



INTERNAL AUDIT CHARTER

Citicore Energy REIT Corp.

Approved on 12 November 2024





I. INTRODUCTION

The purpose of this Internal Audit Charter is to define the role, responsibilities, authority, and independence of the Internal Audit function within Citicore Energy REIT Corp. (CREIT). It is the policy of CREIT to maintain and support the Internal Audit Department (IAD) as the primary resource of the Board of Directors (Board), the Audit and Risk Oversight Committee (AROC), and the Top Management for assessing the effectiveness of governance, risk management, and internal controls.

II. MANDATE

The IAD strengthens CREIT's ability to create, protect, and sustain value by providing the Board and Senior Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

III. PROFESSIONAL STANDARDS

The IAD will govern itself by adhering to the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA). The IPPF is composed of the Global Internal Audit Standards (Standards), Topical Requirements, and Global Guidance.

The Chief Audit Executive (CAE) will report periodically to the Senior Management and the Board, through the AROC, regarding the IAD's conformance with the Security of Exchange Commission's Revised Code of Corporate Governance for Publicly Listed Companies, and the Standards.

IV. AUTHORITY

The CAE shall report directly to the AROC of the Board. To establish, maintain, and assure that the IAD has the sufficient authority to fulfill its duties, the AROC shall:

- Approve the IAD's Charter, including any revisions of the same;
- Approve the risk-based annual IA plan;
- Approve the IAD's budget and resource plan;
- Receive communications from the IAD's performance relative to its plan and other matters;
- Approve decisions regarding the appointment and removal of the CAE;
- Provide input to the Senior Management to support the performance evaluation and remuneration of the CAE; and
- Inquire with the management and the CAE to determine whether there are inappropriate scope or resource limitations.

Any of the foregoing approvals by the AROC shall be subject to the ratification of the Board.

The CAE and his/her entire IAD shall be authorized to:

- Have full, free, and unrestricted access to all functions, records, properties, and personnel relevant to the performance of its duties, but at all times and circumstances subject to accountability for confidentiality, security of records and information, and of safeguarding them;
- Communicate and interact directly with the AROC
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports;



- Have free and unrestricted access to the Board including executive meetings without the Senior Management present; and
- Engage assistance from the appropriate concerned personnel of CREIT, as well as the services of qualified third-party services, whenever necessary, to fully carry out the approved annual IA plan.

V. INDEPENDENCE AND OBJECTIVITY

The CAE shall ensure that the IAD is independent and remains free from all conditions that threaten the ability of IAD to carry out their responsibilities in an unbiased manner, including matters of selection, scope, procedures, frequency, timing, and report content.

The IAD shall always maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others. When performing IA services,

- The IAD Refrain from assessing specific activities for which they were previously responsible.
- If the IAD is to provide assurance services where it had previously performed advisory services, the CAE shall confirm that the nature of the advisory services does not impair objectivity and assign resources such that individual objectivity is managed.
- If IAD is to provide advisory services for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement.

If the CAE determines that independence or objectivity may be impaired in fact, or appearance, the details of the impairment shall be disclosed to AROC. The CAE shall confirm to the Board, through the AROC, at least annually, the individual independence of the IA professionals, including himself/herself.

VI. SCOPE OF SERVICES

The scope of IA activities encompasses, but is not limited to, the thorough and objective examination and evaluation of evidence for the purpose of providing independent assessments to the Board, the AROC, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for CREIT.

The nature of Internal audit activities can be classified as either assurance or advisory services:

Assurance services involve an examination of evidence to provide an independent assessment of the Company's governance, risk management, control processes and quality of performance. These include:

- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.



- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.

Some examples of assurance services can be described as follows:

- Financial audit
- Operational audit
- Performance audit
- Compliance audit
- IT audit

Advisory services are performed to add value and improve the Company's governance, risk management, and control processes, the nature and scope of which are generally agreed with the management. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility. These consulting activities include, but are not limited to the following:

- Performing consulting, training and facilitation services related to governance, risk management and control as appropriate for the organization.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.
- Evaluating specific operations at the request of the Board or management, as appropriate.

Some examples of consulting services are as follows:

- Risk advisory
- Analytics Solutions
- Governance and ethics
- Strategic advisory

VII. RESPONSIBILITIES

The IAD is responsible for the following:

- Submit, at least annually, to the the Board, through the AROC, a risk-based internal audit annual plan for review and approval;
- Engage in discussions with the Senior Management to get inputs and insights on business strategies and risks;
- Communicate to the Board, through the AROC, the impact of resource limitations on the internal audit plan;
- Review and adjust the internal audit plan, as necessary, in response to changes in CREIT's business, risks, operations, programs, systems, and controls;
- Communicate to the Senior management, the Board through the AROC, and affected parties any significant interim changes to the internal audit plan;
- Ensure each engagement of the annual IA plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties



- Follow up on engagement results and recommendations, and report on quarterly basis to senior management and the Board, through the AROC, any recommendations not effectively implemented;
- Ensure that the IAD collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of this Charter;
- Ensure emerging trends and successful practices in internal auditing are considered;
- Establish and ensure adherence to policies and procedures designed to guide the IAD;
- Ensure adherence to CREIT's relevant policies and procedures, and if such policies and procedures seem to conflict with this Charter, such conflicts must be communicated to the Senior Management and the Board, through the AROC;
- Keep AROC informed of emerging trends and successful practices in internal auditing;

VIII. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The IAD shall maintain a Quality Assurance and Improvement Program (Program) that covers all aspects of the IA activity. The Program will include an evaluation of IAD's conformance with the Standards. The Program also assesses the efficiency and effectiveness of IAD and identifies opportunities for improvement.

The program shall include internal and external assessments on the performance of internal audit against planned results. The assessments are conducted through review, engagement evaluation, and client evaluation. Results of such assessments are communicated to the AROC.

IX. REVIEW OF CHARTER

The IAD shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the AROC for approval. This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the AROC.

X. EFFECTIVITY

This Charter was approved by the AROC on 12 November 2024 and shall take effect immediately upon such approval.