



Risk Management Policy

Atlas Arteria Limited
Atlas Arteria International Limited

Atlas Arteria Risk Management Policy

Introduction

This policy applies to the directors on the boards of Atlas Arteria Limited and Atlas Arteria International Limited and their controlled entities (**Atlas Arteria**); and to employees, contractors and consultants of Atlas Arteria, including those at Atlas Arteria owned assets (**Atlas Arteria Staff**).

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. Further information is set out in this 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.

Policy Statement

To allow us to achieve our organisational objectives and to execute our strategy, we have a clear risk strategy, supported by a positive and proactive risk culture and comprehensive risk management systems. A robust risk management framework supported by a clear Risk Appetite Statement enables Atlas Arteria to capture opportunities while effectively managing risk.

Identification and management of risk is the responsibility of everyone at Atlas Arteria. Risk is an inherent part of Atlas Arteria's business and management of that risk is therefore critical to Atlas Arteria's continuing sustainable profitability and financial strength.

This policy outlines how Atlas Arteria identifies, analyses, manages and mitigates its risks and how it monitors the effectiveness of, and compliance with, its risk management framework and key risk management policies.

Risk Management Overview

Risk Management at Atlas Arteria is enabled by a positive and proactive risk culture, supported by the Risk Appetite Statements and the Risk Management Framework.

Risk Culture

A strong risk management culture is crucial to the continued success of our operations. This risk culture enables awareness, ownership and

proactive management of risks while promoting prudent risk taking.

Part of this culture involves heightened risk awareness amongst Atlas Arteria Staff, and a culture of transparency and disclosure.

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 our risk tolerances are set at an appropriate level
 - monitor compliance with our risk tolerances, limits and policies, and the steps we take if / when these thresholds are breached
- The timing and process for review of the risk limits and policies

The Risk Appetite Statement is reviewed at least annually and submitted to the Boards for approval.

Risk Management Framework

Atlas Arteria has its own risk management framework and policies that reflect its strategic, business operations, financial, technological, legal and governance risks. This framework and policies will be reviewed annually. A key part of the framework is clear identification of risk roles and responsibilities represented by 'three lines of defence'.

Roles and Responsibilities

The primary responsibility for risk management lies at the business level. The Atlas Arteria CEO and Atlas Arteria Staff are responsible for identifying risks and confirming that risks are managed appropriately.

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The **second** and **third lines of defence** comprise the **risk management** function and **compliance and peer reviews** as well as internal audit. Further, the Atlas Arteria Risk Management Framework classifies risk depending on its nature and potential impact to the organisation. The Risk Management Framework provides clear “line of sight” between the underlying risks (including rating), risk ownership, and reporting to monitor risk.

Board Oversight

The ATLAX and ATLIX Boards are responsible for the overall corporate governance of Atlas Arteria and its controlled entities, including:

- Reviewing Atlas Arteria’s Strategic Risks;
- Approving the Risk Management Policy and Risk Appetite Statement;
- Overseeing and monitoring the adequacy of the Risk Management Framework including confirming that:
 - it deals adequately with contemporary and emerging issues; and
 - there is an adequate system for information to be reported from management to the board.

The Audit and Risk Committees (ARCs) assist by overseeing the design and implementation of and the monitoring of compliance with the Risk Management Framework.

The Atlas Arteria CEO has delegated authority for implementing the Risk Management Framework and effective internal controls.

Senior Management Oversight

Atlas Arteria Senior Management (being the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel, and Financial Controller) oversee:

- Key aspects of the Risk Management Framework;
- Delegation of approvals required under the Risk Management Framework;

- Risk management reporting including operational issues and operational losses;
- Access to rectify operational control weaknesses and breakdowns including fraud;
- Due diligence conducted for appointment and ongoing monitoring of outsourced arrangements; and
- Results of risk self assessment reviews and workshops.

Operations Management

All Atlas Arteria Staff ensure activities are conducted within the parameters set by the risk appetite, policies and procedures and in accordance with the Boards’ directions.

Asset Risk Management

Our approach to risk management in each of our businesses generally reflects our level of ownership and control and the business’ level of risk maturity. We continue to work towards an appropriate risk management framework to assist each business to effectively manage and report on their risks.

Board, Committees and Breach Reporting

To assist the ATLAX and ATLIX Boards and ARCs in monitoring and reviewing the effectiveness of the Risk Management Framework and compliance with key risk management policies, the CFO provides semi-annual risk management updates to the ARCs.

Breaches and operational risk incidents arising within the operations of Atlas Arteria are reported to the CFO as they occur and significant breaches or incidents are reported to the Atlas Arteria CEO and ARCs as required.

Regulatory Breach Reporting

The Australian Securities Exchange (ASX) Operating Rules require that Atlas Arteria notify the ASX immediately in writing if it becomes aware that it has breached any of the ASX Operating Rules and that breach is significant.

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Responsibility

The Atlas Arteria CEO will have ultimate responsibility for compliance by Atlas Arteria Staff with this policy.

The Atlas Arteria CFO is responsible for monitoring compliance with this policy and promoting Atlas Arteria Staff understanding of its requirements.

Any breaches of this policy should be reported in the first instance to the Atlas Arteria CFO who will escalate to the Atlas Arteria Boards after consultation with the Atlas Arteria CEO (who will determine the appropriate method and timing for escalation).

Review

This policy will be reviewed annually and submitted to the Atlas Arteria Audit and Risk Committees for approval.

Contacts

The Atlas Arteria CFO should be contacted for any assistance or guidance in respect of the matters covered by this policy.