AUDIT COMMITTEE
TERMS OF REFERENCE

In this document, unless the context otherwise requires:

- *references to the Company are to Star Energy Group Plc;*
- *references to the Group are to the group of companies of which the Company is the parent company; and*
- *references to the Board are to the board of directors of the Company.*

1. DUTIES AND TERMS OF REFERENCE

1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half yearly reports (as presented by management of the Company to the Committee), interim management statements, preliminary results' announcements and any other formal announcement relating to its financial performance, review significant financial reporting issues and judgements which they contain and ensure that they portray an accurate and balanced view of the performance and prospects of the Company. Additionally, 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.

1.2 Although the Committee will naturally be focused upon the preparation of the Company's annual report and accounts, the Committee shall also monitor the integrity of the Company's broader corporate reporting, risk management systems (including the identification of future opportunities with respect to the same) and internal control environment. Whilst the Board is ultimately responsible for risk management and internal controls in the Company, the Committee is responsible for ensuring that executive management takes responsibility for internal controls being appropriately designed and are both efficient and effective in practice.

1.3 The Committee shall review and challenge where necessary:

(a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its Group, including the application of new accounting policies in interim accounts, and the plan to communicate those changes to shareholders and the market;

(b) the methods used to account for significant or unusual transactions where different approaches are possible;

(c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

(d) the clarity of disclosure in the Company's financial reports and the context in which statements are made;

(e) all material information presented with the financial statements, such as the business review/operating and financial review and any corporate governance statement (insofar as it relates to the audit and risk management);

(f) any material financial or non-financial arrangements which do not appear in the financial statements;

(g) any transactions or courses of dealing with directors, employees and shareholders of the Company and persons connected with them which are significant in size or which involve terms or other aspects that differ from those which would be likely to be negotiated with independent parties;

(h) management's assessment of the impact of new accounting policies on the distributable reserves of the Company and its subsidiaries; and

(i) the legality of any proposed dividend and the Company's ability to pay it and remain a going concern.

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

1.5 The Committee shall:

(a) keep under review and challenge the adequacy and effectiveness of the Company's internal financial controls and internal control and risk identification/management systems;

(b) review the adequacy and security of the Company's arrangements for its employees and contractors 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;

(c) review the Company's procedures for detecting fraud;

(d) review and challenge the Company's systems and controls for the prevention of bribery and receive reports on non-compliance to ensure that that the Company's procedures and policies for the prevention of bribery are being effectively applied and remain adequate and appropriate;

(e) review the adequacy and effectiveness of the Company's anti-money laundering systems and controls;

(f) review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function;

(g) review the utilisation of the Group's whistleblowing policy and the quality, timeliness and outcome of investigations into any reports on the same. Such review will include an assessment: (i) of staff awareness and trust in the Group's whistleblowing procedures and that those procedures protect confidentiality and anonymity as well as ensuring that whistle-blowers are not subject to victimisation; (ii) that the whistleblowing policy is readily available to staff, with clear unambiguous instructions to facilitate its use; (iii) that the whistleblowing policy is regularly reviewed to ensure that reflects best practice, is being applied consistently and remains effective; and (iv) that all legitimate concerns raised under the whistle-blowing policy are independently and promptly investigated in a proportionate fashion;

(h) ensure the Company has an adequate process for approving market announcements and make these available to the Board for comment; and

(i) consider the key regulatory and compliance risks that might lead to personal loss or litigation if the Company does not follow certain legal requirements.

1.6 The Committee shall consider annually the need for an internal audit function, make any recommendation to the Board and explain the reasons for the absence of such a function, how internal assurance is achieved and how this affects the external audit work to the Board for disclosure in the annual report. The Committee shall assess whether the processes applied by management to ensure that the internal controls systems are functioning as intended provide sufficient and objective assurance.

1.7 The Committee shall:

(a) 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. If an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

(b) 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 auditor with those of other audit firms and oversee the selection process and further ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process;

(c) oversee the relationship with the external auditor including (but not limited to):

(i) recommendations on their remuneration, including fees for audit or non-audit services, which should be reviewed annually, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted as a balanced against value for money for the Company. The Committee should consider how the fees benchmark against similar companies in terms of industry, size and complexity; how the fee has changed from the previous year in response to changes in the business; and whether the fee allows for sufficient time for senior audit personnel or specialist involvement to maintain audit quality;

(ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

(iii) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;

(iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;

(v) agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;

(vi) monitoring the auditor's compliance with relevant ethical, legal regulation and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

(vii) assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures; and

(viii) evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market on that evaluation.

1.8 The Committee should assist the Board to:

(a) undertake a robust assessment of the risks (including future opportunities) facing the Company, including those that would threaten solvency and liquidity on a regular basis and formally at least once a year;

(b) report to the shareholders in the annual report and accounts that they have done so, explaining how the principal risks are being managed and mitigated;

(c) assess any material uncertainties in relation to the Company's ability to continue to adopt the going concern basis of accounting;

(d) taking into consideration the views of the external auditor (where necessary) ensure that the draft annual report and accounts:

(i) clearly explain the strategy and business model of the Company and how corporate governance structures and behaviours support this;

(ii) appropriately identify material areas of change and discuss them in appropriate detail;

(iii) include a note of significant estimates and judgements that is complete and contains enough information to ensure that the implications of those estimates and judgements are clear; and

(iv) include a going concern assumption which is appropriate.

1.9 Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit.

1.10 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.

1.11 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) any accounting and audit judgements,

(c) the auditor's explanation of how the risks to audit quality were addressed,

(d) the auditor's view of their interactions with senior management,

(e) levels of errors identified during the audit, and

(f) the effectiveness of the audit.

1.12 Review any representation letter(s) requested by the external auditor before they are signed by management.

1.13 Review the management letter and management's response to the auditor's findings and recommendations.

1.14 Develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

1.15 The chairperson of the Committee 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. The report shall include:

(a) the significant issues that it had considered in relation to the financial statements and how these were addressed; and

(b) the assessment of the effectiveness of the external audit process and its recommendations on the appointment/reappointment of the external auditor.

1.16 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

1.17 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The report shall include an explanation of how the Committee has addressed the effectiveness of the external audit process, the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed having regard to matters communicated to it by the auditor.

1.18 The Committee will be involved in the review and approval of the Company's interim reports and should consider the following:

(a) that the interim report is balanced, clear and in line with the Committee's understanding of the performance and prospects of the business;

(b) that the interim report has been prepared in accordance with the relevant accounting standards (such assurance may be obtained via the external auditor or through a review of the internal process of the Company in preparing the interim report);

(c) any significant estimates or judgements included in the interim report (the views of the external auditor might also be obtained to minimise the risk of a subsequent change in accounting treatment at the year-end); and

(d) whether there were any significant problems encountered in the preparation of the

interim report and whether action needs to be taken to ensure those problems do not recur at the year-end.

1.19 The Committee shall:

(a) have access to sufficient resources in order to carry out its duties, including access to its secretary and legal advisors for assistance as required;

(b) be provided with appropriate and timely training, both in the form of an induction programme for new members (including a comprehensive induction pack), to be tailored to the particular background and experience of the new member, and on an ongoing basis for all members;

(c) give due consideration to applicable laws and regulations, the provisions of the QCA Corporate Governance Code (the Company currently adopts and discloses against the QCA Corporate Governance Code 2018 edition, in line with the London Stock Exchange's rules for AIM companies), NAPF Corporate Governance Policy & Voting Guidelines for Smaller Companies and the requirements of the London Stock Exchange's rules for AIM companies as appropriate;

(d) be responsible for co-ordination of the internal and external auditors;

(e) oversee any investigation of activities which are within its terms of reference;

(f) arrange for periodic review of its own performance and, at least once a year, 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.

1.20 To consider such other matters as may be requested by the Board.

2. MEMBERSHIP

2.1 The members of the Committee are currently Kate Coppinger (as chairperson of the Committee) and Anthony White MBE.

2.2 Any changes to members of the Committee shall be made by the Board, on the recommendation of the Nomination Committee. Where possible and appropriate, all of the members of the Committee should be independent non-executive directors.

2.3 The Committee shall have at least two members and at least one member should have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies. The chairperson of the Board shall not chair the Committee.

2.4 A quorum shall be any two members of the Committee.

2.5 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two additional periods of up to three years, provided that, in respect of a member who was independent at appointment, said member continues to remain independent.

2.6 Key responsibilities of the chairperson of the Committee include:

(a) supporting and, if necessary, mentoring the Chief Financial Officer in the responsibilities
arising in a quoted company environment;

(b) ensuring that the Committee addresses all of the tasks delegated to it;

(c) working with the Nomination Committee to ensure that the Audit Committee members have an appropriate mix of relevant skills and experience, with at least one Committee member with recent financial experience in order to be able to provide robust challenge and informed support to the Chief Financial Officer;

(d) inviting additional attendees to Committee meetings, where the chairperson determines necessary to ensure that the Committee has an adequate balance of skills;

(e) ensuring that time is allowed at each Committee meeting to consider whether new risks have arisen, or if changes to the potential impact of risks require changes to the way they are monitored or mitigated;

(f) managing the team to perform an effective oversight role within a unitary board structure; and

(g) communicating the performance of the committee to shareholders effectively, which may be conducted through audit committee reports.

3. VOTING ARRANGEMENTS

3.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

3.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

3.3 Save where he or she has a personal interest, the chairperson of the Committee will have a casting vote.

4. ATTENDANCE AT MEETINGS

4.1 The Committee will meet at least three times a year. The Committee may meet at other times during the year as agreed between the members of the Committee or as required.

4.2 Outside of the formal meeting programme, the chairperson of the Committee will maintain a dialogue with key individuals involved in the Company's governance, including the Chairperson of the Board, the Chief Financial Officer and the external audit lead partner.

4.3 The Chief Financial Officer of the Company shall attend Committee meetings. Other directors and other individuals may be invited to attend all or part of any meeting as and when appropriate.

4.4 The Company's external auditors may be required to attend Committee meetings, without executive management being present, with a view to consulting with the Committee.

4.5 The Committee shall appoint a secretary and that secretary (or his or her nominee) shall be 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 the issues. The secretary of the Committee should not also be the Chief Financial Officer of the Company or another director of the Company.

5. NOTICE OF MEETINGS

5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or at the request of the external auditors if they consider if necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

5.3 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference.

6. AUTHORITY

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. The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to have unrestricted access to the Company's external auditors and to obtain, at the Company's expense, professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

7. REPORTING

The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted. Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the chairperson of the Committee.

8. GENERAL MATTERS

8.1 The chairperson of the Committee should make himself or herself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.

8.2 The recommendations of the Committee minutes must be approved by the Board before they can be implemented.

8.3 The Committee will work with and liaise with other Board committees as necessary, with particular regard to risk mitigation.

8.4 These terms of reference shall be published on the Company's website.

Last updated by a resolution of the Board on 20 November 2024.