



Compliance Statement

July 2025

Foreword

Liverpool Bay CCS Limited (LBCCS), a member of the Eni S.p.A group, is the owner and operator of the Liverpool Bay Carbon Dioxide (CO₂) Transportation and Storage (T&S) infrastructure, having been awarded a licence to operate in April 2025.

LBCCS provides the CO₂ transportation and storage infrastructure to serve the HyNet North West Industrial Decarbonisation Cluster.

We work with hard-to-abate industries to unlock a low-carbon future for the region by transporting carbon dioxide from capture plants across the North West of England and North Wales, through to safe and permanent storage beneath Liverpool Bay. CCS will play a critical role in meeting the Net Zero challenge by safely eliminating emissions from industries that currently do not have equally efficient and effective solutions.

This Compliance Statement, made on behalf of the board of LBCCS, describes how we comply with the requirements of our licence to maintain the managerial and operational independence of our T&S Business, and how we handle Confidential Information in a way that safeguards fair competition between Users of our network.

We are proud to be able to serve the HyNet North West Cluster and take adherence with our obligations very seriously. Our controls include oversight and decision-making mechanisms that embed a consistent approach to compliance into day-to-day operations.

This Statement has been approved by Ofgem and is complemented by our annual Compliance Report, prepared on behalf of the board by the appointed Compliance Officer.

Stefano Rovelli

Managing Director

Liverpool Bay CCS Limited

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Definitions

Associate	(a) an Affiliate or Related Undertaking of the Licensee; (b) an Ultimate Controller of the Licensee; (c) a Participating Owner of the Licensee; or (d) a Common Control Company of the Licensee
Compliance Officer	a competent person appointed in consultation with the Regulator for the purpose of facilitating compliance by the Licensee with the Relevant Obligations
Compliance Report	a report setting out details of the activities of the Compliance Officer during the relevant period covered by the Compliance Report, as well as the procedures in place to ensure that the Licensee is complying with Standard Condition B7
Compliance Statement	a statement approved by the Regulator that describes the practices, procedures, and systems which the Licensee has adopted (or intends to adopt) to ensure compliance with Standard Condition B7.3
Confidential Information	means information relating to, or derived from, the T&S Business that is not published or otherwise legitimately in the public domain
Licence	The Carbon Dioxide Transport and Storage Licence for Liverpool Bay CCS Limited, awarded on 22 April 2025
Licence Derogation	a limited derogation from some requirements under the licence to the extent specified in such derogation
Prospective User	means any person (other than a User) who has applied to connect to the T&S Network pursuant to Section C of the CCS Network Code
T&S Business	means the development and operation of a network for the transportation and storage of carbon dioxide, including: (a) compliance with the Licensee's obligations under the licence; (b) compliance with all decommissioning obligations (including the Onshore Decommissioning Requirements and the Offshore Decommissioning Requirements); and (c) compliance with and discharge of the Licensee's obligations and rights relating to the maintenance, administration and modification of the CCS Network Code
User	means a person other than the Licensee or any other holder of a licence issued under section 7 of the Energy Act 2023 who is for the time being bound by the CCS Network Code

Unless otherwise defined, any capitalised words or expressions set out in this document have the meaning given to them in the Carbon Dioxide Transport and Storage Licence for LBCCS, awarded on 22 April 2025

1. Introduction

1.1 Project overview

Liverpool Bay CCS Limited (LBCCS), a wholly owned subsidiary of Eni S.p.A., has been appointed by the UK Government as the Carbon Dioxide Transportation and Storage (T&S) Company for the HyNet North West Industrial Decarbonisation Cluster.

The project is a key component of the UK's decarbonisation strategy and is designed to capture carbon dioxide emissions from industrial sources and transport them for permanent storage in depleted gas fields beneath the Irish Sea.

Existing infrastructure both onshore and offshore in the Liverpool Bay area will be repurposed as part of the CO₂ transportation and storage infrastructure. A new onshore CO₂ pipeline and spur pipelines will be constructed to link industrial emitters to the Liverpool Bay T&S infrastructure.

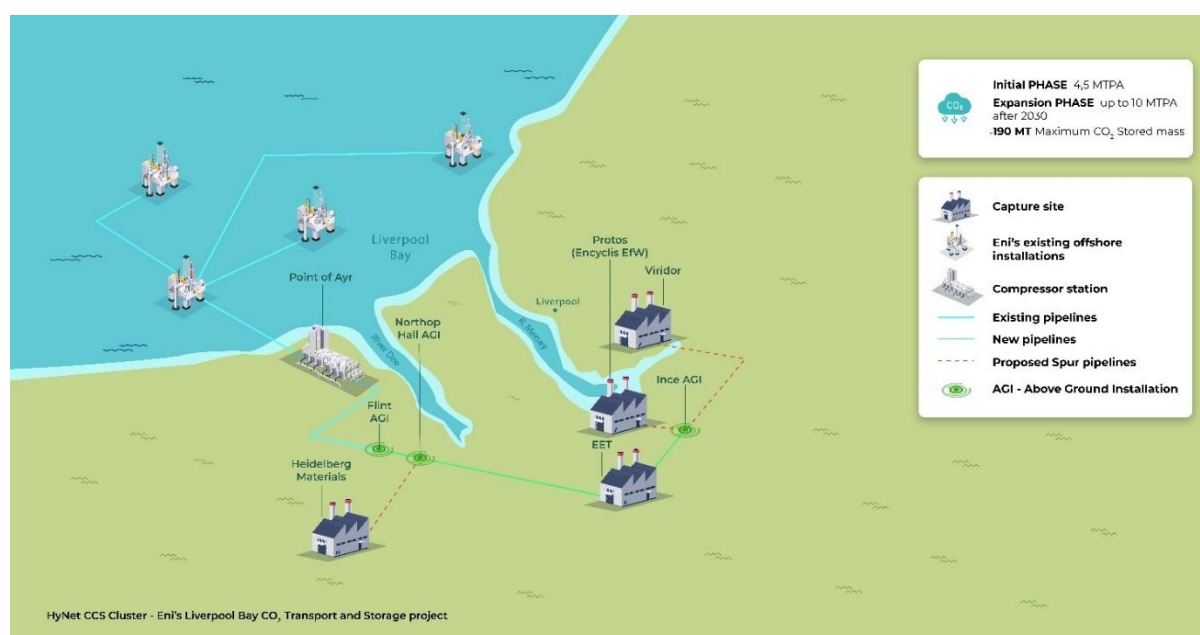


Figure 1: LBCCS CO₂ Transportation & Storage System within the HyNet Cluster

On 22 April 2025, the Secretary of State for Energy Security and Net Zero formally awarded LBCCS a Carbon Dioxide Transport and Storage Licence under the Energy Act 2023.

This licence sets out a comprehensive regulatory framework, including obligations to maintain operational independence and control the use and sharing of confidential information. Among its key requirements, LBCCS must appoint a Compliance Officer, publish an approved Compliance Statement and submit annual Compliance Reports detailing adherence to licence conditions.

1.2 Compliance Officer appointment

Engage Consulting Limited was appointed by LBCCS as the Compliance Officer in June 2025 and has carried out a full review of systems of control and governance arrangements established. The outcome has been shared with the board to support making this Compliance Statement, in particular that LBCCS:

- Operates with appropriate independence from any other business within the wider group.
- Handles confidential information in a manner so as to prevent undue commercial advantage to any User or prospective User of its network.

1.3 Statement purpose

This Statement has been made by LBCCS to describe the governance arrangements and other systems of control in place, including practices and procedures, to secure compliance with the requirements of Standard Condition B7 (Independence of the T&S Business and restricted use of Confidential Information) of the Carbon Dioxide Transport and Storage Licence. LBCCS commits to taking all reasonable steps to ensure it complies with the terms of this Compliance Statement.

B7: Independence of the T&S Business and restricted use of Confidential Information

Standard Condition B7 requires that the Licensee must at all times:

- Maintain managerial and operational independence of the T&S Business from any businesses carried out by any Associate of the Licensee; and
- Maintain managerial and operational systems that prevent any Associate of the Licensee from having access to Confidential Information except and to the extent that such information:
 - is made available on an equal basis to any User or Prospective User of the T&S Network; or
 - is of a type that is Corporate Information.

LBCCS will regularly review and update this Compliance Statement to reflect changes. The updated Compliance Statement will be submitted to Ofgem for approval. LBCCS will publish an up-to date approved Compliance Statement on its website within 21 days of approval.

2. Licence Derogations

On 22 April 2025, the Secretary of State of the Department for Energy Security and Net Zero granted LBCCS three Licence Derogations related to Standard Condition B7.3. These reflect the corporate governance structures that support LBCCS's set up and allow the efficient use of resources while the T&S Business is operationalised.

Framework Secondment Agreements

The first Licence Derogation relates to LBCCS's provision of certain information to its Associates Eni S.p.A., EniProgetti S.p.A., Eni International Resources Limited and Eni CCUS Holding Limited (together referred to as the "Eni Associates"), pursuant to Framework Secondment Agreements (referred to as "Secondment Agreements") between LBCCS and each of the Eni Associates.

Under the terms of the Secondment Agreements, employees of the Eni Associates ("Eni Secondtees") may be sent on secondment to LBCCS to perform certain tasks relating to the T&S Business. The Secondment Agreements state that Eni Secondtees will work for and in the interest of LBCCS, but remain employees of the relevant Eni Associate, and return to their usual duties at the end of the secondment. While performing tasks for LBCCS, they will have access to information which could include Confidential Information, as well as LBCCS's premises, systems, equipment and facilities.

The effect of this Licence Derogation is to relieve LBCCS of its obligation to comply with Standard Condition B7.3 to the scope and extent specified in the Licence Derogation. The Licence Derogation enables Eni Secondtees to have access to Confidential Information and LBCCS's premises, systems, equipment and facilities to the extent necessary for them to be able to carry out their tasks relating to the T&S Business while on secondment.

Asset Transfer Agreements

The second Licence Derogation relates to LBCCS's provision of certain information to its Associate, Eni UK Limited, pursuant to an Asset Transfer Agreement between LBCCS and

Eni UK Limited. Under the terms of the Asset Transfer Agreement, Eni UK has agreed to sell, and LBCCS has agreed to buy, certain Transferred Assets (as defined in that agreement) that LBCCS will use for the purposes of the T&S Network. As part of the transfer of assets, LBCCS may need to disclose information, which may include Confidential Information, to Eni UK.

The effect of this Licence Derogation is to relieve LBCCS of its obligation to comply with Standard Condition B7.3 to the scope and extent specified in that Licence Derogation. This Licence Derogation enables the disclosure of Confidential Information for the purposes provided by the Asset Transfer Agreement.

Services Agreements

The third Licence Derogation relates to Service Agreements which LBCCS has entered into with Eni CCUS Holding Limited ("HoldCo") and Eni S.p.A. ("Eni"), both of which are LBCCS Associates. Under the terms of the Services Agreement:

- HoldCo has agreed to provide or procure certain Services (as defined in the Services Agreement) to LBCCS, where those Services may in some instances be procured by HoldCo from other LBCCS Associates or independent third-party providers; and
- Eni has agreed to guarantee to LBCCS the due and proper performance of HoldCo's obligations under the Services Agreement, except for HoldCo's procurement of construction and drilling services for LBCCS (referred to as "WPI Services").

As part of the abovementioned Services, HoldCo has agreed to procure for LBCCS the WPI Services pursuant to arrangements involving:

- A services agreement between HoldCo and Eni UK for the provision of the WPI Services; and
- Eni UK procuring the WPI Services pursuant to certain agreements (referred to as the "WPI Agreements") entered into between Eni UK and certain third-party contractors.

The services provided under the WPI Agreements will include services procured to LBCCS in relation to its T&S Business. It will also include other services (referred to here as the "Non-T&S Business Services") which do not relate to the T&S Business and which will fall outside the scope of the WPI Services being procured under the Services Agreement for the benefit of LBCCS.

As part of the arrangements between the parties under the Services Agreement:

- HoldCo and any LBCCS Associates from whom HoldCo is procuring Services will have access to information which could include Confidential Information, as well as LBCCS's premises, systems, equipment and facilities to allow them to perform the Services in accordance with the Services Agreement;
- HoldCo and/or Eni UK, in procuring the WPI Services, will exercise a degree of managerial and/or operational control in relation to the delivery of the WPI Services; and
- Eni may have access to information which could include Confidential Information in its role as guarantor under the Services Agreements, other than in relation to the procurement of the WPI Services.

The effect of the Licence Derogation is to relieve LBCCS of its obligation to comply with Standard Condition B7.3 to the scope and extent specified in that Licence Derogation. This Licence Derogation enables the disclosure of Confidential Information and the degree of managerial and/or operational control from HoldCo and/or Eni UK.

Conditions of Licence Derogations

To comply with the Licence Derogations, LBCCS is required to control access to Confidential Information by Eni UK, Eni Seconded, HoldCo, and any Associates involved in secondments, asset transfers, and/or service provision. Access to information, systems, and premises must be strictly limited to what is necessary for fulfilling obligations under the agreements.

LBCCS must obtain legally enforceable undertakings from all relevant parties, ensuring they use Confidential Information solely for the intended purpose, do not improperly disclose it, and avoid actions that could result in an unfair commercial advantage. The undertakings must also require the return or destruction of information once it is no longer needed or upon the termination of the agreements. LBCCS has signed and implemented all required undertakings with Eni UK, Eni Seconded, HoldCo, and any Associates involved in secondments, asset transfers, and/or service provision.

LBCCS must provide copies of these undertakings to Ofgem and maintain oversight of compliance, including ensuring that Associates monitor their secondees. Specific reporting obligations apply under each Licence Derogation requiring LBCCS to notify Ofgem promptly of any suspected disclosure or breach that could impact Users or Prospective Users of the T&S Network, or its ability to comply with the relevant agreements.

Additional safeguards apply to the delivery of WPI Services, including cost pass-through arrangements with no mark-up and the use of an objective cost allocation methodology.

3. Maintaining Managerial and Operational Independence

3.1 Ownership structure

LBCCS has been established as a distinct legal entity, separate from Eni UK, with Eni S.p.A as its ultimate beneficial owner. Its licence requires it to maintain the operational independence of the T&S Business from any businesses carried out by Eni Associates.

LBCCS's relationship to the Eni Associates is shown in Figure 2.

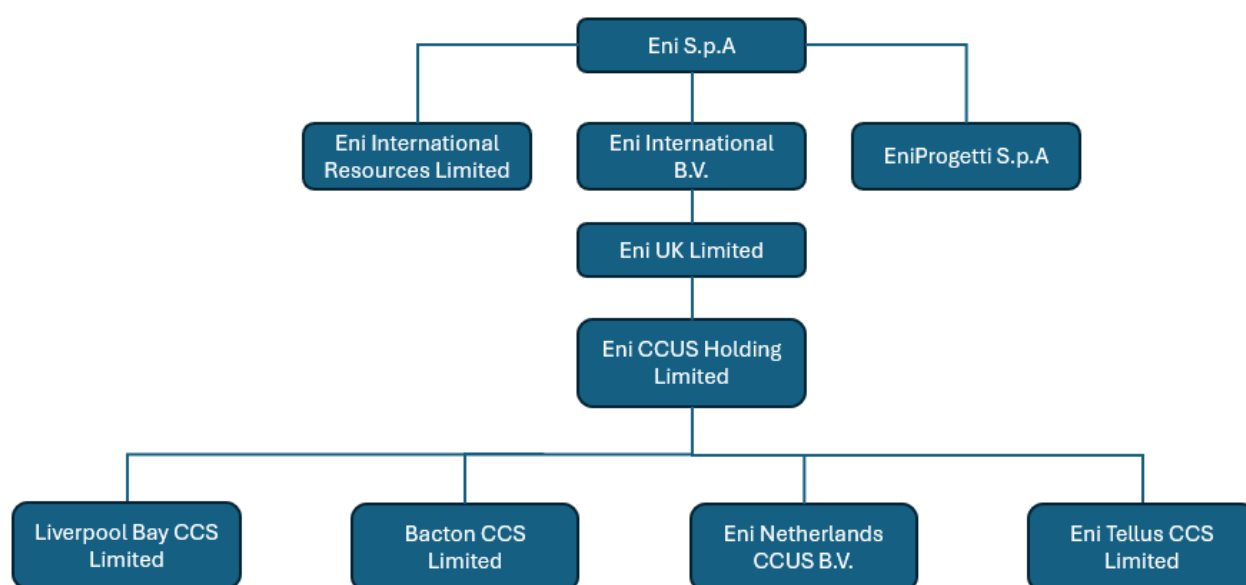


Figure 2: Condensed Eni Group structure

For the avoidance of doubt, none of the Eni Associates have plans to become a User of the LBCCS T&S network.

3.2 Corporate governance

LBCCS has an independent board which is subject to specific requirements on decision-making. The board consists of five directors, three of whom were nominated by Eni and two of whom are independent directors, in line with licence requirements and LBCCS's Articles of Association.

The board acts with delegated authority that allows LBCCS to operate with autonomy, ensuring strategic, financial and operational decisions are made within the T&S Business without influence from associated entities. The Directors of LBCCS have a legal duty to act in accordance with section 172 of the UK Companies Act 2006 which includes making decisions in the best interests of LBCCS to promote its success for the benefit of its members and stakeholders.

3.3 Activities of the Compliance Officer

Engage Consulting Limited has been appointed and notified to Ofgem as the Compliance Officer for LBCCS. The Compliance Officer has reviewed the licence obligations as they relate to LBCCS and has confirmed compliance to allow provision of this Compliance Statement to Ofgem.

3.4 Breach reporting, complaints and enquiries

LBCCS recognises that it must give the Compliance Officer a copy of any complaint or representation that it receives from any person about a matter arising under or because of its obligations under Standard Conditions B6 (Conduct of T&S Business), B7 (Independence of the T&S Business and restricted use of Confidential Information) or B9 (Prohibition of cross-subsidies) of the Carbon Dioxide Transport and Storage Licence. It is the Compliance Officer's duty to investigate any complaint or representation made available to them and recommend and advise on the mitigation that any such investigation has demonstrated to be necessary.

Complaints or representations regarding this Compliance Statement can be raised directly with the Compliance Officer and may be made by directors, employees, or any third party.

Please make initial contact to: info@engage-consulting.co.uk quoting "LBCCS Compliance Officer".

4. Management of Confidential Information

4.1 Agreements with Associates

Under the terms of its Licence and Licence Derogations, and reflecting the nascent stage of delivery activities, LBCCS may currently employ the services of Associates – and secondees from those Associates - to an appropriate extent. These activities are governed by commercial agreements: Services Agreements, Framework Secondment Agreements and Asset Transfer Agreements.

As part of these agreements, executed with its Associates, LBCCS is required to control access to information, systems, and premises other than to the extent necessary for fulfilling obligations under the agreements.

LBCCS has obtained legally enforceable undertakings from all relevant parties, ensuring they use Confidential Information solely for the intended purpose, do not improperly disclose it, and avoid any actions that could result in an unfair commercial advantage. The undertakings also require the return or destruction of information once it is no longer needed or upon the termination of the agreements.

LBCCS provide copies of these undertakings to Ofgem and maintains oversight of compliance, including ensuring that Associates monitor their secondees.

On the delivery of WPI Services, Eni UK issues monthly invoices to LBCCS for the delivery of these services, as required by the terms of the Service Agreement between LBCCS and HoldCo. Service costs are passed through to LBCCS with no mark-up, which is evidenced by a detailed vendor-by-vendor breakdown. Eni UK employees involved in WPI Services submit monthly timesheets which are approved by department managers. These timesheets inform the costs allocated to WPI Services, with the invoices to LBCCS including a detailed summary of these allocations. LBCCS Technical and Finance teams review each invoice to ensure the charges are appropriate before final approval is given by the LBCCS Managing Director.

4.2 Use of Secondees

Some of the LBCCS staff are currently seconded from Associate organisations under Secondment Agreements.

Under these Agreements, Secondees work for and in the interest of LBCCS, but remain employees of the relevant Eni Associate, and will return to their usual duties at the end of the secondment. While performing tasks for LBCCS, they have access to information which could include Confidential Information, as well as LBCCS's premises, systems, equipment and facilities.

LBCCS ensures a signed legally enforceable undertaking has been obtained from the Secondee, committing the Secondee to protecting Confidential Information, using it solely for T&S Business purposes, operating under LBCCS's direction, and returning all relevant materials at the end of the secondment.

LBCCS also ensures that the Associate providing the Secondee signs a separate legally enforceable undertaking requiring them to use and disclose Confidential Information strictly in line with the Secondment Agreement and to avoid any actions that could result in unfair advantage to any LBCCS Associate or any User or future User of the T&S Network.

Other personnel performing corporate functions are not seconded but instead are provided to LBCCS by its Associates by way of Services Agreements. These include requirements that any Associates providing services may only access Confidential Information, premises, systems, and equipment necessary to fulfil their obligations under the Services Agreement. These are further enforced by undertakings obtained from the providing parties.

4.3 Systems and data storage

LBCCS is in the process of increasing its digital autonomy through the progressive separation of its ICT systems from Eni's infrastructure.

While all personnel currently operate within the Eni net domain and benefit from enterprise-grade cybersecurity and Microsoft services under Eni's global contract, LBCCS has implemented a dedicated Microsoft Teams instance to safeguard confidential information.

Building on this foundation, it is establishing a standalone cloud environment, deploying an independent domain, and rolling out isolated servers and segregated data environments. These developments will reinforce the integrity and independence of LBCCS's systems while maintaining continuity and security throughout the transition.

Complementing these technical measures, standalone branding has also been introduced, including a dedicated LBCCS website and email signatures

4.4 Facilities and infrastructure

With respect to premises and physical infrastructure, LBCCS operates from a building in London that is shared with other Eni subsidiaries within the UK, but it maintains clear and enforceable separation. The LBCCS team occupies a dedicated floor that is accessible

exclusively to LBCCS personnel, secondees from Eni, and Eni staff delivering services under formal Service Agreements. The same types of clear and enforceable separation implemented in the London building is being implemented in the network-adjacent Northop site.

These access arrangements are governed by contractual provisions that restrict entry to only those individuals whose presence is necessary for fulfilling obligations under the agreements. Exceptions are limited to essential roles such as security personnel, facilities management staff and designated first aiders.