

AUDIT COMMITTEE – TERMS OF REFERENCE

1.0 PURPOSE OF COMMITTEE

- 1.1 The primary purpose of the Audit Committee (the Committee) is to assist the Board of Directors of Ports of Auckland Limited (the Board) in fulfilling Board responsibilities relating to the management systems, accounting and reporting practices of the Company and each of its subsidiaries (the Group).
- 1.2 The principal roles of the Committee are:
- to assist the Board in fulfilling its responsibilities relating to the accounting and financial reporting practices, and the internal controls, compliance and financial risk management practices of the Group;
 - to serve as an independent and objective party to review the financial information presented by management for shareholders;
 - to oversee and appraise the audits conducted by Internal Audit and the Group's External Auditors; and
 - to maintain by scheduling regular meetings open lines of communication between the members of the Board, Internal Audit, External Auditors and management, to exchange views and information, as well as confirm their respective authorities and responsibilities.

2.0 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, Internal Audit and the External Auditors have direct access to the Committee Chairman and Board if required.
- 2.4 Unless otherwise directed by the Board, or identified in these Terms of Reference, the Committee will have no executive powers in regard to its findings and recommendations.
- 2.5 The Committee will make recommendations to the Board for its approval.

3.0 MEMBERSHIP

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.

The Audit Committee Chairman (the Chairman) will be appointed by the Board.

The majority of members will be independent Directors.

At least one member will have an accounting or financial background.

The Board Chairman is ex officio a member of the Committee.

The composition of the Committee will be considered annually by the Board.

4.0 MEETINGS

- 4.1 The Committee will meet not less than three times a year. The Committee will hold such additional meetings as the Chairman will decide in order to fulfil its duties. Any member of the Committee, the Managing Director, The Chief Financial Officer, the Chief Risk Officer, the Internal Auditor or the External Auditors may request a meeting at any time if they consider it necessary.
- 4.2 The Secretary will give reasonable notice of the meetings to all Directors, the Chief Financial Officer and the Internal and External Auditors.
- 4.3 All members of the Board may attend meetings of the Committee.
- 4.4 The Managing Director, Chief Financial Officer, Chief Risk Officer and Company Secretary will attend Committee meetings.
- 4.5 Management will attend meetings as required by invitation of the Committee.
- 4.6 The Company Secretary will be the Secretary of the Committee.
- 4.7 The External Auditors will attend meetings as requested by the Chairman. A meeting will be held at least annually with the External Auditors without management being present.
- 4.8 The Internal Auditors will attend meetings as requested by the Chairman. A meeting will be held at least annually with the Internal Auditors without management being present.
- 4.9 An annual work plan for both Internal and External Audit will be agreed by Management and the Committee at the first meeting of each financial year.

5.0 REPORTING

The Chairman will report to the next Board meeting on the outcomes of Committee meetings.

The Company Secretary will circulate all Committee papers and minutes of the meetings to all members of the Board.

The Managing Director will be responsible for drawing to the Committee's immediate attention:

- any material matters which relate to the financial condition of the Group
- any material breakdowns in internal controls
- any material events of fraud or malpractice
- any significant legislative non-compliance.

6.0 RESPONSIBILITIES

The Audit Committee is responsible for:

- 6.1.1 ensuring that processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters;
- 6.1.2 reviewing the financial reports and advising all Directors whether they comply with the appropriate laws and regulations;
- 6.1.3 recommending to the Board adoption of the interim and year end financial statements;
- 6.1.4 recommending (in conjunction with the office of the Auditor General) the appointment and removal of the External Auditor;
- 6.1.5 meeting regularly to monitor and review the External and Internal Auditing practices;
- 6.1.6 having direct communication with and unrestricted access to the External Auditor and any Internal Auditors or accountants;
- 6.1.7 ensuring that the External Auditor or lead audit partner is changed at least every five years;
- 6.1.8 surveillance of the broader aspects of responsible corporate governance including the Company's general ethical and legal conduct;
- 6.1.9 receiving reports on auditor independence in accordance with Board Auditor Independence Policy; and
- 6.1.10 any other responsibilities as requested by the Board.

Board approved: 16 February 2009