

Audit Committee Charter

Eyecare Partners Limited ACN 006 505 880

Audit committee charter

1. Introduction

- 1.1 The Audit Committee is a committee of the board of directors (**Board**) of Eyecare Partners Limited (**Company**).
- 1.2 The Board established the Audit Committee under the Company's constitution.
- 1.3 This charter sets out the scope of the Audit Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4 The role of the Audit Committee is not an executive role nor does it relieve the Board of its responsibilities.

2. Objective

The objectives of the Audit Committee are to:

- (a) assist the Board meet its responsibilities in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) financial policies and practices;
 - (iv) legal and regulatory compliance; and
 - (v) internal control and risk management systems;
- (b) provide oversight to the achievement of improvement in the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- (c) promote a culture of compliance;
- (d) provide a forum for open communication between the Board and senior financial and compliance management;
- (e) provide for effective internal and external audit functions and communication between the Board and the external and internal auditors; and
- (f) review the effectiveness of compliance strategies and the compliance function.

3. External financial reporting

The Audit Committee is responsible for:

- (a) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- (b) obtaining an independent judgment from the external auditor about:
 - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and
 - (ii) the clarity of current or proposed financial disclosure practices as put forward by management;
- (c) assessing any significant estimates or judgments in the financial reports (including those in any consolidated financial statements) by:
 - (i) querying management as how they were made; and
 - (ii) querying the external auditors as how they concluded that those estimates were reasonable;
- (d) reviewing compliance with all related party disclosures required (where applicable) by accounting standards and the *Corporations Act 2001* (Cth) (**Act**);
- (e) assessing information from internal and external auditors that may affect the quality of financial reports (for example, actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations, and internal control issues);
- (f) reviewing half-yearly and annual financial reports (including those prepared on a consolidated basis) with management, advisers and the internal and external auditors (as appropriate) to assess (among other things):
 - (i) the compliance of accounts with accounting standards and the Act; and
 - (ii) the nature and impact of any changes in accounting policies and/or accounting standards during the applicable period;
- (g) discussing any draft audit opinion letter with the external auditors before it is finalised;
- (h) receiving the management letter from the external auditors;
- (i) recommending for adoption by the Board interim and final financial reports;
- (j) reviewing financial documents and reports submitted to regulators and recommending to the Board their approval or amendment; and
- (k) following up on any matter raised by the Board regarding financial reports, audit opinions and management letters.

4. Risk management and internal control

The Audit Committee is responsible for:

Risk management and internal compliance and control systems

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the adequacy and effectiveness of those systems;
- (b) recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective system for:
 - (i) identifying, assessing, monitoring and managing risk; and
 - (ii) regularly reviewing and updating the risk profile;
- (c) monitoring the effectiveness of the risk control system;
- (d) ensuring the risk management system takes into account all material risks, including risks arising from:
 - (i) implementing strategies (strategic risk);
 - (ii) operations or external events (operational risk);
 - (iii) legal and regulatory compliance (legal risk);
 - (iv) changes in community expectation of corporate behaviour (reputation risk);
 - (v) a counterparty's financial obligations within a contract (credit risk);
 - (vi) changes in financial and physical market prices (market risk); and
 - (vii) being unable to fund operations or convert assets into cash (liquidity risk);
- (e) assessing management controls for unusual transactions.

5. External audit

The Audit Committee is responsible for:

- (a) recommending to the Board for acceptance, the terms of engagement, including remuneration, of the external auditor at the beginning of each financial year;
- (b) regularly reviewing with the external auditor:
 - (i) the scope of the external audit;
 - (ii) identified risk areas; and
 - (iii) any other agreed procedures;
 - (iv) technical and professional competency;

- (v) adequacy of resources; and
- (vi) experience, integrity, objectivity and independence;
- (c) recommending to the Board for approval, the appointment or removal of an external auditor based on;
 - (i) technical and professional competency;
 - (ii) adequacy of resources; and
 - (iii) experience, integrity, objectivity and independence;
- (d) reviewing the performance of the external auditor at least annually;
- (e) recommending to the Board for approval the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (f) meeting periodically with the external auditors and inviting them to attend Audit Committee meetings to, among other things, review the external auditor's management letter:
- (g) reviewing all representation letters signed by management and the basis on which the representations have been made; and
- (h) receiving and reviewing the reports of the external auditor.

6. Internal audit

The Audit Committee is responsible for:

- (a) ratifying the engagement and dismissal by management of any chief internal audit executive;
- (b) ensuring any chief internal audit executive is independent of the external auditor;
- (c) ensuring the external auditor does not provide internal audit services;
- (d) reviewing and approving the scope of the internal audit plan and work programme;
- (e) monitoring the progress of the internal audit work programme and considering the implications of the internal audit findings for the control environment;
- (f) monitoring and assessing the effectiveness of the internal audit function;
- (g) overseeing the liaison between the internal audit team and the external auditor;
- (h) receiving and reviewing the internal audit team's reports; and
- (i) ensuring the internal audit team reports directly to the Audit Committee.

7. Other responsibilities

The Audit Committee is responsible for:

- (a) overseeing the implementation of the Group's corporate code of conduct and assessing compliance with it;
- (b) overseeing the implementation of the Group's code of conduct for directors and senior executives of and assessing compliance with it;
- (c) assessing and recommending to the Board for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement policies (if any), professional indemnity, crime (if any), special accident and trustees liability (if any);
- (d) if it considers appropriate, investigating any complaint or allegation made to it or initiating investigations of its own;
- (e) reviewing and monitoring any related party transaction and recommending its approval; and
- (f) receiving reports from management of any actual or suspected fraud, theft or other breach of the law

8. Audit Committee composition

8.1 The Audit Committee should comprise:

- (a) at least three directors;
- (b) a majority non-executive directors;
- (c) a majority of independent directors.

8.2 The Audit Committee will appoint its chairperson. The chairperson must be an independent director (if practicable) and may not be the chairperson of the Board.

8.3 While the Company will aim to have an Audit Committee of at least the size and composition outlined in paragraphs 8.1 and 8.2 above, this may not always be practicable from time to time given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Audit Committee from time to time.

8.4 The Company secretary will act as secretary to the Audit Committee.

8.5 The Audit Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.

8.6 Each member of the Audit Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.

- 8.7 Each member of the Audit Committee should have an understanding of the industry in which the Group operates.
- 8.8 The Board will decide appointments, rotations and resignations within the Audit Committee having regard to the ASX Listing Rules and the Act.
- 8.9 A member may act by their alternate.

9. Audit Committee meetings

- 9.1 The Audit Committee will meet as often as it considers necessary but no less than twice per annum.
- 9.2 A quorum for an Audit Committee meeting is two Audit Committee members.
- 9.3 Audit Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 9.4 The Audit 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 Act.
- 9.5 The Audit Committee may invite other persons it regards appropriate to attend Audit Committee meetings.

10. Minutes of Audit Committee meetings

- 10.1 The Audit Committee must keep minutes of its meetings.
- 10.2 Minutes of each Audit Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Audit Committee.
- 10.3 Minutes must be distributed to all Audit Committee members, after the Audit Committee chairperson has approved them.
- 10.4 Minutes, agenda and supporting papers are available to directors upon request to the Audit Committee secretary, except if there is a conflict of interest.

11. Reporting to the Board

The Audit Committee chairperson must report the Audit Committee's findings to the Board after each Audit Committee meeting.

12. Access to information and independent advice

- 12.1 The Audit Committee may seek any information it considers necessary to fulfil its responsibilities.
- 12.2 The Audit Committee has access to:
 - (a) management to seek explanations and information from management;
 - and

- (b) internal and external auditors to seek explanations and information from them, without management being present.
- 12.3 The Audit Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Audit Committee may meet with these external advisers without management being present.

13. Review and changes to this charter

- 13.1 The Audit Committee will review this charter annually or as often as it considers necessary.
- 13.2 The Board may change this charter from time to time by resolution.

14. Approved and adopted

This charter was approved and adopted by the Board on **29 November** 2007.