

## Atlas Arteria

### Corporate Governance Statement

This statement outlines the key aspects of Atlas Arteria's corporate governance framework and main corporate governance practices for the year ended 31 December 2019. It has been approved by the Atlas Arteria Boards. Copies of the publicly available governance documents referred to in this statement can be found in the "Corporate Governance" section of the Atlas Arteria website ([www.atlasarteria.com](http://www.atlasarteria.com)). These governance documents are regularly reviewed and updated to ensure that they remain consistent with legal and regulatory requirements and the values and strategic objectives of Atlas Arteria. The governance policies and practices adopted by Atlas Arteria follow the recommendations outlined in the ASX Corporate Governance Council's Principles and Recommendations *Fourth Edition (ASX Principles and Recommendations)* as set out in this Statement.

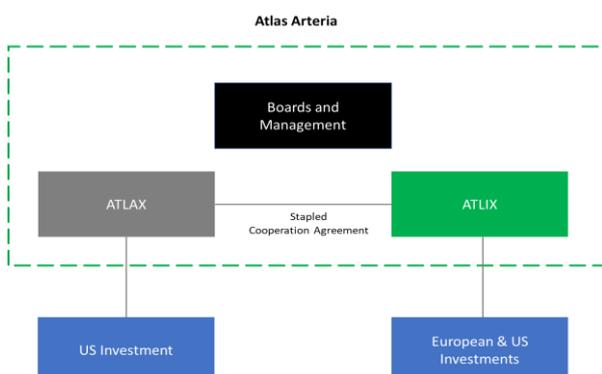
Atlas Arteria comprises Atlas Arteria Limited (ACN 141 075 201) (**ATLAX**), an Australian public company, and Atlas Arteria International Limited (Registration No. 43828) (**ATLIX**), an exempted mutual fund company incorporated in Bermuda, both of which are listed on the Australian Securities Exchange (**ASX**). The securities of ATLAX and ATLIX are stapled and must trade and otherwise be dealt with together.

In addition, ATLAX and ATLIX have entered into a cooperation deed which provides for the sharing of information, adoption of consistent accounting policies and coordination of reporting to security holders (**Atlas Arteria Cooperation Deed**).

Atlas Arteria was externally managed by Macquarie Fund Advisers Pty Limited (ABN 84 127 735 960) (AFS Licence Number 318123) (**MFA**) under management and advisory agreements (**Atlas Arteria Management/Advisory Agreements**) until 31 March 2019. These Atlas Arteria Management Agreements were terminated on 1 April 2019, when management of Atlas Arteria transitioned to its current management team.

Detailed information in respect of the Atlas Arteria structure, Transitional Services Agreements and constituent documents can be found in the "Corporate Governance" section of the Atlas Arteria website ([www.atlasarteria.com](http://www.atlasarteria.com)).

### Atlas Arteria Structure



Entity	Type of entity	Assets (various % holdings)	Source of income
ATLAX	Australian public company	Dulles Greenway	ATLAX derives its income primarily from its businesses
ATLIX	Bermudan exempted mutual fund company	APRR, ADELAC, Dulles Greenway, Warnow Tunnel	ATLIX derives its income primarily from its businesses

### Principle 1

#### Lay solid foundations for management and oversight:

##### Relevant governance documents:

ATLAX and ATLIX Board Charters

Diversity and Inclusion Policy

Delegations of Authority Policy

People and Remuneration Policy

##### Board Charter

Both ATLAX and ATLIX operate pursuant to Board Charters adopted by their respective Boards. These are available on Atlas Arteria's website. The Board Charters, among other things, set out the roles and responsibilities of the respective Boards and identify those matters reserved for the Board and those delegated to management.

The ATLAX and ATLIX Board Charters set out the respective Boards' responsibilities as follows:

- to provide leadership;
- to set Atlas Arteria's strategic objectives;
- to define Atlas Arteria's purpose and approve its Vision and Values Statement
- to set the tone for, and monitor, Atlas Arteria's corporate culture, ethical standards and legal compliance in line with Atlas Arteria's Vision and Values Statement
- to approve acquisitions, divestments, operating budgets and capital management activities
- to approve annual and half yearly financial statements and Directors' Report and other material related disclosures, including the corporate governance statement
- to monitor the financial performance of Atlas Arteria
- to identify and monitor Atlas Arteria's material business risks and oversee how they are managed
- to oversee the process for establishing a risk management framework in respect of Atlas Arteria's material business and operational risks (both financial and non-financial) and approve the risk management policy
- to set the risk appetite within which the Boards expect Atlas Arteria management to operate
- to ensure that Atlas Arteria's remuneration policies are aligned with the Atlas Arteria purpose, Atlas Arteria's Vision and Values Statement, strategic objectives and risk appetite

- to oversee corporate governance and regulatory compliance
- to ensure that an appropriate framework exists for relevant information to be reported by management to the Boards

In support of the above, the Atlas Arteria Boards will:

- appoint, review the performance of and when necessary replace the Chairman and the CEO
- approve the appointment and replacement of the Chief Financial Officer, Chief Operating Officer and the Company Secretary
- oversee management in its implementation of Atlas Arteria's strategic objectives, and instilling of Atlas Arteria's values and performance generally
- monitor the integrity of the accounting and corporate reporting systems used for Atlas Arteria financial reporting, the integrity and effectiveness of internal controls and oversee the external audit
- oversee the process for making timely and balanced disclosure of all other material information concerning Atlas Arteria that a reasonable person would expect to have a material effect on the price or value of Atlas Arteria's securities
- monitor implementation of Atlas Arteria's risk management framework and review Atlas Arteria's risks
- approve key policies governing the operations of Atlas Arteria and monitor the effectiveness of Atlas Arteria's governance practices
- oversee communications with shareholders and regulators
- be prepared to challenge management and hold it to account.

As contemplated in the Charters of the ATLAX and ATLIX Boards, Atlas Arteria has developed a Delegations of Authority Policy which identifies matters specifically delegated to the CEO by the Boards who can sub-delegate where appropriate. Matters delegated to the CEO includes such things as approving agreements in the ordinary course of business, certain employee appointments, external communications in line with the External Communications Policy and treasury related activities subject to the Bank Governance and Treasury Policy. The Delegations of Authority Policy is reviewed and approved by the Boards at least once every two years.

Scheduled board meetings are held approximately every two months for both ATLAX and ATLIX, and any additional meetings are called as required. Directors are provided with board packs in advance of board meetings, which contain sufficient information to enable informed discussion of all agenda items.

**Director and Executive Team Appointments - Appropriate Checks**

Prior to a director being put forward for election as a director and prior to a member of executive team being appointed, appropriate checks as to the person's character, experience, education, criminal record and bankruptcy history are undertaken.

All material information known to Atlas Arteria that is relevant

to a decision whether or not to elect or re-elect a director is provided to security holders prior to election to enable them to make an informed decision on whether or not to elect or re-elect the candidate. Such information will include biography details, relevant qualifications and experience, the skills they bring to the board, details of any other material directorships and a statement by the board as to whether it supports the election or re-election of the candidate and a summary of the reasons why.

Each new director of ATLAX and ATLIX is provided with a letter of appointment that details the key terms of his or her appointment.

All senior positions have formalised job descriptions and contracts of employment. In addition, the executive team are set Key Performance Indicators (KPIs) against which their performance is formally evaluated.

**Company Secretary**

The company secretaries of ATLAX and ATLIX are each accountable directly to the Boards, through the ATLAX and ATLIX Chairmen, on all matters to do with the proper functioning of the Boards.

**Diversity and Inclusion**

Atlas Arteria respects and values diversity and recognises the benefits that a diverse and inclusive workforce can bring. Organisations with a diverse workforce and inclusive culture have been shown to be more successful, innovative and agile.

Atlas Arteria believes that a diverse workforce and inclusive workforce culture will help to attract and retain talent and that will provide a competitive advantage. Atlas Arteria aims to hire, develop, promote and retain people who reflect the diversity of the customers, markets and communities in which it operates.

With the internalisation and change of Atlas Arteria management during the reporting period, Atlas Arteria took the opportunity to review its policy on diversity and inclusion to ensure it properly reflects Atlas Arteria's perspective and community and shareholder expectations.

Atlas Arteria's Diversity and Inclusion Policy sets out the diversity and inclusion commitments of the business which are overseen and monitored by the Atlas Arteria People and Remuneration Committees.

Atlas Arteria is committed to achieving gender diversity and continues to work towards a balanced representation of men and women across the organisation. The respective proportions of men and women in the Atlas Arteria workforce, on the ATLAX and ATLIX Boards and in senior executive positions as at 31 December 2019 are as follows:

Permanent Workforce	ATLAX Board (incl. CEO)	ATLIX Board	Senior executives*
Male: 54%	Male: 60%	Male: 60%	Male: 67%
Female: 46%	Female: 40%	Female: 40%	Female: 33%

\*Senior executives means the Atlas Arteria executive team members, their direct reports and CEOs of wholly owned businesses.

In addition to gender diversity, Atlas Arteria values diversity of experiences, skills and views brought about by such things as differences in age, nationality, cultural background, sexual orientation, ethnicity, marital or family status, work experience and religious beliefs among others.

## **Diversity Objectives**

### *Gender Diversity*

The Atlas Arteria Boards have established measurable objectives in relation to gender diversity in the composition of its Boards, senior management and workforce generally. Atlas Arteria seeks to achieve or maintain (as the case may be) a gender balance of at least 40% male and 40% female on its Boards, within senior executives and across all employees.

### *Cultural Diversity*

Atlas Arteria is an international business with offices in Australia and Luxembourg and operating in the US, France and Germany. It is therefore important that the Atlas Arteria workforce be culturally diverse to reflect its customers and the markets and communities in which it operates. All Atlas Arteria wholly owned operations are headed up by executives locally recruited and the Atlas Arteria Board and executive team comprise members with international backgrounds and experience.

Atlas Arteria's Boards and head office team are highly diverse in nationality, language and culture with over 10 different nationalities represented among the 9 directors and 24 employees. Atlas Arteria will aim to maintain this diversity.

## **Diversity Commitments**

### *Recruitment Practices*

In order to support the diversity objectives, Atlas Arteria is committed to ensuring recruitment and selection practices at all levels of the organisation support consideration of a diverse range of candidates and the absence of selection biases.

Measures to support this include requiring recruiters to submit a diverse range of applicants, employing a diverse panel of interviewers and providing unconscious bias training for managers.

### *Equity in Pay*

Atlas Arteria is committed to remunerating its staff in a fair and equitable way and will undertake periodic gender pay equity reviews to support this objective.

### *Inclusion*

Atlas Arteria is committed to creating a workforce culture that values inclusion and individuality, where discrimination, harassment, vilification and victimisation will not be tolerated

and where the views of others are welcomed and respected.

In 2019 Atlas Arteria conducted a culture survey of head office employees. The survey found that all employees feel a sense of belonging and over 95% consider that Atlas Arteria is inclusive and values all forms of diversity.<sup>1</sup>

### *Training*

Atlas Arteria conducts training on key policies including policies relating to equal opportunity, harassment and discrimination and plans to conduct unconscious bias training for managers in 2020.

### *Development and Succession*

Atlas Arteria is committed to designing and implementing a culture and programs that assist in the development of staff, that build a broader and more diverse workforce and that provide clear pathways for progress to senior management.

### *Flexible Work Arrangements*

Atlas Arteria is committed to flexible work practices in recognition of the domestic and other responsibilities of employees regardless of gender.

More detail in respect of diversity and inclusion in the workforces of the businesses that we operate can be found in the Sustainability Report at page 25 of the 2019 Annual Report.

## **Board performance**

To ensure that the directors of ATLAX and ATLIx are properly discharging their duties and to evaluate the performance of the Boards, their committees and individual directors, the following procedures have been put in place:

- An annual review of each Board, its committees, each Chairman and individual directors. This is conducted either internally through a process of questionnaires and/or face to face meetings and board discussion or with the assistance of an external facilitator
- A formal induction programme for directors
- Access by directors to continuing education to update and enhance their skills and knowledge. This includes regular in-house briefing sessions on emerging issues for the business, relevant regulatory and governance developments and general business Issues relevant to Atlas Arteria.

The 2019 board performance review has been conducted. Results have been circulated and a detailed discussion and development of appropriate board KPI's will take place at a joint meeting of the ATLAX and ATLIx Boards. Individual directors have also been provided with feedback on their performance based on evaluation questionnaires and any action points will be agreed with the respective Chairmen.

## **Executive Team Performance**

At the commencement of the financial year, the Boards set the KPIs for the CEO, and the CEO in consultation with the

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<sup>1</sup> The results of the survey found that 86.36% of employees "agreed" or "strongly agreed" that they feel like they belong with the remainder responding that they "somewhat agreed". 77.27% of employees responded that they "agreed" or "strongly agreed" that Atlas Arteria is inclusive and values all forms of diversity, with 18.18% responding that they "somewhat agreed" and 4.55% responding that they "somewhat disagreed".

Boards set the KPIs for each of the executive team. Regular informal feedback on performance is provided to the CEO and executive team throughout the year. At the end of the financial year, the CEO and each of the executive team will have their performance assessed against these KPI's and other relevant matters.

The formal performance review process has been completed for the FY2019 year, and more information in relation to the outcomes of the process for key management personnel can be found in the 2019 Remuneration Report at page 45 of the Annual Report.

## Principle 2

### Structure the board to be effective and add value:

#### Relevant governance documents:

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ATLAX and ATLIX Board Charters

ATLAX and ATLIX Director Profiles

ATLAX and ATLIX Nomination and Governance Committee Charters

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#### Board Composition

The ATLAX and ATLIX Board Charters set out the requisite composition and membership criteria for the ATLAX and ATLIX Boards, respectively. In summary the majority of directors must be independent directors, there must be an independent Chairman and the Boards must comprise directors with an appropriate mix of qualifications, skills, expertise and experience appropriate for Atlas Arteria's strategy. There should also be sufficient diversity in line with Atlas Arteria's Diversity and Inclusion Policy and diversity objectives. To ensure an appropriate process of board renewal directors will generally retire after 10 years but their term can be extended if considered of significant benefit to Atlas Arteria.

#### ATLAX

The ATLAX Board comprises five directors each with broad industry experience. Four of the members are independent non-executive directors and there is one executive director. Four are resident in Australia, and one is resident in France. Any director is required to stand for re-election at least once every three years in compliance with the ASX Listing Rules.

The directors of the ATLAX Board are currently as follows:

- Nora Scheinkestel (Chairman, Independent non-executive)  
Director from 28 August 2014 and Chairman since 17 April 2015
- Debbie Goodin (Independent non-executive)  
Director from 1 September 2017
- David Bartholomew (Independent non-executive)  
Director from 1 October 2018
- Jean-Georges Malcor (Independent non-executive)  
Director from 1 November 2018
- Graeme Bevans (Executive director, appointed 1 April 2019)

Refer to pages 31 and 32 of Atlas Arteria's 2019 Annual Report for director profiles.

Information regarding the number of times the ATLAX Board met throughout the 2019 financial year and individual attendances of each director at those meetings can be found in the Director's Report on page 44 of the 2019 Annual Report:

#### ATLIX

The ATLIX Board comprises five directors each with broad industry experience. All members of the ATLIX Board are independent non-executive directors. It is a requirement of the ATLIX Bye-Laws that no more than two directors are resident in the same jurisdiction (other than Bermuda), and no person may be appointed as a director if it would cause a majority of the ATLIX Board to be resident for tax purposes in a single jurisdiction other than Bermuda. As with the ATLAX Board, any director is required to stand for re-election at least once every three years.

The directors of the ATLIX Board are currently as follows:

- Jeffrey Conyers (Chairman, Independent non-executive)  
Bermuda based – director and Chairman since establishment on 16 December 2009
- James Keyes (independent non-executive)  
Bermuda based – director from 21 February 2013
- Nora Scheinkestel (independent non-executive)  
Australia based – director from 17 April 2015
- Derek Stapley (independent non-executive)  
Bermuda based – director from 1 June 2010
- Fiona Beck (independent non-executive)  
Bermuda based - director from 13 September 2019

Refer to pages 31 to 33 of Atlas Arteria's 2019 Annual Report for director profiles.

With completion of internalisation and as part of an ongoing process of board renewal, Chris Leslie resigned from the ATLIX Board effective 1 April 2019, and Fiona Beck was appointed as non-executive director of the ATLIX Board effective 13 September 2019. In addition, James Keyes has announced that he will be retiring as a director of the ATLIX Board following the 2020 AGM on 19 May 2020.

Information regarding the number of times the ATLIX Board met throughout the 2019 financial year and individual attendances of each director at those meetings can be found in the Director's Report on page 44 of the 2019 Annual Report.

#### Director Independence

In determining the status of a director's independence, Atlas Arteria has adopted standards of independence that are in line with the ASX Principles and Recommendations. The full details of Atlas Arteria's independence criteria are set out in Appendix 1 to the ATLAX and ATLIX Board Charters. The independence of each non-executive director is considered prior to appointment and then reviewed annually by the Boards.

Atlas Arteria considers that it is well served by having directors with varying tenures on its Boards to ensure that both a deep understanding of the business and fresh ideas and perspectives are brought to discussions. Jeffrey Conyers has been Chairman of ATLIX since inception in 2009 and Derek Stapley has been a non-executive director of ATLIX since

2010. The Atlas Arteria Boards have considered the tenure of each of the directors and believe that each continues to exercise independent judgement and that particularly given the recent appointment of the executive team, neither Jeff Conyers nor Derek Stapley has such deep associations with the management team that it would compromise their independence on the ATLIX Board. Further their corporate knowledge remains of value while the Board continues its process of orderly renewal.

### **Board Skills Matrix (Director Skills and Experience)**

Atlas Arteria seeks to ensure that its Boards are comprised of directors with a diverse mix of skills, background and experience to enable them to discharge their obligations effectively and to add value to Atlas Arteria.

Directors across both Boards have worked in a range of industry sectors including infrastructure, transport, technology, construction, utilities and mining. From this experience, they bring operational, executive and financial knowledge as well as professional services skills. Many have worked through business cycles, as well as in sectors experiencing disruption and subject to significant technological change.

A summary of key technical and professional skills and experience assessed as important for Atlas Arteria can be found in Table 1 below.

In addition to technical and professional areas of expertise, Atlas Arteria considers broader skills to be very important in ensuring a well-functioning board. These skills include the ability to work effectively as a team while maintaining the ability to challenge and hold independence of thought, high integrity, a sense of curiosity and commitment to continuous learning. All directors strongly endorse the Atlas Arteria values and the underlying STEER principles of Safety, Transparency, Engagement, Environmental and Social Responsibility and Respect as more fully described in the Atlas Arteria's Vision and Values Statement. In addition, the directors bring an active awareness of the importance of creating the right culture and modelling the right conduct.

The Boards have assessed the skills and experience of Atlas Arteria's current directors against both the technical and broader key areas and have determined that they are appropriately covered. In addition, the directors regularly review the skills needed to ensure relevant, new or emerging issues are covered including cybersecurity and climate change. In the event that the Board or management do not have the skills or experience required, external specialist assistance or advice is obtained.

Further information on the ATLAX and ATLIX directors can be found in Atlas Arteria's 2019 Annual Report in the Directors' Report on pages 40 to 43 and in the directors' profiles on pages 30 to 32.

<b>Skills &amp; Experience</b>	<b>Explanation</b>
Business development and strategy	Experience in developing, implementing and challenging the strategy to achieve the Company's long-term goals
Infrastructure sector	Experience in a senior position within the infrastructure sector to assist in understanding and reviewing Atlas Arteria's businesses and strategy in the industry
Risk management / health and safety	Experience developing policies and frameworks to support sound corporate governance including the identification, management and monitoring of material risks
M&A / capital management / understanding of capital markets	Transactional experience in corporate actions - including mergers, acquisitions, debt financing and capital raisings Understanding of demands and expectations of capital markets
Accounting, audit and financial acumen	Accounting qualifications and/or experience in financial analysis to provide financial expertise in overseeing the integrity of Atlas Arteria's financial reporting
Legal and regulatory	Legal qualification and/or experience to ensure Atlas Arteria meets its legal and compliance requirements and understands the regulatory environment in which it must work
International / cross cultural context	Experience living and working overseas and cross culturally, in a senior role or having responsibility for overseas operations
Government relations / public policy	Understanding of political/governmental sphere, how to work or interact with government, government organisations, regulators and other key stakeholders
Breadth of business experience and executive leadership	Experience in diversity of business contexts, through business cycles, insight into people management; understanding of remuneration frameworks, responsibility for and ability to influence organisational culture
Sustainability and corporate responsibility	Understanding and insight into sustainability strategies and initiatives including with respect to environmental and social matters
Technology and digital	An understanding of, or experience in, information systems, new technologies and innovation, digital disruption and cyber security.

**Table 1: Skills Matrix (as at March 2020)**

## Nomination and Governance Committee

To assist the ATLAX and ATLIx Boards in ensuring the board members have an appropriate and diverse mix of skills, backgrounds and experience, the Boards have both established Nomination and Governance Committees.

All ATLAX and ATLIx non-executive directors are members of their respective Nomination and Governance Committee. The independent Board Chairman of each of ATLAX and ATLIx serves as Chair of the respective Nomination & Governance Committee and the Committees operate according to their respective Nomination and Governance Committee Charters.

The members of the ATLAX and ATLIx Nomination and Governance Committees are as follows:

### ATLAX

Nora Scheinkestel, Chair  
David Bartholomew  
Debbie Goodin  
Jean-George Malcor

### ATLIx

Jeff Conyers, Chair  
James Keyes  
Nora Scheinkestel  
Derek Stapley  
Fiona Beck (13 September 2019)

Information regarding the number of times the ATLAX and ATLIx Nomination and Governance Committees met throughout the 2019 financial year and individual attendances of the members at those meetings can be found in the Director's Report at page 44 of the Annual Report.

### Chairman

ATLAX has an independent non-executive Chairman, Nora Scheinkestel.

ATLIx has an independent non-executive Chairman, Jeffrey Conyers.

In neither case does the Chairman exercise the role of CEO. That role is performed by Graeme Bevans, who was appointed CEO on 1 April 2019.

### Director Induction and Professional Development

Atlas Arteria has a program for inducting new directors and providing appropriate professional development opportunities for ATLAX and ATLIx directors to develop and maintain the skills and knowledge needed to effectively perform their role as directors.

### Independent professional advice

The directors of ATLAX and ATLIx are entitled to obtain independent professional advice at the company's cost, subject to the estimated costs being first approved by the Chairman and those costs being reasonable.

## Principle 3

### Instil a culture of acting lawfully, ethically and responsibly

#### Relevant governance documents:

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Vision and Values Statement  
Code of Conduct  
Whistleblower Policy  
Anti-Bribery and Corruption Policy  
Securities (Windows) Trading Policy  
Environmental and Social Responsibility Policy

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#### Atlas Arteria's Vision and Values Statement

Atlas Arteria expects all directors on the Boards of Atlas Arteria, and its employees, contractors and consultants to act lawfully, ethically and responsibly and this is reflected in Atlas Arteria's Vision and Values Statement. The Vision and Values Statement is periodically revised and approved by the Atlas Arteria Boards as contemplated in the ATLAX and ATLIx Board Charters. Senior management have the responsibility of instilling the Atlas Arteria vision and values across the organisation and this forms part of their performance evaluation.

#### Code of Conduct

The Atlas Arteria Code of Conduct covers how Atlas Arteria expects its directors and staff to deal with external parties as well as internally and is reflective of Atlas Arteria's Vision and Values Statement. The Code sets out the standard of behaviour expected of ATLAX and ATLIx directors, the executive team and employees. The Code of Conduct also requires the escalation of breaches of the Code and company policies to the ATLAX and ATLIx Audit and Risk Committees and for appropriate and proportionate disciplinary action to be taken by directors and the executive team. Directors and the executive team are also expected to speak and act consistently with the Code. The Code, together with the Vision and Values Statement, should be used to guide decision making.

All employees are provided with copies of the Code and other company policies on commencement of employment and periodic training is provided.

#### Whistleblower Policy

Atlas Arteria has a Whistleblower Policy that demonstrates its commitment to the highest standards of ethical practice and honest relationships and to the protection of individuals who report suspected wrongdoing. The Whistleblower Policy has been adapted to cater for each jurisdiction in which it operates. Each policy applies to the employees, directors and third-party services providers of Atlas Arteria controlled entities that are registered in the jurisdiction to which it relates. Compliance with the Whistleblower Policies is overseen by the ATLAX and ATLIx Audit and Risk Committees.

Under the Whistleblower Policies employees are encouraged to speak up about unlawful, unethical or improper behaviour in an environment free from victimisation. The policies outline the process for reporting any wrongdoing and require that such matters be investigated and appropriate action be taken.

The policies designate the persons to whom a complaint may be made including the Whistleblower Advocate who is appointed pursuant to the policies and is responsible for protecting a whistleblower. The policies also provide details of the Atlas Arteria Whistleblower Service that has been set up by Atlas Arteria via which a whistleblower may make a complaint on an anonymous or identified basis. The policies require the Whistleblower Advocate to report all complaints to the ATLAX and ATLIX Audit and Risk Committees.

### **Anti-Bribery and Corruption Policy**

Atlas Arteria has an anti-bribery and corruption policy that can be found on its website. The anti-bribery and corruption policy applies to all Atlas Arteria directors, employees, contractors and consultants. Compliance with the policy is overseen by the ATLAX and ATLIX Audit and Risk Committees.

Atlas Arteria's Anti-bribery and Corruption Policy, among other things, prohibits the giving of bribes or other improper payments or benefits to public officials. Suspected or actual instances of bribery or corruption must be reported to the Atlas Arteria General Counsel or through the Atlas Arteria Whistleblowing Service in accordance with the process outlined in the relevant Atlas Arteria Whistleblower Policy. The ATLAX and ATLIX Audit and Risk Committees must be notified of any breaches of the Anti-bribery and Corruption Policy.

### **Environment & Social Responsibility (ESR)**

Atlas Arteria's approach to ESR management is set out in the Atlas Arteria Environmental and Social Responsibility Policy and the Sustainability Report on pages 18 to 27 of the Atlas Arteria Annual Report. This is discussed further in Principle 7.

## **Principle 4**

### **Safeguard the integrity of corporate reports**

#### **Relevant governance documents:**

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ATLAX and ATLIX Audit and Risk Committee Charters  
Auditor Independence Policy

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#### **Audit and Risk Committees**

Each of ATLAX and ATLIX has an Audit and Risk Committee consistent with the recommendations in the ASX Principles and Recommendations. The ATLAX Audit and Risk Committee is comprised of three independent non-executive directors and the ATLIX Audit and Risk Committee is comprised of four independent non-executive directors as follows:

##### **ATLAX**

- Debbie Goodin, Chair
- Nora Scheinkestel,
- Jean-Georges Malcor,

##### **ATLIX**

- Derek Stapley, Chair
- Jeffrey Conyers
- Nora Scheinkestel
- Fiona Beck (appointed 13 September 2019)

##### *Former member*

- Chris Leslie (non-executive until 1 April 2019)

The qualifications and experience of the members of both Audit and Risk Committees are described in Atlas Arteria's 2019 Annual Report in the Directors' Report on pages 40 to 43 and in the directors' profiles on pages 30 to 32.

Information regarding the number of times the Audit and Risk Committees met throughout the 2019 financial year and individual attendances of the members at those meetings can be found in the Director's Report on page 44 of the 2019 Annual Report.

#### **Audit and Risk Committee charters**

The ATLAX and ATLIX Audit and Risk Committees operate under similar formal charters that are available on the Atlas Arteria website. The Charters set out the role and responsibilities of the Audit and Risk Committees including in relation to financial reporting, risk management, compliance, internal control and audit, external audit, review of the Charters at least once every two years, annual evaluation of the performance of the Committees and the extent to which the Committees have met their Charter. The Charter also includes the right to information, to interview management and internal and external auditors (with or without management), and to seek advice from external consultants or specialists where the committee considers that necessary or appropriate.

The Audit and Risk Committees meet with the external auditor at least twice a year and more frequently if required.

#### **CEO/CFO Declaration**

Concurrently with the half year and full year financial statements being presented to the Atlas Arteria Boards for their approval, the CEO and CFO provide the Atlas Arteria Boards with a declaration that, in their opinion, the financial records of Atlas Arteria have been properly prepared and maintained in accordance with the Corporations Act and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Atlas Arteria. The declaration also confirms their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### **Auditor independence**

The Audit and Risk Committees have adopted the Auditor Independence Policy that includes the following to ensure the independence of the external auditor:

- The external auditor must remain independent from Atlas Arteria at all times and must comply with APES 110: Code of Ethics for Professional Accountants pertaining to financial independence, and business and employment relationships
- The external auditor must comply with the auditor independence requirements of the Corporations Act 2001 (Division 3, 4 and 5 of Part 2M.4) and provide a written declaration to the Boards with respect to the half and full year audit of Atlas Arteria that it has remained independent

- Any non-audit assignments must not compromise auditor independence and must meet Atlas Arteria's guidelines for permissible assignments.
- Significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the Audit and Risk Committees (or the Chair between meetings)
- All non-audit assignments are to be reported by the principal external auditor to the Audit and Risk Committees in the six months ending 30 June and 31 December, within two months of the respective dates
- The Atlas Arteria audit engagement partner and review partner must be rotated every five years unless the Boards grant approval to extend the term for a further two years.

Atlas Arteria's current auditor is PricewaterhouseCoopers (**PwC**) and Stephanie Smith is the current signing partner assigned to Atlas Arteria.

The auditor attends Atlas Arteria's annual general meetings and is available to answer security holder questions relevant to the audit, such as the conduct of the audit, and the preparation and content of the auditor's report.

### Corporate reporting validation

Atlas Arteria adopts a validation process to verify the integrity of periodic corporate reports such as the annual and half-yearly Director's Reports and the Sustainability Report. Matters in those reports are verified against their source and responsible members of management will be asked to provide sign-off where appropriate,

#### Principle 5:

#### Make timely and balanced disclosure

#### Relevant governance documents:

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Continuous Disclosure Policy

External Communications Policy

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Atlas Arteria has a Continuous Disclosure Policy that is publicly available on its website. In accordance with listing rule 3.1, under the policy, Atlas Arteria is required, subject to certain exceptions, to disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price value of its securities. This ensures that all stakeholders receive equal and timely access to material information. ATLAX and ATLIX are contractually obliged under the Cooperation Deed to exchange relevant information and coordinate ASX releases and financial reporting.

Atlas Arteria also has an External Communications Policy that provides additional guidance to Atlas Arteria directors, employees, contractors and consultants to ensure Atlas Arteria compliance with the disclosure requirements in the ASX Listing Rules and to set out their roles and responsibilities in that context.

It is a requirement of the Continuous Disclosure Policy that the ATLAX and ATLIX Boards are provided with copies of all market announcements promptly after they have been made.

In addition, the Boards must pre-approve releases dealing with matters of strategic significance for Atlas Arteria, or

matters impacting Atlas Arteria's reputation, major transforming events or transactions, and results or other earnings or outlook related announcements. Traffic releases and releases relating to matters approved by the Boards under the Delegation of Authority Policy must also be approved by the Boards prior to release, if required by the Board Chairmen. Protocols exist should disclosure be required urgently and it is not possible to convene full board meetings in a timely manner.

In line with the ASX Principles and Recommendations, the Atlas Arteria External Communications Policy also requires that if Atlas Arteria gives a new and substantive investor or analyst presentation, Atlas Arteria should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

#### Principle 6

#### Respect the rights of security holders

#### Relevant governance documents:

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External Communications Policy

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Atlas Arteria provides comprehensive information about its business and governance to investors via its website ([www.atlasarteria.com](http://www.atlasarteria.com)).

Including:

- an overview of the Atlas Arteria operations, history and legal structure
- names, photographs and brief biographical information for each of the Atlas Arteria directors and the executive team
- the ATLAX and ATLIX constitutions, Board Charters and Charters of each of the committees
- corporate governance policies (or summaries of them) referred to in this statement
- copies of annual report and financial statements
- copies of ASX announcements
- copies of notices of meetings of security holders and accompanying documents
- copies of prospectuses
- copies of investor packs and presentations
- disclosure about Atlas Arteria's operational and governance arrangements in the form required by ASIC Regulatory Guide 231 applying to listed infrastructure funds

Investors are provided with an annual report and financial statements, either by accessing the Atlas Arteria website, or in hard copy if specifically requested, which keep them informed of Atlas Arteria's performance and operations. Investors are notified in writing when this material becomes available and are provided with details of how to access it.

Market-sensitive information, including annual and interim financial results announcements and other presentations made to investors and analysts, is lodged with the ASX and placed on the Atlas Arteria website, as soon as practically possible. Investors may also register via the Atlas Arteria website to receive notification of significant ASX announcements.

Domestic and international roadshows are held regularly for institutional investors. Analyst and roadshow presentations are released to the ASX prior to such presentations and are included on the Atlas Arteria website.

Each of ATLAX and ATLIx is required to hold an AGM. The 2020 AGMs will be held at 9pm on 18 May 2020 / 10am on 19 May 2020 (Bermuda/Melbourne times). Live and archive audio webcasts of the AGMs will be available on the Atlas Arteria website.

For scheduled meetings, an explanatory memorandum on the resolutions is included with the notice of meeting. Unless specifically stated in the notice of meeting, all holders of fully paid securities are eligible to vote on all resolutions. In the event that security holders are unable to attend scheduled meetings, they may lodge a proxy in accordance with the Corporations Act or Bermudan Companies Act, as applicable. Proxy forms may be mailed or lodged by facsimile or online. All substantive resolutions at a meeting of security holders will be decided by a poll rather than by a show of hands.

## Principle 7

### Recognise and manage risk

#### Relevant governance documents:

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Risk Management Policy

Risk Appetite Statement

Environmental and Social Responsibility Policy

Workplace Health and Safety Policy

2019 Sustainability Report

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While ultimate responsibility for Atlas Arteria's risk management framework rests with the ATLAX and ATLIx Boards, the ATLAX and ATLIx Audit and Risk Committees (refer Principle 4 above) assist the Boards with the design and implementation of and monitoring of compliance with, the risk management framework.

Following internalisation of the management of Atlas Arteria in April 2019, the new management team is revising and enhancing Atlas Arteria's approach to risk management. That new approach is set out in the Risk Management Policy. Atlas Arteria will continue to develop its risk management to ensure it remains current, fit for purpose and assists in protecting Atlas Arteria from unacceptable risks.

Atlas Arteria has two key mechanisms to assist with the identification and management of Atlas Arteria's key risks: the Risk Appetite Statement and Risk Management Framework.

#### a) Risk Appetite Statement

The purpose of a Risk Appetite Statement is to describe:

- The nature and amount of risk that Atlas Arteria is willing to accept in pursuit of an appropriate and resilient long-term return on capital;
- The risks Atlas Arteria is not willing to accept;
- The limits and policies to ensure that the risks accepted are consistent with the risk appetite;
- The processes established to:

- ensure that Atlas Arteria's risk tolerances are set at an appropriate level;
  - monitor compliance with Atlas Arteria's risk tolerances, limits and policies, and the steps Atlas Arteria takes if/when these thresholds are breached; and
- The timing and process for review of the risk limits and policies.

Atlas Arteria's Risk Appetite Statement is reviewed at least annually and approved by the Boards.

#### b) Risk Management Framework

Atlas Arteria's risk management framework reflects the investment, credit, liquidity, operational and legal risks specifically associated with Atlas Arteria's operations and investments. This framework enables Atlas Arteria to manage its operations and pursue suitable opportunities while managing any identified risks where possible. Atlas Arteria's risk management policy sets out relevant roles and responsibilities represented by 'three lines of defence' and classifies risk depending on its nature and potential impact to the organisation.

The primary responsibility for risk management lies at the business level which forms the first line of defence. The Atlas Arteria CEO and all Atlas Arteria staff are responsible for identifying risks and confirming that risks are managed appropriately. The second and third lines of defence comprise the risk management function and compliance and peer reviews as well as internal audit. Atlas Arteria's approach to these roles is targeted and in respect of the Atlas Arteria businesses may reflect Atlas Arteria's level of ownership and control and level of risk maturity.

The Boards and management continue to work towards ensuring an appropriate risk management framework to assist each business to effectively manage and report on their risks.

The Risk Management Policy, together with the Risk Management Framework and Risk Appetite Statement are reviewed annually to ensure that risks continue to be appropriately managed. These have all been reviewed during the reporting period following management internalisation and submitted to the Atlas Arteria Audit and Risk Committees and Boards for approval.

Internal audits provide additional support to risk management and are undertaken with the assistance of external consultants and advisers. The internal audit approach is targeted at key areas of risk and includes key finance processes and internal controls, cybersecurity, legal processes, contract management, monthly financial (traffic) forecasting processes and payroll processes. In addition, informal reviews of risk areas at businesses are undertaken by the executive team from time to time supporting governance, risk and internal control.

#### Environmental and social responsibility

Atlas Arteria recognises the importance of identifying, assessing and managing material environmental and social

risks as an integral part of conducting its business. Atlas Arteria's approach to environmental and social responsibility management is set out in its Environment and Social Responsibility Policy.

Following internalisation, management undertook a sustainability assessment to determine the issues important to Atlas Arteria stakeholders. As a result, a new "Sustainability Framework" was developed to focus and guide efforts to create lasting value and sustainable returns for Atlas Arteria investors. The four priority areas within the Sustainability Framework are "safety", "customers and community", "our people" and "the environment". These focus areas encapsulate the most significant environmental, social and governance risks and opportunities facing the Atlas Arteria business.

For further detail on these areas and Atlas Arteria's ESR approach refer to the 2019 Sustainability Report at pages 18 to 27 of the Annual Report.

### Principle 8

#### Remunerate fairly and responsibly

##### Relevant governance documents:

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ATLAX and ATLIX People and Remuneration Committee Charters

2019 Remuneration Report

Securities Trading (Windows) Policy

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##### People and Remuneration Committees

The ATLAX and ATLIX Boards have established the ATLAX and ATLIX People and Remuneration Committees.

The People and Remuneration Committees are comprised of independent non-executive directors only, as follows:

##### ATLAX

- David Bartholomew, Chair
- Debbie Goodin
- Nora Scheinkestel

##### ATLIX

- James Keyes, Chair
- Jeff Conyers
- Nora Scheinkestel
- Fiona Beck (appointed 13 September 2019)

##### ATLAX and ATLIX People and Remuneration Charters

The People and Remuneration Committees both operate according to People and Remuneration Committee Charters (**PRC Charters**). The PRC Charters charge the committees with, among other things, the responsibility of developing a formal, rigorous and transparent remuneration framework for developing the Atlas Arteria remuneration policy and for recommending the remuneration packages of Atlas Arteria directors and executive team to the Boards.

The People and Remuneration Committees review their respective PRC Charter once every two years and conduct annual evaluations of the People and Remuneration Committee's performance.

Atlas Arteria's policies and practices in relation to the remuneration of non-executive directors and the remuneration of executive directors and the other members of the executive team can be found in the Remuneration Report at pages 45 to 60 of the 2019 Annual Report.

##### Staff and director trading

The ATLAX and ATLIX Boards have adopted policies on securities dealings which provide that Atlas Arteria directors and staff may only trade Atlas Arteria securities, at the discretion of the Boards, during the four-week windows following: (i) the release of Atlas Arteria's half-yearly and yearly financial results; (ii) the Annual General Meeting; and (iii) lodgement with ASIC and ASX of a disclosure document or a cleansing statement for a capital raising.

A special trading window may also be determined by the Boards at other times.

The policies contemplate that Atlas Arteria shares or share rights may be granted to Atlas Arteria staff as part of their remuneration. Employees who hold unvested or restricted Atlas Arteria securities: (i) must comply with the terms of those securities; and (ii) must not enter any transaction that limits the economic risk of holding unvested or restricted securities. This includes a restriction on entering any transaction to manage the risk of the timing, likelihood or manner of vesting, or unvested vesting, of any unvested Atlas Arteria securities.