



Auditor Independence Policy

Atlas Arteria Limited
Atlas Arteria International Limited

Auditor Independence Policy

Introduction

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

Policy Statement

- The policy applies to ALX which is defined as comprising;
 - Atlas Arteria International Limited (**ATLIX**) and its controlled entities; and
 - Atlas Arteria Limited (**ATLAX**) and its controlled entities.
- There are certain services which the ARCs have determined do not impair the audit independence of the ALX audit firm. Those services (Pre-Approved Tax Services – Category A and Pre-Approved Audit-Related and Other Services – Category B) are set out in Attachments A and B respectively. Any assignment within either of those categories may be carried out by the ALX audit firm, with further approval being required only if the proposed fee for the assignment exceeds \$5,000 (before GST) or equivalent. If the proposed fee exceeds that amount, the proposal is to be submitted to the ALX Chief Financial Officer (**ALX CFO**) for approval for engagements up to \$25,000 (before GST). If the proposed fee exceeds \$25,000 (before GST) the proposal is to be submitted to the ATLAX ARC Chairman and the ATLIX ARC Chairman for their approval for engagements up to \$100,000 (before GST) and to the ATLAX and ATLIX ARCs for any engagements over this level.
- There are certain other assignments (Prohibited Services – Category C) which the ALX audit firm is specifically prohibited from carrying out, to ensure its independence is not impaired. These are set out in Attachment C.
- The ALX audit firm are permitted to provide services falling outside Categories A and B provided that the provision of those services would not impair the audit independence of the ALX audit firm and that specific pre-approval is obtained from the ATLAX and ATLIX ARCs for each such assignment.
- The ALX CFO is to be contacted in the first instance if there is doubt as to whether a service is permissible, or if approval is required to be sought.

Policy

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

The audit firm must not provide services that have the potential to impair or that may appear to impair the independence of its audit role. The principal external auditor is also required to maintain a system of quality controls to monitor its independence of ALX.

Nothing in this policy is to be interpreted as removing or qualifying in any way the obligation of the audit firm not to carry out any services which are contrary to the applicable rules or policies of any relevant authority. The audit firm should only be used in cases where it is clearly best placed to provide the proposed services.

Independence representations

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

Employment and financial relationships applicable to the principal external auditor

- The audit firm must comply with APES 110 and with the auditor independence requirements of the Corporations Act pertaining to employment relationships:
 - all partners and employees of the audit firm providing services to ALX are prohibited from being an officer or director of ALX;
 - an immediate family member of an audit partner, or of any audit firm employee on the

Auditor Independence Policy

audit of ALX is prohibited from being an officer, director or employee in a senior audit facing role at ALX;

- a former audit firm partner or employee, having worked at any time on the audit of ALX, is prohibited from becoming a director or officer in a senior audit facing role at ALX until the lapse of the “cooling off” period of at least two years and, after the two year “cooling off” period, can have no continuing financial relationship with the audit firm. The “cooling off” period is two years from the date of departure from the firm. The audit firm engagement team in any given year cannot include a person who had been a former officer or an employee in a senior audit facing role at ALX during the financial year being audited or in the prior twelve months;
- officers of ALX are prohibited from receiving any remuneration from the audit firm.
- The audit firm must adhere to the auditor independence requirements of the Corporations Act and the requirements of APES 110 pertaining to financial independence. Specifically:
 - the audit firm, its partners and its employees on the audit of ALX, and the immediate family members; and employees of the audit firm who are non-audit service providers, and their immediate family members, are prohibited from having a direct or material indirect investment in ALX;
 - the audit firm, its partners and its employees on the audit of ALX, and their immediate family members are prohibited from having loans or guarantees from or to ALX;
 - the audit firm, its partners and its employees are prohibited from having a financial interest in any entity with a controlling interest in an ALX Group entity.

Business relationships

The audit firm must adhere to the auditor independence requirements of the Corporations Act and the requirements of APES 110 pertaining to business relationships. Specifically:

- members of the audit team and the audit firm are prohibited from having a business relationship with ALX or any officer or management of ALX unless the relationship is clearly insignificant to both parties.

Non-audit services

- The ARCs have also established a policy governing the provision of non-audit services by the audit firm to ensure the independence of the principal external auditor is not affected by conflicts. This policy applies to services provided by the principal external auditor to ALX, regardless of whether the ALX auditor is the auditor of the particular entity.
- The policy identifies the nature of certain non-audit work that can be undertaken (Pre-Approved Tax Services – Category A and Pre-Approved Audit-Related and Other Services – Category B) without further approval (other than where a proposed fee for an assignment exceeds \$5,000) because the ARCs have determined that that work does not cause the audit firm to:
 - assume the role of management
 - become an advocate for their own client
 - audit their own professional expertise
 - create a mutual or conflicting interest between the audit firm and ALX
- The policy also identifies the nature of certain non-audit work that cannot be undertaken (Prohibited Services – Category C), to ensure that the audit firm does not:
 - assume the role of management
 - become an advocate for their own client
 - audit their own professional expertise
 - create a mutual or conflicting interest between the audit firm and ALX
- A service falling outside Categories A and B may be provided by the audit firm only with the specific approval of the ARCs (regardless of the level of the proposed fee).

Approvals

- A process of approval is in place to control the nature of permissible non-audit work undertaken by the principal external auditor:
 - Any Pre-Approved Tax Services (Category A) or Pre-Approved Audit-Related and Other Services (Category B) may be provided by the principal external auditor except that, if the proposed fee for a particular assignment

Auditor Independence Policy

is expected to exceed \$5,000 (before GST) or equivalent, the proposal is to be submitted to the ALX CFO for approval for engagements up to \$25,000 (before GST). If the proposed fee exceeds \$25,000 (before GST) the proposal is to be submitted to the ATLAX ARC Chairman and ATLIX ARC Chairman for their approval for engagements up to \$100,000 (before GST) and to the ARCs for any engagements over this level.

- Any proposal for the principal external auditor to provide a service falling outside Categories A and B must be put to the ATLAX and ATLIX ARCs for approval.
- The ATLIX and ATLAX ARCs must receive a report of all non-audit services provided by the principal external auditor in the six months ending 30 June and 31 December, within two months of the respective dates.

Fees

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

Partner rotation

ALX requires that the Lead Auditor and the Review Auditor of ALX be rotated every five years unless the Boards grant approval to extend the term for up to a further two years.

Review

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

Contacts

If you require assistance or guidance on any of the above matters, please contact the ALX CFO, Finance Manager or Risk Manager.

Auditor Independence Policy - Attachment A

Pre-Approved Tax Services (Category A)

The following tax services may be provided by the ALX audit firm with the following written approvals below::

- The CFO, for engagements where the proposed fee for the assignment is below \$25,000 (before GST).
- The Chair of the Audit & Risk Committee for engagements where the proposed fee is up to \$100,000 (before GST); and
- The the Audit & Risk Committees for any engagements over this \$100,000.

Any assignment (whether carried out as a tax service only, or as a tax service that is also a legal service) where the fee arrangement does not involve payment of a contingency fee, commission or success fee and which is any of the following:

- 1) **Related to Compliance** – Australian and international tax compliance, including:
 - a) advice and services (excluding any assignment not specifically approved by the ARCs whereby the ALX audit firm would both (i) initiate and bring to ALX a tax idea, scheme or product for the reduction or optimisation of ALX's own tax liabilities, and (ii) provide the sole or primary supporting opinion thereon on which ALX would rely), including with respect to transfer pricing matters and including assistance with tax exemptions and the preparation of reports used to comply with taxing authority documentation requirements.
 - b) lodgement of income tax returns and tax ruling requests pursuant to Australian and foreign tax legislation (including managing and progressing such returns and requests through engagement with the relevant revenue authorities);
 - c) lodgement of returns relating to any form of indirect or secondary tax;
 - d) assistance in the preparation of tax returns referred to in the two items immediately above (but with no authority for making decisions whether to make elections or for determining any amounts declared therein);
 - e) assistance in the handling of specific items in tax returns, and in connection with responding to queries in relation to those returns from relevant tax authorities; or
- f) reviews of tax results, distribution figures and tax-related investor communications for trusts or funds where any ALX group entity is the trustee or manager.
- 2) **Provision of Advice** – Australian and international tax advice in relation to:
 - a) the interpretation, application and administration of Australian and foreign tax legislation, law and practice in connection with transactions implemented or proposed by ALX;
 - b) the implications of executed transactions already executed;
 - c) transactions, ideas, structures or reports to third parties that are developed by or are proposed by ALX. (For the avoidance of doubt, this item does not include any assignment not specifically approved by the ARCs whereby the ALX audit firm would both (i) initiate and bring to ALX a tax idea, scheme or product for the reduction or optimisation of ALX's own tax liabilities, and (ii) provide the sole or primary supporting opinion thereon on which ALX would rely); or
 - d) statutory, regulatory or administrative taxation developments.
- 3) **Tax audits and enquiries** – interpreting and advising on taxation legislation, law and practice in connection with tax audits and appeals before Australian and foreign tax authorities and agencies, and assisting or supporting (but not being) the primary representative in any dispute or proceeding in a court or tribunal in connection with a tax audit or appeal.
- 4) **Providing Training** – in relation to tax law and compliance matters.
- 5) **Tax-related due diligence and advice** – pertaining to the provision of equity and debt finance in connection with the acquisition or disposition of parties other than ALX or its material associates.

Auditor Independence Policy - Attachment A

- 6) **Employee tax assistance and compliance** – including the calculation of net salaries for expatriates, preparation of individual income tax returns, advice on personal income tax planning, assistance in complying with personal income tax, relocation and associated matters, and advice on the impact of changes in local tax laws and consequences of changes in compensation programs or practices, excluding any such services that would constitute the provision of bookkeeping services or the handling of funds and also excluding any such services to individuals in a Financial Reporting Oversight Role or their families.
- 7) **Tax Risk Management** – Review of tax compliance procedures and tax risk management.

Auditor Independence Policy - Attachment B

Pre-Approved Audit-Related and Other Services (Category B)

The following audit related and other services may be provided by the ALX audit firm with the following written approvals below::

- The CFO, for engagements where the proposed fee for the assignment is below \$25,000 (before GST).
- The Chair of the Audit & Risk Committee for engagements where the proposed fee is up to \$100,000 (before GST); and
- The the Audit & Risk Committees for any engagements over this \$100,00.

Any assignment where the fee arrangement does not involve payment of a contingency fee, commission or success fee and which is any of the following:

- 1) The assessment and testing (but not design or implementation) of internal controls.
- 2) Review of projects and programs during the execution, and/or conclusion of, projects.
- 3) Review of compliance with laws and regulations concerning incorporation or organising of entities, constituent documentation (such as constitutions and articles of association) and lodgement of statutory filings with regulators.
- 4) Undertaking internal investigations and fact finding in connection with alleged improprieties.
- 5) Peer review of the in-house actuarial function and review of actuarial reports and calculations to assist in understanding those valuations and the potential impact of superannuation plan changes or changes in accounting standards.
- 6) Training of employees in relation to new or revised accounting, regulatory or industry developments.
- 7) Pension or superannuation advisory services related to assistance in the registration of pension or superannuation plans as well as when required by country specific regulations.
- 8) Financial due diligence and transaction services pertaining to the provision of equity and debt finance in connection with the acquisition or disposition of parties other than ALX or its material associates.
- 9) Provision of facilitation for accelerated group decision making around complex business issues.
- 10) Review of governance, risk and compliance frameworks and activities and benchmarking governance, risk and compliances frameworks and activities against practices at other financial institutions.
- 11) Benchmarking on any agreed area/process/function/policy, either against local or global peers, to provide insight on ALX's practices relative to industry practices. This service may include conducting gap analysis and delivery of recommendations regarding potential areas of improvement, provided that such services do not involve the design or implementation of internal controls over financial reporting.
- 12) Tax only valuation services relating to transfer pricing and cost segregation studies, where the valuation is not included in the financial statements of the Group or any of its material associates.

Auditor Independence Policy - Attachment C

Prohibited Services

The following services are prohibited and cannot be provided by the ALX audit firm (except, in the case of item 13, with the prior approval of the ARCs):

- 1) Bookkeeping or other services related to ALX's accounting records or financial statements.
- 2) Design and implementation of financial information systems and controls or of information technology systems and controls.
- 3) Appraisal or valuation services (other than tax only valuation services as noted in Attachment B), fairness opinions or contribution in-kind reports.
- 4) Actuarial services (other than the reviews described in Attachment B).
- 5) Internal audit outsourcing services.
- 6) Management functions, including acting as an employee and secondment arrangements.
- 7) Human resources services:
 - a) searching for or seeking out prospective candidates for managerial, executive, or director positions;
 - b) engaging in psychological testing, or other formal testing or evaluation programs;
 - c) undertaking reference checks for prospective candidates for an executive or director position;
 - d) acting as a negotiator on ALX's behalf, such as determining position, status or title, compensation, fringe benefits, or other conditions of employment; or
 - e) recommending, or advising that ALX hires a specific candidate for a specific job (except that the auditor may, upon request by ALX, interview candidates and advise ALX on the candidate's competence for financial accounting, administrative or control positions).
- 8) Broker-dealer, investment adviser or investment banking services.
- 9) Legal services or litigation support services that in either case are not Tax Services covered by

Attachment A.

- 10) Providing an expert opinion or other expert service for the purpose of advocating the interests of ALX or a material associate in litigation or in regulatory or administrative proceedings or investigations in relation to matters other than tax.
- 11) Tax services for individuals, and any immediate family members of any individuals, in a Financial Reporting Oversight Role. This restriction applies whether the service is paid for by ALX or by the individual.
- 12) For corporate recovery and similar services, ALX or a material associate may not appoint, approve or influence the appointment of the auditor where it:
 - a) has significant influence (measured as direct or indirect possession of 20% or more of the voting power) over the syndicate of financiers; or
 - b) has a significant stake in the outcome of the transaction (e.g. where the amount due from the third party is material to ALX or any material associate); or
 - c) has primary responsibility for reviewing the External Auditor's advice and for making decisions based on that advice; or
 - d) pays more than its proportionate share of fees for the advice of the auditor; or
 - e) is the sole lender to the third party (in such cases the auditor may not be appointed as investigating accountant, receiver, administrator or liquidator to that third party).
- 13) Any assignment where the ALX audit firm would both (i) initiate and bring to ALX a tax idea, scheme or product for the reduction or optimisation of ALX's own tax liabilities, and (ii) provide the sole or primary supporting opinion thereon on which ALX would rely. However, the ARCs may approve such an assignment (as an exception to normal policy) if it is satisfied that the use of the ALX audit firm is clearly in the interests of ALX and its shareholders and that measures can be adopted to safeguard against actual or perceived threats to the ALX audit firm's independence.

Auditor Independence Policy

-
- 14) Any assignment where the fee arrangement would involve payment of a contingency fee, commission or success fee.