

# REMUNERATION REPORT

## 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 2022 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.

2022 was a year of consistent execution and business transformation for Atlas Arteria.

Improving traffic (up 7.8% in 2022 on a weighted average basis) following the relaxation of COVID-19 restrictions and increases in toll revenue (up 9.0% in 2022 on a weighted average basis) drove strong financial performance. As a result, the Boards are expecting to pay a record distribution of 40.0 cents per security to our securityholders for the 2022 year, with the second half 2022 distribution expected to be supported by available excess cash held on the balance sheet given the additional number of securities on issue following the Chicago Skyway equity raise<sup>1</sup>.

We have also provided guidance to distributions of 40.0 cents per security for 2023 and consider that this is a sustainable level moving forward<sup>1</sup>. Post-acquisition of the majority interest in the Chicago Skyway, cash flows from our existing businesses, including Chicago Skyway, are expected to provide for long-term sustainable distributions.

Significant strategic milestones were achieved during the year and recently in 2023. Our progress has been outlined in the Strategic Framework section of the Annual Report on pages 10 and 11, and included the following:

- We doubled the weighted average concession life of the business to 37 years<sup>2</sup> through acquisition of a majority interest in Chicago Skyway;
- The APRR network was expanded with the commencement of tolling on the A79; and
- A €410 million Investment Plan was signed with the French State providing additional toll increases at APRR and AREA.

During the period, good progress has also been made across our sustainability priority areas: safety; our people; customers and community and environmental stewardship. In particular, this year the Boards have focused on the risks and opportunities that climate change may pose to Atlas Arteria, and the initial findings from this work are summarised in the Annual Report (see pages 24 and 25) and will be expanded on in our Sustainability Report to be published in April 2023. Atlas Arteria continues to perform well in key benchmarks such as the GRESB Infrastructure Public Disclosure Report, ranking second in the Australia and New Zealand transport sector in 2022.

### 2022 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 2022 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 commitments we have made to wellbeing programs and access to flexible working for all employees. We continue to foster and build an engaged and inclusive culture that provides the right environment for our diverse talent to work together as a high performance team. We take a transparent approach to changes we embed and hold ourselves accountable for our commitments through the use of diagnostic tools and employee feedback.

As a result of a traffic accident in April at APRR, an APRR employee lost his life. While APRR is not under ALX direct operational control, in view of the importance that we attach to safety, the Boards have exercised discretion not to award an STI outcome to the MD & CEO and the Executive Team for safety performance (5% weighting).

1. Guidance remains subject to continued business performance, movements in foreign exchange rates, and other future events (including refinancing at Chicago Skyway).

2. Weighted by Equity Value; Remaining concession life calculated as at 11 September 2022.

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The decisions implemented to align remuneration with securityholder expectations more effectively during 2022 included:

## Remuneration outcomes

- To ensure we continue to attract and retain a high performing management team, fixed pay for executive KMP was reviewed in 2022. This was the first review since 1 September 2020 for the MD & CEO, noting that he did not receive any increase in fixed pay in 2021. Fixed pay increases are only provided after completion of a robust remuneration benchmarking review. Details of the outcome of the review are included at section 6.1.
- Taking into account the exercise of discretion by the Boards, the overall STI outcomes for the 2022 year are above target and are reflective of the performance of the business and management during the year.
- The 2020 Long Term Incentive (LTI) Award was tested following the end of the performance period on 31 December 2022. The result was below threshold and hence the vesting outcome was nil.

## Remuneration structure

- **Short Term Incentive Plan (STIP)** – to ensure we continue to meet securityholder expectations in managing ESG, an ESG measure with a 10% weighting was introduced for 2022. For 2022, our focus was on Lost Time Injury Frequency Rates (LTIFR) safety targets and milestones towards Task Force on Climate-Related Financial Disclosures (TCFD) implementation. Delivery of our financial targets continues to be a priority and consistent with market practice, the relative weighting to financial performance is 60% of the total scorecard with the balance of 40% applying to ESG (10%) and strategic measures (30%). Details of the STI outcomes for the year are included at section 6.2.
- **Long Term Incentive Plan (LTIP)** – a second LTI measure was introduced for the 2022 award equivalent to 50% of the LTI value. The 2022 second LTI measure has a three year performance period and will vest provided clearly quantifiable improvements in securityholder value from the implementation of two strategic activities are delivered to securityholders.
  - Creating a clear pathway to sustainable cash flows from Dulles Greenway;
  - Improving the average concession life of the Atlas Arteria portfolio.

The awards will only vest where absolute TSR over the three year performance period has been positive and the Boards are satisfied that the business case for the acquisition of the Chicago Skyway has been achieved. In the interests of transparency, we are providing information on progress in achieving the strategic LTI performance measures in this Remuneration Report at section 6.3 with further information to be provided in future years.

The remaining 50% of the 2022 LTI continued to be subject to relative TSR with a positive absolute TSR gateway, assessed over three years.

The Boards believe the combination of relative TSR and strategic measures for the 2022 awards provided an appropriate balance between driving forward strategic projects while ensuring there was an ongoing focus on creation of long-term value for securityholders. This combination of measures provides a clear incentive to secure commercial outcomes balanced with the incentive to achieve superior securityholder returns relative to comparator companies.

Enhanced disclosures of STI outcomes incorporating disclosure of financial targets and performance against those targets were adopted for the 2020 Report and further enhanced in 2021. This focus on enhancing our disclosures of variable pay outcomes has been well received by securityholders and continues this year. Additional disclosures of threshold and stretch financial targets together with commentary on the reasons for selection of the performance measures and additional commentary on progress against the targets during the year are also provided this year.

On balance, the Boards concluded that the outcomes for Atlas Arteria's STI for 2022 are appropriate and align with securityholder outcomes and expectations.

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## Enhancements to Remuneration Structure and Disclosures

The Boards are continually looking for opportunities to improve and evolve the 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 evolving business needs. Our objective is to adopt remuneration practices which enable the remuneration framework to address the business strategy more effectively, enhance alignment of management outcomes to the delivery of superior returns to securityholders and to reflect evolving market practices.

The outcomes of the review are:

- The Boards have decided that a pay freeze will apply to the MD & CEO and the executive KMP for 2023 with the next increases (other than any Luxembourg government mandated increases that may apply for the COO) to occur no earlier than 1 January 2024.
- To retain the current STI level and structure which is composed of financial performance objectives (60%), ESG performance objectives (10%) and strategic performance objectives (30%) with annual targets based on the business priorities for the year. Awards are made in a combination of cash (50%) and restricted securities (50%), and are deferred for one year. The review found this approach is consistent with market practices amongst peer companies.
- To revert to relative TSR with a positive TSR gateway as a sole performance hurdle for awards under the 2023 LTI Plan. Relative TSR has been selected as the sole performance measure as it measures securityholder value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders. Further details are included at section 5.4. In developing the proposed approach to the 2023 LTI, the PRCs consulted with investors and their advisors in relation to the proposed changes.

Securityholders will be asked to approve the equity based STI and LTI awards for the MD & CEO at the 2023 AGM.

The remuneration framework will be reviewed again, based on the expected needs of the business and evolving market practice, during 2023 to develop the appropriate approach for 2024 and subsequent years.

## Non-executive Director Fees

It is not proposed to increase Non-executive Director fees in 2023.

## Remuneration Governance

The PRCs are actively involved in ensuring our remuneration policies and practices reflect Atlas Arteria's values and STEER principles (see page 2 of the Annual Report) 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 2022. 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 2022 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:

<b>1 Introduction</b>
<b>2 Who is covered by this report?</b>
<b>3 Overview of the remuneration framework</b>
<b>4 2022 business performance highlights</b>
<b>5 Remuneration framework</b>
<b>6 2022 remuneration outcomes</b>
<b>7 Non-executive Director fees</b>
<b>8 Remuneration governance</b>
<b>9 Statutory disclosures</b>

## 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 2022. 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 securityholding 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
David Collins	Chief Financial Officer	30 August 2022
Vincent Portal-Barrault	Chief Operating Officer	1 April 2019
Nadine Lennie <sup>1</sup>	Chief Financial Officer	1 April 2019 (Ceased with effect from 31 March 2022)
<b>Non-executive Directors</b>		
Debra Goodin <sup>2</sup>	Independent Non-executive Chair (ATLAX) and 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 <sup>3</sup>	Independent Non-executive Director (ATLAX)	1 March 2021 Audit and Risk Committee (ARC) Chair from 1 March 2021 to 30 June 2022
David Bartholomew	Independent Non-executive Director (ATLAX) People and Remuneration Committee (PRC) Chair	1 October 2018
Jean-Georges Malcor <sup>4</sup>	Independent Non-executive Director (ATLAX) Audit and Risk Committee (ARC) Chair	1 November 2018 ARC Chair with effect from 1 November 2020 until 1 March 2021 and from 1 July 2022 to 31 December 2022
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 would be stepping down from her role as Chief Financial Officer and leaving the organisation with effect from 31 March 2022. Details of Ms Lennie's termination arrangements are included in the table at section 9.
- As contemplated by the Co-operation Deed in place between ATLAX and ATLIX, the ATLIX Board includes a Director of ATLAX (Debra Goodin) to facilitate and promote co-operation and consultation between the two Boards.
- On 20 December 2022 it was announced that Ariane Barker would retire as a Director of ATLAX with effect from 31 December 2022.
- ARC Chair at 31 December 2022.

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## 3 Overview of the remuneration framework

Included below is a summary of the 2022 remuneration framework for the Executive Team. Further details regarding our remuneration arrangements are provided in the remainder of this Remuneration Report.

### WHO WE ARE AND WHAT WE DO

We are Atlas Arteria. We are a global owner, operator and developer of toll roads.

We work to create long-term value for our investors through considered and disciplined management and sustainable business practices.

### OUR VISION

To provide the communities in which we operate with high quality, well maintained infrastructure and associated amenities that:

- Enhance safety;
- Provide economic benefits through reduced travel time and greater time certainty;
- Improve environmental outcomes through reduced fuel consumption and carbon emissions; and
- Provide a positive customer experience.

### OUR VALUES

Our values guide the decisions we make and the way we behave as we work together towards our vision.



**Safety is at our heart**



**Transparency in all we do**



**Engage for better outcomes**



**Environmentally and socially responsible**



**Respect in every interaction**

### Executive Remuneration Framework Overview

<b>Remuneration Principles</b>	Simple Balance short and long-term needs	Maintain contemporary and competitive practices 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 60%), ESG (10%) and non-financial strategic measures (30%) with challenging targets set by the Boards based on the business priorities for the year	Relative total securityholder return (TSR) compared to a comparator group of local and international infrastructure companies For 2022 only, a strategic measure was introduced with vesting based on demonstrated delivery of securityholder returns A positive TSR gateway applies before vesting occurs
<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 securityholding 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: <ul style="list-style-type: none"> <li>- Remuneration outcomes reflect the performance of the Groups and the individual executives; and</li> <li>- Are consistent with securityholder expectations</li> </ul> All variable remuneration is subject to malus adjustment		

# REMUNERATION REPORT

## 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 which were reviewed by the PRCs during the year 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>	Align the interests of our people and our company by ensuring a clear link between remuneration and both short and long-term business performance
<b>Maintain contemporary and competitive practices</b>	Use market competitive and contemporary practices to ensure we can attract, retain, and motivate the right talent
<b>Reflect our values and behaviours</b>	Align reward with demonstrated behaviours and actions consistent with our STEER principles, business priorities and stakeholder expectations
<b>Specific and differentiated performance outcomes</b>	Support a high-performance culture with specific performance measures for individual employees they can influence
<b>Securityholder alignment</b>	Encourage equity ownership so that employees have 'skin in the game,' aligning individuals to securityholder returns

## What decisions have been made regarding the remuneration structure during 2022 and why?

Decisions made by the Boards in relation to the remuneration structure during the year were:

- To retain the current STI level and structure which is composed of financial performance objectives (60%), ESG performance objectives (10%) and strategic performance objectives (30%) with annual targets based on the business priorities for the year. Awards are made in a combination of cash (50%) and restricted securities (50%), and are deferred for one year. The review found this approach is consistent with market practices amongst peer companies.
- To revert to relative TSR with a positive TSR gateway as a sole performance hurdle for awards under the 2023 LTI Plan. Following the acquisition of the Chicago Skyway and the increase in weighted average concession life, the Boards consider relative TSR is the most appropriate measure to assess the returns to be delivered to securityholders in particular from the Chicago Skyway performance, future extensions to the APRR concession and that there are sustainable cash flows from the Dulles Greenway.

Relative TSR has also been selected as it measures securityholder value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders.

Vesting of awards is also subject to continued service and demonstration of the STEER principles throughout the performance period.

In developing the proposed approach to the 2023 LTI, the PRCs consulted with investors and their advisors in relation to the proposed changes. Further details are included at section 5.4.

## How are KMP executives 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.

Variable remuneration comprises both short and long-term performance components:

1. The STI for 2022 was based on an assessment of performance against a balanced scorecard of financial measures (weighted 60%), ESG (10%), and non-financial strategic measures (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 LTIP structure (including the changes introduced for 2022), performance measure, relative TSR comparator group constituents and vesting schedule, see section 5.4.

Information on our remuneration 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 LTIP 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.

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

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## 4 2022 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 10 and 11.

### 4.2 Atlas Arteria's performance

The following table outlines the key financial metrics over the past five financial years up to and including 2022 that underpin the STI and LTI plans.

	2022	2021	2020	2019	2018
Distribution Payments per Security (\$) <sup>1</sup>	<b>0.405</b>	0.285	0.11	0.30	0.24
Cash flow per security (\$) <sup>2</sup>	<b>0.42</b>	0.30	0.31	0.27	0.26
EBITDA proportionate (\$m) <sup>3</sup>	<b>1,100.8</b>	1,024.4	884.0	923.0	869.4
Share price (@year end) (\$) <sup>4</sup>	<b>6.61</b>	6.47	6.07	7.32	5.76
Total Security Return	<b>8.7%</b>	11.5%	(15.5%)	32.2%	3.4%
STI awarded as a % of maximum – CEO <sup>5</sup>	<b>80%</b>	84%	26%	100%	70%
LTI vested as a % of max – CEO <sup>6</sup>	<b>Nil vesting</b>	Nil vesting	N/A	N/A	N/A

1. Distributions paid to securityholders during the year.

2. Cash flow per security calculated by reference to the securities on issue at the time the cash flows were received by the business.

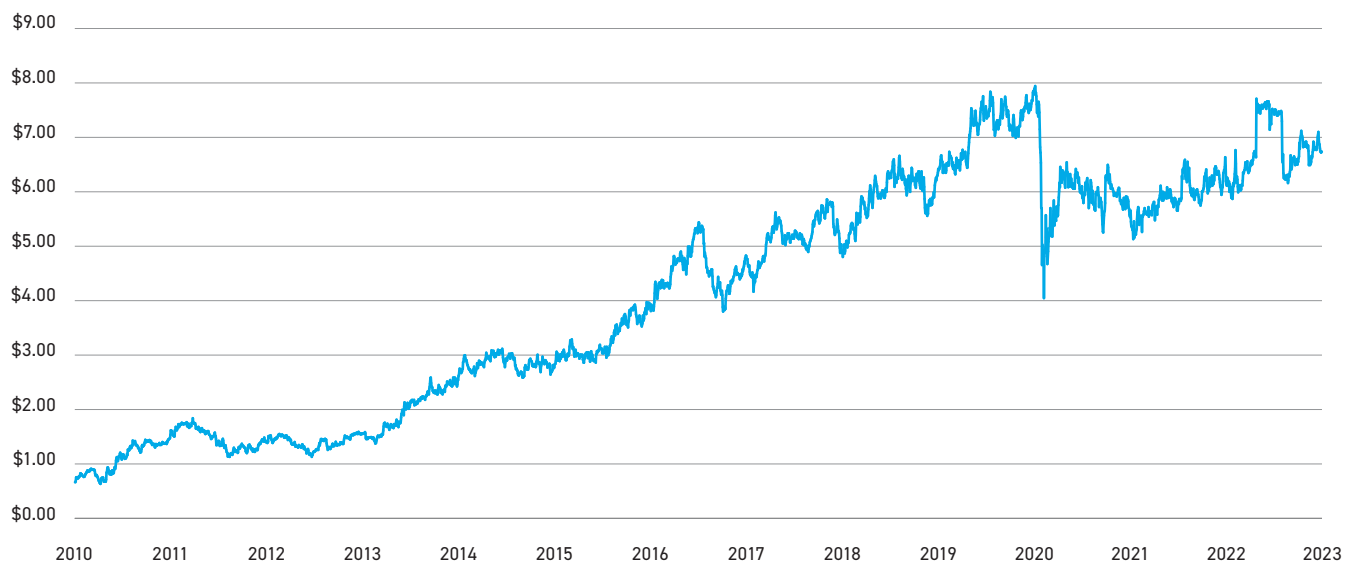
3. Proportionate EBITDA from each business as reported for each financial year on a consistent currency basis, excluding Chicago Skyway.

4. Atlas Arteria TERP adjusted security price as at year end.

5. Relates to the year for which the STI was awarded.

6. Relates to the final year of the LTI performance period, that is the year the LTI may have vested.

### ALX security price (2010-2023)



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## 5 Remuneration framework

### 5.1 Positioning and mix of executive remuneration

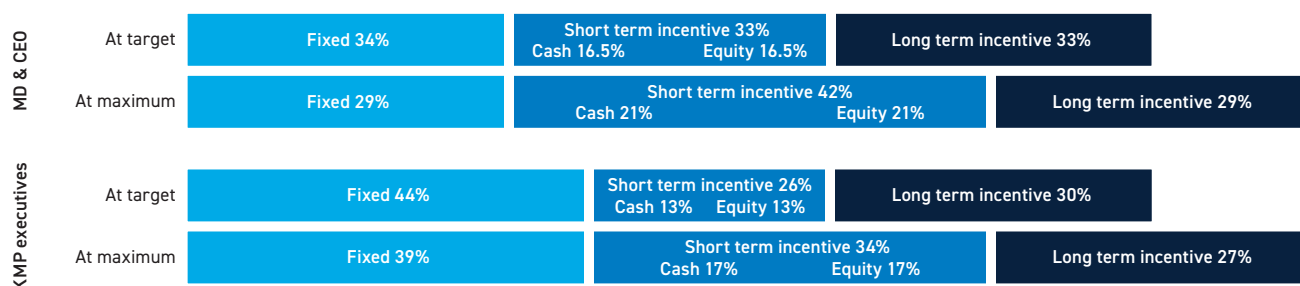
The remuneration framework for the Executive Team aims to achieve balance between:

- Fixed and performance-based remuneration;
- Short and long term performance incentives;
- Financial, non-financial and strategic outcomes; and
- Remuneration delivered in cash and equity.

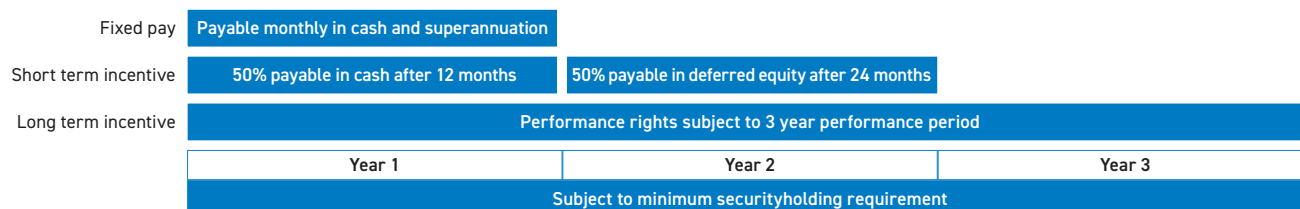
To ensure our remuneration quantum and structure is market competitive, reference is made to the median of a group of ASX listed comparator companies of similar size and complexity to Atlas Arteria. The remuneration arrangements of selected industry comparators are also considered for each role.

The target and maximum remuneration together with the timeframe over which the different elements of the framework are delivered for the MD & CEO and the executive KMP are represented in the graphs below.

#### Remuneration Mix



#### Remuneration Delivery



### 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.

The PRCs have selected (and reviewed as appropriate) a peer group of ASX listed companies for the purposes of benchmarking both fixed and variable remuneration for the Australian based executives. The peer group reflects the size and complexity of Atlas Arteria and includes companies with significant international operations, similar scale and scope of business and market capitalisation. The peer group is not solely based on market capitalisation, as the PRCs believe this would lead to inappropriate remuneration outcomes and distortions in remuneration levels that are not reflective of the scale and complexity of our business. A similar approach is adopted based on European and US companies for European and US based executives.

Securityholders were advised in the 2021 Report, that the Boards would undertake a review of fixed pay during 2022 to ensure our remuneration levels are competitive with companies of similar size and complexity. This review was concluded during the year and further information on the outcomes of the review is included at section 6.1.



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## 5.3 Short Term Incentive Plan

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>	<p>The STI is subject to achievement of defined performance targets.</p> <p>The target STI opportunity represents an opportunity to earn 100% of fixed remuneration for the MD &amp; CEO and 60% of fixed remuneration for the other executive KMP.</p> <p>When assessing performance, the Boards have discretion to increase or decrease an STI award subject to an overall cap of 150% of Target.</p>
<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, with vesting subject to ongoing service and the discretion of the Boards.
<b>STI objectives</b>	STI targets set for 2022 comprised a combination of financial measures, ESG measures and non-financial measures relating to specific strategic outcomes and taking account of culture and behaviours.
<b>STI weighting – financial and non-financial measures</b>	The Boards believe delivering strong financial performance for our securityholders continues to be a priority. Accordingly, the financial component of the STI scorecard has a 60% weighting with the remaining 40% applying to strategic (30%) and ESG (10%) measures. This combination of measures is consistent with market practices amongst peer companies.
<b>ESG measures</b>	<p>An ESG measure with a 10% weighting was introduced to the STI Plan in 2022. Inclusion of an ESG measure reflects our commitment to safety, the environment, our people, and our focus on customers and communities.</p> <p>We established corporate KPIs across our four sustainability pillars which were published in our Sustainability Report. Remuneration objectives tied to these corporate objectives are set annually and reflect the priorities for the year ahead where we believe we can make quantifiable improvements. For 2022, our focus was on safety (LTIFR) and TFCO (implementation milestones).</p>

## 5.4 Long Term Incentive Plan

To align with the interests of securityholders, executives and other participants as determined by the Boards are eligible to participate in an LTIP. Details of the LTIP 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 LTIP award made at the end of the vesting period is a function of:

- Atlas Arteria's performance against the relevant performance measures over the three year performance period. These measures include TSR performance relative to a group of Australian and international peer companies and other measures if selected by the Boards to address specific strategic priorities from time to time (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 LTIP 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 volume weighted average security price (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 measures.										
<b>Performance measure</b>	<p>LTIP performance is normally assessed solely against relative TSR. Relative TSR has been selected as a performance measure as it measures securityholder value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders.</p> <p>As a one off measure, for the 2022 grant, a second LTI performance hurdle (equal to 50% of the LTI award value) was introduced with vesting based on quantifiable improvements in securityholder value from the successful delivery of key strategic objectives (refer to section 6.3 for information on progress against the strategic objectives).</p> <ul style="list-style-type: none"> <li>- Creating a clear pathway to distributions from Dulles Greenway;</li> <li>- Improving the average concession life of the Atlas Arteria portfolio.</li> </ul> <p>Vesting of the remaining 50% of the 2022 LTI award is subject to the same relative TSR measure as applied for previous years.</p> <p>Relative TSR with a positive TSR gateway as a sole performance hurdle is being reintroduced for awards under the 2023 LTI Plan. Relative TSR has been selected as the sole performance measure as it measures securityholder value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders.</p> <p>From 2020, Atlas Arteria's TSR performance has been assessed against a group of approximately 125 OECD-domiciled companies that are included in the Global Listed Infrastructure Organisation (GLIO) index at the start of the performance period.</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 VWAP over a 40 business day period prior to the start of a performance period and a 40 business day period to the end of the respective performance period is used for the calculation of TSR performance for the 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 measure in exceptional circumstances if considered appropriate so that participants are neither advantaged nor disadvantaged by matters outside management's control.</p> <p>Awards which have strategic LTI measures will vest based on actual performance with 50% of the award vesting for the minimum acceptable performance and 100% of the award only vesting where challenging performance outcomes are achieved. Details of the quantifiable outcomes will be disclosed in the Remuneration Report for the year of vesting.</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 and subsequent LTI awards which applies in addition to the actual performance hurdles – relative TSR or strategic. Thus, irrespective of the relative TSR performance or performance against the strategic outcomes, 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. A three year performance period is consistent with market practice amongst peer companies. The performance for the 2022 grant will be assessed at the start of 2025 and measured from 1 January 2022 to 31 December 2024.										
<b>Vesting and allocation of securities</b>	If and when the Boards determine that the performance measures have been achieved, the performance rights will automatically be exercised provided absolute TSR has been positive, 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. The Board believes it improves alignment of management with securityholders, where the investment proposition is based on both yield and growth in security price.										

# REMUNERATION REPORT

## Proposed changes to the remuneration framework for 2023

As a result of the outcome of the remuneration strategy review during the year, the Boards have decided to revert to relative TSR with a positive TSR gateway as a sole performance hurdle for awards under the 2023 LTI Plan. Following the acquisition of the Chicago Skyway and the increase in average concession life, the Boards consider relative TSR is the most appropriate measure to assess the returns to be delivered to securityholders from business performance and in particular the Chicago Skyway performance, future extensions to the APRR concession and sustainable cash flows from the Dulles Greenway.

Relative TSR also measures securityholder value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders.

Vesting of awards is also subject to continued service and demonstration of the STEER principles throughout the performance period.

## 5.5 Approval of MD & CEO Equity Based Awards

Securityholders will be asked to approve the following equity based awards for the MD & CEO at the 2023 AGM:

- The equity component of the 2022 STI award in the form of restricted securities for one year equal to 50% of the STI awarded for 2022;
- An additional LTI award for 2022 to the value of \$100,000 to reflect the increase in the value of LTI following his 2022 remuneration review. It is proposed that this award will be granted on the same basis as the awards previously approved by securityholders at the 2022 AGM; and
- The 2023 LTI award in the form of performance rights with vesting subject to relative TSR and positive TSR performance hurdles.

## 5.6 Employee Equity Incentive Plan

The Groups operate an employee equity plan to enable all corporate employees to become securityholders. 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 LTIP 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 2022 was in the order of \$110,000.

## 5.7 Employment contracts

The remuneration and other terms of employment for the executive KMP are formalised in executive contracts. Key contractual terms in place for 2022 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	Ongoing	6 months	Immediate without notice period	
COO	Ongoing	6 months	Immediate without notice period	30 days within 21 days of fundamental change

During the year, the Boards provided confirmation to the CFO and COO that in the event of a change in control they would receive a payment equal to 6 months fixed pay (as Atlas Arteria's executive employment contracts do not provide for payments on termination of employment other than for notice), a pro rata payment under the short term incentive plan for the period of employment paid out at maximum and awards made under the long term incentive plan will vest in accordance with plan rules and will be paid in cash. Entitlement to a payment is conditional on ongoing employment and no payment will arise where either party provides the other party with notice of termination prior to the payment date. The arrangements will cease to have effect on 31 December 2023 if there has been no change of control.

These arrangements do not apply to the MD & CEO and the terms of the various plans will apply in the event of a change of control. Accordingly, in the event of a change of control the following will apply:

- Mr Bevans will be provided with 12 months' notice of termination of employment or a payment of fixed pay in lieu of notice for any period of time not worked where there is a fundamental change to his role.
- The Boards have absolute discretion to determine the treatment of STI awards where there is a change of control and in the event that they do not exercise discretion, 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.
- The Boards have discretion to determine the treatment of LTI 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.

# REMUNERATION REPORT

## 6 2022 Remuneration outcomes

### 6.1 Fixed pay

It is important to retain our key people and we recognise this is increasingly challenging in the current market for talent. Fostering the right organisational culture with a strong employee value proposition is critical to retention. We also recognise that the best retention mechanism is to provide challenging work, create opportunities for development, to reward achievement against challenging goals and to ensure our people are remunerated competitively against market.

Securityholders were advised in the 2021 Remuneration Report that, following a pay freeze in 2021, the Boards would review executive remuneration during 2022 to ensure our remuneration levels are competitive with companies of similar size and complexity. Executive remuneration levels had previously been determined in 2020, which were the first increases since the time of appointment in 2018.

The review was conducted by comparing Atlas Arteria's remuneration levels with a group of comparable ASX listed companies selected on the basis of similar businesses, scale of operation and skill requirements. The Boards are cognisant of the importance of ensuring market competitive fixed remuneration for executive KMP. We monitor and review remuneration annually with regard to economic indicators, market movements and talent attraction and retention challenges. Generally, we have not passed on fixed pay increases to executive KMP each year, rather, these have been limited to individual market-based adjustments, changes in the scope of roles or increases reflecting sustained high performance.

This year, the Boards considered that there were a number of important factors to support proceeding with the review and to justify increases in remuneration levels to align more effectively to the market.

As a result of the review, taking into account the scope of each role, the experience and capability of each executive relative to peers, the following fixed remuneration levels took effect:

- MD & CEO – an increase in annual fixed remuneration from \$1,300,000 to \$1,400,000 with effect from 1 January 2022.
- CFO – Annual fixed remuneration was determined at \$645,000 on appointment – 30 August 2022.
- COO – As a result of a Luxembourg government compulsory CPI review on 1 April 2022, his fixed remuneration increased from €444,850 to €455,971.

The Boards have decided that a pay freeze will apply to the MD & CEO and the executive KMP for 2023 with the next increases (other than any Luxembourg government mandated increases that may apply for the COO) to occur no earlier than 1 January 2024.

### 6.2 Short term Incentive Plan

STI performance in respect of 2022 was assessed based on a combination of financial, ESG and non-financial measures. These measures were determined at the start of the 2022 financial year based on the structure of the Atlas Arteria business at that time. For 2023, the measures will include the activities of the Chicago Skyway with appropriate financial targets and other performance measures to reflect all of Atlas Arteria's operations.

Details of the 2022 STI awards for executive KMP are set out below.

# REMUNERATION REPORT

## 6.2.1 MD & CEO

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 Boards may exercise discretion to adjust the actual STI awarded upwards where these expectations have been exceeded or adjusted downwards where the expectations are not met. This year the Boards decided to exercise a positive discretion (15% from a potential 45%) to increase the MD & CEO's STI award to 120% of target (80% of maximum) in recognition of the leadership, stewardship and governance consistently demonstrated by Mr Bevans through a transformative and complex year for the business.

Performance area and description	Weighting	Threshold	Target	Stretch	Result	Reason chosen	Performance assessment
<b>Proportional adjusted EBITDA</b> (reflecting proportional performance of each business at constant exchange rates and excludes corporate costs and Board approved special projects)	16%	\$1,085 (~95% of target)	\$1,145m	\$1,200 (~105% of target)	\$1,145m	Proportional adjusted EBITDA reflects the performance of the underlying operations of the business and has been adopted to focus the MD & CEO and the other executive KMP on the delivery of the annual earnings targets.	Improved traffic (up 7.8% in 2022) following the relaxation of COVID-19 restrictions and increases in toll revenue (up 9.0% in 2022) drove a target result for financial performance.
<b>Free cash flow received from Operations</b> (at constant exchange rates and excludes corporate costs and Board approved special projects)	16%	\$400m (~95% of target)	\$420m	\$440m (~105% of target)	\$418m	Free cash flow from Operations recognises the importance in the generation of continuous cash flow to support distribution growth.	The strong financial performance of APRR and Warnow Tunnel resulted in an increase in cash flows during 2022 of \$136m to \$418m (2021 \$283m) to Atlas Arteria. The result was slightly below target.
<b>Distributions</b> of \$0.40 per security <sup>1</sup>	16%	-	\$0.40	-	\$0.405	Growth in distributions is closely aligned with investor expectations and encourages management to deliver increasing returns to securityholders.	Distributions paid during the year were slightly above target increasing to a record distribution of 40.5 cents per security compared to 28.5 cents per security paid during 2021.
<b>Corporate operational expenditure</b> (excluding costs of STIs and LTIs, Board approved special projects and at constant exchange rates)	12%	\$34 m (~105% of target)	\$32m	\$30m (~95% of target)	\$30m	Focuses management on the importance of making operational improvements and delivery of cost savings.	Corporate costs were effectively managed with a stretch outcome achieved.
Total financials	60%				65%		
<b>ESG targets – safety</b> Meet Corporate safety targets and Continue to professionalise safety processes within controlled businesses	5%	Progress to plan as assessed by the Boards			0%	Whether working or travelling with us, safety is our primary focus, and we pursue a zero-harm culture.	While the targets against individual measures were largely achieved during the year, due to the fatality of an APRR employee the Boards exercised discretion not to award an STI outcome to the MD & CEO and the Executive Team for safety performance.
<b>ESG targets</b> Implementation of 2022 TCFD 'road map' requirements against each of the 4 TCFD pillars	5%	Progress to plan as assessed by the Boards			5%	There is increasing expectation amongst regulators and investors that organisations align their actions and disclosures to TCFD recommendations. Alignment requires input and action from across the businesses, to effectively integrate consideration of climate-related issues into business processes, including risk, strategy and financial planning.	Set up clear roles and responsibilities to assess and manage climate-related issues with regular reporting to the Boards. Completed qualitative and quantitative scenario analysis to identify assess climate-related risks and opportunities and associated impacts. Integrating into Risk Management processes. TCFD-aligned disclosures being included in reporting suite (Annual and Sustainability Reports and Corporate Governance Statement), including reporting on Scope 1 and 2 emissions and associated targets. Establishment of Scope 3 emissions for corporate and wholly owned businesses.

1. Assessed based on distributions payable for the 2021 second half and the 2022 first half.

# REMUNERATION REPORT

Performance area and description	Weighting	Threshold	Target	Stretch	Result	Reason chosen	Performance assessment
<b>Corporate development and M&amp;A activity</b> Pursue and achieve clear progress on opportunities for growth that meet our strategic objectives	10%	Progress to plan as assessed by the Boards			10%	To deliver projects that achieve accretive long term value for ALX securityholders.	APRR network extended with ownership of the A79 finalised. Working with Eiffage and APRR achieved €410m investment plan in January 2023. Acquisition of Chicago Skyway is value accretive (given it is expected to deliver an internal rate of return exceeding our risk-adjusted cost of equity at the time of the acquisition), it doubles Atlas Arteria's weighted average concession life, and, together with cashflows from existing businesses, it is expected to provide for long-term sustainable distributions.
<b>Strategy</b> Develop and deliver an agreed strategy	10%	Progress to plan as assessed by the Boards			15%	Enable a rigorous informed review and establish a clear strategic focus for the business.	Board approval for strategic plan for the business developed and demonstrated clear progress on the implementation plan.
<b>Team Development</b> Focusing on leadership capability, and employee engagement	10%	Progress to plan as assessed by the Boards			10%	Focuses on the continued development of people capability, leadership and engagement to support the implementation of strategy and growth of the business.	Redesign of leadership program completed with a focus on embedding the fundamentals of leadership. Positive change in behaviour exhibited. Employee engagement – embedded consistent model/approach across the business resulting in a 10% increase in the engagement score. Expanded leadership team in place and is working well together.
Total non-financials	40%				40%		
Total financials/ non financials	100%				105%		
<b>Discretionary adjustment</b>					15%	The Boards have exercised discretion to adjust Mr Bevan's STI outcome by 15% out of a maximum discretionary opportunity of 45% in recognition of his contribution to the following: <ul style="list-style-type: none"> <li>- The negotiation and execution of the Chicago Skyway transaction;</li> <li>- Leadership and judgment, strong communication with the Boards and relationship management of significant events during a transformational year; and</li> <li>- The increasing maturity of the organisation and Executive Team.</li> </ul>	
Total award as a % of Target					120%		

## 6.2.2 Other executive KMP

The MD & CEO's STI objectives, both financial and non-financial, for 2022 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 2022.

Name	% of maximum achieved	Value – cash \$	Value – equity \$	STI forfeited \$
Graeme Bevans	80%	840,000	840,000	420,000
David Collins	73%	70,950	70,950	51,600
Vincent Portal-Barrault	87%	269,847	269,847	83,030
Nadine Lennie	61%	95,424	-	64,326

# REMUNERATION REPORT

## 6.3 Long term Incentive Plan

The relative TSR hurdle for the 2020 LTI award was tested following the end of the performance period on 31 December 2022. The result (an absolute TSR of 7.08%) was at the 43rd percentile of the comparator group which was below threshold and hence the vesting outcome was nil.

The following table summarises the relative TSR performance of the various grants of LTI awards since the time of appointment of the internal management team in 2018:

	2022	2021	2020	2019	2018
When tested	Will be tested on 31.12.2024	Will be tested on 31.12.2023	31.12.2022	31.12.2021	31.12.2020
Vesting outcome/projected vesting outcome based on performance to date	100%	100%	Nil	Nil	Nil

## Strategic LTI measures

Following the introduction of strategic measures for the 2022 LTI, we are providing a progress update below on performance during 2022 in the interests of transparency. The strategic measures were selected as the Boards believe delivery of these initiatives is fundamental to creating long-term value for securityholders.

Strategic Measure	Description	Key achievements in 2022
Dulles Greenway	Creating a clear pathway to distributions from Dulles Greenway	<ul style="list-style-type: none"> <li>– Political and stakeholder engagement continued during the period with the objective of delivering a more effective tolling regime at the Dulles Greenway.</li> <li>– In February 2023, legislation will be considered by the Virginia General Assembly which would authorise the Department of Transportation to negotiate the potential implementation of distance-based tolling on the Dulles Greenway.</li> <li>– A move to distance-based tolling is a critical step in the process of returning the Dulles Greenway to an investment grade credit rating, allowing the Dulles Greenway to come out of lock up and achieving distributions from the business that can be passed onto securityholders.</li> </ul>
Average portfolio concession length	Improving the average concession life of the Atlas Arteria portfolio	<ul style="list-style-type: none"> <li>– Atlas Arteria's average concession life was improved during the year with the addition of two roads.</li> <li>– The A79 was added to the APRR Group during the period with the ownership finalised in June 2022 and tolling commencing in November 2022. The A79 is an 88km road in France with a 48 year concession (45 years remaining).</li> <li>– A majority interest was acquired in the Chicago Skyway with the acquisition completing in December 2022. The Chicago Skyway is a 12.5km toll road in Chicago with a 99 year concession (81 years remaining).</li> <li>– In addition, there was continued dialogue with the French Government on achieving their road development and ESG objectives in return for concession extensions.</li> </ul>

Awards will only vest where:

- Quantifiable returns to securityholders from delivery of the strategic measures including the business case for the acquisition of the Chicago Skyway can be demonstrated; and
- Absolute TSR over the performance period has been positive.

The Boards will retain full discretion over vesting on being satisfied that the strategic objectives have been met based on clearly identifiable quantifiable outcomes that improve securityholder value. Factors the Boards will consider when determining the vesting outcomes will include progress against approved business plans and investment projections, cash flows, security price performance and returns delivered to securityholders. Full disclosure of the basis on which the vesting decisions were made will be provided to securityholders at the time of potential vesting.

# REMUNERATION REPORT

## 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.

Non-executive Director fees were last reviewed 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 was 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 was altered, but her aggregate remuneration only changed marginally. Also, no material changes to the Committee fees were 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 will reduce from five to four Directors, resulting in a reduction in total fees, offsetting these increases.

The fees paid during 2022 are set out below:

Fees	ATLAX		ATlix		
	Chair (AUD)	Member (AUD)	Chair (US \$)	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.

Non-executive Directors are also entitled to receive a travel fee of A\$10,000 for each occasion where they are required to travel over 8 hours to attend a Board meeting or strategy session.

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

### 7.2 2023 Non-executive Director fees

There will be no increase in Non-executive Director fees for 2023.

NED fee arrangements will be reviewed during 2023 with any adjustments to occur no earlier than 1 January 2024.

### 7.3 Aggregate fee pool

As approved by securityholders at the 2019 AGM, the aggregate ATLAX Non-executive Director fee pool is capped at A\$1,100,000 and the ATlix Non-executive Director fee pool is capped at US\$700,000.



# 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 approve recommendations from the PRCs. The Boards approve the quantum of remuneration for Non-executive Directors and the MD & CEO.	The PRCs consist entirely of independent Non-executive Directors. 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.	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.

### 8.2 PRCs activities during 2022

The PRCs are actively engaged in ensuring our remuneration and people programmes are contemporary and working as intended. The activities of the PRCs during 2022 included:

- Recommending the STI outcomes for 2021 to the Boards.
- Recommending the STI objectives for 2022, including recommending approval of the financial targets to the Boards.
- Monitoring progress against the 2022 STI targets.
- Reviewing the remuneration of the MD & CEO, the terms of appointment of the incoming CFO, separation arrangements for the previous CFO, and remuneration arrangements for other executives as required.
- Engaging remuneration consultants to provide market remuneration data to assist with the review of executive remuneration.
- 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.
- Reviewing and approving changes to the Atlas Arteria remuneration principles to better reflect the approach to decision making on remuneration matters.
- Recommendations to freeze NED fees for 2023 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 discretion over variable pay decisions.
- Potential employee implications from the IFM acquisition of ALX securities.
- Review progress against the Atlas Arteria People Plan and Priorities.
- 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.
- Executive Talent and 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 2022.

# 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, the Boards may exercise discretion such that 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.
<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.</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 securityholding requirements

Minimum securityholding 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 securityholdings 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 2022

The following table shows the total remuneration for the MD & CEO and executive KMP for 2022.

Name	Financial year	Short-term employee benefits			Post employment benefits	Share based payments		Total remuneration	Performance based pay %
		Cash salary	Annual leave accrual movement	Cash STI <sup>1</sup>	Superannuation contributions	LTI Awards <sup>1,2</sup>	STI Awards <sup>3</sup>		
Graeme Bevans	2022	\$1,375,570	(\$20,288)	\$840,000	\$24,430	\$615,642	\$902,852	\$3,738,206	63.1%
	2021	\$1,277,369	(\$38,944)	\$819,000	\$22,631	\$548,066	\$624,000	\$3,252,122	61.2%
David Collins <sup>4</sup>	2022	\$208,060	(\$5,741)	\$70,950	\$11,902	\$30,866	\$35,475	\$351,512	39.1%
	2021	-	-	-	-	-	-	-	-
Vincent Portal-Barrault <sup>5</sup>	2022	\$687,687	\$9,242	\$269,847	\$16,747	\$250,412	\$259,869	\$1,493,804	52.2%
	2021	\$632,210	\$24,687	\$249,892	\$16,756	\$235,495	\$205,585	\$1,364,625	50.6%
Nadine Lennie <sup>6</sup>	2022	\$171,608	(\$8,469)	\$95,424	\$5,892	\$74,141	\$0	\$338,596	50.1%
	2021	\$687,369	\$13,168	\$536,760	\$22,631	\$243,073	\$81,000	\$1,584,001	54.3%
<b>Total</b>	<b>2022</b>	<b>\$2,442,925</b>	<b>(\$25,256)</b>	<b>\$1,276,221</b>	<b>\$58,971</b>	<b>\$971,061</b>	<b>\$1,198,196</b>	<b>\$5,922,118</b>	<b>58.2%</b>
<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>

- 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 2022. 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 footnotes to the table titled 'Performance Rights held during the year' at section 9.3.
- The number of performance rights allocated to each participant is determined by dividing the remuneration value of the individual's LTI award by the face value of the securities to be granted (face value is calculated based on the post results 10 day VWAP).
- The deferred equity award for 2022 for the MD & CEO is subject to securityholder approval at the 2023 Annual General Meeting. The fair value of the MD & CEO's 2021 STI award is based on the security price at the date of grant, 10 May 2022, and includes an amount in respect of the distribution paid on 31 March 2022.
- Commenced 30 August 2022.
- Converted to AUD at a rate of A\$1 = €0.6590 (2021 €0.6347).
- N Lennie ceased to be a KMP upon termination of employment on 31 March 2022. Under the terms of her separation, Ms Lennie did not receive a severance payment, her 2021 and 2022 STI awards were payable in cash and Ms Lennie retained a pro rata number of unvested LTI awards all of which are subject to the original performance hurdles applicable to the awards.

# REMUNERATION REPORT

## 9.2 Non-executive Director statutory remuneration disclosures for 2022

The following table shows the fees paid to Non-executive Directors of ATLAX and ATLIX for 2022.

Name	Financial year	ATLAX fees (AUD)			ATLIX fees (USD)		
		Short-term benefits	Post employment benefits	Total	Short-term benefits	Post employment benefits	Total <sup>1</sup>
		Cash salary and fees	Superannuation		Cash salary and fees <sup>1</sup>	Superannuation <sup>1</sup>	
Debra Goodin <sup>2</sup>	2022	\$305,570	\$24,430	\$330,000	\$50,000	\$5,000	\$55,000
	2021	\$257,369	\$22,631	\$280,000	A\$89,294	A\$8,706	A\$98,000
Ariane Barker	2022	\$179,155	\$18,345	\$197,500	-	-	-
	2021	\$140,408	\$13,759	\$154,167	-	-	-
David Bartholomew <sup>3</sup>	2022	\$203,979	\$13,521	\$217,500	-	-	-
	2021	\$157,234	\$15,324	\$172,558	-	-	-
Jean-Georges Malcor	2022	\$202,500	\$0	\$202,500	-	-	-
	2021	\$160,115	\$0	\$160,115	-	-	-
Jeffrey Conyers	2022	-	-	-	\$220,000	-	\$220,000
	2021	-	-	-	\$160,000	-	\$160,000
Fiona Beck	2022	-	-	-	\$137,018	-	\$137,018
	2021	-	-	-	\$107,000	-	\$107,000
Andrew Cook <sup>3</sup>	2022	-	-	-	\$142,268	-	\$142,268
	2021	-	-	-	\$89,000	-	\$89,000
Caroline Foulger	2022	-	-	-	\$137,018	-	\$137,018
	2021	-	-	-	\$98,000	-	\$98,000
<b>Total – AUD</b>	<b>2022</b>	<b>\$891,204</b>	<b>\$56,296</b>	<b>\$947,500</b>	<b>\$989,909</b>	<b>\$7,212</b>	<b>\$997,121</b>
<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>

1. Fees payable to ATLIX Non-executive Directors converted to AUD at the average 2022 exchange rate of A\$1 = US\$0.6933 (2021 A\$1 = US\$0.7258).

2. Reflects the rebalance of fees across ATLAX and ATLIX.

3. Additional fees for duties performed as a member of the due diligence committee in respect of the Chicago Skyway Transaction and the Equity Raise – D Bartholomew \$12,500 and A Cook US\$5,250.

## 9.3 Equity instrument disclosures relating to KMP

### Securityholdings

The table below outlines the number of ordinary securities held by each KMP including their personally related parties, as at 31 December 2022, and the minimum securityholding requirements.

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

### Non-executive Directors

Name	Balance at 1 January 2022	Changes	Balance at 31 December 2022	Value at 31 December 2022 <sup>1</sup>	Minimum securityholding requirement <sup>2</sup>	Date securityholding to be attained
Debra Goodin	50,678	25,989	76,667	\$506,769	\$235,990	Nov-23
Ariane Barker	13,600	24,524	38,124	\$252,000	\$155,000	Mar-24
David Bartholomew	25,214	6,465	31,679	\$209,398	\$155,000	Oct-21
Jean-Georges Malcor	30,076	15,423	45,499	\$300,748	\$155,000	Nov-21
Jeffrey Conyers	59,838	30,686	90,524	\$598,364	\$161,979	Jul-20
Fiona Beck	25,853	27,176	53,029	\$350,522	\$161,979	Sep-22
Andrew Cook	20,000	13,000	33,000	\$218,130	\$161,979	Nov-23
Caroline Foulger	21,000	20,602	41,602	\$274,989	\$161,979	May-23

1. Based on the closing price of Atlas Arteria securities on 31 December 2022 of \$6.61. The requirement is assessed at the higher of the purchase price or market value of the securities.

2. The minimum securityholding requirement for ATLIX Board members has been converted to AUD at the 31 December 2022 exchange rate of A\$ = US\$0.6791.

# REMUNERATION REPORT

## Executive KMP

Name	Balance at 1 January 2022	Changes during the year	Granted during the year as compensation	Received during the year exercise of a right	Balance at 31 December 2022 <sup>1</sup>	Value at 31 December 2022	Minimum security holding requirement	Date security holding to be attained
Graeme Bevans	229,659	86,029	127,570	–	443,258	\$2,929,935	\$1,400,000	May-23
David Collins <sup>2</sup>	–	–	–	–	–	–	\$322,500	Sep-27
Vincent Portal-Barrault <sup>3</sup>	66,087	-12,600	37,455	–	90,942	\$601,127	\$358,468	Dec-23

1. Based on the closing price of Atlas Arteria securities on 31 December 2022 of \$6.61. The requirement is assessed at the higher of the purchase price or market value of the securities.

2. Commenced as a KMP Executive on 30 August 2022.

3. The minimum security holding requirement for the Luxembourg based executive has been converted to A\$ at the 31 December 2022 exchange rate of A\$1 = €0.6360.

## Performance rights held during the year

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

Grant date	Performance period start date	Vesting and exercise date	Exercise price \$	Expiry date	Grant date fair value of performance rights \$	Performance achieved #	% Vested %	Minimum value yet to vest \$	Maximum value yet to vest \$
TBC <sup>1</sup>	1 January 2022	31 December 2024	0.00	28 February 2025	4.26	To be tested	N/A	0	27,502
TBC <sup>1</sup>	1 January 2022	31 December 2024	0.00	28 February 2025	4.42	To be tested	N/A	0	31,479
8/11/2022 <sup>2</sup>	1 January 2022	31 December 2024	0.00	28 February 2025	4.26	To be tested	N/A	0	129,476
8/11/2022 <sup>2</sup>	1 January 2022	31 December 2024	0.00	28 February 2025	4.42	To be tested	N/A	0	144,882
10/05/2022 <sup>2</sup>	1 January 2022	31 December 2024	0.00	28 February 2025	4.17	To be tested	N/A	0	289,025
10/05/2022 <sup>2</sup>	1 January 2022	31 December 2024	0.00	28 February 2025	4.75	To be tested	N/A	0	410,069
6/04/2022 <sup>2</sup>	1 January 2022	31 December 2024	0.00	28 February 2025	3.59	To be tested	N/A	0	90,284
6/04/2022 <sup>2</sup>	1 January 2022	31 December 2024	0.00	28 February 2025	6.58	To be tested	N/A	0	211,121
28 April 2021	1 January 2021	31 December 2023	0.00	28 February 2024	2.95	To be tested	N/A	0	329,531
19/05/2020 <sup>3</sup>	1 January 2020	31 December 2022	0.00	28 February 2023	3.43	Below threshold	Nil	N/A	N/A
3/03/2020 <sup>3</sup>	1 January 2020	31 December 2022	0.00	28 February 2023	5.02	Below threshold	Nil	N/A	N/A
21 June 2019	1 January 2019	31 December 2021	0.00	28 February 2022	3.63	Below threshold	Nil	N/A	N/A

1. The 2022 LTI award of performance rights to be awarded to the MD & CEO, subject to securityholder approval at the 2023 AGM. The grant date has been estimated for the purposes of expensing.

2. The value per instrument of the performance rights granted during the year with relative and positive absolute TSR hurdles was \$3.59 (6 April 2022), \$4.17 (10 May 2022) and 4.26 (8 November 2022). The value per instrument of the performance rights granted during the year with strategic and positive absolute TSR hurdles was \$6.58 (6 April 2022), \$4.75 (10 May 2022) and \$4.42 (8 November 2022).

3. The 2020 LTI Award was tested following the end of the performance period on 31 December 2022. 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 2021 #	Granted in the year ended 31 December 2022 <sup>1</sup> #	Exercised in the year ended 31 December 2022 #	Lapsed in the year ended 31 December 2022 <sup>2</sup> #	Balance at 31 December 2022 #	Unvested at 31 December 2022 #	Value of performance rights granted during year <sup>3</sup> #
Graeme Bevans	533,941	202,492	0	(157,419)	579,014	579,014	903,114
David Collins	0	70,328	0	0	70,328	70,328	305,224
Vincent Portal-Barrault <sup>4</sup>	195,150	73,536	0	(60,077)	208,609	208,609	373,931
Nadine Lennie <sup>5</sup>	208,466	0	0	(124,638)	83,828	83,828	N/A

- The number of performance rights granted during the year under the 2022 Long Term Incentive Awards which are subject to performance hurdles.
- The number of performance rights lapsed during the year under the 2019 Long Term Incentive Award.
- External valuation advice from Aon has been used to determine the value of the performance rights awarded during year ended 31 December 2022. The valuation was made using a Stochastic Model which includes a Monte Carlo simulation model. The value per instrument of the performance rights granted during the year with relative and positive absolute TSR hurdles was \$3.59 (6 April 2022), \$4.17 (10 May 2022) and \$4.26 (8 November 2022). The value per instrument of the performance rights granted during the year with strategic and positive absolute TSR hurdles was \$6.58 (6 April 2022), \$4.75 (10 May 2022) and \$4.42 (8 November 2022).
- In April 2022, Vincent Portal-Barrault was awarded 36,798 performance rights with vesting subject to achieving a number of strategic outcomes. These awards had an original value of \$6.58 and were due to expire over a 2-3 year period, depending on the outcome of the performance conditions described above. In April 2022, these awards were modified at the discretion of the Board and the terms of the award were amended with the inclusion of an additional positive TSR gateway as a market condition and a fixed vesting period of 3 years. This resulted in a decrease in the fair value from \$6.58 to \$4.75. As the revised terms are non-beneficial to Vincent and result in a decrease in the fair value, the performance rights will continue to be recognised under the original fair value as if the terms have not been modified, consistent with AASB 2.
- N Lennie ceased to be a KMP upon termination of employment on 31 March 2022. The number lapsed includes performance rights forfeited on termination of employment. The balance represents her net holding on the date she ceased to be a KMP.

## Unvested STI Equity Awards during 2022

During 2022, awards of restricted securities equal to 50% of their awards under the Groups 2021 STI Plan were granted to the executive KMP. The securities were restricted for 12 months from the end of the performance period (31 December 2021). Following the end of the restriction period on 31 December 2022, the PRCs have confirmed 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 2021 #	Granted in the year ended 31 December 2022 <sup>1</sup> #	Vested in the year ended 31 December 2022 <sup>2</sup> #	Lapsed in the year ended 31 December 2022 #	Balance at 31 December 2022 #	Unvested at 31 December 2022 #	Value of restricted securities granted during year \$
Graeme Bevans	75,929	127,570	75,929	0	127,570	127,570	810,071
David Collins <sup>3</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vincent Portal-Barrault	26,763	37,455	26,763	0	37,455	37,455	249,851
Nadine Lennie <sup>4</sup>	28,673	0	28,673	0	-	-	N/A

- Restricted Securities granted in respect of the 2021 STI Plan. These securities vested in full in January 2023.
- Restricted Securities granted in respect of the 2020 STI Plan. These securities vested in full in January 2022.
- Commenced 30 August 2022.
- Under the terms of Ms Lennie's separation from Atlas Arteria her 2021 STI award was paid in cash.

## 9.4 Loans to Directors or related parties

There were no loans to Directors or related parties during 2022.

## 9.5 Other transactions with KMP

There were no other transactions with KMP.