
clean energy starts with
sustainability
Ceres Sustainability Report 2024

About this report

This is Ceres' third Sustainability Report reflecting our journey in progressing our environmental, social and governance initiatives and standards.

Ceres is committed to embedding environment, social and governance ("ESG") as an integral part of the way we operate. ESG frameworks continue to evolve and we are working hard to ensure we both meet our reporting requirements and anticipate changes. We strive to maintain clear and transparent communication around our strategy and continually improve, commensurate with the size of our business and our team.

For more information, see Overview, page **16**.

All data cover the calendar year January to December 2023, unless otherwise specified.

For questions about the report, please contact our investor relations team at investors@cerespower.com.

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Foreword

Building a better, greener future

> The rapid shift to renewables and low-carbon energy is underway, but global collaboration and accelerated action are crucial to meet net zero goals and ensure resilience against climate disruptions.”

The shift away from fossil fuels to renewables and low-carbon energy is happening fast. The last ever delivery of coal to Ratcliffe-on-Soar power station took place on 28 June 2024 and the power station itself will close on 30 September, ending almost 150 years of coal-fired generation in the UK. The International Energy Agency (“IEA”) reports that global investment in clean energy in 2024 is set to reach almost double the level in fossil fuels. China is responsible for almost one third of that global clean energy investment[1]. But progress is still not happening fast enough – China also accounts for nearly all of the global coal-fired capacity investment and Chinese coal production reached a record high in 2023[2]. Climate change is a global problem that is going to require global collaboration to fix.

Ceres supports the energy transition by developing innovative clean energy technology. But the last 12 months have proved challenging for climate action as geopolitical and economic upheaval have dominated the agenda. Even the most progressive regions of the world have become comfortable with fossil fuels as a stopgap, even though the damage from these emissions will be with us for the very long term. The last year of record global temperatures, consistently more than 1.5°C above pre-industrial levels – the Paris Agreement ambition for the end of the century – reminds us that we also have to plan for resilience and adaptation, as well as the need for investment today to ensure that critical infrastructure is ready at best five, and more likely seven to 15 years from now.

We urgently need a comprehensive energy strategy to achieve net zero, bolster resilience against future climate and energy supply disruptions and address the demands of emerging energy intensive technologies such as AI. This will provide the private sector with a clear and confident case to invest.

Last year we saw the pledge from the UK government made at COP26 to become the world’s first net zero financial centre come to fruition in the form of the recommendations of the Transition Plan Taskforce (“TPT”). Adopting them is Ceres’ next step in making our climate plans even more robust, as companies around the world grapple with cleaning up their businesses. Ceres’ purpose is fully aligned with the ambitions for the global energy transition and we have updated our report this year to reflect the recommendations of the TPT framework.

I am hoping that adaptation gets a much bigger profile at this year’s COP. The loss and damage agenda is increasingly pressing and while the Global North is not suffering the worst effects of climate change, the Global South needs support for adaptation now. We share a common global goal to provide clean, green electricity to our communities and the Global South may just have the advantage of accelerating past coal towards cleaner forms of energy.

Adaptation action can look hard to invest in, but as we increasingly encourage reporting on physical risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), I believe more investment will flow to adaptation. It is crucial that governments set a vision and targets for adaptation that are backed by policies and standards to draw in investment.

Ceres has published our second set of TCFD disclosures in this I believe more investment will flow to adaptation. It is crucial that governments set a vision and targets for adaptation that are backed by policies and standards to draw in investment. Ceres has published our second set of TCFD disclosures in this report, and while we are a relatively small business with a UK footprint, it has been an important process to establish long-term thinking. Last year the UK experienced frightening storms, loss of power, heatwaves, over 3,000 heat-related deaths, problems with transport, drought and wildfires. Even in the UK we are starting to feel many of the real challenges of climate change, and mitigation and adaptation should be central to all our thinking, as individuals, industry or government.

To help seed that thinking, at Ceres we are challenging school-aged children to “Reimagine” a clean energy future through our annual science animation competition. Yet again it has been amazing to see the creativity, understanding and passion of this generation for a net zero future. I strongly recommend that you take a moment to watch the winning submissions on the steel industry, entomophagy, and piezoelectricity – as we all need a bit more inspiration and encouragement to challenge the status quo and move quickly to build a better, greener future for everyone before it is too late.

Professor Dame Julia King, Baroness Brown of Cambridge DBE FREng FRS FMedSci
Senior Independent Director and Chair of the ESG Committee

1. IEA. Coal 2023: Analysis and forecast to 2026. December 2023.
2. Global Energy. China’s investments in coal mining reach new high. 21 June 2024.

Foundations

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Who we are

Clean energy for a clean world

Purpose

Our ultimate purpose is to help sustain a clean, green planet by ensuring there is clean energy everywhere in the world.

Positioning

Ceres is a leading developer of clean energy technology: electrolysis for the production of green hydrogen and fuel cells for power generation. Ceres' solid oxide platform technology supports greater electrification of our energy systems and produces green hydrogen at high efficiencies as a route to decarbonise emissions-intensive industries. We pioneer advanced technologies and embed them in our partners' companies to meet their strategic imperative to transform to clean energy.

Living our values

We commit wholeheartedly

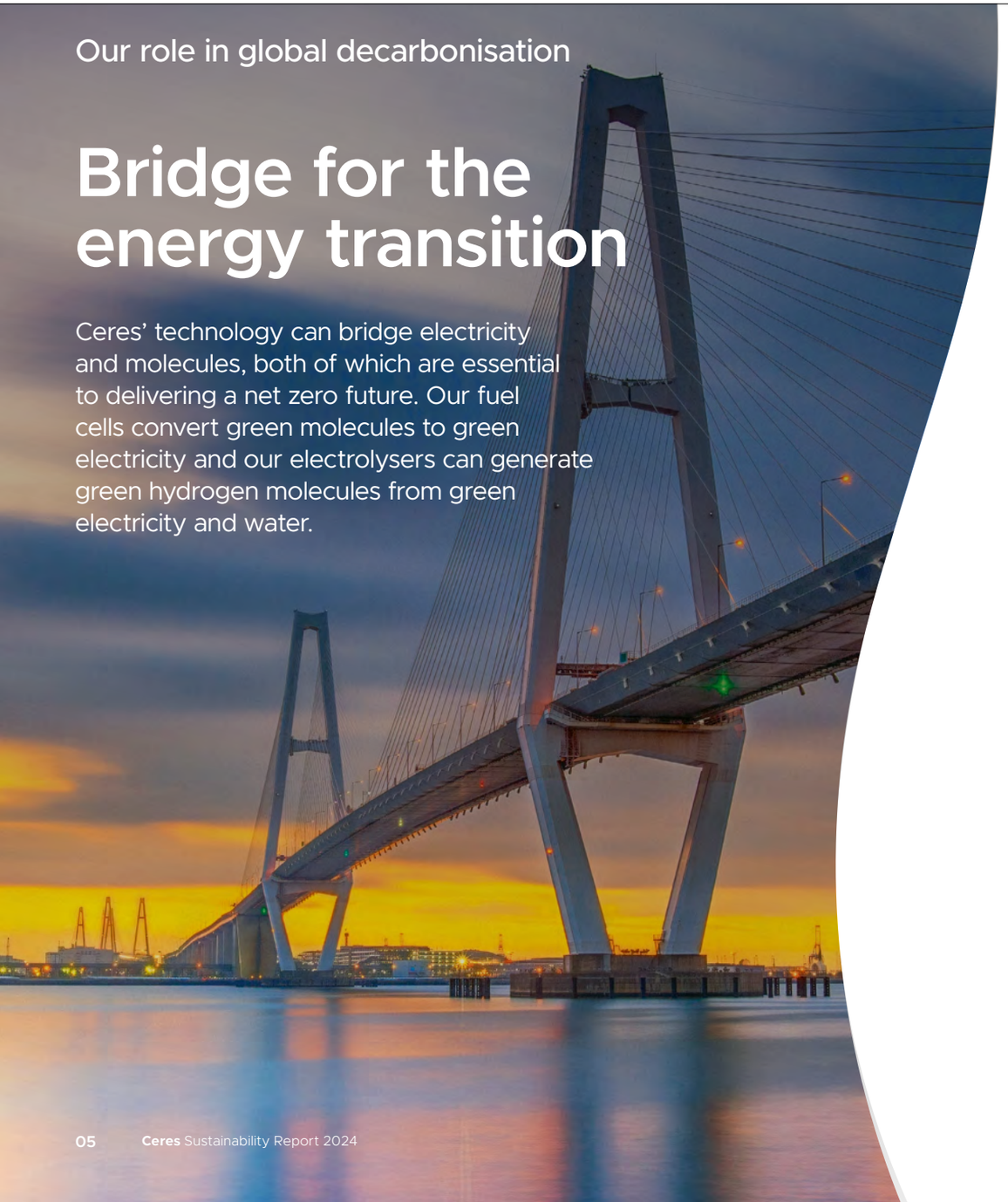
We care deeply about our purpose, our people, our partners and our planet. 'It's on us' to keep our promises and we support each other to make sure we do. We're robust, we recover from setbacks and stand firm on our beliefs. We're comfortable with feeling uncomfortable at times because we believe we're creating the opportunity for a better world and that's what keeps us going.

We are creative collaborators

We believe in partnership. We work with each other and with our partners and suppliers to solve problems faster, develop smart ideas and ensure superior results. We adapt, respond quickly and are prepared to move at pace and scale.

We pioneer with precision

We are purpose-driven innovators. We define problems as accurately as possible to create practical solutions. We like big challenges so we can develop groundbreaking ideas that work. We take measured risks in areas where risk is well rewarded.



Our role in global decarbonisation

Bridge for the energy transition

Ceres' technology can bridge electricity and molecules, both of which are essential to delivering a net zero future. Our fuel cells convert green molecules to green electricity and our electrolysers can generate green hydrogen molecules from green electricity and water.

Globally there is growing agreement around the need to deliver a net zero future, but surprisingly little consensus on the route to achieve that goal. One probable end point is that in 2050 we will still be using lower carbon fossil fuels, such as natural gas, but that most of the energy transition will have been delivered by electrification and some carbon capture.

Today, four out of five of Ceres' commercial leads are interested in green hydrogen for industrial uses or those parts of the energy system that cannot be decarbonised through electrification alone. If you take the example of the UK, the chemical industry accounts for around 2.9% of gross value added[1] ("GVA") and up to 19% of industrial carbon emissions[2]. It is a big problem that we need to tackle, without disadvantaging the UK economy.

Solid oxide technology suits industrial applications because of its efficiency. When you directly couple it with an external source of heat, it delivers up to 30% efficiency gain versus other electrolyser technologies. During 2023 we announced significant results from the testing of our 120kW modules, providing confidence that our technology can deliver green hydrogen at around 36kWh/kg, requiring fewer electrolysers, smaller upstream renewables capacity and lower electricity costs over the lifetime of a hydrogen project. To generate similar volumes of hydrogen with a lower temperature technology would require additional energy equivalent to the capacity of two of the UK's largest wind farms.

From steel and ammonia production to chemicals and energy dense fuels, in many economies around the world we need solutions to decarbonise critical industries on which we all rely.

Ceres' solid oxide technology is inherently reversible. Running in one direction as an electrolyser, our technology can split water to generate hydrogen highly efficiently; run in reverse as a fuel cell, it can use fuel to generate electricity highly efficiently, supporting the move towards greater electrification. In the future where hydrogen or ammonia could be a common fuel, our technology has the ability to generate electricity with zero emissions.

Building a factory that produces fuel cell systems to generate green electrons where and when you need them, and knowing that factory can also build electrolysers to produce green molecules for industrial use cases, makes a really sensible investment choice. Added to that, solid oxide fuel cells, with a relatively small amount of investment in the technology, can directly capture carbon. Running on methane and selectively adding oxygen creates a nearly pure stream of carbon dioxide inside the system, which can be captured at the point of generation, removing the need for gas separation equipment in the power station.

In a world of greater electrification, electrochemistry delivers an increasingly important bridge between electrons and molecules to provide an efficient, reliable and economic energy system of the future.

1. CIA. **Accelerating Britain's net zero economy.** 2020.
2. Griffin et al. **Industrial energy use and carbon emissions reduction in the chemicals sector: a UK perspective.** 1 October 2018.
3. BNEF. New Energy Outlook 2024. May 2024.

Electrolyser advantage

49% Steel, ammonia and sustainable aviation fuel represent **49%** of future use cases of hydrogen[3].

30% High temperature, industrial use cases gain a 30% efficiency advantage from SOEC technology.

Fuel cell advantage

Reaching multi-gigawatts of global capacity by 2030 has the potential to displace up to

1.6 million tonnes

of CO_2 per gigawatt each year compared to the average emissions using conventional technology in the G20 countries, driven by more efficient, cleaner combustion.

UN Sustainable Development Goals

Ceres supports the United Nations ("UN") Sustainable Development Goals ("SDGs") to "end poverty, protect the planet and ensure prosperity for all".

As a clean energy company, Ceres can contribute to the UN SDGs with our technology and our operations. We believe that our goal to enable significant carbon reduction versus alternative power and hydrogen production methods drives our contribution to five of the seventeen goals in support of creating a better and fairer world by the UN's target date of 2030. As a signatory of the UN Global Compact, we promise to pursue our goals in alignment with its ten universal principles, which encompass poverty, inequality, climate, environmental degradation, prosperity, peace and justice.

Goal 7
Affordable and clean energy

Ceres' activities

Ceres aims to play a central role in the global energy transition to affordable clean power through licensing our technologies. Our solid oxide fuel cell ("SOFC") technology can support the transition away from coal to lower-emitting natural gas infrastructure. Running on natural gas, SOFC achieves electrical efficiency of 60% and provides useful temperatures for heating and hot water, delivering a total efficiency of >85%. SOFC emits no SOx, NOx, or particulates and delivers power at a 30% carbon emission reduction compared to the combustion engine.

In electrolyser mode it provides a highly efficient, low-cost and sustainable route to produce green hydrogen when powered with renewable electricity. Ceres technology provides a highly efficient, low-cost and sustainable technology. The high efficiency not only reduces energy consumption, but also reduces all the supporting infrastructure, upfront costs and operational costs long term.

For more on our role in global decarbonisation, see page **5** in this report.

Goal 9
Industry, innovation and infrastructure

Ceres' activities

Ceres continues to advance its unique platform technology for both SOFC and solid oxide electrolysis cells ("SOEC") to increase efficiency and maturity. With a team of more than 400 scientists, technicians and engineers, Ceres has a deep expertise in developing groundbreaking solid oxide technologies that can be integrated into industries that are difficult to decarbonise through electrification alone, such as steel making, ammonia and distributed power.

Ceres' business model allows the scaled production of our highly efficient technologies across the world, building global infrastructure and supply chains to support decarbonisation targets. Our SOEC technology can deliver green hydrogen at 36kWh/kg, around 30% more efficiently than incumbent lower-temperature technologies. We are working with industry partners to ensure the development of our technology is compatible with hard-to-abate industrial processes to maximise the impact on global decarbonisation targets.

For more on our industrial designs, see our Hydrogen technology update with AtkinsRéalis.

Goal 11
Sustainable cities and communities

Ceres' activities

Our technology can provide secure, clean, affordable technology for cities' transportation, commercial and data centre requirements. Our partner Bosch has prototypes of Ceres' technology providing low-emission power to hospitals and a data centre in Germany.

Bosch's expected annual production capacity of 200MW per year is enough to supply around 400,000 people with household electricity.

See more on Ceres' collaboration with Bosch here.

Goal 12
Responsible consumption and production

Ceres' activities

Ceres is committed to responsible consumption and production through our operations and technology development. This year we achieved zero waste to landfill. As well, our technology has sustainability embedded into its design by using common materials and limited precious metals. Our life cycle analyses show improved resource utilisation as we continue to develop end-of-life solutions, thereby reducing both Ceres' and our partners' impact.

For more on Ceres' sustainable design, see page **19** in this report.

Goal 13
Climate action

Ceres' activities

Ceres promotes climate action through the mitigation of its operational greenhouse gas emissions ("GHG") and deployment of its high-efficiency technology to high-emitting industries. Ceres is developing a net zero strategy to minimise the impact of our operations while partnering with original equipment manufacturers for the rapid deployment of our technology to reduce energy consumption across applications, such as the distributed power and steel industries.

For more on Ceres' role in global decarbonisation, see page **5** in this report.

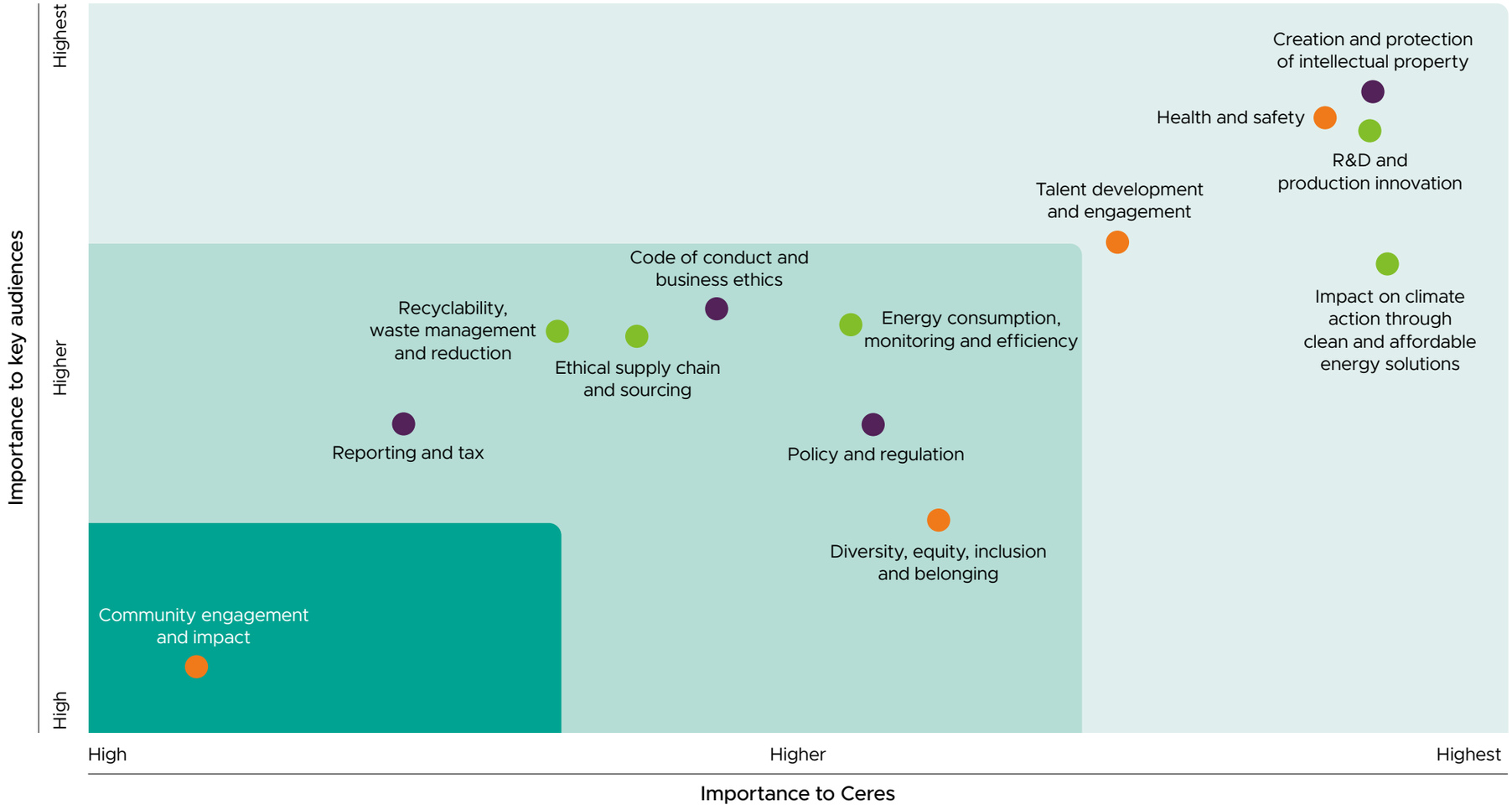
Materiality matrix

Materiality aligned to strategy

Ceres is right at the heart of the energy transition, expediting the delivery of green energy technology to global partners to support their transition to a cleaner and more sustainable future. As the effects of climate change materialise, the markets striving to decarbonise are rapidly evolving, particularly given the challenges facing the hard-to-abate sectors, for which Ceres' technology is best suited. The business, social and natural environment in which Ceres operates is constantly shifting. Therefore, aligning operations and strategies with stakeholder expectations, including partners and communities, is crucial. We prioritise activities most material to our business and stakeholders as we develop clean energy for a sustainable world.

Every two years we conduct a materiality assessment; the results from the 2023 assessment are available here. We identified the 13 most material topics from an aggregate of internal and external stakeholders, including a mix of employees, existing and potential investors, partners and our supply chain, on an unattributed basis. In a changing environment, it was reassuring to see the degree of agreement between the expectations of different stakeholders.

We will conduct another materiality assessment in 2025 to ensure continued alignment of our strategy with external expectations such that we focus on the key topics to deliver the best value in our business activities. This will allow Ceres to respond to a changing environment and adjust and integrate concerns into our strategy as appropriate.



Implementation strategy

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Strategy

Global decarbonisation starts here

As a technology company at the forefront of the energy transition, Ceres' company strategy and sustainability strategy align towards a unified goal: multi-gigawatts of manufacturing capacity under licence with global partners to enable significant carbon reduction compared to alternative power and hydrogen production methods. Ceres' technology has an opportunity to have a global impact, but we must continue to align our operations and technology design with our sustainability values. The climate transition represents a strong business opportunity for Ceres; however, it is essential to thoroughly evaluate climate risks to ensure resilience to a changing environment.

Energy transition opportunities

The largest contributor to GHG emissions is energy use: electricity and heat production, transportation, manufacturing; and industrial processes account for around 78% of global anthropogenic GHG emissions[1]. Decarbonising these vast sectors is one of the world's greatest challenges yet represents a huge opportunity for Ceres. Reaching a gigawatt of global fuel cell capacity has the potential to displace up to 1.6 million tonnes of CO_2 per gigawatt each year compared to the average carbon intensity of electricity generation using conventional technology in a G20 country. The total hydrogen market is estimated to be $1.4 trillion by 2050[2]. The steel, ammonia and sustainable aviation industries combined emits approximately 12% of global CO_2 emissions annually[3]. Hydrogen is likely to play a key role in decarbonising each of these sectors, with major benefits from the application of Ceres' technology given its 30% higher efficiency compared to other electrolyser technologies.

For Ceres' opportunities arising from the energy transition, see page **16** of our 2023 Annual Report.

Climate-related risks

Climate-related risks are inherently global, affecting businesses across their value chains and operations. Given the challenging global backdrop, Ceres' strategy is designed to be resilient amidst uncertainty whilst fostering a more sustainable future. We integrate this strategy within our operations and product designs, aiming to support industry decarbonisation with sustainability-centric technology.

Climate change can disrupt global markets, leading to the scarcity of critical skills, resources and materials, each of which could increase Ceres' operational costs and detrimentally affect our partners' supply chains and disrupt production. The level of risk varies with factors such as the temperature increase and the time horizon. To manage and mitigate such climate-related risks, we have conducted a scenario analysis, ensuring we are prepared to effectively address the challenges.

For our scenario analysis, see page **10**.

Operational alignment

As Ceres continues to grow, we are dedicated to implementing sustainability initiatives across our operations and technology development to maximise our positive impact on creating a cleaner world. These efforts are detailed in our sustainability roadmap, which includes our achievements over the past year, current projects and future plans. Key business functions – including procurement, supply chain, manufacturing, health and safety, and facilities – are deeply involved in evaluating and minimising our environmental footprint.

In 2023, Ceres began developing a science-based carbon reduction pathway aligned with Science Based Target Initiative ("SBTi") guidance, aiming to achieve net zero emissions by 2050. This initiative underscores our commitment to reducing the environmental impact of our operations.

For our sustainability roadmap, see page **12** and transition plan, see page **13**.

1. Centre for Climate and Energy Solutions. Global emissions. 2017.
2. Deloitte. Green hydrogen: Energizing the path to net zero. June 2023.
3. BNEF. New energy outlook 2024. May 2024.

Scenario analysis

Building resilience for the future

Ceres has assessed the climate-related risks and opportunities impacting our operations. Scenario analysis helps us understand and quantify potential risks and uncertainties under different plausible climate futures. As per TCFD guidelines, our risks and opportunities are categorised into transition or physical risks and assessed across three scenarios: Net Zero 2050, Delayed Transition and Current Policies, covering the short (to 2030), medium (to 2040) and long (to 2050) term. These three scenarios, defined by the Network for Greening the Financial System ("NGFS"), provide credible data to support environmental and climate risk management across industries.

Each scenario incorporates assumptions regarding policy reactions, technology adoption and physical climate that will impact forecasts, such as investment in hydrogen projects or the frequency and intensity of heatwaves. These assumptions provide the data from which the impact on Ceres can be determined. The three temperature scenarios included in our analysis are as follows:

1. Net Zero 2050: Limits global warming to 1.5°C through stringent climate policies and innovation, achieving global net zero CO_2 emissions around 2050.
2. Delayed Transition: Assumes annual emissions do not decrease until 2030, with strong policies required to limit warming to below 2°C, peaking at a 1.8°C increase by the end of the century.
3. Current Policies: Maintains only currently implemented policies, resulting in high physical risks and a final estimated temperature increase of 2.9°C by the end of the century.

High-impact short-term risks are escalated to the Audit & Risk Committee for review. Risks are assessed as either a new principal risk, falling within a current principal risk or requiring ongoing monitoring. Actions are taken as needed in accordance with our corporate governance procedures. Ceres is currently assessing the most appropriate methodology to quantify the financial impact of climate-related risks. We intend to publish this within two years.

Ceres embeds its technology with global partners, who design and manufacture products and systems at scale for various applications. Operating from our UK base, Ceres focuses on innovation and R&D, transferring technology under licence. This positioning presents both risks and opportunities, especially as a clean energy company. Our current disclosure reflects our business model and small asset footprint while considering the direct impact on Ceres through our manufacturing partners. As we mature our reporting, we will provide more detailed disclosures of climate-related risks and opportunities. Scaling technology has an environmental cost, but any increase in our footprint will be significantly outweighed by the positive impact our technology will have on global decarbonisation efforts.

Process to date

Re-evaluate the likelihood and relevance of the identified climate-related risks and opportunities that may impact Ceres, in alignment with TCFD guidance.

Using NGFS benchmarking climate scenarios and data, assess the potential likelihood and impact of each risk and opportunity under three possible warming scenarios, with insight from the Operational ESG Committee providing perspective from across operations.

Validate the potential impact with the Board ESG Committee and update as needed. Flag with the Audit & Risk Committee any risks or opportunities that are high impact in the short term. Risks will be assessed for integration into the principal risks.

Next steps

Quantify the financial impact of these risks and opportunities on Ceres.

Scenario analysis continued

Risk			Impact on Ceres' business	Scenario	Short (to 2030)	Medium (to 2040)	Long (to 2050)	Ceres' actions and opportunities
Transition	Policy and legal risk	Increasing regulation, legislation and carbon pricing on GHG emissions.	Greater costs associated with emissions reduction and monitoring.	1	🟡	🟢	🟢	Ceres pursues carbon abatement through a SBTi guided carbon reduction pathway, including the cost of carbon in forward financial planning. We set a clear strategy to reduce the carbon footprint of our business, assessing and engaging with our supply chain to reduce the carbon intensity of our Scope 3 emissions. Ceres continues to evaluate the global climate regulation and emissions policy landscape.
				2	🟢	🟢	🟢	
				3	🟢	🟢	🟡	
	Policy and legal opportunity	Policy incentives and capital allocation for scaling of clean energy technologies.	Increased funding from public sector and investors to accelerate scaling up of fuel cell and hydrogen technologies.	1	High	High	High	Governments around the world continue to mobilise funds to support the energy transition, such as Japan's commitment to mobilise ¥15 trillion in the next 15 years or the Inflation Reduction Act allocating $369 billion for energy and climate programs in the US. Ceres can indirectly benefit from our partners accessing government funding, such as Bosch receiving €160 million of European support for its SOFC manufacturing. Ceres will continue to evaluate funding opportunities and explore partnership to progress our SOEC programme.
				2	Mod	High	High	
				3	Low	Mod	Mod	
	Market risk	Global economic, political and physical disruption increases the cost and availability of resources.	Higher operating costs due to increased price and reduced availability of critical skills, resources and materials.	1	🟡	🟡	🟢	Ceres will engage with our supply chain on climate-related and sustainability risks. We will build a robust procurement strategy to ensure multiple sources of key materials and monitor changes in global sustainability regulations influencing resource availability and cost. Ceres will integrate the implication of climate change into the development of assets and partners while building our skills pipeline for a green energy future.
				2	🟢	🟡	🟡	
				3	🟢	🟡	🔴	
	Reputation risk	Evolving stakeholder perceptions and expectations around climate footprint and business performance.	Lack of transparency and adherence could limit commercial opportunities and threaten access to capital.	1	🟡	🟢	🟢	Ceres will continue to exhibit strong governance and transparent disclosure of ESG performance. Ceres will integrate circular economy principles into design of technology. We will maintain a strong and sustainable shareholder base through our Investor Relations programme.
				2	🟢	🟢	🟢	
				3	🟢	🟡	🟡	
	Technology risk	Uncertainty in market signals due to reliance on incumbent technologies and perceived cost to transition to lower-emission alternatives.	Slower than expected uptake of new technologies due to deprioritisation of decarbonisation, resulting in reduced production and royalties. or limited opportunity for growth due to increased risk aversion supporting competitive electrolyser technologies (e.g. alkaline).	1	🟡	🟢	🟢	Ceres will stay at the leading edge of innovation, with a focus on cost, life and durability, building a flexible technology that meets emissions standards for multiple applications and geographies. Ceres will engage with government to understand expectations and directives surrounding net zero commitments and funding while horizon scanning for future technologies beyond solid oxide.
				2	🔴	🟡	🟢	
				3	🔴	🔴	🟡	
	Technology opportunity	Technology revolution to support the energy transition, requiring huge amounts of renewable energy and green hydrogen.	Prosecute our licensing model to deliver clean energy technology that bridges molecules and electrons.	1	High	High	High	Green hydrogen is predicted to require a minimum of 3,769GW capacity to meet green hydrogen consumption in 2050[1], valued to be a $1.4 trillion market[2]. The sectors most likely to adopt this technology are steel, ammonia and sustainable aviation fuel[1], all of which are highly compatible with Ceres' technology. Ceres works across the value chain to stimulate interest and adoption of our technologies to take advantage of this market opportunity.
				2	Mod	High	High	
				3	Mod	Mod	Mod	
Physical	Acute risk	Increasing frequency of severe climate events.	Impacts on production plants or their suppliers, thus resulting in lost royalties. Increased cost of insurance for physical assets.	1	🟢	🟡	🟡	Ceres will continue to rely on its strong business continuity planning. We will minimise risk through diversification of licence partners and diversification of applications and geographies.
				2	🟢	🟡	🟡	
				3	🟢	🟡	🔴	
	Chronic risk	Increasing temperatures affecting working conditions.	Increased costs of operations to maintain favourable conditions for production. Capital costs associated with retrofitting assets to provide sufficient temperature control.	1	🟢	🟡	🟡	Ceres will integrate the implication of climate change into the development of environmental resilience planning of asset and manufacturing sites in collaboration with partners. Ceres will support the development of strong and localised supply chains for our operations and our partners' operations.
				2	🟢	🟡	🟡	
				3	🟢	🟡	🔴	

Legend for the climate-related risks table:

- 🟢 Low financial risk
- 🟡 Moderate financial risk
- 🔴 High financial risk

Financial impact: Ceres is currently assessing the most appropriate methodology to quantify the financial impact of climate-related risks. We intend to publish this within two years.

Scenario 1: Net Zero 2050 is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation.

Scenario 2: Delayed Transition scenario assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming below 2°C.

Scenario 3: Current Policies assumes that only currently implemented policies are preserved, leading to high physical risks from a temperature increase of 2.9°C.

1. BNEF. New Energy Outlook 2024. May 2024.
2. Deloitte. Green hydrogen: Energizing the path to net zero. June 2023.

Sustainability roadmap

Ceres' ESG pillars

- Science-based climate action
- Processes that support nature
- A green transition that works for people
- Governance enabling the right decisions

Tackling climate change is what drives us; we are committed to enabling a net zero world through our technology, and our aim is to ensure our sustainability strategy keeps pace with this ambition.

Progress achieved

- Completed four-month validation process to develop net zero scenario.
- First iteration of Task Force on Climate-related Financial Disclosures analysis and disclosure.

- Achieved ISO 14001 accreditation for Environmental Management Systems.
- Assessed and reduced waste to landfill.

- Exceeded 30% target for female recruitment.
- ESG KPIs integrated into Executive remuneration package.

- Refreshed our materiality matrix.
- Second publication against the Sustainability Accounting Standards Board ("SASB").

Current actions <1 year

- Integration of Transition Plan Taskforce framework into reporting.
- Identification of relevant clauses from The Chancery Lane Project for integration into our business contracts.

- Annual Gallup 12 employee survey completed in July 2024.
- Improved retention of employees to 88% from 84%.
- Reduced the gender pay gap amongst Ceres employees.

- Achieved Energy Savings Opportunity Scheme ("ESOS") compliance for energy management.
- Maintain zero waste to landfill.

- Create Science Based Targets initiative's guided net zero strategy, setting near-term absolute emission targets and Scope 3 intensity targets.
- Mature reporting against TCFD towards full compliance.

Future actions 1–3 years

- Embed circular economy principles in product design, recycling and reuse targets.
- Understand product impact in service with cradle-to-grave and Scope 4 emissions analysis.

- Seek ISO 50001 accreditation for Energy Management Systems.
- Achieve CDP rating on environmental impact reporting.
- Evaluate water impacts from our electrolyser technologies at scale.

- Develop a diverse and motivated workforce with a culture of collaboration, focused on our mission to deliver "clean energy for a clean world".
- Enhance our team's skills for a green transition through growth and training.

- Embed sustainability consideration across our operations, in alignment with our net zero strategy.

Goal

Multi-gigawatts of manufacturing capacity under licence with global partners.

Enabling significant carbon reduction versus alternative power and hydrogen production methods.

Transition plan

Global impact from local innovation

Global deployment

At Ceres we enable the decarbonisation of multiple markets by developing highly differentiated technology that scales through global partnerships. Our own technology can help accelerate the transition to a clean future, both as a means of converting fuels such as hydrogen, ammonia and other sustainable fuels into clean power and as a means of producing green hydrogen through electrolysis. Our unique licensing business model allows for rapid deployment of our technology through the scaled manufacturing from multiple global partners concurrently. Our technology can address climate change and air quality challenges for industry, data centres, transportation and everyday living. Our ambition is to enable the world to transition to cleaner, more sustainable forms of energy and in doing so make big savings in carbon emissions as our partners scale up from the mid-2020s.

Local responsibility

Global impact does not absolve us of responsibility for our own emissions and impact; therefore, Ceres is working towards building and executing on a transition plan to become a net zero company. The impact of our operations is small when compared to the impact our technology can have, but important because we are committed to being consistent with our values. As a growth company, Ceres continues to invest in our manufacturing and testing capacity, which will lead to increases in our emissions in the short term. Nevertheless, we plan to reduce our carbon intensity – or emissions per £100,000 of turnover. This will be through operational improvements, sustainable design innovations in our technology and supply chain engagement.

We are also developing an ambitious net zero strategy, guided by the SBTi for a 1.5°C scenario future. The SBTi approach outlines the methodology to develop our emissions intensity targets which will mitigate the inevitable emissions increase due to organisational growth in the next few years, whilst allowing the growth that will lead to global cumulative benefits over time.

Emissions data and reduction management

Ceres calculates our Scope 1, 2 and Scope 3 data using the spend-based method in alignment with the Greenhouse Gas Protocol Accounting and Reporting Standards and Scope 3 guidance documents and in accordance with ISO 14064-1. Since 2021, Ceres has eliminated our Scope 2 emissions by securing a 100% renewable energy supply, certified by TotalEnergies.

To manage our Scope 1 and 3 emissions, Ceres has integrated the emissions management system Sweep with our procurement system. Sweep provides centralised carbon data storage that can track our emissions in near real time while supporting our progress towards net zero. Designed to comply with the TCFD and SBTi frameworks, Sweep helps to identify hotspots and monitor progress against our goals. This is a significant improvement in Ceres' data management, providing a baseline for consistency in future emissions analysis.

In 2023, Ceres completed a rigorous analysis of our emissions, assessing in detail our Scope 1, 2 and Scope 3 emissions, forecasting our future emissions in a business-as-usual scenario and a net zero scenario. In consultation with Ricardo Energy and Environment, we produced a comprehensive assessment of the investment and actions required to implement a net zero strategy aligned with SBTi standards. This has provided greater depth of understanding of the emissions of Ceres' operations and our supply chain, the latter representing 97% of our total emissions. As a pre-profit company, we continue to develop a net zero implementation strategy that balances affordability with impact. In keeping with this commitment, Ceres has formally committed to SBTi to publish our net zero strategy within the next two years.

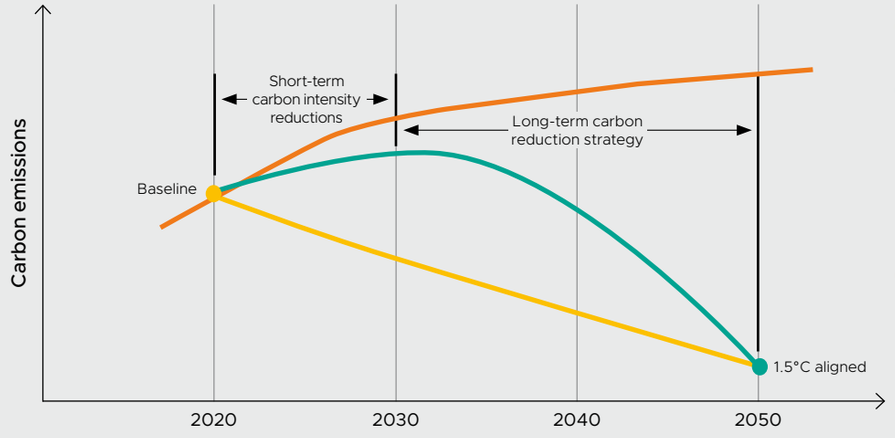
Total emissions

- **Scope 1:** 3%
- **Scope 2:** 0%
- **Scope 3:** 97%

Scope 3 emissions

- **Purchased goods and services:** 61%
- **Purchased capital goods:** 15%
- **Downstream leased assets:** 1%
- **Fuel- and energy-related activities:** 4%
- **Remaining 11 categories:** 19%

A breakdown of our total GHG emissions for 2023, where the largest contributor by far is Scope 3 or emissions from our value chain. Using the GHG Protocol categories, purchased goods and services, including capital goods, make up the majority of our Scope 3 emissions at 76%.



For illustrative purposes only.

Engagement strategy

Influencing our global supply chain

Given that 97% of Ceres' emissions are from our Scope 3 emissions, engagement with our supply chain is imperative to becoming a net zero company.

Ceres' supply chain

Ceres is a signatory of the UN Global Compact and aligns with its ten principles, which include a "precautionary approach to environmental challenges, initiatives to promote environmental responsibility, and the development and diffusion of eco-friendly technologies".

In 2022, Ceres made significant strides in enhancing supply chain sustainability by establishing its first Procurement Policy and internal Sustainable Procurement and Supply Chain Assurance Policies, aligned with **ISO 20400**. This standard guides supplier selection with the evaluation of supplier environmental performance, covering resource efficiency, sustainable sourcing, and emissions and waste management.

Our commitment to effective supply chain management is reinforced by our ISO 14001 certification in Environmental Management Systems, which helps us manage environmental risks associated with our supply chain by identifying and mitigating potential impacts from suppliers. This standard guides supplier selection with the evaluation of supplier environmental performance, covering resource efficiency, sustainable sourcing, and emissions and waste management.

Through our policies and procedures, Ceres sets clear expectations and standards for our suppliers. Prior to onboarding a new supplier, we conduct due diligence that includes a review of their sustainability procedures. We also conduct an annual sustainability review to assess the impact of the goods, services and works we purchase.

As needed, suppliers are flagged for further monitoring, engagement or replacement. These initiatives are part of our ongoing efforts to drive continual improvement in supply chain sustainability. Ceres provides education on supply chain governance across the organisation and offers additional training to the supply chain team on priority topics.

Partners' supply chain

One of the value propositions for partners licensing Ceres' technology is the support to scale manufacturing quickly. We work closely with our manufacturing partners to develop localised supply chains that can support mass production. By applying our supply chain management improvements and learnings across our network, we enhance positive sustainable production on a larger scale.

To further reduce supply chain emissions, Ceres focuses on operational improvements. We are advancing material science to optimise the efficiency of our electrolyser and fuel cell designs, which reduces material usage and lowers Scope 3 emissions. These innovations are significantly amplified when scaled up through our partners' production capacities, driving substantial reductions in overall emissions.

For more on our technology's sustainable design, see page **19**.

Social responsibility within our supply chain

The UN Global Compact Principles extend beyond the environmental responsibilities of companies, promoting a company's obligation to meet fundamental responsibilities regarding human rights, labour and anti-corruption. At Ceres, we have integrated policies and procedures into our supply chain management and practices, including our Supplier Code of Conduct, to reflect our broader ethical and sustainability commitments.

Metrics and targets

In this section

16 Overview
17 Sustainability KPIs
18 Emissions and energy reporting
19 Sustainable design
20 Recyclability, waste and water

Overview

Tracking our progress

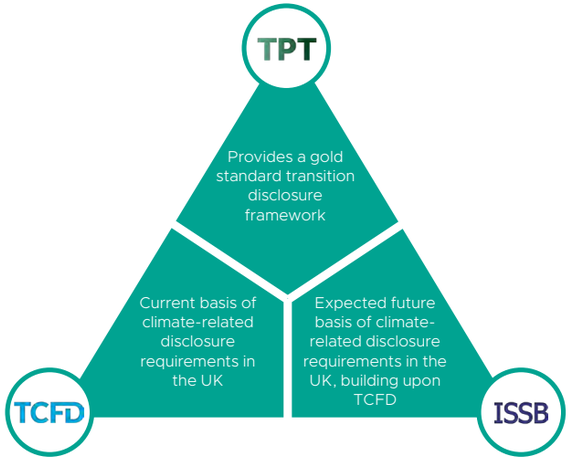
The scope of ESG frameworks continues to evolve as they move towards harmonisation of global standards and as legislation requires companies to integrate ESG into corporate strategy. At COP26 the UK government pledged to become the world's first net zero financial centre, culminating in the recommendations of the Transition Plan Taskforce ("TPT"). The TPT's recommendations "directly build on the existing and emerging guidance on climate-related risk disclosure, as provided by the TCFD and International Sustainability Standards Board ("ISSB")." With strong support from the Financial Conduct Authority, we expect this work to influence the requirements for transition plan disclosure rules for listed companies.

Ceres' purpose is fully aligned with the ambitions for the global energy transition. We have adapted this report to integrate the recommendations of the TPT framework, aiming to enhance the robustness of our climate strategies.

On joining the Main Market of the London Stock Exchange in 2023, Ceres reported against the TCFD for the first time, outlining the climate-related risks and opportunities that face our business. We present our second iteration of reporting here, integrated throughout this report as mapped on page 31. This iteration includes the use of established benchmarking scenarios for scenario analysis, significantly enhancing our path towards full compliance. Ceres has already been reporting against the Fuel Cells and Industrial Batteries Standard set by the Sustainability Accounting Standards Board ("SASB") for three years, which has been absorbed under ISSB.

Ceres seeks to understand the current and future ESG reporting requirements, whilst also identifying and focusing on the ESG factors that are most material to our business. Our sustainability roadmap has challenged us to set targets and develop a plan to achieve them, enabling us to commit to SBTi, seeking accreditation for an SBT-aligned pathway to net zero.

To support all our sustainability work, we have developed an increasingly robust data collection and management system, maturing our emissions analysis to use more detailed characterisation of emissions factors by spend, superseding our previous spend-based estimation. We continue to develop our technology to improve robustness, efficiency and cost without compromising its sustainable design.



Based on the graphic from the Transition Plan Taskforce Disclosure Framework, November 2022.

Sustainability credentials

GREEN ECONOMY
LONDON STOCK EXCHANGE

MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA

Sustainability key performance indicators

	2021	2022	2023
Economic	**12 months to 31 December**	**12 months to 31 December**	**12 months to 31 December**
Revenue (£ million)	29.2[1]	19.8[1]	22.3
Gross profit (£ million)	17.4[1]	10.7[1]	13.6
Gross margin (%)	60%[1]	54%[1]	61%
Environmental			
Carbon emissions (tonnes CO_2e)	29,675	18,723	14,846
Emissions intensity (tonnes CO_2e)/£ REV per £100,000	102[1]	95[1]	67
Energy consumption (MWh)	7,699.7	8,653.7	9,411.0
Water use (m^3)	5,793	5,513	5,330
Percentage of electricity from renewable sources	100%	100%	100%
Social			
RIDDOR rate	0.0	0.0	1.0
Employee share option scheme (participation levels as %)	74%	63%	52%
Women in the workforce (%)	20%	21%	21%
Training and development investment	£329,000 (£673/employee)	£401,000 (£704/employee)	£420,000 (£710/employee)
Employee retention rate	94%	84%	88%

1. Financial metrics in 2021 and 2022 have been restated as reflected in Note 1 of the financial statement of the Annual Report 2023.

Emissions and energy reporting

Continuing to refine our emissions analysis

While Ceres' technology will lead to huge carbon abatement and carbon savings, we seek to understand our own direct and indirect emissions relative to our global positive impact. As a licensing business, we continually innovate and release new versions of our technology, requiring highly talented engineers, technicians, chemists and material scientists. Our R&D centre is in Horsham, UK, along with our commercial, administrative and finance functions. We also operate a 3MW manufacturing facility in Redhill, UK, which provides demonstration and test products and to develop manufacturing automation techniques for our stacks.

Since 2020, Ceres has been reporting against SECR requirements, but going above and beyond to develop a more detailed understanding of our Scope 3 emissions, with the support of Ricardo. We are in the process of onboarding the emissions management system Sweep to bring this analysis in-house, increasing the accessibility and speed of data collection and analysis.

In 2022, Ceres analysed our Scope 3 emissions with more detailed characterisation of emissions factors by spend that superseded the earlier method of spend-based estimation, representing a maturation of our data analysis through more accurate classification of our emissions. However, it is important to note the year-on-year changes in carbon emissions are therefore not directly comparable 2021 to 2022. In 2023, total emissions reduced by 21% compared to 2022, driven by a reduction in spend on energy intensive capital goods and a reduction in emissions from our fuel cell systems under lease globally. The reduction in spend was a result of several large projects being completed and our manufacturing facility not running at full capacity as production capability was upgraded to our next generation of technology. Ceres continues to have zero Scope 2 emissions by securing certified 100% renewable energy supply. We aim to reduce our other emissions through continued innovation of our technology designs, as we develop a strategy to become a net zero company.

SECR, Scope 3 and energy analysis for the 12 months to December 2023

			2021		2022		2023	
	Disclosure	**Description**	**Emissions[1] (tCO_2e)**	**Energy (kWh)**	**Emissions[1] (tCO_2e)**	**Energy (kWh)**	**Emissions[1] (tCO_2e)**	**Energy (kWh)**
SECR mandated	**Scope 1**	**Direct emissions:** Fuel used from transport and consumption of natural gas[2]	398[3]	2,168,437	411	2,243,492	510[4]	2,779,434
	Scope 2	**Indirect emissions:** Electricity purchased and used for operations	Nil[5]	5,481,294	Nil[5]	6,340,242	Nil[5]	6,526,984
	Scope 3	**Other indirect emissions:** Company-funded fuel used in employee-owned vehicles	12	50,014	17	69,931	25	104,616
Additional analysis	**Scope 3**	**Other indirect emissions:** Upstream and downstream emissions that occur in the value chain[6]	29,265		18,295		14,311	
	Total	Total carbon emissions	29,675[7]		18,723[7]		14,846	
	Carbon intensity revenue	Total carbon emissions per £100k revenue	102[8]		95[8]		67	
	Carbon intensity headcount	Total carbon emissions per employee	61		33		25	

1. Market-based emissions: CO_2e calculated from fuel used in company vehicles, electricity purchased, and natural gas consumed for ongoing operations, converted to tCO_2e using government-approved conversion factors.
2. Other gas use and emissions from test stands and international travel excluded.
3. Values updated relative to 2021 Annual Report data as emissions reporting refined. Fuel used in personal vehicles was previously reported as leased vehicles and sat in Scope 1 instead of the correct Scope 3 emissions.
4. Emissions from our CleanTech Test centre in Nuneaton, UK and office in Brighton, UK are not included as both are shared facilities, which limits our ability to quantify our specific footprint, and their estimated contribution to our overall footprint is too small to be material.
5. Starting from October 2020, we secured 100% renewable energy supply until September 2024, certified by TotalEnergies, which assures our energy supply is backed by relevant Renewable Energy Guarantee of Origin ("REGO") certificates.
6. Purchased goods and services account for the largest percentage; see page 13 for the breakdown.
7. The decrease in emissions from 2021 to 2022 was driven by more detailed characterisation of emissions factors.
8. Carbon intensity restated given update to the revenues for 2021 and 2022.

Sustainable design

Sustainable materials by design

Based on research spun out of Imperial College in London in 2001, Ceres' technology is designed to capture the high efficiency of solid oxide technology with an environmental and economic design. Ceres continues to innovate and develop new designs that improve robustness and efficiency while reducing environmental impact and cost. Our mission is to sustain a clean, green planet and our ethos of sustainability is built into our technology by design.

Our groundbreaking technology offers a notable advantage by using widely available materials. Specifically, we use automotive-grade steel, which makes up 95% of the mass in our current generation's stack, with about 40% sourced from recycled steel. Ceria forms the active chemistry of our cells, driving the conversion between molecules and electrons and vice versa. It is the most abundant rare earth metal and a commonly found material across the globe. Precious metals comprise less than 2% by weight of our stacks, which is considerably lower than conventional electrode supported solid oxide technology. Additionally, unique among solid oxide electrolysers, our system operates at a reduced temperature range of 550 – 650°C, allowing us to use standard automotive gaskets rather than fragile glass components. This combination of features not only provides our world class technology but also delivers significant environmental and sustainability benefits.

As our partners scale manufacturing and deployment, our technology will integrate into high-emitting processes to deliver emissions abatement at a level significantly greater than the production emissions. Ceres technology can be manufactured using conventional high-volume manufacturing equipment from the solar PV industry, reducing the cost and complexity of manufacturing. In preparation of mass manufacturing, we continue to innovate to incorporate sustainability into our design while improving robustness, cost and efficiency.

We have completed a cradle-to-gate life cycle assessment of our 10kW stack, comparing its environmental impact to that of the previous generation. This assessment covers the entire process – from raw material extraction and processing to transportation, manufacturing, and packaging – and is measured in kilograms of carbon dioxide equivalents ($kgCO_2e$). The results show that the 10kW stack has nearly halved the emissions impact compared to the 5kW stack.

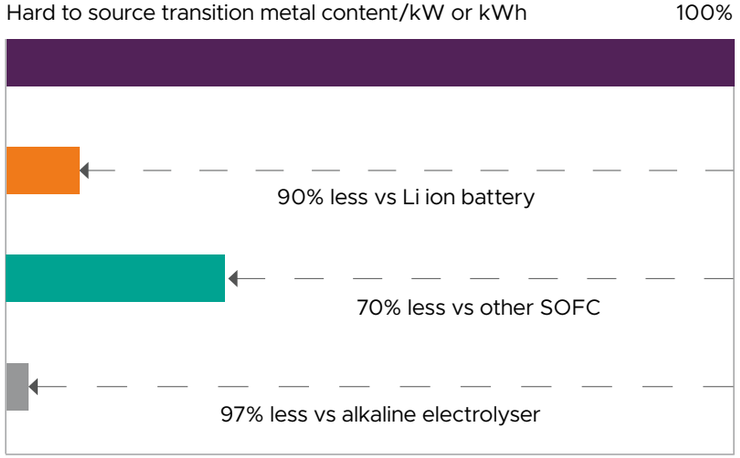
Substage	5kW stack ($kg\ CO_2e$)*	10kW stack ($kg\ CO_2e$)
Raw materials	1,148	1,165
Manufacturing	929	930
Transport	48	57
Total	**2,124**	**2,152**
Total/kW	**425**	**215**

* 5kW stack emissions are restated after methodology improvements.

Our commitment to sustainability starts in the design process, where carbon analysis is part of the technology gate review to assess the impact of design changes. We are planning to adopt an in-house lifecycle analysis tool to enable real time assessments of design innovations. This will help us accelerate development and further reduce the carbon intensity of our technology.

Looking ahead, we recognise the importance of circular economy principles. As next steps we will undertake a full evaluation of the end-of-life recyclability and recover precious metals to facilitate a cradle-to-grave assessment. By integrating sustainability into the design, we can ensure the sustainable mass production of our technology through the transfer of intellectual property under licence to our partners.

Ceres technology enables significant savings in hard to source transition metals, e.g. iridium and nickel, vs other technologies



50% reduction

10kW stack design has a 50% reduction in emissions impact compared to previous generation of stack.

Recyclability, waste and water

Responsible production for scale

Ceres appreciates the value of shifting the global economy towards circular economy principles. We approach sustainability with a keen awareness of both our own operations and those of our partners as they scale production. We aim to reduce our impact and design recyclability and material recovery into our technology. Through continued innovation, we can maximise our technology's positive environmental impact.

Waste, recycling and energy efficiency

In 2023, Ceres successfully achieved zero waste to landfill at both our Horsham and Redhill sites, recycling 85% of waste at Horsham and 72% at Redhill. Through waste segregation and audit processes, we aim to continue to maximise the recovery of residual value from waste streams wherever possible. Ceres has maintained its ISO 14001 certification for Environmental Management Systems since 2021, encompassing comprehensive policies and procedures for resource management, including energy conservation, water management and material efficiency.

As part of our continuous efforts to enhance energy efficiency, Ceres achieved compliance with the Energy Savings Opportunity Scheme ("ESOS") for energy management. Last year we hosted an Energy Savings Challenge, bringing together scientists and engineers from across the business to brainstorm over 40 initiatives to reduce energy consumption in our operations. Eight of these initiatives have been implemented, with the remainder recorded for potential future action.

Ceres is actively engaging with third-party partners to establish a stack and cell recycling programme aimed at reducing cradle-to-grave emissions through the recyclability of materials and the recovery of precious metals, all while ensuring the security of our intellectual property. We are investigating the feasibility of automating stack disassembly processes for the cost-effective recovery of precious metals and the subsequent mitigation of CO_2e emissions. The recyclability and recovery of materials will be important to reduce the impact of our operations and those of our partners' as they scale.

Understanding the water impact of our technology

Despite our modest water consumption of 5,330m^3 last year, we recognise the importance of water conservation in the light of the growing global water strain. Our technology, which generates green hydrogen from green electricity, involves the hydrolysis of water into hydrogen and oxygen. As our partners expand to multi-gigawatt capacities globally by 2030, this will lead to significant water utilisation. Therefore, it is imperative to understand the impact of our technology on water use. To address this, we have included an evaluation of the water impacts of our electrolyser technology at scale in our sustainability roadmap as a future action.

3,769GW

Estimated global electrolyser capacity by 2050[1].

1. BNEF. New energy outlook 2024. May 2024.

People

In this section

22 Health and safety
23 Diversity and inclusion
24 Talent development and engagement
25 Community impact

Health and safety

Maintaining a safe workplace

Safeguarding the health and safety of our employees and everyone interacting with Ceres is central to our commitment to responsible operations.

In 2023, Ceres reported a Total Recordable Incident Rate ("TRIR") of 0.54 per 100 employees, up from 0.18 the previous year. Ceres reported one injury under the Reporting of Injuries, Diseases, and Dangerous Occurrences ("RIDDORs") criteria, an increase from zero last year.

Our health and safety team is integrated into all operations, ensuring best practices across our advanced technology and manufacturing activities. All employees undergo comprehensive health and safety training, including detailed inductions and annual refresher courses. We emphasise a culture of responsibility, transparency and continuous improvement in health and safety. Accidents, incidents, near misses and safety enhancements are electronically recorded through our Health, Safety, and Environment ("HSE") issue reporting system. In 2023, 262 HSE issues were reported. Each issue's root cause was identified, and improvements were implemented to enhance our processes, policies and procedures accordingly.

To maintain safety standards, weekly safety reports are presented to the Executive Management team for review, and both UK sites undergo monthly safety audits. Health and safety are key agenda items in weekly delivery meetings, the All Hands meeting – our Company-wide meetings – and Board of Directors meetings. The Board also receives a monthly HSE Board Safety Report.

Ceres is committed to maintaining effective systems, plans and training to manage the health, safety and welfare of all employees while minimising the environmental impact of our operations. This commitment includes regular consultations with employees, partners, suppliers and contractors to ensure all risks are properly assessed and controlled, as reasonably practicable. Our goal is to minimise risks and continually improve our safety record.

Certification and awards

Ceres' Quality Management System is certified to ISO 9001:2015. Certificate number FS 738105.

Ceres Power Limited has been certified by BSI to ISO 14001:2015 under certificate number EMS 761891.

Creating a culture of inclusion

At Ceres we aim for our workforce to be representative of all sectors of society and for each employee to feel respected and able to give their best. We call it DEBI for diversity, equity, belonging and inclusion, and it encompasses our belief that talent and ingenuity stem from a variety of perspectives and experiences.

Our diverse workforce with almost 600 employees includes a wide range of people from students to brilliant scientists and engineers from over 40 countries. We continually seek to improve the gender balance within Ceres. Over 34% of new recruits for 2023 were women, against a target of 30%. At 31 December 2023, 126 employees were female and 465 were male. For more information, see our Gender Pay Report on our website.

During the year, DEBI training has been rolled out across the Company, alongside updates to our DEBI Policy and Employee Wellbeing and Absence Policy. Other support for employees includes our buddy scheme, where new employees are assigned a buddy from outside their team to support with knowledge sharing and integration. We also run a reverse mentorship scheme, where senior colleagues can learn from others about their lived experiences and the challenges they have faced at work, arming them with knowledge to support equality, diversity and inclusion.

All Ceres employees have access to our assistance programme providing free, confidential advice, emotional support or help with practical issues.

Workforce: 2023 gender split

Female
2023: **126**
21%
2022: 119

Male
2023: **465**
79%
2022: 451

Copies of our Gender Pay Report and Diversity, Equity, Belonging and Inclusion Policy can be found on the Company website.

connect

Our Connect employee forum represents our belief in the rights and freedoms of individuals, encouraging us all to connect with and contribute to a more diverse and inclusive culture. Connect members represent different areas of the business as well as different cultures and opinions. During 2023, Connect again organised and celebrated events including Pride, World Day for Cultural Diversity, International Women's Day and Black History Month.

We don't just focus on DEBI because it is nice to have, we know that a more satisfied workforce leads to greater enthusiasm to thrive and grow the business, and in doing so make a tangible difference for ourselves, our families and friends, and generations to come.

Talent development and engagement

Inspiring and nurturing our team

As employment is shifting towards more sustainable activities, the skill sets of Ceres' employees are highly relevant and desirable. We recognise that nurturing and developing our talent is critical to supporting retention and success.

At a fundamental level Ceres employees want to enjoy the work they do, the conditions in which they do it, and be well rewarded and paid.

Ceres develops technology that is transferred under licence to manufacturing partners. For an engineer or scientist to work on pioneering technology that could form a bedrock of our future energy system is highly inspiring, and those team members who work closely with our partners get to do so alongside some of the giants of global industry.

Ceres has a culture that is founded in science, engineering and individuals who are incredibly talented and passionate about the Company's purpose. We have a highly skilled workforce, all the way from our technicians who work on manufacturing innovation, through to scientists focused on the tiniest molecule through to engineers working on complex system problems.

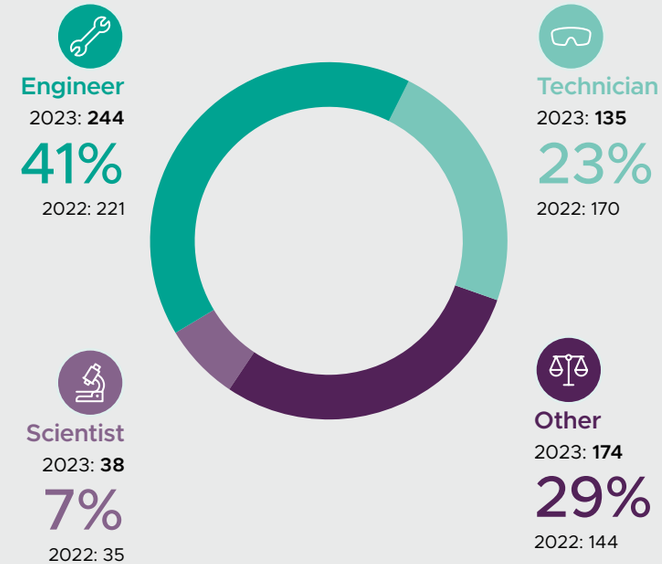
We have not sought Living Wage Foundation accreditation, but we actively monitor both the living wage and national minimum wage thresholds and all salaries at Ceres comfortably exceed these. During 2023 we invested the equivalent of £710 per employee in technical training, leadership training and wellbeing programmes. Building on our Ceres Academy programmes, which continue to support the development of our existing and future managers and leaders, we have invested further in developing our people with technical training, change management and building positive mental health. We supplement this with technical mentoring, coaching and wellbeing programmes to enable our people to thrive and drive great results. We have continued to invest in establishing an early careers framework that works with schools to promote STEM careers and offers a range of opportunities including work experience, internships, apprenticeships and our well-established graduate development programme.

We offer all our employees the opportunity to have a vested interest in the success of our business through our sharesave scheme, which attracts high levels of participation. This is further supported and supplemented via our bonus and Long-Term Incentive Plan schemes. The annual employee engagement survey saw us achieve a great engagement score of 78% from a response rate of 81%. We value the feedback from our employees and will strive to address their suggestions and feedback for improvement.

Employee retention rate

88%

Workforce: 2023 split by roles



Giving back to our community

Ceres aims to conduct its business in a socially responsible manner, to contribute to the communities in which we operate and to respect the needs of all our employees and stakeholders, working together to build our internal and external communities.

Ceres strives for a high-quality working environment but also provides its employees with the opportunity to undertake up to three days of volunteering outside of work throughout the year. These can be in support of any causes close to our employees' hearts, with our employee group Connect supporting links and outreach with the communities local to Horsham and to Redhill, such as the London 2 Brighton Charity Cycle and St. Catherine's Hospice.

As an engineering company, many of the team are keen to share their skills in a practical or educational way with members of the wider community. In the last three years, Ceres has designed and run a science animation competition for secondary schools across the UK. Ceres has more than 30 STEM Ambassadors that participate in Reimagine or other STEM learning events, such as the National Saturday Club, where young people spend their Saturday mornings discovering more about the subjects they love. This gives our employees the opportunity to get to know their colleagues better while sharing their knowledge with the next generation.

"It's inspiring to speak to the kids and see how engaged and informed they are about sustainability."

Ceres STEM Ambassador 2023

Future generation reimagines a clean energy future

In June, Ceres was pleased to award Colchester County High School for Girls the winning trophy for the 2024 Reimagine Clean Energy Competition. Now in its third year, Reimagine aims to inspire the next generation of innovators and creatives to tackle the global climate crisis and mission for net zero. The competition, led by Ceres in collaboration with Bosch UK and STEM Learning UK, saw teams of students submit a short animation explaining an exciting and original scientific concept relevant to the energy transition. Schools were assigned a Ceres STEM Ambassador to support development of their ideas through workshops. Over 35 schools from the across the UK took part and their entries were judged by an esteemed panel from across industry, government and the arts on originality, creativity, depth of scientific research, the Einstein factor and impact. You can find out more information on the competition website.

Entries received for the 2023 Reimagine competition

18

REIMAGINE
Clean Energy Competition

"Learning more about Ceres and the changes being made for a net zero future gave students insight into the career potential of the green energy sector."

Belfairs Academy, Winner of Best Scientific Research

Governance

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Sustainability governance

Sustainability built on strong governance

Plc Board

- Audit & Risk Committee
- Remuneration & Nomination Committee
- **ESG Committee**
  - **Board members:**
    - Julia King — Committee Chair
    - Warren Finegold
    - Trine Borum Bojsen
    - Phil Caldwell
  - **Regular attendees:**
    - Chief Operating Officer
    - General Counsel and Company Secretary
    - People Director
    - Chair of employee group Connect
- Disclosure Committee
- Executive Committee
- **Operational ESG Committee**
  - **Membership:**
    - Chief Executive — Committee Chair
    - Chief Operating Officer
    - General Counsel and Company Secretary
    - People Director
    - Chair of employee group Connect
  - With regular attendance from across corporate communications, supply chain and finance

Board oversight

Strong governance is essential to support the long-term sustainable growth of our business. The Board plays a pivotal role in ensuring business integrity and maintaining stakeholder trust. The Board of Directors, responsible for governance, sets the Company's purpose, values, vision and strategy to create value for stakeholders through our business plan.

Ceres has taken steps to formalise the review of ESG risks and actions by the establishment of an ESG Committee of the Board, which oversees the development and execution of sustainability targets and key performance indicators. The Board's ESG Committee meets at least three times per year and otherwise as needed, after which the Chair reports formally to the Board. The Committee is crucial in shaping and monitoring our sustainability vision and strategy to address future skills, operational and governance needs. Such considerations not only guide current decision-making processes, but facilitate developments that are robust enough for an uncertain future and to enable a better one.

The Chair of the ESG Committee is our Senior Independent Director Julia King. Julia has significant ESG credentials and experience as Chair of The Carbon Trust, a Non-Executive Director of Ørsted, Chair of the Adaptation Committee of the Climate Change Committee and a former member of the Government Hydrogen Advisory Council. The entire Board receives bi-annual education on sustainability as the sector evolves regarding its relevance and implication for the Company. As a clean energy company, we are committed to integrating sustainability into our operations, in alignment with our values, and supporting our technology's role in the decarbonisation of the energy system.

For more on the Board ESG Committee, see Ceres' 2023 Annual Report.

Board: gender split

Executive: gender split

Cultivating sustainable ways of working

Ceres sees the value of sustainability and endeavours to integrate it across business activities from the top down, collaborating across the business for effective assessment and implementation.

Management role, responsibility and accountability

In addition to the Board's oversight, the Company's Chief Executive Officer Phil Caldwell chairs an Operational ESG Committee, tasked with identifying, managing and executing against sustainability objectives. This Committee includes members from finance, legal, operations, human resources and communications, ensuring a holistic approach to sustainability.

Meeting at least quarterly, the Operational ESG Committee facilitates a regular review and alignment of ESG initiatives across the organisation. The CEO reports the Committee's progress to the Board after each meeting, ensuring transparency and accountability. ESG metrics are incorporated into key performance indicators for Executive remuneration, better reflecting our company culture by aligning Executive interests with those of other stakeholders, and increasing ESG performance and ESG risk management. Though the responsibility falls with Management, the operations function of the business, from procurement and the supply chain, to manufacturing and test, to health and safety and facilities, are all deeply involved in evaluating, monitoring and improving our sustainable behaviours and actions.

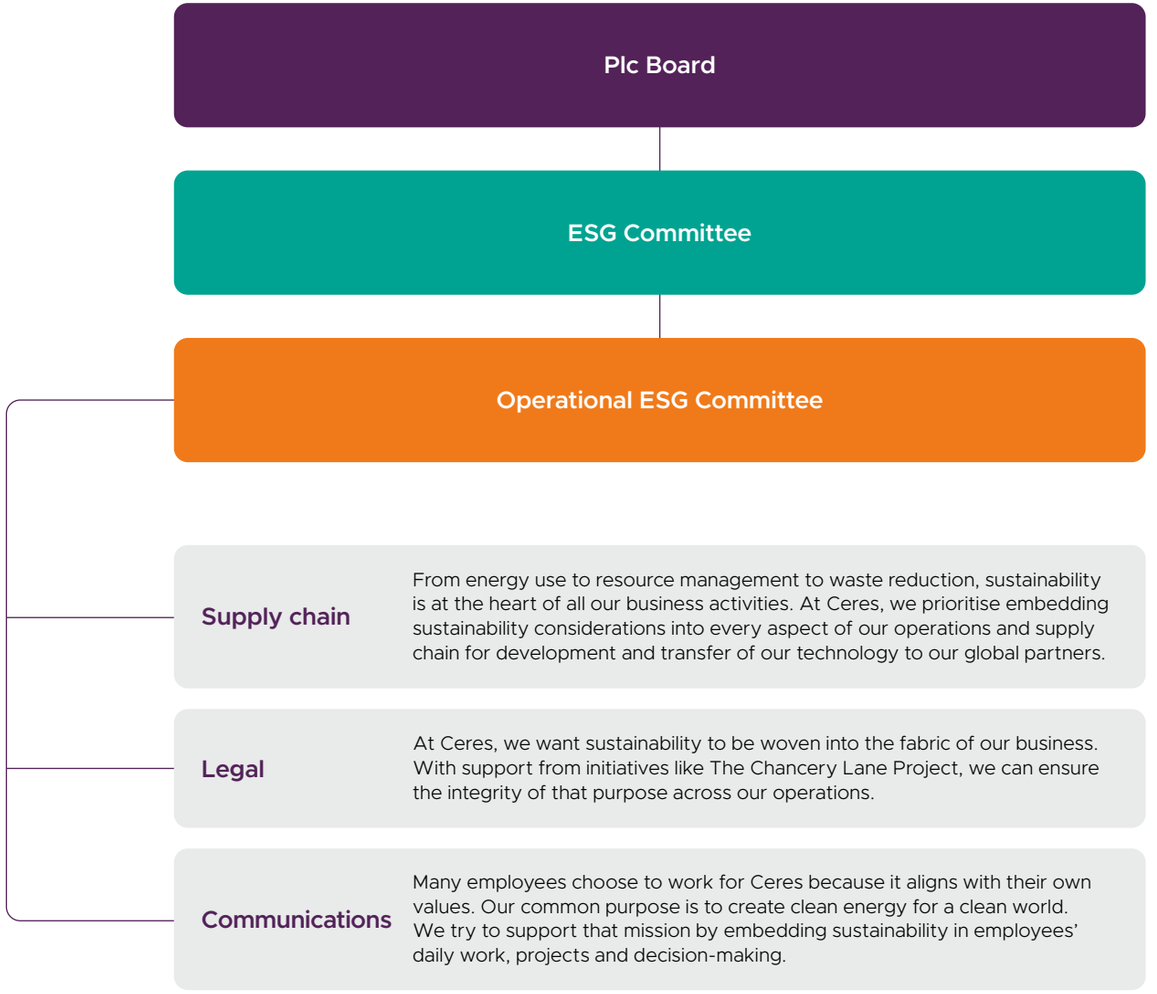
Ceres understands that sustainability extends beyond environmental preservation and enhancement; it also involves making a positive social impact and upholding robust governance standards. Recognising employees as key stakeholders, the Company has appointed Trine Borum Bojsen, a Non-Executive Director, as the designated Employee Engagement Director to facilitate direct communication between employees and the Board. Ceres upholds governance integrity as a member of the UN Global Compact by adhering to its ten principles covering human rights, labour, environment and anti-corruption.

Policy and procedures

Ceres is dedicated to maintaining high governance standards, ensuring that all business activities are conducted with integrity, ethics and social responsibility. The Ceres Code of Conduct and Business Ethics guides our interactions with employees, partners, suppliers, shareholders and the broader community, emphasising our role as a responsible corporate citizen. We adhere to relevant legislation, regulations and codes of practice, particularly those addressing environmental and social impacts. Ceres operates with zero-tolerance to modern slavery, child labour and human trafficking in all its forms, as outlined in our Modern Slavery Statement. Similarly, we have robust policies and procedures enforcing our zero-tolerance of bribery and corruption.

To drive continuous improvement, we set annual objectives and targets, incorporating specific ESG-related KPIs for the Executive Management, as recommended by the ESG Committee and endorsed by the Board. Ceres conducts a materiality assessment every two years to ensure alignment with the expectations of internal and external stakeholders on material issues. By staying informed on best practices and legislative changes in sustainability, the Company aims to be proactive to the evolving sustainability landscape.

See our Code of Conduct and Business Ethics and other ESG policies on our website.



Mitigating evolving risks

The responsibility of every business to ensure proper oversight of climate-related risks and opportunities has never been higher and Ceres has taken steps to ensure that ESG, including climate-related risks, is given due consideration as an integral component of Ceres' corporate risk reporting process.

Climate change is a significant risk, prompting the Executive Management team to compile a cross-disciplinary ESG risk register. This register encompasses various ESG issues, each evaluated over different time periods. Each risk is assigned a severity rating, probability of occurrence and potential impact on the business. Proposed responses and post-mitigation severity analyses are also included.

The Operational and Board ESG Committees regularly review the risk register, escalating significant risks to the Audit & Risk Committee for inclusion in the Board-level risk register. High-impact risks are presented to the Board and integrated into business, strategic and financial planning, following the same escalation procedure for high-impact short-term risks identified through scenario analysis. Additionally, the ESG Committee conducts a materiality analysis every two years to identify and prioritise key ESG issues through stakeholder engagement. The Operational Committee is chaired by the Chief Executive Officer and the Board ESG Committee is chaired by the Senior Independent Director, ensuring that climate-related risks are identified, managed, mitigated and communicated appropriately throughout the business.

Regulatory requirements related to climate change are factored into both our risk responses and business opportunities. For instance, evolving legislation on air quality and emissions promotes the adoption of greener technologies. Climate adaptation risks are assessed at the site level, with Integrated Management Systems ("IMS") at our main locations, certified to ISO 9001 and ISO 14001 standards and audited every three years. Sustainability risks, including climate-related hazards, are embedded into supplier risk assessments, allowing us to define mitigation action plans and prioritise multi-sourcing strategies. Continuous monitoring of climate events in critical supplier locations helps shorten reaction time and reduce business impact. Finally, we collaborate with licensee partners to understand their mitigation and adaptation plans for key manufacturing sites and the potential implications to Ceres.

For more on risk management, see the Committee reports of the Board in the 2023 Annual Report.

Appendix

In this section

31 TCFD and TPT alignment index
32 SASB index
33 UN SDG index

TCFD and TPT alignment index

Ceres aims to keep pace with the sustainability reporting landscape as it continues to evolve and mature, commensurate with a pre-profit company of approximately 500 people. This report encompasses topics broader than the remit of the TCFD and TPT frameworks, but both reporting guidelines have been fed into the design and content of Ceres' 2023 Sustainability report, as mapped below. By integrating these frameworks into our strategy and planning, we aim to broaden our thinking and comprehensive communication around our climate-related risks and opportunities and transition plan. Though we are not yet fully compliant with the TCFD or TPT, sustainability is a journey to which we are deeply committed and will continue to improve.

Page	Content	TCFD alignment	TPT alignment
2	Foreword		3.2; 3.3
4	Who we are		
5	Our role in global decarbonisation	2a; 4a	1.1; 1.2; 1.3; 2.2; 3.2
6	UN Sustainable Development Goals		1.1; 1.2; 2.2
7	Materiality matrix	3a	3.1
9	Strategy	2a; 2b; 2c; 4a	1.1; 1.2; 2.4; 4.1; 4.2
10	Scenario analysis	2a; 2b; 2c; 3b; 4a	1.3
12	Sustainability roadmap	4a	1.1; 2.1; 5.5
13	Transition plan	4c	1.1; 2.1; 2.4; 4.2; 4.3
14	Engagement strategy	4c	1.1; 2.1; 2.2; 2.3; 3.1; 3.2; 5.5
16	Overview		2.2

Page	Content	TCFD alignment	TPT alignment
17	Sustainability KPIs	4a	4.1; 4.3
18	Emissions and energy reporting	4b	2.1; 4.1; 4.3
19	Sustainable design	2b	
20	Recyclability, waste and water	2b	
22	Health and safety		
23	Diversity and inclusion		5.3
24	Talent development and engagement		5.3
25	Community impact		
27	Sustainability governance	1a	5.1; 5.5
28	Embedding sustainable strategies	1b	2.3; 5.2; 5.3; 5.4
29	Managing risks	3a; 3b; 3c	2.4

Ceres does not purchase or provide carbon credits, and so there is no reference aligned to TPT 4.4 Carbon credits.

SASB index

For full details on Ceres' compliance with SASB reporting, see the SASB report on the Ceres website.

Code	Metric	Reference
Energy management		
RR-FC-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	See Sustainability KPIs, page **17**.
Workforce health and safety		
RR-FC-320a.1	(1) Total recordable incident rate and (2) fatality rate	See Health and safety, page **22**.
RR-FC-320a.2	Description of efforts to assess, monitor and reduce exposure of workforce to human health hazards	See Health and safety, page **22**.
Product efficiency		
RR-FC-410a.2	Average energy efficiency of fuel cells as (1) electrical efficiency and (2) thermal efficiency, by product application and technology type	See UN SDGs, page **6**.
RR-FC-410a.4	Average operating lifetime of fuel cells, by product application and technology type	See Annual Report 2023, page **15**.
Product end-of-life management		
RR-FC-410b.1	Percentage of products sold that are recyclable or reusable	Not included at this time; more information about recyclability and reuse on page **20**.
RR-FC-410b.2	Weight of end-of-life material recovered; percentage recycled	See Recyclability and waste, page **20**.
RR-FC-410b.3	Description of approach to manage use, reclamation and disposal of hazardous materials	See Recyclability and waste, page **20**.
Materials sourcing		
RR-FC-440a.1	Description of the management of risks associated with the use of critical materials	See Scenario analysis, page **11**.
Activity metrics		
RR-FC-000.A	Number of units sold	See Emissions and energy reporting, page **18**.
RR-FC-000.C	Total energy production capacity of fuel cells sold	For our capacity, see Emissions and energy reporting, page **18**. For our partners' capacity, see UN SDGs, page **6**.

Ceres operates a technology licensing business model; we do not intend to mass manufacture technology or products at scale. Ceres has elected to remove references to batteries, which are not within the scope of its business.

UN SDG index

Goal	Priority subtarget	More information
Goal 7 	7.1: By 2030, ensure universal access to affordable, reliable and modern energy services	See Who we are, page **4**.
	7.3: By 2030, double the global rate of improvement in energy efficiency	See Our role in global decarbonisation, page **5**.
	7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technologies	See how Clean energy starts with technology in our 2023 Annual Report, page **14**.
Goal 9 	9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	See Sustainable design, page **19**.
	9.5: Enhancing scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	See how Clean energy starts with our people in our 2023 Annual Report, page **16**.
Goal 11 	11.6: By 2030, reduce the adverse per capita environmental impact of cities. Including by paying special attention to air quality and municipal and other waste management	See Strategy, page **9**.
Goal 12 	12.2: By 2030, achieve the sustainable management and efficient use of natural resources	See our Engagement strategy, page **14**.
	12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	See Recyclability, waste and water, page **20**.
	12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	See Emissions and energy reporting, page **18**.
Goal 13 	13.2: Integrate climate change measures into national policies, strategies and planning (13.2.2 – Total greenhouse gas emissions per year)	See Foreword, page **2**.

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