

INTERNAL AUDIT CHARTER

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Status: Final

1 Introduction

Internal Audit is established by authority of the SGH Board (Board), with its responsibilities defined in this Internal Audit Charter (IA Charter) approved by the Board on endorsement of the SGH Audit & Risk Committee (ARC).

The ARC has been established by the Board as an advisory committee. Its terms of reference are defined in the ARC Charter. In accordance with its Charter, the ARC has direct oversight of the Internal Audit Function (IAF).

This IA Charter provides the framework and authority for the performance of internal audit activities at SGH and all its controlled entities.

The Chair of the ARC will act as the Chief Audit Officer responsible for ensuring the engagement, planning and performance assessment of the IAF and the resultant quality of performance of internal audit services are in accordance with the Global Internal Audit Standards.

The ARC is accountable to the SGH Board for the Internal Audit function's implementation of and conformance with requirements of this Charter.

This IA Charter has been prepared with the benefit of considering the Institute of Internal Auditors Australia model IA Charter.

2 Vision

The vision of the IAF is to embrace and operate in line with the relevant and recognised elements of best-in-class internal audit. The overall objective of Internal Audit is to assist management and the ARC in the effective discharge of their responsibilities by providing independent and objective assurance and consulting activities that are guided by a philosophy of adding value to improve the operations of SGH and ensuring they comply with relevant internal and external policies and regulations.

3 Purpose

Internal auditing strengthens SGH's ability to create, protect and sustain value by providing the ARC and management with independent, risk-based and objective assurance, advice, insight and foresight.

Internal Audit provides assurance and advice to:

- The ARC and Board to increase their level confidence about SGH's governance, risk management and control processes; and
- Assist management to improve governance, controls and business performance.

4 Scope

The scope of Internal Audit encompasses the examination and evaluation of the adequacy, effectiveness and efficiency of the organisation's systems of internal control, risk management and governance. It includes:

- Development and implementation of a flexible and risk-based annual audit plan of internal audits and self-assessments endorsed by management and approved by the ARC. In development of the annual program, resources may also be re-allocated for unplanned requests from the MD&CEO, Chair of the ARC and the ARC;

- Adjusting the plan on a biannual basis, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems and controls. Any significant deviation from the approved internal audit plan will be communicated to the MD&CEO and CFO and the ARC through periodic activity reports;
- Regularly reporting on progress against the plan and any significant matters affecting the achievement of the plan;
- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information;
- Reviewing the systems established to ensure compliance with financial and operational policies, plans, procedures and regulations which could have a significant impact on operations and reporting on whether the organisation is in compliance and whether those systems require improvement;
- Regular communication of the progress and results of internal audit reviews, categorisation of any control weaknesses identified by the level of risk to SGH, and the mitigation of any control weaknesses identified in these engagements to the ARC, Subsidiary Boards and the MD&CEO.
- Monitoring and reporting to management and the ARC on the status of issues raised from internal audit reviews;
- Providing advisory services to management to provide guidance in the design and implementation, or improvement, of internal controls and assessing its effectiveness;
- Overseeing and reporting to the ARC on investigations of suspected fraudulent and corrupt activities;
- Completing other assurance, advisory or investigative activities as requested by the MD&CEO or the ARC from time to time;
- Considering management Financial and Corporate Governance Self-Assessment (FCGSA) programs to ascertain whether results are consistent with established objectives and procedures and providing independent assistance to the businesses to develop improvement programs where required to support the FCGSA;
- Maintaining a quality assurance and improvement program to assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. The program will include an evaluation of the internal audit activity's broad adherence with the Standards and a seek a representation that the IAF has applied appropriate ethics in undertaking its work.;
- Communicating to the ARC on the Internal Audit's quality assurance and improvement program, including ongoing internal assessment and ARC formal assessments conducted at least every five years; and
- Develop and maintaining an appropriately skilled and professional IAF with sufficient knowledge, skills and experience to meet the requirements of the Charter.

5 Authority

All Internal Audit work is undertaken under the authority of the SGH Board under the direct oversight of the SGH ARC.

Internal Audit staff and service providers are authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documentation and information necessary to enable Internal Audit to fulfil its responsibilities in line with its approved internal audit plan.

Internal Audit, in the course of its activities, is authorised to:

- Seek any information it requires to fulfill its responsibilities from any officer, employee, consultant or contractor related to SGH;
- Allocate resources, set frequencies, determine scopes of work and apply the techniques required to carry out internal audit activities;
- Obtain the necessary assistance of personnel within SGH's controlled entities where audits are being performed, as well as other specialised services from within or outside of those controlled entities;
- Have unrestricted access to the ARC.

Internal Audit is not authorised to:

- Perform any operational duties for SGH or its affiliates.
- Initiate or approve accounting transactions.
- Direct the activities of any SGH employee, except to the extent such employees have been appropriately assigned to assist the internal auditors.

6 Confidentiality

All records, documentation and information accessed in the course of undertaking internal audit work are to be used solely for the performance of these activities. Internal Audit staff and service providers are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

All internal audit documentation and work papers remain the property of SGH and where appropriate, SGH's respective controlled entities, including where internal audit services are provided by an external service providers under an outsourced model. Our outsourced provider can retain workpapers in accordance with their professional service obligations and legal requirements as outlined in their engagement terms.

7 Independence

Internal Audit is required to be independent and internal auditors are required to be objective.

Internal Audit has no direct authority or responsibility for the activities it reviews. Internal Audit has no responsibility for management of business activities, or for development or implementation of operational systems or procedures. The Chair of the ARC, in consultation with the ARC members, is authorised to determine how internal audit services will be delivered.

The strength of Internal Audit comes from being independent of SGH management. To ensure that SGH has access to appropriately skilled subject matter experts with both domestic and international expertise, with the supporting tools and depth of teams across the national network of operations, SGH has elected to adopt an outsourced internal audit model.

The Chair of the ARC is ultimately responsible for any non-audit activities provided by the outsourced internal auditor and ensures that there are independence safeguards in place:

- When responsible for non-audit activities, the Chair of the ARC is not performing Line 3 internal audit duties when managing those activities;
- Review of the non-audit activities must be managed and performed independently of the Chair of the ARC and reported annually to the ARC;
- Audit action monitoring and closure relating to the non-audit activities to be managed outside internal audit;
- Periodic independent review of safeguards effectiveness; and
- Chair of the ARC's annual declaration to the Audit Committee objectivity of the non-audit activities.

8 Conflict of Interests and Impairment of Objectivity

Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interests can make it difficult to fulfil duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit function and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.

Internal auditors are not to provide audit services for work for which they may previously have been responsible for within the last year.

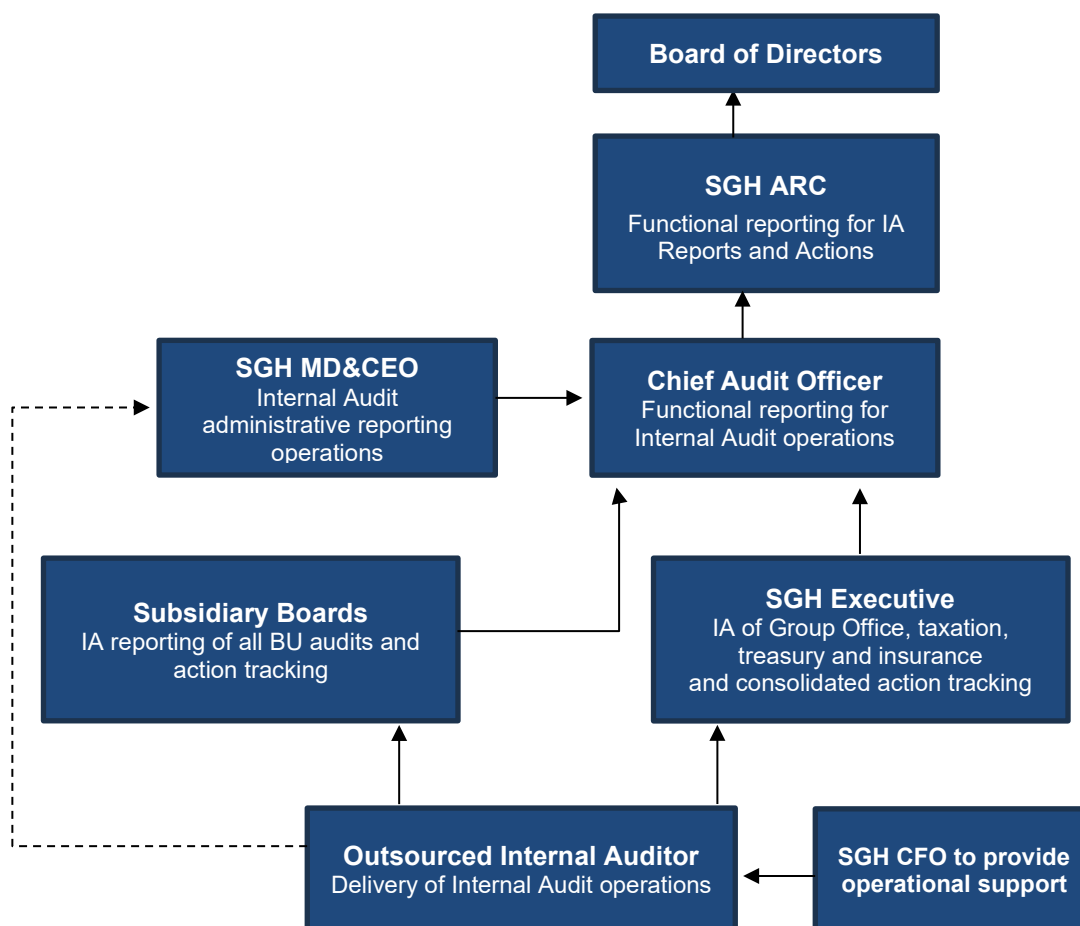
When engaging internal audit service providers, the Chair of the ARC shall take steps to identify, evaluate the significance of, and manage any perceived, potential or actual conflict of interest that may impinge upon internal audit work performed by a service provider.

Where an internal audit service provider may be requested to provide a non-internal audit service by another business area, prior permission of the Chair of the ARC (as administered by the CFO) is required before the service provider can be engaged.

Instances of perceived, potential or actual conflict of interest by Internal Audit staff and service providers shall immediately be reported to the Chair of the ARC.

9 Internal Audit Positioning

Internal Audit is positioned within SGH as follows:



10 Reporting Arrangements

All Internal Audit staff and service providers report to the Chair of the ARC, who reports:

- Functionally for operations of the IAF to the ARC; and
- Administratively to the SGH Board.

Functional reporting involves the Audit and Risk Committee:

- Reviewing and approving the Internal Audit Charter;
- Assessing Outsourced IAF performance;
- Reviewing and approving the Internal Audit Plan, and any changes to the plan;
- Reviewing reports on the results of audits, audit-related activities, audit team capability, audit performance, and other important matters;
- Monitoring IAF compliance with standards, together with quality and improvement arrangements;
- Meeting privately with the Chair of the ARC at least twice each year without the MD&CEO or other management present; and
- Making enquiries of the Lead Internal Audit Partner of the Outsourced provider to determine any scope or budget limitations that may impede the execution of IAF responsibilities.

Administrative reporting to the MD&CEO includes:

- Internal Audit resources and annual budget; and
- Provision of corporate services to IAF including office accommodation, technology and equipment, and introduction to BU teams will be supported by the SGH CFO.

It is anticipated that the IA function within equity accounted investees, including Beach Energy, Seven West Media and any other equity accounted investees that SGH acquires, would remain independent of this function with reporting of key issues continuing through existing practices of the bi-annual FCGSA Questionnaire and governance and reporting procedures conducted through entity boards. This is important to ensure the continued independence of SGH from the equity accounted investees which are not controlled by SGH.

The Chair of the ARC will meet as required with the MD&CEO.

As internal audit is currently outsourced, the lead service provider partner will report through the Chair of the ARC. In exceptional circumstances, the service provider partner may have direct access to the Chair of the SGH Board.

Internal audit work may also be conducted by other external service providers where:

- The Outsourced Internal Auditor lacks the proficiency, knowledge, skill or other competencies needed to perform all or part of an engagement; or
- Where any real or perceived conflict of interest may arise in the conduct of the engagement by the Outsourced Internal Auditor; or
- Where additional internal audit activities require the benefit of legal professional privilege.

If the outsourced internal auditor seeks access to legally privileged material or is providing privileged reports, SGH will work with the internal auditor to determine what information the internal auditor requires to be able to form the necessary audit opinion. If it is necessary to disclose privileged material to the internal auditor, then appropriate measures must be implemented to ensure conditions of confidentiality and privilege are maintained and to ensure disclosure is made for the limited purpose of the audit (limited waiver).

11 Role

In performance of its activities, Internal Audit will play an active role in:

- Developing and maintaining a culture of accountability, integrity and adherence to high ethical and corporate governance standards;
- Facilitating the integration of controls and risk management into day-to-day business activities and processes; and
- Promoting a culture of cost-consciousness and self-assessment.

IAF will support SGH by:

- Reviewing achievement of objectives;
- Assessing if decisions are properly authorised;
- Evaluating the reliability and integrity of information;
- Ensuring assets are safeguarded;
- Reviewing compliance with material laws, regulations and policies were required by an audit;
- Considering the efficiency, effectiveness and ethics of business activities;
- Seeking to prevent any opportunities for fraud and corruption;
- Following-up previous audits to assess if remedial action has been effectively implemented;
- Providing forward-looking internal audit services; and
- Looking for better ways of doing things and sharing these insights within SGH.

Management may request internal audit services in response to emerging business issues or risks. Internal Audit will attempt to satisfy these requests subject to the assessed level of risk, availability of resources, and endorsement of the ARC.

12 Reporting to the Audit & Risk Committee

Internal Audit will conduct activities as agreed, report the outcome and findings immediately to management, make recommendations and agree with management actions to be taken.

A written report including findings and agreed actions will be prepared and issued by Internal Audit to management at the conclusion of each audit and distributed to the relevant Board. The details, unless otherwise requested by management, will be distributed to relevant line management, who will have already been made fully aware of the detail, and whose co-operation in preparing the report will have been sought.

Internal Audit will submit to the ARC at each meeting a report detailing its activities against the annual internal audit plan, the key findings of those activities and the status of management actions to close out concerns raised from audit activities.

As the ARC supports the Board in exercising their governance responsibilities, the Chair of the ARC will ensure reports are tabled to the SGH ARC on:

- Overall performance of Internal Audit, including performance measures agreed with the ARC.
- Internal audit work completed;
- Progress implementing the internal audit plan;
- Common themes emerging from internal audit engagements;
- Where appropriate, assessments of individual functions or business units derived from more than one engagement;
- Implementation status of internal audit, external audit, and other relevant external and regulatory body recommendations;
- Achievements via an annual report to summarise work and achievements for the year, to demonstrate value delivered, and to provide an opinion on the overall state of internal controls and systemic issues identified;
- Annual assertion on Internal Audit independence and compliance with internal audit standards; and annual statement addressing performance of governance, risk management and control processes across the organisation.

The Chair of the ARC will also report:

- Any disagreement with senior management or other stakeholders on the scope, findings, or other aspects of an engagement which may affect the ability of the internal audit function to execute its responsibilities;
- Any incidents where independence may have been impaired, and the actions or safeguards employed to address the impairment; and
- Other matters as outlined in this Charter.

13 Nature and Scope of Work

The scope of internal audit work embraces the wider concept of corporate governance and risk, recognising that controls exist in organisations to manage risks and promote effective and efficient governance and performance. Internal audit services may include:

- Assurance Services – Services through which internal auditors perform objective assessments to provide assurance. Examples of assurance services include compliance, financial, operational / performance and technology engagements. Internal auditors may provide limited or reasonable assurance, depending on the nature, timing and extent of procedures performed; and
- Advisory Services – Services through which internal auditors provide advice to an organisation's stakeholders without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders. Examples include advising on the design and implementation of new policies, processes, systems and products / providing forensic services / providing training / facilitating discussions about risks and controls. 'Advisory services' are also known as 'consulting services'.

The scope and coverage of Internal Audit work is not limited in any way and may cover any activity, operation and program, including those of subsidiary, controlled and associated organisations.

14 Relationship with Related Assurance Functions and the External Auditor

To achieve cost-effective and efficient coverage, Internal Audit will liaise regularly with the external auditor in consultation with management. Liaison will include discussion and co-ordination of work.

15 Professional Standards

Internal Audit will govern itself by adherence to guidance contained in the 'International Professional Practices Framework' (IPPF) and aligned with the 'Global Internal Audit Standards' issued by the Institute of Internal Auditors (IIA). This includes internal audit work performed by service providers.

16 Resourcing

The Chair of the ARC must advise the ARC if internal audit resources are not sufficient for IAF to fulfil its responsibilities. Any assessment of the Internal Audit operational budget is to be supported by appropriate and objective analysis and benchmarking.

The Chair of the ARC, in consultation with the ARC, shall ensure that the outsourced internal audit provider will be selected through periodic market testing that applies good practice probity principles focused on competence, skills and knowledge against a set of pre-determined criteria including independence and objectivity. The Outsourced Internal Audit Service provider appointment will be recommended to the SGH Board for approval.

17 Responsibilities

The ARC, led by the Chair of the ARC, will:

Internal Audit

- Establish a 'best-in-class' IAF;
- Develop a risk-based internal audit plan that considers SGH's objectives and risks, including those identified by management, and submit the annual plan to the ARC for review and approval;
- Design an IAF execution plan built on an organisation-wide assurance map;
- Ensure changes to the internal audit plan are approved by the ARC.

Internal Audit Engagements

- Ensure internal audit work contained in the approved internal audit plan is formally reported back to the ARC for each audit containing a conclusion against the engagement objective, positive commentary on what is working well, and improvement actions;
- Ensure proposed management actions are included in audit reports, identifying a responsible person and realistic timetable for completion; and
- Provide final audit communication to management of the area audited, MD&CEO and the ARC. Copies may be provided to management of other areas where relevant. Copies may be provided to the external auditor subject to customary hold harmless letters being provided.

Improvement Actions

- Establish a system to monitor progress by management to implement internal audit and external audit improvement actions, together with recommendations contained in reports by other relevant external and regulatory bodies;
- Obtain regular updates on progress to implement audit improvement actions; and
- Follow-up and obtain evidence that audit improvement actions are effectively implemented by management before recommending closure to the ARC.

18 Management Obligations

An Executive Sponsor will be nominated as the management owner of each audit. For each SGH subsidiary this will usually be the BU CEO and CFO.

Management and staff are obligated to professionally and constructively contribute to internal audit work, and implementation of audit actions in response to improvement opportunities and recommendations contained in internal audit reports.

Management will work with IAF to provide requested information in relation to an audit as efficiently as possible and on a timely basis.

Management has maximum of 10 working days from when they receive a draft internal audit report to provide management responses and proposed audit actions which should contain:

- Agreed, partially agreed or not agreed;
- If not agreed, why not;
- Action to be taken – these do not need to include lengthy comments or explanations – the action to be taken is all that is required;
- Responsible person;
- Timing; and
- Interim control arrangements to be relied upon where there is a long lead time, such as waiting to close-out an audit action through implementation of a technology solution.

In exceptional circumstances, a longer time period for management responses may be agreed between the Chair of the ARC, the SGH MD&CEO and the relevant Executive Sponsor.

Where management responses to an audit recommendation are not considered adequate, the Chair of the ARC will consult with management of the area audited and attempt to reach a mutually agreeable resolution. If agreement is not reached, the Chair of the ARC will refer the matter to the SGH MD&CEO for resolution. If agreement is still not reached, the final arbiter will be the ARC.

Internal audit will request regular updates from management on progress of audit improvement action implementation. Timing will align to ARC meetings.

Where an audit recommendation rated high or above is not implemented and closed-out by its due date, the Executive Sponsor may be required to attend the next ARC meeting and present details on why the audit action has not been fully implemented and closed-out, and how the associated risk is being addressed in the interim.

Where management seeks to accept a risk from an audit recommendation, a 'management acceptance of risk' form is to be completed that considers approved risk appetite and submit it to the ARC for review and approval.

19 Quality Assurance and Improvement Program

The Chair of the ARC is ultimately responsible for ensuring a quality assurance and improvement program is in place that includes:

- Ongoing internal assessments;
- Performance measures agreed by the ARC;
- Annual internal assessments to confirm alignment with the 'Global Internal Audit Standards'; and
- Annual assertion to the ARC by the SGH MD&CEO and SGH CFO on compliance with internal audit standards.

20 Evaluation of Performance

Internal Audit performance will be evaluated annually and results reported to the ARC. This will include:

- Results of the quality assurance and improvement program;
- Results of Internal Audit performance measures previously approved by the ARC;
- Feedback from management of areas where internal audit work has been performed; and
- Feedback from ARC members.

The Chair of the ARC will meet annually with the outsourced provider to share the findings of this evaluation.

21 Relationship with other Assurance Activities

SGH uses the 3 Lines integrated assurance model to allocate responsibilities for risk management and control, recognising that:

- Line 1 – Management has ownership, responsibility and accountability for assessing, controlling and mitigating risks;
- Line 2 – Risk management (through the SGH COO) facilitates and monitors implementation of effective risk management practices by management and assists risk owners in reporting adequate risk-related information up and down the organisation; and
- Line 3 – Internal audit will, through a risk-based approach, provide assurance to the ARC and management on how effectively SGH assesses and manages its risks, including the manner in which the first and second lines operate. Internal auditing does not absolve management from any of their risk management and control responsibilities.

IAF will establish and maintain an open relationship with the external auditor and other assurance providers. Internal Audit will plan its activities to ensure adequacy of overall assurance coverage and to minimize duplication of assurance effort across SGH.

External auditors have full and free access to all internal audit plans, work papers and reports, after providing customary hold harmless letters

22 Review of the Charter

This Charter will be reviewed biennially or when a significant change occurs, with any changes endorsed by the ARC and approved by the Board.

23 Approval of the Charter

Approved: SGH Board of Directors in June 2025.