

# Audit and Financial Risk Committee Charter

---

**Auckland International Airport Limited (“Auckland Airport”)**

**Audit and Financial Risk Committee (“Committee”)**

## 1. Objectives

1.1. The objectives of the Committee are:

- (a) generally, to assist the Board in performing its responsibilities, with particular reference to financial risk management, financial reporting and audit functions;
- (b) specifically, to review Auckland Airport's:
  - (i) processes for identifying and managing financial risk; and
  - (ii) financial reporting processes, system of internal control, and the internal and external audit process.

## 2. Structure and Composition

2.1. The Committee shall comprise a minimum of three Directors, with a quorum of two. Committee members must be non-executive Directors. Members will be appointed by the Board and will hold office until changed by Board resolution.

2.2. The Chairperson of the Committee shall be an Independent Director and shall not be the Chairperson of the Board. The members are expected to have the capacity to devote the required time and attention to prepare for and attend Committee meetings.

2.3. At least one member shall have an *accounting or financial background*, and all other members should be financially literate (that is, be able to read and understand financial statements), given the specialised functions of the Committee. The Committee will be structured to ensure that, as a collective group, it has the skills, experience and knowledge to fulfill its functions.

2.4. For the purposes of this Charter, and as required pursuant to the NZX Listing Rules, a member of the Committee shall be deemed to have an adequate “accounting or financial background” if they are a qualified finance professional with experience in finance and accounting matters and:

- (a) is a member of the Chartered Accountants Australia and New Zealand or has held a Chief Financial Officer position within a NZX listed entity for a period of greater than 24 months; or

---

Approved by the Board Oct-23 – Next Review Date Aug-25

- (b) has successfully completed a course approved by NZX for audit committee membership; or
  - (c) has the experience and/or skills deemed satisfactory by the Board.
- 2.5. Management will not be represented on the Committee and should only attend Committee meetings at the invitation of the Committee. It would be usual for the Company Secretary to be invited to act as Secretary to the Committee, and the Chief Executive and/or the Company Secretary and/or the Chief Financial Officer to be invited to attend meetings, in each case where the Committee thinks it is appropriate.
- 2.6. The Committee will meet with the external auditor and internal auditors of Auckland Airport at least once a year, and for at least part of that meeting, no executive Directors or other employees of Auckland Airport shall be present.
- 2.7. The internal auditors and external auditor will be invited to attend those parts of any other meetings of the Committee that relate to its responsibilities, where the Committee considers it appropriate.

### **3. Authority**

- 3.1. The Board authorises the Committee, within the scope of its responsibilities, to:
- (a) seek any information it requires directly from any employees of Auckland Airport, or any external persons;
  - (b) obtain external legal or other professional advice if it considers this is necessary; and
  - (c) require the attendance of employees of Auckland Airport at meetings as appropriate.
- 3.2. The Committee shall have direct communication with, and unrestricted access to, the internal and external auditors or accountants. Each of the internal and external auditors shall meet with the Committee at least twice annually without Management present. In addition, the Chair of the Committee shall be in regular communication with each of the internal and external auditors.
- 3.3. Committee members will be given the opportunity to attend technical or professional development courses to assist them in keeping up to date with legislative, accounting and other relevant issues.
- 3.4. Members are entitled to rely on information or advice from Auckland Airport employees on matters within their responsibility, and on external professional advisers or experts (including Auckland Airport's auditors) on matters within their professional or expert competence, provided that:
- (a) the Committee members do not know, or have reason to believe, that such reliance is unwarranted;
  - (b) the Committee members have reasonable grounds to believe that each person on which the Committee relies is reliable and competent in relation to the matters concerned; and
  - (c) the Committee members make proper inquiry where the need for inquiry is indicated by the circumstances (including whether further information is required or available in order to make a decision on a given matter).
- 3.5. Each Committee member must apply an independent and enquiring mind, as well as their own knowledge of Auckland Airport and its business, to evaluate a given matter, and to form their own opinion on that matter. Each Committee member must not substitute any information or advice provided by an employee or external professional adviser for their own examination of important matters.

---

Approved by the Board Oct-23 – Next Review Date Aug-25

- 3.6. The Board may rely on information provided by the Committee and its members in relation to matters within the Committee's responsibility under the terms of this Charter (subject to the same provisos as set out above).
- 3.7. It is the responsibility of each Committee member to bring to the attention of the Committee any issue which a Committee member becomes aware of which is relevant to the ability of the Committee to fulfill its responsibilities under this Charter.
- 3.8. The Committee may delegate any of its responsibilities to the Chair of the Committee or a subset of its members from time to time and on such terms as the Committee considers appropriate.

#### **4. Responsibilities**

The responsibilities of the Committee will include:

##### ***Financial Reporting***

- 4.1. Considering, and recommending for Board approval, all major accounting policy issues, including any proposed changes to Auckland Airport's accounting policies and practices as a result in changes to any generally accepted accounting principles or statutory requirements, which should be submitted to the Committee by Management for consideration.
- 4.2. Considering, and recommending to the Board, adoption of both the interim (half-yearly) and final (year-end) financial statements (including the notes thereto) and all other financial statements prepared by Auckland Airport (including under the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010). In reviewing any financial statements of Auckland Airport, the Committee shall consider the underlying quality, not just acceptability, of the external financial reporting.
- 4.3. Forming a view, and making a recommendation to the Board, of the truth and fairness of annual and interim financial statements prepared by Auckland Airport, and obtaining explanations from Management and external (and any internal) auditors on whether:
  - (a) actual financial results varied significantly from budgeted or projected results;
  - (b) any significant or unusual events or transactions, contingent liabilities or claims against Auckland Airport are adequately disclosed;
  - (c) Auckland Airport's financial and operating controls are functioning effectively; and
  - (d) all annual and interim financial statements and announcements contain adequate and appropriate disclosures which comply with applicable law and the NZX Main Board Listing Rules
- 4.4. Reviewing any significant financial reporting issues arising from time to time and any judgements made in connection with the preparation of Auckland Airport's interim and final financial statements.
- 4.5. Forming a view, and making a recommendation to the Board, on the propriety of any related party transactions.
- 4.6. Requiring from the Chief Executive and Chief Financial Officer confirmation in writing that Auckland Airport's financial statements present a true and fair view, in all material respects, of Auckland Airport's financial position and operational results and are in accordance with relevant accounting standards, including that these certifications are based on a comprehensive system of risk management and internal control and compliance procedures;

---

Approved by the Board Oct-23 – Next Review Date Aug-25

- 4.7. Considering, and recommending for Board approval, the Climate Change Disclosure Report and Greenhouse Gas Emissions Report;
- 4.8. Considering, and recommending for Board approval, the final Directors' report to shareholders.

### **External Audit**

- 4.9. Liaising with the external auditor, which will include
  - (a) *Audit Planning*: The Committee shall be the point-of-contact as representative of the Board for the external auditor and should meet with the external auditor at the commencement of the planning phase of each audit so that areas of mutual interest and concern can be discussed. One aspect for specific consideration would be the levels of materiality to be adopted by the auditor in respect of Auckland Airport. The Committee shall also review the external audit plan and any changes to that plan from time to time.
  - (b) *Areas of Accounting Difficulty*: Should areas of major difficulty or controversy arise during the course of the audit, then the Committee will be available to meet with the auditors and work towards an acceptable resolution.
  - (c) *Audit Opinion*: At the time the Committee considers final financial statements bearing an audit opinion, it should consider the form and content of the opinion and confirm with the auditor that Management has placed no restrictions on their audit.
  - (d) *Audit Management Letter*: At the time financial statements bearing an audit opinion are considered, the Committee should receive and consider a report from the auditors on their audit, including the Audit Management Letter and any responses thereto from Management. Any significant issues raised by the auditors should be discussed with them.
  - (e) *Audit Findings*: considering and reviewing with the external auditor any significant findings of the external auditor together with management's responses and recommending appropriate actions, including requiring the external auditor to confirm annually in writing that it has complied with all professional regulations in relation to auditor independence.

*Audit Appointment*: oversee the independence of the external auditor (including monitoring and approving all services other than services which the external auditor is required to provide by law that are provided by the external auditor to Auckland Airport (such as consulting services)), such independence to be confirmed to the Board in writing. Reviewing and recommending to the Board, the appointment of the external auditors including the terms of engagement of the external auditor and fees.

### **Internal Audit**

- 4.10. Liaising with the internal auditors, which will include:
  - (a) *Audit Planning*: The Committee shall be the point-of-contact as representative of the Board for the internal auditors, shall have unrestricted access to the internal auditors and should meet with the internal auditors at the commencement of the planning phase of each audit so that areas of mutual interest and concern can be discussed. One aspect for specific consideration would be the levels of materiality to be adopted by the internal auditor in respect of Auckland Airport.

---

Approved by the Board Oct-23 – Next Review Date Aug-25

- (b) *Areas of Accounting Difficulty*: Should areas of major difficulty or controversy arise during the course of internal audit work, then the Committee will be available to meet with the internal auditors and work towards an acceptable resolution.
- (c) *Reporting*: At the stages set out in the work-plan approved by the Committee for the conduct of the internal audit function, the internal auditors shall report to the Committee. The Committee shall consider the reports and confirm with the internal auditors that Management has placed no restrictions on its audit. The Committee shall review the performance of the internal auditors and monitor and regularly review the internal auditing practices of Auckland Airport.
- (d) *Audit Findings*: considering and reviewing with the internal auditors any significant findings of the internal auditors together with management's responses and recommending appropriate actions, including referring findings of audits to other Board sub-committees that are covered risks which are addressed by those sub-committees.
- (e) *Audit Appointment*: The Committee will also oversee the independence of the internal auditors (including reviewing the range of services provided by the internal auditors, if any, in the context of all consulting services bought by Auckland Airport). Reviewing and recommending to the Board, the terms of engagement of the external auditors, including fees.

### **Treasury Role**

- 4.11. Reviewing annually Auckland Airport's treasury policies, practices and risk profile and, when appropriate, recommending to the Board any material changes to existing finance/funding arrangements (for example, changes to promissory note facilities, new bond issues, and bank arrangements), or new finance/funding arrangements which the Committee considers would be appropriate.

### **General**

- 4.12. 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.
- 4.13. Recommending to the Board dividends or other distributions to be made to Auckland Airport's shareholders, and the amount of those dividends or distributions.
- 4.14. Reviewing the findings of any examinations relating to Auckland Airport's financial matters by any regulatory or Government agency.

## **5. Meetings**

- 5.1. The Committee should meet formally at least three times per year for structured meetings to monitor and review the external and internal auditing practices of Auckland Airport, and at other appropriate times or if requested by the auditor. The proceedings of all meetings should be minuted.
- 5.2. The Committee, where the Committee thinks it is appropriate in its discretion, may invite any person to attend meetings of the Committee, and may request any such invitee to retire from a meeting of the Committee at any time.

## **6. Accountability and Reporting**

- 6.1. The Committee is accountable to the Board. In this regard, the Committee shall:
  - (a) regularly report to the Board on all matters relevant to the Committee's responsibilities and make appropriate recommendations;

Approved by the Board Oct-23 – Next Review Date Aug-25

(b) ensure that the Board is made aware of any matters which may significantly impact on the financial condition or affairs of Auckland Airport and its business; and

(c) provide copies of minutes of all Committee meetings to each member of the Board at the next scheduled meeting of the Board.

6.2. The Committee shall review and assess the adequacy of this Charter every two years, discuss any required or recommended changes with the Board, and ensure any revisions to the Charter are approved by the Board.

**Next Review Date**

August 2025

---

Approved by the Board Oct-23 – Next Review Date Aug-25