

## Board Charter

### 1. Interpretation

#### 1.1 In this Charter:

“Act” means the Companies Act 1993.

“Board” means the Board of Directors of the Company.

“Business” means the business of the Company.

Chief Executive “Chairman” means the Chairman of the Board and is used in a gender-neutral sense.

“Chief Executive” means the person appointed by the Board to perform the role of Chief Executive of the Company, regardless of the title conferred on that person.

“Company” means Auckland International Airport Limited and, where the context requires, includes subsidiaries of Auckland International Airport Limited.

“Corporate Secretary” means the person appointed by the Board to perform the role of secretary to the Board.

“Directors” means members of the Board.

“Management” means the Chief Executive and the Chief Executive’s direct reports.

“Management Limitations” means the limitations on the actions of Management as set out in paragraph 3.3.

“Shareholders” means the shareholders of the Company.

### 2. Board Governance Process

#### 2.1 Role of the Board

- (a) The primary role of the Board is to add long-term value to the Company’s shares, having appropriate regard to the interests of all material stakeholders.
- (b) Having regard to its role, the Board will direct, and monitor the management of, the Business and affairs of the Company including, in particular:

##### **Strategy**

- ensuring that the strategic goals of the Company are clearly established, and that strategies are in place for achieving them (such strategies generally being expected to originate, in the first instance, from Management);
- deciding on the steps necessary to protect the Company’s financial position and its ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- establishing policies for strengthening the performance of the Company, including ensuring that Management is pro-actively seeking to build the Business through innovation and initiative;

**Management**

- monitoring the performance of Management;
- appointing the Chief Executive, setting the terms of the Chief Executive's employment contract, reviewing the performance of the Chief Executive and, where necessary, terminating the Chief Executive's employment with the Company;

**Reporting and Disclosure**

- approving and monitoring the Company's financial statements and other reporting, including the reporting to Shareholders and other stakeholders;
- establishing procedures to ensure the implementation of, and adherence by appropriate management levels to, the Company's Disclosure and Communications Policy;

**Ethics**

- ensuring that the Company adheres to high standards of ethics and corporate behaviour;

**People**

- approving and monitoring the Company's occupational safety and health system with a view to ensuring the safety of the Company's employees, contractors and agents;
- establishing procedures and systems to promote a culture and remuneration practice within the Company which facilitates the recruitment, professional development and retention of staff; and

**Risk Management**

- ensuring that the Company has appropriate risk management/regulatory compliance policies in place and monitoring the integrity of those policies.

- (c) In the normal course of events, day-to-day management of the Company will be the responsibility of Management through a delegation of the Board's authority to the Chief Executive.

**2.2 The Board's Relationship with Shareholders and Other Stakeholders**

- (a) The Board will use its best endeavours to familiarise itself with issues of concern to Shareholders and significant stakeholders, including customers, staff and the communities in and around Auckland International Airport.
- (b) The Board will regularly evaluate economic, political, social and legal issues and other relevant external matters that may influence or affect the development of the Business or the interests of Shareholders and, where appropriate, will take outside expert advice on these matters.

**2.3 Board Procedures**

- (a) The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with emphasis on strategic issues and policy. Directors will always act within procedures put in place by the Board on its activities.
- (b) Directors will use their best endeavours to attend Board meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and

constructively in Board discussions and other activities, and to bring the benefit of their knowledge, skills and abilities to the Board table. Directors unable to attend a meeting will advise the Chairman at an earlier date as possible.

- (c) Board discussions will be open and constructive, recognising that differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. Formal minutes will be taken of each Board meeting and the meetings of each Board Committee. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.
- (d) Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supercede all executive responsibilities.
- (e) The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, require the addition of an item to the agenda. The agenda will be set by the Chairman in consultation with the Chief Executive and the Corporate Secretary.
- (f) The Board will normally hold at least eight meetings in each year. At each normal meeting, the Company's register of Directors' interests will be updated as necessary and the Board will consider:
  - an operational report from the Chief Executive;
  - a report from the Chief Financial Officer;
  - reports on the activities of the Company's individual business units;
  - specific proposals for capital expenditure and acquisitions;
  - major issues and opportunities for the Company; and
  - matters requiring public disclosure.
- (g) The Board will at least annually:
  - review and approve the strategic goals of the Company;
  - review the operational plans for achieving the strategic goals of the Company;
  - approve the annual budget;
  - approve the annual, half-yearly and financial statements, associated reports to Shareholders and public announcements;
  - approve the Annual Report;
  - consider and, if appropriate, declare or recommend the payment of dividends;
  - review the Board composition, structure and succession;
  - review the Company's audit requirements;
  - review the performance of, necessity for and composition of Board Committees;
  - undertake Board and individual Director evaluations;
  - review Directors' remuneration;
  - review the Chief Executive's performance and remuneration;
  - review remuneration policies and practices in general, including superannuation and incentive schemes for Management;

- review risk assessment policies and controls, including insurance covers and compliance with legal and regulatory requirements;
  - review the Company's ethics and code of conduct policy;
  - review Shareholder, customer and supplier relations;
  - review donations and sponsorships; and
  - settle the Board's work plan for the following year.
- (h) Directors are entitled to have access, at all reasonable times, to all relevant Company information and to Management.
- (i) Directors are expected to strictly observe the provisions of the Act applicable to the use and confidentiality of Company information.

## 2.4 Chairman

- (a) The Board will appoint a Chairman from among the Directors.
- (b) The Chairman will be an independent non-executive Director.
- (c) The Chairman is responsible for:
- representing the Board to Shareholders;
  - ensuring the integrity and effectiveness of the governance process of the Board as set out in this Part 2;
  - maintaining regular dialogue with the Chief Executive over all operational matters and will consult with the remainder of the Board promptly over any matter that gives cause for significant concern;
  - acting as facilitator at meetings of the Board; and
  - ensuring that Board discussions result in logical and understandable outcomes.

## 2.5 Board Committees

- (a) Board Committees will be formed only when it is efficient or necessary to facilitate efficient decision-making or when required by law.
- (b) Board Committees will, as far as is appropriate, observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- (c) Board Committees will only speak or act for the Board when so authorised. The authority conferred on a Board Committee will not derogate from the authority delegated to the Chief Executive or the responsibility of the Chairman.
- (d) Each Board Committee shall have a charter approved by the Board.
- (e) The members of each Board Committee will be appointed by the Board.

## 2.6 Board Composition and Mix

- (a) The composition of the Board will reflect the duties and responsibilities it is to discharge and perform in setting the Company's strategy and seeing that it is implemented.
- (b) The size of the Board will be in accordance with the Company's Constitution. It must be large enough to ensure a range of knowledge, views and experience.

- (d) The Board shall comprise a majority of independent, non-executive Directors.
- (e) Subject to any limitations imposed by Shareholders in general meeting, it is anticipated that non-executive Directors will hold office initially for three years following their first appointment (or, if appointed by the Board between Annual Meetings, from the date of the meeting next following the appointment), subject to any obligation to retire by rotation in accordance with the Company's Constitution.

## **2.7 Induction of New Directors**

- (a) Individuals identified by the Board as genuine potential Directors are encouraged to carry out "due diligence" on the Company before accepting an appointment to the Board.
- (b) On their first appointment, non-executive Directors will have the benefit of an induction programme aimed at deepening their understanding of the Company and the Business and the environment and markets in which the Company operates. As part of the programme, Directors will receive a folder of essential Board and Company information and will meet key Management.
- (c) Directors are expected to keep themselves abreast of changes and trends in the Business and in the Company's environment and markets, and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

## **2.8 Directors' Remuneration**

- (a) The Board will determine the level of remuneration paid to Directors within the amounts approved by Shareholders.
- (b) Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid, as additional remuneration, an appropriate extra fee as Chairman of a Board Committee and an appropriate extra fee for any special service as a Director as approved by the Board. The Chairman will be paid a level of fees appropriate to the office. Remuneration will be reviewed annually by the Board after taking independent advice.
- (c) Executive Directors will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.

## **2.9 Shareholding by Directors**

- (a) Directors are encouraged to hold shares in the Company.
- (b) When buying or selling shares, Directors must strictly observe the provisions of the Company's Constitution, the Company's own internal rules and all relevant legislative or regulatory procedures.

## **2.10 Provision of Business or Professional Services by Directors**

- (a) Because a conflict of interest (actual or perceived) may be created, Directors should not, generally, provide business or professional services of an ongoing nature to the Company.
- (b) Notwithstanding the general rule, the Company is at liberty to:

- for the purpose of a special assignment, engage the services of any Director having special expertise in a particular field; or
- engage the services of another member of a Director's organisation;

so long as the terms of engagement are competitive, established on an arm's length basis, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

### **2.11 Other Board Appointments**

Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the Business and is not likely detrimentally to affect the Director's performance as a Director. Such appointments and all other appointments potentially having a significant impact on the Director's performance must first be discussed with the Chairman before being accepted.

### **2.12 Independent Professional Advice**

- (a) Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director.
- (b) If a Director considers such advice is necessary or desirable, the Director shall first discuss it with the Chairman.
- (c) Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company, but the Director will ensure, so far as is practicable, that the cost is reasonable.

### **2.13 Board and Director Evaluations**

- (a) The Board will, each year, critically evaluate its own performance, and its own processes and procedures, including those of its Board Committees, to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.
- (b) Each year, the performance of individual Directors will be evaluated by a process which includes:
  - each Director will discuss with the Chairman that Director's contribution to the proceedings of the Board and the performance of the Board and its Board Committees generally;
  - the Chairman's own contribution will be discussed with the rest of the Board.

### **2.14 Indemnities and Insurance**

- (a) The Company will provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Act.
- (b) The Company will maintain specified corporate documents and provide Directors with access to those documents.

### **2.15 The Corporate Secretary**

- (a) The appointment of the Corporate Secretary is made on the recommendation of the Chief Executive and must be approved by the Board.
- (b) The Corporate Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- (c) The Corporate Secretary is responsible for ensuring that the statutory functions of the Board and the Company are appropriately dealt with and for bringing to the Board's attention any failure to comply with such, of which the Corporate Secretary becomes aware.
- (d) All Directors, particularly the Chairman, have access to the advice and services of the Corporate Secretary for the purposes of the Board's affairs and the Business.

### **3. Board-Management Relationship**

#### **3.1 Position of Chief Executive**

- (a) All Board authority conferred on Management is delegated through the Chief Executive so that the authority and accountability of Management is considered to be the authority and accountability of the Chief Executive so far as the Board is concerned.
- (b) The Board will agree with the Chief Executive specific goals and procedures, with a view to achieving specific results directed towards the strategic goals of the Company.
- (c) Between Board meetings, the Chairman maintains an informal link between the Board and the Chief Executive, and will be kept informed by the Chief Executive on all important matters. The Chairman will be available to the Chief Executive to provide counsel and advice where appropriate.
- (d) Decisions of the Board acting as a body are binding on the Chief Executive.

#### **3.2 Accountability of Chief Executive to Board**

- (a) The Chief Executive is accountable to the Board for the achievement of the strategic goals of the Company. The Chief Executive is accountable for the observance of the Management Limitations.
- (b) At each of its normal monthly meetings, the Board should expect to receive from or through the Chief Executive:
  - the operational and other reports and proposals referred to in paragraph 2.3(f); and
  - such assurances as the Board considers necessary to confirm that the Management Limitations are being observed.

### 3.3 Management Limitations

The Chief Executive is expected to:

- (a) act within all specific authorities delegated to the Chief Executive by the Board;
- (b) allow only practices, activities or decisions that conform to commonly accepted good business practice and the Company's ethics and code of conduct policy;
- (c) adhere to the Company's strategic goals in allocating the capital and resources of the Company;
- (d) allow actions only after taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value;
- (e) not to cause or permit any action that is likely to result in the Company becoming financially embarrassed;
- (f) adequately maintain and protect the assets of the Company are expected to be;
- (g) protect employees and other parties working for the Company from being subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe; and
- (h) allow payments to be made or rewards given only if they are in return for contributions towards the purposes of the Business and are proportional to the extent that the contribution in question as furthered such purposes and are at fair value.

## Board Charter – “Independent Director” Standards

A Director is considered to be independent for the purposes of service on the Board and Board Committees of Auckland International Airport Limited (“AIAL”) if the Director satisfies the standards set out below.

The fundamental premise of the standards is that, to qualify as being “independent”, a Director must, in the opinion of the Board, be independent of Management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of his/her unfettered and independent judgement.

In judging whether a Director is an “Independent Director”, the Board will have regard to whether or not:

- The Director is a Substantial Security Holder (as that term is defined in section 2 of the Securities Markets Act 1988) in AIAL or if he/she represents or is an officer of or otherwise associated directly with a Substantial Security Holder of AIAL.
- The Director is or has not within the past three years been employed in an executive capacity by AIAL and there has been a period of at least three years between ceasing such employment and serving on the Board;
- The Director has been within the last three years a material supplier or customer of AIAL or is an officer or employee of or otherwise associated with a material supplier or customer.
- The Director has a material contractual or other material relationship with AIAL other than as a Director.
- The Director has been within the last three years a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided.
- The Director has served on the Board for a period that, in the Board’s opinion, could, or could reasonably be perceived to materially interfere with the Director’s ability to act in the best interests of AIAL.
- The Director is free from any other interests or any business or other relationships (including familial) that could or could be perceived to interfere with the Director’s unfettered and independent judgement and ability to act in the best interests of AIAL.
- The Director, or any associated person of the Director, has derived or is likely to derive in the current financial year 10% or more of that person’s annual revenue from or by virtue of a relationship (other than as a Director of AIAL) the Director or the associated person of the Director has with AIAL or a Substantial Security Holder of AIAL.

Directors are required to disclose family ties or cross-directorships that may be relevant in considering continuing independence.

The Board will conduct a regular review of the independence of each of the Directors, based on information provided to it by the Directors. Directors are expected to volunteer information as and when changes occur. The board will identify which Directors it has determined to be independent and advise the New Zealand Stock Exchange and Australian Stock Exchange of such as prescribed by the listing rules of those exchanges.

The Board will regularly review these Independent Director standards to ensure that they comply with requirements of the listing rules of the New Zealand Stock Exchange and Australian Stock Exchange.