

Pacific Brands Limited
Policy of the Audit, Business Risk and Compliance Committee
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 responsibilities and functions of the Committee are set out in the Committee's Charter.

Pursuant to paragraph 4 of the Committee's Charter, a key responsibility and function of the Committee is overseeing the Company's relationship with the external auditor, including their independence and determining procedures for the rotation of external auditor personnel.

1 Non-audit services

This policy is intended to assist in maintaining 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; and
- (b) non-audit services that the Auditor may provide with the Committee's 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 without creating a perceived or real threat to the independence of the Auditor. Such circumstances may include small or minor tasks of an assurance or compliance nature or cases where the Auditor is uniquely positioned to perform the services.

Such tasks may be performed by the Auditor, subject to the following approval limits:

- (a) non audit services where the fee for the particular engagement does not exceed \$25,000 may be approved by the Chief Financial & Operating Officer and advised to the Chairman of the Committee;
- (b) non audit services where the fee for the particular engagement exceeds \$25,000 but is less than \$100,000 may be approved by the Chief Financial & Operating Officer and the Chairman of the Committee; and
- (c) non audit services where the fee for the particular engagement exceeds \$100,000 may only be approved by the Committee.

In addition to the approval limits described above, 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 Board to ensure that the Auditor's independence is not compromised.

1.2 Services which the Auditor is prohibited from providing.

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

- providing appraisal or valuation and fairness opinions;
- seconding personnel;
- performing internal audit services;
- providing advice on deal structuring and related documentation;
- providing tax advisory work;
- providing IT services;
- performing executive recruitment or extensive human resources functions;
- acting as a broker-dealer, promoter or underwriter; or
- providing legal services (including litigation services);
- providing corporate strategy advice

1.3 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.

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.