workforce and included building a D&I working group (page 33).
- Introduced the Shadow4success programme to support and encourage increased diversity at senior levels of the Company (page 34).

- Maintained a focus to reduce equity emissions by 2030 by stopping flaring, shifting from diesel to gas for power generation and started the process to CCUS in Egypt (pages 19 and 20).
- Maintained the role of an Energy Transition Director to further spearhead our energy transition and engage in dialogue to support net zero in our operations (page 61).
- Gathered and reported equity GHG emissions and intensity (pages 19 and 20).

- Continued to implement policies for local procurement and supplier development (page 45).
- Provided funding for IT equipment and office supplies to a community hub in Suriname (page 44).



Minimise Negative Impacts	SDG	Maximise Positive Impacts
<ul style="list-style-type: none"> Continued to apply robust waste and chemical management plans throughout our operations (page 26). 		<ul style="list-style-type: none"> Maintained a robust D&I policy and practices (pages 33 and 34). Developed our D&I strategy further (page 33). Continued to support the EITI in promoting transparent payments to governments and fair distribution of benefits in host nations (page 51).
<ul style="list-style-type: none"> Announced carbon emission reduction targets to achieve net zero by no later than 2040, committing to a 15% reduction by 2025, 30% reduction by 2030 from our Scope 1 and 2 equity emissions (pages 7 to 9). Endorsed the World Bank's Zero Routine Flaring by 2030 initiative and committed to avoiding associated emissions in our operated and non-operated projects (page 11). Contributed to the decarbonisation of Western Desert operations by undertaking research into carbon capture usage and storage. Introduced our hybrid working strategy as a tool to reduce fossil fuel consumption. 		<ul style="list-style-type: none"> Promoted human rights, environmental and safety standards through contracts and audits (page 41).
<ul style="list-style-type: none"> Conducted EIAs and environmental management measures in line with our CRMS and CECP (page 40). Implemented robust programmes for accident prevention, preparedness and response (page 54). Implemented industry best practice in our offshore exploration activities to protect marine mammals Undertook a comprehensive environmental baseline survey (EBS) and constraints mapping exercise in Mauritania to avoid potential well locations near sensitive seabed habitat. Improved biodiversity risk screening of potential new opportunities with data and tools through the Proteus Partnership (page 22). 		<ul style="list-style-type: none"> Contributed to climate change adaptation through social investment projects, such as a mangrove rehabilitation project in Suriname (page 44).
<ul style="list-style-type: none"> Maintained strong biodiversity protection in the CECP, including avoidance of International Union for Conservation of Nature (IUCN) Ia and Ib category areas, striving for no net loss to biodiversity (page 22). Improved biodiversity risk screening of potential new opportunities with data and tools through the Proteus Partnership (page 22). Commissioned environmental impact assessments (EIAs) for the operated exploration concessions in the Egypt Western Desert, in preparation for seismic activity in early 2022 (page 23). Held biodiversity awareness training (page 22). 		<ul style="list-style-type: none"> Contributed to coastal ecosystem protection through social investment projects, such as a mangrove rehabilitation project in Suriname (page 44).
<ul style="list-style-type: none"> Maintained strong biodiversity protection in the CECP, including avoidance of International Union for Conservation of Nature (IUCN) Ia and Ib category areas, striving for no net loss to biodiversity (page 22). Improved biodiversity risk screening of potential new opportunities with data and tools through the Proteus Partnership (page 22). Commissioned environmental impact assessments (EIAs) for the operated exploration concessions in the Egypt Western Desert, in preparation for seismic activity in early 2022 (page 23). Held biodiversity awareness training (page 22). 		<ul style="list-style-type: none"> Actively contributed to industry groups, such as the Proteus Partnership, and other companies and biodiversity experts (page 22).
<ul style="list-style-type: none"> Continued to adhere to our robust policies to ensure human rights and modern slavery violations do not occur in our supply chain (page 40). Maintained robust ABC management policies and procedures (page 52). Held human rights awareness training (page 40). 		<ul style="list-style-type: none"> Undertook EITI reporting in participating countries (page 51).
		<ul style="list-style-type: none"> Continued to support the UNGC and the EITI (pages 49 and 51). Contributed to support, and advocate for, best practice management of biodiversity risks through active membership of the Proteus Partnership (page 22).

Task Force on Climate-related Financial Disclosures (TCFD) Report

Capricorn Energy's climate-related financial disclosures made in the 2022 Annual Report are aligned with the TCFD's recommendations and recommended disclosures, consistent with the Financial Conduct Authority's LR9.8.6 requirement. We have analysed the impact of transition risks of climate change on our portfolio using scenario analysis. We have also assessed the potential impact of the physical risks of climate change on our assets.

Governance

Disclose the organisation's governance around climate-related risks and opportunities

Capricorn recognises the importance of climate change considerations at Board level and throughout the organisation, together with our broader environmental, societal and governance responsibilities. These matters are standing agenda items at each Board meeting, and also comprise an important KPI in the determination of Management Variable Remuneration (see page 57). Climate-related risks and opportunities are presented at the Executive Committee, the Group Risk Management Committee and the Management Team meeting for discussion and challenge.

During the year, the Board and Executive Committee's discussions included:

- progress on approved decarbonisation initiatives, including the reduction of diesel power generation, gas flaring and fugitive methane emissions in Egypt;
- progress on approved investment for electrification of Egypt operations and subsurface screening for carbon capture and sequestration;
- assessing the carbon abatement potential of all business development opportunities reviewed for investment and ensuring compatibility with the Group's net zero target;
- assessing the 'advantaged resources' criteria for all exploration new venture opportunities, to ensure that investments target resources that will be competitive in a future with lower oil demand and higher carbon prices;
- receiving regular updates from the Energy Transition Director on stakeholder objectives and regulatory developments in the area of climate change and energy transition policies;
- approving the acceleration of the Group's near-term net zero carbon emissions target of 15% by 2025 and increasing the 2030 target from 25% to 30%

- Setting a near-term target addressed our stakeholders' concerns and enabled the Company to more effectively measure progress on reducing GHG emissions.
- Review and approval of the climate change category in the Group Risk Appetite Statement. Completing a risk workshop which assessed the current and future risks to Capricorn in relation to climate change and the transition.

a) Describe the Board's oversight of climate-related risks and opportunities

Climate-related risks are recognised as a major concern for the planet, as well as the future of the oil and gas industry. Addressing these risks is one of the highest priorities for our business. The Board takes full responsibility for the governance of climate-related risks and opportunities.

In March 2022, the Board established the Sustainability Committee, highlighting the importance of ESG matters within the Board and wider organisation. The energy transition and Capricorn's role in it is of particular importance to the Board and the formation of this new committee has allowed it further dedicated time.

Overall responsibility for the system of risk management and internal control and reviewing the effectiveness of such systems rests with the Board. Principal climate-related risks and opportunities are reviewed at each Board meeting, so at least five times per year.

Capricorn uses risk registers, described in the Risk Management section below, to report climate-related risks and opportunities and associated mitigation measures. Reporting of these risks within the organisation is structured so that risks are escalated through various internal management groups, to relevant Board committees and to the Board itself. Climate-related risks and opportunities are discussed, as noted, during risk discussions but also when considering annual work programmes and budgets, acquisitions, and divestments and when considering annual performance objectives.

b) Describe management's role in assessing and managing climate-related risks and opportunities

Capricorn's Interim CEO, who is also part of the Executive Committee, takes ultimate responsibility and accountability for the Company's ESG policy, including climate-related strategy and targets. The Chair of Capricorn's Board is the Director responsible at Board-level.

Capricorn's Executive Committee reviews climate and energy transition issues, concerning both Capricorn's own position and risk management, and international policy and stakeholder drivers. The Management Team also performs a quarterly review of the Group risk register and associated controls and actions. This offers management an opportunity to agree on and challenge the principal climate-related risks and opportunities.

Capricorn's Energy Transition Director is responsible for the development of the Company's climate change and energy transition strategy and reporting. The Energy Transition Director reports to the CFO and provides regular updates to the Executive Committee, as well as the Board.

The Energy Transition Director is responsible for monitoring the fast-changing external environment, including the regulatory and technological spheres. Climate-related risks and opportunities are discussed on a regular basis with the Company's senior leadership.

This includes overseeing Capricorn's carbon emissions from existing assets and ensuring that screening of new opportunities is in line with the Company's net zero commitments. The Energy Transition Director is also responsible for TCFD reporting, including scenario modelling to assess the impact of transition risks of climate change on Capricorn's portfolio.

Task Force on Climate-related Financial Disclosures (TCFD) Report continued

The Energy Transition Director works closely with other functions in the Company – such as Business Development, Exploration, Legal and HSE – to identify and assess any climate-related risks and opportunities. Capricorn's Strategy and Energy Transition Advisor, working as part of the Strategy and Business Development team is responsible for the development of commercially viable decarbonisation projects at the asset level.

Energy transition is being embedded into Capricorn's culture, as climate impact becomes a key strategic consideration across different business functions. For example, screening of new opportunities is underpinned by resilience testing against transition risks of climate change, including the application of internal carbon pricing across all potential investments.

We also include energy efficiency and carbon emissions as a differentiating factor in selecting contractors for drilling, marine and aviation services. The most polluting products and services are eliminated from the tender process.

Internally, we established our Eco-Team in 2019 with a dual focus: to identify opportunities to reduce our carbon footprint within our office environment, for example paper consumption and recycling; and also to educate and encourage colleagues to reduce their personal impact on the climate.

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks

a) Describe the organisation's processes for identifying and assessing climate-related risks

The Group's framework for risk management promotes a bottom-up approach to risk management with top-down support and challenge. Climate-related risks and opportunities and the associated mitigation measures and action plans are maintained in a series of risk registers at Group, asset, function and project level. The Group uses a number of tools to identify climate-related risks including, but not limited to, hazard identification (HAZIDs), social impact assessments (SIAs)



Management

Executive Committee plus Senior Leadership (including the Energy Transition Director): meets tri-weekly and regularly updates on any new climate-related developments.

Executive Committee: meets every two months, with strategic updates from the Energy Transition Director.

Risk Management Committee meets quarterly to discuss and challenge the Group's principal climate related risks and opportunities.

Management team meet quarterly to perform a deep-dive review of the Group's principal climate related risks and opportunities. The conclusion from the discussion are captured in the updated risk reports presented at the Risk Management Committee.

Board

Meets every two months. A risk management Board paper is presented at each Board meeting which details the Group's principal climate related risks and opportunities.

Regular updates provided by the Management Team, including the Energy Transition Director's briefing.

Sustainability Committee: meets twice a year.

and environmental hazard identification (ENVIDs). Risks identification sessions are typically completed with project teams and risks are uploaded to the Group's risk software tools which assign ownership for the risks. All risk information is captured using the Group's risk management software tool.

Climate-related risks are classified in alignment with TCFD's description of physical and transition risks:

Transition risks – are those risks related to the transition to a lower carbon economy including policy and legal, technology, markets, and reputational risks.

Physical risks – are risks related to the physical impacts of climate change including event-driven risks such as changes in the severity and/or frequency of extreme weather events.

The Group has established impact criteria which assigns a score of one to five for impact and probability of occurrence. This drives the overall assessment of the risk and will determine if the risk is within the appetite limits. Further information is included in the risk disclosure page and the Materiality Matrix on page 15.

b) Describe the organisation's processes for managing climate-related risks

The Group applies one of the 4Ts to each identified climate-related risk: Tolerate, Treat, Transfer or Terminate.

All risks categorised as 'Treat' are required to have actions assigned to them to reduce the impact or likelihood of the risk occurring. Reporting of these risks within the organisation is structured so that risks are escalated through various levels of internal management, Board committees and to the Board itself for challenge and oversight. Future challenges and costs to achieving pathway to net zero by 2040 risk has been identified as a principal risk. Further information on the risk, appetite level, impacts and mitigations can be found on page 37 of our Annual Report.

Task Force on Climate-related Financial Disclosures (TCFD) Report continued

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Climate-related risks are captured at various levels within the Group and in line with the Group process for risk management. All projects, be it a drilling project, an acquisition opportunity, or a new country entry, are required to maintain a risk register. Project teams are multi-disciplined which ensures that all categories of risk, including climate-related risks, are identified, assessed and managed.

There is also a dedicated Energy Transition risk register which identifies the strategic climate-related risks as well as the aggregated climate-related project risks. This risk register is maintained by the Energy Transition Director and the Energy Transition Advisor and is reviewed quarterly. This ensures all climate-related risks are integrated into the Group's overall risk management processes and will be presented and challenged at various forums within the Group.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

In developing our strategy, Capricorn's Board and leadership team consider a wide range of opportunities and risks across three discrete time horizons:

Short term (to 2025): the next two to three years are defined by detailed business and financial plans, which are performance-managed in delivery of our 2025 targets.

Medium term (to 2030): looking out to the end of the decade and the duration of the Paris Agreement enables us to consider our progress towards the long-term targets and adjust the course of action if required.

Long term (post-2030): we use a scenario planning approach – the International Energy Agency (IEA) Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net Zero Emissions (NZE) Scenario – to account for a wide range of uncertainties in the post-2030 period.

Capricorn considers the following risks to be key climate-related risks in the short, medium and long term.

The current strategy review is expected to address and provide further detail on the climate and energy transition strategy across different time horizons.

Type	Climate-related Risk	Capricorn's Response
Transition Risks	Policy and legal (medium to long term)	
	<ul style="list-style-type: none"> Implementation of carbon pricing mechanisms in both compliance and non-compliance markets. Changes in legislation and country policy. 	<ul style="list-style-type: none"> In line with IEA and other energy companies, in the EU and UK compliance markets we use carbon prices of US\$100/tCO₂e and US\$110/tCO₂e in 2030, respectively. For other regions, where carbon price is not currently applicable, we use our internal carbon pricing assumptions starting at US\$31/tCO₂e in 2023, rising to US\$50/tCO₂e in 2030 with a 5% escalation thereafter to 2050. Use of long-term oil price assumptions that consider the demand effects of global carbon taxation. Ongoing efforts to decarbonise operations. Ongoing monitoring of policy and legislation development in countries of interest. The above measures are currently in place.
	Technology (medium to long term)	
	<ul style="list-style-type: none"> Increasing costs of transition to lower-emission technology. Substitution of existing products and services with lower emissions options. 	<ul style="list-style-type: none"> Implementation of decarbonisation technologies at the field level in Egypt. Increase in gas production within the portfolio, with decarbonisation options including CCUS and solar for in-field use. Funding of Heriot-Watt University research scholarships. Application of inherently lower emission equipment and contractor services. The above measures are currently in place.
	Market (medium to long term)	
	<ul style="list-style-type: none"> Decline in oil demand and oil price. Faster than expected shift away from gas, leading to lower gas prices. Changing market sentiment as consumers switch away from fossil fuels. Access to capital. 	<ul style="list-style-type: none"> Low-cost portfolio to generate value in a 1.5 degree scenario. Embed low oil and gas prices, as well as carbon prices when screening for new investments. Consider diversification into clean technologies, such as solar and geothermal in the medium term. Ensure strong balance sheet, low leverage, strong free cash-flow generation.

Task Force on Climate-related Financial Disclosures (TCFD) Report continued

Type	Climate-related Risk	Capricorn's Response
Transition Risks	Reputation (short term)	
	<ul style="list-style-type: none"> Public perception of the oil and gas industry is changing. Lack of trust in the oil and gas industry's net zero ambitions. 	<ul style="list-style-type: none"> Maintain transparency relating to all ESG issues. Comply with the highest reporting standards. Ensure continued engagement with external stakeholders. Currently in place.
Principal Risks	Chronic (long term)	
	<ul style="list-style-type: none"> Rising mean temperatures and risk of drought. Rising sea levels. Increased extreme weather events. Rising water stress including conflicting uses and availability. 	<ul style="list-style-type: none"> We assessed the materiality and plausible impact and likelihood ranges with focus on Drought, Heat Stress and Windstorm on our business using an independent provider (WTW). Drought Stress (prolonged periods of rain and water shortage), in particular for the RCP8.5 hothouse world had been identified as the most material risk for Capricorn Energy by 2040-50 timeframe. The impact of this chronic hazard for this scenario was estimated as likely being in the medium Value at Risk (VAR) impact range (US\$1-10m on Cashflow and US\$25-100m Market Cap Loss) with a 'probable' likelihood forecasted by the climate models utilised. For RCP4.5 and 2040-50 timeframe, this hazard was estimated to have low VAR impact (US\$0.1-1m on Cashflow and US\$5-25m Market Cap Loss), whereas for the low carbon emission world RCP2.6, the VAR impact for the same timeframe was estimated to be likely to be very low (similar to estimates for current climate conditions). Water resource and resilience studies in Egypt, including a planned in-house water challenge. We help our communities adapt to physical risks, for example, through our investment in a mangrove rehabilitation project in Suriname to prevent coastal erosion and improve biodiversity (see page 44 in our Sustainability Report).

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Capricorn is fully incorporating climate change-related risks into its investment decision-making. Our capital allocation decisions are made using rigorous planning assumptions, informed by climate change and energy transition scenario analysis. We carefully consider the environmental performance of assets and opportunities as part of our screening process, underpinned by our net zero commitment. This commitment also drives our decarbonisation strategy in Egypt, as described in the table above.

All new oil and gas opportunities are screened at US\$60/bbl flat Brent oil price and US\$6/mcf global gas price (adjusted for certain regional markets). We also consider a range of other scenarios as part of our opportunity screening process. We apply carbon prices across all our scenarios. For countries that already have an established carbon pricing mechanism – such as the EU and the UK – we use carbon prices of US\$100/tCO₂e and US\$110/tCO₂e by 2030, respectively. For other regions, where regulatory carbon pricing mechanisms are not currently applicable, we use our internal carbon pricing assumptions starting at US\$31/tCO₂e in 2023, rising to US\$50/tCO₂e in 2030, with a 5% escalation thereafter until 2050.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The TCFD recommends the use of scenario analysis in disclosure of climate-related risks and opportunities. Scenario analyses aligned with the TCFD framework help companies explore different futures and the implications of climate-related circumstances on business strategy.

The findings of the recently conducted scenario analysis exercise, which tested the resilience of Capricorn's Egypt portfolio against IEA's STEPS, APS and NZE scenarios, showed that our assets will generate value in the most ambitious climate scenario, aligned with a 1.5 degree warming. This gives us confidence that our valuation and planning assumptions are robust and that we will continue to create value for all key stakeholders – even in the most aggressive carbon reduction scenario.

Capricorn's assumptions, used for our financial planning and balance sheet impairment testing includes a variable oil price of US\$88 for 2023 decreasing down to US\$70 for 2025 and US\$60 flat for 2030 to 2050 US\$6/mcf gas price (long term, inflated at 2% from 2025) and carbon prices of US\$31/tCO₂e in 2023, increasing to US\$50/tCO₂e in 2030. Carbon prices were applied to Scope 1 and 2 emissions from Capricorn's Egypt operations.

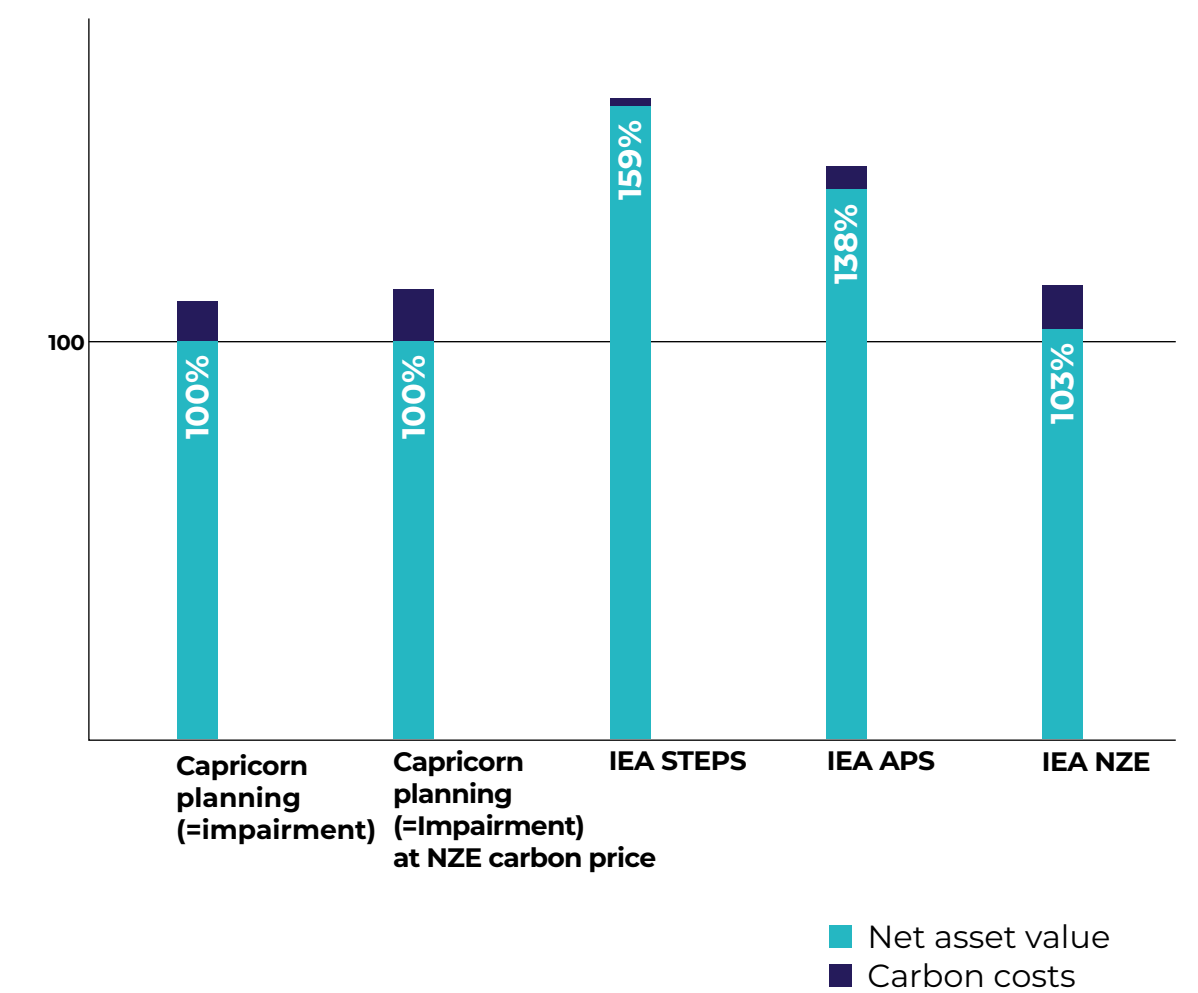
The scenario analysis shows that our Egypt portfolio, when modelled using IEA's NZE assumptions delivers 103% of the value we derive for our financial planning purposes. Our portfolio outperforms our planning scenario by 38% in the APS scenario.

Task Force on Climate-related Financial Disclosures (TCFD) Report continued

Capricorn has recognised and is currently working on scoping and implementing a number of climate-related opportunities as we try to address our stakeholders' key concerns illustrated in the Materiality Matrix (page 15).

Type	Climate-related Opportunities	Capricorn's Response
Energy Source/ Resilience (short to medium term)	<ul style="list-style-type: none"> Use of lower-emission sources of energy. Shift toward decentralised energy generation. Use of supportive policy incentives. Use of new technologies. Participation in carbon market. 	<ul style="list-style-type: none"> In Egypt, we are replacing diesel generators with cleaner-burning gas generators, and electrifying well sites and downhole pumps using centralised power generation. We also plan to integrate solar power to further reduce our reliance on diesel and gas. We are actively pursuing opportunities in CCUS in Egypt and other jurisdictions, and we have invested in the NECCUS project, which is examining industrial carbon capture projects in Scotland. We are actively engaged in voluntary carbon markets. We have acquired a portfolio of high quality carbon offsets, including nature-based, landfill gas and refrigerant gases sequestration.
Resilience (long term)	<ul style="list-style-type: none"> Resource substitutes/diversification. 	<ul style="list-style-type: none"> We are evaluating clean energy diversification opportunities, including solar, geothermal and CCUS.
Products and Services (short to medium term)	<ul style="list-style-type: none"> Development and/or expansion of low emission goods and services (short term). 	<ul style="list-style-type: none"> To minimise energy use in drilling operations and associated activities without compromising safety or cost, we assess the fuel consumption of rigs, vessels and helicopters as part of the tender process. Lower energy consumption – and therefore emissions – could provide a point of differentiation if other technical and commercial considerations are comparable. We have already trialled this approach when tendering vessels for geophysical and geotechnical survey work in the UK and Mauritania. We will strive to align our supply chain products and services with our own emission reduction target of net zero by 2040.
Resource Efficiency (short to medium term)	<ul style="list-style-type: none"> Use of more efficient production and distribution processes (short to medium term). Use of recycling (short term). Move to more efficient buildings (short term). 	<ul style="list-style-type: none"> We seek to continuously improve the performance of our operating assets, reducing their carbon intensity, including elimination of flaring from our operations in Egypt. We are also promoting efficient operations with our contractors and planning improved management of vessels and other assets during our drilling operations to further improve the energy efficiency of our products. Working internally to identify opportunities to reduce our carbon footprint within our office environment, for example paper consumption and recycling.

Egypt: asset value relative to Capricorn planning case NAV including carbon costs



IEA scenarios are modelled using IEA's assumptions associated with each of the scenarios.

IEA scenarios: STEPS assumes policies and targets announced by governments are enacted and estimates an average temperature rise of 2.7°C (up to 3.3°C).

APS sees an accelerated transition to a low-carbon world and projects a 66% chance to limit temperature rise to 1.8°C and a 50% chance to limit it to 1.65°C.

NZE scenario is aligned with the Science Based Targets Initiative (SBTI), limiting the global warming to 1.5°C by 2100 compared to pre-industrial levels.

Task Force on Climate-related Financial Disclosures (TCFD) Report continued

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

Capricorn's principal metrics and targets used to assess and manage climate-related risks and opportunities are presented in the table, right.

TCFD recommended disclosures	Risks and opportunities identified	Where to find metrics and targets
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>Transition and physical risks, including policy, market and long-term chronic effect of global warming.</p> <p>Opportunity to invest in clean projects, with carbon pricing risk-adjusted returns fully recognised. Participation in carbon market. Improved resilience of the existing portfolio.</p>	<ul style="list-style-type: none"> – Net zero, with 2025, 2030 and 2040 targets set for Scope 1 and 2 emissions on an equity basis, pages 11, 12, 16 and 22 to 24 of our Annual Report. We will measure progress against our 2022 baseline. – Remuneration policy with embedded climate related targets, pages 92 and 93 of our Annual Report. – Pro-active engagement with our employees to increase awareness and help deliver net zero, pages 61 and 62. – Key assumptions: commodity prices for opportunity screening and financial planning, page 63. – Carbon price, page 63.
	<p>Rising water stress including conflicting uses and availability.</p>	<ul style="list-style-type: none"> – Capricorn's environmental impact, page 25.
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>Measurement and disclosure of GHG emissions from Scope 1, 2 and 3 help emissions management and creation of a clear pathway to net zero.</p> <p>Risks include exposure to carbon price due to changes in policy, as well as significant reputation risks if emissions are not managed.</p>	<ul style="list-style-type: none"> – Scope 1 and 2 on an operational and equity basis, pages 19 and 20. – Scope 3. We have undertaken further definition and reporting of our Scope 3 emissions to include emissions from categories 1, 3, 4, 5, 6, 7 (operated) and 9, 10 and 11 (equity), page 19. – TCFD climate-related risk and management, pages 62 and 63.
	<p>Summary of targets aimed at helping achieve our net zero strategic goal. Given the dynamic nature of Capricorn's portfolio, we will use 2022 as a baseline year on the journey to carbon neutrality.</p>	<ul style="list-style-type: none"> – 2025, 2030 and 2040 targets and planned progress, pages 7 to 9 and 18. – Scope 1 and 2 and planned progress, pages 7, 8 and 18 to 20. – Scope 3 and planned progress, pages 7, 8 and 18 to 20. – Flaring and planned progress, pages 18, 19 and 65.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		

Glossary

ABC	Anti-bribery and corruption	EMP	Environmental Management Plan	ISAE	International Standard on Assurance Engagements	RWDC	Restricted Work Day Case
Align	Aligning Accounting Approaches for Nature	ENVID	Environmental hazard identification	ISO	International Organization for Standardization	SASB	Sustainability Accounting Standards Board
AMEXHI	Association of Mexican Hydrocarbon Businesses	ESG	Environmental, Social and Governance	IT	information technology	SCADA	Supervisory control and data acquisition
APS	Announced Pledges Scenario	ESP	Electric submersible pump	IUCN	International Union for Conservation of Nature	SDG	Sustainability Development Goal
BAP	Biodiversity Action Plan	ESIA	Environmental and Social Impact Assessment	JV	Joint Venture	SDS	Sustainable Development Scenario
Bapetco	BADR Petroleum Company	EU	European Union	KPI	Key performance indicator	SEH	South East Horus
BEBA	British Egyptian Business Association	EVF	Employee Voice Forum	kt	Kilotonnes	SEP	Stakeholder Engagement Plan
BED	Badr El Din	ExCo	Executive Committee	ktCO ₂ e/yr	kilotonnes of carbon dioxide equivalent per year	SIA	Social Impact Assessment
BISI	Biodiversity Indicator for Site-based Impacts	FEED	Front end engineering and design	l	Litres	SLB	Schlumberger Limited
boepd	Barrels of oil equivalent per day	FRC	Financial Reporting Council	LNG	Liquified natural gas	SME	Small to medium-sized enterprises
BRINDEX	Association of British Independent Exploration Companies	FY	Financial Year	LTI	Lost Time Injury	SMP	Social Management Plan
CCS	Carbon capture and storage	GCHQ	Government Communications Headquarters	LTIF	Lost Time Injury Frequency	SNA	Social Needs Assessment
CCUS	Carbon capture, utilisation and storage	GDPR	General Data Protection Regulation	MARPOL	International Convention for the Prevention of Pollution from Ships	STEPS	Stated Policies Scenario
CDP	Carbon Disclosure Project	GHG	Greenhouse gas	MMscfd	Million standard cubic feet per day	TCFD	Task Force on Climate-related Financial Disclosures
CECP	Corporate Environmental & Climate Change Policy	GIS	Geographical Information System	n/a	Not applicable	tCO ₂ e	Tonnes of carbon dioxide equivalent
CEO	Chief Executive Officer	GJ	Gigajoule	NATIN	Natuurtechnisch Instituut/Institute for Natural Resources and Engineering Studies Natin-MBO, (Suriname)	TNFD	Taskforce on Nature-related Financial Disclosures
CLO	Community Liaison Officer	GRI	Global Reporting Initiative	NCE	New Country Entry	TRIR	Total Recordable Injury Rate
CMAPP	Corporate Major Accident Prevention Policy	HAZID	Hazard identification	NEAG	North East Abu Gharadig	UDHR	Universal Declaration of Human Rights
CO ₂	Carbon dioxide	HR	Human Resources	NGO	Non-governmental organisation	UK	United Kingdom
CO ₂ e	Carbon dioxide equivalent	HSE	Health, safety and environment	NO _x	Nitric oxide	UKCS	United Kingdom Continental Shelf
COP	Conference of Parties	HSSE	Health, safety, security and environment	NZE	Net Zero Emissions by 2050 scenario	UN	United Nations
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation	IBAT	Integrated Biodiversity Assessment Tool	OMS	Operating Management System	UN SDG	United Nations Sustainable Development Goal
CPDP	Corporate Project Delivery Process	ICROA	International Carbon Reduction and Offset Alliance	OPRED	Offshore Petroleum Regulator for Environment & Decommissioning	UNEP	United Nations Environment Programme
CPP	Central Processing Platform	IEA	International Energy Agency	OSPAR	Oslo/Paris Convention for the Protection of the Marine Environment of the North-East Atlantic	UNEP WCMC	United Nations Environment Programme's World Conservation Monitoring Centre
CRMS	Corporate Responsibility Management System	IEA APS	International Energy Agency's Announced Pledges Scenario	PSC	Production Sharing Contract	UNESCO	United Nations Educational, Scientific and Cultural Organization
CSR	Corporate social responsibility	IEA NZE	International Energy Agency's Net Zero Emissions by 2050	Q1, Q2 etc.	Quarter 1, Quarter 2 etc.	UNGC	United Nations Global Compact
CSRD	Corporate Sustainability Reporting Directive	IEA STEPS	International Energy Agency's Stated Policies Scenario	QPR	Quality programme reports	US	United States
D&I	Diversity and Inclusion	IFC	International Finance Corporation	RCP	Representative Concentration Pathway	US\$	United States dollar
E&P	Exploration and production	IFRS	International Financial Reporting Standards	REDD+	Reducing Emissions from Deforestation and Forest Degradation	VAR	Value at Risk
EBS	Environmental Baseline Survey	IOGP	International Association of Oil & Gas Producers	RGU	Robert Gordon University	Verra	Verified Carbon Standard
eDNA	Environmental DNA	IPIECA	International Petroleum Industry Environmental Conservation Association			VPSHR	Voluntary Principles on Security and Human Rights
EIA	Environmental Impact Assessment	IRA	Inflation Reduction Act			WEF	West El Fayyum
EITI	Extractive Industries Transparency Initiative					WTW	Willis Towers Watson

