



## PORT OF TAURANGA LIMITED

### EXTERNAL AUDIT INDEPENDENCE POLICY

#### **1 Purpose**

The objective of this policy is to provide a framework to ensure the quality and independence of the external audit process. The quality of external auditing is critical for the integrity of financial reporting and provides an important protection for investors. External auditors should be independent.

Oversight of Port of Tauranga Limited's (POTL's) external audit arrangements is the responsibility of POTL's Audit Committee.

#### **2 External Auditor**

Pursuant to section 19 of the Port Companies Act 1998 the auditor of POTL is the Auditor-General. The Auditor-General may approve external audit firms to undertake the external audit of POTL.

Subject to any requirements of the Auditor-General, the Audit Committee shall only recommend to the Board the approval of the engagement of an external audit firm if that firm:

- (a) is registered and its audit partners are licensed in accordance with the provisions of the Auditor Regulation Act 2011;
- (b) would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgment on all issues encompassed within the external auditor's engagement;
- (c) has not, within three years prior to the commencement of the external audit, had as a member of its audit engagement team or had as a partner of its New Zealand partnership, POTL's Chair of the Audit Committee, Chief Executive, Chief Financial Officer, Financial Controller or any member of POTL's Senior Management who act in a financial oversight role; and
- (d) does not allow the direct compensation of its audit partners for selling non-audit services to POTL.

### **3 Confirmation of Independence**

The external auditor must monitor its independence and report to the Audit Committee annually that it has remained independent during the previous twelve months.

The external auditor's independence must be confirmed to the Audit Committee in writing.

### **4 Provision of Services by External Auditors**

The external auditor's firm cannot perform any non-audit services which could be reasonably regarded as compromising the independence of the external auditor. All non-audit services must be pre-approved by the Audit Committee and in accordance with the requirements of the Auditor-General (AG PES 1 Code of Ethics for assurance practitioners). The Chief Financial Officer will notify the Board through the Chief Financial Officer's report of any approved engagements.

Non-audit services which cannot be performed by the external auditor's firm include but are not restricted to the following:

- (a) performing any function of management;
- (b) staffing of temporary roles;
- (c) producing or preparing financial statements or financial information on behalf of POTL;
- (d) designing or implementing financial information systems;
- (e) assistance in the recruitment of Senior Management;
- (f) providing valuation services where the valuation will be used in the financial statements of POTL; and
- (g) providing tax advisory services.

### **5 Communications with External Auditors**

It is important that the Audit Committee has a direct line of communication with the external auditor to sustain communications. The external auditors will have access to the Chair of the Audit Committee at any time.

The Audit Committee will meet separately with the external auditors to discuss any matters that the Audit Committee or external auditors believe should be discussed privately.

POTL requires its external auditor to attend each Annual Meeting to answer any questions from investors relevant to the audit.

### **6 Review**

The Board has approved this policy and will regularly review the policy.