



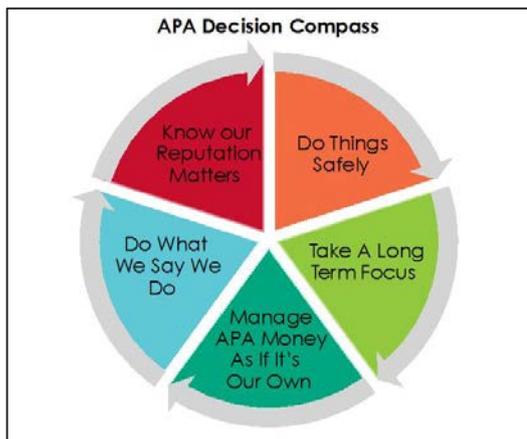
25/06/2020

# Independence of Directors Policy

## 1 Purpose

To provide guidance to the board of directors (**Board**) of Australian Pipeline Limited, the responsible entity of Australian Pipeline Trust and APT Investment Trust (**APA**) on how the independence of directors will be determined, the obligation of directors to keep the Board informed as to matters that may be relevant to their independence and the disclosures to be made to securityholders with respect to the independence of directors.

## 2 Decision Compass



The Independence of Directors Policy is key to ensuring we protect our reputation and ensure we adhere to our internal policy requirements, legal obligations and good governance practices. The Policy supports decision making as part of the APA Decision Compass under the segment "**Know our Reputation Matters**".

## 3 Scope

This policy applies to the Board. The charter for the Board requires that a majority of the Board be comprised of independent directors, and the charters for the committees of the Board require that a majority of committee members be independent directors.

## 4 Objectives

To specify:

- how the independence of directors will be determined;
- the obligation of directors to keep the Board informed as to matters that may be relevant to their independence; and



- the disclosures to be made to securityholders about the independence of directors.

## 5 Key principles

The Board's overarching test for independence is whether the director is independent of management and free of any interest, position or relationship that might influence, or could reasonably be perceived to influence, in a material respect the capacity of the director to bring an independent judgement to bear on issues before the Board and to act in the best interests of APA as a whole rather than in the interests of an individual security holder or other party.

It is not possible to explicitly provide for all circumstances that may be relevant to a director's independence. However, a director will normally not be considered independent if he or she:

- is, or has been, employed in an executive capacity by APA or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial securityholder;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with APA or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a director of APA for such a period that their independence from management and substantial securityholders may have been compromised.

The Board may determine that in certain circumstances a director is independent notwithstanding that he or she does not meet one or more of those criteria, but if the Board does so it will publicly disclose its reasons for making that determination.

Similarly, the Board recognises that in certain circumstances a director may not be independent even though he or she meets each of those criteria.



Except as expressly stated, the Board has not determined an amount or amounts for the purpose of determining materiality in the context of the criteria listed above. The Board considers there are inherent weaknesses in mechanically applying quantitative criteria for that purpose and so will determine materiality on a case by case basis having regard to the particular circumstances of a director's relationship with APA.

## 6 Key requirements

The Board reviews the independence of directors at least annually.

Each director is required to promptly provide the Board with any new information that may be relevant to the director's independence. The Board will promptly consider that new information in reassessing the director's independence.

The Board will disclose in each APA annual report or corporate governance statement its determination as to whether each director is independent and the period during which each director has held office.

The notice of meeting for the annual meeting of securityholders will, in respect to any director being nominated for re-election, state whether or not the Board has determined the director to be independent.

## 7 Roles and responsibilities

Position	Responsibility
Company Secretary	Submit review of directors' independence to the Board annually.
APA directors	Must disclose to the Board any matters relevant to their independence.
Board	Determine the independence of each director annually and whether any matters affecting a director's independence need to be disclosed to APA's securityholders.

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## 8 Related policies/ procedures/ forms

- Board Charter.
- Board Rotation and Succession Policy.