

## Policy on Non Audit Services and Rotation of Auditors

The Board of Pacific Brands Limited has established an Audit, Business Risk and Compliance Committee (**the Committee**). The purpose for which the Committee was established and the powers of the Committee are set out in the Committee's Charter.

Pursuant to paragraph 5 of the Committee's Charter, a key responsibility and function of the Committee is "...forming a policy on the provision of non-audit services and the rotation of external auditor personnel on a regular basis...".

### 1. Non-audit services

This policy is intended to maintain the independence of the Company's external auditor (Auditor) by regulating the provision of non-audit services by the auditor. The policy aims to provide guidance to the Committee in fulfilling its role of determining the independence of the Auditor by reference to:

- a. Those non-audit services that the Auditor may not provide;
- b. Non-audit services that the Auditor may provide with the Committee's approval; and
- c. Those non-audit services that the Auditor may provide to the Company without the need for approval.

It is intended that the expression "non-audit services" encompasses any services provided by the Auditor which are not included in, or are necessarily incidental to, the terms of the audit engagement.

As a general principle, the Auditor may not provide any non-audit services to the Company which would create a perceived or real threat to the independence of the Auditor.

#### 1.1 Services requiring Committee approval

The Committee recognises that there may be circumstances where the Auditor may perform non-audit services that would otherwise be prevented by this policy, without creating a perceived or real threat to the independence of the Auditor. Such circumstances may include small or minor tasks, or tasks where a quick turnaround is required and the Auditor has the necessary background to perform the task most effectively.

Such tasks may be performed by the Auditor, with the approval of the Committee.

The Committee has also set the following approval limits for non-audit services that are not expressly prohibited by this policy:

- a. **All services where the fee for the particular engagement exceeds \$100,000 require approval by the Committee, before the Auditor can perform those services; and**
- b. **Where the annual fees for all non-audit services exceed or are likely to exceed 50% of the Auditor's annual audit fees, specific approval must be obtained from the Committee to ensure that the Auditor's independence is not compromised.**

Specifically, unless the Committee determines otherwise, the Auditor is prohibited from:

- Appraisal or valuation and fairness opinions;
- Performance of internal audit services;
- Providing advice on deal structuring and related documentation;
- Providing tax planning and strategic advice;
- Providing IT systems services;
- Performing executive recruitment or extensive human resources functions;
- Acting as a broker-dealer, promoter or underwriter; or
- Legal services.

### **1.2 Auditor's role**

Unless the Committee determines otherwise, the Auditor must not:

- Authorise or execute a transaction, or otherwise exercise authority on behalf of the Company, or have the authority to do so;
- Report, in a management role, to the Board of Pacific Brands or to any of its committees; and
- Engage in any other activity prohibited by legislation.

### **1.3 Non-audit services that may be provided with the Committee's approval**

The Auditor must first gain the Committee's approval before preparing source documents or originating data, in electronic or other form, evidencing the occurrence of a transaction.

## **2. Rotation of auditor**

It is the Committee's policy that the partner managing the audit for the Auditor be rotated within every 5 years from the date of appointment.