

ITHACA ENERGY PLC

(the "Company")

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

1. **MEMBERSHIP**

- 1.1 The audit and risk committee (the "**Audit and Risk Committee**" or "**Committee**") of the board of directors of the Company (the "**Board**") shall comprise at least three members, all of whom shall be independent non-executive directors. If the Board decides that a member of the Committee is no longer independent, that member will cease to be a member of the Committee. At least one member shall have recent and relevant financial experience and the Committee as a whole shall have competence in accounting and/or auditing. The Committee as a whole shall have competence relevant to the sector in which the Company operates. The chair of the Board (the "**Chair**") shall not be a member of the Committee.
- 1.2 Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the chair of the Committee. Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members continue to be independent and meet the criteria for membership of the Committee.
- 1.3 Only members of the Committee have the right to attend meetings of the Committee. However, the CFO, Head of Internal Audit, Risk & Insurance and the external audit lead partner will be invited to attend meetings of the Committee on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4 The Board shall appoint the Committee chair. In the absence of the Committee chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.
- 1.5 If any member of the Committee is unable to act for any reason, subject to paragraph 1.1, the Committee chair may appoint any other independent non-executive director of the Company to act as his or her alternate.
- 1.6 Decisions of the Committee will be made by majority vote. In the event of an equality of votes, except where he or she has a personal interest, the Committee Chair shall have a casting vote.

2. **SECRETARY**

The Company's secretary ("**Company Secretary**"), or their nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. **QUORUM**

The quorum necessary for the transaction of business shall be two members (and at least one of the members present in any quorum shall have significant recent and relevant financial experience).

A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. **FREQUENCY OF MEETINGS**

- 4.1 The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The committee may hold meetings at a physical place or by means of any electronic facility (or both in respect of the same meeting).
- 4.2 Outside of the formal meeting programme, the Committee chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chair, the chief executive, the finance director, the external audit lead partner and the head of internal audit.

5. NOTICE OF MEETINGS

- 5.1 Meeting of the Committee shall be called by the secretary of the Committee at the request of the Committee chair or any of its members, or at the request of the external audit lead partner or head of internal audit if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6. MINUTES OF MEETINGS

- 6.1 The Company Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 6.2 At the beginning of each meeting, each member of the Committee shall declare the existence of any conflicts of interest and the Secretary shall minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board and the Company Secretary unless, exceptionally, it would be inappropriate to do so.
- 6.4 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records.

7. ENGAGEMENT WITH SHAREHOLDERS

The Committee chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition, the Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

8. DUTIES

- 8.1 The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

8.2 Financial reporting

8.2.1 The Committee shall monitor the integrity of the financial statements of the Company and its Group, including its annual and half-yearly reports, and any quarterly reports or interim management statements and any discussion and analysis of the financial condition and results of operations of the Company, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

8.2.2 In particular, the Committee shall review and challenge where necessary:-

- (a) the consistency and application of significant accounting policies and any changes to them both on a year-to-year basis and across the Company and the Group;

- (b) the methods used to account for significant or unusual transactions where different approaches are possible;
- (c) whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
- (d) the clarity and completeness of disclosures in the financial statements and the context in which statements are made including the review of any correspondence between the Company and its external auditor; and
- (e) all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit, internal control and to risk management;
- (f) any significant adjustments or unadjusted audit differences resulting from the audit;
- (g) the basis on which the Company has been determined as a going concern and the basis for the Company's long term viability statement, and make the corresponding recommendations to the Board;
- (h) compliance with accounting standards taking into account the view of the Company's auditor; and
- (i) the assumptions or qualifications in support of the going concern statement including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements, and the longer-term viability statement, including an assessment of the prospects of the Company and the Group looking forward over an appropriate and justified period.

8.2.3 The Committee shall review any other statements requiring Board approval which contain financial information, significant financial returns to regulators and any other financial information contained in certain other documents, such as announcements of a price sensitive nature, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Financial Conduct Authority's Listing Rules, Prospectus Rules Regulation and Disclosure Guidance and Transparency Rules sourcebook (together the **"FCA Rules and Regulations"**).

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

8.3 **Risk appetite, tolerance and strategy**

The Committee shall:

- 8.3.1 advise the Board on the Company's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives;
- 8.3.2 seek assurance on the risks the Company identifies as those to which the business may be exposed;

- 8.3.3 advise the Board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact; and
- 8.3.4 advise the Board on the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on implications for the risk appetite, tolerance and strategy of the Company, and taking independent external advice where appropriate and available.

8.4 **Narrative reporting**

8.4.1 Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the UK Corporate Governance Code (the "Code").

8.4.2 In addition, the Committee shall carry out the following duties to assist the Board in fulfilling its responsibilities in the annual report:

- (a) monitor and review the adequacy and effectiveness of the Company's risk management and internal control systems;
- (b) review the Company's procedures to manage or mitigate principal risks and to identify emerging risks, to assist in the Board's assessment of principal and emerging risks;
- (c) review and assess the Company's risk appetite and associated stress testing;
- (d) evaluate the Company's principal risks, to be taken into account by the Board when assessing the Company's prospects; and
- (e) review and approve the statements to be included in the annual report concerning internal controls and risk management.

8.5 **Internal controls and risk management systems**

The Committee shall:-

- 8.5.1 keep under review the Company's internal systems that identify, assess, manage and monitor operational (including health, safety, environment and security) and financial risks, and other internal control and risk management systems;
- 8.5.2 review and approve the statements to be included in the annual report concerning internal control, risk management, including the assessment of principal risks and emerging risks, and the viability statement;
- 8.5.3 review and assess plans for reviewing the effectiveness of the Company's systems of risk management and internal control (such as internal audits and reviews), taking into account the principal risks inherent and emerging in the business and the system of internal control necessary to monitor such risks; and

- 8.5.4 consider the results of those reviews and the actions required for the continuous improvement of the internal control and risk management framework.

8.6 **Compliance, speaking-up and fraud**

The Committee shall review and monitor:-

- 8.6.1 the adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 8.6.2 the Company's procedures for detecting fraud and receive from the executive directors of the Company a report of all significant deficiencies and material weaknesses in the design or operation of internal controls and any fraud that involves management or employees who have a significant role in the Company's internal controls;
- 8.6.3 the Company's conduct policies and procedures; and
- 8.6.4 the Company's systems and controls for the prevention of bribery, corruption, money-laundering and modern slavery and receive reports on non-compliance and review regular reports from the Company Secretary and keep under review the adequacy and effectiveness of the Company's compliance function.

8.7 **Internal audit**

The Committee shall:

- 8.7.1 approve the appointment or termination of appointment of the head of internal audit;
- 8.7.2 review and approve the role and mandate and strategy of internal audit, monitor and review the effectiveness of its work, and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;
- 8.7.3 review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business and receive regular reports on work carried out. The Committee shall pay particular attention to the areas in which the work of the risk, compliance, finance, internal audit and external audit functions may be aligned or overlapping and overseeing these relationships to ensure they are coordinated and operating effectively to avoid duplication;
- 8.7.4 ensure internal audit has unrestricted scope, the necessary resources (staffing and budget) and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- 8.7.5 ensure the internal auditor has direct access to the Chair and to the Committee chair, providing independence from the executive and accountability to the Committee;
- 8.7.6 carry out an annual assessment of the effectiveness of the internal audit function and as part of this assessment:-
- (a) meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;

- (b) review and assess the annual internal audit work plan;
 - (c) receive a report on the results of the internal auditor's work;
 - (d) determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
 - (e) review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;
- 8.7.7 monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system and the work of compliance, finance and the external auditor;
- 8.7.8 meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out;
- 8.7.9 review and monitor management's responsiveness to the findings and recommendations of the head of internal audit; and
- 8.7.10 undertake an independent, third-party review of processes every 5 years, as appropriate.

8.8 External audit

The Committee shall:-

- 8.8.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 8.8.2 develop and oversee the selection procedure for the appointment of the audit firm in accordance with applicable Code and regulatory requirements, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- 8.8.3 if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.8.4 oversee the relationship with the external auditor. In this context the Committee shall:-
- (a) approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and
 - (b) approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- 8.8.5 assess annually the external auditor's independence and objectivity taking into account relevant law, regulation, the Ethical Standard and other professional requirements and the group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
- 8.8.6 ensure that at least once every ten years, the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditors with those of other audit firms; and in respect of such tender,

oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process

- 8.8.7 satisfy itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- 8.8.8 agree with the Board a policy on the employment of former employees of the Company's auditor, taking into account the Ethical Standard and legal requirements, and monitor the application of this policy, including the Committee's own safeguards relating to independence, and considering whether there has been any impairment or appearance of impairment of the external auditor's independence and objectivity;
- 8.8.9 monitor the auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- 8.8.10 monitor the level of fees paid by the Company to the external auditor and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;
- 8.8.11 assess annually the qualifications, expertise and resources and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures, any material issues raised by the independent auditor's internal quality control review, peer review or any governmental or other professional inquiry performed within the past five years, and any remedial actions implemented by the firm, taking into consideration professional and regulatory requirements;
- 8.8.12 seek to ensure coordination of the external audit with the activities of the internal audit function;
- 8.8.13 evaluate the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's communications with the Committee;
- 8.8.14 develop and recommend to the Board, the Company's formal policy on the provision of non-audit services by the auditor, including prior approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved and assessment of whether non-audit services have a direct or material effect on the audited financial statements taking into account applicable law, regulation and the ethical standards. The Committee should regularly monitor the implementation of the policy, report to the Board on any improvement or action required. The policy should include consideration of the following matters:-
 - (a) threats to the independence and objectivity of the external auditor and any safeguards in place;
 - (b) the nature of the non-audit services;
 - (c) whether the external audit firm is the most suitable supplier of the non-audit service;
 - (d) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - (e) the criteria governing compensation;

- 8.8.15 meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 8.8.16 discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 8.8.17 review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:-
 - (a) a discussion of any major issues which arose during the audit;
 - (b) the auditor's explanation of how the risks to audit quality were addressed;
 - (c) key accounting and audit judgements;
 - (d) the auditor's view of their interactions with senior management; and
 - (e) levels of errors identified during the audit;
- 8.8.18 review and monitor management's responsiveness to the external auditor's findings and recommendations;
- 8.8.19 review any representation letter(s) requested by the external auditor before it is (they are) signed by management;
- 8.8.20 review the management letter and management's response to the auditor's findings and recommendations;
- 8.8.21 review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor and the auditor's response to questions from the Committee; and
- 8.8.22 review with internal and external auditors any difficulties with audits and management's response.

9. **REPORTING RESPONSIBILITIES**

- 9.1 The Committee chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:-
 - 9.1.1 the significant issues that it considered in relation to the financial statements (required under paragraph 8.2.1) and how these were addressed;
 - 9.1.2 its assessment of the effectiveness of the external audit process (required under paragraph 8.7.10), the approach taken to the appointment or reappointment of the external auditor, length of tenure of the audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - 9.1.3 any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 9.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should describe the work of the Committee, including:-
- 9.3.1 the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
 - 9.3.2 an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - 9.3.3 an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements set out in the Code.
- 9.4 In compiling the reports referred to in 9.1 and 9.3 the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.
- 9.5 **Other matters**
- The Committee shall:-
- 9.5.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;
 - 9.5.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
 - 9.5.3 give due consideration to all relevant laws and regulations, the provisions of the Code and published guidance, the requirements of the FCA Rules and Regulations and any other applicable rules, as appropriate;
 - 9.5.4 be responsible for oversight of the coordination of the internal and external auditors;
 - 9.5.5 oversee any investigation of activities which are within its terms of reference;
 - 9.5.6 provide any input required in respect of (i) tax planning and compliance; (ii) treasury and cash management; and (iii) the financing of the Company;
 - 9.5.7 work and liaise as necessary with all other Board Committees ensuring interaction between Committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to different Committees;
 - 9.5.8 ensure that a periodic evaluation of the Committee's performance is carried out;
 - 9.5.9 at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
 - 9.5.10 perform any other activities consistent with the Company's articles of association and governing law of the Company as the Board or the Committee shall deem appropriate, including holding meetings with the Company's investments bankers and financial analysts.

10. **AUTHORITY**

The Committee is authorised to:-

- 10.1 seek any information it requires from any employee of the Company in order to perform its duties;
- 10.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter if it believes it necessary to do so;
- 10.3 call any employee to be questioned at a meeting of the Committee as and when required; and
- 10.4 have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board. If the Board has not accepted the Committee's recommendation on the external auditor appointment, reappointment or removal, the annual report should include a statement explaining the Committee's recommendation and the reasons why the Board has taken a different position.

Adopted by resolution of the Board on 13 August 2025