

liverpool bay ccs limited

RFPR Commentary
2025/26

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REGISTERED OFFICE
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1.) Executive summary	3
2.) Key financial performance indicators	4
3.) Key operational performance indicators	4
4.) Overview of regulatory performance	
a) Return on regulated equity (RoRE)	5
b) Reconciliation to revenue and profit	6
c) Capex reconciliation	7
d) Opex reconciliation	7
e) Incentives and other revenue	7
f) Financing and net debt position	8
g) RAV	8
h) Taxation and tax reconciliation	9
i) Financial resilience & corporate governance	9
j) Pensions and other activities	12
5.) Data assurance statement	12

1.) Executive summary

Liverpool Bay CCS Limited (“LBCCS” or the “Company”) is the developer, owner and operator of the Liverpool Bay Carbon Dioxide (CO₂) Transportation & Storage (T&S) system which is being developed to serve the HyNet Northwest full-chain Carbon Capture and Storage (“CCS”) industrial decarbonisation project. The company’s T&S system will offer the opportunity for CO₂ emissions from regional industrial entities selected by the UK Government (the Users) to be captured, transported and permanently stored in three depleted Liverpool Bay fields previously used for hydrocarbon production (the “HyNet Project” or the “Project”).

The company’s principal activities include the construction of an onshore pipeline system, including a main trunkline, several spur lines for connection to users and the re-purposing of an existing gas pipeline, the construction of a compression plant at Point of Ayr (the site of an existing gas terminal) and offshore infrastructure to enable the injection into the CO₂ stores of Hamilton, Hamilton North and Lennox. Part of the offshore infrastructure previously utilised for gas and oil production is being transferred to the company and re-purposed to serve the needs of the HyNet Project, but new facilities specifically designed for CO₂ injection will also be installed.

In April 2025, the company was awarded the Licence from the Secretary of State, and achieved financial close, giving authorisation to proceed to the execution phase of the HyNet Project. The company has completed its first year as an Ofgem-licensed Transport & Storage (T&S) operator with strong progress across governance, construction, delivery, regulatory compliance and stakeholder engagement. The 2025–26 financial year marked a critical transition from pre-award preparation into the execution phase defined by the Approved Project Development Plan (“APDP”), the regulator-approved framework governing the development, construction, commissioning and operation of the transport and storage network. Throughout the year, the company advanced its work programme safely and in line with schedule, while maintaining compliance with its Licence obligations and regulatory commitments. Since the Licence award, the company achieved material progress in its execution of construction activities covering both onshore and offshore scopes including detailed engineering, procurement and construction activities across each of the work package contracts. Key interim milestones were all successfully met with no significant HSE incidents reported. The company is on track to achieve the target commercial operations date of January 2029.

As of 31st March 2026, the Company has a total asset under construction balance of £633.6 million which is represented by SRAV Capex of £356.9 million, pre-licence devex and capex of £253.6 million, capitalised interest of £15.6 million, ongoing devex of £5.0 million, pass through costs of £1.6 million, and use it or lose it allowance for early development activities (UIOLIA EDA) of £0.9 million. Post FID, the costs are financed through a mixture of senior debt facilities and equity contribution from the shareholder. The SRAV capex included detailed engineering, procurement and construction activities across each of the work package contracts.

To support the capital-intensive phase of the Project, the company secured funding through a combination of senior debt facilities and shareholder equity contributions. During the year, the company generated £411.0 million through debt drawdowns and £99.0 million from shareholder equity contributions, which were partially offset by payment of £103.0 million to Shareholders to align the initial debt and equity split of 60:40 in accordance with the Licence requirements. The company remained compliant with the Licence and financing covenants and maintained a strong liquidity position throughout the year. The company has adequate financing agreements and equity shareholders’ commitments to meet its liquidity requirements to finance construction activities and short-term working capital.

As part of its financing and risk management strategy, the company entered into derivative financial instruments during the year, comprising interest rate swaps and foreign currency forward contracts. These instruments were acquired to manage the company’s exposure to market risks arising from its significant capital investment programme. The interest rate swaps were designated to hedge the variability of future cash flows arising from floating-rate borrowings linked to SONIA, while foreign currency forward contracts were entered into to hedge highly probable EUR and USD-denominated construction period capex. At 31 March 2026, the derivative portfolio had a fair value gain of £13.26 million (net of tax).

The company executed Connection and Network Code Accession Agreements with two Users, namely Protos ERF CCS Ltd and Castle Cement Ltd. The company also played a central role in supporting the Government’s Track 1 Expansion, undertaking a comprehensive work program of technical, operational, consenting and system-integrity assessments required to incorporate new priority users.

The company strengthened its regulatory and governance foundations following the Licence award in April 2025. It complied with its obligations as required under the Licence and remained aligned with Ofgem’s expectations for a licensed T&S operator.

In December 2025, GIP Galassia Bidco Limited (“GIP”), a wholly owned subsidiary of BlackRock Inc., completed its acquisition of 49.99% of Eni CCUS Holding Limited, the company’s parent company and a wholly owned subsidiary of Eni S.p.A. As a result, the company is now ultimately owned jointly by Eni S.p.A. and BlackRock Inc. For most of the year, the company’s board of directors (“Board”) comprised directors representing Eni S.p.A. and two independent non-executive directors, which was later expanded to include directors representing GIP. The Board operated effectively and held meetings throughout the year, supporting

a robust governance framework and compliance with independence, ring-fencing and information-handling requirements.

2.) Key Financial Performance Indicators

Category	Key Performance Indicators (KPI)	Performance	Comments
Financial	SRAV additions	2025-26: £306.0 million in 2021/22 prices (£376.3 million in nominal prices). Increase in capital expenditure during the year corresponds to the Project's transition into the execution phase following the award of the Licence	Definition: Represents investment in the T&S network as part of infrastructure construction. The figure represents total SRAV additions during the year. Includes SRAV capex, ongoing devex, pass through costs, UIOLIA-EDA (Use it or lose it allowance – early development activities, and debt fee allowance)
Financial	IRS Hedge Ratio	██████████ Remained within the required threshold, as defined under the financing agreements.	Definition: Represents the notional value of interest rate swaps over actual drawdowns.
Financial	Regulated Asset Ratio ("RAR")	██████████ Remained within the required range as defined under the regulatory framework	Definition: Represents net indebtedness (debt drawn less cash in hand) divided by Regulated Asset Value ("RAV").

3.) Key Operational Performance Indicators

Most operational performance indicators will be assessed post COD and not relevant during the Construction Period however following performance indicators were monitored for the construction phase:

Category	Key Performance Indicators (KPI)	Performance	Comments
HSE	Lost time incident frequency rate	During the year, approximately 700,000 work hours were performed in relation to construction activities. There were no fatalities, lost time injuries or recordable injuries reported.	Definition: Represents total number of reportable incidents in the year divided by the number of hours worked in that year (by employees and contractors).
People	Staffing of the company in line with the manpower plan developed to cover the entire execution phase up to the Commercial Operations date (COD).	All key roles are filled, and the company has successfully hired all resources required for the execution phase	Definition: measured by number of vacancies filled against the manpower plan/planning

4.) Overview of Regulatory Performance

(a) Return on Regulated Equity (RoRE): Return on Regulated Equity (RoRE) measures the financial performance of the Licensee relative to the returns allowed under the regulatory framework. It incorporates the allowed return on equity together with adjustments reflecting performance against applicable regulatory incentives, financing costs and taxation.

For the regulatory year ended 31 March 2026, the RFPR reports RoRE on two bases (refer to Table 1 below):

- **Notional gearing:** Applying the regulatory gearing assumption of 60%, consistent with the financing structure established at Licence award.
- **Actual gearing:** Applying the average actual gearing achieved during the reporting year, calculated at [REDACTED]

For the first regulatory year, operational incentives and penalties are not applicable as LBCCS remains in the construction phase. Consequently, the reported RoRE operational performance reflects the allowed equity return, with additional adjustments arising from debt financing and taxation.

Allowed equity return and operational performance: The pre-COD allowed cost of equity was established at [REDACTED] at Licence award. For 2025/26, the effective allowed equity return is approximately [REDACTED], reflecting the partial regulatory year commencing on 22 April 2025. On a notional gearing basis, the allowed equity return amounts to [REDACTED] million in 2021/22 prices. This represents an RoRE of [REDACTED], calculated against an average notional equity share of SRAV of [REDACTED]. Under actual gearing, the same [REDACTED] equity return is measured against a higher average equity share of SRAV of [REDACTED], resulting in a lower reported RoRE of [REDACTED].

The difference arises principally from the timing of debt financing during the first regulatory year. At the beginning of the regulatory reporting period, the Project was funded predominantly by shareholder equity, with initial debt drawdowns commencing in May 2025. As a result, the average actual gearing for the year was [REDACTED], compared with the 60% regulatory notional gearing assumption.

Although average gearing was below the notional assumption, the actual regulatory asset ratio at 31 March 2026 had increased to approximately [REDACTED], reflecting the progressive drawdown of debt following financial close.

Importantly, the lower RoRE percentage under actual gearing does not represent a reduction in the monetary allowed equity return or operational underperformance against the regulatory incentive framework. Rather, it reflects the application of the same equity return to a larger average equity capital base.

As the Company's financing structure is expected to remain broadly aligned with the regulatory notional gearing assumption, the difference between notional and actual gearing is expected to reduce in future regulatory reporting periods.

Debt financing performance: In addition to the allowed return on equity, RoRE incorporates the Licensee's performance against the regulatory cost of debt allowance. Debt performance is assessed by comparing the real cost of debt allowance with the Licensee's calculated real financing costs, with adjustments applied to reflect the regulatory price base and, where applicable, notional gearing.

For 2025/26, the RFPR calculates nominal net financing costs of approximately [REDACTED]. An inflation adjustment of approximately [REDACTED] is deducted to determine the real financing cost, which is then restated to 2021/22 prices. The resulting real financing cost under actual gearing is approximately [REDACTED], compared with a regulatory cost of debt allowance of approximately [REDACTED]. This produces positive debt performance of approximately [REDACTED], equivalent to an RoRE contribution of [REDACTED] under actual gearing.

For the notional gearing assessment, the calculated real financing costs are adjusted to reflect the higher notional debt funding proportion of 60%. Following this adjustment, real financing costs are approximately [REDACTED], resulting in positive debt performance of approximately [REDACTED], equivalent to an RoRE contribution of [REDACTED].

The higher debt performance contribution under actual gearing primarily reflects the lower calculated financing costs associated with the first-year average debt balance, rather than a directly comparable improvement in underlying debt pricing.

The calculation of debt performance is particularly sensitive to the financing profile during the first regulatory year and to the treatment of inflation. The RFPR applies an inflation adjustment to average net debt balances, reflecting the reduction in the real economic value of debt arising from inflation.

As the inflation adjustment is not fully aligned to the partial regulatory year, the reported positive debt performance is influenced by the first-year calculation methodology. Consequently, the debt performance figures should not necessarily be interpreted as representing recurring financing efficiency or sustainable future RoRE outperformance.

RFPR commentary

Tax performance: The RFPR reports a positive tax performance contribution of approximately [REDACTED] under notional gearing and zero under actual gearing.

The notional tax contribution arises from the tax calculation within the RFPR workbook, including the tax effect associated with financing performance.

However, LBCCS remains in the construction phase and has no operational-period tax allowance for the 2025/26 regulatory year. Accordingly, the reported notional tax performance should be understood as a model-derived adjustment rather than an independently realised tax benefit.

The treatment and presentation of this adjustment should be considered alongside the applicable RFPR reporting methodology.

Overall RoRE performance: Including financing and tax adjustments, the reported RoRE for 2025/26 is:

- [REDACTED] based on notional gearing, comprising [REDACTED] allowed equity return, [REDACTED] positive debt performance and [REDACTED] tax performance.
- [REDACTED] based on actual gearing, comprising [REDACTED] allowed equity return and [REDACTED] positive debt performance.

The difference between the two measures is primarily attributable to the unusually low average actual gearing during the initial regulatory year and the resulting differences in the equity capital base and financing performance calculations.

The reported RoRE should also be distinguished from shareholder cash returns during the construction period. The regulatory framework provides for the accumulation of the pre-COD return through the SRAV mechanism, with the resulting regulated asset value forming the basis for future revenue recovery following the commencement of commercial operations.

Conclusion: The 2025/26 RoRE results primarily reflect the first-year implementation of the regulatory financing framework, rather than the Company's underlying operational performance, given that construction-period operational incentives are not yet applicable.

The lower actual-gearing RoRE reflects the timing of initial debt drawdowns and the consequential increase in the average equity capital base. The positive debt performance arises from the comparison between allowed and calculated real financing costs, although its magnitude is influenced by first-year gearing and inflation adjustments.

Accordingly, the reported figures should be interpreted in the context of the partial regulatory year and the Company's transition from shareholder funding to the long-term debt and equity financing structure established at financial close.

Table 1: Return on regulated equity (RoRE) for the regulatory year ending March 2026.

Regulatory year 22nd April 2025 to 31st March 2026	RoRE based on Notional gearing	RoRE based on Actual gearing
Allowed equity return	[REDACTED]	[REDACTED]
Availability incentives	0.0%	0.0%
SRAV capex & opex incentive	0.0%	0.0%
Ongoing Capex incentive	0.0%	0.0%
CM opex costs incentive	0.0%	0.0%
CM capex costs incentive	0.0%	0.0%
RP Non-CM capex costs incentive	0.0%	0.0%
RP Non-CM opex costs incentive	0.0%	0.0%
RP - Related Incentives	0.0%	0.0%
Penalties and fines (other Activities)	0.0%	0.0%
RoRE Operational performance	[REDACTED]	[REDACTED]
Debt performance	[REDACTED]	[REDACTED]
Tax performance	[REDACTED]	[REDACTED]
RoRE - Including Financing & Tax	[REDACTED]	[REDACTED]

b) Reconciliation to revenue and profit

Revenue: A comparison of regulatory revenue against revenue reported in the statutory accounts:

As the regulatory year 2025/26 is in the first year of construction there is no regulated revenue or revenue reported in the statutory accounts. Revenue is expected to be reported from Commercial Operations Date (COD) in Jan 2029.

Net Profit: A comparison of regulatory net profit against net profit reported in the statutory accounts:

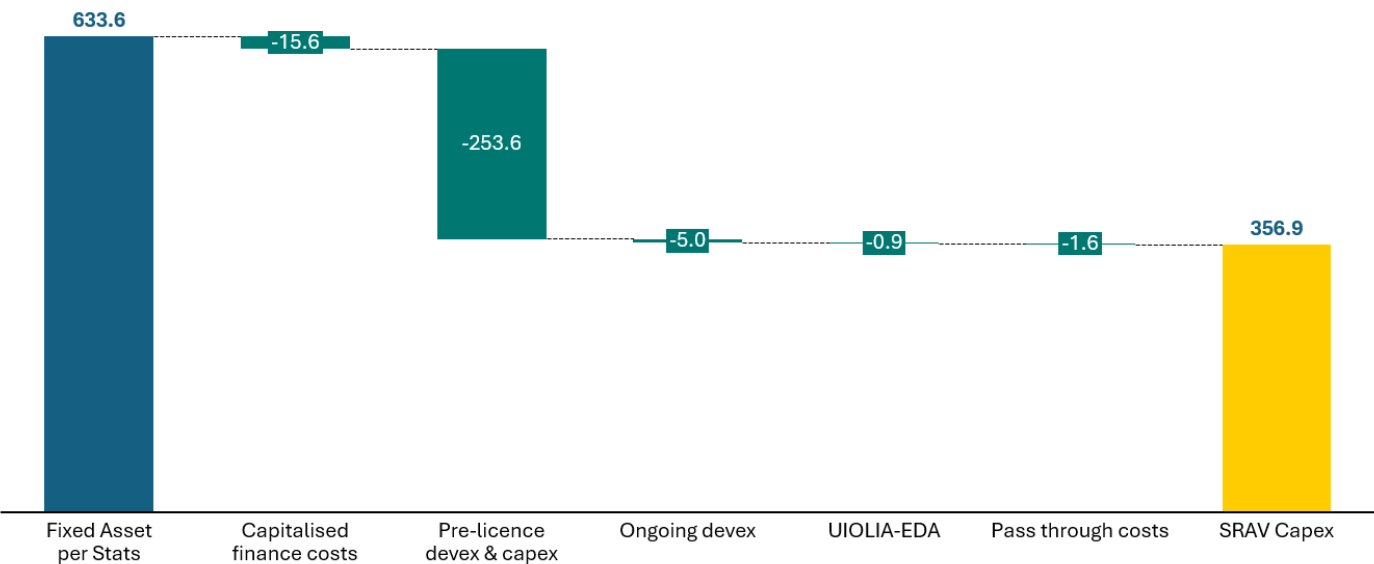
Differences between regulatory and statutory profit are mainly attributable to the differing treatments of certain items under the regulatory and statutory frameworks. Total comprehensive loss as per statutory accounts is £0.9 million whereas the net profit as per the regulated business is £13.7 million. The delta of £14.6 million is mainly attributable to fees paid to the parent company in respect of its equity commitment which are not directly recovered through the SRAV and hence are excluded from the net profit of the regulated business.

c) Capex- reconciliation: A reconciliation of SRAV capex per the PCFM to Property, Plant and Equipment (“PPE”) per the statutory accounts.

SRAV Capex for the regulatory year 2025/26 is £290.2 million in 2021/22 prices (£356.9 million in nominal values). PPE per the statutory accounts on 31st March 2026 are £633.6 million (nominal values).

The waterfall chart (chart 1) below shows the reconciling items between PPE and SRAV capex in nominal values.

Chart 1 – Reconciliation between PPE (as per statutory accounts) and SRAV capex



Capitalised finance costs £15.6 million: Borrowing costs directly attributable to the acquisition, construction and development of the CCS asset under construction were capitalised in the statutory accounts in accordance with IAS 23 Borrowing Costs. Capitalised borrowing costs are therefore included within the carrying value of property, plant and equipment and will be recognised in profit or loss over the useful economic life of CCS assets through depreciation. The capitalised finance costs are not recognised within the SRAV capex building block as finance costs are recovered via the regulatory return and through the debt fee allowance SRAV building block.

Pre-licence costs £253.6 million: SRAV capex includes only post-licence award capex from 22nd April 2025 to 31st March 2026. Pre-licence devex and capex are included within the Day 1 SRAV allowance, and are therefore not included as part of SRAV capex. The pre-licence costs are included as part of PPE in the Statutory Accounts of 31st March 2026. Following the award of the Licence and the approval of the Final Investment Decision in April 2025, all directly related costs incurred were capitalised as ‘Asset under construction’ under IAS 16. All costs incurred and capitalised as Intangible Assets were also transferred to ‘Asset under construction’ as these are costs incurred to construct an item of PPE.

Ongoing Devex £5.0 million: Ongoing devex for regulatory year 2025/26 includes post-licence devex for phase 2B (Padeswood spurline) and phase 2C (Viridor spurline). Ongoing devex is not included within SRAV capex as ongoing devex has a separate cost allowance and forms part of a separate SRAV building block. Following the award of the Licence and the approval of the Final Investment Decision in April 2025, all directly related costs incurred were capitalised as ‘Asset under construction’ under IAS 16, including ongoing devex, that forms part of PPE.

Use it or lose it allowance (UIOLIA) – early development activities (EDA) £0.9 million: UIOLIA- EDA 2025/26 costs are for early development activity related to potential new users as part of a track one expansion or for a qualifying change in law. The UIOLIA-EDA costs are not included within SRAV capex as there is a separate cost allowance that forms part of a separate SRAV building block. Following the award of the Licence and the approval of the Final Investment Decision in April 2025, all directly related costs incurred were capitalised as 'Asset under construction' under IAS 16, including UIOLIA -EDA costs that forms part of PPE.

Pass through costs £1.6 million: Pass through costs are not part of the SRAV capex allowance and therefore are not included as part of SRAV capex. Pass through costs are however capitalised as part of PPE in the statutory accounts.

d) Opex- reconciliation: A reconciliation of regulatory opex per the PCFM to opex per the statutory accounts.

Not applicable for the regulatory year 2025/26 as the project is in the construction phase. No opex has been reported in the PCFM or the statutory accounts.

e) Incentives and other revenue: Expenditure incentives and availability incentive:

The incentives listed in worksheet R4 of the RFPR are not applicable for the regulatory year 2025/26 as the project is in its first year of the construction phase. Any underspend resulting from the SRAV capex and opex incentive will be determined at the end of the construction period and commissioning period.

f) Financing and net debt position: Information provided in RFPR worksheets R5 and R6.

Regulatory Net Debt: In April 2025, LB CCS successfully raised a long-term project finance debt package of £2.5 billion, consisting of four debt facility agreements (long-term debt facility, medium-term debt facility, stand-by capex facility and stand-by revolving credit facility). The long-term and medium-term debt facility availability of £1.875 billion is sized to fund 60% of the Regulated Asset Value (RAV) at COD. During regulatory year 2025/26, £411.0 million of debt was utilised from the medium-term and long-term debt facilities. At the end of the regulatory year LB CCS had a closing cash balance of £16.6 million, resulting in regulatory net debt of £394.4 million (External loans less the closing cash balance). The RAR (regulatory asset ratio) was [REDACTED] at the end of the first regulatory year.

Net Debt per the statutory accounts: Includes external loans of £411.0 million less £5.9 million of amortised transaction costs. A total of £405.1 million.

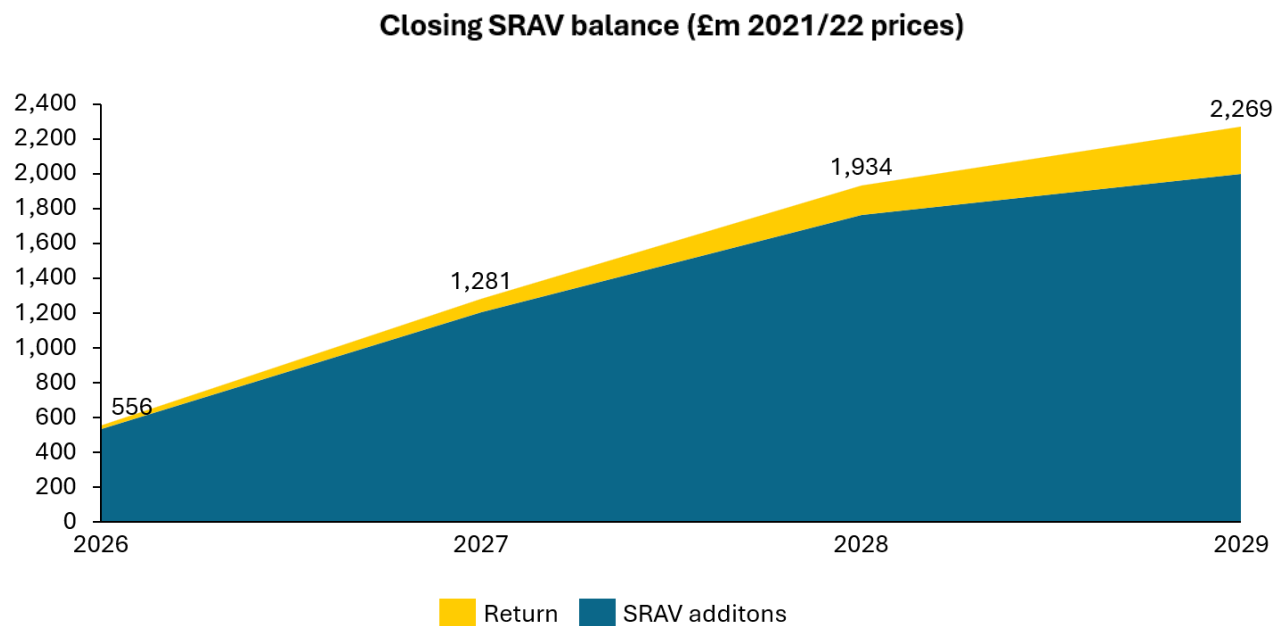
Financing:

Regulatory actual net interest as calculated in the RFPR is £14.1 million made up of interest expense of £14.8 million, partly offset by interest income of £0.7 million. Interest expense is calculated in the RFPR by applying a 12-month SONIA forward curve to the actual debt drawdown profile for regulatory year 2025/26 and is therefore different to actual interest expense that is calculated on a daily SONIA rate; interest income is total interest earned in the year on cash balances.

Actual net interest per the statutory accounts is £14.2 million. LBCCS has interest rate swap hedges to protect against interest rate exposure on projected debt drawdown profiles. The interest rate swaps were designated to hedge the variability of future cash flows arising from floating-rate borrowings linked to SONIA. As per the statutory accounts actual net interest is £14.2 million, consisting of £14.2 million interest expense, with interest expense calculated on the daily SONIA rate, £0.4 million of interest rate swap payments, partly offset by £0.4 million of interest income attributable to debt drawdowns.

g) RAV: The closing SRAV balance at the end of the first regulatory year is £555.6 million (2021/22 prices). The SRAV balance accumulates from allowable construction and commissioning expenditure necessary to build the assets ready for commercial operations. An annual return is calculated based on the weighted average cost of capital (WACC), agreed with DESNZ for the pre-COD period. Upon COD, the closing SRAV balance will be transferred to the RAV (Regulated asset value) and forms part of the annual revenue calculation through annual depreciation of the RAV and through an annual return on capital. Based on the latest forecast the closing SRAV to be transferred to RAV at COD is £2,268.5 million (2021/22 prices).

Chart 2 – SRAV build up



h) Taxation and tax reconciliation

Not applicable for the regulatory year 2025/26. The tax reconciliation requires a comparison of the Licensee’s actual corporation tax liability reported in the CT600 against the calculated tax allowance in the PCFM. The CT600 submission relating to the regulatory year ending March 2026 is not due for submission until March 2027 and is therefore not applicable.

i) Financial resilience:

The reporting of Financial Resilience of LBCCS is not materially different from the ones reported at the time of the Licence award. Financial covenants including default or event of default ratios, restrictions on distributions, remedy for breaches (equity cures) are as follows:

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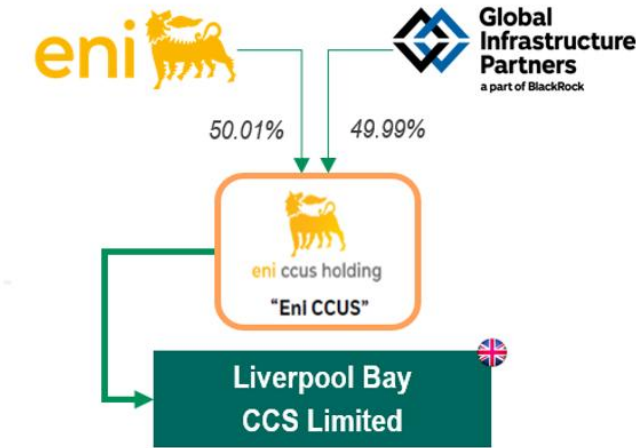
During the year, LBCCS remained well within the above thresholds, and no breaches were identified or required reporting.

liverpool bay ccs limited

RFPR commentary

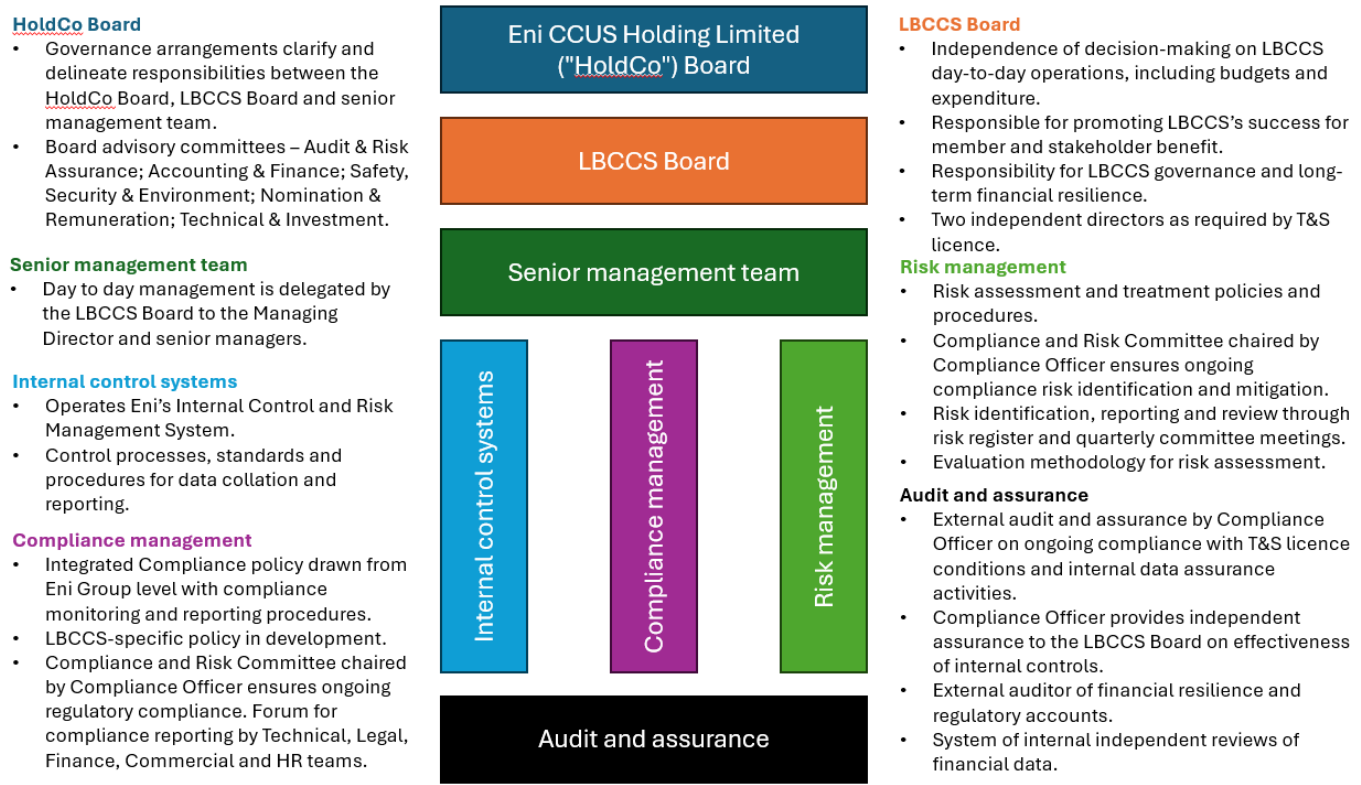
Corporate governance:

Corporate Ownership structure: The company is incorporated in England and Wales as a private company limited by shares. The company’s registered number is 13194018, and its registered office is at Eni House, 10 Ebury Bridge Road, London, SW1W 8PZ. The company’s immediate parent undertaking is Eni CCUS Holding Limited (“HoldCo”), a company incorporated in England and Wales having registered number 14821773. The company’s ultimate controlling parties are Eni S.p.A., a company incorporated in Italy with its registered office at Direzione Generale, Piazzale Enrico Mattei 1, 00144 Rome, Italy, and BlackRock Inc., a company incorporated in Delaware, United States of America, with its registered office at 50 Hudson Yards, New York, NY 10001, United States of America.



Organisational control and governance:

LBCCS has a corporate governance framework that ensures effective risk management and internal control systems across the organisation. This links with governance arrangements within LBCCS’s holding company, Eni CCUS Holding Limited. The diagram below sets out the framework.



Governance arrangements

There are governance arrangements in place which define responsibilities between the HoldCo Board, LBCCS Board and the LBCCS Managing Director as the most senior member of the LBCCS senior management team. The governance arrangements set clear thresholds on actions and decisions that require approval up to the HoldCo Board, LBCCS Board and the LBCCS Managing Director.

HoldCo Board

The HoldCo Board has dedicated advisory committees aimed at upholding strong corporate governance standards. These include committees on: Audit and Risk Assurance; Accounting and Finance; Safety, Security and Environment; Nomination and Remuneration; and Technical and Investment.

To provide recommendations to the HoldCo Board, HoldCo operational staff may organise dedicated Committee meetings on specific subjects involving shareholders from time to time as it deems necessary.

LBCCS Board

The LBCCS Board operates with autonomy, ensuring strategic, financial and operational decisions are made within the T&S Business without influence from associated entities. The LBCCS Board therefore has comprehensive decision-making authority on LBCCS's day-to-day operations, including decisions on budgets and expenditure. Its Board of Directors has 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, including long-term financial success and resilience.

LBCCS has two sufficiently independent directors on its Board, in accordance with Standard Condition B8 of its Transport and Storage licence.

Directors and directors' interests:

The present directors of the company are as follows:

- S Rovelli (Eni S.p.A.) – Shareholder appointed executive director
- M Giusto (Eni S.p.A.) – Shareholder appointed non-executive director
- P Trimmer (GIP) – Shareholder appointed non-executive director
- S Giammetti (Eni S.p.A.) – Shareholder appointed non-executive director
- A Castello-Branco Gois (GIP) – Shareholder appointed non-executive director
- D Massey (independent director) – Sufficiently Independent Director
- T Meggs (independent director) – Sufficiently Independent Director

The present directors of the company have held office throughout the period and up to the date of signing the financial statements, with the following exceptions:

- A Castello-Branco Gois was appointed on 18 December 2025
- S Giammetti was appointed on 18 December 2025
- D Massey was appointed on 1 May 2025
- T Meggs was appointed on 1 May 2025
- P. Trimmer was appointed on 18 December 2025
- M Currie resigned on 18 December 2025

No changes in the directors' interests have occurred between the end of the period under review and the date of approval of this report. No annual general meeting was held for the period.

Executive Remuneration Policy:

Except for one executive director, all directors of the Company are either non-executive directors appointed by the shareholders or independent directors. The remuneration of executive directors is determined by their respective employing entities in accordance with their respective remuneration policies. As regards variable pay, the company does not determine the performance measures, targets, or calculation of any variable remuneration applicable to those directors and has no direct involvement in these decisions.

For the Independent and Non-Executive Directors, remuneration is by fixed fee/day-rate only and no variable remuneration is offered in respect of the role.

The Company did not operate a remuneration committee during the relevant financial year. A Nomination and Remuneration

Committee made of representatives from the two ultimate shareholders, has been established at Eni CCUS Holding Limited, being the Licensee's parent company, with oversight of nomination and remuneration matters across the UK CCS subsidiaries. This approach is intended to support consistent governance, oversight and decision-making across the UK CCS companies.

Dividend Policy

Shortly after Financial Close, a distribution of £103.0 million was made to the Company's sole shareholder, Eni CCUS Holding Limited. Prior to Financial Close, pre-licence costs had been funded entirely through shareholder equity. The purpose of the distribution was to align the Company's capital structure with that agreed with lenders and DESNZ, such that approximately 60% of the Company's funding is provided through debt financing. The distribution was approved by the Board of Directors of LBCCS on 24 April 2025, having considered the Company's ability to meet its foreseeable liabilities as they fall due.

A formal dividend policy is currently under review. As no dividend payments are anticipated prior to COD, the policy is expected to be approved in advance of any future shareholder distributions.

Pensions and other activities

During the reporting period the Licensee did not participate in any defined benefit pension schemes. The company operates a contributory pension scheme in line with the standard market practice in the UK.

5.) Data assurance statement

Data assurance over the information reported in this RFPR template and commentary has been conducted in accordance with Standard Condition B20 (Data Assurance) of the Licence, and Ofgem's published Data Assurance Guidance (DAG) specific to carbon capture, transport and storage.

The assurance process applied a two-stage review, followed by Director sign-off, designed to provide reasonable assurance that the data reported is accurate, complete and prepared on a basis consistent with the Licence and guidance issued by the Ofgem:

First level review: performed by the immediate manager of the preparer;

Second level review: performed by the relevant functional owners, with final oversight and document review by the Head of Finance and Head of Projects Development.

Director sign-off: final review and approval

Based on this review, the Company considers the RFPR template and commentary to be a fair and accurate representation of its financial and operational performance for the regulatory year ended 31 March 2026.