



Auditor Independence Policy

Atlas Arteria Limited
Atlas Arteria International Limited

Auditor Independence Policy

Introduction

The Audit and Risk Committees of ATLAX and ATlix (ARCs) are responsible for the nomination of external auditors, reviewing the quality and scope of the services provided and for the establishment of procedures and policies relating to the oversight of the external auditor's independence. The following policies and practices have been adopted by the ARCs and apply to the external auditor and/or the audit firm as the case maybe.

Policy Statement

- The policy applies to Atlas Arteria which is defined as comprising;
 - Atlas Arteria International Limited (**ATlix**) and its controlled entities; and
 - Atlas Arteria Limited (**ATLAX**) and its controlled entities.
- There are certain services which the ARCs have determined do not impair the independence of the Atlas Arteria audit firm. Those services (Pre-Approved Services) are set out in Schedule A. Any assignment that is a Pre-Approved Service may be carried out by the Atlas Arteria audit firm subject to approval limits.
- There are certain assignments (Prohibited Services) which the Atlas Arteria audit firm is specifically prohibited from carrying out, to ensure its independence is not impaired. These are set out in Schedule B.
- The Atlas Arteria CFO is to be contacted in the first instance if there is doubt as to whether a service is a Pre-Approved Service, or if approval is required to be sought.

Policy

The external auditor must remain independent of Atlas Arteria at all times and must comply with section 290 of APES 110: Code of Ethics for Professional Accountants and the auditor independence requirements of the Corporations Act 2001 (Divisions 3, 4 and 5 of Part 2M.4).

The audit firm must not provide services that have the potential to impair or that may appear to impair the independence of its audit role. The external auditor is

also required to maintain a system of quality controls to monitor its independence of Atlas Arteria.

Nothing in this policy is to be interpreted as removing or qualifying in any way the obligation of the audit firm not to carry out any services which are contrary to the applicable rules or policies of any relevant authority. As a general rule, unless the services are Pre-Approved Services, the audit firm should not be engaged where another firm can reasonably perform the proposed services at an appropriate cost and with appropriate skills and experience.

Independence representations

- The audit engagement partner must provide a written declaration to the ATlix and ATLAX Boards under Section 307C of the Corporations Act and APES 110 that he or she is not aware of any contraventions of the independence requirements of the Act or applicable codes of conduct, in respect of the half-year review and full-year audit of Atlas Arteria.
- The audit firm is also required under APES 110 to communicate regularly with the ARCs regarding relationships and other matters that might, in the firm's opinion, reasonably be thought to bear on independence in respect of the audit of Atlas Arteria.

Employment and financial relationships applicable to the external auditor

- The audit firm must comply with APES 110 and with the auditor independence requirements of the Corporations Act pertaining to employment relationships:
 - all partners and employees of the audit firm providing services to Atlas Arteria are prohibited from being an officer or director of Atlas Arteria;
 - an immediate family member of an audit partner, or of any audit firm employee on the audit of Atlas Arteria is prohibited from being an officer, director or employee in a senior audit facing role at Atlas Arteria;
 - a former audit firm partner or employee is prohibited from becoming a director or officer in a senior audit facing role at Atlas Arteria until the lapse of the "cooling off"

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- period of at least two years and, after the two year “cooling off” period, can have no continuing financial relationship with the audit firm. The “cooling off” period is two years from the date of departure from the firm. The audit firm engagement team in any given year cannot include a person who had been a former officer or an employee in a senior audit facing role at Atlas Arteria during the financial year being audited or in the prior twelve months;
- officers of Atlas Arteria are prohibited from receiving any remuneration from the audit firm.
- The audit firm must adhere to the auditor independence requirements of the Corporations Act and the requirements of APES 110 pertaining to financial independence. Specifically:
 - the audit firm, its partners and its employees and the immediate family members are prohibited from having a direct or material indirect investment in Atlas Arteria;
 - the audit firm, its partners and its employees on the audit of Atlas Arteria, and their immediate family members are prohibited from having loans or guarantees from or to Atlas Arteria;
 - the audit firm, its partners and its employees are prohibited from having a financial interest in any entity with a controlling interest in an Atlas Arteria Group entity.
 - The ARCs have also established a policy governing the provision of non-audit services by the audit firm to ensure the independence of the external auditor is not affected by conflicts. This policy applies to services provided by the external auditor to Atlas Arteria, regardless of whether the Atlas Arteria auditor is the auditor of the particular entity.
 - The policy identifies the nature of certain non-audit work that can be undertaken (Pre-Approved Services) because it has been determined that that work does not cause the audit firm to:
 - assume the role of management
 - become an advocate for their own client
 - audit or express an opinion on their own professional expertise
 - create a mutual or conflicting interest between the audit firm and Atlas Arteria

Approvals

- A process of approval is in place to control the nature of permissible non-audit work undertaken by the external auditor.
- Any Pre-Approved Services may be provided by the external auditor subject to the following approvals.
 - The CFO should approve all engagements.
 - The Chairs of the ARCs should approve any engagements where the proposed fee is above \$100,000 (excluding GST).
 - The ARCs should ratify any engagements over \$250,000 (excluding GST).
- Any services falling outside of the Pre-Approved Services must be approved by the Chairs of the ARCs and ratified by the ARCs.
- The ARC of each of ATLIX and ATLAX should receive a report of all non-audit services at each meeting.

Business relationships

The audit firm must adhere to the auditor independence requirements of the Corporations Act and the requirements of APES 110 pertaining to business relationships. Specifically, members of the audit team and the audit firm are prohibited from having a business relationship with Atlas Arteria or any officer or management of Atlas Arteria unless the relationship is clearly insignificant to both parties.

Non-audit services

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- The Board of each of ATLIX and ATLAX should receive a report of all non-audit services provided by the external auditor in the six months ending 30 June and 31 December, within two months of the respective dates.

Fees

Under the policy, any fee arrangement between Atlas Arteria and the audit firm must not involve payment of a contingency fee, commission or success fee.

Partner rotation

Atlas Arteria requires that the Lead Auditor and the Review Auditor of Atlas Arteria be rotated every five years unless the Boards grant approval to extend the term for up to a further two years, subject to any regulatory advices and approvals that may be required.

Review

This policy will be reviewed annually and updated as appropriate to reflect regulatory requirements.

Contacts

If you require assistance or guidance on any of the above matters, please contact the Atlas Arteria CFO, Director Finance or Director Risk.

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SCHEDULE A

Pre-Approved Services

Pre-Approved Services includes assignments which are primarily compliance based, involve advice around/review of materials prepared by the company or third parties, preparation of documentation, investigations or advice in relation to transactions or situations which have already occurred or training provided to employees of, or contractors to, Atlas Arteria controlled entities.

Examples of Pre-Approved Services are as follows:

Tax and Accounting Services

- (a) Assistance with respect to tax exemptions and the preparation of reports used to comply with taxing authority documentation requirements.
- (b) Lodgement of income tax returns and tax ruling requests pursuant to Australian and foreign tax legislation (including managing and progressing such returns and requests through engagement with the relevant revenue authorities);
- (c) Lodgement of returns relating to any form of indirect or secondary tax.
- (d) Assistance in the preparation of tax returns (but with no authority for making decisions whether to make elections or for determining any amounts declared therein and utilising information provided by Atlas Arteria).
- (e) Assistance in the handling of specific items in tax returns, and in connection with responding to queries in relation to those returns from relevant tax authorities.
- (f) Review of tax results, distribution figures and tax-related investor communications for companies within the Atlas Arteria group.
- (g) Review of advice prepared by Atlas Arteria or third parties in relation to the interpretation, application and administration of Australian and foreign tax or accounting legislation, law and practice in connection with transactions implemented or proposed by Atlas Arteria, and in the context of understanding the impact of any such arrangements on the financial accounts.
- (h)
- (i) Review of transactions, ideas, structures or reports to third parties that are developed or proposed by Atlas Arteria, and in the context of understanding the impact of any such arrangements on the financial accounts.
- (j) Updates or advice around statutory, regulatory or administrative tax or accounting developments.
- (k) Tax audits and enquiries – interpreting and advising on taxation legislation, law and practice in connection with tax audits and appeals before Australian and foreign tax authorities and agencies, and assisting or supporting in an audit or review capacity only in any dispute or proceeding in a court or tribunal in connection with a tax audit or appeal.

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Transaction Services

- (l) Financial due diligence and transaction services pertaining to the provision of equity and debt finance in connection with the acquisition or disposition of parties other than Atlas Arteria or its material associates.
- (m) Preparation of any letters of comfort or financial position statements required for example in relation to debt capital raisings.

Training and Employee Assistance

- (n) Providing training, including in relation to tax accounting standards, or compliance matters.
- (o) Employee tax assistance and compliance – including the calculation of net salaries for expatriates, preparation of individual income tax returns, advice on personal income tax planning, assistance in complying with personal income tax, relocation and associated matters, and advice on the impact of changes in local tax laws and consequences of changes in compensation programs or practices, (excluding any such services that are specifically identified as Prohibited Services in Schedule B)

Control Testing and Reviews

- (p) The assessment and testing (but not design or implementation) of internal controls.
- (q) Review of projects and programs during the execution, and/or conclusion of, projects.
- (r) Review of compliance with laws and regulations concerning incorporation or organising of entities, constituent documentation (such as constitutions and articles of association) and lodgement of statutory filings with regulators.
- (s) Benchmarking on any agreed area/process/function/policy, either against local or global peers, to provide insight on Atlas Arteria's practices relative to industry practices. This service may include conducting gap analysis and delivery of recommendations regarding potential areas of improvement, provided that such services do not involve the design or implementation of internal controls over financial reporting. This may include:
 - audit of new systems (not implementation)
 - agreed upon procedure reviews over public documents prepared by the company
 - letters to financiers in relation to covenant compliance (as sometimes required in debt agreements).

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SCHEDULE B

Prohibited Services

The following services cannot be provided by the Atlas Arteria audit firm:

- (a) Bookkeeping or other services related to Atlas Arteria's accounting records or financial statements.
- (b) Design and implementation of financial information systems and controls or of information technology systems and controls.
- (c) Appraisal or valuation services including fairness opinions or contribution in-kind reports.
- (d) Actuarial services.
- (e) Internal audit outsourcing services.
- (f) Management functions, including acting as an employee and secondment arrangements.
- (g) Broker-dealer, investment adviser or investment banking services.
- (h) Legal services or litigation support services that in either case are not associated with other services specifically provided in connection with services that are provided for in Schedule A.
- (i) Providing an expert opinion or other expert service for the purpose of advocating the interests of Atlas Arteria or controlled entities in litigation or in regulatory or administrative proceedings or investigations in relation to matters other than tax or matters specifically addressed under Schedule A.
- (j) Tax services for individuals, and any immediate family members of any individuals, in a financial reporting oversight role. This restriction applies whether the service is paid for by Atlas Arteria or by the individual.
- (k) Any assignment where the Atlas Arteria audit firm would both (i) initiate and bring to Atlas Arteria a tax idea, scheme or product for the reduction or optimisation of Atlas Arteria's own tax liabilities, and (ii) provide the sole or primary supporting opinion thereon on which Atlas Arteria would rely. However, the ARCs may approve such an assignment (as an exception to normal policy) if it is satisfied that the use of the Atlas Arteria audit firm is clearly in the interests of Atlas Arteria and its shareholders and that measures can be adopted to safeguard against actual or perceived threats to the Atlas Arteria audit firm's independence.
- (l) Any assignment where the fee arrangement would involve payment of a contingency fee, commission or success fee.