



**VEREN INC.**

**AUDIT COMMITTEE MANDATE**

**CORPORATE POLICIES & PROCEDURES**

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**I. THE BOARD OF DIRECTORS' MANDATE FOR THE AUDIT COMMITTEE**

**1. General**

The Board of Directors (the "Board") has responsibility for the stewardship of Veren Inc. ("Veren") and its subsidiaries or related entities (collectively referred to herein as the "Corporation"). To discharge that responsibility, the Board is obligated by the *Business Corporations Act (Alberta)* to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Public financial reporting and disclosure by the Corporation are fundamental to the Corporation's business and affairs and to its status as a publicly listed enterprise. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure is to gain reasonable assurance of the following (including, where advisable in the achievement of this objective, through appropriate consultation with senior management and the Corporation's external auditors):

- (a) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- (b) that the accounting principles, significant judgments and disclosures which underlie or are incorporated in the Corporation's consolidated financial statements are the most appropriate in the prevailing circumstances;
- (c) that the Corporation's quarterly and annual consolidated financial statements and management's discussion and analysis, and the Corporation's Annual Information Forms ("AIF") are accurate within a reasonable level of materiality and present fairly the Corporation's financial position and performance in accordance with the recognition and measurement principles of International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"); and
- (d) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner in accordance with corporate and securities law and with stock exchange regulations.

The Board is of the view that monitoring the Corporation's financial reporting and disclosure policies and procedures cannot be reliably met unless the following activities (the "Fundamental Activities") are conducted effectively:

- (i) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions;
- (ii) the internal financial controls are regularly assessed for effectiveness and efficiency;

- (iii) the Corporation's accounting functions are performed in a manner sufficient to ensure the Corporation has established and continues to maintain disclosure controls and procedures and internal control over financial reporting that meet the requirements of applicable laws, rules and regulations and allows the Chief Executive Officer and the Chief Financial Officer to certify the same;
- (iv) the Corporation's quarterly and annual consolidated financial statements are properly prepared by management to comply with IFRS; and
- (v) the Corporation's quarterly and annual consolidated financial statements and Management Discussion and Analysis ("MD&A") are reported on by an external auditor appointed by the shareholders of the Corporation.

To assist the Board in monitoring the Corporation's financial reporting and disclosure and to conform to applicable corporate and securities law, including National Instrument 52-110 *Audit Committees* ("NI 52-110") (as implemented by the Canadian Securities Administrators and as amended from time to time) the Board has established the Audit Committee (the "Committee") of the Board.

## **2. Role of the Committee**

The role of the Committee is to assist the Board in its oversight of: (i) the integrity of the financial and related information of the Corporation, including its consolidated financial statements, the internal controls and procedures for financial reporting and the processes for monitoring compliance with legal and regulatory requirements; (ii) the Corporation's supply chain management process and procedures; (iii) the Corporation's enterprise risk management policy and framework; and (iv) the independence, qualifications and performance of the external auditor of the Corporation. Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them.

The Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The Committee shall have unrestricted access to personnel and information, and any resources necessary to carry out its responsibility. In this regard, the Committee may direct internal audit personnel to particular areas of examination.

## **3. Composition of Committee**

- (a) The Committee shall be appointed annually by the Board and consist of at least three members (the "Members") from among the directors of the Corporation.
- (b) Each Member must be an independent, non-executive director, free from any relationship that would interfere with the exercise of the Member's independent judgement. Members shall meet the independence and experience requirements set forth in NI 52-110 and of the regulatory bodies to which the Corporation is subject. Each Member shall be "financially literate", which means under NI 52-110 having the ability to read and understand a set of financial statements that present a breadth and level of complexity of finance and accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements) at the time of the Member's appointment to the Committee. At least one Member shall have accounting or related financial management expertise and qualify as an "audit committee financial expert" or similar designation in accordance with the requirements of the regulatory bodies to which the Corporation is subject.
- (c) Committee members may not, other than in their respective capacities as members of the Committee, the Board or any other committee of the Board, accept directly or indirectly any consulting, advisory or other compensatory fee from the Corporation or any subsidiary of the Corporation, or be an "affiliated

person” (as such term is defined in the United States Securities Exchange Act of 1934, as amended, and the rules, if any, adopted by the U.S. Securities and Exchange Commission thereunder) of the Corporation or any subsidiary of the Corporation. For greater certainty, directors’ fees and fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation that are not contingent on continued service should be the only compensation a Committee member receives from the Corporation.

- (d) At least one member shall have experience in the oil and gas industry.
- (e) Committee members shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board first determines that such simultaneous service will not impair the ability of the relevant members to effectively serve on the Committee, and required public disclosure is made.
- (f) The Board shall designate the Chair of the Committee.
- (g) The Chair of the Board shall be an ex officio member of the Committee and shall be entitled to attend all meetings of the Committee.
- (h) In the event of either: (i) a vacancy arising in the Committee that reduces the size of the Committee to fewer than three members; or (i) the loss of independence of any Member, the Committee will fill the vacancy or replace the Member that has lost independence, as applicable, within six weeks or by the following annual shareholders' meeting if sooner.

#### **4. Reliance on Experts**

In contributing to the Committee discharging its duties under this Mandate, each Member of the Committee shall be entitled to rely in good faith upon:

- (a) consolidated financial statements of the Corporation represented to the Member by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with IFRS; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

#### **5. Limitations on The Committee's Duties**

In contributing to the Committee discharging its duties under this Mandate, each Member shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Mandate is intended, or may be construed, to impose on any Member a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively, that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to the Board.

## **II. AUDIT COMMITTEE MANDATE**

This Mandate outlines how the Committee will satisfy the requirements set forth by the Board in its mandate.

### **1. Operating Principles**

The Committee shall fulfill its responsibilities within the context of the following principles.

### *Committee Values*

The Committee expects the management of the Corporation to operate in compliance with corporate policies; to comply with laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

### *Communications*

The Committee and its Members expect to have direct, open and frank communications throughout the year with management, other Committee Chairs, the external auditors, and other key Committee advisors or Company staff members as applicable.

### *Delegation*

The Committee may delegate, from time to time, to any person or committee of persons any of the Committee's responsibilities that may be lawfully delegated.

### *Annual Audit Committee Plan*

The Committee, in consultation with management and the external auditors, shall develop an annual Audit Committee plan responsive to the Committee's responsibilities as set out in this Mandate. In addition, the Committee, in consultation with management and the external auditors, shall develop and participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

The plan will be focused primarily on the annual and interim consolidated financial statements and MD&A of the Corporation; however, the Committee may at its sole discretion, or the discretion of the Board, review such other matters as may be necessary to satisfy the requirements of this Mandate.

### *Committee Expectations and Information Needs*

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at a reasonable time in advance of meeting dates.

### *Access to Independent Advisors*

To assist the Committee in discharging its responsibilities, the Committee may at its discretion, in addition to the external auditors, at the expense of the Corporation, retain one or more persons, firms or corporations having special expertise.

### *Reporting to the Board, Shareholders and Others*

The Committee, through its Chair, shall report after each Committee meeting to the Board at the Board's next regular meeting. In addition, the Committee shall prepare a report to shareholders or others, concerning the Committee's activities in the discharge of its responsibilities, when and as required by applicable laws, rules, policies or regulations.

### *Evaluation*

The Committee will conduct and present to the Board an annual evaluation of the performance of the Committee and the adequacy of this Mandate and recommend any proposed changes to the Board for approval.

### *Access to the Committee*

Representatives of the Auditor and management of the Corporation shall have access to the Committee each in absence of the other.

#### *The External Auditors*

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general, to the Committee.

#### *No Alteration*

No alteration to the roles and responsibilities of the Committee shall be effective without the approval of the Board.

## **2. Operating Procedures**

#### *Meetings*

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chair, upon the request of two (2) Members or at the request of the external auditors.

#### *Quorum*

A quorum shall be a majority of the Members.

#### *Notice of Meeting*

Notice of the time and place of every meeting shall be given in writing by any means of transmitted or recorded communication, including email or other electronic means that produces a written copy, to each Member of the Committee at least 24 hours prior to the time fixed for such meeting; provided however, that a Member may in any manner waive a notice of the meeting. Attendance of a Member at a meeting constitutes waiver of notice of the meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

#### *Meeting Agenda*

Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with other Members, senior management and the external auditors.

#### *Procedure, Records and Reporting*

Subject to any statute or the articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next regularly scheduled meeting of the Board).

#### *In Camera Meetings*

At the discretion of the Committee, the Members shall meet in private session with the external auditors and with management only.

### *Referral to the Board*

Any matter the Committee does not unanimously approve will be referred to the Board for consideration.

### *Secretary*

Unless the Committee otherwise specifies, the Corporate Secretary (or the Associate General Counsel or other person authorized by the Corporate Secretary and acceptable to the Chair of the Committee) of the Corporation shall act as Secretary of all meetings of the Committee.

### *Acting Chair*

In the absence of the Chair of the Committee, the Members shall appoint an acting Chair.

### *Minutes*

A copy of the minutes of each meeting of the Committee shall be provided to each Member and to each director of the Corporation in a timely fashion.

### *Attendance at Meetings*

The Chief Executive Officer, the Chief Financial Officer, the Senior Vice President, Finance and Treasurer and the internal audit staff are expected to be available to attend the Committee's meetings or portions thereof, and the Chief Executive Officer is entitled to attend all meetings of the Committee.

The Committee may, by specific invitation, have other resource persons in attendance.

The Committee shall have the right to determine who shall, and who shall not, be present at any time during a meeting of the Committee.

Directors, who are not members of the Committee, may attend Committee meetings, on an ad hoc basis, upon prior consultation and approval by the Committee Chair or by a majority of the members of the Committee.

## **3. Specific Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

### *Financial Information and Reporting*

- (a) Review, prior to public release, the Corporation's annual and quarterly consolidated financial statements with management and the external auditors to gain reasonable assurance that the statements are accurate within reasonable levels of materiality, complete, represent fairly the Corporation's financial position and performance and are in accordance with IFRS and report thereon to the Board before such consolidated financial statements are approved by the Board;
- (b) Receive from the external auditors reports on their review of the annual and quarterly consolidated financial statements;
- (c) Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;
- (d) Review, prior to public release, all news releases issued by the Corporation with respect to the Corporation's annual and quarterly consolidated financial statements; and

- (e) Review, prior to public release, prospectuses, material change disclosures of a financial nature, management discussion and analysis, AIF and similar disclosure documents to be issued by the Corporation.

#### *Accounting Policies*

- (a) Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgments, including changes or variations thereto;
- (b) Obtain reasonable assurance that the accounting policies, disclosures, reserves, key estimates and judgments are in compliance with IFRS from management and external auditors and report thereon to the Board;
- (c) Review with management and the external auditors the degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgments and reserves along with quality of financial reporting; and
- (d) Participate, if requested, in the resolution of disagreements between management and the external auditors.

#### *Risk and Uncertainty*

- (a) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:
  - (i) reviewing with management the Corporation's tolerance for financial risks;
  - (ii) reviewing with management its assessment of the significant financial risks facing the Corporation;
  - (iii) reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks; and
  - (iv) reviewing with management its plans, processes and programs to manage and control such risks.
- (b) Review with management its assessment of the cyber risks facing the Corporation and any related policies and any proposed changes thereto for managing cyber risk;
- (c) Review, at least biennially, the enterprise risk management policy, processes and framework and the assessment of enterprise risk management effectiveness by internal audit;
- (d) Annually review the report prepared in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* on the steps the Corporation has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step in the Corporation's supply chain and recommend to the Board that the report be approved by the Board in discharging its duty under the Act;
- (e) Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;

- (f) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;
- (g) Review the adequacy of insurance coverages maintained by the Corporation; and
- (h) Review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the consolidated financial statements.

*Financial Controls and Control Deviations*

- (a) Review the plans of the external auditors to gain reasonable assurance that the evaluation and testing of internal financial controls is comprehensive, coordinated and cost effective;
- (b) Receive regular reports from management and the external auditors on all significant deviations from IFRS or other Company internal control processes or indications which may suggest fraud and the corrective activity undertaken in respect thereto; and
- (c) Institute a procedure that will permit any employee, including management employees, to bring to the attention of the Board or the Committee concerns relating to financial controls and reporting which are material in scope and which cannot be addressed, in the employee's judgment, through existing reporting structures in the Corporation.

*Compliance with Laws and Regulations*

- (a) Receive and review regular reports from management and others (e.g. external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the consolidated financial statements including:
  - (i) tax and financial reporting laws and regulations;
  - (ii) legal withholding requirements; and
  - (iii) other laws and regulations which expose directors to liability; and
- (b) Review the filing status of the Corporation's tax returns and those of its subsidiaries or related entities.

*Relationship and External Auditors*

- (a) Be directly responsible, in the Committee's capacity as a committee of the Board and subject to the rights of shareholders and applicable law, for the appointment, compensation, retention and oversight of the work of the external auditors (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing an audit report, or performing other audit, review or attest services for the Corporation. The external auditors shall report directly to the Committee;
- (b) Recommend to the Board the nomination of the external auditors;
- (c) Pre-approve and recommend to the Board the remuneration and the terms of engagement of the external auditors as set forth in the engagement letter. The Chair of the Committee hereby has the authority to pre-approve non-audit services which may be required from time to time;



- (d) Review the performance of the external auditors annually or more frequently as required;
- (e) Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- (f) Receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- (g) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, and the materiality levels which the external auditors propose to employ;
- (h) Meet with the external auditors at least once a year in the absence of management to determine, *inter alia*, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- (i) Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee; and
- (j) Establish a reporting relationship between the external auditors and the Committee such that the external auditors can bring directly to the Committee matters that, in the judgment of the external auditors, merit the Committee's attention. In particular, the external auditors will advise the Committee of any disagreements between management and the external auditors regarding financial reporting and how such disagreements were resolved.

*Relationship with Internal Auditor*

- (a) Review the internal audit staff functions, including:
  - (i) the purpose, authority and organizational reporting lines;
  - (ii) the annual audit plan, budget and staffing; and
  - (iii) the appointment and compensation of any person with the responsibility for the Internal Audit; and
- (b) Review, with the Chief Financial Officer, controller or others, as appropriate, the Corporation's internal system of audit controls and the results of internal audits.

*Other Responsibilities and Procedures*

- (a) After consultation with the Chief Financial Officer, the Senior Vice President Finance and Treasurer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
- (b) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
- (c) Determine the appropriate funding for payment by the Corporation of: (i) compensation to the external auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, (ii) compensation to any advisors employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties; and

- (d) Perform such other functions as may, from time to time, be assigned to the Committee by the Board.

### **III. HIRING GUIDELINES FOR INDEPENDENT AUDITOR EMPLOYEES**

#### **1. Guidelines**

The Committee has adopted the following guidelines regarding the hiring of any partner, employee, reviewing tax professional or other person providing audit assurance to the external auditor of the Corporation on any aspect of its certification of the Corporation's consolidated financial statements:

- (a) No senior member of the audit team that is auditing a business of the Corporation can be hired into that business or into a position to which that business reports for a period of two years after the audit; and
- (b) No former partner or employee of the external auditor may be made an officer of the Corporation or any of its subsidiaries for two years following association with the external auditor:
  - (i) The Chief Executive Officer must approve all office hires from the external auditor; and
  - (ii) The Chief Financial Officer must report annually to the Committee on any hires within these guidelines during the preceding year.

#### **2. Audit Partner Rotation**

The Committee will ensure that the head audit partner assigned by the external auditor to the Corporation, as well as the audit partner charged with reviewing the audit of the Corporation, are changed at least every five years.

#### **3. Process for Handling Complaints about Accounting Matters**

The Committee will establish the following procedures for the receipt and treatment of any complaint received by the Corporation, including confidential, anonymous submissions by employees of the Corporation and by third parties, regarding accounting, internal accounting controls, auditing or other matters and create a summary of any significant investigations regarding such matters:

- (a) The Corporation will publish on its website special mail and e-mail addresses and a toll-free telephone number for receiving complaints regarding accounting, internal accounting controls, auditing matters and other matters;
- (b) Copies of all complaints will be sent to the Chair of the Committee and to the Chair of the Board and to the Chair of those other committees of the Board responsible for the oversight of the subject matter of the complaint;
- (c) Copies of complaints relating to accounting, internal accounting controls and auditing matters received will be sent to the Members of the Committee;
- (d) All complaints will be investigated by the Corporation's finance and legal departments in the normal manner, except as otherwise directed by the Committee. The Committee may request that outside advisors be retained to investigate any complaint; and
- (e) The status of each complaint will be reported on a quarterly basis to the Committee and, if the Committee so directs, to the full Board.

*Approved by the Board of Directors on February 28, 2024.*