



Audit, Finance & Risk Committee Charter

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Integrity

Innovation

Spirit of Co-Operation

In Tune

Passion

OUR VALUES, OUR STANDARD

Purpose

The Audit, Finance and Risk Committee is a formally constituted committee of at least four members of the Board, which exists to assist the Board to ensure that the Company complies with its audit, financial and risk management responsibilities.

Objectives

The objectives of the Committee are to approve specified policies and provide recommendations to the Board as to the Company's:

1. Internal and external audits, including Health & Safety audits;
2. Financial policies;
3. Accounting and reporting practices, including the Annual and Half Year Reports, and the Company's listing requirements under NZX;
4. Treasury management and funding arrangements;
5. Financial position and health;
6. Risk management, insurance, and business continuance;
7. Corporate governance;
8. Legislative, regulatory, and process compliance;
9. Litigation; and
10. Any other matter as required by the Board.

Authorities

The Committee does not take action or make decisions on behalf of the Board unless specifically mandated by minuted resolution of the Board.

On the 27 April 2011 the Board resolved (Resol No 2138) that the Committee could approve Policies as specified in the schedule attached to this Charter.

The Committee is authorised by the Board, at the expense of the Company, to obtain outside information and advice and to consult with outside advisers who have relevant expertise, as it thinks necessary to carry out its duties and responsibilities.

The Committee is authorised to seek information from employees, and employees are expected to co-operate with such requests in a timely and appropriate manner.

Composition

1. The Committee is comprised solely of at least four non-executive Directors, with a majority of Independent Directors.
2. Directors are considered Independent where they are not employees and have no Disqualifying Relationship; meaning no direct or indirect interest, position, association or relationship that could reasonably influence, or could reasonably be perceived to influence, in a **material** way, the Directors capacity to:

- a. Bring an independent view to decisions in relation to LIC;
- b. Act in LIC's best interest; and
- c. Represent LIC shareholders' interests.

The NZX Corporate Governance Code guidance on Independence is considered in determining the Independence status of Directors.

3. The Committee members are appointed and removed by the Board.
4. The Chair of the Committee is to be an independent, Appointed Director, appointed by the Board, and will not be the Chair of the Board.
5. The Chair of the Committee should not have a long-standing association with LIC's external auditors either as a current, or retired, audit partner or senior manager at the firm. There should be period of at least three years between previously being employed by the external audit firm and serving as Chair of the Committee.
6. All Directors of the Board have a standing invitation to attend any meeting of the Committee, except where they are conflicted.
7. At least one Committee member will have accounting or financial expertise or experience.

Meetings

1. A quorum for the purposes of this Committee will be three members of the Committee.
2. Committee meetings may be conducted by way of telephone or video conference.
3. The Committee will meet at least four times per year, having regard to the half yearly, and annual reporting timing requirements.
4. Any member of the Committee or the CE may request a meeting of the Committee at any time if they consider it necessary.
5. The Committee will invite members of management and any other persons or advisors as it considers necessary to attend meetings. The CE and CFO are invited to attend all meetings, except where they are conflicted.
6. The Committee will have unrestricted access to and direct communication with External Auditors and any Internal Auditors or accountants.
7. External Auditors will be invited to attend meetings as considered appropriate by the Chair of the Committee.
8. Minutes are to be kept for each meeting. The Board appoints an appropriate secretary for the Committee.
9. Reasonable notice of meetings (three working days where possible) along with an agenda is to be provided to members of the Committee, the CE, the CFO and all other members of the Board.

Responsibilities

Subject to 'Authorities' above, The Committee is responsible for:

Audits

1. Monitoring the Company's internal control processes and functions, approving the engagement of Internal Auditors, and reviewing compliance issues with the Internal Auditor;
2. Annually reviewing and recommending to the Board the appointment, remuneration, performance and removal criteria of external auditors;

3. Regularly monitoring and reviewing external and internal auditing practices;
4. Annually considering the External Audit Report and Management Letter;
5. Reviewing the independence and objectivity of the External Auditors;
6. Ensuring that the Key Audit Partner is changed at least every five years; and
7. Facilitating open communication between the Board, Auditors, and Senior Leadership Team.

Financial Policies

1. Annually reviewing the Company's financial policies including the Delegated Authorities Policy and Schedules.
2. Reviewing and approving the policies delegated by the Board as specified in the schedule attached.
3. Reviewing any offer documents presented to external parties.

Accounting and reporting practices

1. Ensuring processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on financial matters;
2. Reviewing and recommending to the Board the interim and year-end Group Financial Statements and Annual Report;
3. Reviewing any issue of prospectuses by the Company, and monitoring performance under Trust Deeds; and;
4. Ensuring compliance with disclosure requirements under NZX Listing Rules.

Treasury Management and Funding Arrangements

1. Annually reviewing banking and funding arrangements; and
2. Recommending to the Board a Treasury Policy and ensuring compliance with the Policy.

Financial Position and Health

1. Considering the Group's financial position; and
2. Recommending to the Board dividend payments.

Risk Management, Insurance, and Business Continuity

1. Monitoring the Company's risk management profile and integrated assurance programme to ensure adequate and effective risk management practice, internal controls and mitigation strategies;
2. Annually reviewing the Group's insurance plans;
3. Annually reviewing the Group's business continuity arrangements; and
4. Monitoring litigation against and by the Company.

Corporate Governance

1. Reviewing the Committee's Charter and ensuring it is available on LIC's website; and
2. Conducting post-implementation reviews of capital expenditure.

Compliance

1. Reviewing Company compliance with recommendations by Internal and External Auditors;
2. Reviewing and monitoring the Company's compliance with legislation, regulation, and process; and
3. Additionally, the Board may request the Committee to consider other such matters as it directs from time to time.

Reporting and Accountability

Following meetings of The Committee, the Chair of the Committee will report The Committee's recommendations, findings and activities to the Board.

Minutes of all Committee meetings will be circulated to members of the Board.

Extracts of Committee minutes as appropriate, are to be made available to members of the Senior Leadership Team and other employees as the Board directs in order to properly execute the Board's instructions or for management to carry out their functions.

The Committee and the Board will review the Committee's performance against the objectives and responsibilities in this Charter every three years.

The Board will review the Committee's Charter every three years.