



## INTERNAL AUDIT CHARTER FOR SHANG PROPERTIES, INC. AND ITS SUBSIDIARIES or SPI

### **Purpose**

The purpose of the internal audit department is to strengthen SPI's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit department enhances SPIs:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

SPI's internal audit department is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The internal audit department is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Global Internal Audit Standards***

The SPI's internal audit department will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Internal Audit Head will report periodically to the Audit Committee referred to as "board" and the senior management regarding the internal audit department's conformance with the Standards, which will be assessed through a quality assurance and improvement program planned to be implemented within the next three to five years.

### **Mandate**

#### ***Authority***

The SPI's board grants the internal audit department the mandate to provide the board and senior management with objective assurance, advice, insight, and foresight.

The internal audit department's authority is created by its direct reporting relationship to the board. Such authority allows for unrestricted access to the board.

The board authorizes the internal audit department to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of SPI and other specialized services from within or outside SPI to complete internal audit services.



### ***Independence, Organizational Position, and Reporting Relationships***

The Internal Audit Head reports:

- Functionally to the Audit Committee (Board)
- Administratively to the Vice President of Finance, with direct access to the Executive Director

This positioning provides the Internal Audit Head with the organizational authority and status to bring matters directly to senior management and escalate matters to the board, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Internal Audit Head will disclose immediately to the board any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit department's effectiveness and ability to fulfill its mandate.

The Internal Audit Head will confirm to the board, at least annually, its organizational independence, or any impairments to objectivity of the internal audit department.

The performance of the internal audit department is evaluated at least annually by the Executive Director, VP-Finance, with input from the Audit Committee.

### **Internal Audit Head Roles and Responsibilities**

#### ***Ethics and Professionalism***

The Internal Audit Manager, as the Internal Audit Head, will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

#### **Objectivity**

The Internal Audit Head will ensure that the internal audit department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of selection, scope, procedures, frequency, timing, and communication. If the Internal Audit Head determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties. Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for SPI or its affiliates.
- Initiating or approving transactions external to the internal audit department.
- Directing the activities of any SPI employee that is not employed by the internal audit department, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.



*Disclosure: The internal audit department of SPI, however, performs an operational task relating to facilitation of the e-bidding process for departments involved in the procurement process. This set-up will remain until a suitable application system is obtained to handle the confidentiality of the e-bidding documents.*

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the internal audit head, board, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The Internal Audit Head has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the board and senior management. Discuss the plan with the board and senior management and submit the plan to the board for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the board and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in SPI's business, risks, operations, programs, systems, and controls.
- Communicate with the board and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or management action plans and communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.
- Ensure the internal audit department collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact SPI and communicate to the board and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit department.
- Ensure adherence to SPI's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the board and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the internal audit head cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary, escalated to the board.

### ***Communication with the Board and Senior Management***

The Internal Audit Head will report periodically to the board and senior management regarding:

- The internal audit department's mandate.
- The internal audit plan and the performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.



- Results from the quality assurance and improvement program, which include the internal audit department's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit department's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the board.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit department determines may be unacceptable or acceptance of a risk that is beyond SPI's risk appetite.

#### **Quality Assurance and Improvement Program (QAIP)**

The Internal Audit Head will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function planned in the next three to five years. The program will include external and internal assessments of the internal audit department's conformance with the Global Internal Audit Standards, as well as performance measurements to assess the internal audit department's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit department's deficiencies and opportunities for improvement.

Annually, the Internal Audit Head will communicate with the board and senior management about the internal audit department's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside SPI. Qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

*Disclosure: As of this date, SPI internal audit department has been in non-conformity with the QAIP requirement above discussed.*

#### **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the organization, including all SPI's activities, assets, and personnel, as reviewed periodically through the Internal Audit Universe. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the board and management on the adequacy and effectiveness of governance, risk management, and control processes for SPI.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit department does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Governance effectiveness is in place
- Risks relating to the achievement of SPI's strategic objectives are appropriately identified and managed through an established Enterprise Risk Management process
- The actions of SPI's officers, directors, management, employees, and contractors or other relevant parties comply with SPI's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact SPI.

- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.
- Internal controls on financial, operational, technology are adequately in place
- Emerging risks are managed concerning cybersecurity, information security, technology risks, data privacy compliance, ESG and sustainability reporting processes and third-party risk.

This Charter is approved by the Board and shall be reviewed annually to reflect evolving governance practices.

**Approved by the board at its meeting on 10 December 2025.**

**Acknowledgments/Signatures**

  
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Internal Audit Manager


10 DECEMBER 2025  
Date

  
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Chairman of the Audit Committee

10 Dec 2025  
Date

  
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Vice President - Finance

10 Dec '25  
Date

  
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Executive Director

10 DEC 2025  
Date