

# Audit Committee Charter

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## 1. Purpose

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The Board has responsibility for:

- approving Thorn's financial statements and accounting policies; and
- policies and procedures appropriate for maintaining Thorn's consolidated financial reporting control environment.

The purpose of the Audit Committee (the Committee) is to assist the Board to discharge its responsibilities for:

- the integrity of Thorn's financial reports;
- the integrity of Thorn's internal and external audits;
- the appropriateness of Thorn's accounting policies and processes;
- the effectiveness of Thorn's financial reporting controls and procedures; and
- the effectiveness of Thorn's internal control environment.

The Committee will work with the Risk and Compliance Committee and Remuneration and Nomination Committee and assist the Board in fulfilling its responsibilities. The Committee shall be assisted by the independent assurance function provided by the Internal Auditor and the external auditor.

## 2. Authority

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The Board authorises the Committee to:

- take such steps and actions as the Committee deems necessary to achieve its Purpose;
- oversee and approve Thorn's financial statements and disclosures;
- maintain Thorn's financial control environment; and
- obtain advice from any external parties, as appropriate, at Thorn Group's expense.

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## 3. Committee Membership and Meetings

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Members of the Committee are appointed by the Board and consist of at least three independent non-executive directors. The Board will determine the chair of the Committee which should not be chair of the Board.

All members of the Committee must be financially literate and at least one member must have significant relevant financial and/or accounting experience. In addition, all members must have a sufficient understanding of the business of Thorn and the financial, operating and legal issues which affect Thorn.

The Committee will meet at least four times per year with additional meetings convened as necessary at the request of any member. The quorum for all Committee meetings is two members. All other non-executive directors of the Board are invited to attend all meetings as observers. The Committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate.

The Committee has unrestricted access to executive management, all employees and all Thorn records, tax and financial advisers, legal advisers and Internal and External Auditors.

The Company Secretary or their nominee will act as the Secretary to the Committee, unless otherwise determined by the Committee.

The Secretary will keep minutes of proceedings and resolutions of the Committee together with copies of supporting papers. Minutes will be circulated to the Chair promptly after the meeting and confirmed at the next meeting of the Committee. The minutes of each Committee meeting will be included in the papers and provided to members of the Board for the next full Board meeting.

Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and information papers relevant to such items, shall be forwarded to each member of the Committee and any person invited to attend, no fewer than 4 business days prior to the date of the meeting.

The Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the Corporations Act 2001 (Cth).

At least twice a year, the Committee will meet with the Internal Auditor and External Auditor in the absence of management.

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## 4. Roles and responsibilities

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### (a) Review of Financial Reports

The Committee must review compliance with Thorn's statutory financial reporting obligations including but not limited to the half year and annual financial statements and the Directors' Report together with reports and opinions from external auditors before making appropriate recommendations to the Board including:

- critical accounting policies and practices adopted and any significant changes in them;
- compliance with applicable accounting standards, ASX Listing Rules and other legal requirements in relation to the financial reports;
- review any financial reports to be released to the Australian Securities Exchange;
- review any statements or commentary to be released to the Australian Securities Exchange to accompany the half year or annual financial statements;
- decisions requiring a major element of judgement in relation to matters which have a material impact on the financial reports;
- the going concern assumption; and
- the clarity and adequacy of the financial reports.

### (b) External Audit

The Committee must:

- oversee the selection of external auditors and make appropriate recommendations to the Board regarding the appointment, reappointment and removal of external auditors;
- review and monitor the independence, objectivity and effectiveness of the external auditors and in particular assess whether the Committee is satisfied that the independence of the external auditors has been maintained, having regard among other things to the provision by the external auditors of any non-audit related services;
- make recommendations to the Board on the independence of the external auditors including but not limited to half yearly and annual financial reporting;
- monitor the rotation of the external auditor engagement partners at agreed intervals;

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- review and monitor the external auditor's annual audit plan and approve the annual audit fee; and
- review reports from the external auditor in relation to their major audit findings, management responses and action plans and report in relation to those findings and action plans.

## **(c) Internal Audit**

The Committee must:

- review and recommend to the Board the appointment of the Internal Audit Manager who reports functionally to the Committee;
- review the appointment of the Internal Auditors if the function is co-sourced or outsourced;
- review and approve the Internal Auditor's annual program of work including in relation to scope, adequacy and materiality;
- review the adequacy of resources (including internal resources and/or co-sourced resources) and approve any proposed change to the resources engaged in the internal audit function or the manner in which that function is performed;
- report to the Board on issues arising from the Internal Auditor's reports on major issues arising from the Internal Audit program;
- monitor the performance of the Internal Auditor and review all reports from the Internal Auditor on its audit findings, management responses and action plans and reports in relation to those findings and action plans, in so far as relates to the remit of the Committee.

## **(d) Internal Controls and Processes**

The Committee must:

- Assess the performance of the financial management of Thorn;
- review and monitor the effectiveness of Thorn's internal financial control systems and processes; and
- review and monitor the appropriateness of applicable accounting policies and methods, particularly those involving significant estimates and judgements, and the Committee is authorised to amend Thorn's accounting policies which the Committee determines do not require Board approval.

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### (e) Treasury

The Committee must:

- review and monitor the ongoing effectiveness of Thorn's treasury policy and operations;

review and monitor Thorn's current and future liquidity, funding and derivative exposures and strategies, borrowing, investment and hedging transactions within the limits and other parameters set out in the treasury policy and delegated authorities granted to management relating to treasury operations; and

- review and approve credit limits applicable to specific counterparties, consistent with the treasury policy.

### (f) Tax

The Committee must review and monitor the ongoing effectiveness of Thorn's Tax Governance Framework.

### (g) Other

The Committee shall undertake such further investigations which the Committee considers necessary or may be requested by the Board.

## 5. Regular Review of the Continuous Disclosure and Communication Policy

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The Committee will:

- conduct a regular review of the adequacy of the Continuous Disclosure and Communication Policy and the procedures established under it to ensure Thorn Group identifies in a timely manner all material disclosure events, that Thorn Secretary and/or the Chief Financial Officer are promptly made aware of such events and that Thorn Group's disclosure obligations are being met;
- conduct a regular review of the adequacy of the materiality thresholds and recommend changes to the Board;
- ensure that all potential continuous disclosure matters are immediately identified and considered on a case by case basis as to whether disclosure is required under Thorn Group's legal obligations; and
- maintain a record of matters considered for disclosure and further develop policies that promote a considered and consistent approach to disclosure.

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## 6. Auditor Independence and Non-Audit Services

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### (a) Importance of independent external auditor

Thorn recognizes that a high quality, independent statutory audit is fundamental to the maintenance of sound corporate governance and to the proper functioning of the capital markets.

The Committee shall adopt safeguards to maintain audit independence as follows:

- designating the types of services that may be and may not be performed by the external auditor;
- monitoring the rotation of external auditor engagement partners at agreed intervals; and
- ensuring that management retains responsibility for decision-making on all matters that are the subject of non-audit services provided by the external auditor.

### (b) Classification of non-audit services

Thorn considers that the provision of certain non-audit services and the level of non-audit fees paid to the auditor may give rise to conflicts of interest or perceived or actual loss of independence.

Thorn considers that the following services are audit services which can be provided by the external auditor:

- statutory audits, financial statements audits or interim reviews and other procedures required to be performed to enable the external auditor to form an audit/review opinion on the financial statements of Thorn and its subsidiaries;
- outgoings audits, required to be provided to tenants or joint venture partners under the terms of our contractual arrangements with those third parties;
- consultations on the accounting treatment or disclosure requirements of proposed transactions or events and/or the potential impact of final or proposed rules, standards or interpretations by regulatory or standard setting bodies;
- reports to management, the Committee or the Board arising from the conduct of the audits; and
- other regulatory audits or reviews and related reporting obligations.

(each an '**Audit Service**')

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Any services which fall outside of the scope of Audit Services are regarded as '**Non-Audit Services**'.

Thorn may engage the external auditor to provide Non-Audit Services which are not in conflict with the external auditor's role and will not impair the independence of the auditor. In approving any Non-Audit Service by the external auditor, management must have regard to not only any potential or actual conflicts but also the potential for perceived conflicts with the principle of independence. Thorn will only engage the external auditor for a Non-Audit Service when:

- the external auditor is required to, or has demonstrated the best placed skill and capability to provide the relevant services; and
- the annual fees for non-audit services in any financial year will not exceed [30%] of the annual fee for the audit services for that financial year, unless prior approval is sought from the Committee.

Subject to an assessment for each individual appointment, some Non-Audit Services where the external auditor may be engaged include:

- tax services except where the services include advice on strategic tax planning or structuring;
- specific review of the effectiveness of certain Thorn operations (eg. Treasury);
- conducting internal investigations and fact finding in connection with alleged improprieties, other than where they relate to potential accounting irregularities;
- review of compliance by Thorn's companies with local statutory regulations concerning incorporation of entities, constituent documentation and lodgment of statutory filings with regulatory bodies;
- risk management advisory services in the assessment and testing of security controls; and
- transaction and legal services including acquisition due diligence.

Some examples of Non-Audit Services that where the external auditor would not be engaged include:

- accounting or bookkeeping services related to the accounting records or financial statements;
- financial information systems implementation and design;
- the design or implementation of internal control over financial reporting and

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accounting records;

- internal audit outsourcing services;
- employee tax assistance and compliance for employees without direct oversight role in relation to financial statements;
- financial and or tax due diligence pertaining to acquisitions where the auditor acts for the target;
- appraisal or independent valuations prepared for the purposes of amounts to be recognized in financial statements;
- secondment of staff to the finance function or any areas subject of audit;
- actuarial services;
- management functions including acting as an employee;
- executive or director searches; and
- broker dealer or investment adviser services.

Irrespective of the general classification of any Non-Audit Service, if the Committee (or its delegate), the Chief Executive Officer, the Chief Financial Officer or the external auditor considers that in the particular circumstances in which the Non-Audit Service is to be provided, the actual or perceived independence of the external auditor may be impaired, then the external auditor will not be commissioned to provide that service.

The following table summarises the limit of authority for the approval of Non-Audit Services.

<b>Engagement</b>	<b>Audit Committee</b>	<b>Chair, Audit Committee</b>	<b>CEO</b>
Any engagement >\$250,000	√		
Any engagement \$100,000 - \$250,000		√ Annual Limit \$200,000	
Any engagement <\$50,000			√ Annual Limit \$100,000

### (c) Periodic reporting

Twice a year the Chief Financial Officer and the external auditor will provide a report to the Committee which confirms:

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- the scope of Non-Audit Services provided by the external auditor;
- the fees (per assignment and in aggregate) paid by Thorn for the provision of the services.
- any other matters that may reasonably be thought to have a bearing on the external auditor's independence, and
- a signed independence declaration from the external auditor as required by the Corporations Act.

## **(d) Rotation of audit partners**

Thorn will require the external auditor to commit to rotate the lead (or coordinating) audit partner having primary responsibility for the external audit every five years, and every other audit partner at least every seven years. A submission plan to achieve this OUTCOME must be prepared by the auditor and submitted to the Committee for review no later than one year before the rotation is due to occur.

## **7. Reporting to the Board**

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The Chair of the Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board at the Board's next meeting on any matters relevant to the Committee's duties and responsibilities, and attend the Board meeting at which Thorn's financial statements are considered and approved.

## **8. Review**

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This charter will be reviewed and approved on an annual basis by the Board.

The Board will review the performance of the Committee annually, with particular attention being paid to the extent to which it has met its responsibilities in terms of this charter.