

Internal Audit Charter

1. Purpose

The Internal Audit (IA) function provides assurance and advisory services to management and the Board in relation to internal controls, risk management, and the governance of Cochlear Limited (“Cochlear”).

2. Scope

Scope includes all business activity of Cochlear and its subsidiary companies.

IA may also assess any matters at the request of the Board, Audit & Risk Committee (“the ARC”), and/or management as to the integrity and alignment of outcomes with expected objectives, and on the efficiency and effectiveness of systems and processes.

Outcomes from IA activity will be reported to senior management and relevant Committees in a complete and timely manner, and in a form and format consistent with IA standards.

Scope and delivery of internal audit activity is maintained in an Internal Audit Plan, overseen by the ARC who review and approve the plan at least annually, and monitor outcomes via regular internal audit reporting.

3. Authority

The Internal Audit Charter (“the Charter”) is established by the authority of the ARC. The Charter defines the IA purpose, the nature of internal audit activity, expected standards of performance, and reporting accountabilities.

IA is authorised to:

- Have unrestricted access to all functions, records, property, and personnel, maintaining appropriate confidentiality requirements and integrity of legal privilege;
- Have full and free access to the ARC; and
- Obtain necessary assistance of personnel in departments under review, as well as other specialised services from within or outside the organisation, subject to budget constraints, and the approval of the ARC.

IA is not authorised to:

- Perform operational duties for the organisation or its affiliates;
- Initiate or approve accounting transactions external to the IA department; or
- Direct activities of any employee not engaged by IA except to the extent such staff have been appropriately assigned to assist IA.

IA may perform advisory and related client service activities, the nature and scope of which will be agreed with the sponsoring executive, on the basis that the activity does not assume management responsibility or compromise IA’s independence. All activity is presented to the ARC.

Management support of IA authority is a requirement from the Board.

4. Independence

IA reports functionally into the Chair of the ARC and administratively to the Chief Financial Officer.

IA retains unrestricted access to the Chief Executive Officer, the Chair of the ARC, and Chair of the Board. The Chair of the ARC and Chief Audit Executive (CAE) meet directly on a recurring basis.

All members of the IA team are required to declare any potential, perceived, or actual conflicts of interest to the Chair of the ARC, the Chief Financial Officer, and the Chief Executive Officer.

Where the CAE has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Matters concerning the independence of IA, or the influence of the Chief Financial Officer or Chief Executive Officer, may be raised directly with the Chair of the ARC by any employee of Cochlear.

5. Accountabilities

IA is accountable to the Chair of the ARC and commits to:

- Adherence to the *International Professional Practices Framework (IPPF)* issued by the Institute of Internal Audit (IIA), including the Code of Ethics and Internal Audit Standards;
- Compliance with internal company policies;
- Maintaining an appropriate level of knowledge, skill, and technical proficiency relevant to the performance of IA activity;
- Maintaining, or maintaining access to, an appropriate sufficiency of resource to deliver approved IA activity; and
- Ensuring appropriate communication and reporting of IA activity, including the timely escalation of material matters. This includes regular engagement with the external auditor(s).

6. Performance

The CAE will maintain an IA strategy along with associated performance indicators that provides a view of the shorter-term performance of the function, agreed with the ARC.

The CAE will periodically report to Committee(s) on IA conformance to the Code of Ethics and the Standards. And consistent with IIA standards, an appropriate internal quality assurance and performance framework will be maintained, including an independent external review every 5 years.

Progress and performance are routinely presented to the ARC.

The performance assessment of the CAE (or role equivalent) includes input from the Chair of the ARC.

7. Review of the Charter

The Charter will be reviewed at least every two years and submitted for approval to the ARC.

Approved by the Audit & Risk Committee: 08 February 2024