
AUDIT COMMITTEE CHARTER

1. PURPOSE OF COMMITTEE

- 1.1 The purpose of the Audit Committee (the Committee) is to
- a. assist the Board of Directors of Ports of Auckland Limited (the Board) in fulfilling Board responsibilities relating to financial reporting, external audit and internal audit;
 - b. provide a forum to enable communication between the Board and the senior financial management; and
 - c. improve the efficiency of the Board by allowing for issues within the Committee's responsibilities to be discussed in sufficient depth.
- 1.2 Although the Committee can assist the Board in the proper and efficient discharge of its responsibilities, the Committee does not relieve the Board of its responsibilities.

2. CONSTITUTION

- 2.1 The Committee is a committee of the Board.
- 2.2 The Committee has the authority to seek any information it requires from any officer or employee of the Group and from any adviser or consultant to the Group, and is authorised to take such independent professional advice as it considers necessary.
- 2.3 Notwithstanding the existence of the Committee, the Internal Auditor and the External Auditor have direct access to the Committee Chairman and Board if required.
- 2.4 In performing its duties, the Committee will maintain effective working relationships with the Board, Management, External Auditors and Internal Auditors.
- 2.5 The Committee may make recommendations to the Board but does not have the power to make decisions in its own right except as expressly stated in this Charter or otherwise directed by the Board.

3. MEMBERSHIP

- 3.1 The Committee will be appointed by the Board from amongst the non-executive Directors of the Company and will consist of not less than three members. A quorum will be two members.
- 3.2 The Audit Committee Chairman (the Chairman) will be appointed by the Board.
- 3.3 At least one member will have an accounting or financial background.
- 3.4 The Board Chairman is ex officio a member of the Committee.
- 3.5 The composition of the Committee will be considered annually by the Board.

4. MEETINGS

- 4.1 The Committee will meet not less than four times a year. The Committee will hold such additional meetings as the Chairman will decide in order to fulfil its duties.
- 4.2 Any member of the Committee, the Chief Executive Officer, the Chief Financial Officer, the Internal Auditor or the External Auditor may request a meeting at any time if they consider it necessary.
- 4.3 All members of the Board may attend meetings of the Committee.
- 4.4 The Chief Executive Officer, Chief Financial Officer, Group Financial Controller and Governance and Risk Manager will attend Committee meetings.
- 4.5 Other management, the External Auditor and the Internal Auditor will attend meetings as required by invitation of the Chairman.
- 4.6 The Governance and Risk Manager will ensure reasonable notice of the meetings is given to all Directors and invited attendees.
- 4.7 The Governance and Risk Manager will ensure Committee papers are made available to all members of the Board at least three clear working days before each meeting.

5. REPORTING

- 5.1 The Chairman will report to the next Board meeting on the outcomes of Committee meetings.
- 5.2 The Governance and Risk Manager will ensure minutes of Committee meetings are made available to members of the Board, the Chief Executive Officer, the Chief Financial Officer and to such other persons as the Chairman directs.
- 5.3 The Chief Executive Officer and the Chief Financial Officer are responsible for drawing to the Committee's immediate attention:
 - a. any material matters which relate to the financial condition of the Group;
 - b. any material breakdowns in internal controls;
 - c. any actual or suspected events of fraud or malpractice;
 - d. any significant legislative non-compliance.

6. RESPONSIBILITIES

6.1 Financial Reporting

- a. Review accounting policies and practices, in particular new policies or amendments to existing policies, to ensure appropriateness and compliance with generally accepted accounting practice and applicable financial reporting standards.
- b. Review significant accounting and reporting issues annually and provide advice to the Board on the financial statements and associated statutory disclosures.
- c. Receive and review the six monthly and annual financial statements and recommend to the Board for approval.
- d. Confirm appropriateness of draft financial statements as the basis for developing reports to Shareholder and/or Council if this is required prior to Board approval of the financial statements.

- e. Consider and make recommendations to the Board regarding completion of bank facility compliance certificates.
- f. Consider and make recommendations to the Board regarding payment of a dividend.

6.2 External Audit

- a. Approve the External Auditors' proposed audit scope and emphasis of the annual external audit plan.
- b. Ensure that significant findings and recommendations made by the External Auditors are received, discussed and appropriately acted on.
- c. Discuss with the External Auditor the appropriateness of the accounting policies applied in the financial reports.
- d. Review and recommend to the Board the policy for the provision of non-audit services by the External Auditor and, if considered appropriate, the use of the external auditor for non-audit work.
- e. Meet separately with the External Auditors to discuss any matters that the Committee or External Auditors believe should be discussed privately including any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
- f. Consider the independence of the External Auditor and any potential conflicts of interest, specifically ensuring compliance with the Auditor Independence Policy and that the lead audit partner is changed at least every five years.
- g. Review on an annual basis the performance of the External Auditor.

6.3 Internal Audit

- a. Review and recommend to the Board the Internal Audit Charter including the nature, scope and function of internal audit.
- b. Ensure the annual internal audit plan is developed from the Risk Management Policy and Framework and that it addresses key areas of risk and recommend to the Board for approval.
- c. Ensure that significant findings and recommendations made by the Internal Auditors are received, discussed and appropriately acted on.
- d. Meet separately with the Internal Auditor to discuss any matters that the Committee or Internal Auditor believe should be discussed privately.
- e. Consider the independence of the Internal Auditor and any potential conflicts of interest, specifically ensuring compliance with the Auditor Independence Policy.
- f. Review on an annual basis the performance and effectiveness of the Internal Auditor.

6.4 Other

- a. Review and recommend to the Board any changes in finance, audit and risk policies that require Board approval.
- b. Review annual tax risk report.
- c. Confirm adherence to Council's Continuous Disclosure Policy.
- d. Review any other matter referred to the Committee by the Board.

7. REVIEW

7.1 This Charter will be reviewed annually.

7.2 The Committee will confirm annually that they have carried out the responsibilities in this Charter and report to the Board on the Committee's self-assessment of effectiveness.

Board approved: 18 May 2020