

# REMUNERATION REPORT AUDITED

## MESSAGE FROM THE PEOPLE AND REMUNERATION COMMITTEE CHAIRS



On behalf of the ATLAX and ATLIX People and Remuneration Committees (PRCs) and Boards, we are pleased to present the Remuneration Report for the 2021 financial year. This report contains detailed information regarding the remuneration arrangements for the Directors and Senior Executives who were Key Management Personnel (KMP) for Atlas Arteria during the year.

The Atlas Arteria business continued to demonstrate its resilience in 2021. The introduction of the EU health pass in Europe, coupled with high vaccination rates led to a strong summer season at our European businesses with the strongest second half traffic performance recorded to date by APRR. As a result, the Boards are expecting to pay a record distribution to our securityholders for the 2021 year.

The operating practices developed by our teams have allowed our businesses to continue to operate seamlessly through 2021. Our priority continues to be the safety of our staff, customers and local communities to ensure working and home life continue as smoothly as possible.

This year we also focused on setting targets across our four sustainability pillars of safety, customers and community, our people and the environment. These are underpinned by a set of metrics and actions identified to support the accomplishment of our objectives. Further information on our performance and initiatives will be contained in our Sustainability Report, to be released in April 2022 and are summarised in the Annual Report on pages 18 and 19.

Disciplined capital management and sustainable business practices continue to be a focus. The restructuring of our balance sheet in 2020 along with the successful capital restructure at Warnow Tunnel in 2021 places Atlas Arteria in a strong financial position. This, coupled with our nimble, highly skilled and passionate team, positions us well to pursue growth opportunities as they arise.

During the year we continued to deliver against our strategic objectives to build sustainable cash flows and long-term value for securityholders. These achievements have been outlined in the Strategic Framework section in the Annual Report on pages 8 and 9.

Significant achievements during the year included:

- We achieved strong weighted average traffic performance for the year, up 18.6% compared with the prior year, led by the recovery at APRR during the second half.
- We successfully completed the capital restructure at Warnow Tunnel in March 2021, which diversifies Atlas Arteria's sources of cash flow, and substantially increases the value of the business through reduced leverage and the delivery of cash flows earlier in the life of the concession.
- At the Dulles Greenway we achieved toll price certainty with a 5.3% increase to off-peak tolls in 2021 and 5.0% in 2022.
- We continued to build our internal capabilities, in particular to deliver on strategic projects, traffic forecasting and data analytics.
- We held our first Investor Day since internalisation showcasing the quality and depth of our business and our exceptional management team.

The first half distribution for 2021 of 15.5 cents per security was paid in full on 5 October 2021 reflecting the performance of both APRR and Warnow Tunnel. Following the continued strong performance of these businesses, we have provided distribution guidance of 20.5 cents per security expected to be paid in April 2022. This reflects the cashflows we expect to receive from APRR and Warnow Tunnel as a result of the financial performance of the businesses in the second half of 2021. The distribution remains subject to continued business performance, movements in foreign exchange rates, and other future events.

### 2021 remuneration outcomes

Atlas Arteria's remuneration framework aims to ensure executive remuneration is aligned both with the performance of the business and the interests of securityholders.

Our people are critical to our success and in 2021 we have continued to focus on attracting, developing, and retaining top talent as we have invested in the growth of our business. We have evolved the way we support and care for our people and are proud of the wellbeing and flexible working initiatives we have implemented across the business. We continue to foster and build an engaged and inclusive culture that provides the right environment for our diverse team to work together as a high performance team.

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The decisions implemented to align remuneration with securityholder expectations more effectively during 2021 included:

- Remuneration Outcomes
  - There was no increase to the fixed pay for the MD & CEO and the CFO.
  - Overall STI outcomes are between target and stretch and are reflective of the performance of the business and management during the year.
  - The 2019 Long Term Incentive Plan (LTI) Award was tested following the end of the performance period on 31 December 2021. The result was below threshold and hence the vesting outcome was nil.
  - There was no increase in Non-executive Director (NED) fees.
- Changes to the remuneration structure
  - A positive Total Shareholder Return (TSR) hurdle was introduced for the 2021 LTI Award which applies in addition to the existing relative TSR test. Therefore, irrespective of the relative TSR performance, no awards under the 2021 LTI will vest unless the absolute TSR over the performance period has been positive.
  - Securityholder approval for the awards of Restricted Securities under the STI Plan to the MD & CEO is now sought on a retrospective basis. This is a change from previous practice where approval has been obtained in advance for a maximum number of awards with the final number to be awarded determined by the Board.

Enhanced disclosure of STI outcomes incorporating retrospective disclosure of targets and performance against those targets were adopted for the 2020 Report and are continued in this Report in response to feedback from securityholders. On balance, the Boards concluded that the outcomes for Atlas Arteria's STI for 2021 are appropriate and align with securityholder outcomes and expectations.

## Enhancements to Remuneration Structure

The Boards are continually looking for opportunities to improve and evolve the Company's approach to remuneration so that it remains appropriate to the business, aligned to securityholders' interests, and consistent with contemporary practices. We take investor feedback seriously and we will continue to engage with investors and their advisors in relation to remuneration.

The PRCs reviewed the remuneration strategy during the year to ensure the remuneration framework remains consistent with business needs. The review identified a number of changes for 2022 which will enable the remuneration framework to address the business strategy more effectively and to reflect evolving market practices. These include:

- Reflecting the importance of ESG to our business, ESG measures will be incorporated in annual incentive plans; and
- Introducing a second LTI performance target directed at driving our key strategic objectives of generating sustainable cash flows from Dulles Greenway and improving the average concession life of the Atlas Arteria portfolio.

In developing the proposed approach, the PRCs engaged external remuneration advisers and consulted with investors and their advisors in relation to the proposed changes.

The changes have been designed on the basis that there will be no increase in the overall remuneration opportunity and that vesting of awards will only occur where there are quantifiable performance outcomes which improve securityholder value.

As a result, we propose to introduce the following changes to the Atlas Arteria remuneration framework which will apply for 2022:

- Fixed pay – to ensure we continue to attract and retain a high performing management team, there will be a review of fixed pay for executive KMP in 2022, with decisions on any recommendations for change expected during the first half 2022, noting that the MD & CEO and CFO did not receive any increase in fixed pay in 2021.
- Short Term Incentive Plan – to ensure we continue to meet securityholder expectations in managing ESG, an ESG measure with a 10% weighting will be introduced for 2022. KPIs tied to our corporate ESG objectives will be set annually reflecting the priorities for the year ahead. For 2022, we will be focussing on Lost Time Injury Frequency Rates (LTIFR) targets and milestones towards implementation of Task Force on Climate-Related Financial Disclosures (TCFD). Delivery of our financial targets will continue to be a priority and the relative weighting to financials will be 60% of the total scorecard with the balance of 40% applying to ESG (10%) and strategic measures (30%).

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– Long Term Incentive Plan – A second LTI performance target will be introduced equivalent to 50% of the current LTI. The new strategic LTI will have a three year performance period and will vest based on delivery of two strategic metrics.

– Creating a clear pathway to sustainable cash flows from Dulles Greenway;

– Improving the average concession life of the Atlas Arteria portfolio,

providing that quantifiable improvements in securityholder value can be demonstrated.

To incentivise management to prioritise delivery of these initiatives an opportunity for earlier vesting of the new strategic LTI has been included in the plan allowing for some or all of the awards to vest no earlier than two years and no later than three years after the effective grant date, upon delivery of quantifiable outcomes for securityholders.

The remaining 50% of the LTI will continue to be subject to relative TSR with a positive absolute TSR gateway, assessed over three years.

The Board believes the combination of relative TSR and strategic performance targets provides an appropriate focus on driving strategic projects that create long term value for securityholders. This provides a clear incentive to secure the strategic outcomes balanced with the incentive to achieve above average securityholder returns relative to comparator companies.

Securityholders will be asked to approve the equity based STI and LTI Awards for the MD & CEO at the 2022 AGM.

The remuneration framework will be reviewed again based on the expected needs of the business and evolving market practice during 2022 to develop the appropriate approach for 2023 and subsequent years.

## Non-executive Director Fees

As there has been no increase in NED fees since 2019, the Boards undertook a review of NED fees during 2021. The review found that ATLAX director fees were below the median of the comparator group. The review also highlighted that the significant disparity between ATLI and ATLAX director fees is not reasonable given that ATLI Directors have comparable responsibilities and workload to ATLAX Directors.

As a result, it was decided to adjust ATLAX director fees to be closer to, but just below the median for the comparator group and to set ATLI director fees closer to parity with ATLAX. As referred to on page 3 of our Corporate Governance Statement, once the current ATLI Board succession process is complete, the ATLI Board will reduce from five to four directors, resulting in a reduction in total fees which will offset these increases. Further background on the review and details of the revised fees which apply from 1 January 2022 are contained at 7.2 below. No increase in the fee caps for ATLAX or ATLI is being proposed.

## Remuneration Governance

The PRCs are actively involved in ensuring our remuneration policies reflect Atlas Arteria's values and STEER principles and encourage appropriate behaviours and actions which are aligned with Atlas Arteria's business strategy, performance and securityholder interests.

Specifically, the PRCs seek to ensure management behaviours are consistent with the creation of value for securityholders, our commitments to safety, our people, environmental stewardship, customers and communities. Activities undertaken by the PRCs during the year were focussed on enhancing our formal, rigorous and transparent HR and remuneration framework.

At the commencement of the financial year, the Boards set the KPIs for the MD & CEO, and the MD & CEO in consultation with the Boards set the KPIs for each of the executive KMP. The PRCs provide regular informal feedback on performance to the MD & CEO in relation to both the MD & CEO and executive KMP. At the end of the financial year, the MD & CEO and each of the executive KMP have their performance assessed against these KPIs and other relevant matters. The formal performance review process has been completed for 2021. More information in relation to the outcomes of the process for the executive KMP can be found at section 6.2.

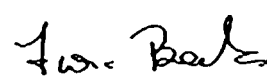
We trust you, our securityholders, find the 2021 Remuneration Report provides clear and informative insights into our remuneration policies, practices and outcomes.



David Bartholomew

Atlas Arteria Limited

People & Remuneration  
Committee Chair



Fiona Beck

Atlas Arteria International Limited

People & Remuneration  
Committee Chair

# REMUNERATION REPORT

## This Remuneration Report contains the following sections:

1 Introduction
2 Who is covered by this report?
3 Overview of the remuneration framework
4 2021 business performance highlights
5 Remuneration framework
6 2021 Remuneration outcomes
7 Non-executive Director fees
8 Remuneration governance
9 Statutory disclosures

## 1. Introduction

The Directors of the Groups present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Groups and the consolidated entity for the year ended 31 December 2021. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Reports.

## 2. Who is covered by this report?

This Remuneration Report outlines the remuneration framework and outcomes for the ATLAX Group and Atlas Arteria Key Management Personnel (KMP). The obligation under the Corporations Act to provide a remuneration report only applies to ATLAX as an Australian listed Group. However, given the stapled security holding structure, the Boards and PRCs of both ATLAX and ATLIX have worked together on the Remuneration Report with the disclosures extended to cover all of the Atlas Arteria KMP.

For the purposes of this Report, KMP are those persons having authority and responsibility for planning, directing and controlling the major activities of the Groups.

The individuals covered by this Remuneration Report are:

Name	Role	Date of appointment
<b>Management</b>		
Graeme Bevans	Managing Director & Chief Executive Officer	1 April 2019
Nadine Lennie <sup>1</sup>	Chief Financial Officer	1 April 2019
Vincent Portal-Barrault	Chief Operating Officer	1 April 2019
<b>Non-executive Directors</b>		
Debbie Goodin <sup>2</sup>	Independent Non-executive Chair (ATLAX) Independent Non-executive Director (ATLIX)	1 November 2020 as Chair of ATLAX (Director of ATLAX from 1 September 2017) and Director of ATLIX from 1 November 2020
Ariane Barker	Independent Non-executive Director (ATLAX) Audit and Risk Committee (ARC) Chair	1 March 2021 ARC Chair with effect from 1 March 2021
David Bartholomew	Independent Non-executive Director (ATLAX) People and Remuneration Committee (PRC) Chair	1 October 2018
Jean-Georges Malcor	Independent Non-executive Director (ATLAX)	1 November 2018 ARC Chair with effect from 1 November 2020 until 1 March 2021
Jeffrey Conyers	Independent Non-executive Chair (ATLIX)	16 December 2009
Fiona Beck	Independent Non-executive Director (ATLIX) People and Remuneration Committee (PRC) Chair	13 September 2019 PRC Chair with effect from 19 May 2020
Andrew Cook	Independent Non-executive Director (ATLIX)	25 November 2020
Caroline Foulger	Independent Non-executive Director (ATLIX) Audit and Risk Committee (ARC) Chair	19 May 2020 ARC Chair with effect from 21 September 2020

- On 17 January 2022 it was announced that Nadine Lennie will be stepping down from her role as Group Chief Financial Officer and leaving the organisation with effect from 31 March 2022. Details of Ms Lennie's termination arrangements will be included in the 2022 Remuneration Report.
- As contemplated by the Co-operation Deed in place between ATLAX and ATLIX, the ATLIX Board includes a Director of ATLAX (Debbie Goodin) to facilitate and promote co-operation and consultation between the two Boards.

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## 3. Overview of the remuneration framework

Included below is a summary of the 2021 remuneration framework for the executive team. Further details regarding our remuneration arrangements are provided in the remainder of this Remuneration Report.

### Remuneration Framework Overview

<b>Remuneration Principles</b>	Simple Balance short and long-term needs	Reflect role complexity Reflect our values and behaviours	Specific and differentiated performance outcomes Securityholder alignment
<b>Remuneration elements</b>	<b>Fixed Remuneration</b> Salary and superannuation Reviewed annually against comparator benchmarks	<b>Short Term Incentive</b> Annual incentive delivered 50% in cash and 50% in restricted securities	<b>Long Term Incentive</b> Annual award of performance rights with a 3 year performance period
<b>Purpose</b>	Executive remuneration levels should be competitive with companies of similar size and complexity	To align the interests of securityholders, executives and other participants as determined by the Boards	Rewards long-term value creation for securityholders
<b>How aligned to performance</b>	Recognises the market value of an individual's skills, experience, accountability and their contribution in delivering the requirements of their roles	A combination of financial measures and non-financial measures relating to specific business outcomes and taking account of behaviours and conduct	Vesting based on achieving challenging performance targets
<b>Performance measures</b>	An individual's skills, experience, accountability and contribution in delivering the requirements of their roles	Assessment of performance against a balanced scorecard of financial measures (weighted 70%) and non-financial measures (weighted 30%) linked to key financial and business objectives	Relative Total Securityholder Return compared to a comparator group of local and international infrastructure companies A positive TSR gateway applies for 2021
<b>Performance targets</b>	Measures are set to reward delivery of returns and value creation for securityholders	Measures are set to reward delivery of returns and value creation for securityholders	Measures performance against local and international infrastructure companies
<b>Alignment to securityholders</b>	Minimum security holding requirements to be accumulated within five years	STI deferral to restricted securities	Measures aligned to creation of value for securityholders
<b>Governance</b>	Ability to exercise discretion as required over remuneration decisions to ensure that: – Remuneration outcomes reflect the performance of the Groups and the individual executives; and – Are consistent with securityholder expectations. All variable remuneration is subject to malus adjustment.		

### Proposed changes for 2022

Reflecting the central importance of ESG to our business, an ESG measure with a 10% weighting will be introduced to the Short Term Incentive Plan for 2022. The relative weightings between financials and non-financials in the STI Plan will be changed from 70:30 to 60:40 to accommodate the ESG measure.

The LTI structure for 2022 is also being changed to re-direct one half of the current LTI opportunity to a new strategic LTI with a three year performance period.

The new LTI will have two strategic metrics:

- Creating a clear pathway to sustainable cash flows from Dulles Greenway;
- Improving the average concession life of the Atlas Arteria portfolio,

providing that quantifiable improvements in securityholder value can be demonstrated.

Provision has been made for earlier vesting of the strategic initiative component (50%) of the LTI opportunity to encourage earlier implementation of these initiatives and thereby delivering the associated benefits to securityholders sooner. In any event, vesting will occur no earlier than 2 years and no later than 3 years from the effective date of award. The balance of the LTI (50%) will remain subject to relative TSR with an absolute TSR hurdle measured over a three year performance period.

Further details of the changes are included at 5.3 and 5.5.

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## What remuneration principles guide the design of the remuneration framework?

The following six principles underpin the management of the remuneration framework at Atlas Arteria. The principles provide guidance on how remuneration decisions are made and how remuneration outcomes are determined.

The executive remuneration framework should be: Description

<b>Simple</b>	Be simple to understand, implement and communicate
<b>Balance short and long-term needs</b>	Support the delivery of the annual business plans, whilst also reflecting the long-term needs of the business
<b>Reflect role complexity</b>	Reflect the experience of the executive, complexity/nature of the role and the business compared to the market
<b>Reflect our values and behaviours</b>	Encourage appropriate behaviours and actions which are aligned to Atlas Arteria's business strategy, performance and securityholders
<b>Specific and differentiated performance outcomes</b>	Reflect specific performance measures which executives have the ability to influence, and allow for differentiation of executive incentive outcomes
<b>Securityholder alignment</b>	Encourage executive equity ownership so that executives have 'skin in the game', aligning executives to securityholder returns

## What decisions have been made regarding the remuneration structure during 2021 and why?

Key decision to enhance the alignment between executives and securityholders during 2021 include:

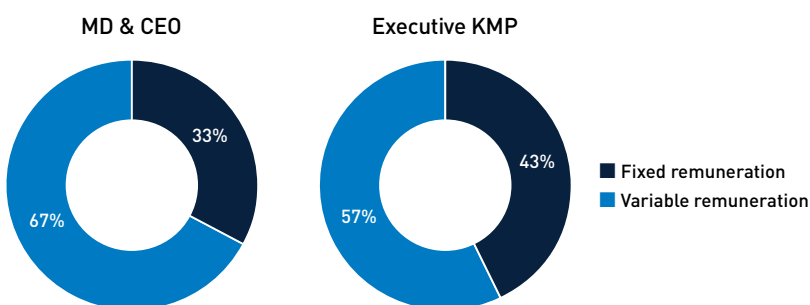
- There was a fixed pay freeze for the MD & CEO and the CFO.
- There was no increase in NED fees.
- A positive TSR hurdle was introduced for the 2021 LTI Award which will apply in addition to the existing relative TSR test. Thus, irrespective of the relative TSR performance, no awards under the 2021 LTI will vest unless the absolute TSR over the performance period has been positive.
- Securityholder approval for the actual awards of Restricted Securities under the STI Plan to the MD & CEO is now sought on a retrospective basis. This is a change from previous practice where approval was obtained in advance for a maximum number of awards with the final number to be awarded subsequently determined by the Board.
- Enhanced disclosure of STI outcomes incorporating retrospective disclosure of targets and performance against those targets.
- To support management's focus on ESG, an ESG measure with a 10% weighting will be introduced to the STI Plan for 2022. The relative weightings between financials and non-financials in the STI Plan will be changed from 70:30 to 60:40 to accommodate the ESG measure.
- The LTI structure for 2022 is being changed to introduce a second LTI performance target with vesting based on the delivery of quantifiable outcomes against the Groups' strategic plans. The new strategic LTI has a three year performance period and can vest earlier if the performance outcomes are achieved ahead of schedule. The balance of the LTI for 2022 will be on the same terms as for 2021 (relative TSR with a positive absolute TSR gateway).

## How are executive KMP remunerated and how is this aligned with Atlas Arteria performance?

The Boards recognise that to build sustainable long-term growth in securityholder wealth, Atlas Arteria must attract and retain talented people and align their interests and behaviours with securityholders' interests.

To do so, the Groups have developed a remuneration framework that aligns executive remuneration and the Groups' performance. The framework aims to achieve a balance between fixed and performance based remuneration and between short and long-term performance incentives. To ensure our remuneration quantum and structure is market competitive, consideration has been given to the market median remuneration of companies of a similar size and complexity to Atlas Arteria.

Target remuneration comprises:



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Variable remuneration comprises both short and long term performance components:

- 1 The STI for 2021 was based on an assessment of performance against a balanced scorecard of financial measures (weighted 70%) and non-financial measures (weighted 30%) linked to key financial and business objectives. For further information regarding the performance outcomes and STI structure for the MD & CEO and the executive KMP, see section 6.2
- 2 For the long-term incentive component, Atlas Arteria's TSR performance is assessed relative to selected local and international companies with similar characteristics to ensure there is alignment between the financial interests of executives and securityholders. For further information regarding the LTI structure (including the changes introduced for 2021), performance measure, relative TSR comparator group constituents and vesting schedule, see section 5.4.

Information on governance provisions such as clawback, malus, treatment of awards on cessation of employment and change of control are provided in section 8.

## What happens to variable remuneration awards in the event there is a change of control?

In the event of a change of control, the Boards have absolute discretion to determine the treatment of STI and LTI awards. However, if the Boards do not exercise their discretion, the following default treatments will apply:

**STI:** Cash based STI will be assessed on a pro rata basis and paid at that time based on performance, and deferred STI will vest in full on the basis that it relates to performance targets which have already been achieved.

**LTI:** Vesting based on performance to the most recent assessment date and pro-rated for time.

## 4. 2021 business performance highlights

### 4.1 Overview of business performance

The strength of our portfolio and balance sheet has enabled the Groups to continue to deliver against strategy with a number of key initiatives implemented that will drive long term value creation for securityholders. These have been discussed in the Annual Report on pages 8 to 9.

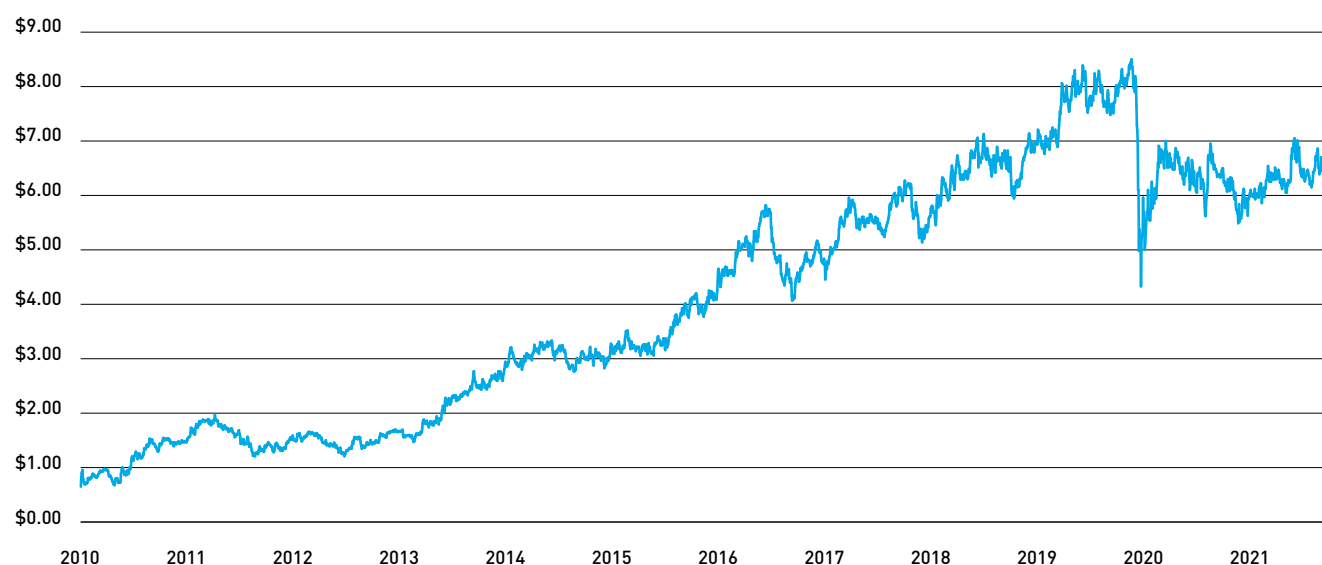
### 4.2 Atlas Arteria's performance

The following table outlines the key financial metrics over the past five financial years up to and including 2021 that underpin the STI and LTI plans.

	2021	2020	2019	2018	2017
Dividend Payments per Security (\$)	<b>0.285</b>	0.11	0.30	0.24	0.20
Cash flow per security (\$)	<b>0.30</b>	0.31	0.27	0.26	0.19
EBITDA proportionate (\$m) <sup>1</sup>	<b>1,024.4</b>	884.0	923.0	869.4	652.8
Share price (@year end) (\$)	<b>6.92</b>	6.50	7.83	6.16	6.19
Total Security Return	<b>11.46%</b>	-15.5%	32.2%	3.4%	30.6%

1. Proportionate EBITDA from the underlying investments as reported for each financial year.

### ALX share price (2010-2021)



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## 5. Remuneration framework

The remuneration framework for the executive team aims to achieve balance – between fixed and performance-based remuneration, between short and long-term performance incentives, and between financial, non-financial and strategic outcomes – as well as providing a balance of remuneration received in cash and in securities.

Our objectives for the executive remuneration framework are to ensure that it:

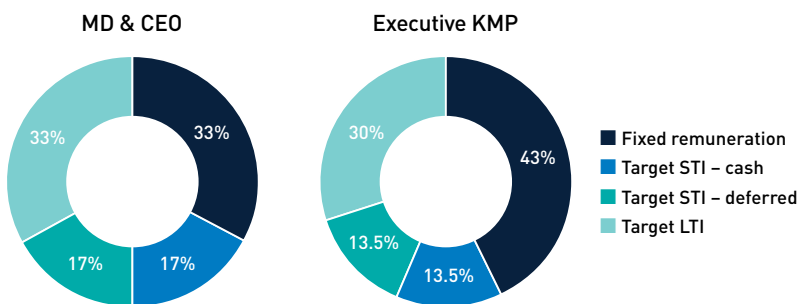
- Is simple to understand, implement and communicate;
- Supports the delivery of the annual business plans whilst also reflecting the long-term needs of the business;
- Reflects the experience of the executive and complexity of the role and business compared to the market;
- Encourages behaviours that are aligned to our business strategy, performance and securityholders;
- Reflects performance measures which our executives have the ability to influence and allows differentiation of executive incentive outcomes; and
- Encourages executive equity ownership so that executives have 'skin in the game' thus aligning executives to securityholders.

### 5.1 Positioning and mix of executive remuneration

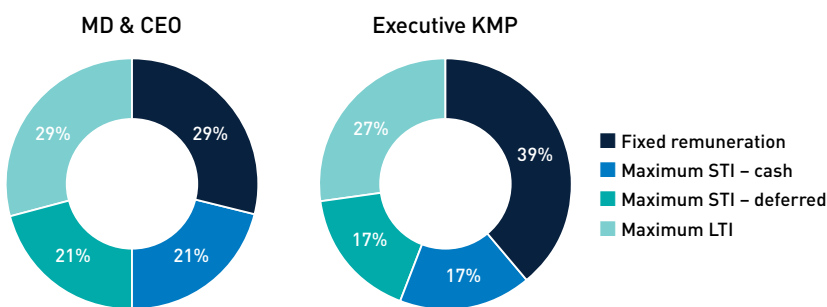
To ensure our remuneration quantum and structure is market competitive, reference is made to the median of a group of comparator companies of similar size and complexity to Atlas Arteria. The remuneration arrangements of selected industry comparators are also considered for each role.

In 2021, the target and maximum remuneration framework for the MD & CEO and the executive KMP comprises fixed remuneration, STI and LTI as in the graphs below.

#### Remuneration mix based on achieving 'target' performance



#### Remuneration mix based on achieving 'maximum' performance



Outlined below is further detail regarding the STI and LTI plans for the 2021 financial year.

### 5.2 Fixed pay

Fixed pay recognises the market value of an individual's skills, experience, accountability and their contribution in delivering the requirements of their roles. Fixed pay includes base pay and superannuation.

There were no increases in fixed pay during 2021 for the MD & CEO and the CFO, and the COO received a market based review effective from 1 July 2021 and government index increase from 1 October 2021.



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## 5.3 Short-term incentive

Details regarding the STI arrangements for the executive KMP are set out below. The size of each STI award is capped at an agreed percentage of fixed remuneration for each executive. The value of the STI payment made at the end of the performance period is a function of performance against a balance of financial and non-financial performance measures aligned with Atlas Arteria's annual business plans.

Element	Description
<b>Opportunity</b>	The STI is subject to achievement of defined performance targets.  The target STI opportunity represents an opportunity to earn 100% of fixed remuneration for the MD & CEO and 60% of fixed remuneration for the other executive KMP. When assessing performance, the Boards have discretion to increase or decrease an STI Award subject to an overall cap of 150% of Target.
<b>Performance period</b>	Performance is measured over a one year performance period from 1 January to 31 December.
<b>STI deferral</b>	To assist in creating alignment with securityholders and in achieving the minimum securityholding requirement, 50% of the STI outcome is normally deferred into restricted securities for a one year period following the conclusion of the performance period, subject to ongoing service and the discretion of the Boards.
<b>STI objectives</b>	STI targets set for 2021 comprised a combination of financial measures and non-financial measures relating to specific strategic outcomes and taking account of culture and behaviours.

An ESG measure with a 10% weighting is being introduced to the STI Plan for 2022. Inclusion of an ESG measure reflects our commitment to safety, the environment, our people, and our focus on customers and communities.

We will establish corporate KPIs across our four sustainability pillars which will be published in our Sustainability Report. Remuneration objectives tied to these corporate objectives will be set annually and will reflect the priorities for the year ahead where we believe we can make quantifiable improvements. For 2022, we will be focussing on safety (LTIFR) and TFCD (implementation milestones).

The Board believes delivering strong financial performance for our securityholders continues to be a priority. Accordingly, the financial component of the STI scorecard will have a 60% weighting with the remaining 40% applying to strategic (30%) and ESG (10%) measures.

## 5.4 Long-term incentive

To align with the interests of securityholders, executives and other participants as determined by the Boards are eligible to participate in an LTI. Details of the LTI arrangements of the MD & CEO and executive KMP are set out below. The size of each year's grant is capped at an agreed percentage of fixed remuneration for each executive. The value of the LTI award made at the end of the vesting period is a function of:

- Atlas Arteria's TSR performance relative to a group of Australian and international peer companies (which determines the number of securities granted that vest);
- The change in the price per Atlas Arteria stapled security (which determines the value of each stapled security that vests); and
- The value of distributions that would have been made during the vesting period to the number of securities that vest (distribution equivalents).

As a result, management incentives are aligned with the long-term interests of securityholders to achieve strong performance relative to peers and to generate an appropriate balance of security price performance and distributions.

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Element	Description										
<b>Opportunity</b>	The maximum grant value of LTI opportunities represents 100% of fixed remuneration for the MD & CEO and 70% of fixed remuneration for the other executive KMP. The number of awards granted is based on face value and is determined based on the 10 day VWAP immediately following the announcement by Atlas Arteria of its annual results.										
<b>Vehicle</b>	Awards are delivered in the form of performance rights. A performance right is a right to acquire one fully paid Atlas Arteria security, subject to meeting pre-determined performance targets.										
<b>Performance target</b>	<p>For 2021 and earlier years LTI performance is assessed against relative TSR. Relative TSR was selected as the sole performance target as it measures security holding value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders.</p> <p>For the 2019 grant, Atlas Arteria's TSR performance was assessed against a local and global industry comparator group, comprising Abacus Property Group, APA Group, Aurizon Holdings Limited, AusNet Services, Charter Hall Group, Growthpoint Properties Australia, Qube Holdings Limited, Spark Infrastructure Group, Sydney Airport, Transurban Group, 3i Infrastructure, Cogent Communications Holdings Limited, Eiffage SA, Genesee &amp; Wyoming Inc., Getlink, Macquarie Group Infrastructure Corporation and Zayo Group Holdings, Inc. These companies were selected as they operate in comparable industries, with asset size, market capitalisation, jurisdiction of assets and operational control, in relevant ranges.</p> <p>From 2020 Atlas Arteria's TSR performance will be assessed against a group of approximately 125 OECD-domiciled companies included in the Global Listed Infrastructure Organisation (GLIO) index.</p> <p>The comparator group may, at the discretion of the Boards, be adjusted to take into account events during the Performance Period including, but not limited to takeovers, mergers, de-mergers or de-listings, so that the outcome appropriately reflects the circumstances.</p> <p>A volume weighted average security price (VWAP) over a 40 business day period at the start and the end of the performance period is used for the calculation of TSR performance for 2020 and subsequent awards. A 40 business day averaging period for calculating the security price for TSR performance helps to eliminate the impact of short-term security price movements on vesting outcomes.</p>										
<b>Vesting schedule</b>	<p>Relative TSR performance is assessed on a sliding scale, with vesting determined as follows:</p> <table border="1"> <thead> <tr> <th>Atlas Arteria's TSR performance</th> <th>% vesting</th> </tr> </thead> <tbody> <tr> <td>Below the 51st percentile</td> <td>0%</td> </tr> <tr> <td>At the 51st percentile</td> <td>50%</td> </tr> <tr> <td>Between the 51st percentile &amp; 75th percentile</td> <td>Pro rata between 50% &amp; 100%</td> </tr> <tr> <td>At the 75th percentile</td> <td>100%</td> </tr> </tbody> </table> <p>The Boards retain discretion to adjust the relative TSR target in exceptional circumstances if considered appropriate so that participants are neither advantaged nor disadvantaged by matters outside management's control.</p>	Atlas Arteria's TSR performance	% vesting	Below the 51st percentile	0%	At the 51st percentile	50%	Between the 51st percentile & 75th percentile	Pro rata between 50% & 100%	At the 75th percentile	100%
Atlas Arteria's TSR performance	% vesting										
Below the 51st percentile	0%										
At the 51st percentile	50%										
Between the 51st percentile & 75th percentile	Pro rata between 50% & 100%										
At the 75th percentile	100%										
<b>Positive TSR Hurdle</b>	A positive TSR hurdle was introduced for the 2021 LTI Award which applies in addition to the existing relative TSR test. Thus, irrespective of the relative TSR performance, no awards under the LTI will vest unless absolute TSR for the performance period is positive.										
<b>Performance period</b>	Performance is measured over a three year performance period, from 1 January to 31 December. The performance for 2021 grant will be measured from 1 January 2021 to 31 December 2023.										
<b>Vesting and allocation of securities</b>	If and when the Boards determine that the relative TSR performance target has been achieved, the performance rights will automatically be exercised, and the relevant number of securities will be allocated.										
<b>Distribution equivalents</b>	Distribution equivalents will be payable (via a grant of securities or a cash payment, at the Boards' discretion) on performance rights that have vested, to the value of any distributions paid during the performance period in respect of an equivalent number of Atlas Arteria securities.										

## 5.5 Proposed changes to the remuneration framework for 2022

It is proposed to introduce a second LTI performance hurdle for 2022 to re-direct half of the current LTI opportunity to a new strategic LTI with vesting based on the successful delivery of key strategic objectives.

Vesting of the new LTI will be based on delivery of two strategic metrics:

- Creating a clear pathway to distributions from Dulles Greenway;
- Improving the average concession life of the Atlas Arteria portfolio,

providing that quantifiable improvements in securityholder value can be demonstrated.

Earlier implementation of the strategic initiatives will result in securityholders obtaining the associated benefits sooner. While these awards will have a three year performance period, there will be a Board discretion to vest some or all the strategy based rights earlier (but no earlier than two years from the start of the three year performance period) once the targets are achieved.

The Board considers that retaining relative TSR with the positive absolute TSR hurdle as one of the LTI performance targets while introducing a second performance target aligned with strategy execution will provide a balanced incentive structure focussed on delivery of outcomes that provide material benefits to securityholders. Thus, there is a clear incentive to secure the commercial outcomes balanced with the incentive to achieve above average shareholder returns relative to comparator companies.

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The Board will retain full discretion over vesting on being satisfied that the strategic objectives have been met based on quantifiable outcomes that improve securityholder value. Details of the quantifiable outcomes will be disclosed in the Remuneration Report for the year of vesting.

The remuneration framework will be reviewed again during 2022 based on the expected needs of the business and evolving market practice to develop the appropriate approach for 2023 and subsequent years.

## 5.6 Approval of MD & CEO Equity Based Awards

Securityholders will be asked to approve the following equity based awards for the MD & CEO at the 2022 AGM:

- The equity component of the 2021 STI Award; and
- The 2022 LTI Award.

## 5.7 Employee Equity Incentive Plan

The Group operates an employee equity plan to enable all corporate employees to become securityholders of the Group. The plan was introduced in 2020 to support employee retention, develop the team with a common purpose, share in the success of the business and for employees to become equity holders and thus increase alignment with securityholders. All corporate employees, other than members of the Executive Team who participate in the LTI Scheme, are eligible to participate in the plan. Awards to the value of \$5,000 were made in the form of share rights with vesting subject to a 3 year service condition. The total value of the equity awarded in 2021 was in the order of \$140,000.

## 5.8 Employment contracts

The remuneration and other terms of employment for the executive KMP are formalised in executive contracts. Key contractual terms in place for 2021 are outlined below.

	Contract type	Termination notice by either party	Termination notice with cause	Termination notice by KMP for fundamental change in role
MD & CEO	Ongoing	12 months	Immediate without notice period	30 days within 21 days of fundamental change
CFO and COO	Ongoing	6 months	Immediate without notice period	30 days within 21 days of fundamental change

## 6. 2021 Remuneration outcomes

### 6.1 Fixed pay

A freeze on fixed remuneration applied for the MD & CEO and CFO in 2021. The COO received a market based increase on 1 July 2021, his first increase, other than local statutory CPI adjustments, since appointment in 2018.

It is important to retain our key people. We consider the best retention mechanism is to provide challenging work, to reward achievement against challenging goals and to ensure our people are remunerated competitively against market.

To support the retention and attraction of a high performing executive team, a remuneration benchmarking review for executive KMP has commenced. This review is expected to be completed in first half of 2022. The effective date of any adjustments is yet to be decided and will be no earlier than 1 January 2022. Details of the outcomes of the review will be included in the 2022 Remuneration Report.

### 6.2 Short term Incentive Plan

STI performance in respect of 2021 was assessed based on a combination of financial and non-financial measures.

Details of the 2021 STI Awards for executive KMP are set out below.

The annual performance assessment includes consideration of both what is achieved and how it is achieved by reference to each executive's behaviours during the year. The actual STI awarded can be adjusted where these expectations are not met. No such adjustments were made for executive KMP for 2021.

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## 6.2.1 MD & CEO

Performance area	Weighting	Target	Result	Commentary
Proportional adjusted EBITDA (reflecting proportional performance of each business at constant exchange rates)	20%	A\$870m	A\$1,015m	Weighted average traffic performance for the year was up 18.6% compared with the prior year. As a result, proportionate EBITDA on a constant currency basis was above stretch
Free Cashflow Received from Operations (at constant exchange rates)	20%	A\$260m	A\$283m	The strong financial performances of APRR and the restructure of the balance sheet at Warnow Tunnel resulted in higher than expected cash flows to Atlas Arteria. As a result, cash flow performance for the year was above stretch
Distributions of \$0.26 per Security	20%	\$0.26	\$0.285	Target for the year was exceeded with a total distributions paid to securityholders in the year amounting to \$0.285 per security
Corporate operational expenditure (excluding costs of STIs and LTIs, special projects and at constant exchange rates)	10%	A\$31m	A\$26.2m	Corporate costs were managed effectively with an above stretch outcome achieved
<b>Total financials</b>	<b>70%</b>		<b>95%</b>	
Strategic STI objectives were set for the following areas of activity	<b>30%</b>		<b>31%</b>	Significant achievements against the strategic objectives included:
<ul style="list-style-type: none"> <li>- Corporate development and M&amp;A activity</li> <li>- Restructuring the capital structure of businesses</li> <li>- Cultural change, leadership and employee engagement</li> </ul>				<ul style="list-style-type: none"> <li>- Capital restructure at Warnow Tunnel in March 2021 which diversifies Atlas Arteria's sources of cash flow, and substantially increases the value of the business through reduced leverage and the expectation of cash flows earlier in the life of the concession. Two distributions have been received reflecting the performance of Warnow Tunnel throughout 2021</li> <li>- Achieved an increase in off-peak tolls at the Dulles Greenway of 5.3% in 2021 and 5.0% in 2022</li> <li>- Construction of RCEA on track and ownership is expected to transfer to APRR by end of the first half 2022, which will lengthen Atlas Arteria's average concession term</li> <li>- Implemented programs to improve ways of working across the business including capability investment with demonstrated improvements in leadership and team effectiveness. Launched new global flexible work policy as part of the ongoing initiatives introduced to foster greater inclusion. Developed foundational employee engagement and inclusion metrics to identify and execute strategies to address critical people priorities for 2022 and beyond</li> </ul>
<b>Total non-financials</b>	<b>30%</b>		<b>31%</b>	
<b>Total awarded</b>	<b>100%</b>		<b>126%</b>	

## 6.2.2 Other executive KMP

The MD & CEO's STI objectives, both financial and non-financial, for 2021 were cascaded to the other executive KMP being the CFO and COO and were included within their specific personal and team objectives for the year. Their STI outcomes were assessed on a consistent basis with that of the MD & CEO.

## 6.2.3 Executive KMP STI outcomes

Based on the performance achievement assessments described above, the following STI Awards were made in respect of achievements relating to 2021.

Name	% of maximum achieved	Value – cash \$	Value – equity \$	STI forfeited \$
Graeme Bevans	84%	819,000	819,000	312,000
Nadine Lennie <sup>1</sup>	84%	536,760	-	102,240
Vincent Portal-Barrault	92%	249,892	249,892	45,435

1. Under the terms of her separation, 100% of Ms Lennie's 2021 STI is payable in cash.

## 6.3 Long term Incentive Plan

The probability of existing LTI awards vesting has continued to be unlikely in 2021. This is because the peer group includes a number of listed utilities that have not been as severely affected by the downturn as toll road companies, which have been adversely impacted by traffic movement restrictions due to COVID-19.

The relative TSR hurdle for the 2019 LTI Award was tested following the end of the performance period on 31 December 2021. The result (an absolute TSR of 22.62%) was at the 7th percentile of the comparator group which was below threshold and hence the vesting outcome was nil.

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## 7. Non-executive Director fees

### 7.1 Determination of Non-executive Director fees

Non-executive Directors receive fees to recognise their contributions to the Boards and Committees on which they serve. No performance related remuneration is payable to Non-executive Directors.

The fees paid during 2021 are set out below:

Fees	ATLAX		ATLIX		
	Chair (AUD)	Member (AUD)	Chair (USD)	Member (USD)	Member (AUD) <sup>1</sup>
Board	\$280,000 <sup>2</sup>	\$140,000	\$160,000 <sup>2</sup>	\$80,000	\$80,000
Audit and Risk Committee	\$30,000	\$15,000	\$18,000	\$9,000	\$9,000
Remuneration Committee	\$30,000	\$15,000	\$18,000	\$9,000	\$9,000
Nominations and Governance Committee	Nil	Nil	Nil	Nil	Nil
Travel fee <sup>3</sup>	\$10,000		\$10,000		N/A
Additional ad hoc committee fee	\$2,500 per day		\$1,750 per day		\$1,750 per day

1. For Australian based director.

2. Committee fees are not payable to the Chairs of the ATLAX or ATLIX Boards.

3. Non-executive Directors are also entitled to receive a travel fee of AUD\$10,000 for each occasion where they are required to travel over 8 hours to attend a Board meeting or strategy session. Due to COVID-19 travel restrictions no travel fees were paid in 2021.

ATLAX and ATLIX directors are not entitled to Atlas Arteria options or securities or to retirement benefits as part of their remuneration package.

### 7.2 2022 Non-executive Director fees

Non-executive Director fees were last reviewed with effect from 1 January 2019, prior to internalisation of management. Given there have been no increases to NED fees in 3 years, the Boards decided to undertake a review of NED fees in 2021. The review was conducted by comparing Atlas Arteria's NED fee levels with those of a group of comparable ASX listed companies selected on the basis of similar businesses, scale of operation and skill requirements. The review highlighted that the ATLAX NED fees were below the median level for companies of similar size and complexity.

In addition, the review highlighted that the significant disparity between ATLIX and ATLAX director fees is not reasonable given that the responsibilities and workload of ATLIX Directors are comparable to ATLAX Directors. As a result, it was decided to adjust ATLAX director fees to be closer to, but just below the median for the comparator group and to set ATLIX Director fees closer to parity with ATLAX.

The composition of the ATLAX Chair's remuneration as between ATLIX and ATLAX Board memberships will change, but her aggregate remuneration will only change marginally. Also, no material changes to Committee fees have been made with ATLAX Committee fees remaining the same and rounding adjustments being made to the ATLIX Committee fees. As referred to on page 3 of our Corporate Governance Statement, once the current ATLIX Board succession process is complete, it is intended that the ATLIX Board will reduce from five to four directors, resulting in a reduction in total fees, offsetting these increases.

The following fees apply with effect from 1 January 2022:

Fees	ATLAX		ATLIX		
	Chair (AUD)	Member (AUD)	Chair (USD)	Member (USD)	Member (USD) <sup>1</sup>
Board	\$310,000 <sup>2</sup>	\$155,000	\$220,000 <sup>2</sup>	\$110,000	\$55,000
Audit and Risk Committee	\$30,000	\$15,000	\$20,000	\$10,000	Nil
Remuneration Committee	\$30,000	\$15,000	\$20,000	\$10,000	Nil
Nominations and Governance Committee	Nil	Nil	Nil	Nil	Nil

1. For Australian based director

2. Committee fees are not payable to the Chairs of the ATLAX or ATLIX Boards.

### 7.3 Aggregate fee pool

As approved by securityholders at the 2020 AGM, the aggregate ATLAX Non-executive Director fee pool is capped at AUD\$1,100,000 and the ATLIX Non-executive Director fee pool is capped at US\$700,000. The increase in fees outlined above will be accommodated within the existing fee pool and no changes are proposed for 2022.

# REMUNERATION REPORT

## 8. Remuneration governance

### 8.1 Roles and responsibilities

The table below outlines the roles and responsibilities of the Boards, PRCs, management and external advisors in relation to the remuneration arrangements of Non-executive Directors and executive KMP.

The Boards	People & Remuneration Committees	Management	External advisors
Approve remuneration strategy and approves recommendations from the PRCs	The PRCs consist entirely of independent Non-executive Directors	Makes recommendations to the PRCs on Atlas Arteria's remuneration framework, policies and practices	Provide independent advice to the PRCs and/or Management on remuneration market data, market practice and other remuneration related matters
The Boards approve the quantum of remuneration for Non-executive Directors and the MD & CEO	Make recommendations to the Boards regarding the remuneration framework, policies and practices for Atlas Arteria  The PRCs approve the quantum of remuneration for other executive KMP		

### 8.2 PRCs activities during 2021

The PRCs are actively engaged in ensuring our remuneration and people programmes are contemporary and working as intended. The activities of the PRCs during 2021 included:

- Recommending the STI outcomes for 2020 to the Boards.
- Recommending the STI objectives for 2021, including recommending approval of the financial targets to the Boards.
- Monitoring progress against the 2021 STI targets, including mid-year confirmation that financial targets set at the start of the year continued to be appropriate for the full year.
- Reviewing the fixed pay level of the COO, an executive KMP.
- Engagement with investors and proxy advisers in relation to the remuneration framework and report.
- Considering and recommending to the Boards amendments to the remuneration framework.
- Recommendations regarding NED fees to the Boards for approval.
- Review and approval of the offer terms, plan rules and basis of participation for the Groups' equity plans.
- Consideration of market and regulatory related developments impacting the Groups' remuneration arrangements.
- Consideration of the necessity to exercise of discretion over variable pay decisions.
- Periodic review of the Security Holding Policy.
- Review progress against the Atlas Arteria People Plan and Priorities.
- Review of the Atlas Arteria Flexible Working Policy.
- Consideration of the Diversity and Inclusion objectives.
- Review of the Talent Management Framework and undertaking the annual Talent and Succession Review.
- Review and approval of the Atlas Arteria People Strategy (2021 – 2023).
- Executive Talent & Succession Reviews.

### 8.3 External Advisers

The requirement for external remuneration advisor services is assessed in the context of matters the PRCs need to address. Remuneration advisers are engaged by and report directly to the PRCs. Potential conflicts of interest are considered when advisers are appointed, including the level of access to management. External advice is used as a guide but does not serve as a substitute for directors' consideration of the relevant matters. Therefore, no remuneration recommendations, as defined by the Corporations Act 2001 (Cth), were made by external remuneration advisors during 2021.

# REMUNERATION REPORT

## 8.4 Board discretion over remuneration decisions

The PRCs and the Boards consider it important to have the ability to exercise discretion as required over remuneration decisions to ensure that remuneration outcomes reflect the performance of the Groups and the individual executives and are consistent with securityholder expectations. Examples of the circumstances where discretion can be exercised include:

Provision	STI	LTI
<b>Variable pay outcomes</b>	The Boards have adopted a policy to consider if there are any circumstances that may require the exercise of discretion at the time of approval of variable pay outcomes such as approval for STI awards and LTI vesting outcomes. This includes consideration on an ongoing basis as situations that may require discretion arise and at the time decisions in relation to the actual variable pay outcomes are being made.	
<b>Clawback/Malus</b>	<p>In the event of:</p> <ul style="list-style-type: none"> <li>– Material non-compliance with any financial reporting requirement or other policies and operating procedures of the Groups;</li> <li>– Fraudulent or dishonest behaviour; or</li> <li>– Misconduct,</li> </ul> <p>the Boards have discretion to determine that some or all deferred STI restricted security awards and invested LTIP awards are forfeited.</p>	
<b>Cessation of employment</b>	If a participant resigns or is terminated for cause (including gross misconduct), any deferred securities are forfeited, and the participant is not entitled to any further payment of cash STI. If a participant leaves for any other reason, the Boards may exercise discretion such that the participant is entitled to a pro rata payment of cash STI subject to performance and deferred securities will normally stay 'on foot' until the end of the deferred period.	If a participant resigns or is terminated for cause (including gross misconduct), unvested performance rights will automatically lapse. If a participant leaves for any other reason a pro-rata number of unvested performance rights (reflecting the portion of performance period served) stay 'on-foot' to be tested against the performance condition at the end of the original performance period, subject to the discretion of the Board to determine a different treatment.
<b>Change of control</b>	<p>Upon a change of control:</p> <ul style="list-style-type: none"> <li>– The Boards will determine in their absolute discretion the treatment for STI opportunity.</li> <li>– Subject to the Boards determining otherwise, cash based STI will be assessed on a pro rata basis and paid at that time based on performance, and deferred STI will vest in full.</li> </ul>	Where a change of control occurs or is likely to occur, the Boards have discretion to determine the treatment of unvested equity awards and the timing of such treatment. In the event the Boards do not exercise its discretion, the LTIP will vest pro rata for time and performance.

## 8.5 Minimum security holding requirements

Minimum security holding requirements apply to support the alignment between the interests of the Directors, executive KMP and securityholders through significant exposure to the movements in securities price and distributions. Details of individual security holdings and progress against the expected holding requirements are included at section 9.3.

Role	Minimum shareholding	Timing to meet requirement
Non-executive Directors	100% of annual director base fees	3 years from the date of their appointment
MD & CEO	100% of fixed remuneration	5 years from appointment
Other executive KMP	50% of fixed remuneration	5 years from appointment

## 8.6 Atlas Arteria Securities Trading Policy

The Atlas Arteria Securities Trading (Windows) Policy applies to Directors, including directors appointed by Atlas Arteria to investee entities and to all Atlas Arteria staff. The windows trading policy means that trading in securities can only occur at the discretion of the ATLAX and ATLIX Boards during prescribed trading windows and with appropriate approvals. All other periods are 'closed periods' for the purposes of the ASX Listing Rules. ATLAX and ATLIX Directors and staff must not enter into margin loans or other financing arrangements over their Atlas Arteria securities.

# REMUNERATION REPORT

## 9. Statutory disclosures

### 9.1 Executive statutory remuneration disclosures for 2021

The following table shows the total remuneration for the MD & CEO and executive KMP for 2021.

Name	Financial year	Cash salary	Annual leave accrual movement	Cash STI <sup>1</sup>	Superannuation contributions	Value of share based payments LTI <sup>2,3</sup>	Value of share based payments STI <sup>1</sup>	Total remuneration	Performance based pay %
Graeme Bevans <sup>4</sup>	2021	\$1,277,369	-\$38,944	\$819,000	\$22,631	\$548,066	\$624,000	\$3,252,122	61.2%
	2020	\$1,145,318	\$109,093	\$0	\$21,348	\$455,062	\$637,535	\$2,368,356	46.1%
Nadine Lennie <sup>4,5</sup>	2021	\$687,369	\$13,168	\$536,760	\$22,631	\$243,073	\$81,000	\$1,584,001	54.3%
	2020	\$665,318	\$91,456	\$0	\$21,348	\$214,807	\$212,624	\$1,205,553	35.5%
Vincent Portal-Barrault <sup>6</sup>	2021	\$632,210	\$24,687	\$249,892	\$16,756	\$235,495	\$205,585	\$1,364,625	50.6%
	2020	\$617,826	\$154	\$0	\$16,980	\$227,666	\$203,570	\$1,066,196	40.4%
<b>Total</b>	<b>2021</b>	<b>\$2,596,948</b>	<b>(\$1,089)</b>	<b>\$1,605,652</b>	<b>\$62,018</b>	<b>\$1,026,634</b>	<b>\$910,585</b>	<b>\$6,200,748</b>	<b>57.1%</b>
<b>Total</b>	<b>2020</b>	<b>\$2,428,462</b>	<b>\$200,703</b>	<b>\$0</b>	<b>\$59,676</b>	<b>\$897,535</b>	<b>\$1,053,729</b>	<b>\$4,640,105</b>	<b>42.1%</b>

1. No STI was awarded in cash for 2020 with 100% of the STI awarded in deferred equity. STI for 2021 was awarded in a combination of cash (50%) and deferred equity (50%). The deferred equity award for the MD & CEO is subject to securityholder approval at the 2022 Annual General Meeting

2. The amounts for LTI share based expenses are included based on the fair value of equity awards. External valuation advice has been used to determine the value of performance rights awarded in the year ended 31 December 2021. The valuation has been made using a Stochastic Model which includes a Monte Carlo simulation model. Details of the fair values of equity awards granted during the year are contained in the foot notes to the table titled 'Performance Rights held during the year' at 9.3 below

3. The number of performance rights allocated to each participant is determined based on face value

4. There were no increases in fixed pay during 2021 for the MD & CEO and the CFO. The last increase in fixed pay was effective 1 September 2020, part way through 2020. Thus, 2021 is the first full year of the increase which is reflected in the movement in fixed pay between 2020 and 2021 in the table above.

5. Under the terms of her separation, 100% of Ms Lennie's 2021 STI is payable in cash.

6. The 2021 remuneration for the COO who is based in Luxembourg was reviewed with effect from 1 July 2021 his first increase since appointment other than statutory CPI adjustments and was converted to AUD at a rate of AUD \$1 – Euro 0.6347 (2020 0.6055)



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## 9.2 Non-executive Director statutory remuneration disclosures for 2021

The following table shows the fees paid to Non-executive Directors of ATLAX and ATLIX for 2021.

Name	Financial year	ATLAX fees (AUD)			ATLIX fees		
		Cash salary and fees	Superannuation	Total	Cash salary and fees	Superannuation	Total
Debbie Goodin <sup>1</sup>	2021	\$257,369	\$22,631	\$280,000	89,294 (AUD)	8,706(AUD)	98,000(AUD)
	2020	\$183,842	\$17,461	\$201,303	14,916(AUD)	1,417 (AUD)	16,333(AUD)
Ariane Barker <sup>2</sup>	2021	\$140,408	\$13,759	\$154,167	-	-	-
	2020	-	-	-	-	-	-
David Bartholomew	2021	\$157,234	\$15,324	\$172,558	-	-	-
	2020	\$157,534	\$14,966	\$172,500	-	-	-
Jean-Georges Malcor	2021	\$160,115	\$0	\$160,115	-	-	-
	2020	\$168,983	\$1,017	\$170,000	-	-	-
Nora Scheinkestel <sup>3</sup>	2021	-	-	-	-	-	-
	2020	\$216,594	\$18,064	\$234,658	74,926(AUD)	7,118 (AUD)	82,044 (AUD)
Jeffrey Conyers	2021	-	-	-	160,000 (USD)	-	160,000 (USD)
	2020	-	-	-	160,000 (USD)	-	160,000 (USD)
Fiona Beck	2021	-	-	-	107,000(USD)	-	107,000(USD)
	2020	-	-	-	103,563 (USD)	-	103,563 (USD)
Andrew Cook <sup>4</sup>	2021	-	-	-	89,000(USD)	-	89,000(USD)
	2020	-	-	-	8,948 (USD)	-	8,948 (USD)
Caroline Foulger <sup>5</sup>	2021	-	-	-	98,000(USD)	-	98,000(USD)
	2020	-	-	-	57,508 (USD)	-	57,508 (USD)
Derek Stapley <sup>6</sup>	2021	-	-	-	-	-	-
	2020	-	-	-	87,043 (USD)	-	87,043 (USD)
James Keyes <sup>7</sup>	2021	-	-	-	-	-	-
	2020	-	-	-	37,692 (USD)	-	37,692 (USD)
<b>Total – AUD</b>	<b>2021</b>	<b>\$715,126</b>	<b>\$51,714</b>	<b>\$766,840</b>	<b>\$694,305</b>	<b>\$8,706</b>	<b>\$703,011</b>
<b>Total – AUD</b>	<b>2020</b>	<b>\$726,953</b>	<b>\$51,508</b>	<b>\$778,461</b>	<b>\$744,259</b>	<b>\$8,535</b>	<b>\$752,794</b>

1. Appointed Chair of ATLAX and Non-executive Director of ATLIX on 1 November 2020

2. Commenced as a Non-executive Director, effective 1 March 2021

3. Ceased to be a Non-executive Director, effective 1 November 2020

4. Commenced as a Non-executive Director, effective 25 November 2020

5. Commenced as Non-executive Director, effective 19 May 2020

6. Ceased to be a Non-executive Director on 25 November 2020

7. Ceased to be a Non-executive Director on 19 May 2020

# REMUNERATION REPORT

## 9.3 Equity instrument disclosures relating to KMP

### Security holdings

The table below outlines the number of ordinary securities held by each KMP including their personally related parties, as at 31 December 2021, and the minimum security holding requirements.

Non-executive Directors have acquired their security holdings from their personal resources on market and in accordance with Atlas Arteria's trading policy. Executive KMP acquire their security holdings from awards that vest under the Groups' equity plans and from purchases on market. All Directors and Executives are tracking to meet their security holding requirement on a timely basis.

#### Non-executive Directors

Name	Balance at 1 January 2021	Changes	Balance at 31 December 2021	Value at 31 December 2021 <sup>1</sup>	Minimum security holding requirement <sup>2</sup>	Date security holding to be attained
Debbie Goodin	32,904	17,774	50,678	\$350,692	\$220,000	Nov-23
Ariane Barker <sup>3</sup>		13,600	13,600	\$94,112	\$140,000	Mar-24
David Bartholomew	25,214	–	25,214	\$174,481	\$140,000	Oct-21
Jean-Georges Malcor	30,076	–	30,076	\$208,126	\$140,000	Nov-21
Jeffrey Conyers	59,838	–	59,838	\$414,079	\$110,223	Jul-20
Fiona Beck	18,853	7,000	25,853	\$178,903	\$110,223	Sep-22
Andrew Cook <sup>4</sup>	–	20,000	20,000	\$138,400	\$110,223	Nov-23
Caroline Fougler	8,500	12,500	21,000	\$145,320	\$110,223	May-23

1. Based on the closing price of Atlas Arteria securities on 31 December 2021 of \$6.92. The requirement is assessed at the higher of the purchase price or market value of the securities

2. The minimum security holding requirement for ATLIX Board members has been converted to AUD at the 31 December 2021 exchange rate of AUD\$1 = USD\$0.7258

3. Commenced as a Non-executive Director on 1 March 2021

4. Commenced as Non-executive Director on 26 November 2020

#### Executive KMP

Name	Balance at 1 January 2021	Changes	Balance at 31 December 2021	Value at 31 December 2021 <sup>1</sup>	Minimum security holding requirement <sup>2</sup>	Date security holding to be attained
Graeme Bevans	153,730	75,929	229,659	\$1,589,240	\$1,300,000	May-23
Nadine Lennie	36,592	28,673	65,265	\$451,634	\$355,000	Jul-23
Vincent Portal-Barrault <sup>2</sup>	39,324	26,763	66,087	\$457,322	\$347,105	Dec-23

1. Based on the closing price of Atlas Arteria securities on 31 December 2021 of \$6.92. The requirement is assessed at the higher of the purchase price or market value of the securities

2. The minimum security holding requirement for Luxembourg executives has been converted to AUD at the 31 December 2021 exchange rate of AUD\$1 = Euro 0.6408

### Options

No options over unissued ordinary securities of Atlas Arteria existed or were granted to KMP during 2021.

### Performance rights held during the year

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date <sup>1</sup>	Performance period start date	Vesting and exercise date	Exercise price \$	Expiry date	Value per option at grant date \$	Performance achieved #	% Vested %
28 April 2021	1 January 2021	31 December 2023	0.00	28 February 2024	2.95	To be determined	N/A
19 May 2020	1 January 2020	31 December 2022	0.00	28 February 2023	3.43	To be determined	N/A
3 March 2020	1 January 2020	31 December 2022	0.00	28 February 2023	5.02	To be determined	N/A
21 June 2019 <sup>2</sup>	1 January 2019	31 December 2021	0.00	28 February 2022	3.63	Below threshold	Nil

1. The performance period for each award commences on 1 January of the relevant award year. Thus the effective commencement dates are 1 January 2019 in respect of the award granted on 21 June 2019, 1 January 2020 for awards granted on 3 March 2020 and 19 May 2020 and 1 January 2021 for awards granted on 28 April 2021.

2. The 2019 LTI Award was tested following the end of the performance period on 31 December 2021. The result was below threshold and hence the vesting outcome was nil.

# REMUNERATION REPORT

The numbers of performance rights over ordinary securities in the Groups held during the financial year by each executive KMP as well as the value of performance rights granted or exercised are set out in the table below. Vesting is subject to achieving challenging performance hurdles over the performance period.

Name	Balance at 31 December 2020 #	Granted in the year ended 31 December 2021 <sup>1</sup> #	Exercised in the year ended 31 December 2021 #	Lapsed in the year ended 31 December 2021 #	Balance at 31 December 2021 #	Unvested at 31 December 2021 #	Value of share rights granted during year <sup>2</sup> \$
Graeme Bevans	423,192	230,088	0	119,339	533,941	533,941	678,760
Nadine Lennie	164,168	87,965	0	43,667	208,466	208,466	259,497
Vincent Portal-Barrault	165,790	73,741	0	44,381	195,150	195,150	217,536

1. The number of share rights granted during the year under the 2021 Long Term Incentive Awards which are subject to performance hurdles
2. External valuation advice from Aon has been used to determine the value of the share rights awarded during year ended 31 December 2021. The valuation was made using a Stochastic Model which includes a Monte Carlo simulation model. The value per instrument of the Share Rights granted during the year was \$2.95.
3. There were 1,358,192 unvested Share Rights on issue at the time of this Report

## Unvested STI Equity Awards during 2021

During 2021, awards of restricted securities equal to 100% of their Awards under the Groups 2020 STI Plan were granted to the executive KMP. The securities were restricted for 12 months from the end of the 2020 performance period. Following the end of the restriction period on 31 December 2021, the PRCs confirmed that all executive KMP complied with the terms of the awards and accordingly, the awards have vested in full.

Details of the Awards are as follows:

Name	Balance at 31 December 2020 #	Granted in the year ended 31 December 2021 <sup>1</sup> #	Vested in the year ended 31 December 2021 <sup>2</sup> #	Lapsed in the year ended 31 December 2021 #	Balance at 31 December 2021 #	Unvested at 31 December 2021 #	Value of restricted securities granted during year \$
Graeme Bevans	82,369	75,929	82,369	0	75,929	75,929	429,000
Nadine Lennie	25,834	28,673	25,834	0	28,673	28,673	162,000
Vincent Portal-Barrault	28,850	26,763	28,850	0	26,763	26,763	151,212

1. Restricted Securities granted in respect of the 2020 STI Plan. These securities vested in full in January 2022
2. Restricted Securities granted in respect of the 2019 Post Internalisation STI Plan. These securities vested in full in January 2021

## 9.4 Loans to Directors or related parties

There were no loans to Directors or related parties during 2021.

## 9.5 Other transactions with KMP

There were no other transactions with KMP.