

Board Charter

Purpose

This Charter sets out Auckland International Airport Limited's (**Auckland Airport** or the **Company**) approach to corporate governance. It is not an exhaustive document and is intended to be read together with the Company's Constitution and Auckland Airport's other policies. The Constitution is Auckland Airport's primary governance document and, in the event of any conflict, the Constitution will prevail.

1. Board Governance Process

1.1 Role of the Board

The Board of Directors of Auckland Airport (the **Board**) is responsible for the corporate governance of Auckland Airport. The primary role of the Board is to set the strategic direction of the Company and to add long-term value to Auckland Airport's shares, having appropriate regard to the interests of all material stakeholders.

Having regard to its role, the Board will direct, and monitor the management of, the business and affairs of Auckland Airport including:

Strategy and Financial

- Providing strategic direction for, and approving the business strategy and goals of Auckland Airport (in the first instance, being established by Management);
- Overseeing management in its implementation of Auckland Airport's strategic goals including ensuring goals are clearly established, and that strategies are in place for achieving them;
- Deciding on the steps necessary to protect Auckland Airport'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 Auckland Airport, including ensuring that Management is pro-actively seeking to build the business through innovation and initiative;
- Setting Auckland Airport's dividend policy;

Management

- Appointing the Chief Executive, setting the terms of the Chief Executive's employment contract and reviewing the performance of the Chief Executive;

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Reporting and Disclosure

- Approving and monitoring Auckland Airport's financial performance, financial statements and other accounting reporting systems, including the external audit and reporting to Shareholders and other stakeholders;
- Ensuring Auckland Airport provides effective and timely reporting to Shareholders including compliance with its continuous disclosure obligations as detailed in the Disclosure and Communication Policy;
- Adopting Auckland Airport's remuneration policy and other corporate governance documents;

Ethics

- Ensuring that Auckland Airport adheres to high standards of ethics and corporate behaviour;

People

- Approving and monitoring Auckland Airport's health, safety and wellbeing measures with a view to ensuring the safety of Auckland Airport's employees, contractors and customers;
- Establishing procedures and systems to promote a culture and remuneration practice within Auckland Airport which facilitates the recruitment, professional development and retention of employees;
- Promoting a culture that embraces diversity, equity and inclusion within the business;

Environmental, Social and Governance

- Approving Auckland Airport's environmental, social and governance culture, strategy and practices and ensuring that Auckland Airport complies with all legal requirements.

Expenditure

- Approving the Delegated Authority Policy including setting specific limits on the authority for Management to commit to new expenditure and enter into new commitments or contracts on behalf of Auckland Airport. Where delegated limits exceed Management's authority, approving expenditure and commitments or contracts.
- Approving and monitoring the progress of major capital expenditure, capital management and material acquisitions and divestitures; and

Risk Management

- Ensuring that Auckland Airport has appropriate risk management/regulatory compliance policies and practices.

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

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Management will be responsible for implementing the strategic objectives set by the Board.

Management should provide the Board with sufficient timely information to enable the Board to perform its responsibilities.

Directors 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:

- (i) the Directors do not know, or have reason to believe, that such reliance is unwarranted;
- (ii) the Directors have reasonable grounds to believe that each person on which the Board relies is reliable and competent in relation to the matters concerned; and
- (iii) the Directors 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).

Each Director 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. Directors must not substitute any information or advice provided by an employee or external professional adviser for their own examination of important matters.

The Board may rely on information provided by any committee of the Board 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).

It is the responsibility of each Director to bring to the attention of the Board any issue which a Director becomes aware of which is relevant to the ability of the Board to fulfil its responsibilities.

1.2 The Board's Relationship with Shareholders and Other Stakeholders

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 Airport.

The Board will regularly evaluate economic, political, social, environment 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 external expert advice on these matters.

1.3 Board Procedures

The conduct of Directors will be consistent with their duties and responsibilities to Auckland Airport 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.

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 Chair at as early a date as possible.

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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. The Board will have regular opportunities to meet without representatives of Management present.

Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.

The Board has sole authority over its agenda and exercises this through the Chair. Any Director may, through the Chair, require the addition of an item to the agenda. The agenda for each meeting will be set by the Chair in consultation with the Chief Executive and the Company Secretary.

(a) The Board will normally hold at least six meetings in each year. At each normal meeting, Auckland Airport'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 Auckland Airport's individual business units;
- specific proposals for capital expenditure and acquisitions in accordance with Auckland Airport's delegated authority policy;
- major issues and opportunities for Auckland Airport; and
- matters requiring public disclosure

(b) The Board will at least annually:

- review and approve the strategic goals of Auckland Airport;
- review the operational plans for achieving the strategic goals of Auckland Airport;
- approve the annual budget;
- approve the annual and half-yearly financial statements, associated reports to Shareholders and public announcements;
- approve the Annual Report;
- consider Auckland Airport's dividend policy and, if appropriate, declare or recommend the payment of dividends;
- review the Board composition, structure and succession;
- review Auckland Airport's audit requirements;

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- undertake Board and individual Director evaluations including the Board's performance against the Board Charter
- 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 core corporate governance documents;

(c) The Board will at least every two years:

- review this Charter and the charters of its standing Committees;
- review Auckland Airport's Ethics and Code of Conduct Policy;
- undertake an independent assessment of the performance of the Board, its Committees and individual directors, and
- review Shareholder and material customer relations

Directors are entitled to have access, at all reasonable times, to all relevant Auckland Airport information and to Management. The Board encourages the Chief Executive to bring employees to Board meetings who can provide additional insight into the items being discussed because of personal involvement or expertise in such matters, including employees whose future potential the Chief Executive believes should be given exposure to the Board.

Directors are expected to strictly observe the provisions of the Companies Act 1993 applicable to the use and confidentiality of Auckland Airport information.

1.4 Chair

The Board will appoint a Chair from among the Directors. The Chair will be an independent non-executive Director.

The Chair is responsible for:

- representing the Board to Shareholders;
- ensuring the integrity and effectiveness of the governance process of the Board;
- maintaining regular dialogue with the Chief Executive over all operational matters and promptly consulting with the remainder of the Board 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.

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1.5 Board Committees

Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making or when required by law. The members of each Board committee will be appointed by the Board.

Board committees will, as far as is appropriate, observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.

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 Chair.

Each Board committee shall have a charter approved by the Board which will set out the delegated functions and responsibilities for that committee. The Board will remain responsible for the oversight of its committees.

There are four standing Committees:

- Audit and Financial Risk Committee;
- Infrastructure Development Committee;
- People, Iwi and Remuneration Committee; and
- Safety, Sustainability and Operational Risk Committee.

The Board has an ad-hoc Committee being the Aeronautical Pricing Committee, which is stood up from time to time as required by the Board, and stand up any other ad-hoc committees as required.

1.6 Board Composition and Independence

The composition of the Board will reflect the duties and responsibilities the Board is to discharge and perform in setting Auckland Airport's strategy and seeing that it is implemented.

The size of the Board will be in accordance with Auckland Airport's Constitution. It must be large enough to ensure a range of knowledge, views and experience.

The Board shall comprise a majority of independent, non-executive Directors. The Board's standards for determining independence align with the requirements of the NZX and ASX, in particular the non-exhaustive list of factors in the NZX Corporate Governance Code.

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 NZX and ASX of such as prescribed by the NZX Listing Rules and ASX Rules (as applicable).

Subject to any limitations imposed by Shareholders in the annual 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 Auckland Airport's Constitution and the NZX Listing Rules.

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A Director shall not serve a term of longer than nine years unless the Board considers that for any Director to serve longer than that period would be in the best interest of Shareholders. In considering the merits of extending a Director's term beyond nine-years, the Board may take into account special skills, attributes or experience which are expected to be difficult to replace. Any such extension would be for one, two, but not more than three years.

1.7 Induction of Directors and Board Experientials

Individuals identified by the Board as potential Directors are encouraged to familiarise themselves with Auckland Airport and the business before accepting an appointment to the Board.

Each newly appointed Director will enter into a written agreement with Auckland Airport which establishes their terms of appointment.

On their appointment, Directors will have the benefit of an induction programme aimed at deepening their understanding of Auckland Airport, the business, and the environment and markets in which Auckland Airport operates.

Directors are expected to keep themselves abreast of changes and trends in the Company and in Auckland Airport's environment, industry and markets, and to keep abreast of changes and trends in the economic, political, social and legal climate generally. At multiple Board meetings per year Directors will be given the opportunity to attend an experiential which is facilitated by senior management of the Company. The experientials include site visits or educational sessions facilitated by management or industry experts focusing on key topics of relevance to the business, including risk management, safety and climate risks. Site visits will include attending large infrastructure projects during the life cycle of the programme.

1.8 Directors' Remuneration

The Board will determine the level of remuneration paid to Directors within the amounts approved by the shareholders of Auckland Airport.

Non-executive Directors will be paid a base fee as ordinary remuneration and will be paid, as additional remuneration, an appropriate extra fee as Chair or a member of a Board sub-committee. The Board may, at its discretion, approve the payment of an additional fee for any special service performed by a Director, provided it falls within the directors fee pool. The Chair will be paid a level of fees appropriate to the office. Remuneration will be reviewed annually by the Board.

Executive Directors will not receive directors fees but will be paid as employees of Auckland Airport in accordance with their contracts of employment with Auckland Airport.

No retirement allowances or ongoing benefits are provided to Directors.

Auckland Airport will reimburse Directors for reasonable out of pocket expenses incurred as a result of their performance of their role. All Directors' expenses must be approved by the Chair. The Chair's expenses shall be approved by the chair of the Audit & Financial Risk Committee.

1.9 Shareholding by Directors

Directors are encouraged to hold shares in Auckland Airport and are required to either participate in the Directors Equity Participation Plan or to hold shares in the Company equal to or above the directors' annual base fee.

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When buying or selling shares, Directors must strictly observe the provisions of Auckland Airport's Constitution, Auckland Airport's own internal rules (including Auckland Airport's Insider Trading Policy) and all relevant legislative or regulatory procedures.

All changes in shareholding shall be reported to the Board and to ASX and NZX in accordance with the NZX Listing Rules or ASX Rules (if applicable).

1.10 Provision of Business or Professional Services by Directors

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 Auckland Airport.

Notwithstanding the general rule, Auckland Airport may:

- 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 the 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.

1.11 Other Board Appointments

While holding office, a Director may accept other Board appointments, so long as the appointment is not in conflict with the Company, and is not likely to detrimentally 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 Chair before being accepted.

It is recognised that, from time to time, conflicts of interest may arise as a result of Director's appointments to the board of, or other involvement with, other organisations. In such situations, Directors will put in place appropriate processes, including excluding themselves from discussions in respect of such businesses, to ensure that the effect of such conflict of interest is minimised.

1.12 Independent Professional Advice

Any Director is entitled to obtain independent professional advice relating to the affairs of Auckland Airport or to their other responsibilities as a Director.

If a Director considers such advice is necessary or desirable, the Director shall first discuss it with the Chair.

Subject to the prior approval of the Chair, the cost of the advice will be reimbursed by Auckland Airport, but the Director will ensure, so far as is practicable, that the cost is reasonable.

1.13 Board, Director and Committee Evaluations

Each year, the Board will critically evaluate its own performance, and its own processes and procedures, including those of its Directors and Board committees, to ensure that they are not unduly complex, are designed to assist the Board in effectively fulfilling its role and are delivering to a high standard.

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Each year, the performance of individual Directors will be evaluated by a process which includes:

- each Director will discuss with the Chair that Director's contribution to the proceedings of the Board and the performance of the Board and its Board committees generally; and
- the Chair's own contribution will be discussed with the rest of the Board.

An independent review of the performance of individual Directors and the Board will be undertaken biennially.

1.14 Indemnities and Insurance

Auckland Airport will provide Directors with, and will pay the premiums for, indemnity and insurance cover in their capacities as Directors, to the extent permitted by the Companies Act 1993 and on terms approved by the Directors.

Auckland Airport will maintain specified corporate documents and provide Directors with access to those documents.

1.15 Company Secretary

The appointment and removal of the Company Secretary is made on the recommendation of the Chief Executive and must be approved by the Board.

The Company 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.

The Company Secretary is responsible for ensuring that the statutory functions of the Board and Auckland Airport are appropriately dealt with and for bringing to the Board's attention any failure to comply with such statutory functions, of which the Company Secretary becomes aware.

All Directors, particularly the Chair, have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the Company.

2. Board – Management Relationship

2.1 Position of Chief Executive

All Board authority conferred on Management is delegated through the Chief Executive, 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.

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 Auckland Airport.

Between Board meetings, the Chair will maintain an informal link between the Board and the Chief Executive and will be kept informed by the Chief Executive on all important matters. The Chair will be available to the Chief Executive to provide counsel and advice where appropriate.

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2.2 Accountability of Chief Executive to Board

The Chief Executive is accountable to the Board for the achievement of the strategic goals of Auckland Airport. The Chief Executive is accountable for the observance of the Management Limitations (Cl. 2.3).

The Board should expect to receive from or through the Chief Executive such assurances as the Board considers necessary to confirm that the Management Limitations are being observed.

2.3 Management Limitations

The Chief Executive is expected to:

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

Next Review

This Charter will be reviewed by the Board on an annual basis. This Charter reflects Auckland Airport's current practice and will be updated accordingly to ensure that it remains effective and meets the best practice standards and Auckland Airport's needs.

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