



# Board Charter

**Atlas Arteria International Limited**

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

# ATLIX Board Charter

## Introduction

Atlas Arteria Group (**ALX**) is a dual stapled vehicle externally managed by Macquarie.

ALX comprises Atlas Arteria Limited (ACN 141 075 201) (**ATLAX**), an Australian public company and Atlas Arteria International Limited (Registration no. 438 28) (**ATLIX**), an exempted mutual fund company incorporated in Bermuda both of which are listed on the Australian Securities Exchange (**ASX**). The securities of ATLAX and ATLIX are stapled and must trade and otherwise be dealt with together.

Management and advisory agreements with Macquarie Fund Advisers Pty Limited (ABN 84 127 735 960) (the **ALX Manager**) (AFS Licence Number 318 123) were entered into by ATLIX and ATLAX (the **ATLIX Advisory Agreement** and the **ATLAX Management Agreement** respectively) at the time of establishment of ALX and updated effective as at 15 May 2018.

ATLIX and ATLAX have also entered into a cooperation deed which provides for sharing of information, adopting of consistent accounting policies and coordination of reporting to securityholders (**ALX Cooperation Deed**).

## Purpose of this Charter

This charter sets out the functions and responsibilities of the Board of ATLIX within the governance of ALX.

The Board is governed by the constitution of ATLIX.

## Role and Responsibilities

The Board is accountable to the shareholders of ALX for the long term performance of ATLIX.

The responsibilities of the Board include:

- Providing leadership and in conjunction with ATLAX, setting strategic objectives for ALX
- Approving acquisitions, divestments, operating budgets and capital management activities
- Approving annual and half yearly financial statements and Directors' Report and other material related disclosures, including the corporate governance statement
- Monitoring the financial performance of ALX
- Monitoring ALX's material business risks and how they are managed,

- Overseeing the process for establishing a risk management framework in respect of ALX's material business risks and operational risks and approving a risk management policy
- Monitoring and assessing the performance of the ALX Manager under the management agreement
- Periodically reviewing the Advisory Agreement
- Monitoring and influencing ALX's corporate culture, reputation, ethical standards and legal compliance.

In support of the above, the Board will:

- Appoint, review the performance of and when necessary request the Manager to replace, the Chief Executive Officer, the Chief Financial Officer and Company Secretary in accordance with the ATLIX Advisory Agreement
- Assess the adequacy of resources provided under the ATLIX Advisory Agreement
- Oversee the ALX Manager's implementation of the Board's strategic objectives, and its management of ALX generally
- Monitor the integrity of the accounting and corporate reporting systems used by the ALX Manager for ATLIX financial reporting, the integrity and effectiveness of internal controls and oversee the external audit
- Oversee the process for making timely and balanced disclosure of all other material information concerning ALX that a reasonable person would expect to have a material effect on the price or value of ALX's securities
- Monitor implementation of ALX's risk management framework and review ALX's risks
- Approve key policies governing the operations of ALX
- Oversee communications with shareholders and regulators.

## Composition

The following guidelines apply to Board composition:

- The Board is to comprise at least three directors, but not more than five directors
- The Chairman and a majority of the Board must be independent non executive directors.

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Independence of each director is assessed by the Board at least annually. For further details see appendix 1

- In accordance with the ALX Cooperation Deed, ATLIX has agreed that it will look favourably upon a ATLAX director being nominated for appointment or election to the ATLIX board (such that there will be at least one director in common between the ATLAX board and ATLIX board) where to do so will promote co-operation and consultation in respect of the affairs of ATLAX and ATLIX and where practicable take steps to facilitate that person's appointment or election to the ATLIX Board.
- There must not be half or more of the Board of directors located in any jurisdiction other than Bermuda and no person may be appointed as a director if it would cause a majority of the ATLIX Board to be resident for tax purposes in a jurisdiction other than Bermuda.
- The Board is to be comprised of directors with an appropriate range of qualifications, skills, expertise and experience appropriate for ALX's strategy
- Directors must stand for election on a three year rotational basis in accordance with the requirements of the ATLIX constitution. To ensure an appropriate process of Board renewal, directors will generally retire after 10 years but their term can be extended if considered of significant benefit to ALX
- If there is a vacancy on the Board that remains unfilled or if there are any casual vacancies on the Board then the Board may appoint any person to fill that vacancy in accordance with the ATLIX constitution, to hold office only until the next general meeting of ATLIX Shareholders
- The Chief Executive Officer must not be a director if an employee of the ALX Manager.

## Non Executive Director Board Selection Process

The Board in consultation with the Nomination and Governance Committee determines the composition of the Board. The Board together with the Nomination and Governance Committee will review the skills represented by the directors on the Board and determine whether the composition and mix of skills remain appropriate for ALX's strategy.

## Meetings

The Board will have at least five scheduled meetings per year as well as strategic workshops and periodic site visits, with additional meetings being scheduled as the Chairman shall deem appropriate in order for the Board to fulfil its duties. In addition, the Company Secretary is required to convene a meeting if requested to do so by any director.

## Committees

The Board may from time to time establish committees to assist it in the discharge of its duties, and, where appropriate, may delegate any of its powers to a committee or committees.

There are three standing committees with written charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate:

- Audit and Risk Committee – comprised of at least three directors, all members must be non executive directors, a majority must be independent directors and the Chairman must be an independent director who is not the chair of the Board
- Nomination and Governance Committee – comprised of at least three directors, a majority must be independent directors and the chair must be an independent director
- Remuneration Committee – comprised of at least three directors, a majority must be independent directors and the chair must be an independent director.

The Committee Chairman shall report on the committee's work at the next scheduled Board meeting and minutes of each meeting will be prepared and circulated.

## Relationship with Management

The Boards have appointed the ALX Manager to manage the business of ATLIX and ATLAX pursuant to the ATLIX Advisory Agreement and ATLAX Management Agreement respectively.

The ATLIX Advisory Agreement is a discretionary management agreement, with key decision making reserved to the Board.

The ALX Manager is required to assist with the general administration of ATLIX, provide active management of its assets and make recommendations in respect of acquisitions, divestments and capital management. The Board has no obligation to act on the recommendations

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of the ALX Manager and can appoint other advisers, and staff, if it wishes.

The ALX Manager also has sub advisory agreements with other Macquarie Group companies in various non Australian jurisdictions to assist with its management functions offshore, at no additional cost to ATLIX. Staff of the ALX Manager, and the Macquarie sub adviser entities, are all Macquarie Group employees.

Under the ATLIX Advisory Agreement, the ALX Manager must provide Macquarie Group employees at no additional cost:

- To act as the Chief Executive Officer, Chief Financial Officer and Company Secretary of ATLIX at the direction of the Board.
- For appointment by the Board as its representatives on the boards of portfolio companies.

The split of responsibilities between the Board, the Chief Executive Officer and Chief Financial Officer (having regard to the discretionary nature of the ATLIX Advisory Agreement) is formalised in a written table which is approved by the Board.

The Board monitors the division of responsibilities between the Board, the Chief Executive Officer and Chief Financial Officer to satisfy itself that they continue to be appropriate to the needs of ATLIX.

## Induction and Training

### Induction

Each new director will upon appointment, participate in an induction programme. This will include discussions with the Chairman, the Chief Executive Officer and other relevant executives to gain an understanding of ALX in general and ATLIX and its procedures in particular.

### Training

Directors should ensure that they keep themselves adequately informed in respect of relevant industry and regulatory issues and changes.

Each director will be invited to participate in:

- internal training sessions and conferences organised by Macquarie Group from time to time in respect of relevant industry and regulatory issues; and
- asset tours organised from time to time.

Any other training requirements should be discussed with and if appropriate arranged by the Company Secretary (with the Chairman's approval).

## Performance Evaluation

The Board will assess its performance and that of each Board committee and each director annually and, for any individual director, prior to recommending their re-election at an annual general meeting.

## Access

The Board may seek further information on any issue, including requesting that particular executives present to it on the performance, strategy or outlook for ALX or particular assets.

Each director will have direct access to the Chief Executive Officer, Chief Financial Officer and Company Secretary and to any other staff member of the ALX Manager through the Chief Executive Officer or Company Secretary.

Each director shall have the ability to take independent professional advice where that director considers it necessary to carry out their duties and responsibilities. Any costs incurred as a result of the director consulting an independent expert will be borne by ATLIX, subject to the estimated costs being approved by the Chairman in advance as being reasonable.

## Charter Review

The Board will review this Charter annually to keep it up to date and consistent within the Board's objectives and responsibilities.

## Publication

Copies of this Charter and the charters of the Audit and Risk Committee, the Nomination and Governance Committee and the Remuneration Committee are to be made available on the ALX website.

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## Appendix 1

### Independence Requirements

A Director will be considered independent if not a member of management, and if they are free of any interests or relationships that could materially interfere with the director's ability to act in the best interests of ATLIX and independently of management.

The independence of each Non-Executive Director (NED) is considered prior to appointment and then confirmed annually by the Board.

Prior to the consideration of director independence, each NED is asked to declare whether they have any interests or relationships that could materially interfere with the directors ability to act in the best interests of ATLIX and independently of management (Declaration).

Each NED is also asked to provide information regarding relationships with Macquarie Group Limited (MGL), including relationships of close family members with ALX or MGL, for review by the Board.

A NED will normally be considered independent if they:

- are not a substantial shareholder of ALX or MGL or of a company holding more than five per cent of ALX's or MGL's voting stock or an officer of or otherwise associated directly with a shareholder holding more than five per cent of ALX or MGL's voting stock.
- have not been employed within the last three years in an executive capacity by ALX or MGL or any of their group members or been a director after ceasing to hold any such employment.
- have not been a partner, director or senior employee of a material professional adviser to ALX or MGL and any of their group members within the last three years.
- have not had a material business relationship, including as a supplier or customer, within the last three years with ALX or MGL or any of their group members or an officer of, or otherwise associated with, someone with such a relationship.
- do not have a material contractual relationship with ALX or MGL or any of their group members other than as a director.
- are not a director of any of more than two MGL managed vehicle head boards (stapled entities count as one group).

- do not have any other interests or relationships (including close family ties with any person who falls within any of the categories described above), that could materially interfere with the director's ability to act in the best interests of ALX and independently of management.

The Nomination and Governance Committee reviews each Director's Declaration, tenure and the materiality of any interests or relationships disclosed by the NED. Materiality is assessed having regard to each individual director's circumstances, the circumstances of the supplier, customer or advisor and any other significant relationships with ALX, MGL or any of their group members.

The Board manages potential conflicts that may arise from disclosed business relationships or interests in accordance with its guidelines for Board members declaring and dealing with conflicts of interest.

A Director who is or within the last three years has been a partner, director or senior employee of a professional adviser will not participate in any consideration of the possible appointment of the professional adviser and will not participate in the provision of any service to ALX or MGL or any of their group members by the professional adviser.

If any independent director serves on two MGL managed vehicles or has been determined by the ATLIX board as independent despite not satisfying all the criteria mentioned above this will be noted in their descriptions in any ALX public disclosures and reasons will be provided for any independence determination.