



Risk Management Policy

Atlas Arteria Limited
Atlas Arteria International Limited

Risk Management Policy

Introduction

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

Policy Statement

To allow us to achieve our organisational objectives and to execute our strategy, we have a clear risk strategy, supported by a positive and proactive risk culture and comprehensive risk management systems. A robust risk management system enables ALX to capture opportunities, and to proactively minimise harm inherent in risks where possible.

Identification and management of risk is the responsibility of everyone at ALX. Risk is an inherent part of ALX's business and management of that risk is therefore critical to ALX's continuing sustainable profitability and financial strength. This policy outlines how ALX identifies, monitors and mitigates its risks.

This policy outlines how ALX identifies, analyses, monitors and manages its risks.

Risk Management Overview

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

Risk Culture

A strong risk management culture is crucial to the continued success of our operations. This risk culture enables awareness, ownership and proactive management of risks while promoting prudent risk taking.

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

Risk Appetite Statement

The purpose of a Risk Appetite Statement is to describe:

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

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

The Risk Appetite Statement is reviewed at least annually and approved by the Board.

Risk Management Framework

ALX has its own risk management framework and policies that reflect its strategic, business operations, financial, technological, legal and governance risks. A key part of this framework is clear identification of risk roles and responsibilities represented by 'three lines of defence'.

Roles and Responsibilities

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

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

Board Oversight

The ATLAX and ATLIIX Boards are responsible for the overall corporate governance of ALX and its controlled entities, including:

- Reviewing ALX's Strategic Risks;
- Approving the risk management policy and risk appetite; and
- Overseeing the Risk Management Framework.

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

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

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Senior Management Oversight

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

- Key aspects of the Risk Management Framework;
- Delegation of approvals required under the Risk Management Framework;
- Risk management reporting including operational issues and operational losses;
- Access to rectify operational control weaknesses and breakdowns including fraud;
- Due diligence conducted for appointment and ongoing monitoring of outsourced arrangements; and
- Results of risk self assessment reviews and workshops.

Operations Management

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

This is achieved by:

- Documented policies and procedures and risk management treatment plans;
- Staff training in respect of the Risk Framework policies and procedures to be followed;
- Strong risk culture, embedding risk based decision making across ALX
- Regular review of compliance with underlying policies and procedures; and
- Appropriate reporting of operational issues and risks to senior management and the Boards.

Asset Risk Management

Each business owned or controlled by ALX adopts a risk management framework which enables consistent risk management and risk reporting.

While ALX's ability to control or influence such a framework and infrastructure differs based on ALX's level of ownership/control, it is ALX's policy

to confirm that each business has an appropriate risk management framework in place to assist the asset to effectively manage its risks.

Board, Committees and Breach Reporting

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

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

Regulatory Breach Reporting

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

Responsibility

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

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

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

Review

On an annual basis this policy will be reviewed and if appropriate updated and submitted to the ALX ARCs for approval.

Contacts

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