



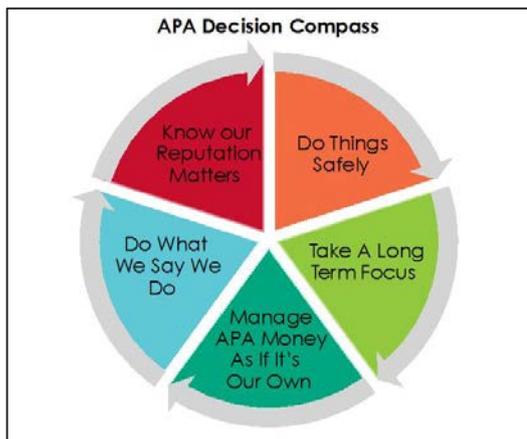
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Independence of Directors Policy

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 (or, in the case of the Audit & Risk Management Committee, all 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 business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of the director's unfettered and independent judgement.

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

- the director is not employed, and within the last three years has not been employed, in an executive capacity by any member of APA;
- the director is not a substantial securityholder in APA or an officer of, or otherwise associated directly with, a substantial securityholder in APA. For this purpose, "substantial securityholder" means a person or entity with a substantial holding as defined in section 9 of the *Corporations Act 2001*;
- within the last three years the director has not been a principal of a material professional adviser or a material consultant to any member of APA, or an employee materially associated with the service provided;
- the director is not a material supplier or customer of any member of APA, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- the director does not have any material contractual relationship with any member of APA, other than as director;
- the director has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with his or her ability to act in the best interests of APA and its securityholders; and
- the Board determines that the director is independent in character and judgement.

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 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.



8 Non-compliance with this Policy

Incidents of wilful non-compliance will be investigated and may result in disciplinary action, which could include termination of employment.

9 Related policies/ procedures/ forms

- Board Charter.
- Board Rotation and Succession Policy.