ASX release

18 August 2022

Transurban Appendix 4E and FY22 Corporate Report

In accordance with ASX Listing Rules, please see attached Transurban's Appendix 4E and Corporate Report for the year ended 30 June 2022.

The following year end reporting documents will be released separately:

- Transurban FY22 results and FY23 distribution guidance release
- Transurban FY22 investor presentation
- FY22 Corporate Governance Statement
- Appendix 4G

Transurban will provide a market briefing at 9:45am (AEST) today, 18 August 2022. The market briefing will be webcast via the Transurban website at transurban.com.

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This announcement is authorised by the Board of Transurban Group.

Classification Public

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

ARSN 098 807 419

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Transurban Group
Appendix 4E
Year ended 30 June 2022

(Previous corresponding period being the year ended 30 June 2021)

The Transurban Group (the Group) comprises the following entities:

Transurban Holdings Limited (ABN 86 098 143 429)
Transurban Holding Trust (ARSN 098 807 419)
Transurban International Limited (ABN 90 121 746 825)

Results for announcement to the market[1]

Statutory results from continuing operations		2022 $M
Revenue from ordinary activities	increase of 18.0% to	$3,406
Profit after tax from ordinary activities	increase of 106.0% to	$16
Profit after tax from ordinary activities attributable to security holders of the Group	increase of 107.8% to	$19
Profit attributable to security holders of the Group	increase of 107.8% to	$19

Statutory results including discontinued operations		2022 $M
Profit after tax from ordinary activities	decrease of 99.5% to	$16
Profit after tax from ordinary activities attributable to security holders of the Group	decrease of 99.4% to	$19
Profit attributable to security holders of the Group	decrease of 99.4% to	$19

Proportional results		2022 $M
Toll revenue	increase of 5.7% to	$2,626
Earnings before depreciation, amortisation, net finance costs and income taxes (EBITDA)	increase of 4.9% to	$1,900
EBITDA excluding significant items	increase of 3.5% to	$1,900
Free cash	increase of 19.8% to	$1,531

The accompanying ASX Release and FY22 Corporate Report that follow provide further commentary of the results and provide a definition of Proportional results, Significant items and Free Cash.

Distributions and dividends

Year ended 30 June 2022	Amount per security (cents)	Franked amount for dividend component (%)	Record date	Payment date
Final distribution/dividend	26.0	8.347	30 June 2022	23 August 2022
Interim distribution/dividend	15.0	Not Applicable	31 December 2021	22 February 2022
Final distribution/dividend (prior year)	21.5	5.724	30 June 2021	23 August 2021

Distribution Reinvestment Plan

Under the Distribution Reinvestment Plan (DRP), security holders may receive additional stapled securities in substitution for some or all cash distributions in respect of their stapled securities. The last date for the receipt of an election notice for participation in the DRP was 1 July 2022 and the participation rate was 6.46%. No discount has been applied when determining the price at which stapled securities will be issued under the DRP for the current period distribution.

Net tangible asset backing

	2022	2021
Net tangible asset backing per stapled security[2]	$4.81	$3.90

1. Figures used for calculating percentage movements are based on whole numbers.
2. Net tangible assets used as the basis for this calculation include: concession intangible assets relating to the operational assets of the Group, lease right of use assets and lease liabilities.

Audit

This Appendix 4E is based on the consolidated financial statements of the Group which have been audited by the Group's auditors, PricewaterhouseCoopers (PwC). A copy of PwC's unqualified audit report can be found in the FY22 Corporate Report that follows.

Other information

Disclosure requirements of ASX Listing Rule 4.3A not contained in this Appendix 4E are included in the attached FY22 Corporate Report and accompanying ASX Release.

Transurban

Corporate Report

for the year ended
30 June 2022

2022

How we created value for our stakeholders

Our year in numbers

3.78
road injury crash index—below target of 4.25 or less

$1.2B
paid in distributions to security holders

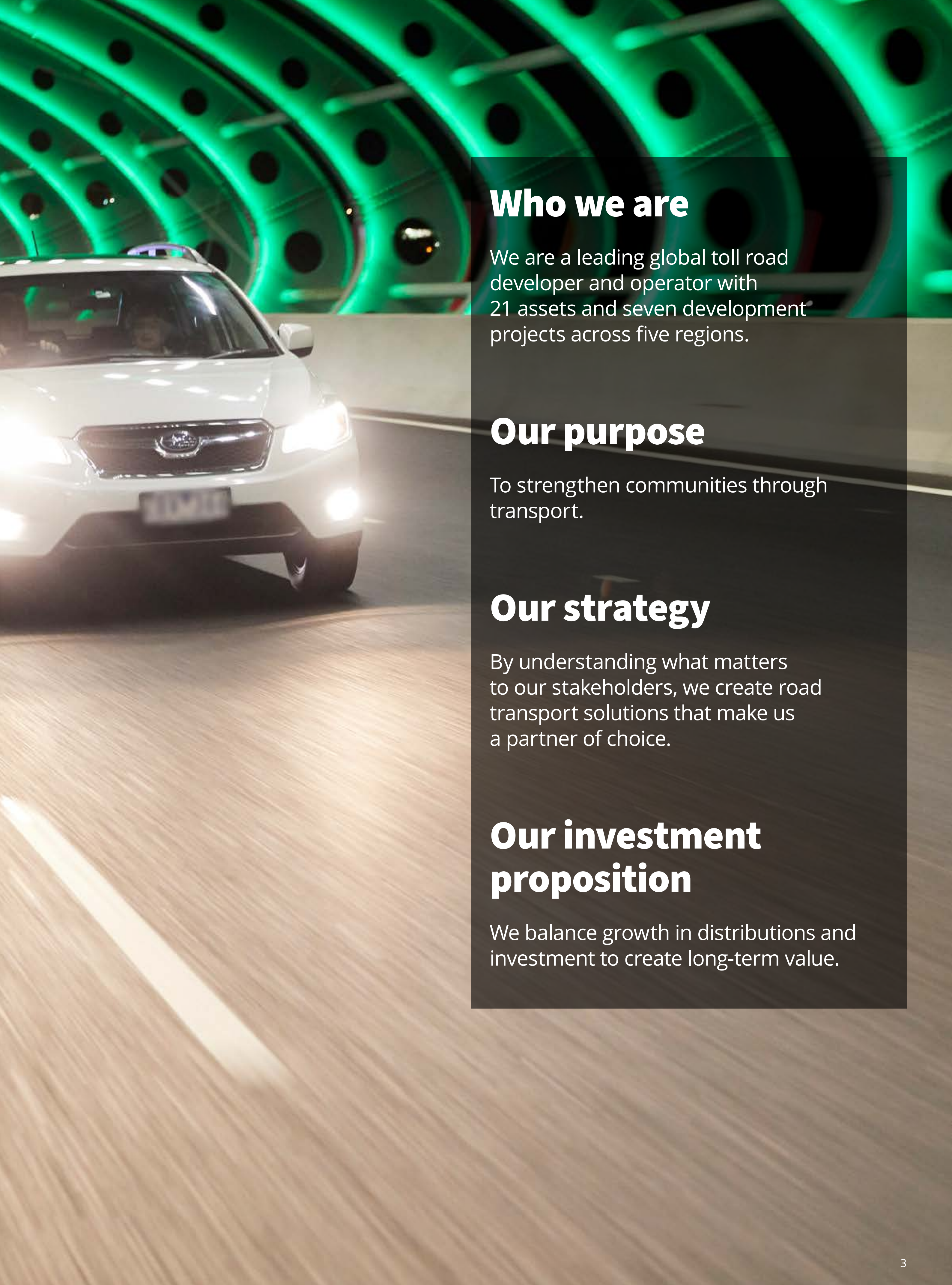
3.09
contractor recordable injury frequency rate—below target of 4.20 or less

2ND
highest-rated motorway infrastructure company—Global Real Estate Sustainability Benchmark for Infrastructure (2021)

More than
$4M
towards social investment programs

7
major infrastructure projects in development or delivery

40:40:20
progressed gender balance across our workforce, in line with our target—40% men, 40% women, 20% any gender/non-binary



Who we are

We are a leading global toll road developer and operator with 21 assets and seven development projects across five regions.

Our purpose

To strengthen communities through transport.

Our strategy

By understanding what matters to our stakeholders, we create road transport solutions that make us a partner of choice.

Our investment proposition

We balance growth in distributions and investment to create long-term value.

For the best viewing experience, download this report

Contents

—Reporting suite—

FY22 Corporate Report[1]—(this report)

The holistic performance of Transurban in FY22 including our Financial Statements and Sustainability Supplement.

FY22 Results Presentation

Management presentation of financial and non-financial results, including non-statutory analysis.

FY22 Climate Change Disclosure[2]

Our response to the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations.

FY22 Sustainability Data[2]

Our progress against the UN Sustainable Development Goals and other sustainability performance data.

Corporate Governance Statement

Statement made in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

Tax Transparency Report

Overview of our corporate structure, approach to tax and tax position for FY21—available late August 2022.

Modern Slavery Statement

Overview of how we identify, manage and mitigate the specific risks of modern slavery in our operations and supply—available late 2022.

All available on our website transurban.com

Acknowledgment of Country

Transurban acknowledges the Traditional Owners of the lands across Australia—in particular where we own and operate toll roads—and we pay respect to Elders past, present and emerging.

As caretakers and custodians of transportation in urban communities we have a deep respect for Indigenous communities and culture and seek to celebrate pride in Country through engagement with, and providing opportunities for, Aboriginal and Torres Strait Islander peoples. We also celebrate connection to Country through artwork and design elements in our infrastructure.

To achieve our purpose—to strengthen communities through transport—we will continue to foster positive and sustainable relationships with all communities, while progressing our efforts to contribute to Australia's reconciliation journey.

1 *We have integrated some of our Sustainability Supplement into our FY22 Corporate Report. This approach provides additional information on our non-financial performance (including environmental, social and governance performance) and our progress in achieving our Sustainability Strategy*

2 *Previously incorporated in our Sustainability Supplement*

Letter from the Chair and CEO

FY22 has again been a year of significant milestones for Transurban.

A major highlight was our acquisition, as part of the Sydney Transport Partners consortium, of the remaining 49% of WestConnex from the NSW Government to take Transurban's total ownership interest to 50%.

Once complete, WestConnex will form a 70 kilometre network, providing efficient and safer travel between industrial and freight hubs as well as catering for Sydney's growing western suburbs. With close to 40 years[1] remaining on its concession life, cash flows generated from WestConnex will underpin distributions to our security holders for decades to come.

We would like to take this opportunity to thank our security holders for their backing of the $4.2 billion equity raising in FY22, which underpinned the acquisition of this world-class asset, which is not only transformational for Sydney, but for Transurban as well.

Another milestone was the start of tunnelling on our West Gate Tunnel Project in Melbourne after Transurban, the Victorian Government and the D&C subcontractor reached an agreement on revised project delivery terms, including a new completion date of late 2025. While the delay and additional cost has been disappointing, this project is critical for the efficient and safe movement of people and goods in Melbourne by providing an alternative to the often heavily congested West Gate Bridge, as well as adding more than 18 kilometres of new traffic lanes on the West Gate Freeway. It is expected to create more than 6,000 jobs and generate around $11 billion in economic benefits for the State of Victoria. It remains a financially attractive investment for Transurban and will be another valuable project for security holders for years to come.

FY22 financial results

While traffic was impacted by government restrictions particularly in our key markets of Sydney and Melbourne in the first half of FY22, we were pleased to see traffic volumes grow as the year progressed. In the final quarter of FY22, average daily traffic exceeded FY19 by 5.8%. Compared to FY21, traffic numbers for the full year were down slightly overall, declining by 0.5%.

The key financial metrics of the period ended 30 June 2022 included a 5.7% increase in proportional toll revenue to $2,626 million and 3.5% growth in proportional EBITDA to $1,900 million. Free Cash inclusive of Capital Releases increased by 19.8%, which supported our full-year distribution of 41 cents per security. We were pleased to pay more than $1.2 billion in distributions to security holders during the year.

The return of traffic to our roads once government restrictions lifted throughout the year reflects the value that our customers continue to see in terms of travel-time savings, reliability and safety in our assets, which are crucial transport corridors in areas where population, employment and economies are expected to grow.

These are first-class assets and, along with our pipeline of developments and opportunities, we are confident in our ability to continue delivering value not only for investors, but for all our stakeholders. Our balance sheet is in a robust position, which can support near and longer-term growth opportunities. Combined with the positive trend in traffic performance and project delivery, we have a meaningful base for generating cash flow.

Macro-economic environment

While rising inflation is impacting economies globally, almost 70% of our roads have toll escalations of CPI or greater. This provides inflation protection in this environment.

Our debt is also hedged to provide protection against near-term interest rate increases. Around 98% of our existing debt book is fully hedged and during FY22 we refinanced more than $3.4 billion of debt at better interest rates on average to give us lower exposure to current market rates and volatility.

Listening to our stakeholders

Over the past year, we embarked on an extensive exercise to test our understanding of our stakeholders' views. We heard from more than 4,000 community members and 100 business partners. We interviewed investors, government partners and employees, and analysed thousands of pieces of customer feedback.

This is something we do every few years to understand, anticipate and address what is important to our stakeholders so that we can confidently deliver on our strategy:


From left: CEO Scott Charlton and Chair Lindsay Maxsted

"By understanding what matters to our stakeholders, we create road transport solutions that make us a partner of choice".

These solutions come in many forms—from multi-billion-dollar infrastructure projects such as extending our Express Lanes in the US to create faster and more efficient travel choices, to enhancing technologies and rewards programs for our customers and supporting community organisations.

Safety plays a critical role in many of our transport solutions. Our efforts begin right from the outset of our asset design and span our business from operations to research and education programs such as improving child car seat safety. We track our on-road performance using a Road Injury Crash Index (RICI)—the number of serious injury crashes per 100 million vehicle kilometres travelled on our roads. In FY22, pleasingly we achieved a RICI of 3.78, 11% lower than our target RICI of no more than 4.25.

Our solutions also respond to the urgent and very real need to reduce greenhouse gas (GHG) emissions and to minimise our environmental impacts.

ESG initiatives

During FY22, we continued to make significant progress on a number of Environment, Social and Governance (ESG) initiatives that reinforce our sustainable business practices as well as our commitment to reduce our GHG emissions. We have committed to net zero emissions by 2050 from our operations, supply chains and major project developments and have also set targets for significant reductions by 2030 (see page 37).

Our transition to renewable energy sources in FY22 led to a 46% reduction in GHG emissions compared to the previous year and we are now sourcing two thirds of our electricity from renewable sources.

While our customers' GHG emissions are not formally within our control, we recognise their impact on the environment and continue to educate our customers about efficient driving to reduce GHG emissions and fuel use. Further, by choosing our roads over alternate stop-start routes, drivers can save an average of 27% in GHG emissions.[2] During the year, we also launched initiatives to encourage the take up of electric vehicles (EVs). This included a campaign to support Australia's COVID-19 vaccine rollout by offering vaccinated customers the opportunity to win an EV.

The need for climate action was put sharply into focus this year with major flooding in Queensland and NSW. Natural disasters such as these highlight the importance of resilience in both our operations and the design and construction of our assets. We will continue to work to better understand the financial implications that climate change may present for our operations and assets. Our progress is reported in our **FY22 Climate Change Disclosure**, which is available on our website.

Recognising that sustainability is part of everyday business for Transurban, this year we have integrated more of our previous standalone Sustainability Supplement into this report. This approach endeavours to present the most holistic view of our performance.

Our approach to sustainability is guided by our ongoing commitment to the United Nations (UN) Global Compact and the UN Sustainable Development Goals (UN SDGs). We have identified the UN SDGs that are most relevant to our business, and we report annually on how we are contributing to these global goals. Our achievements for FY22 are available in **our Insights hub** on our website.

FY23 outlook

As the world continues to adapt the way in which they move about, and with domestic and international travel returning, we feel confident that customers will continue to see value in using our assets.

In FY23, we also look forward to progressing our development projects, in particular in Sydney. Civil works are complete on the final stage of WestConnex—the M4-M5 Link—and the project is expected to open to traffic in 2023. Project developments such as this, position us well for growth in the coming year.

The Board has also issued guidance that it expects the FY23 distribution to be 53.0 cps representing approximately 30% growth on FY22. This will be subject to the Group's distribution policy (page 73), traffic performance and macroeconomic factors, and timing of distributions from subsidiaries.[3]

While FY22 again presented uncertainties, the team at Transurban maintained its focus on delivering for all our stakeholders. The Board would like to take this opportunity to thank all employees for their hard work and dedication in achieving so many milestones during the year.

Chair's message

This year's Corporate Report marks my final as Chair of Transurban as I have announced my retirement at the conclusion of this year's Annual General Meeting (AGM) in October.

Transurban is an exceptional business and I am extremely proud of our achievements since joining the Board in 2008 and becoming Chair in 2010.

In that time, Transurban has realised many milestones from our entry into the Queensland market to the creation of 85 kilometres of Express Lanes in the US, to the successful partnership that acquired Sydney's WestConnex network.

Achievements such as these are the result of a talented and committed team that is steadfastly focused on creating long-term value for our investors and other stakeholder groups.

I would like to take this opportunity to thank my fellow Board members as well as the broader Transurban team for their commitment and dedication to the ongoing success of Transurban.

I look forward to speaking with you further at my final Transurban AGM on 20 October 2022.

We also thank our security holders for your ongoing support of Transurban and commend this report to you as an excellent summary of our performance in FY22.

Lindsay Maxsted
Chair and Independent Non-executive Director

Scott Charlton
Chief Executive Officer and Executive Director

1 *Remaining concession life as at 30 June 2022 for each concession on a non-revenue weighted basis with each concession expiring in December 2060*

2 *Transurban internal calculation based on vehicle type, distance travelled and COPERT emission modelling tool*

3 *Distributions to be determined by relevant Board discretion at the time*

About this report

Thank you for reading Transurban's FY22 Corporate Report. These pages explain both the structure of this report and our approach to integrating the United Nations Sustainable Development Goals (UN SDGs) into the reporting frameworks that guide us.

Scope and content

Our FY22 Corporate Report provides an overview of Transurban's operations and performance during the financial year (1 July 2021 to 30 June 2022). The report covers our financial and non-financial performance and details how we create value for our six key stakeholder groups:

- investors
- customers
- communities
- our people
- business partners and suppliers
- government and industry.

Integrated approach

Our reporting approach is guided by two initiatives that drive integrated, accessible, measurable, and comparable reporting:

- **Global Reporting Initiative** (GRI) that establishes standardised sustainability impact reporting across industries and sectors
- **International Integrated Reporting Framework** (IIRF) that provides a clear, concise and comparable format for integrated reporting across strategy, governance, performance and prospects.

This report is also informed by recommendations from: the Task Force on Climate-related Financial Disclosures (TCFD); the Sustainability Accounting Standards Board (SASB); and the UN SDGs.

Our approach to sustainability

This year, we have integrated some of our Sustainability Supplement into this report. This approach provides additional information on our non-financial performance, including environmental, social and governance (ESG), and progress in achieving our Sustainability Strategy.

Transurban's Sustainability Strategy—centred around four pillars (people, planet, places and partnerships)—is aligned with the UN SGDs most relevant to us and our stakeholders, and is supported by objectives, targets and indicators. This strategy guides us in identifying, understanding and responding to social and environmental issues in support of Transurban's purpose—to strengthen communities through transport. Our strategy helps us create real and lasting benefits for all our stakeholders.

Responsibility for this strategy and its associated work program is embedded right across our business. Our specialist Sustainability team drives this process, including by providing strategic advice and reporting on progress, trends and emerging themes to our Board and Executive Committee.

A standalone response to the TCFD and detailed sustainability data tables are available in our Insights Hub, insights.transurban.com

Compliance statement

Our FY22 Corporate Report includes key disclosures under Australian legislation.

Our Directors' Report page 91 and Financial Statements page 120 have been prepared in accordance with the *Corporations Act 2001* (Cth).

Our Financial Statements have also been prepared in accordance with Australian Accounting Standards. The basis of preparation of our Financial Statements is provided on page 129.

PricewaterhouseCoopers has conducted an independent audit of the Financial Statements and Remuneration Report. Auditor's Independence Declaration is available on page 119. Detailed information on the audit is available on pages 216 to 225.

The sustainability data methodology used in this report is available in the Sustainability Supplement section of this report, including a KPMG-issued limited assurance statement on page 239.

Select non-financial data points within this report are estimates, informed by part-year data and previous-year trend analysis.

The remaining information in this report has been reviewed internally.

This report contains certain forward-looking statements. See page 245 for a notice regarding these statements.

Reporting what matters

For more than a decade, we have evaluated and prioritised topics that we believe are material to our business for inclusion in our reporting suite. A material issue is one that is significant for Transurban in terms of impact (actual or potential economic, environmental, and social impact) or influence (level of interest and potential to influence stakeholder decisions).

Materiality review

We have used both stakeholder feedback and reporting guidelines to determine the non-financial topics included in this report.

Our business strategy—by understanding what matters to our stakeholders, we create road transport solutions that make us a partner of choice—is central to our reporting. Our stakeholder engagement activities, key issues identified and our responses to stakeholder issues are available on pages 12 to 13.

Sustainability frameworks used include: GRI and SASB standards on pages 226 to 238; TCFD recommendations; and UN SDGs.

Detailed risk management summaries are included on pages 85 to 88.

Figure 1 summarises FY22's highest-priority topics identified from the above materiality reviews, including how these topics address issues raised by various stakeholders and frameworks.

The issues we have determined as the most material are generally covered within the relevant stakeholder section in this report. Topics deemed less significant are reported in the GRI Index (page 226).

Figure 1: Material issues and alignment with stakeholders and reporting frameworks

		Frameworks			
		Corporate sustainability	Global sustainability	Investor frameworks	
Material issues in FY22	**Stakeholder groups**[1]	*GRI indicators*	*UN SDGs*	*SASB sector*	*TCFD relevance*
Road safety Our roads, research, and community safety initiatives	Customers; Community	416	3, 9	✓	
Customers Customer satisfaction, hardship support, data privacy and cybersecurity	Customers	418	11		
Local communities Community engagement, social investment and creating community spaces	Community	413	11		
Environment Climate change, energy and carbon, air quality, materials and biodiversity	Community; Investors	301, 302, 305	7, 12, 13	✓	✓
Health and safety Our employees, contractors and workplaces	Our people; Business partners and suppliers	403	3	✓	
Wellbeing and diversity Supporting diversity, inclusiveness and fair work practices	Our people	401, 405	5, 8		
Supply chain Procurement practices, shared value and human rights including Modern Slavery	Government and industry; Business partners and suppliers	204, 412	17	✓	✓
Our business Financial performance, road effectiveness, economic impact, job creation and response to COVID-19 pandemic	Investors; Government and industry	201, 203	8, 9	✓	✓
Governance Strategy and risk management, legal and regulatory compliance and ethical business practices	Investors; Our people	205, 206	17	✓	✓

1 'Stakeholder groups' refer to the main stakeholders where this issue is most relevant, but in many cases these issues overlap several or all stakeholder groups' interests

Recognitions

Global Real Estate Sustainability Benchmark—Infrastructure (2021)
Highest-rated listed infrastructure company, 2nd-highest-rated motorway infrastructure company globally

Dow Jones Sustainability Index (2021)
Member of DJSI World Index, equal 3rd-highest-rated transport company globally

CDP (2021)
Climate Change 'Management' level (B rating)

MSCI
AAA ESG rating since 2015

FTSE4Good
Member of Global Index since 2004

Workplace Gender Equality Agency (Australia)
Employer of Choice Citation since 2015

Equileap
Rated the 8th-best company globally and 2nd in Australia for gender equality

Support the Goals
5-star-rated company for action on the UN SDGs

Affiliations

GRI
Used for our sustainability reporting since 2006

TCFD
All recommendations addressed

United Nations Global Compact
Participant since 2009

Infrastructure Sustainability (IS) and Envision major project ratings
8 rated projects to date and 4 project ratings underway

SASB
Implementing reporting recommendations

Science Based Targets initiative (SBTi)
Validated greenhouse gas emission reduction targets

Business for Societal Impact (B4SI)
Measuring and verifying the social impact of our community investment

FY22 UN SDG Progress Report

Transurban is committed to the UN SDGs, which directly inform our Sustainability Strategy.

This report details Transurban's FY22 progress against the nine UN SDGs that are particularly relevant to Transurban and the associated targets and indicators that apply to our business. We believe more can be done to contribute to the UN SDG targets above and beyond the official indicator set. For this reason, we also list our own, Transurban-specific, indicators and targets and summarise our performance against these.

A summary of our FY22 performance for each of the nine UN SDGs that are particularly relevant to Transurban, and trends towards 29 applicable targets—official and Transurban-specific—are provided in Figure 2 and Figure 3.

Find our sustainability performance data, including comprehensive UN SDG progress in our Insights Hub, insights.transurban.com

Figure 2: Summary of FY18-22 progress for UN SDG targets

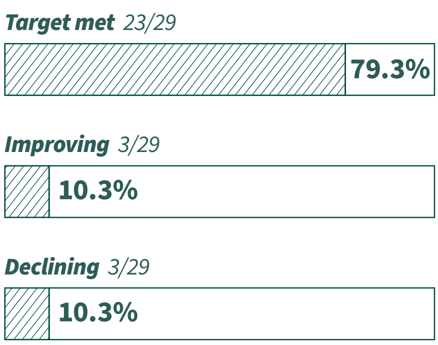


Figure 3: FY22 UN SDG performance summary

UN SDG	Relevance to Transurban	Key FY22 initiatives and highlights	Key FY22 performance metrics (FY18-22 trend/ target status)[1]	Performance metric comments	Progress to goal
3 GOOD HEALTH AND WELL-BEING	Ensuring the safety, health and wellbeing of our people and safety of road users is vital to our ongoing success	• Outperformed Road Injury Crash Index (RICI) target • 91% of travel on our roads deemed to be four-star or better by Australian Road Research Board • NeuRA research on motorcycle fuel tank and seating posture injury risks • Continued mental health wellbeing program	• RICI; 3.78 (target ≤ 4.25) ✔ • Road user fatalities; 3 • Road Safety Action Plan completion rate; 89% ✔	Performance against RICI continues to improve over time with outperformance in FY22	●
5 GENDER EQUALITY	We believe diversity in all its forms—including gender diversity—helps our business perform better	• Rated 2nd (Australia) and 8th (globally) for gender equality by Equileap • Workplace Gender Equality Agency Employer of Choice for Gender Equality citation 2021–23 • Improved Board gender diversity	• Board diversity; 73%M/27%F ● • Executive diversity; 44%M/56%F ✔ • Direct employee diversity; 57%M/43%F[2] ✔	Board diversity improved in FY22 with appointment of two new female directors (20% in FY21 to 27% in FY22)	●

1 FY18-22 performance metrics trend: N/A = no data or trend not applicable; ✔ = target met; ● = no change; ● = improving; ● = declining (not all targets are included in Key FY22 performance metrics)

2 Non-binary represents 0.06% of our direct employees

UN SDG	Relevance to Transurban	Key FY22 initiatives and highlights	Key FY22 performance metrics (FY18-22 trend/ target status)[1]	Performance metric comments	Progress to goal
7	Meeting our energy needs mainly from renewable sources is dramatically reducing our direct greenhouse gas emissions	• Renewable energy supply started from Coopers Gap Wind Farm (QLD) in January and Bango Wind Farm (NSW) in June 2022 • Renewable energy supply arrangements now in place for all Australian markets and under investigation for US	• Proportion of energy purchased from renewables; 56% (N/A) • Installed renewable energy capacity; 231kW (N/A) • Energy-efficiency savings to date; 8.3% 🟢	Significant improvements for FY22 as supply from renewable energy sources becomes dominant Substantial progress made towards energy-efficiency target	🟢
8	We can help under-represented groups participate in and benefit from economic growth. Our roads are critical in moving people and goods within and around the urban areas where we operate—helping economies function and grow	• Gender pay gap maintained at ≤1% • Enhanced parental leave policy • Released FY21 Modern Slavery Statement (December 2021) • Completed our second (Innovate) Reconciliation Action Plan	• Gender pay gap; ≤1% ✔ • Employee recordable injuries; 0 ✔ • Contractor Recordable Injury Frequency Rate (RIFR); 3.09 (target ≤ 4.2) ✔ • Reconciliation Action Plan; 100% actions complete ✔	Targets met	🟢
9	Our core business is providing and operating road infrastructure and we are committed to making it more sustainable and resilient to future climatic conditions	• Rated or committed to rating the sustainability performance of 12 projects, worth approximately $25B to date	• Scope 1 and 2 absolute emissions; 106,392 tCO2e 🟢 • Scope 1 and 2 emissions per $M revenue; 45.8 tCO2e • Scope 3 emissions from purchased goods and services per million VKT; 32.9 tCO2e 🔴 • Scope 3 emissions from capital projects per $M capex; 138.5 tCO2e ⚫	Scope 1 and 2 absolute emissions decreased significantly as we transitioned to mainly renewable energy use	🟢
11	Operating responsibly—socially and environmentally—will help us continue to be a partner of choice for governments and respected by communities and our customers	• More than USD45M provided to date to support public transit initiatives in Northern Virginia • More than 1,475 kilometres of cycle/pedestrian paths delivered or maintained to date • Provided community grants to support those affected by COVID-19 pandemic and flooding	• Compliance with air quality indicators for tunnel emissions; 100% ✔	Target met	🟢
12	Our projects and maintenance activities use significant amounts of materials. Efforts to reduce use and favour low carbon materials will lower our indirect greenhouse gas (GHG) emissions and help conserve resources	• Set waste management targets for the business • Continuing to use and promote lower-carbon materials • Continuing to support social enterprises throughout COVID-19 pandemic	• > $130M Indigenous procurement spend to date (Australia) across more than 100 suppliers (N/A) • USD976M spend to date on disadvantaged business enterprises (DBEs) and small, women and minority-owned (SWaM) businesses in the US (N/A)	Australian Indigenous procurement growing through major projects and direct procurement	🟢
13	We need to understand and prepare for the transition to a low-carbon environment and the physical impacts of climate change	• CDP Supplier Engagement Leader • Climate risk assessments progressed for assets • Work underway to identify financial impacts of climate change	• Existing assets assessed for climate risk; 100% ✔ • Major projects under construction assessed for climate change risk; 50%; 2/4 projects 🔴	Climate change risk assessments for FredEx and Project NEXT projects delayed to FY23	🟢
17	Partnering with other organisations committed to the UN SDGs and the opportunities and challenges they represent is vital to achieve greater impact sooner	• Key partnerships in FY22 with NeuRA, Kidsafe (road safety); The Smith Family, The Salvation Army, Northern Virginia Family Services (community); MECLA (materials); Landcare (biodiversity)	• No metrics for this SDG	N/A	⚫

1 *FY18-22 performance metrics trend: N/A = no data or trend not applicable; ✔ = target met; ⚫ = no change; 🟢 = improving; 🔴 = declining (not all targets are included in Key FY22 performance metrics)*

2 *Non-binary represents 0.06% of our direct employees*

Working with our stakeholders

How we engaged

Customers

- Ongoing customer listening program; customer research panel; qualitative and quantitative research.
- Customer channels: app; website; phone; social media; retail outlets.
- Digital, print and outdoor advertising; phone and SMS; newsletters; social media.

Communities

- Surveys: community, business partner and supplier; corporate trust and mobility trends.
- Events; community liaison groups; information sessions; site tours.
- Digital, print and outdoor advertising; newsletters; social media; letter drops, door knocking; phone and SMS; media coverage.
- Partnerships; grant programs; school and grassroots activities.

Our people

- All-employee listening program and pulse-check surveys.
- All-employee meetings (virtual, in-person, hybrid).
- Internal communication channels: intranet; instant message; email; signage.
- Quarterly/annual awards and recognition programs.
- People leader forums.
- Belonging and wellbeing events.

What we heard

Customers

- **Value of toll road travel:** on-road experiences (such as signage, congestion); road incident alerts; fees and charges.
- **Interacting with us:** interaction convenience and ease; cybersecurity, data protection and privacy; infringement processes.
- **Rewards and support:** enhanced rewards program; competitions; support for vulnerable customers.

Communities

- **Processes and governance:** transparency in project design, decisions and delivery; and project operations benefits and impacts; listening to, and responding to, stakeholders including post-construction.
- **Road works and construction:** notification of disruption; planning of works and minimising impacts of construction on residents and the environment.
- **Environmental and social performance:** GHG emissions and air quality; supporting vulnerable communities and people; family violence support; driver safety and education.

Our people

- **Health, safety, and wellbeing:** diversity, inclusion and respect in the workplace.
- **Career paths:** skills and capability development; ongoing career opportunities.
- **Workforce engagement:** key talent retention and attraction; flexible working access; connection and collaboration.

How we responded

Customers

- **Value of toll road travel:** education on avoiding fees and charges; new tools to inform travel decisions and improve value certainty; added roads to our GoToll app.
- **Interacting with us:** delivered improved digital platform experiences and functionality; used data and analytics to identify pain points; continued focus on cybersecurity capability.
- **Rewards and support:** expanded Linkt Customer Rewards program; customer competitions; expanded Linkt Assist program; supported customers experiencing hardship via new partnership program.

Communities

- **Processes and governance:** developed a Social Licence Framework to maximise impact and stakeholder benefit; enhanced sharing of road safety research, education and outcomes; engaged communities on project developments and current works' impacts.
- **Road works and construction:** engaged communities on project development and works' impacts; adhered to robust guidelines and regulations for environmental management.
- **Environmental and social performance:** provided additional community grants to ease pandemic (NSW, VIC, NA) and flood (QLD) impacts; continued partnerships (including NeuRA, Kidsafe, The Smith Family, The Salvation Army, Northern Virginia Family Services, 9/11 Pentagon Memorial Fund, and La fondation les petits trésors); expanded public art/education programs (Canal to Creek, CityLink Kids, West Gate Kids); hosted open days, events and competitions.

Our people

- **Health, safety, and wellbeing:** mandatory Health, Safety and Environment Action Plans for all teams; delivered Belonging and Wellbeing program with mental wellbeing focus; ran Respect at Work program, including mandatory sexual harassment prevention learning module.
- **Career paths:** provided on-demand access to 7,000+ online learning programs; maintained career resource hub and activity program.
- **Workforce engagement:** supported flexible working, including via collaborative technologies; conducted annual pay reviews to maintain pay equity gap of less than 1% and to account for Australian superannuation guarantee increases; refreshed parental leave policy.

We conducted a listening exercise across all stakeholder groups in Australia and North America to align our future direction with their needs.

Read more on page 36

Government and industry	**Business partners and suppliers**	**Investors**	
• State/federal government and agency inquiry submissions. • Industry partnerships, memberships, and event participation. • Partnering on shared issues (for example, road safety). • Official and regulator meetings; research and business updates; MP engagement on initiatives, grants and competitions; asset milestones and event attendance.	• Major long-term partner shared-objective setting; pipeline and future works' scope engagement; supplier working groups/ workshops. • Dedicated relationship managers. • Engagement on disadvantaged group employment barriers. • Decarbonisation and climate change mitigation actions.	• Institutional and retail investor engagement; one-on-one meetings; twice-yearly surveys. • Results briefings (half and full year); hybrid annual Investor Day event; virtual Annual General Meeting (AGM); quarterly traffic releases; investor centre website; digital Investor Day Hub. • West Gate Tunnel Project tour. • Proxy adviser and ESG engagement. • WestConnex capital raising engagement.	**How we engaged**
• **Future-ready infrastructure:** innovative and sustainable transport solutions and population growth alignment; electric vehicle (EV) uptake/education; road-user charging. • **Environmental initiatives:** emissions-reduction targets; sustainable construction practices. • **Data-led economic insights:** urban mobility trends. • **Community support:** road safety; supporting vulnerable communities including COVID-19 pandemic and flood impacts and responses.	• **Sustainability:** supply chain engagement; decarbonisation performance; social procurement. • **Industry leadership:** major project learnings; supply chain risks (modern slavery, conflict-zone disruptions). • **Partner engagement:** long-term pipeline visibility; supplier confidence; relationship quality.	• **Performance:** distribution growth; project and asset performance; current and emerging risks, including broader economic conditions; ESG performance and initiatives. • **Strategy and future:** development opportunities; capital management; long-term value creation; long-term mobility trends. • **Governance:** organisational capability including Executive Committee and Board.	**What we heard**
• **Future-ready infrastructure:** progressed seven major infrastructure projects with governments; provided data to and attended public hearings on NSW Parliament Inquiry into Road Tolling Regimes; worked with government and industry to advance trials on connected transport technology and EVs. • **Environmental initiatives:** renewable energy agreements; ventilation optimisation; energy-efficient lighting; sustainable construction initiatives. • **Data-led economic insights:** shared research insights on mobility trends, economic activity and sustainability initiatives. • **Community support:** consulted with government on Transurban Road Safety Centre research; delivered customer hardship initiatives; supported Australian Government vaccine rollout via competition incentives.	• **Sustainability:** continued our Sustainable Procurement Program and supplier engagement activities. • **Industry leadership:** worked with suppliers and multi-stakeholder organisations to advance our *Modern Slavery Act 2018* (Cth) response and reporting. • **Partner engagement:** implemented shared-value initiatives with key suppliers; halved payment terms for flood-impacted QLD small businesses; worked with suppliers to deliver on expected work pipeline.	• **Performance:** distribution growth supported by improvement in Free Cash; maintained a strong balance sheet; asset quality/diversification; demonstrated inflation benefit with near-term interest rate protection through inflation-linked toll escalation and debt hedging profile; maintained ESG leadership status and continued progress in key ESG areas. • **Strategy and future:** executed strategic initiatives and created longer-term value for security holders; increased WestConnex proportional ownership to 50% with strategically aligned partners; ensured balance sheet capacity to fund existing near-term growth opportunities. • **Governance:** continued focus on strengthening leadership capability; formal leadership programs; embedded Executive Committee and operating model.	**How we responded**

Figure 4: FY22 proportional toll revenue by market

About Transurban

As one of the world's largest toll road developers and operators, our business is to get people where they want to go as quickly and safely as possible.

21
assets in operation

9.7M
customers globally

7
major infrastructure projects in development

9,000+
total workforce[3]

2M
trips daily across our roads

1996
listed on the ASX

For us, this is about much more than laying asphalt and building tunnels. By understanding what matters to our stakeholders, we create road transport solutions that make us a partner of choice.

Transurban's roads connect key industry, freight, employment and community centres and keep cities moving safely and efficiently.

Since opening CityLink in Melbourne in 1999, our company has grown to include 21 toll roads in Australia, the United States and Canada, with more on the way. We have 6 million customers in Australia and 3.7 million customers in North America.

During the past two decades we have established a strong track record of partnering with governments to successfully deliver and manage key road infrastructure. We have seven major infrastructure projects in development or delivery in Australia and North America. These projects are designed to solve critical congestion issues and improve city connectivity, community liveability and economic growth.

We have also built a reputation for bringing innovative solutions to our operations, using technology to improve safety and increase the efficiency of our own roads and cities' wider transport networks. And our efforts are paying off: external research has found our roads are twice as safe as like roads.[1]

Our purpose is to strengthen communities through transport and we aim to achieve this in many different ways. From our 24/7 traffic control room operators to the transport planners who forecast where congestion hot spots could be in a decade's time, we are focused on making travel easier now and in the future.

As a leading global toll road owner and operator, listed on the Australian Securities Exchange (ASX), Transurban represents one of the most significant infrastructure investment opportunities available to investors.

We have more than 3,600 people[2] working across Australia and North America, as well as more than 5,000 subcontractors through the delivery of major projects. We foster an engaged and diverse workforce that prides itself on making a significant and lasting contribution to the cities and communities in which we operate.

We also continuously challenge ourselves in how we respond to social and environmental issues—and we invest in both to create social inclusion and manage our environmental impacts. Our Social Licence Framework helps us identify the initiatives, investments and partnerships that will have the greatest social, economic and environmental benefits for the regions we operate in (read more on page 43).

Success for us means achieving our purpose and creating value for all our stakeholders.

1 Monash University Accident Research Centre (MUARC), 2021

2 Direct workforce includes direct employees (which include casual, fixed term and permanent employees (excluding leave of absence and non-executive directors)) and temporary workers and workers contracted through our partner organisations

3 Total workforce includes direct workforce and sub-contractors working on major infrastructure projects

4 No assurance can be given that these potential opportunities will eventuate on the timetable outlined or at all, or that Transurban will be able to participate in them. Transurban's ability to participate in any future projects or acquisitions will be subject to, among other things, applicable government processes and the receipt of relevant regulatory approvals

5 On a calendar year basis

6 Rozelle Interchange is being delivered and funded by Transport for NSW

7 Transurban is not a sponsor of the Olympic Games, any Olympic Committees or teams

Figure 5: Opportunity and delivery pipeline

Region	Projects in delivery and potential opportunities[4]	Expected delivery[5]	Next 5 years	5+ years
Sydney	WestConnex M4–M5 Link	2023		
	Rozelle Interchange[6]	2024		
	M7–M12 integration and delivery	Early development		
	Western Harbour Tunnel and Sydney Harbour Tunnel potential monetisation			●
	M6 potential monetisation			●
	Beaches Link potential monetisation			●
Melbourne	West Gate Tunnel Project	2025		
	North East Link potential monetisation			●
Brisbane	Gateway Motorway widening		●	
	Logan Motorway widening		●	
	Broader road enhancements including in relation to Brisbane 2032[7]			●
North America	Fredericksburg Extension	2023		
	495 Northern Extension	2025		
	Maryland Express Lanes—Phase 1	Early development	●	
	Capital Beltway Accord		●	
	Express Lanes enhancements and/or extensions		●	
	Future traditional toll road and Express Lanes acquisition opportunities		●	●
	Maryland Express Lanes Project future phases			●
	Future opportunities in Quebec		●	

Our roads and projects

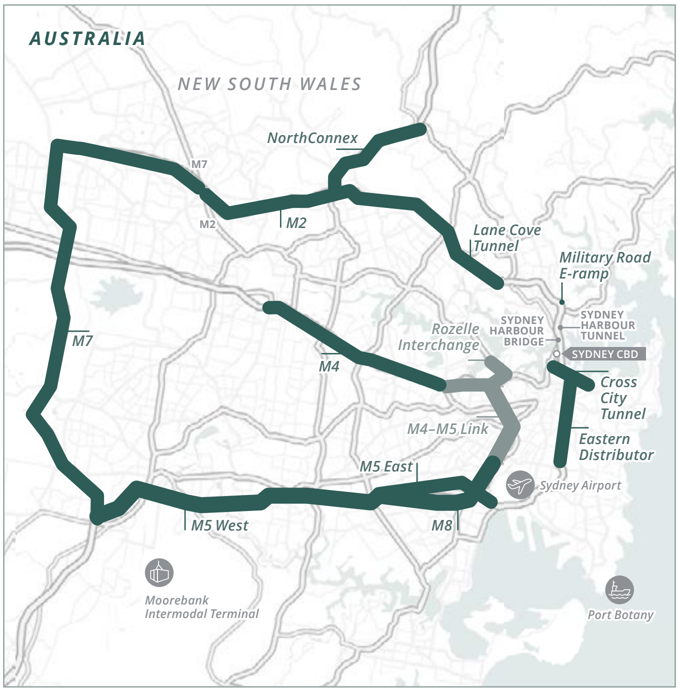
Melbourne, Victoria

	Ownership	Length	Concession end
CityLink[1]	100%	22 km	2045
Projects			
West Gate Tunnel Project	100%	17 km	2045

Ownership (as at 30 June 2022)
Length in kilometres
Concession end

1 Transurban manages incident response on about 45 kilometres of road on the following roads including: CityLink; Monash Freeway; Domain and Burnley tunnels; Bolte Bridge; Tullamarine Freeway; West Gate Bridge; and some sections of the West Gate Freeway

Sydney, New South Wales



	Ownership	Length	Concession end
M5 West[2]	100%	22 km	2026
M2	100%	21 km	2048
Lane Cove Tunnel	100%	3.8 km	2048
Cross City Tunnel	100%	2.1 km	2035
Eastern Distributor	75.1%	6 km	2048
M7	50%	40 km	2048
M4[3]	50%	14 km	2060
M8[3]	50%	11 km	2060
M5 East[3]	50%	10 km	2060
NorthConnex	50%	9 km	2048
Projects			
M4–M5 Link	50%	7.5 km	2060
Rozelle Interchange[4]	50%	5 km[5]	2060

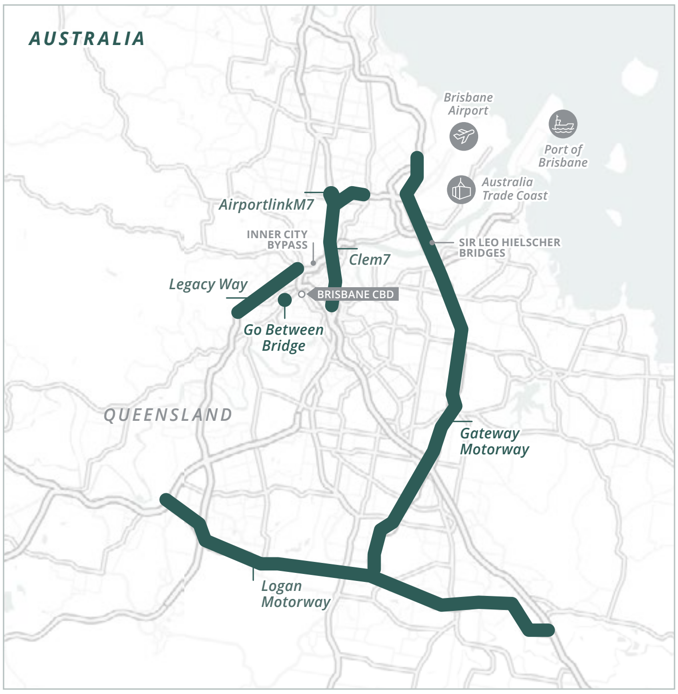
2 M5 West will form part of the WestConnex M5 concession once the current concession expires in December 2026. During that period Transurban's proportional ownership will be 50% based on its current ownership proportion in WestConnex

3 Transurban's proportional ownership of WestConnex, through its equity investment in STP JV, increased from 25.5% to 50% on 29 October 2021

4 Rozelle Interchange is being delivered and funded by Transport for NSW

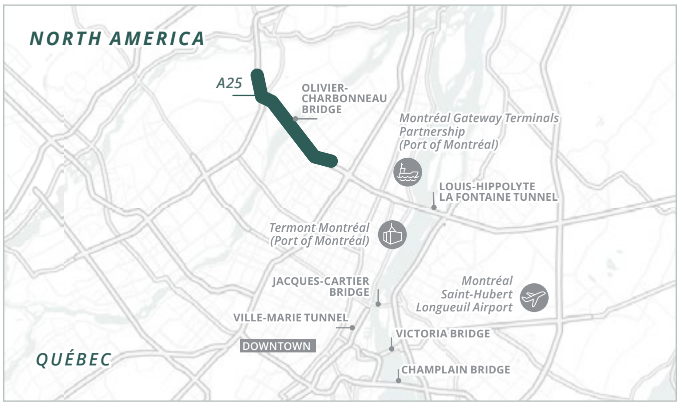
5 Rozelle Interchange is a complex design consisting predominantly of ramps. The length of lane kilometres is about equivalent to a five-kilometre motorway with two lanes in each direction

Brisbane[1], Queensland



Logan Motorway	62.5%	39.5 km	2051
Gateway Motorway	62.5%	23.1 km	2051
Clem7	62.5%	6.8 km	2051
AirportlinkM7	62.5%	6.7 km	2053
Legacy Way	62.5%	5.7 km	2065
Go Between Bridge	62.5%	0.3 km	2063

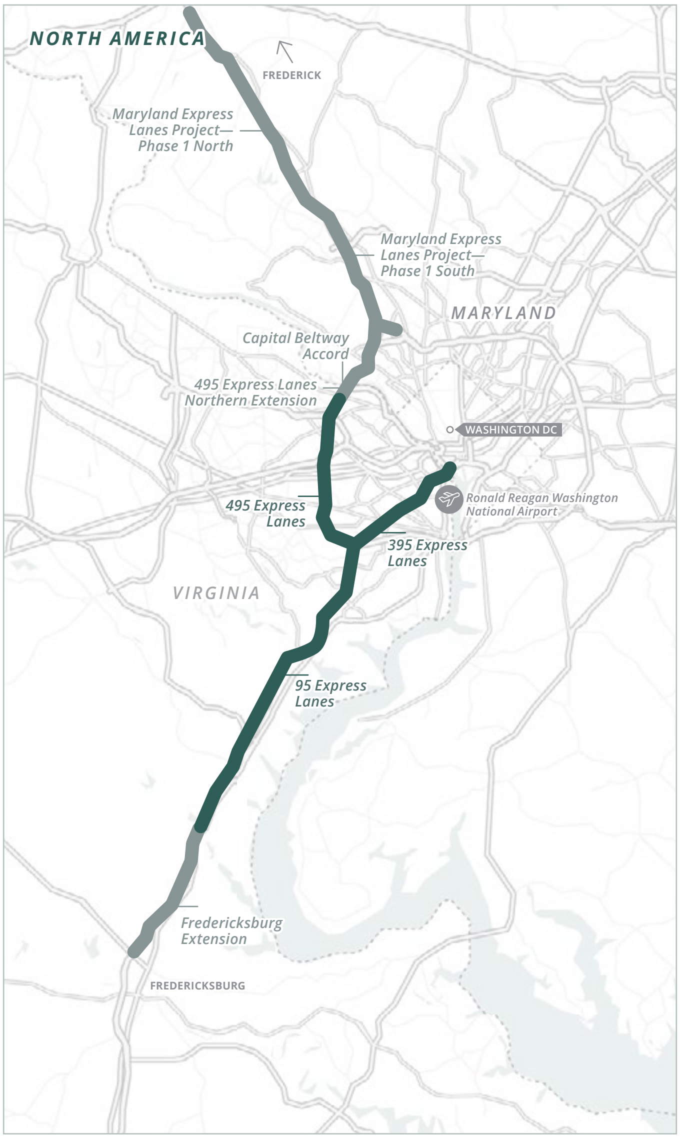
Montreal, Quebec



A25	100%	7.2 km	2042

1 Along with the roads listed here, Transurban Queensland also manages operations, maintenance and incident response along Brisbane's Inner City Bypass and provides tolling services on the Toowoomba Bypass on behalf of the Department of Transport and Main Roads

Virginia and Maryland, Greater Washington Area



95 Express Lanes[2]	50%	50 km	2087
495 Express Lanes[3]	50%	22 km	2087
395 Express Lanes	50%	13 km	2087

Projects

Fredericksburg Extension	50%	16 km	2087
495 Express Lanes Northern Extension	50%	3.2 km	2087
Maryland Express Lanes Project—Phase 1[4]		60 km	
Capital Beltway Accord		4.2 km	

2 The 95 Express Lanes concession includes the 395 Express Lanes and the Fredericksburg Extension (under construction)

3 The 495 Express Lanes concession includes the 495 Express Lanes Northern Extension project (under construction)

4 Also known as the New American Legion Bridge I-270 Traffic Relief Plan

Executive Committee

Scott Charlton

BSc, MBA

Chief Executive Officer

Scott joined Transurban as Chief Executive Officer and Executive Director in 2012. Scott has led Transurban through significant growth during his tenure as CEO, expanding its position in existing markets and leading its entry into new markets.

Scott joined Transurban from Lendlease, where he held positions as Group COO and Group Director of Operations. Previously Scott held several senior positions across a range of infrastructure entities and financial institutions, including as CFO of Leighton Holdings Limited and Managing Director of Deutsche Bank in Australia and Hong Kong.

Scott is Deputy Chair of Infrastructure Partnerships Australia and is a member of the Monash Industry Council of Advisers, the Business Council of Australia and Roads Australia.

Michelle Jablko

LLB(Hons), BEc(Hons)

Chief Financial Officer

Michelle joined Transurban in 2021 as Chief Financial Officer. Michelle's portfolio includes the group finance, treasury, tax, legal, audit, corporate affairs, investor relations and sustainability functions.

Prior to joining Transurban, Michelle was CFO at ANZ Bank for just under five years. That followed more than 15 years of experience in investment banking with UBS and Greenhill Australia as a Managing Director working across a vast array of industries, providing advice on mergers and acquisitions, capital management, funding, and investor relations. Early in her career, Michelle was a lawyer with Allens where she focused on mergers and acquisitions, tax and banking and finance law.

Henry Byrne

BCom, LLB

Group Executive, Victoria and Strategy

Henry was appointed Group Executive Victoria and Strategy in February 2020 with responsibility for the Victorian market and Strategy group, including strategic initiatives and traffic forecasting and analysis. He joined Transurban in 2007 and was appointed to the Executive Committee in 2017 as Group Executive Corporate Affairs. He has worked across most aspects of the business having held senior roles in commercial and operations, corporate affairs and investor relations.

Henry is a Non-executive Director for the Committee for Melbourne and a member of the Research Advisory Board for the Australian National University's Institute for Infrastructure in Society.

Pierce Coffee

BSc

President, North America

Pierce has been an integral part of Transurban since 2009. She oversees Transurban's business in the United States and Canada, where she is responsible for the development, financing, construction, and operations of major toll road infrastructure.

Prior to her Executive Committee appointment, Pierce served as Vice President of Customer Experience and Operations, where she was responsible for end-to-end customer experience and operations across the growing Express Lanes in the US—including road operations, maintenance, dynamic pricing, account management and product development. She has held public affairs, communications, and marketing leadership roles in North America and Australia, during which she established the first customer marketing function in both markets. She currently serves on the Eno Transportation Board of Advisors and has been recognised as one of Virginia Business' most influential transportation leaders.

Suzette Corr

BCom, MBA

Group Executive, People and Culture

Suzette joined Transurban in 2018 as Group Executive, People and Culture. She has responsibility for talent and leadership, organisational culture and development, diversity and inclusion, performance and remuneration, HR services and systems, and workplace relations.

Prior to Transurban, Suzette held Group General Manager roles at ANZ for Talent and Culture, Australia Division HR, Institutional and International Division HR, and as a Director of publicly listed AMMB Holdings Ltd Malaysia. Her earlier career was in consulting at EY, and she brings substantial experience dealing with a diverse and international workforce.

Andrew Head

BA

Group Executive, WestConnex

Andrew joined Transurban in 2003 and was appointed Chief Executive Officer—WestConnex (now known as Group Executive, WestConnex) in September 2018. Andrew is responsible for delivering Australia's largest road infrastructure project, WestConnex, comprising multiple road-and-tunnel construction projects. Prior to his current role, Andrew held various roles on the Executive Committee including Group General Manager NSW, Group Strategy, and Group Development.

Before joining Transurban, Andrew held roles at PricewaterhouseCoopers and worked in the NSW Government. Andrew is Treasurer and a Director of Roads Australia.

Michele Huey

BCom, MBA

Group Executive, NSW

Michele joined Transurban in 2015 as Group Executive, Strategy, and was appointed to the role of Group Executive, NSW Business Operations in 2017. Michele is responsible for the NSW market (excluding WestConnex).

Before joining Transurban, Michele was the Group Head of Procurement and Group Head of Transformation at Lendlease Corporation, and a Principal at Booz & Company (now part of PricewaterhouseCoopers) where she worked with international and national organisations across the oil and gas, resources, industrial and financial services sectors on strategy development, operational improvement programs, and organisation transformations.

Sue Johnson

BBus, BSc

Group Executive, Queensland

Sue joined Transurban in 2001 and has held several executive roles in two decades with the business. In early 2018, Sue was appointed Group Executive, Queensland where she oversees the development, financing, construction and operations of our South East Queensland roads. In her previous role as Group Executive, Customer and Human Resources, Sue transformed Transurban's global customer-service approach.

Sue sits on the Committee for Brisbane Advisory Panel and the Queensland Government's Innovation Advisory Council.

Simon Moorfield

BSc

Group Executive, Customer and Technology

Simon joined Transurban in October 2020 and in his role as Group Executive, Customer and Technology he has responsibility for the product development and service proposition for our Linkt customers, as well as global technology strategy and delivery.

Before joining Transurban, Simon held several executive and CIO positions in companies including AGL, Commonwealth Bank and GE. Simon has an extensive background in transformations, mergers and acquisitions and customer engagement platforms.

Hugh Wehby

BEc (Hons)

Group Executive, Partners, Delivery and Risk

Hugh joined Transurban in October 2020 and in his role as Group Executive, Partners, Delivery and Risk he has responsibility for our strategic partnerships with investment partners, major project delivery, new project opportunity development, risk, and health, safety and environment.

Before joining Transurban, Hugh held various roles at Sydney Airport including Chief Operating Officer and Chief Financial Officer, and previously worked at Macquarie Group across investment banking and asset management. Hugh is also a Director and Chair of the Finance and Properties Committee at Northcott, a not-for-profit disability services provider.

Our purpose

To strengthen communities through transport

Our strategy

By understanding what matters to our stakeholders, we create road transport solutions that make us a partner of choice

Our business strategy drives value for stakeholders

Our strategy in action

The value we create for our stakeholders

Customers

The millions of people and businesses that use our roads.

More productive and liveable cities through:

- safer roads enabling efficient journeys
- faster and more reliable travel times
- choice, convenience, transparency and value for customers in the routes they take and the ways they interact with us.

Government and industry

The government partners, and the transport and business community we are active in.

Innovative and efficient transport infrastructure to cater for growing urban populations through:

- capital input freeing up government balance sheets
- potential to fast-track project delivery and provide economic, social and other benefits earlier
- private sector expertise in innovative design, construction and operations
- capturing data and sharing insights.

Communities

The communities in which we operate.

Better connected and more sustainable communities through:

- safe, effective roads that support private transport
- improved productivity and easier access to goods and services through transport connections
- reduced through-traffic in local neighbourhoods
- job creation through construction projects and flow-on employment opportunities
- improved amenities and partnerships informed by community engagement.

Business partners and suppliers

The organisations providing goods and services we rely on to deliver for our customers.

Better community and environmental outcomes through influence in our extensive supply chain through:

- long-term relationships with lasting economic benefits in employment, goods and services procurement
- shared systems that contribute to better oversight and risk management
- opportunities for innovation and enhanced sustainability performance.

Our people

Our workforce and subcontractors supporting our projects and operations.

Highly capable workforce through:

- focus on safety, employee wellbeing and diversity
- job creation and skills development
- talent development.

Investors

The institutional, superannuation, retail and debt investors that provide us with the capital to deliver long-term, responsible growth.

Sustainable investment proposition through:

- balanced distribution growth and long-term value creation
- disciplined approach to future opportunities
- leading ESG performance.

Global trends

Developing trends and advances in the infrastructure and transportation sector present new opportunities but also potential disruptions. We keep a close watch on the external factors that may impact our business' operations.

Confidence is returning to our cities. International borders have reopened, airports are bustling and traffic is nearing pre-pandemic levels as most of the world emerges from almost two years of restrictions.

While new issues—from supply chain bottlenecks to rising costs—are testing governments and communities, some of the familiar challenges facing our cities have also resurfaced.

Pre-pandemic, many of our cities faced the prospect of congestion on both roads and public transport, reducing productivity and quality of life. Now, as traffic has returned, so have the traditional rush hours.

External surveys commissioned by Transurban since July 2020 have consistently found respondents have an increasing preference for private vehicle travel over public transport. In our January 2022 survey, an average of 16% more people, across Sydney, Melbourne and Brisbane and 7% more people in the Greater Washington Area said they intended to use private vehicles every day post-pandemic, compared to pre-pandemic. Ongoing concerns over personal health and safety are contributing to that shift. If the trend continues, road networks are likely to face further pressure.

At the same time, many cities also have a significant backlog of transport projects and face the added prospect of a shortage in skilled labour. In Australia, skilled visa numbers have been declining for the past five years, contributing to a labour shortage that has been exacerbated by pandemic-related border closures[1]. With multiple city-shaping construction projects underway and many more planned or in development, addressing this issue will be vital to maintain the delivery of much-needed infrastructure projects.

Meanwhile, keeping our cities moving efficiently to avoid a return to the peak-hour crushes of the past will require some innovative thinking.

Flexible work arrangements that have been so prominent during the pandemic provide an opportunity to manage demand on transport networks, by shifting commuters away from traditional peak hours.
In Australia, the NSW Government has also flagged the potential to change long-standing school hours as another option to help manage congestion. Our traffic data shows that even small shifts in travel behaviour can have a big impact on congestion and help transport networks operate most effectively.

At Transurban we have offered flexible work arrangements for some years, including investing in technology to allow our employees to work remotely. We encourage employees to consider options such as flexible workday start and finish times.

However, we recognise that flexible work as a way of addressing mobility constraints requires a coordinated approach between public and private sectors. In response, we have promoted a 'Beat the peak traffic' campaign, inviting drivers to shift their travel patterns—and potentially save up to 1.5 hours travel time a week. This campaign capitalised on the new flexibility many workplaces have retained since pandemic-related restrictions have eased.

Transport costs

On the back of two years of disruptions across multiple sectors, geo-political factors including the Russia-Ukraine War and climate-change related floods and droughts have led to rising costs for consumers across the globe.

The average amount a customer spends on tolls remains a small proportion of typical household expenditure,[2] and on average, our Australian customers spend $6.70 per week on tolls, with 81% spending less than $10 per week.[3] The majority of our Express Lanes customers in the US spend less than USD8 on each toll.

Our July 2022 research into mobility trends found that while 63% of Australian respondents were concerned about fuel prices, other transport costs such as public transport (9%) and tolls (8%) were less concerning.

However, we recognise that a proportion of our customers are frequent toll road users.

We are undertaking detailed analysis to better understand spending patterns of frequent users from economically vulnerable areas and also offer our Linkt Assist (Australia) and First Time Forgiveness (US) to those customers who need support.

We also recognise the impacts on our commercial customers and will continue to work with them on a case-by-case basis.

Funding future road infrastructure

The rising cost of fuel has led to several governments temporarily cutting fuel excise. The Australian Federal Government has halved fuel excise to 22.1 cents a litre for the six months leading to 28 September 2022. In March 2022, the Maryland Government in the US suspended fuel excise for one month.

Net fuel excise in Australia has been declining in real terms for decades due to more fuel-efficient and zero emissions vehicles (ZEVs) and the gap between revenue collected and funding needed to build and maintain transport infrastructure is ever widening. The current fuel excise regime also presents equity issues. As the world works to decarbonise its transport systems by encouraging the adoption of ZEVs,[4] drivers with older and less fuel-efficient vehicles will inevitably pay more in fuel excise.

1 The Age (2022) 'We've got a crisis. We need workers': Big business urges election winner to boost migration. Accessed 30 June 2022

2 Australian Bureau of Statistics and internal Transurban analysis

3 Australian customers traveling in a private vehicle (July 2021 to June 2022)

4 Per kilometre travelled compared to drivers of fuel-efficient vehicles or ZEVs

While the push to reduce transport emissions is critical, it also points to the inadequacy of the current system.

Transurban has long advocated for a fairer, sustainable funding model that meets future infrastructure needs and prepares for the inevitable transition to ZEVs. Such a model would be based on road usage. Some governments are exploring user-based charging through real-world trials and in Australia, the Victorian Government has introduced a road usage charge for electric vehicles and plug-in hybrids.

In July 2021, we commissioned research to gauge the community's understanding and attitudes towards a road usage charge and found that after comparing both models, 50% of respondents preferred such a charge, compared to 32% who preferred the current funding model.[1]

However, we also found that most people had little or no understanding of the funding challenge facing governments with 81% of respondents across Victoria, NSW and Queensland claiming to know a little, or nothing at all about road funding.[1] This points to the need for further education about the issue.

Vehicle technology transforming travel

The future of transport is expected to involve safer and more sustainable mobility options that provide convenience and personalised transport choices.

Most vehicle manufacturers are working on the transition to electric as well as connected and autonomous vehicles (CAVs). These vehicles will, via ever-more-advanced sensors, data management and artificial intelligence, increasingly perform independently of their operators and in tandem with surrounding vehicles. As well as improving efficiency and travel times, and reducing transport emissions, given human error is estimated to contribute to 90% of vehicle crashes, CAVs are expected to make road travel safer.

Freight operators are expected to transition their fleets to CAVs faster than other industries. The benefits CAVs deliver are potentially most valuable to freight operators, particularly for point-to-point journeys on tollways and other high-functioning roads.

—Highlight—

Urban mobility trends research

Since the start of the pandemic, we've surveyed thousands of people in cities across Australia and North America to track the impact of COVID-19 on how we live, work and move around cities, through lockdowns, reopening and recovery.

Our research found people increasingly prefer private vehicles over public transport, leading us to explore associated topics including: using flexible work to manage peak network demand; and road-funding reform to help prepare the road network for higher future demand.

We have now published five Urban Mobility Trends industry reports, including two during FY22 and the latest in August 2022.

Urban Mobility Trends: Road Funding Reform (August 2021)

This report looked ahead to a post-pandemic future, and a critical issue Australia needs to solve to ensure its road infrastructure keeps pace with future demand: road funding. This research investigated people's understanding of Australia's existing road-funding system and attitudes towards road-user charging reform.

Read report on transurban.com/mobility-report-fy21

Urban Mobility Trends from COVID-19 (February 2022)

This report checked back in on mobility trends observed during the first three surveys, to see how attitudes and expectations may have shifted as we emerged from two years of intermittent disruption and began to return to a form of normalcy. It covered transport mode preferences, online shopping habits and flexible work patterns.

Read report on transurban.com/mobility-report-1h22

Latest report

Our latest Urban Mobility Trends Industry Report, published in August 2022, asks people about their current and future travel behaviours, their working arrangements, what influences their transport choices, the transport challenges in their communities and their views on transport infrastructure.

Read more on our Insights Hub, insights.transurban.com

We are staying on top of these trends through continual research and development (including running pilot programs) as well as through partnerships with relevant technology providers.

Addressing climate change

The impacts of climate change are already being felt around the world. As a road operator with assets across three countries and both hemispheres, and an average concession of more than 28 years, climate change will affect the way that we operate our business into the future. It is also incumbent on us, as an industry leader, to set the highest sustainability standards for our operations. We have set ambitious emission reduction targets and are delivering programs to meet these targets, recognising the risks—threats and opportunities—that climate change presents. We are also preparing our assets to tolerate extreme weather events. Our response aligns with the Task Force on Climate-related Financial Disclosures' (TFCD) recommendations.

Read more in our FY22 Climate Change Disclosure on transurban.com/ccd22

1 *Transurban's Urban Mobility Trends: Road Funding Reform, August 2021*

Business performance

Project update

Melbourne

West Gate Tunnel Project

westgatetunnelproject.vic.gov.au

33M
worker hours

~$11B
estimated economic benefits for the State of Victoria[1]

~6,000
construction jobs created, including up to 400 regional jobs

Up to
20 mins
expected travel-time savings per trip[2]

>14km
new and upgraded walking and cycling paths

~9ha
new parks and wetlands

Once completed, the West Gate Tunnel Project will deliver a vital alternative to the heavily congested West Gate Bridge and provide new links to Melbourne's port, CityLink and the city.

The project includes 18 kilometres of new lanes on the West Gate Freeway, widening from eight to 12 lanes and easing traffic congestion for the 200,000 motorists who use it daily. More than 70% of widening works are now complete and 80% of the project's new and improved noise walls have been installed. The project is currently completing its IS 'Design' rating.

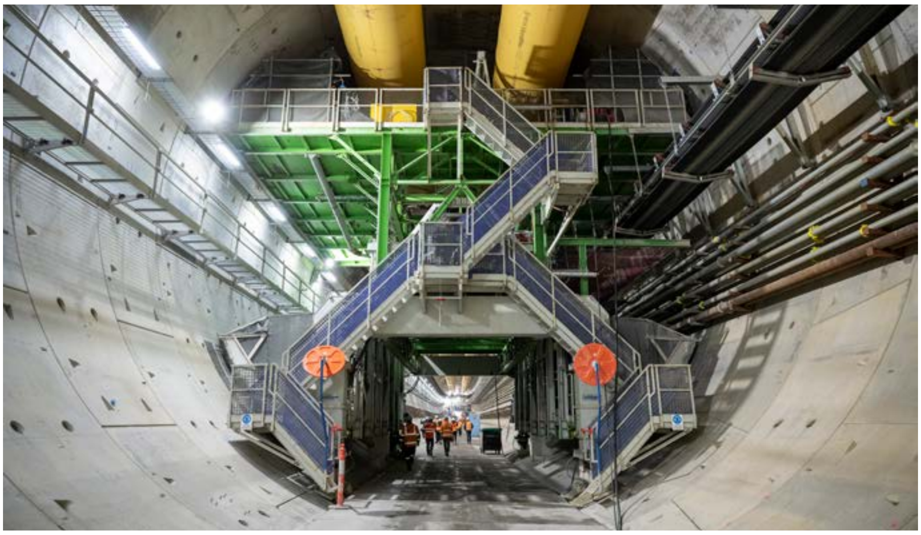
Two tunnel boring machines—the biggest of their kind in the southern hemisphere—are now digging the twin tunnels beneath Melbourne's inner west. The tunnels are expected to remove around 9,000 trucks from local roads a day by providing a direct route from the port to the industrial areas of Melbourne's west.

Tunnelling began in early 2022, after Transurban, the Victorian Government and the design and construction (D&C) subcontractor reached an agreement on revised project delivery terms, including a new completion date of late 2025. As part of the agreement, the D&C contract total cost was increased by $3.4 billion, with Transurban and the Victorian Government each contributing $1.7 billion. The D&C subcontractor withdrew its claim for additional construction costs (see B2 on page 128 for more information).

The tunnels connect to a new bridge and ramps being built over the Maribyrnong River—the first steel support beams were lifted into place in May 2022. The bridge will connect the new tunnels with an elevated roadway above Footscray Road, where a state-of-the-art launching gantry has so far enabled the construction of more than 700 metres of the new two-kilometre, six-lane elevated road that will connect to CityLink, and improve links between the city centre and Melbourne's northern and western suburbs.

In collaboration with our partners, we engaged with 4,000 community members this financial year to discuss both construction impacts and project benefits. With children back in classrooms in 2022, we also visited 22 schools in Melbourne's western suburbs as part of our West Gate Kids Schools Engagement Program, conducting hands-on activities to help kids learn about how infrastructure is built.

See how this project fits into our portfolio (pages 16 to 17)



1 *Victoria State Government: Western Distributor Business Case (2015)*

2 *Victorian Government West Gate Tunnel Project website*

Project update

Sydney

WestConnex

westconnex.com.au

90%
project completion

~40,000
workers

>10,000
workers involved in M4–M5 Link, with more than 40% from Western Sydney

Up to
40 mins
total travel-time savings Parramatta to Sydney Airport[1]

52
traffic lights bypassed

23km
new and upgraded cycle and shared paths

18ha
open space

300+
WestConnex Community Grants awarded, benefitting ~155,000 people

WestConnex is one of the world's largest road infrastructure projects and, once complete, will connect Sydney's west and southwest suburbs with the city centre, airport and Port Botany via a 33-kilometre traffic-light-free motorway.

We are nearing completion for the next critical stage of the project, the M4–M5 Link which is being delivered by Transurban. The project is currently finalising its IS 'As Built' rating.

The M4–M5 Link civil works were completed in FY22, and the project is on track to open to traffic in Q3 2023. When opened, these 7.5-kilometre tunnels are expected to reduce travel times and improve travel reliability by allowing motorists to bypass up to 52 sets of traffic lights between western Sydney and the city centre.

The tunnels have the capacity to carry up to 100,000 vehicles a day, significantly reducing traffic and heavy vehicles on congested surface streets. Moving traffic underground also helps improve liveability in local communities: the first stage of the project, the M4 Tunnels corridor, has delivered air quality improvements of 10 to 15% since opening in 2019[2].

Safety improvements have also been significant. Since WestConnex's M8 tunnels opened, smoother traffic flow has reduced serious crashes on the neighbouring M5 East by 40%.

Rozelle Interchange (delivered by the NSW Government) connects to the M4–M5 Link and is scheduled to open in late 2023.

In 2018 Transurban and its co-investors in Sydney Transport Partners (STP) acquired a 51% stake in WestConnex from the NSW Government. In October 2021, STP acquired the remaining 49% equity stake from the NSW Government for $11.1 billion, taking STP's total ownership interest to 100%. Transurban owns 50% of STP.

Transurban, alongside its strategically aligned partners, has operational control of WestConnex. We opened the M4 in 2019 and the M8 in 2020.

See how this project fits into our portfolio (pages 16 to 17)

1 *Parramatta to Sydney Airport once project is completed. WestConnex Updated Strategic Business Case, November 2015*
2 *National Institute of Water and Atmospheric Research 2021*
3 *Transurban economic analysis*

Future project

M7–M12 integration and delivery

26km
motorway, adding +one lane in each direction

1,600
jobs at the peak of construction

4M
hours in travel time to be saved per year[3]

2023
proposed construction commencement

The M7–M12 integration and delivery project will cater for Sydney's growing western suburbs and planned second international airport, which is expected to begin operations in 2026.

With our Westlink M7 partners, we submitted an Unsolicited Proposal to the NSW Government for the project. The proposal, to widen the M7 and connect it with the planned M12 motorway, progressed to the third stage of the NSW Government's Unsolicited Proposals Process in FY22. Subject to Government approval and final documentation, construction is anticipated to start in early 2023, with the project anticipated to take around three years.

Sections of the M7 are already operating at capacity and will likely face further pressure when the government-delivered M12, which provides direct access to the Western Sydney International Airport, opens in late 2025.

Our M7 widening proposal includes: funding and construction of an additional 26-kilometre lane in each direction; building the M7–M12 Interchange; and building connecting roads between Elizabeth Drive and the new M12.

These enhancements are expected to save road users more than four million hours of travel time per year,[3] as well as reducing stop-start traffic. Our delivery approach includes local community partnerships designed to boost both jobs and the economy during construction and beyond.

Project updates

Greater Washington Area

Fredericksburg Extension

expresslanes.com/projects/fredericksburg-extension

16km
extension of 95 Express Lanes

1M+
project work hours completed

+955,000 m³
earth moved

66%
more capacity during peak times[1]

~9,000
jobs[2]

USD1B
economic boost—estimated through construction and project delivery

The Fredericksburg Extension project—known as FredEx—continues to progress with major milestones, including the rebuild of a second overpass and a series of steel beam lifts for fly-over ramps completed.

The project involves extending the 95 Express Lanes by 16 kilometres and, when complete, will create the longest reversible Express Lanes system in North America, spanning approximately 80 kilometres from Washington DC to Fredericksburg, Virginia. The project is working towards its Silver Envision rating.

FredEx is expected to deliver 66% more capacity during peak travel times,[1] relieving congestion in one of the worst traffic hotspots in the US, and more reliable and faster travel times for the many workers in the region, including 28,000 Quantico Marine Base employees. Buses and carpools will travel for free.

Working collaboratively, Transurban, the Commonwealth of Virginia and the D&C subcontractor reached an agreement on a new targeted completion date of late 2023. This allows for the mitigation of construction challenges posed by the presence of highly plastic clay in the corridor soil.

1 *FredEx Level 2 Study. Virginia Department of Transport*
2 *Estimated number of jobs expected from the economic development of the project*

See how this project fits into our portfolio (pages 16 to 17)

495 Northern Extension

495northernextension.org

~6,300
jobs during construction[2]

USD880M
economic boost—estimated through construction and project delivery[3]

20%
reduction expected in accidents along the I-495[4]

50%
time saving during peak commuting times[4,5]

6.4km
cycle and pedestrian connections

A ground-breaking ceremony in March 2022 marked the official start of construction on the 495 Northern Extension project—known as Project NEXT. This project will extend our 495 Express Lanes from Virginia towards the Maryland border with new connections at the Dulles Toll Road and George Washington Memorial Parkway.

The four-kilometre extension is expected to reduce peak travel times by up to 25 minutes[3] and improve connectivity to key economic hubs including Tysons and Dulles Corridor. This project is also preparing the lanes for the Capital Beltway Accord—the rebuild of the ageing American Legion Bridge and extension of the Express Lanes north across the Potomac River into Maryland.

The project will facilitate a new bus service connecting Virginia and Maryland, supported by a commitment of $2.2 million in annual public transit investment from toll revenues.

New bicycle and pedestrian connections will be built along the project's corridor. The project also includes commitments for major stream restoration works. The project is working towards its Silver Envision rating.

The project is a public-private partnership between the Commonwealth of Virginia and Transurban and is expected to open to traffic in 2025.

3 *Virginia Department of Transport*
4 *I-495 Express Lanes Northern Extension, Location and Design Public Hearing. Virginia Department of Transport. 5 October 2020*
5 *For those who choose the Express Lanes*

See how this project fits into our portfolio (pages 16 to 17)

Project updates

Greater Washington Area

Maryland Express Lanes—Phase 1

The Maryland Express Lanes Project—Phase 1 proposes to add high-occupancy toll (HOT) lanes to approximately 60 kilometres of highway linking Maryland's inner Washington DC suburbs with Maryland's northern suburbs.

The proposal is intended to address some of the region's worst congestion, extending the benefits of the Virginia Express Lanes to Maryland and Virginia motorists.

The final step of the environmental review process (NEPA Record of Decision) remains under evaluation by federal and state parties, and we are currently working with Maryland Department of Transportation (MDOT) on an updated project timeline.

The process to select D&C subcontrator(s) to continue to advance early development and design work is underway.

The rebuild and expansion of the American Legion Bridge is expected to be completed within Phase 1 South, the first segment of the project to be delivered. Virginia and Maryland are currently progressing agreements for this Accord (see right).

When complete, the project is expected to improve speeds for both the neighbouring general-purpose lanes and the new toll lanes. The lanes are expected to reduce delays by 13% during the morning peak and 38% in the afternoon peak.[1] A new bicycle/pedestrian crossing between Maryland and Virginia are also expected to form part of the project.

The project team has engaged with our stakeholders early to understand their needs and has attended more than 30 stakeholder events in the area. They have joined eight local chambers of commerce and held 50 briefings with state and local elected officials.

Community feedback will inform the design and solutions to minimise the construction impacts for road users, the local community and businesses, as well as the environment.

Capital Beltway Accord

The proposed Capital Beltway Accord is expected to be a bi-state (Virginia and Maryland government) agreement to:

- add two express lanes in each direction across the Potomac River
- replace the ageing American Legion Bridge with upgraded general-purpose lanes.

The rebuild and expansion of the American Legion Bridge expected to be completed within Maryland Express Lanes Project—Phase 1.

Agreements between both state governments are in progress.

See how this project fits into our portfolio (pages 16 to 17)

~96km/h
average speed on HOT lanes in 2045[1]

~24km/h
faster travel on general-purpose lanes in 2045[1]

USD12.6B
economic boost—estimated through construction and project delivery[2]

43,400
job-years[2,3]

8 MOUs
signed with local organisations[4]

95/395 Express Lanes—enhancements

New and enhanced ramps to the 95 and 395 Express Lanes will give customers better access to the growing economic hubs along the Express Lanes corridor, offering improved travel choice and more reliable travel times.

The Commonwealth of Virginia has approved the conversion of ramps at Seminary Road (395) and Opitz Boulevard (95), which will improve access to the 62.8-kilometre Express Lanes corridor.

The 395 Seminary Road Ramp Project involves converting an existing high occupancy vehicle (HOV) lane ramp onto the 395 Express Lanes into an express lane ramp. It is expected to be converted later this year.

The 95 Express Lanes Opitz Boulevard Ramp Project will construct a new reversible ramp between the 95 Express Lanes and an expanded Opitz Boulevard bridge, servicing one of the fastest growing counties in Virginia. Construction of this USD70 million project is scheduled to begin first half of FY23. It is expected to open in 2024.

1 *I-495 and I-270 Managed Lanes Study: Final Environmental Impact Statement*
2 *Economic analysis by George Mason University, 2022*
3 *43,400 job-years of employment (one job lasting for one year)*
4 *Memorandums of Understanding (MOUs) to assist in developing training, education and workforce development programs and increase inclusion of disadvantaged businesses working on the project*

See how our strategy creates value for our customers (pages 20 to 21)

Customers

9.7M
customers
3.7 million North America, 6 million Australia

323,000
hours saved by customers every workday

3.78
road injury crash index
below target of <4.25

Our customers make around two million trips on our roads every day—saving around 323,000 hours in travel time every workday by taking our roads instead of the alternate routes.

While government-imposed COVID-19 pandemic restrictions, particularly in Sydney and Melbourne, during the first half of FY22 significantly impacted traffic volumes, we've seen traffic volumes grow as the year progressed.

This year, we continued to increase our customer account numbers for all our retail brands: Linkt in Australia; Express Lanes and GoToll in the US; and A25 in Canada. We now have more than 9.7 million customers, an increase of almost 10% since FY20.

As well as investing in high-quality and safe roads, we also use technology to ensure our customers' experiences off the road are as easy and seamless as possible. More than 96% of our Australian customers use our digital apps and website to manage their toll road travel.

UN SDGs relevant to this section

—Case study—

Understanding what matters to our customers

On alert: how we keep our customers moving

Customers choose our roads for reliable and faster travel times, so information about live-traffic conditions is important to ensure we meet their expectations.

Our Australian 24/7 incident response teams manage around 1,000 incidents a week. Safe management of incidents can include lane closures or reduced speed-limits. Planned road works can also impact travel times.

Until this year, we only shared live information about travel disruptions via the Linkt website and our Twitter accounts—but both options required customers to proactively check for information.

Through external research of our Australian customers, we found they wanted early and live notifications of potential delays:

- 67% of customers wanted to be notified about incidents occurring on our roads
- 87% considered 'time delay' the most useful information we could provide
- 40% wanted to choose which roads to be notified about.

In March 2022, we implemented road incident notification functionality within the Linkt app, allowing customers to request notifications for specific roads, road sections, and times.

When an incident occurs, customers are notified about the location, delay type and if incident response crews are on the scene. This feature means customers can choose our roads with confidence and receive the value they expect: a quicker, safer and more reliable journey.

On-road experience

We invest in industry-leading safety and traffic management technologies that smooth traffic flow, ease congestion and ensure road users have the safest possible experiences on our roads. Our 24/7 road monitoring and incident response further enhance the safety and reliability of our roads.

In July 2020, a toll was applied to Sydney's M5 East when the neighbouring M8 opened. A one-way trip using the 5.5-kilometre road used to take up to 18 minutes. The same trip now takes around eight to nine minutes during peak traffic times and average travel speeds along the existing M5 corridor have improved by almost 60%.

In FY22, traffic continued to be impacted by government-mandated restrictions related to COVID-19, however in most markets traffic recovered in line with the easing of restrictions.

By April 2022, traffic on CityLink in Melbourne was trending towards pre-pandemic levels.

In response, we launched a 'Beat the peak traffic' campaign, inviting drivers to shift their travel patterns—and potentially save up to 1.5 hours travel time a week. This campaign capitalised on the new flexibility many workplaces have retained post-restrictions, including on workday start and finish times.

Figure 6: Annualised benefits for each region

	Average daily traffic (# vehicles)	Average workday travel-time savings (# hours)
Sydney	802,000	168,000
Melbourne	648,000	62,000
Brisbane	418,000	74,000
North America	140,000	19,000

Beat the peak: find out the best times to travel in Melbourne, transurban.com/beatthepeak

Our operations

21
assets in operation

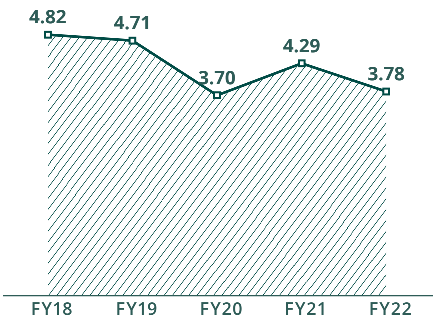
~1,000
incidents managed per week[1]

330+
kilometres of roads

$97M
invested in maintenance[2]

5,000+
CCTV cameras on our roads[1]

Figure 7: RICI performance FY18–FY22



Our safety performance

The three most common crash types on our roads are:[3]

40%
of crashes
Rear-end
Associated with congestion and driver distraction

16%
of crashes
Out of control
Associated with speed and usually single car

10%
of crashes
Merging/side swipe
Associated with late exiting, inattention around trucks, and merging with on-road traffic

Read more on our Insights Hub, insights.transurban.com

Road safety

We're always working towards our ultimate target of zero fatalities and life-changing injury crashes on our roads.

We track our performance using a Road Injury Crash Index (RICI)—the number of serious injury crashes per 100 million vehicle kilometres travelled (VKT) on our roads. In FY22, we achieved a RICI of 3.78, 11% lower than our target RICI of no more than 4.25 (Figure 7).

During the government-mandated COVID-19 travel restrictions in the first half of FY22, traffic numbers on our roads fell—and so did crash numbers, from 286 in FY21 to 246 in FY22.

We continued to identify and implement initiatives to reduce common crash types on our roads (see below). Most crashes on our roads result in no injury to the occupants involved.

Pandemic-related restrictions on travel also contributed to declining rates of rear-end crashes—the most common crash type on our roads—owing to reduced congestion.

Over the past three years, improved data insights and a range of interventions have been introduced to address rear-end crashes at hot spots, including speed management using variable speed limit signs and advanced congestion warning. These measures have contributed to a reduction in rear-end crashes, down from 50% in FY20 to 40% in FY22.

Our road safety performance has been independently assessed in line with the International Road Assessment Program (iRAP) and by the Australian Road Research Board, who found 91% of travel on our roads to be four-star or better, exceeding the national road safety target of 90% for national highways.

Research from the Monash University Accident Research Centre (MUARC) has also found that our roads in Australia are up to twice as safe—and have significantly fewer injury crashes—than like roads.[4]

We're making every journey a safer one. Watch our campaign, transurban.com/roadsafety

Our approach

Transurban's Road Safety Strategy is based on the best-practice Safe System Approach that recognises road safety as a shared responsibility—including the individuals and businesses who use the roads and those building and managing road networks. We are aligned with World Health Organisation (WHO) targets and UN SDGs to address road safety risks.

We champion road safety by:

- implementing targeted and evidence-led safety initiatives
- using proven and innovative technology to reduce incident risk
- providing 24/7 monitoring and incident-response services
- supporting and conducting ongoing research into diverse road safety issues
- delivering tailored community education programs.

Road safety is a part of our Social Licence Framework. Read more on page 43

Eyes on the road

Our extensive roadside technology capabilities—including control-room observations, CCTV and road sensors—ensure we can quickly identify and respond to incidents, helping keep our roads safer for all our customers.

In Brisbane, we're continuing to consolidate our four traffic control rooms into one state-of-the-art traffic control centre. This centre will ultimately monitor our entire 81-kilometres of roads, tunnels and bridges. In FY22, the Legacy Way tunnel was brought into this centralised control centre, which will use artificial intelligence technology to automatically identify incidents and congestion, and alert operators.

In Melbourne, work commenced in June 2022 on a major makeover for the Burnley Tunnel. Works will improve traffic flow and include installing Australian-first and state-of-the-art pacemaker lighting to encourage drivers to maintain a consistent and safe speed.

1 *In Australia*
2 *FY22 maintenance cash spend on controlled entities at 100%*
3 *Incident types on Transurban roads in FY22. Based on sample data taken from across our markets*
4 *Monash University Accident Research Centre (MUARC), 2021*

More than 78% of fatal crashes involving a truck and a car, the car was the at-fault party.[1] In partnership with the Queensland Trucking Association, we have worked to raise awareness of truck blind spots

In the US, our dynamically tolled 95 and 395 Express Lanes have horizontal and vertical gates, used to open or close entry points, depending on what direction traffic is flowing. We have launched a pilot to evaluate alternate flagging systems on the gates, to influence safer driver behaviour and reduce gate strikes. Early results have shown a reduction in strikes and we have plans to expand the pilot.

Read more about our safety approach with our people page 49 and our contractors page 64.

Road safety research

Research helps us understand complex safety issues and enables us to test technology and other solutions under controlled conditions to ensure they will be effective.

We continued our partnership with Neuroscience Research Australia (NeuRA), with research conducted at the Transurban Road Safety Centre in Sydney. NeuRA scientists use a crash sled capable of reaching speeds up to 64 kilometres per hour to understand road safety injury risks.

FY22 NeuRA research has included:

- **Motorcycle fuel tank trials:** measuring motorcyclist pelvic injuries to understand how fuel tank and rider positioning contribute to these injuries.
- **Seating posture injury risks for young and older adults and children:** preparing for autonomous vehicles, where vehicle occupants may adopt non-standard seating positions to help us understand future safety system requirements.
- **Optimising safety for rear-seat occupants of all ages:** exploring rear-door properties and risks; rear-seat video screen risks; and seat-size variations and optimisations to understand and improve rear-seat passenger safety.

To help raise awareness and reduce crash risks for children, in FY22, we ran:

- **Car Seat Blitz** (Australia) in partnership with Kidsafe, supporting free child car seat checks across our markets. Read more on page 44.

transurban.com/checkmyride

- **Driving Willpower** (US) campaign, targeting child car safety, including the correct fitting of child car seats.

drivingwillpower.com

UN SDGs relevant to this section

3 GOOD HEALTH AND WELL-BEING

Read more on our Insights Hub, insights.transurban.com

—Case study—

The future is now: preventing crashes before they happen

Technology and accurate and real-time data mean we can constantly explore ways to improve safety on our roads by proactively identifying trends and patterns.

Working with a road intelligence company, we can access data sourced directly—and anonymously—from connected vehicles' GPS systems. This allows us to see where drivers have reacted in unusual ways, such as suddenly braking or swerving.

In Melbourne, data showed an issue with last-minute merging near the final CityLink exit before the Domain Tunnel. After line marking and directional signage were improved, rear-end crashes on the approach to the Domain Tunnel dropped by 75%, and lane side-swipes reduced by 66%, between August 2021 and April 2022 compared to the previous nine months. The new marking and signage are giving drivers clearer and more advanced warning of the exit before the tunnel. No serious or minor injuries have been recorded since the measures were installed.

In Sydney, we used in-car data to track swerving and sudden braking on the notoriously congested Pennant Hills Road (that provides an alternative route to the nearby NorthConnex tunnel). Data shows a 50% reduction in near misses on Pennant Hills Road in the 12 months since the tunnel opened, verifying that safety benefits are flowing to the wider road network following the opening of NorthConnex.

We're also using this technology to assess off-ramp safety performance in Sydney and variable message signage efficacy in addressing merging risks on our Brisbane roads.

1 NTI NTARC Major Accident Investigation Report, 2021

Customer experience

Our 9.7 million customers engage with us by managing their toll payments, planning their journeys—and even when they're buying fuel.

Our Australian customers take an average of 5.7 trips per month and those travelling in a private vehicle spend $6.70 per week on tolls, with 81% spending less than $10 per week. The majority of our Express Lanes customers in the US spend less than USD8 on each toll, with around 7 out of 10 customers spending less than USD20 per month.

We gather feedback from our ongoing Voice of Customer (VoC) listening program and use these customer suggestions and insights to improve customer experience, and identify and address emerging issues.

Service ratings

We also track customers' account management and service-related complaints to ensure we are delivering excellent service. This year in Australia, the number of complaints recorded per million trips fell by 12.54%. We also saw a reduction in customer service-related complaints (18%) and account management complaints (29%), indicating enhanced customer experiences.

Our customers trust us to protect their personal and financial information. We remain vigilant in our cybersecurity measures and programs to keep pace with the changing risk environment, including refreshed customer identification and privacy training.

Making it easy

More than 96% of our Australian customers prefer to interact with us via digital tools—in FY22, our Australian Linkt and LinktGO apps were downloaded almost 500,000 times.

In April 2022, our LinktGO app hit a record net promoter score (NPS) of +49. NPS is a measure of participant advocacy, and the app averages 38, demonstrating customer satisfaction and loyalty. We continually invest in activities that improve the functionality of our digital channels and this year focused on delivering new personalised features in response to customer feedback.

Our digital tools, such as Trip Compare which is available in Victoria and NSW, help customers make informed choices about the best route to take. Over 185,000 trip calculations were made in FY22 using the app. Occasional toll road users have the option to manage their travel on the go using our LinktGO app. More than 5.2 million trips have been taken using LinktGO to date. In the US, our GoToll payment app offers a similar pay-as-you-go option.

We're also upgrading our core customer account and billing systems to leading cloud-based platforms, which will make it even easier for Linkt customers to pay for tolls and manage their accounts. This approach will also simplify our products and fees.

During FY22 in Australia, we ran a pilot to see if new technology could help increase automated recognition of non-standard licence plates.

The technology improved automated recognition rates to 98% and reduced manual image processing by 50%. We will seek to implement this new technology in FY23.

Adding value

With fuel prices rising around the world, we have encouraged our Australian customers to take advantage of a four cents per litre[2] fuel discount at participating Shell Coles Express offered through our Linkt Customer Rewards program. This discount can be combined with other offers to save up to 18 cents per litre.[2,3]

***Service ratings*[1]**

50.6M
inbound interactions

96%
interactions are digital

48.7M
digital sessions (80% of these accessed via mobile)

4.3 out of 5
customer satisfaction rating for call centre

In May 2022, we launched a month-long campaign promoting a limited saving of up to 22 cents per litre[2,3,4] at participating Shell Coles Express when combined with other offers. All up, our fuel discount program has saved our customers more than $3 million since its 2019 launch.

We also launched an education campaign to give customers tips on how to save fuel and, in turn, greenhouse gas (GHG) emissions, by driving economically. In May 2022 we worked with GOFAR who ran a promotion for our Linkt customers to win a device to measure the fuel efficiency of their driving. Read more on page 39.

Showing we care

In FY22, we increased our support for people facing financial hardship by extending our support for the One Stop One Story Hub pilot program in Australia. The pilot, led by charitable organisation Thriving Communities Partnership, focused on supporting people impacted by family and domestic violence, which has increased during the pandemic.

This hub allows customers to access hardship support for multiple essential services via a single point of contact. The hub extends the value of our existing Linkt Assist support service by connecting customers with other corporate programs and community support services, making it easier for them to get the help they need. More than 500 customers accessed the service during the pilot and we will be continuing the partnership in FY23.

We continued to support our North American customers with hardship and first-time forgiveness requests.

1 Australian customer data, does not include North America
2 See offer terms for full conditions
3 Offers are subject to change from time to time. See Coles Express terms for conditions
4 The "Spend $20 in-store and save 14c per litre" was a limited time offer from 30 March to 25 May 2022 and not valid in ACT or Queanbeyan NSW stores.

See how our strategy creates value for our communities (pages 20 to 21)

More than

12,000

community interactions

More than

$4M

towards social investment programs

Communities

27%

average GHG emission savings for customers using our roads[1]

To achieve our purpose, we must listen to and learn from our neighbours—people living and working near our roads or projects, and the communities our roads help to connect—and respond to them in meaningful ways.

Strengthening communities is also one of the three focus areas of our revised Social Licence Framework (page 43) that helps us identify the initiatives, investments and partnerships that will have the greatest social, economic and environmental benefits for local communities and our customers.

In FY22, our communities continued to experience the challenges of the COVID-19 pandemic compounded by, in Queensland and NSW, extreme weather events including floods. Alongside our annual community grants program, this year we supported flood-affected communities in Brisbane and those most affected by pandemic-related restrictions in Melbourne and Sydney. In the Greater Washington Area, we expanded our grant programs to support those along our new construction corridors and raised funds to support existing partnerships with Northern Virginia Family Services and the 9/11 Pentagon Memorial Fund.

Between August 2021 and March 2022, we conducted a major listening project, asking community members and other key stakeholder groups for their views on Transurban (see page 36). Project findings are helping us determine the effectiveness of our approaches to supporting our stakeholders.

UN SDGs relevant to this section

3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS

1 *Transurban internal calculation based on vehicle type, distance travelled and COPERT emission modelling tool. Read more in our Insights Hub*

—Case study—

Understanding what matters to our communities

Listening and learning

The perceptions and experiences of our communities and other stakeholders play a critical role in our success. We need to understand, anticipate and address what is important to them, so that we can deliver on our purpose and strategy.

This year we conducted our second extensive stakeholder listening program. The first program was undertaken five years ago with stakeholder listening informing new customer offerings including Linkt Assist, LinktGO, Trip Compare and a rewards program, as well as new social investment guidelines.

Our second, multi-phase perception study, completed in May 2022, is helping us understand current performance sentiment and will inform our future strategic direction. This study was extended to include North American stakeholders.

Study activities included, in Australia:

- 71 deep-dive stakeholder interviews
- 68 documents analysed, including Voice of Customer (VoC) and other surveys
- 112 responses to our business partner and supplier survey
- 4,000+ responses to our community engagement survey.

And in North America:

- 2 focus groups
- 17 deep-dive stakeholder interviews
- +80 surveys distributed.

The timing of our second study aligned with the launch of our Social Licence Framework, designed to ensure our activities support the three areas that matter most to our stakeholders:

- empowering customers
- championing road safety
- strengthening communities.

Early findings across all our markets indicate that, overall, Transurban has a sound standing with community members and stakeholders. Our operational business performance is considered 'gold standard'. Our communities and other stakeholders also recognise the excellence of our employees.

Several opportunities for improvement were also identified.

Overall, stakeholders agreed Transurban's social licence focus areas are appropriate and relevant for the business. However, early findings suggest they want to see more evidence of our current performance and have low awareness of initiatives we are delivering within each social licence area.

Specifically, two focus areas are resonating well with stakeholders: 'championing road safety' and 'strengthening communities'. The third area, 'empowering customers' resonated less, suggesting lower stakeholder awareness of our overall customer engagement efforts and performance.

Read more on page 42

Our initial survey review has identified some themes that, when addressed, will help to consolidate our social licence, enhance our competitive edge and support our growth agenda, including:

- **Relationship building**, including creating more opportunities for our stakeholders to engage and collaborate with us.
- **Value awareness and visibility**, including enhancing our community engagement post-construction and ensuring communities are getting long-term benefits from our local activities.
- **Leading on transport issues**, including using our influence to drive holistic and sustainable transport network solutions.
- **Increasing focus on sustainability**, including ensuring we continue to make meaningful and tangible contributions to creating a sustainable future.

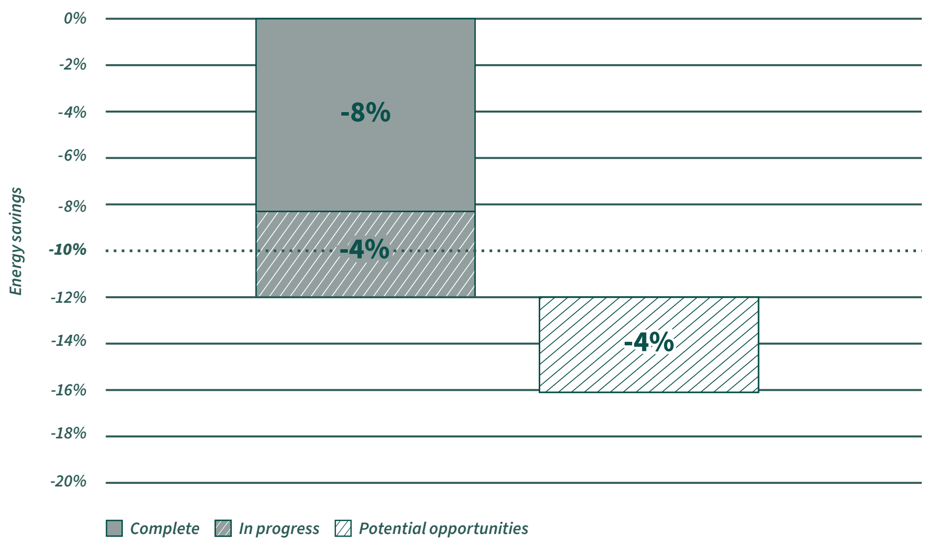
When all analysis is complete, we will share the findings across our business, and with our stakeholders and collaborate to develop a strategy for addressing stakeholder feedback.

Left: Our listening project findings indicate stakeholders have low awareness of the community initiatives we deliver, for example, new playgrounds and open spaces

Minimising our impacts

The impacts of climate change are being felt around the world, and it is critical we set high sustainability standards for every facet of our business—from the design and construction of our roads to our daily operations—to minimise our impacts on the environment.

Figure 8: Progress to 10% energy-efficiency savings by 2023 (2013 baseline)



We have a detailed decarbonisation strategy to help us achieve both interim and long-term targets to reduce Scope 1 (fuel), Scope 2 (electricity) and Scope 3 (supply chain and major projects) GHG emissions and energy use.

We have delivered 8% energy-efficiency savings, putting us on track to meet our target of 10% energy-efficiency savings by the end of 2023 (Figure 8).

Electricity represents 92% of Transurban's total Scope 1 and 2 energy use, with most used to power our lighting, tunnel ventilation systems and traffic management centres.

These efficiencies have come from improvement initiatives such as upgrading to more efficient LED lighting and optimising tunnel ventilation systems in response to updated traffic profiles.

Our targets are:

Net zero emissions by 2050
Scope 1, 2 and 3

50% reduction in Scope 1 and 2 emissions
by 2030 (Figure 9)

55% reduction in Scope 3 carbon intensity
of our major projects by 2030

22% reduction in Scope 3 carbon intensity
of purchased goods and services by 2030

10% energy-efficiency savings by 2023
from a 2013 baseline (Figure 8)

Our 2030 interim targets have been externally validated by the Science Based Targets initiative, in line with climate science.

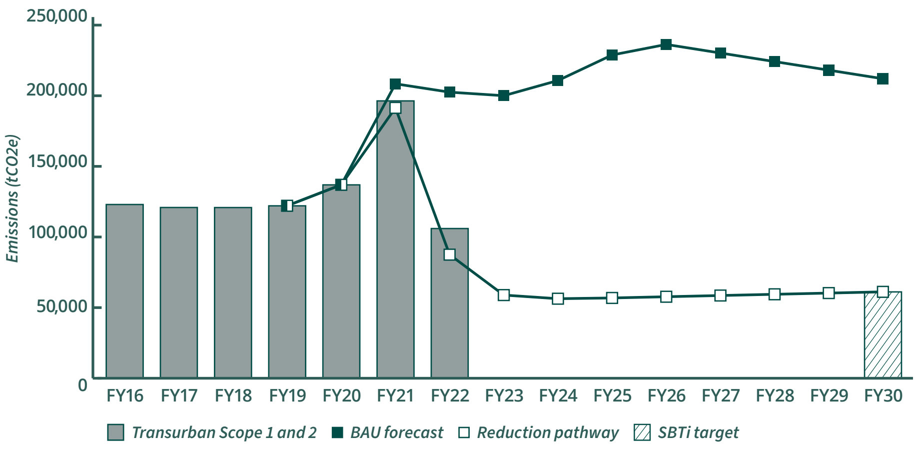
Progress towards 2030 interim GHG reduction targets

Our business has grown significantly since 2019, but we remain on track to meet our 2030 GHG reduction target (Figure 9). The delivery of key energy-efficiency projects and increased use of renewable electricity in FY22 led to a 46% reduction in GHG emissions compared to the previous year, with FY22 Scope 1 and 2 GHG emissions 13% below 2019 levels. As of June 2022, two-thirds of our electricity needs were being sourced from renewables. This is enough renewable electricity to power 30,000 homes.

By market, our electricity mix comprises:

- Sydney: 80% renewable since July 2021 (excluding NorthConnex)
- Brisbane: 80% renewable since January 2022
- Melbourne: CityLink 50% renewable since January 2022, anticipated to increase to 100% from January 2024
- Greater Washington Area: 0% renewable (grid only, with renewable energy options being explored)
- Montreal: grid electricity comprising around 99% renewables.

Figure 9: Scope 1 and 2 GHG emissions forecast



Our renewable energy use will increase as new renewable electricity contracts mature and we transition to renewables in the US.

To increase the visibility of our commitment and progress to net zero, we embraced the opportunity to volunteer for the Clean Energy Regulator's pilot of the Corporate Emissions Reduction Transparency (CERT) reporting scheme. We provided information about progress towards our net zero commitment and science-based GHG emission reduction targets, GHG emission data (Scope 1 and 2) and renewable energy use for FY21. The Regulator released the FY21 pilot year report in July 2022 ahead of the start of the official program for FY22 reporting onwards later this year.

As part of our efforts to meet our Scope 3 reduction targets, we have introduced GHG reporting for our major suppliers. Supplier progress is monitored through their participation in CDP Supply Chain reporting, providing greater transparency and confidence that we can achieve our 2030 targets. We also continue to work with our delivery partners on major projects to reduce projects' impact on the environment and increase their use of low-carbon construction materials.

In FY22, GHG intensity across Scope 3 emissions sources continued to be a focus and supplier engagement with our CDP supply chain program reached 70%. Further supply chain engagement information can be found on page 62.

Figure 10: FY22 GHG inventory

	FY20[1] tCO_2-e	FY21[1] tCO_2-e	FY22[1] tCO_2-e
Total Scope 1 & 2	**136,955**	**196,341**	**106,392**
Scope 1	4,213	4,598	5,046
Scope 2 (market-based)	132,742	191,743	101,346
(Renewables emissions savings)	3,753	6,343	87,930
Scope 2 (location-based)	136,495	198,086	189,275
Scope 3	634,213	428,367	412,593
Purchased goods and services	161,607	168,785	173,982
Capital goods (major projects)	405,348	218,335	201,944
Investments (non-managed assets)	46,547	14,481	12,394
Upstream fuel and energy related activities	17,058	24,240	20,695
Waste	2,241	2,416	2,544
Business travel	1,412	109	1,034
Total Scope 1 & 2 & 3	**774,383**	**624,708**	**518,985**
Customer travel emissions	1,156,130	1,227,450	1,184,369

1 Transurban Group total, excluding non-managed assets

Towards our net zero target

In addition to working with our supply chain to reduce Scope 3 emissions, our next steps towards our net zero target include setting contractor targets for fuel efficiency and transitioning contractor operations, maintenance and incident response vehicles to zero-emission vehicles by 2030.

We are continuing our lighting upgrade and ventilation optimisation programs and investigating renewable energy opportunities for our North American assets.

Managing our water and waste

Responsibly managing groundwater and stormwater at our assets—and ensuring we release clean water back into creeks and waterways—is fundamental to minimising our environmental impacts.

We are developing a water strategy to standardise our approach to water consumption and promote beneficial reuse of water across our Australian assets. Water analyses were conducted for each operational asset across our Australian markets to identify water use trends. These analyses informed opportunities to reduce water consumption and for potable water replacement across various assets, which will be further investigated and reviewed for implementation over the coming years. The strategy has also considered water-saving initiatives implemented on our recent major projects.

The strategy aligns with UN SDG 6 (Access to water and sanitation), an important, but not material UN SDG for Transurban and benchmarks water savings in line with the Infrastructure Sustainability Rating scheme.

Read more in our Insights Hub, insights.transurban.com

Waste management

In late FY22, we set targets to divert waste from landfill for major projects and operating assets in Australia.

In FY23, we will be adding targets for minor capex works and Transurban-controlled offices.

Major projects

95%
construction and demolition waste diverted from landfill

95%
spoil waste diverted from landfill[1]

Assets

80%
operational and maintenance waste diverted from landfill by 2025

Air quality

We are vigilant about maintaining high air-quality standards within our tunnels and, in turn, local communities. Our roads and tunnels are designed to reduce the impact of vehicle emissions as much as possible and we monitor and report on air-quality levels to ensure compliance with strict air quality regulations. Generally, air quality in our tunnels is well within the annual limits set by environmental agencies.

We monitor in-tunnel conditions, ventilation outlet emissions, and ambient air quality around tunnel portals. For tunnel projects, we also monitor air quality around project sites to understand local conditions. This helps us understand local air quality changes once a tunnel opens. We regularly publish air-quality data from our road projects and tunnels publicly on our customer website, linkt.com.au.

See our air quality data in our Insights Hub, insights.transurban.com

Customer vehicle emissions

By choosing our roads over alternate routes, drivers are saving an average of 27% in GHG emissions.[2] Vehicle emissions are a significant contributor to GHG emissions. Customer emissions are not formally within our control—or included in our indirect Scope 3 targets—but we are determined to help our customers drive more sustainably and reduce their impact on the environment.

We implemented a **series of educational campaigns** to show customers how they can drive more economically and reduce GHG emissions and fuel use using eco-driving techniques.

Eco-driving skills can also have a multiplier effect. While we operate less than 1% of the total urban roads in our markets, if we can empower our customers to use eco-driving techniques on our roads, they're likely to apply them across the broader road network, reducing overall network emissions.

In February 2022, we also released our Eco-driving Trial Industry Report that outlined the findings of a trial (run in partnership with technology business GOFAR), using an in-vehicle device to monitor driving behaviour. Travelling almost 740,000 kilometres, trial participants achieved a 5.5% reduction in fuel and GHG emissions. The trial showed small changes to the way you drive can have a significant impact on the environment and fuel consumption. As a follow-up to the trial, in May 2022 we worked with GOFAR who ran a promotion for Linkt customers to win one of 200 GOFAR devices.

Read our eco-driving report at transurban.com/ecodriving

Acknowledging the significant role that electric vehicles (EVs) will play in tackling GHG emissions, we have developed initiatives to raise awareness of their benefits and to dispel consumer concerns such as the availability of charging stations.

In June 2022, we launched an EV experience program, where customers are test driving a Nissan LEAF for up to 10 days and documenting their experiences to dispel myths and promote the benefits of owning an EV. The program is running initially in Victoria and finishes in December 2022.

We also gave away two EVs as main prizes in competitions encouraging Linkt customers to get vaccinated against COVID-19. Read more on page 52.

We are transitioning parts of our own fleet to hybrids, and ultimately, EVs. In FY22, we purchased our first EV which is used by our HSE team in the US. We also purchased six plug-in hybrid electric vehicles for our Brisbane and Sydney operations teams.

Our incident response teams in Melbourne have been equipped with batteries and chargers to address EV incidents. In Montreal, we are collaborating with the Government of Quebec to exempt registered EVs from paying tolls on the A25. This program will be in place until 2024.

Read more about our sustainability initiatives with our business partners and suppliers (page 62)

1 Unless required by government regulations to be disposed to landfill

2 Transurban internal calculation based on vehicle type, distance travelled and COPERT emission modelling tool. Read more in our Insights Hub

More than roads

Parks, cycling and pedestrian paths, playgrounds and public art are lasting ways that we contribute to more liveable local communities and active mobility.

"I love the artwork in the Kingsgrove underpasses. The improved lighting and the new vibrancy of the tunnels means I feel safer using them as well."

Verity—Kingsgrove, NSW

As well as supporting local communities, we also need to consider how our assets can contribute to local ecology. In FY22, working with Landcare Australia, we assessed the landscaping around our first asset, CityLink, to create a biodiversity masterplan. Plan actions include indigenous species selection and community engagement to help us improve CityLink's long-term environmental, community and operational performance.

We also added some new colour to the elevated section of CityLink's pillars in Flemington with a mural project. A local artist created these striking works as part of a Moonee Valley Council initiative. We also invited Melbourne's community to help us name two new pedestrian bridges being built as part of the West Gate Tunnel Project, with finalists to be announced in early FY23.

In NSW, the Canal to Creek public art program continued to generate value for communities. This program comprises more than 20 public art works (including playgrounds, murals and interactive light installations) each exploring connections between people and place. The program also includes an educational portal designed to engage high school students with the artworks and the artists' intentions.

In FY22, we launched the first Canal to Creek Prize, a visual art competition for students in Years 7 to 10, attracting more than 200 entries from more than 70 schools. The winning artworks are now displayed at the WestConnex Motorway Control Centre.

We also commissioned three new artworks through the Inner West Council's Perfect Match program. This initiative brings artists, residents, business owners and community together to collaboratively create street artworks, while also deterring unwanted tagging.

All three works are now featured in the Canal to Creek portal with supporting education materials. Since it launched in FY21, 9,000 students from more than 60 countries have accessed the public art program portal.

View the artwork on canaltocreek.com

Greenspace
34 hectares of parkland operated, maintained or delivered by Transurban

Community spaces
Five social spaces, including playgrounds and barbecue areas delivered or maintained by Transurban

Cycle and pedestrian paths
1,475+ kilometres of walking and bike paths delivered or maintained by Transurban

Public transport
35 public transport routes use our roads

Road art
25 artworks installed along our roads

Community engagement

Major infrastructure projects can be disruptive to build—which is why we are vigilant about managing our impacts on local communities.

We have teams dedicated to engaging with the community through lengthy construction periods; however, we are also mindful that being a good neighbour does not end at project completion and it is equally important to engage with communities over the long term.

In FY22, our teams had around 12,000 interactions with community members, including around 6,000 in the US, through activities ranging from community meetings, events and visits.

In Sydney, our teams recorded more than 3,900 engagements with the community surrounding our roads and the WestConnex project.

The WestConnex team continued its micro-engagement consultation, interacting through face-to-face engagement, community notifications and social and traditional media. We also continue to track community sentiment towards the project and positive sentiment remains high at 60%. Only 14% feel negatively towards the project. A strong majority has agreed that WestConnex is making travel around Sydney easier and faster and that the project is good for the city overall.

In Melbourne, more than 700 people attended our community open day for the West Gate Tunnel Project where they could find out more about the project from our engineers and other team members as well as enjoying family-friendly activities. Attendees also had the opportunity to learn about what it's like to work inside one of our huge tunnel boring machines.

In Queensland, we continue to actively engage with our neighbours, the local residents and businesses who live and work along our 81 kilometres of roads and tunnels, ensuring they are kept well informed of any maintenance projects and activities that may impact them.

In North America, we continued targeted engagement and investments with local communities, including alongside our project corridors. In FY22, this included community consultation around construction on Project NEXT (495 Northern Extension) and establishing dedicated communication channels for project inquiries.

We remain focused on increasing public education and awareness of the Maryland Express Lanes Project—Phase 1 and the benefits it will deliver. With the Maryland Department of Transportation, we have provided project briefings to homeowner associations and elected officials, and have participated in numerous community events.

Looking out for our neighbours

In FY22, our teams had 12,050 interactions with the community.

2,182
Sydney

3,325
Melbourne

543
Brisbane

6,000
North America

What do we mean by interaction?

Community interactions include all enquiries, meetings, complaints and compliments, and any consultation events.

Left: We engage with communities before, during and after project delivery, including by sharing information at dedicated centres such as the West Gate Tunnel Project open day

FY22

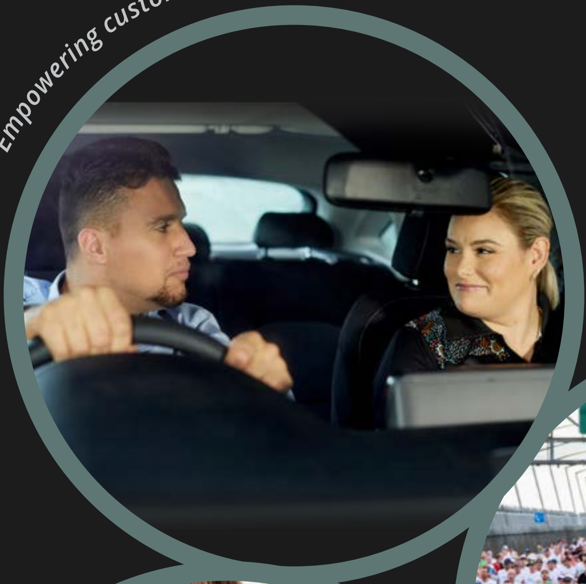
Our social investment

More than

$4M

invested in targeted programs and partnerships, including road safety

Empowering customers



Strengthening communities

Championing road safety

More than

$90K

time donated through employee volunteering

Guided by our Social Licence Framework, we target our community support to areas we believe are best aligned with our business and will have the greatest impact.

Empowering customers

Ensuring customers have all the information and support they need to manage their travel and accounts, and in ways that make their lives easier.

Driver training

5
driver training programs across three cities, including new ARTIE partnership (QLD)

300+
participants, 50+ found jobs thanks to their new driver licences

100%
surveyed participants feel more independent and more socially connected

Customer support

44
customers supported by Linkt Assist 360

500+
people accessed hardship support via the One Stop One Story Hub

13,000+
customers experiencing hardship supported through the Linkt Assist program

Championing road safety

Ensuring our roads are the safest they can be and investing in partnerships and research to continually lead and share advancements in road safety.

Road safety research and action

3
new NeuRA road safety research reports released

119
crash tests performed at the Transurban Road Safety Centre

2,000+
child car seats checked and fixed

5
road safety projects progressed with NeuRA

9
journal articles published and conference presentations delivered

Strengthening communities

Investing in initiatives and partnerships that minimise our impact and enhance liveability, including the environment, local amenities, and social and financial inclusion.

Our grants program

$700K+
total grants awarded to local community organisations and initiatives

50,000+
people directly benefitted from our financial, material and other support

$485K
awarded to 19 Victorian, NSW and Queensland community organisations

USD117.5K
donated in Greater Washington Area and CAD50K donated in Quebec to support local organisations and initiatives

Communities impacted by COVID-19-related restrictions

$150K
donated to 16 Victorian and NSW organisations to support communities most affected by COVID-19-related restrictions

20,000+
people directly benefitted, through improved food security, mental health and wellbeing and education opportunities

Flood relief funding

$94,500
emergency relief funding donated to 20+ Queensland community organisations after March 2022 major flooding event

$4,500
raised by Transurban employees through a matched giving program

6,000+
people directly benefitted from flood recovery and food security support

Community fundraising

$2.3M
raised for charity via Bridge to Brisbane and Run for the Kids fun runs

USD100K
donated to the Northern Virginia community via Drive to Donate

~$20,000
donated via our Community Rewards Program

Education and training

4,200+
students in education and STEM programs

190+
scholarships and internships funded

6
employment, education and work experience programs supported

Action for reconciliation

Our Reconciliation Action Plan (RAP) is focused on creating meaningful and long-term connections with Indigenous communities to help inform our actions and ensure we contribute to Australia's reconciliation journey. After consulting with Indigenous communities, we completed an Engagement Strategy and Guidelines, which contain a set of principles for future engagement. These are helping us to identify key themes and opportunities for future reconciliation as we prepare to develop our next RAP.

Read more about how we support reconciliation with our people (page 47) and our suppliers (page 60).

In FY22, we launched a driving school in Queensland to give Indigenous young people access to a safe vehicle and trained instructor to help them complete their required 100 hours of supervised driving. We partnered with Former Origin Greats (FOGS) Achieving Results Through Indigenous Education (ARTIE) Academy to launch the Transurban ARTIE #1 Driving School. The driving school is a Queensland first and each year will provide more than 900 free driving hours to around 80 students in South East Queensland. More than 500 Indigenous students are expected to benefit from the driving school over five years.

Transurban ARTIE #1 Driving School is a Queensland first

We partner with Indigenous support service KARI in NSW on a similar program. The WestConnex Indigenous Driver Program provides access to a car and free professional driving lessons for disadvantaged Aboriginal and Torres Strait Islander young people in Western Sydney. Since the program commenced in 2018, more than 400 young people have gained their learner or provisional licence, and 94 young people have gained employment as a result of having a licence.

Read more about our driver training programs at transurban.com/drivertraining

—Case study—

Improving car seat fittings

NeuRA's Transurban Road Safety Centre research shows more than 50% of child car seats are incorrectly fitted, putting children at risk of serious injuries in a crash. A correctly fitted child car seat can reduce the risk of injury in an accident by up to 70%. This is why we are continuing to build on our partnership with Australian not-for-profit organisation Kidsafe.

In May 2022, to coincide with National Road Safety Week in Australia, we joined Kidsafe in a car seat blitz and supported more than 600 free car seat checks and fittings at 12 locations such as shopping and community centres across Melbourne, Brisbane and Sydney. Approximately 90% of checked car seats had at least one fault in the way they were fitted.

In FY22, we also provided more than 1,600 car seat fittings for Brisbane and Logan families in need through our Kidsafe Queensland partnership. Established in FY21, this partnership has already provided more than 5,000 car seat fittings in total.

We also ran a webinar with industry experts from Kidsafe, NeuRA and our road safety team sharing advice on keeping children safe in vehicles. Our Driving Willpower (US) campaign also shared advice on correct child car seat fitting.

Watch our webinar, transurban.com/news/child-seat-safety-webinar

Kidsafe partnership highlights

600+
free car seats checked during the program

97%
surveyed after fitting had a better understanding of what to look for when they're checking their car seats

~90%
of checked car seats had at least one fault in how they were fitted

1,600+
car seats fitted in Brisbane in FY22 through our partnership with Kidsafe Queensland

See how our strategy creates value for our people (pages 20 to 21)

3,600+
people in direct workforce[1]

9,000+
people in total workforce[1]

82%
of employees are proud to work for Transurban

9
years WGEA Employer of Choice citation

Our people

We owe our success to our talented and diverse team who facilitate the lasting contribution Transurban makes to the communities in which we operate.

We have more than 3,600 people[1] working across Australia and North America. However, our major infrastructure projects rely on a much larger workforce. Our total workforce comprises more than 9,000 people[1].

Like most businesses, the past year has been unpredictable as we continued to contend with the impacts of COVID-19. Current low unemployment rates and a downturn in skilled migration have created a competitive talent market, and this is providing new challenges as we look to attract and retain our workforce.

Maintaining an engaged workforce is fundamental to meeting this challenge and we do this by focusing on creating a culture that truly reflects our values of integrity, collaboration, accountability, ingenuity, and respect.

UN SDGs relevant to this section

1 *Direct workforce includes direct employees (which include casual, fixed term and permanent employees (excluding leave of absence and non-executive directors)) and temporary workers and workers contracted through our partner organisations. Total workforce includes direct workforce and sub-contractors working on major infrastructure projects*

Understanding what matters to our people

—*Case study*—

Sustaining a resilient workforce

Our people have shown remarkable resilience through the past two years, and they continue to adapt to the impacts of the pandemic.

From the outset of the pandemic, we acted to support and retain our workforce, ensuring we remained well positioned to realise future opportunities. We achieved this and more, growing our direct employees (plus contract workers directly engaged by Transurban) by more than 7% between 2020 and 2022.

The two years of disruption had a significant impact on our people, evidenced through increased utilisation of our Employee Assistance Program (EAP) on issues relating to mental health and wellbeing. Our Voice annual employee opinion survey feedback also indicated people were missing the opportunity to connect and collaborate in person.

The challenges faced by our employees working through the pandemic during FY22 were not unique to Transurban. As in FY21, we continued our focus and support on maintaining good mental health including the delivery of resilience-building programs and initiatives.

Programs and initiatives we offered to help develop resilience during this challenging time included:

- a month-long mental wellbeing program including an afternoon dedicated to rest, reflect and reset
- mental wellbeing education delivered by The Resilience Project
- people leader forums, including dedicated resilience workshop
- an online resources hub.

In February 2022, we rolled out Headspace subscriptions across the business, offering one-year free memberships to this leading mindfulness app. More than 550 employees have enrolled and active utilisation rates are higher than Headspace's corporate benchmark.

Our ongoing focus on resilience has equipped our people with tools designed to support their wellbeing, with 91% of employees surveyed in Our Voice reporting that their manager supports their wellbeing—well above global benchmarks.

With our hybrid working environment well established, we continue to create opportunities for bringing people together. We support all our employees with tools and strategies to manage hybrid work, including running a people leader forum on fostering team connection in a hybrid context. We continue to encourage our people to connect and collaborate in person, while also taking advantage of our established flexible work practices.

Diversity, equity and inclusion

To effectively understand and support our stakeholders, our workforce must reflect our customer base and the communities we serve.

Understanding how people feel about their work and workplace is key to creating an engaging employee experience. We conduct an annual employee opinion survey, Our Voice, to gather feedback around engagement, confidence in leadership, our customer focus, commitment to diversity and inclusion, and more. We also conduct regular 'pulse' surveys to check in and understand how our people are managing during key periods.

Results continue to be above global benchmarks on belonging, with 85% of Our Voice respondents agreeing that people from all backgrounds have equal opportunities to succeed at Transurban, and 86% agreeing all types of diversity are valued. Our Voice also revealed 95% of people agree gender-based and sexual harassment are not tolerated at Transurban.

We continue to evolve our policies and educate our people to ensure a respectful, safe and inclusive workplace. Initiatives rolled out in FY22 included:

- mandatory training on sexual harassment prevention for all employees
- new uncapped leave for domestic violence victims
- hiring manager training with a focus on identifying and mitigating for unconscious bias when recruiting.

Across Australia and North America, we recognised International Women's Day (IWD), with more than 500 employees participating in a virtual workshop exploring bias and the impact it can have on diversity, key decisions, and inclusion. Our President North America, Pierce Coffee, was interviewed by the US Chamber of Commerce Foundation on how Transurban is ensuring equity in our workforce as part of their IWD forum.

Pierce Coffee on equity in the transport industry

Our targeted efforts towards gender equity across the business have been recognised through the Workplace Gender Equality Agency (WGEA) Employer of Choice citation, which we have held for nine consecutive years[1]. We were also ranked second in Australia and eighth globally by Equileap, which assessed more than 4,000 companies globally on criteria including gender balance, the gender pay gap, paid parental leave and anti-sexual harassment policies.

Our gender pay gap is reviewed annually and continues to be less than or equal to 1%. This year we achieved our target of 40:40:20—40% men, 40% women, 20% any gender/non-binary balance across our direct workforce.[2] We recognise there is always more to be done and we have strategies in place to enable us to continue this focus (for example, providing unconscious bias training for hiring managers as mentioned above).

Suzette Corr on women who break the bias

Our Reconciliation Action Plan (RAP) is focused on creating meaningful and long-term connections with Indigenous communities to help inform our actions. We engage our employees in cultural learning opportunities to increase understanding and appreciation of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights. Read more on page 44.

Our North American Diversity, Equity, Inclusion and Wellness plan continued during FY22, with focus on increased representation and greater transparency, as well as equipping employees with tools to support inclusion. Activities undertaken included celebrating Black History Month, as well as enhancements to our parental leave policy.

Our Voice survey revealed

91% *agree their direct manager genuinely supports their wellbeing*

87% *agree they have the flexibility needed to manage work and other commitments*

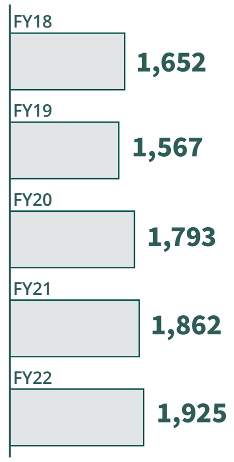
95% *agree gender-based and sexual harassment is not tolerated*

85% *agree people from all backgrounds have equal opportunities to succeed*

86% *agree we value all types of diversity*

Figure 13: Direct employee gender[4]

Figure 14: Employee numbers over time[3]



1 WGEA Employer of Choice citations are awarded for two year periods and our current Transurban Limited WGEA citation is for the period 2021–2023

2 Direct workforce includes direct employees (which include casual, fixed term and permanent employees (excluding leave of absence and non-executive directors)) and temporary workers and workers contracted through our partner organisations

3 Includes direct employees (casual, fixed term and permanent employees (excluding leave of absence and non-executive directors)) as well as temporary workers

4 Non-binary represents 0.06% of our direct employees

Our values

Integrity *Collaboration* *Accountability* *Ingenuity* *Respect*

"I was pretty fortunate as my parental leave coincided with my other daughter's first term of prep and my son's first term of kinder. So not only did I get to spend time with our youngest, I also got to drop my older children off and pick them up for these milestone school days."

David Counsell,
Head of Network Maintenance and Environment in Queensland

—Case study—

The positive impact of parental leave

Families come in all shapes and sizes. Recognising this, we've made it easier for all carers to manage their family commitments while also continuing to thrive at work.

In October 2021 we made changes to help new parents at Transurban. We identified that, by providing primary and secondary carers' leave, we were unintentionally perpetuating stereotypical gender norms about who typically adopts the carer role in families.

By removing this distinction, we made it easier for parents to manage and share their parenting responsibilities in ways that best suit them.

This means that, up to 24 months after their child's birth,[1] eligible parents in all our markets can access 16 weeks of paid and 36 weeks unpaid parental leave, regardless of when their partner is taking parental leave. This is in addition to any government-funded leave.

During the 12 months ending March 2022, 36% more men took the opportunity to take parental leave than in the 12 months ending March 2021.

Matthew Putterman, father of two and Transurban's Manager Pricing and Data Analytics in the Greater Washington Area, took advantage of our parental leave offering.

"It really was so valuable to have this time to help support your new child and your growing family. I was able to be present for so many fun milestones."

David Counsell, Head of Network Maintenance and Environment in Queensland took up parental leave to care for his daughter Chloe.

"I was pretty fortunate as my parental leave coincided with my other daughter's first term of prep and my son's first term of kinder. So not only did I get to spend time with our youngest, I also got to drop my older children off and pick them up for these milestone school days."

1 *Parental leave after adoption is also available*

Health and safety

We strive to provide a healthy and safe operating environment for every employee, contractor and visitor at our workplaces.

We expect that our people keep themselves and their colleagues healthy and safe, while also minimising our impacts on the environment.

Our employees have Health, Safety and Environment (HSE) Action Plans which record their teams' activities to ensure accountability for a healthy and safe work environment (Figure 15).

We encourage our people to proactively record HSE observations and in FY22 we recorded more than 25,000 entries. Employee injuries which require medical treatment are recorded and investigated with learnings applied to prevent future incidents. In FY22, there were no recordable employee injuries (Figure 16).

In late FY21, a bespoke HSE learning path was developed to ensure our people have the information necessary to manage their health and safety, as required under legislation. The modules, released progressively during FY22, highlighted specific measures that together create a safe and healthy work environment and help everyone arrive home safely.

We continued to promote physical activity and workforce ergonomics, encouraging our people to seek early intervention and support for workplace injuries through our Fitness for Work team and injury management service provider.

In FY22, we also established a Fitness for Work hub, housing ergonomic and injury management training, and exercise educational videos. Mental wellbeing also remains an ongoing focus for the business (see page 46).

Read more about our safety approach with our customers (page 32) and our contractors (page 64)

Figure 15: HSE action plan completion and leadership plans enacted

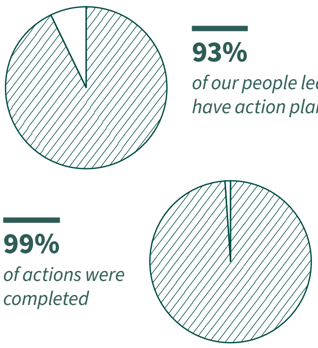
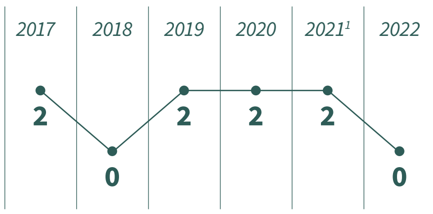


Figure 16: Number of employee injuries



1 *One employee injury reported in FY21 end of year reports has been adjusted to two, as a previously reported employee first aid injury (which occurred in March 2021) was upgraded to recordable injury (in November 2021)*

Building future capability

Building our workforce's leadership and broader capability remains a priority, particularly in the context of tightening labour markets across Australia and North America.

We have a comprehensive, refreshed suite of development programs across all levels of leadership to continually build the capability needed to lead the organisation and deliver on our strategy.

Following the successful launch of our Foundation Leadership and Business Leadership programs in FY21, we progressed more cohorts through these programs in FY22, targeting first-time and mid-to-senior people leaders, among others. These programs are designed to develop skills aligned to Transurban's leadership capabilities and help strengthen leadership networks across business units. Together, these initiatives contributed to improved Our Voice performance, with positive leadership sentiment at 73% in our FY22 survey.

We continue to invest in developing our female talent, with a second cohort of our Maximising Leadership Potential program launched in FY22. First piloted in FY21, the program aims to build our pipeline of female talent and includes executive mentoring of participants and learning experiences over a five-month period. The program uniquely includes learning sessions for the participant's people leader, equipping them to support both their participant and female talent across their wider team.

As part of this suite of programs, we are also equipping our most senior leaders to enable the organisation to deliver on future growth opportunities. In FY22, we continued the Strategic Leadership Program, launched in FY21 with the Stanford Graduate School of Business Executive Education.

The objective of this year's program was to develop the capability of our most senior leaders to shape and pursue our strategic growth ambitions. This program is designed to enhance the leadership capabilities and opportunities that will deliver the greatest strategic value to Transurban.

We also continued our focus on strengthening leadership capability, including initiatives such as regular people leader forums (to support point-in-time leadership priorities) and continuing to leverage our online learning platform—which has seen a 6% increase in use, compared to FY21. We also made further investments in our formal leadership programs, increasing the hours invested in these programs by 31%, compared to FY21.

Developing a strong pipeline of talent is vital. In FY22, we expanded our rotational Graduate Program to include several core technical disciplines (Engineering, Technology and Corporate Finance). With 46% female participation, our graduate program aims to build a pipeline of versatile graduates with broad business and leadership skills. Our undergraduate internship and mentoring programs provide career-enhancing opportunities to female talent, Aboriginal and Torres Strait Islander peoples, and asylum seeker and refugee students. These programs focus primarily on STEM disciplines.

We are building the capabilities our business will need in the future. In FY22, we trained more than 300 people in Agile methodologies and honed our innovation practices, including establishing an Enterprise Squad program. The squad model provides a unique development opportunity, and also drives innovation by bringing diverse, skilled people together. Squad members are now using Agile methodologies to tackle some of Transurban's biggest challenges and opportunities.

Social connection

Aligned with our purpose, our employees recognise the importance of supporting the communities in which we operate. We offer paid volunteering leave to all our employees, but in FY22 pandemic impacts meant staff volunteering activities were virtual, such as writing gift messages to accompany Christmas vouchers. When pandemic restrictions eased in early 2022, in-person volunteering resumed, including supporting Landcare's environmental initiatives and Kidsafe's car seat fittings (read more on page 44).

Our engineers supported STEM programs across Australian schools by participating in Experience It! workshops, in partnership with Engineers Australia. These workshops encourage female high school students to participate in STEM-related subjects. Employees also attended Engineers Australia's Autumn School of Engineering, spending time sharing their professional experience with students.

In North America we participated in volunteering activities as part of International Volunteer Day. In the US we joined our long-standing partner, Northern Virginia Family Services to deliver services around the local area. In Quebec, we helped paint sensory rooms for children with autism at a local hospital with our partner organisation La fondation les petits trésors.

Communities in Australia endured catastrophic flooding in early 2022. We worked with local community partners and other charitable organisations to provide immediate support where it was needed most (read more on page 42). Transurban also matched employee donations, of $4,500, committing a total $94,500 to the flood relief and recovery efforts.

See how our strategy creates value for government and industry (pages 20 to 21)

More than
330
kilometres of road

21
assets

7
infrastructure projects in delivery or development

Government and industry

Our long-term partnerships with governments in Australia, the US and Canada are key to achieving transport solutions that keep cities moving efficiently.

With more than 330 kilometres of road, 10 tunnels and five major bridges, we have a proven track record of delivering and operating diverse assets in partnership with all levels of government.

Despite the ongoing challenges presented by the pandemic, including skills shortages and restrictions on construction activity in early FY22, we have seven major infrastructure projects in delivery or development which will improve connectivity in our cities.

While population growth has slowed in Australia, the reopening of international borders is expected to see growth rebound faster than projected[1] putting already-stretched transport networks under renewed pressure.

Each of our markets has a significant backlog of transport projects, and private sector partnerships will help governments both fund and accelerate the delivery of this critical infrastructure.

UN SDGs relevant to this section

1 *Australian Government Centre for Population, 2022-23 Budget: Australia's Future Population. Accessed 30 June 2022*

—Case study—

Understanding what matters to governments and industry

Supporting Australia's vaccine roll out

In 2021, the Australian Federal Government—like many governments around the world—embarked on a major campaign to vaccinate and protect its population from COVID-19, while also paving the way for ending significant restrictions on movement and travel.

State governments had created road maps that specified the levels of single and double-dose vaccinations required in their populations before restrictions could be lifted safely.

In July 2021, the Australian Federal Government held a major roundtable meeting and called on businesses to work in partnership with it to accelerate vaccine uptake.

Recognising the importance of increasing vaccination uptake to create safer communities and free up movement, we devised a campaign that incentivised our customers to get vaccinated. And with around six million Linkt customers we recognised we could offer significant support.

Our Your Shot to Win competition encouraged Linkt customers to get fully vaccinated for the chance to win prizes including EVs, free toll road travel for a year and toll credits. Offering EVs as the major prize supported our ambitions to increase public awareness of the benefits of EVs and their role in reducing GHG emissions. Read more on page 39.

Competition details were shared with Federal and State members of Parliament and industry partners so they could help increase community awareness through their own constituent and member communication channels.

In November 2021, Queensland vaccination rates were behind other states, so we launched a Queensland-specific competition, Queensland, It's Your Shot to Win, that attracted 45,000 entries.

Once first-dose vaccination levels had reached the required levels to allow restrictions to be eased, governments' focus shifted to promoting booster shots.

In February 2022, we launched an additional incentive campaign, Boost Your Shot to Win, encouraging our customers to receive a booster shot for another chance to win an EV, and to thank Linkt customers for getting vaccinated.

Recognising the challenges faced by small businesses to keep goods and services moving during the pandemic, we extended the eligibility criteria for Boost Your Shot to Win to include our small business Commercial Linkt customers.

All up, these competitions attracted more than 417,000 entries and our research found nearly a quarter of Australians had entered a competition as a reward for being vaccinated.

Progressing transport agendas

Congestion relief and increasing transport options are two of the ways we support governments to achieve their goals for more efficient transport networks.

Transurban continues to work with governments to understand where we can contribute. This includes major projects, such as M7–M12 integration and delivery to support the growth of Western Sydney, as well as initiatives using data and smart motorway technologies to make our existing roads more efficient.

In the US, we are working with the Virginia and Maryland governments to rebuild the ageing American Legion Bridge and better connect communities, support economic growth and provide safer and more efficient travel across a growing region.

In Canada, we shared our expertise in the Mobility Forum organised by local mayors in Quebec. The forum gathered stakeholders from the transport industry to discuss existing congestion issues, economic impacts and potential solutions to increase mobility in the region.

In Australia, FY22 saw Transurban—as part of the Sydney Transport Partners consortium—successfully awarded the remaining 49% ownership of WestConnex, Australia's largest single road infrastructure project. Read more on page 66.

Transurban has managed WestConnex since 2018, including operating the M4 and M8 and taking over operations of the M5 East. The WestConnex network continues to transform travel across Sydney.

One in five Australians call Sydney home, and 40% of Sydney's population is expected to live within five kilometres of WestConnex in 2031. WestConnex draws vehicles from across the city by providing a critical connection between Sydney's west and south-west and the central city, as well as a corridor to the airport and port.

With close to 47 million trips taken on WestConnex in FY22, drivers are enjoying significantly improved travel times, journey reliability, safety and connectivity.

The then Prime Minister Scott Morrison joined NSW Premier Dominic Perrottet on site at WestConnex in November 2021 to thank workers and celebrate the project's final tunnel breakthrough.

Construction of the remainder of WestConnex is largely completed, with remaining work continuing on the M4–M5 Link (delivered by Transurban) and the associated Rozelle Interchange (delivered by Transport for NSW).

At the peak of construction in mid-2021, female participation on the WestConnex M4–M5 Link Tunnels project was at 21%—almost double the national average of 12% for females working in the construction industry.[1]

This project is a key component of the NSW Government's integrated transport plan to ease congestion and connect communities in Sydney.

In Victoria, tunnelling began on the West Gate Tunnel Project in early 2022, after Transurban, the Victorian Government and the D&C subcontractor reached an agreement on revised project delivery terms (see B2 on page 128 for more information).

Around 30% of the twin tunnels have been excavated, and above the ground, more than 700 metres of new elevated road has been installed above Footscray Road and widening works along the West Gate Freeway are more than 70% complete.

> *"WestConnex is a game changer for our city and state"*
>
> ***NSW Premier Dominic Perrottet***

NSW Premier Dominic Perrottet and NSW Minister for Metropolitan Roads Natalie Ward, with WestConnex Project Director Terry Chapman at the project site

1 *M4–M5 Link Sustainability Review, February 2022*

Continuing investment in public transport

In FY22, we continued to invest in Virginia's public transit services, making our annual contribution of USD15 million to the Northern Virginia Transportation Commission's (NVTC) Commuter Choice program. This program supports the region's economy, increases mobility options and reduces congestion and emissions.

Since 2019, we have invested more than USD45 million in regional transit improvements from 395 Express Lanes toll revenues. We will continue to do this annually for the life of this multi-decade concession. Our contributions are improving transit services along the I-395/I-95 corridor by helping fund: new or expanded bus services; commuter parking lot expansions; commuter incentive programs; and bike-share network expansions.

Our latest USD15 million contribution will support projects between Alexandria and Spotsylvania County, including the DASH bus service, Fredericksburg Regional Transit and OmniRide, along with the Fairfax County bus service and new park-and-ride options in Prince William and Spotsylvania counties.

We have also committed USD2.2 million per year following the opening of the 495 Northern Extension (Project NEXT) to support a new cross-state bus route between Virginia and Maryland—a service that does not exist today.

"The future of transportation requires collaboration across multimodal owners to invest in networks that move more people through a breadth of travel choices," said Amanda Baxter, Transurban's Senior Vice President Virginia Market and Operations.

"Our annual transit contribution is part of our commitment to bettering the communities we serve, and we are fortunate to see tangible investments being made through the strong stewardship of Virginia's Department of Transport and NVTC."

Amanda Baxter,
Transurban's Senior Vice President
Virginia Market and Operations

Sharing our insights

Around two million trips are made on our Australian and North American roads every day, and every trip made contributes to the productivity and liveability of our cities.

Technology and data help to make every one of these trips as safe and efficient as possible. We're now sharing our data—along with our regular Mobility Trends research—with governments and industry partners via our new Insights Hub. This tool provides insights on mobility and trends relevant to the transport sector and reveals how people are moving around cities, now and into the future.

Read more on our Insights Hub, insights.transurban.com

Contributing to policy development

As one of the world's largest toll road operators, Transurban can provide valuable insights on ways to make roads safer, more sustainable and more efficient. We work with both governments and industry partners, sharing our insights and contributing to policy discussions that will help shape how people move around cities for years to come.

"It's great to see Transurban investing in partnerships with the research industry and working with government to deliver the outcomes Australians expect on our roads."

Australian Parliament's Joint Standing Committee on Road Safety Chair Hon Darren Chester

One of the key ways we contribute is via Transurban representation on boards, including Infrastructure Partnerships Australia, Roads Australia, the Committee for Melbourne, the Queensland Infrastructure Association and the Advisory Committee for Committee for Brisbane, along with the Eno Center for Transportation in the US.

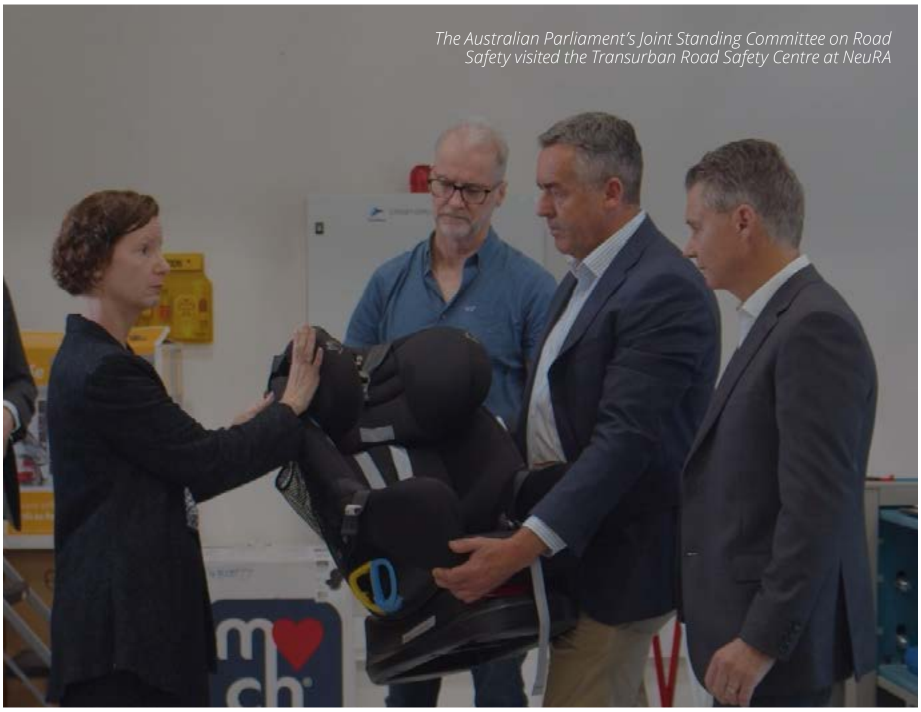
We're also partnering with governments and industry as part of the Australian National University's Institute for Infrastructure in Society, which is undertaking Australia's largest study on engagement and infrastructure delivery.

In FY22, we hosted the Australian Parliament's Joint Standing Committee on Road Safety at the Transurban Road Safety Centre at Neuroscience Research Australia (NeuRA) in Sydney. Committee members learnt about this centre's life-saving road safety research. The visit informed the Committee's inquiry into measures that can be taken to reduce trauma and deaths on Australian roads. We also contributed a submission to the NSW inquiry into mobile speed camera enforcement programs and provided expertise alongside industry partner Roads Australia at a hearing on this issue.

With action on climate change at the forefront for most governments, we shared our progress in decarbonising our business by participating in the inquiry into Renewable Energy in Victoria and Victoria's emissions reduction target for 2035. With renewable energy agreements now signed in all Australian markets, we continue to keep governments and our industry partners updated as we progressively switch our assets over to renewable energy.

In North America, we are partnering with The Climate Board—an organisation bringing industry leaders together to tackle climate change mitigation and resilience challenges. The Climate Board members have ready access to critical research, collective expertise and best practices to aid with progressing actionable climate change solutions.

And with Queensland's population booming and Brisbane 2032[1] on the horizon, Transurban has provided submissions and feedback on several long-term transport strategies for the state, including the government's State Infrastructure Strategy. We also worked with Queensland MPs to support flood-affected Brisbane communities with targeted grants. Read more on page 43.



The Australian Parliament's Joint Standing Committee on Road Safety visited the Transurban Road Safety Centre at NeuRA

1 *Transurban is not a sponsor of the Olympic Games, any Olympic Committees or teams*

Our road usage charge study is helping governments gather the insights they need to evaluate more sustainable and equitable tools to fund transport in the region.

NSW inquiry into road tolling regimes

Following our comprehensive submission to the NSW Government's Inquiry into Road Tolling Regimes in FY21, Transurban welcomed the opportunity to speak before the inquiry this year.

In two appearances before the inquiry's parliamentary committee, our NSW executives Michele Huey and Andrew Head shared detailed information about the benefits of toll roads, the value of public-private partnerships, and provided data on the time and cost savings available to customers using our roads.

As part of the inquiry process, we indicated that we are open to considering a range of initiatives to improve our customers' on and off-road experience in Sydney, including:

- potential tolling reform for pricing consistency
- decision-point signage to give motorists choice
- consolidated toll notices to reduce customer charges
- a tunnel ventilation optimisation trial to support the NSW Government's net zero commitment.

We are looking forward to further discussion with the NSW Government and other stakeholders during FY23 about Sydney's toll roads, and how the Sydney road network can be even more equitable and efficient.

Future transport funding

Transurban has long advocated for a fairer and more sustainable transport funding model to replace the current system based on diminishing revenue from fuel excise.

In the US, we are partnering with the Eastern Transportation Coalition to provide insights into how a road funding system based on user charging could operate along the east coast.

With internal combustion vehicle fuel efficiency and electric vehicle adoption projected to increase significantly, federal and state government leaders have prioritised trialling road usage charge programs as a viable replacement to a traditional fuel excise. Under these programs, drivers pay for their road use based on the distances they travel, rather than fuel consumed.

In FY22, nearly 200 drivers were recruited from the Greater Washington Area for a three-month study to assess how road user charging systems could work with toll roads, and how these systems could incorporate a congestion charge and cordon pricing. The next program phase launched in late FY22.

The US trial follows our Melbourne Road Usage Study in 2016, the first real-world test of a user-pays system in Australia.

Political contributions

Our Political Contributions Policy precludes us from making any direct donations to political parties. However, it does allow participation in public policy dialogues and events on issues that may impact our business.

In Australia, we engage with political representatives through multiple avenues, including our membership of business forums associated with both sides of politics. In FY22, we spent $74,717 participating in events relevant to our business.

A similar bipartisan approach is taken in the United States, resulting in USD132,500 spent in FY22. In Canada, contributions are prohibited and accordingly none were made. All contributions are disclosed in line with relevant government and regulatory requirements.

Read our Political Contributions Policy, transurban.com/corporate-governance

See how our strategy creates value for our business partners and suppliers (pages 20 to 21)

1,600+
direct suppliers

~$2B
annual managed spend

3.09
contractor RIFR (below target of ≤4.20)

Business partners and suppliers

With more than 1,600 direct suppliers and partners across a broad range of sectors, we are in an ideal position to lead industry innovation and best practice in every aspect of our business.

Encompassing design, construction, operations and maintenance, our diverse suppliers and partners range from multinational contractors to small local businesses and social enterprises. Our buying power and our innovative practices create value for our business partners and suppliers through:

- **supporting small businesses** by expediting payments, including during periods of financial duress, such as the recent Queensland floods and COVID-19 pandemic
- **generating more sustainable solutions** by collaborating with suppliers on sustainability performance, including tracking greenhouse gas (GHG) emissions, and trialling and transitioning to recycled, renewable and low-emission materials
- **driving integrity and accountability** by establishing data capture, risk management and performance monitoring processes that contribute to ethical and sustainable supply chain practices.

UN SDGs relevant to this section

—Case study—

Understanding what matters to our business partners and suppliers

Keeping road workers safe

Work in live traffic is a necessary part of operating and maintaining safe roads and we do all we can to protect workers on our roads.

Our contractors must have comprehensive, industry-leading safety procedures in place for workers entering live-traffic environments, including delineation of the works area from the live environment, personal protective equipment (PPE), signage and other measures. Our Active Client contractor management approach (read more on page 64) also means we monitor and conduct assurances on these procedures.

However, even with meticulous safety measures in place, our contractors reported dangerous driving behaviour—such as motorists driving or speeding through closed lanes—was making the environment unsafe for road workers.

We heard what our stakeholders were telling us: unsafe driving practices were increasing workers' risk. Our response included engagement with the traffic management industry, government transport and road safety agencies and our own contractors.

For example, to support our operations and maintenance partners in protecting their workers, we hosted an Incident Response and Maintenance Safety Forum with our NSW operations and maintenance service provider partners. The forum enabled our partners to discuss safety issues, share lessons learned and collaborate on solutions—consolidating knowledge and experience across all partners to enhance overall safety performance.

We are also a member of Roads Australia's Road Worker Safety Working Group, that aims to improve the standard and professionalism for those who work in the industry. The group is currently developing a guide for best practice work zone safety, and we are contributing to this guide by sharing our data and experience. In FY22, we also participated in a work zone safety panel at Roads Australia's Annual Transport Summit where we discussed the challenges of separating workers from traffic in work zones, as well as the opportunities for improved standards and innovation.

Nationally, three out of four workplace fatalities involve a vehicle. We continue to support our NSW incident response and maintenance contractor Ventia to increase its workforce's road-safety awareness while driving vehicles at work. We commissioned accredited safety training experts, Youthsafe, to develop and deliver a tailored safety program to Ventia's road workers. The program helps workers identify critical road safety issues when they're behind the wheel or working near vehicles. Workers are invited to reflect on their own experiences and develop strategies to improve their own, and their workplaces', safety performance.

Three sessions have been delivered to date, to around 130 contractors and employees. Feedback has been positive and Ventia is now rolling the training out to its workers on non-Transurban owned assets. We are exploring delivering this program across all our NSW assets and our other Australian markets.

In the US, we worked with our contractor on the Fredericksburg Extension project, on a driver awareness around work zones campaign. Many drivers are returning to the roads since the start of the pandemic and the campaign reminded our customers and other road users about driver awareness, road rules and fineable offences.

Buying better

Our Sustainable Procurement Program directs more spending towards community social, economic and environmental wellbeing. For example, the program is helping deliver local community benefits by creating jobs, including for disadvantaged groups.

Sustainable supply chain

In FY22, we continued progress towards achieving net zero GHG emissions in our supply chain and projects by 2050 (read more on page 38). We engaged with our suppliers on reducing their environmental impact through using low-carbon materials, reducing energy use and transitioning to renewable energy.

We assess our suppliers' efforts in taking practical action towards the United Nations Sustainable Development Goals (UN SDGs) via Support the Goals, an international agency that rates and recognises businesses' UN SDG efforts. So far, around 25% of our top suppliers have taken action on the UN SDGs. We will continue using our influence and buying power to drive more sustainable supply chain outcomes.

Supporting small business cashflow

During FY22, we spent more than $71 million with 664 Australian small businesses[1] that supply us with goods and services ranging from personal protective equipment (PPE) to office supplies.

We know reliable and on-time cashflows help small businesses grow and support their people. We've signed the Business Council of Australia's (BCA) Supplier Payment Code, including agreeing to pay eligible Australian small businesses on time and within 30 days.

In the first half of FY22, we paid 98% of Australian small businesses within 30 days of invoicing. Recognising the impact of the floods, we halved our payment terms between March and 30 June 2022 to support our Queensland-based small business suppliers.

Labour and supply chain challenges

In Australia, skilled visa availability has been declining for the past five years, contributing to a labour shortage further exacerbated by two years of pandemic-related border closures.[2] With multiple city-shaping construction projects underway and many more planned, this national skilled labour shortage risk is impeding overall capacity to deliver critically needed infrastructure projects.

In response to capacity constraints and demand in the market, we are exploring opportunities for more flexible project delivery models that may relieve a portion of current labour constraints. For example, splitting project scope/works packages to attract a broader range of contractors, including Tier 2 and 3 suppliers. This approach creates opportunities for smaller operations to build capacity and capability.

We're also building industry capacity through our projects. For example, on the West Gate Tunnel Project, our resourcing aligns with the Victorian Industry Participation Policy (VIPP), promoting access to local small to medium enterprises (SMEs) to supply this major project.

To date, 46% of our delivery partners are categorised as SMEs. We're also delivering on the Victorian Government's Major Project Skills Guarantee, with apprentices working 12.3% of our labour hours—2.3% more than the 10% minimum requirement. This ensures young Victorians develop valuable skills, benefitting directly from the project.

Investment partners

We have seven investment partners across 15 assets. Our investment partners operate or own infrastructure assets in more than 35 countries and have more than $1.6 trillion in collective funds under management or net assets. Partners include leading global pension funds and infrastructure investors.

The direct asset funding our investment partners provide enables us to access new markets and assets with less reliance on the Transurban balance sheet.

Our expertise as a global toll road operator, coupled with our project delivery capability, attracts quality investment partners. In FY22, the Sydney Transport Partners (STP) consortium strengthened its commitment to the Sydney market by acquiring the remaining 49% share in WestConnex, for $11.1 billion. Read more on page 66.

Investment partnership	Members	Assets
Sydney Transport Partners	Transurban, AustralianSuper, Canada Pension Plan Investment Board (CPP Investments), Tawreed Investments Ltd and Caisse de dépôt et placement du Québec	WestConnex,[3] currently comprising of M4, M8, M5 East
Airport Motorway Pty Limited	Transurban, IFM Investors and UniSuper	Eastern Distributor
North West Roads Group	Transurban, CPP Investments and QIC Limited	M7, NorthConnex
Transurban Chesapeake	Transurban, AustralianSuper, CPP Investments and UniSuper	495 Express Lanes,[4] 95 Express Lanes,[5] 395 Express Lanes
Transurban Queensland	Transurban, AustralianSuper, Tawreed Investments Ltd	AirportlinkM7, Clem7, Gateway Motorway, Go Between Bridge, Legacy Way, Logan Motorway

1 *Entities with an annual turnover of less than $10 million*

2 *The Age (2022), 'We've got a crisis. We need workers': Big business urges election winner to boost migration. Accessed 30 June 2022*

3 *WestConnex concession includes M4–M5 Link and Rozelle Interchange (both currently under construction)*

4 *495 Express Lanes concession includes the 495 Express Lanes Northern Extension Project (currently under construction)*

5 *95 Express Lanes concession includes the Fredericksburg Extension (currently under construction)*

Social procurement

Our social procurement approach enhances the competitiveness of the businesses we buy from. By creating jobs for disadvantaged people, our approach also delivers value to the communities these businesses operate in.

Our Sustainable Procurement Program includes social procurement practices which to direct our purchasing power to support small and under-represented businesses, including businesses owned by, or supporting: women; people with disabilities; the long-term unemployed; and social enterprises (businesses that create jobs for disadvantaged groups).

In Australia, we are a member of Social Traders, an organisation that connects businesses with certified social enterprises. We also have a dedicated Sustainable Procurement Manager who supports our teams in developing social procurement partnerships that deliver shared-value outcomes. In FY22, our program expanded to include new partnerships.

In Brisbane, we dressed our new Mental Health First Aiders in TradeMutt's PPE shirts, featuring colourful and vibrant designs intended to serve as conversation starters and connect our people with their newly minted mental health first aiders. TradeMutt are a social impact workwear brand that contributes shirt sale proceeds to TIACS, a free text, chat and call-back service staffed by mental health clinicians.

We also partnered with Multicap, a disability employment and skills-development service, and Q-Free Australia, our image processing and review service provider, to create job opportunities for Multicap participants. Q-Free monitors vehicles without tags on our Brisbane roads—taking photos of licence plates and processing the images using auto recognition to identify the customer. These photos need to be regularly reviewed for quality assurance, and Multicap's team is now undertaking this important task. This initiative is enabling people with disabilities to gain skills, training and employment experience in a technology-based industry with support from our partners.

Our decade-long partnership with Ability Works, a Melbourne-based social enterprise employing people with disabilities and members of the community facing significant employment barriers, was recognised at the 2021 Asia-Pacific Shared Value Awards. We were finalists in the Best Shared Value Idea Collaboration of the Year (early stage) category, for our ongoing shared value partnership with Ability Works, our supplier Aurecon, Apricot Consulting and RMIT University. Ability Works delivers our mail-house and tag processing services.

We also continued working with Apricot Consulting and their academic partners (RMIT and The University of Melbourne) to help us develop and grow our social enterprise and other shared-value partnerships.

In Australia, we support Aboriginal and Torres Strait Islander peoples with commitments for employment, training and development as well as spending with accredited businesses.

To date, we have spent more than $130 million with Aboriginal and Torres Strait Islander businesses on our major projects.

With Ventia, our NSW road operations and maintenance provider and Muru Mittigar, an Aboriginal (Dhaurg) not-for-profit organisation, we established an Aboriginal and Torres Strait Islander skill development and long-term employment program. Now, two Aboriginal and Torres Strait Islander apprentices are working on the M2 Motorway and studying for their qualifications. To date, we have spent more than $130 million with Aboriginal and Torres Strait Islander businesses through our major projects, and we continue to explore ways we can enhance our engagement and partnerships.

In North America, we and our partners, Macquarie Capital, continued our Maryland Express Lanes Project—Phase 1 local workforce development activities. These included: engagement with women/veteran/minority-owned and small businesses; union and local contractor involvement; and partnerships with community organisations and educational institutions.

In Australia, Ability Works delivers our important mail-house and tag processing services

We also have specific targets on our other projects in the Greater Washington Area for both Disadvantaged Business Enterprises (DBE) and Small Women and Minority (SWaM) owned businesses, with a combined goal of USD116 million on the Fredericksburg Extension an increase of almost 10% and USD110 million on the 495 Extension Project. Both projects currently have contracted USD146 million to DBEs and SWaMs.

In Melbourne, our West Gate Tunnel Project spent more than $7 million across 46 Aboriginal and Torres Strait Islander businesses, and more than $6 million on social enterprises, with 45 engaged to provide goods and services.[1]

In Sydney, the WestConnex M4–M5 Link Project has now spent more than $62 million with accredited Aboriginal and Torres Strait Islander businesses, including recruitment.

NorthConnex, in Sydney, which opened in FY21, continues to support employment of Aboriginal and Torres Strait Islander peoples through our procurement of incident response and maintenance services for the next five years.

In Brisbane, we began investigating opportunities to expand both direct and indirect opportunities with Aboriginal and Torres Strait Islander, and other, social enterprises. We are reviewing the existing market and researching Queensland demographics to identify opportunities that will maximise value (for participants, local communities and our own sustainability targets) and also to identify challenges we will need to address to progress this action.

Read about our sustainable procurement with Aboriginal and Torres Strait Islander suppliers in our Reconciliation Action Plan transurban.com/rap

—Highlight—

Addressing modern slavery risks

We continue to work with suppliers to identify and address any possible exposures to human rights risks and exploitation in our supply chains. We submitted our second Modern Slavery Statement to the Australian Federal Government in December 2021, again outlining how we work to identify, manage, and mitigate the specific risks of modern slavery in our operations and supply chains.

We did not identify any instances of modern slavery in our operations or supply chains in FY21, and we remain vigilant in monitoring slavery risks. We participate in regular forums, with both suppliers and other industry leaders to share learnings and knowledge on mitigating these risks.

Further, we maintain an independent whistleblower hotline for those wanting to raise issues, including modern slavery issues.

Our next Modern Slavery Statement will be submitted to the Australian Government by December 2022.

Read our FY21 Modern Slavery Statement, transurban.com/modern-slavery-fy21

1 *Social procurement information as reported by the West Gate Tunnel Project D&C subcontractor, CPB Contractors Pty Ltd and John Holland Pty Ltd*

Environmental leadership

Our major infrastructure projects remain the most resource intensive-area of our business—so they are also our biggest opportunity for reducing our environmental impacts. Our design and construction projects also serve as springboards for innovation, enabling the development of more sustainable materials and delivery methods.

Engaging our suppliers

We are engaging with our suppliers on GHG reduction and climate risk management through CDP Supply Chain reporting. Last year we engaged with our top 50 suppliers (by spend) to support them in establishing CDP reporting processes. This group represents 66% of our emissions from purchased goods and services so getting suppliers on board and having oversight of their progress is important to our success. So far:

- 35% of disclosing suppliers' total energy consumption is sourced from renewable energy
- 25 of our top 50 suppliers reported having active GHG reduction targets in place.

Decarbonising construction

Rethinking the way we plan, design, construct and operate assets to reduce their whole-of-life impact is fundamental to achieving our Scope 3 GHG emission reduction targets for our supply chain and projects (see page 38). This means continuing to work with our contractors and suppliers on low-carbon and circular-materials strategies while also reducing direct fuel consumption and waste and increasing renewable energy use. Project specifications and materials changes we've implemented with our partners to date have reduced GHG emissions by about 644,000 tCO_2e across nine projects.[1]

The production of many road construction materials (including concrete, steel and asphalt) currently relies heavily on fossil fuels. For example, production of cement—an ingredient used in concrete—accounts for about 8% of all global GHG emissions.[2] To meet our emission reduction targets, we are working with our contractors, government and industry partners to increase the use of low-carbon concrete and other materials.

Out of 271,000 m^3 concrete poured on the M4–M5 Link project, we replaced 32% of cement with fly ash (a power-generation waste material) and other supplementary cementitous materials (SCM). This reduced emissions associated with cement production, diverted 35,000 tonnes of waste from landfill and far exceeded the project's 5% SCM target.

One of the key areas of focus in our journey to net zero is addressing indirect (Scope 3) GHG emissions from materials. In FY22, we continued our role as a founding partner with the Materials Embodied Carbon Leaders Alliance (MECLA). More than 150 industry representatives and government agencies participate in MECLA, which aims to drive reductions in embodied carbon in the building and construction industry. MECLA also aims to achieve a one million tonne carbon emission reduction by 2030.

We participate in two of the organisation's eight working groups, focused on identifying:

- ways to create demand for low/zero embodied carbon materials
- opportunities to reduce emissions associated with cement and concrete.

M4–M5 Link project highlights:

100%
usable spoil reused/recycled (target 80%)

97%
construction and demolition waste reused/recycled (target 80%)

63%
of 665,137 kl water used during construction was reused, recycled or reclaimed (target 15%)

32%
cement replacement material used in concrete (target 5%)

21%
forecasted construction phase emission reduction (via GreenPower and carbon offset certificate procurement)[3]

1 *IS Design and As Built ratings from Transurban major projects*
2 *Beyond Zero Emissions, Zero Carbon Industry Plan: Rethinking Cement (2017). Accessed 30 June 2022*
3 *Acciona Samsung Bouygues Joint Venture (ASBJV)*

Decarbonising operations

To support our Scope 3 targets, we are increasingly including contractual supplier requirements for the provision of low-carbon products and services, for example: switching to renewable energy and/or setting science-based GHG emission reduction targets. We also encourage suppliers under existing contracts to adopt similar low-carbon strategies.

Currently, diesel Truck Mounted Attenuator (TMA) trucks are responsible for at least 30% of Scope 1 (fuel) emissions from Ventia's operations on our NSW roads, due to idling during traffic management activities. To reduce these GHG emissions, Ventia has ordered an Electric TMA—an Australian first—that is expected to be operating on Sydney's M2 Motorway in mid 2023.

As part of a pavement trial on the M2 Motorway in NSW, recycled tyres were applied as crumb rubber asphalt. In road construction, crumb rubber is predominantly truck and car tyres, which is combined with aggregates in the dry manufacturing process before adding bitumen to produce crumb rubber asphalt. The trial content made up around 2% of the total asphalt, and it is estimated that approximately 563 equivalent passenger car tyres were recycled.

To support our Scope 3 targets, we are increasingly including requirements for the provision of low-carbon products and services in our contracts.

Achieving project sustainability ratings

The Infrastructure Sustainability Council (ISC) manages and advocates the use of its Infrastructure Sustainability (IS) rating scheme to improve sustainability outcomes over the lifecycle of infrastructure assets in Australia and New Zealand. Version 1.2 of their Design and As Built rating tool has three rating levels—'Commended' (25–49 points), 'Excellent' (50–74 points) and 'Leading' (>75 points).

We have committed to achieving at least Excellent IS ratings for the design and construction phases of all our major Australian projects. We set targets and monitor project management, procurement, environmental impact, community wellbeing, stakeholder engagement, and innovation performance throughout delivery to ensure IS ratings are met. We are continuing to work on achieving our first operations IS rating, for the M2 in Sydney.

In North America, Transurban's major project procurement process invites contractors and service providers to include sustainable development principles in proposals and solutions. From planning and preliminary engineering, design, construction and operation, all suppliers are required to provide solutions that mitigate risks and generate social and environmental benefits for both the communities where we operate and globally.

For example, for major projects, contractors are required to achieve an Envision rating from the Institute for Sustainable Infrastructure—the North American equivalent to the ISC. Under Envision, five levels of achievement are possible—Verified, Bronze, Silver, Gold and Platinum. To ensure all new major projects contribute to our emission reduction targets, we are enhancing our project specifications to help reduce direct fuel consumption and increase renewable energy and low-carbon material use. We are working to achieve an Envision Silver rating (rating tool Version 3) for the Fredericksburg Extension project's design and construction, and have set an Envision Silver rating requirement for the 495 Express Lanes Northern Extension project.

Our proposal for the Maryland Express Lanes Project—Phase 1 aims to achieve the Envision Platinum, including via significant above-regulation community and environmental programs and initiatives.

Read more about our sustainability initiatives in our community (page 37)

Contractor safety

16.5M
contractor hours worked on projects and operations

~6,150
subcontractors completed online HSE induction

Millions of construction hours are worked on our major projects each year. We work closely with our supply chain partners to identify and mitigate potential health, safety and environment (HSE) risks and hazards.

FY22 was our first full year working under an enhanced HSE Contract Management Framework, with HSE analytics integrated into our risk reporting and analysis. This approach, designed to improve our overall understanding, identification and management of hazards, risks, incidents and near misses, has delivered improved contractor HSE performance.

This year 427 employees who interface and engage with contract management completed training on the new framework. The training enhanced understanding of our contractor oversight approach, Active Client. Under the Active Client approach:

- our contractors are responsible for identifying and managing HSE risks associated with delivering their works
- we are responsible for monitoring and conducting assurance activities to confirm works are being performed in accordance with contractor's stated processes.

The Active Client approach underpins our engagement with our contractors to enhance HSE performance. We conduct regular joint HSE walks and site visits with our contractors to understand and discuss their key risks and the associated controls in place to manage the risk. We also have well-established processes to respond to outcomes of incident investigations and communicate lessons learnt across our regions. In the US, bilingual (English and Spanish) functionality has been added to our Authority to Access (ATA) permit process.

In FY22, we enhanced our ATA system to ensure those accessing our operating assets to perform work have the appropriate safety awareness. Now, every person seeking access must successfully complete an online Transurban Asset Induction before being granted an ATA, and every person must sign in when attending the relevant asset.

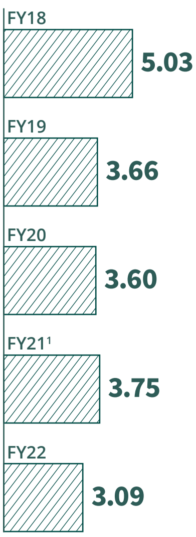
During FY22 we also developed an enhanced Contractor Assurance Procedure and a Contractor Performance Verification checklist, and have made these tools available in our health, safety and environment management system. These tools provide additional support for our people when conducting contractor HSE performance assurances for high-risk and other activities performed by contractors.

In North America we completed multiple HSE audits to assure contractor compliance with regulatory and contract requirements. Audited parties included our largest technology contractor, largest maintenance contractor, facilities contractor, and the joint venture contractor responsible for design and construction of the Fredericksburg Extension. In addition, Transurban hosts a quarterly Northern Virginia Safety Forum to engage our construction and operations partners in the region to foster continual improvement and share best practices for the protection of our workers.

In FY22 we recorded a contractor recordable injury frequency rate (RIFR) of 3.09 per million work hours (Figure 17). This result was under our target of no more than 4.20 and lower than the FY21 RIFR, 3.75.[1] It also includes a contractor recordable injury-free month achieved across all operations and projects in June 2022.[2]

Recordable injuries include lost-time injuries, where a person loses one or more full shifts from work, and medical treatment injuries where medical treatment (other than first aid) is required.

Figure 17: Contractor RIFR



Read more about our safety approach with our customers (page 32) and our people (page 49)

1 *FY21 Contractor RIFR reported at 3.90 in end of year reporting materials. Following an assurance process on WestConnex, additional contractor hours were recovered lowering the FY21 Contractor RIFR to 3.75*

2 *Zero contractor fatalities in FY22*

See how our strategy creates value for our investors (pages 20 to 21)

Investors

We understand that, for our business to deliver value over the long term, we need to balance the needs of all stakeholder groups. For investors, our focus is on balancing growth in distributions and investment to create long-term security holder value.

In this section we report on our financial performance, capital management activity and strategy, and the financial outlook for our business in FY22.

$4.2B

equity raising successfully completed with strong support from security holders

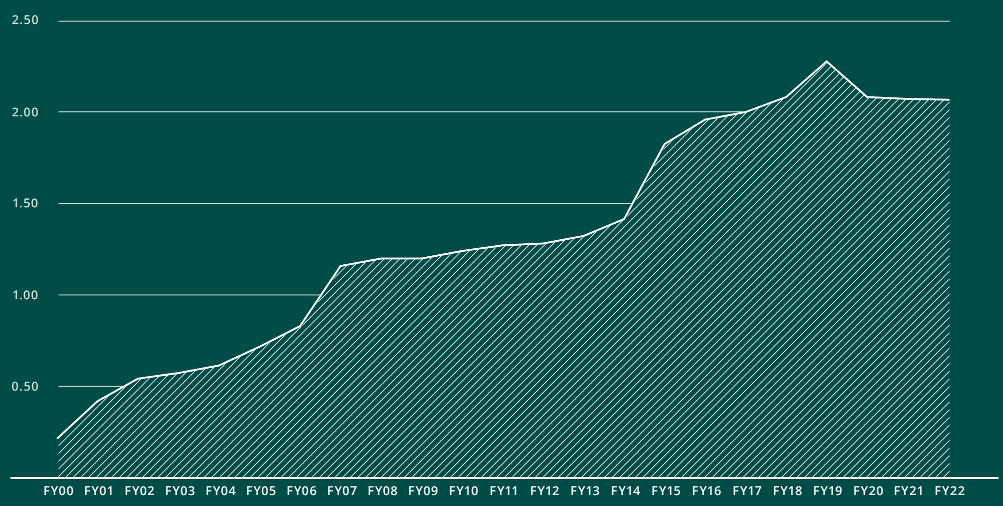
2ND

highest-rated motorway infrastructure company—Global Real Estate Sustainability Benchmark for Infrastructure (2021)

$1.2B

distributions to security holders

Figure 18: Group Average Daily Traffic by year (FY00–FY22)



UN SDGs relevant to this section

Understanding what matters to our investors

—Case study—

WestConnex acquisition

WestConnex is one of the largest road infrastructure projects in the world and a key component of the NSW Government's integrated transport plan to ease congestion and connect communities.

When complete, WestConnex will comprise a ~70-kilometre network linking Sydney's west with the Sydney CBD, Sydney Airport and Port Botany. Around 40% of Sydney's population is expected to live within five kilometres of WestConnex by 2031[1].

In FY22, Transurban, with its Sydney Transport Partners (STP) consortium members—AustralianSuper, Tawreed and a new partner, the Caisse de depot et placement du Quebec (CDPQ)—were successful in acquiring the remaining 49% equity stake in WestConnex from the NSW Government. This acquisition increased STP's total ownership of WestConnex to 100%. Transurban owns 50% of STP.

WestConnex is expected to deliver long-term value due to benefits including its long remaining concession life, traffic resilience, and defined pricing escalation mechanism. WestConnex benefits from the structural growth drivers of Sydney by providing a critical connection linking the population and employment centres in Sydney's west and southwest to key economic centres. WestConnex provides critical connections for the commercial road transport industry, with 80% of the greater Sydney freight task undertaken by road and is well positioned to benefit from new government projects expected to be required to support expected future population growth.

WestConnex has close to 40 years concession life remaining.[2] The additional ownership in WestConnex, including the extension to the M5 West concession from 2026, extends Transurban's weighted average concession life to approximately 30 years.[3]

The strong fundamentals of WestConnex along with the upside potential of Greater Sydney economic growth and future infrastructure is expected to support long-term Group Free Cash generation and distributions for security holders. The FY22 distribution included an additional amount of 2.7 cents per security as a result of the additional ownership in WestConnex, providing an offset to short-term dilution from the transaction.

Through the NSW Government's bid process, the stake was acquired for $11.1 billion, including stamp duty, alongside our co-investors. Transurban's contribution to the acquisition was funded through a combination of new equity and existing corporate liquidity with most coming from a fully underwritten $3.97 billion pro rata accelerated renounceable rights offer to eligible security holders. This offer structure was identified as the best way to recognise the support of our existing security holders, many of whom are long-term investors.

The entitlement offer was well supported with 93% of entitlements available to eligible institutional investors taken up. All eligible retail security holders were also invited to participate in the entitlement offer.

The offer price of $13.00 per security represented an 8.3% discount to Transurban's closing price of $14.18 on 17 September 2021.

"We feel privileged to take Sydney Transport Partners' holding in this critical asset to 100%. This transaction is expected to support Free Cash growth and distributions for Transurban security holders for the life of the concession"

Scott Charlton, Transurban CEO

1 *In 2031, based on Deloitte Access Economics estimates and Transurban's own internal estimates and assessments*

2 *Remaining concession life as at 30 June 2022 for each concession on a non-revenue weighted basis with each concession expiring in December 2060*

3 *Pro-forma remaining concession life as at 30 June 2022 with each concession weighted based on the contribution to Transurban's total proportional revenue for FY22 in each concession's respective region as reported in Transurban's audited financial statements*

How we measure financial performance

Free Cash Flow

Free Cash is the primary measure used to assess the cash performance of the Group and generally represents the cash available for distribution to security holders. Free Cash is calculated in note B10 of the Group Financial Statements.

Proportional EBITDA

We consider proportional earnings before interest, tax, depreciation and amortisation (EBITDA) to be the best measure of underlying business performance. Proportional EBITDA aggregates the results from each asset multiplied by Transurban's percentage ownership as well as the contribution from central Group functions. Proportional EBITDA reflects the contribution from individual assets to the Group's operating performance and focuses on elements of the result that management can influence to drive improvements in earnings.

Note B4 to the Group Financial Statements presents further detail on the proportional results for the Group, including reconciliations to the statutory result.

Traffic performance during FY22

Group traffic was supported by improvement in airport and CBD activity, continued demand for leisure travel, and commissioning of new assets.[1] This contributed to the Group's 4Q22 performance exceeding 2019 levels, despite COVID-19 impacts and severe weather events earlier in the period.

This was further supported by use of private transport and increased mobility and travel. For example, the performance of airport-exposed corridors improved in line with returning passenger volumes on both domestic and international routes.

Large vehicle traffic has remained resilient across FY22 in all markets with steady freight demand and e-commerce movements remaining elevated.

Delivering for investors

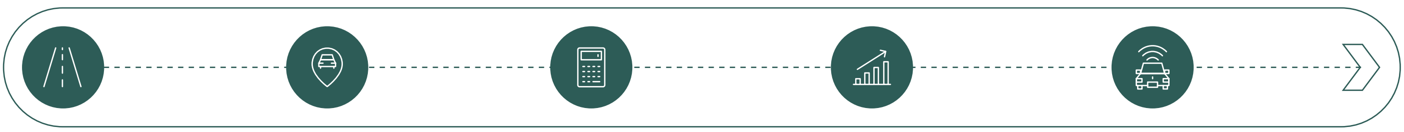
Transurban distributed $1,259 million[2] to security holders in relation to FY22. In parallel, we progressed our pipeline of projects in development across Australia and North America, and invested in strategic opportunities with the potential to further grow the pipeline. Through FY22, Transurban has continued to actively manage its balance sheet, providing optionality to pursue near and longer-term growth opportunities. Positive trends in traffic performance and project delivery, together with the strength of the Group's balance sheet, provides a meaningful base for Free Cash growth over the medium to longer term.

1 M8 and M5 East opened/commenced tolling on 5 July 2020. NorthConnex opened on 31 October 2020

2 Final distribution will be paid on 23 August 2022

Our investment proposition

Balancing growth in distributions and investment to create long-term value



Leading global toll road developer and operator

Using a data-driven approach to facilitate safer and faster journeys for more than 2 million trips each day

21 assets in five markets with average concession life of nearly 30 years

Averaging more than 28 years in concession life over the last decade through disciplined investments with seven development projects in progress

Balance sheet strength supports growth opportunities

Robust balance sheet provides optionality to pursue near and longer-term growth opportunities

Inflation benefit with near-term interest rate protection

Embedded CPI escalation across 68% of revenue, together with debt hedging profile, is expected to provide a net benefit in a near-term rising interest rate environment

Positioned for long-term growth opportunities

Creating innovative transport solutions in partnership with governments and strategic partners, supported by investment in technology and data capabilities

FY22 financial performance highlights

Key metrics

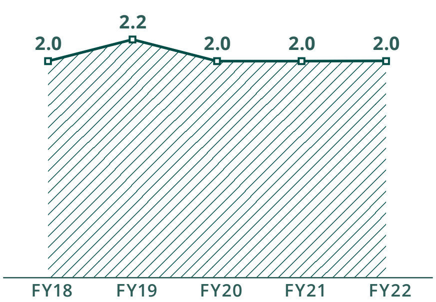
The below table is a summary of key financial measures which we consider the best representation of underlying business performance

Financial metrics		FY22	FY22 vs. FY21
Proportional toll revenue	$ millions	2,626	5.7%
Proportional EBITDA (exc. significant items)	$ millions	1,900	3.5%
Statutory revenue	$ millions	3,406	18.0%
Statutory NPAT	$ millions	16	(99.5%)
Statutory cash flow from operating activities	$ millions	982	9.2%
Free Cash (incl. Capital Releases)	$ millions	1,531	19.8%
Gross distributions	$ millions	1,259	26.0%
Distributions per security	cps	41	12.3%

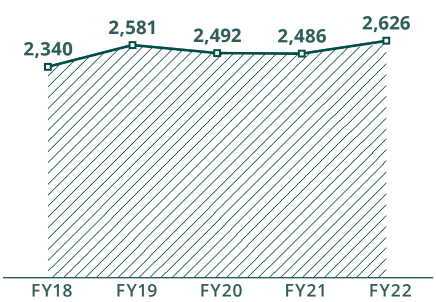
		FY22	FY21
Capital Releases	$ millions	355	278
Proportional drawn debt	$ millions	23,574	20,763
Proportional development capex	$ millions	882	1,157

Ratios and rates		
Proportional Group EBITDA margin	%	68.8
Corporate debt rating (S&P/Moody's/Fitch)	rating	BBB+/Baa1/A-
Distribution Free Cash flow coverage	%	122
Corporate SICR	x	3.3
Gearing	%	34.2
Weighted average cost of debt		
AUD debt	%	3.9
USD debt	%	3.6
CAD debt	%	5.0

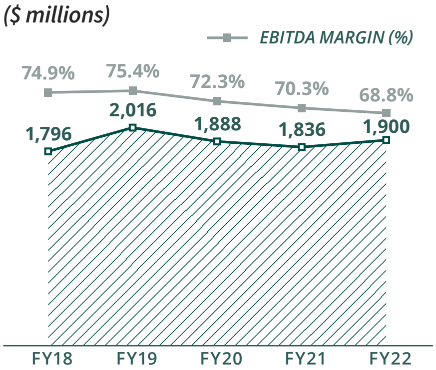
Average daily traffic (millions)



Proportional toll revenue ($ millions)

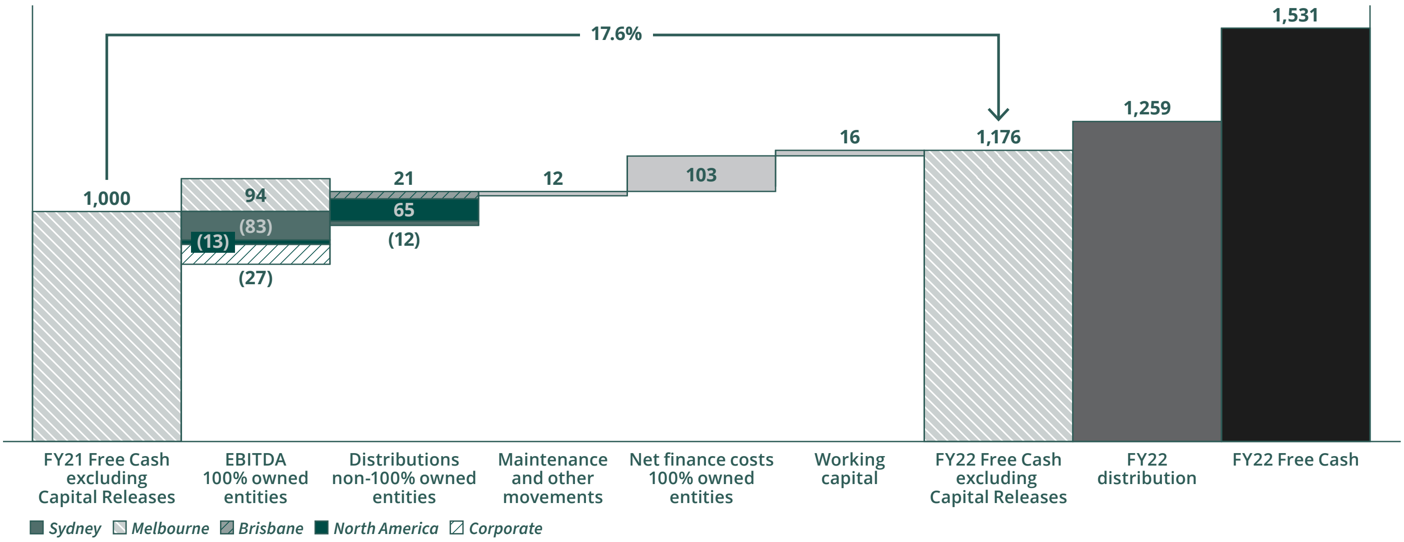


Proportional EBITDA (excl. significant items) ($ millions)



Operating performance

Figure 19: Free cash flow reconciliation



Key drivers

EBITDA from 100%-owned assets

The decrease in EBITDA from 100%-owned assets primarily reflected a year-on-year decrease in traffic in Sydney combined with an incremental increase in the cost base, with the prior year comparatively less impacted by government-mandated COVID-19 restrictions.

EBITDA from 100%-owned assets is also impacted by the partial divestment of Transurban Chesapeake, with the Free Cash contribution from these assets now captured within the distributions from non-100% owned assets.

While traffic was broadly flat compared to FY21, proportional toll revenue increased 5.7% year on year, driven by inflation-linked toll escalations across Transurban's Australian markets and the A25 in Canada.

Overall growth in costs was due to annual escalations, investments in new or enhanced capability, accounting-related changes and new assets, partially offset by divestments.

Distributions from non-100% owned assets

There was an increase in distributions from non-100% owned assets with Transurban Chesapeake paying its first post-divestment distribution and incremental distributions resulting from the increased ownership in WestConnex. This was partly offset by reduced distributions from the Eastern Distributor, due to traffic impacts, increased tax payments and debt amortisation payments.

Maintenance and other movements

There was a small favourable movement due to the deconsolidation of Transurban Chesapeake assets from Group reporting.

Net finance costs from 100% owned assets

Net finance costs declined due to the reduction in interest paid associated with Transurban Chesapeake following the partial divestment.

Working Capital

The favourable movement in working capital compared to FY21 was primarily timing related.

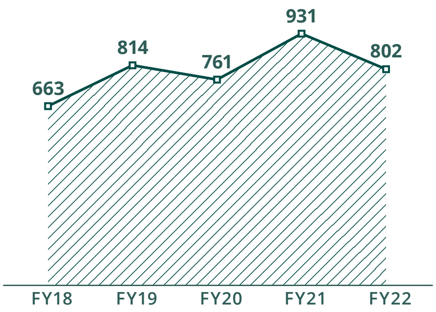
Capital Releases

Capital Releases in FY22 comprised $255 million from WestConnex and $100 million from NorthConnex, compared to $278 million from WestConnex in FY21.

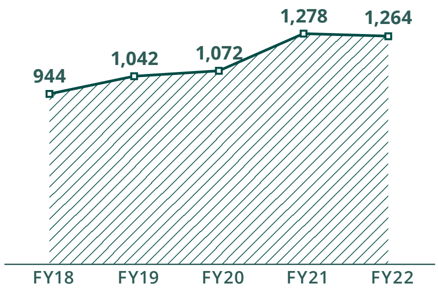
Market performance

Sydney

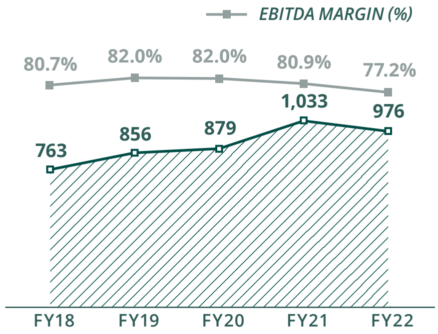
Average daily traffic ('000)



Proportional toll revenue ($ millions)



Proportional EBITDA ($ millions)[1]



FY22 performance[2]

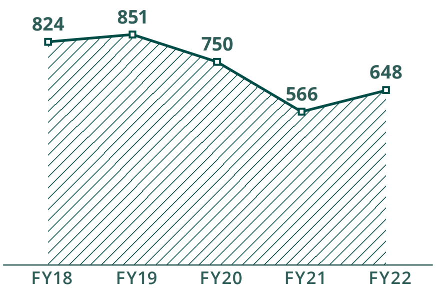
- Average Daily Traffic decreased by 13.9%, compared to FY21 with traffic performance improving throughout the second half of FY22 following COVID-19 disruptions and heavy rainfall events
- Car traffic was down by 14.9%, while large vehicle traffic decreased by 3.4% compared to FY21
- Proportional toll revenue decreased by 1.1% to $1,264 million, including new assets[3]
- Proportional EBITDA margin decreased to 77.2% (from 80.9% in FY21), with FY21 including liquidated damages received for the delayed opening of NorthConnex.

Portfolio summary

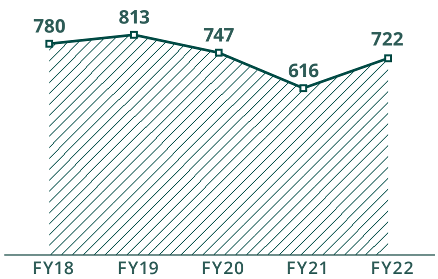
M2
Lane Cove Tunnel
Cross City Tunnel
Eastern Distributor
M7
NorthConnex
M4
M8/M5 East
M5 West
M4-M5 Link—under construction
Rozelle Interchange—under construction

Melbourne

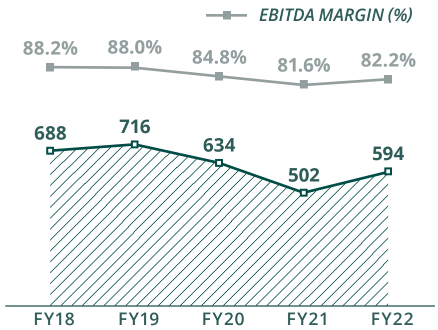
Average daily traffic ('000)



Toll revenue ($ millions)



EBITDA ($ millions)



FY22 performance[2]

- CityLink traffic increased by 14.6% compared to FY21. Southern Link traffic increased by 11.5%, and Western Link improved by 18.5% benefitting, in part, from increased airport-related travel
- Car traffic increased by 18.4% and large vehicle traffic increased by 4.6%, heavy commercial vehicles increased by 0.7% and light commercial vehicles increased by 7.6%
- Toll revenue increased by 17.3% to $722 million driven by traffic growth and contracted toll price escalation
- EBITDA margin increased to 82.2% (from 81.6% in FY21) reflecting traffic recovery in 2H22 and additional movement restrictions in FY21, compared to FY22.

Portfolio summary

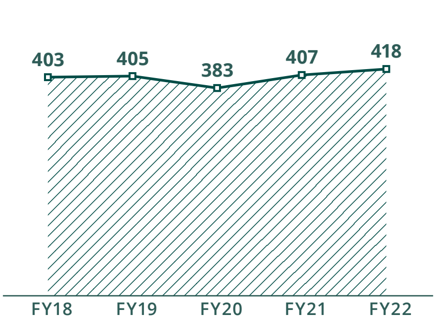
CityLink
West Gate Tunnel—under construction

1 *Excluding contributions from NorthConnex and additional proportional ownership of WestConnex, underlying EBITDA margin would be 77.7%*
2 *All figures are proportional. Percentage changes are based on prior comparative period unless otherwise stated*
3 *New assets include contributions from NorthConnex and additional ownership of WestConnex*

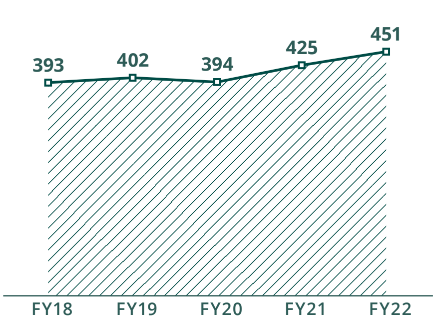
Market performance

Brisbane

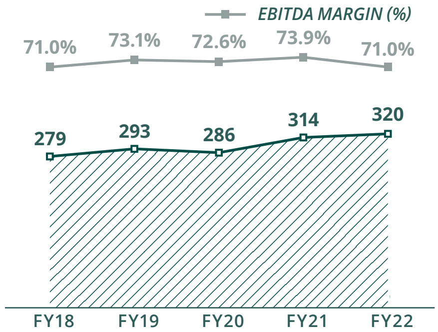
Average daily traffic ('000)



Proportional toll revenue ($ millions)



Proportional EBITDA ($ millions)



FY22 performance[1]

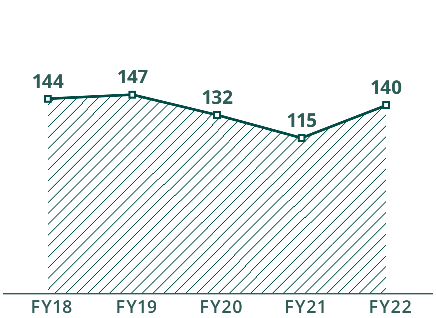
- Average daily traffic increased by 2.8% compared to FY21. Growth was broad-based with increases in both car and commercial traffic
- Car traffic increased by 2.0% with growth in both workday and weekend discretionary travel across most assets. Large vehicle traffic increased by 5.0%
- Proportional toll revenue increased by 6.1% to $451 million
- Proportional EBITDA margin decreased to 71.0% (from 73.9% in FY21), due to higher maintenance costs in the second half of FY22 compared to FY21.

Portfolio summary

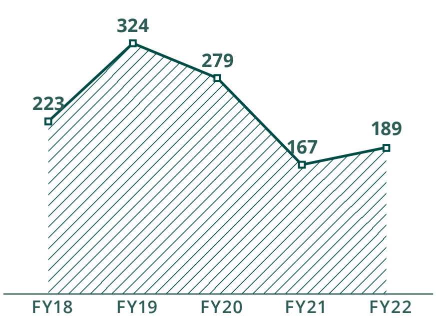
Gateway Motorway
Logan Motorway
AirportlinkM7
Clem7
Legacy Way
Go Between Bridge

North America

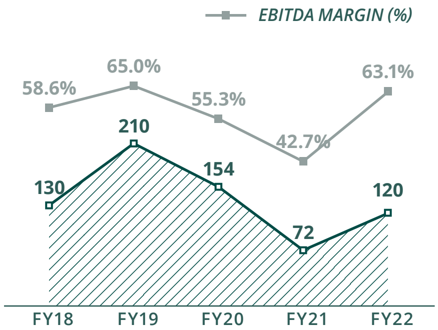
Average daily traffic ('000)



Proportional toll revenue ($ millions)



Proportional EBITDA ($ millions)



FY22 performance[1]

- Traffic on the Express Lanes increased by 31.3% compared to FY21. 95 Express Lanes benefitted from ongoing discretionary and leisure travel. Traffic on 495 Express Lanes remains below pre-pandemic levels with subdued commuter-related travel
- A25 traffic increased by 9.7% due to the easing of COVID-19 associated restrictions on movements in the prior year and construction activity in the local area. Car traffic increased by 10.6% and large vehicle traffic increased by 2.9%
- Proportional toll revenue increased by 13.2% to $189 million, or 60.5% to $269 million on a like-for-like basis, excluding the partial divestment of Transurban Chesapeake assets
- Proportional EBITDA margin increased to 63.1%[2] (from 42.7% in FY21), due to the partial divestment of Transurban Chesapeake and seasonality.

Portfolio summary

95 Express Lanes—GWA
395 Express Lanes—GWA
495 Express Lanes—GWA
A25—Montreal
Fredericksburg Extension—GWA, under construction
495 Express Lanes Northern Extension—GWA, in development
Capital Beltway Accord—GWA, progressing with government

1 All figures are proportional. Percentage changes are based on prior comparative period unless otherwise stated
2 Excluding the impacts of the partial divestment of Transurban Chesapeake, underlying EBITDA margin would be 54.3%

Capital management

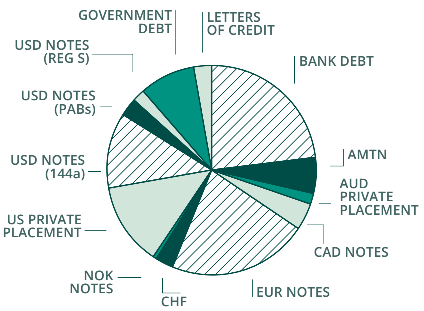
Transurban's approach to capital management supports our investment proposition: to balance growth in distributions to investors and investments to create long-term value.

Capital management

The underlying strength of the Group's cashflows support security holder distributions and allows efficient funding of opportunities through a combination of debt and equity funding.

Sydney Transport Partners completed the acquisition of the remaining 49% share in WestConnex from the NSW Government in October 2021. Transurban funded its share by $1.4 billion of available corporate liquidity and $4.22 billion in new equity including a $3.97 billion fully underwritten pro-rata renounceable entitlement offer.

Figure 20: Group proportional debt diversity[1]



Debt overview

Transurban refinanced $3.4 billion of debt across bank and debt capital markets (excluding letters of credit and undrawn borrowing facilities) to support funding initiatives and the delivery of projects across the business. In doing so, the Group's weighted average cost of AUD debt decreased to 3.9%. The average tenor decreased to 7.1 years, however this would have been 6.7 years absent any refinancing activities.

As at 30 June 2022 the Group's gearing level was relatively stable at 34.2% and FFO/Debt decreased slightly to 9.1%.

Prudent management of the debt book remains core to the funding strategy, with a focus on growing the diversity of funding sources while reducing funding and liquidity risk.

Funding growth

Transurban is well capitalised to fund the near-term pipeline of growth projects with capex profile expected to broadly align with the timing of Capital Releases. Timing and amount of Capital Releases remain uncertain and subject to a variety of factors, including the relevant asset's performance, debt capital market and broader macroeconomic conditions over the near term.

Transurban is proactive in maintaining a robust balance sheet to ensure sufficient capacity to cover near-term liquidity requirements, retaining access to a diverse range of funding markets, as well as additional funding sources such as Capital Releases.

Distribution

A distribution totalling 26.0 cents per stapled security will be paid on 23 August 2022 for the six months ended 30 June 2022. This will be made up of a 24.0 cents partly franked distribution from Transurban Holding Trust and controlled entities and a 2.0 cent fully franked dividend from Transurban Holdings Limited and controlled entities. This takes the total FY22 distribution to 41.0 cents per stapled security, of which 2.0 cents is fully franked.

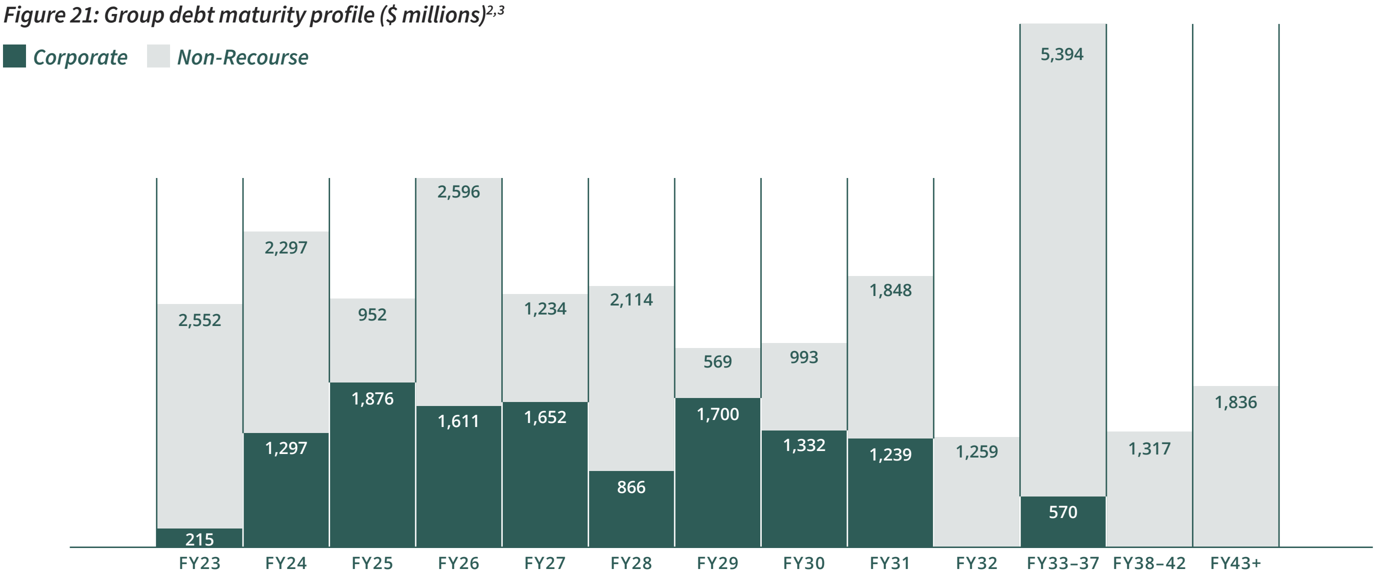
This distribution includes 2.7 cents per security in Capital Releases resulting from the increased stake in WestConnex which has been used to minimise the dilutive impact of the transaction, with total FY22 Free Cash (including Capital Releases) coverage of 122%.

1 *Proportional drawn debt inclusive of issued letters of credit. CAD, CHF, EUR, NOK and USD debt converted at the hedged rate where cross currency swaps are in place. USD debt is converted at the spot exchange rate (0.6884 at 30 June 2022) where no cross currency swaps are in place. CAD debt is converted at the spot exchange rate (0.8885 at 30 June 2022) where no cross currency swaps are in place*

2 *The full value of debt facilities is shown. Debt is shown in the financial year in which is matures*

3 *Debt values are shown in AUD as at 30 June 2022. CAD, EUR, NOK and USD debt converted at the hedged rate where cross currency swaps are in place. USD debt is converted at the spot exchange rate (0.6884 at 30 June 2022) where no cross currency swaps are in place. CAD debt is converted at the spot exchange rate (0.8885 at 30 June 2022)*

Figure 21: Group debt maturity profile ($ millions)[2,3]



Outlook

Traffic growth is expected to be supported by new assets and long-term structural trends including population, employment and economic growth.

While traffic performance has shown resilience in the context of weather-related impacts, we recognise there is likely to be fluctuations around long-term growth trendlines and will continue to monitor and analyse changing mobility trends. This includes people's workplace arrangements, the acceleration of online shopping and the preference for private-vehicle travel over public transport.

In the current macro environment of rising inflation and interest rates, the business is well positioned with almost 70% of our assets having embedded inflation-linked toll escalation, which provides a built-in buffer in an inflationary environment. As at 30 June 2022, around 98% of our debt book is fully hedged which gives us very low exposure to near-term interest rate increases.

The combination of inbuilt inflation protection and a balance sheet structured on conservative views around interest rates positions us well for growth throughout the cycle.

We have optionality to pursue near and longer-term growth opportunities in our core markets which, coupled with our long-term investment horizon, will enable the company to continue to take a disciplined approach in growing the portfolio to create long-term value while balancing growth in distributions to security holders.

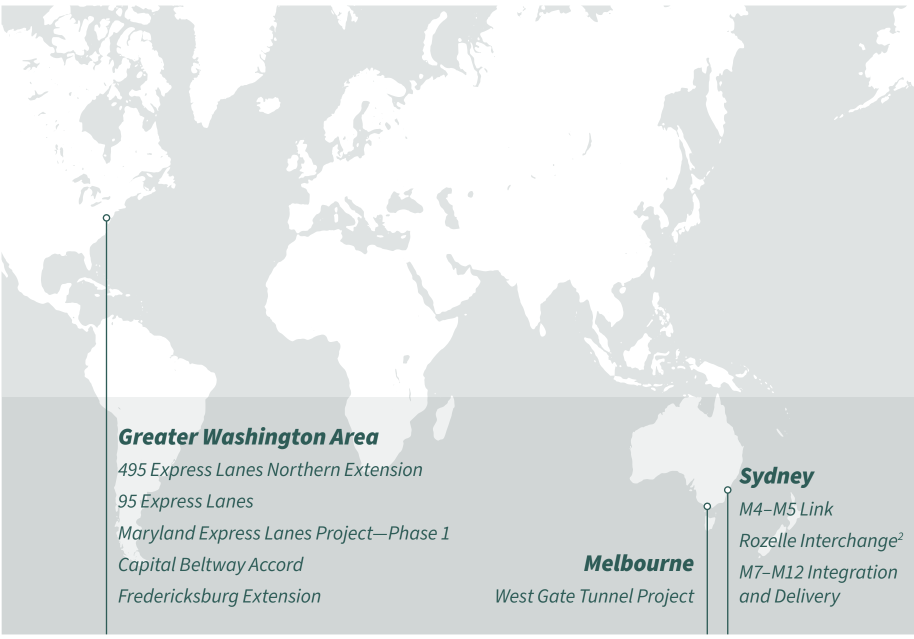
FY23 distribution expected to be 53.0 cps representing approximately 30% growth on FY22. This will be subject to the Group's distribution policy as outlined below, traffic performance and macroeconomic factors, and timing of distributions from subsidiaries.[1]

Distribution policy[1]

Distribution is expected to be in line with Free Cash excluding Capital Releases, with the following exception.

As previously stated, the acquisition of an additional 24.5% interest in WestConnex,[2] Transurban is likely to use a portion of the additional WestConnex Capital Releases[3] received in the two years following the transaction to minimise dilution in Free Cash per security associated with the equity raising.

Figure 22: Projects under development or delivery



1 Distributions to be determined by relevant Board discretion at the time

2 Transurban's proportional ownership in WestConnex through its equity investment in STP JV increased from 25.5% to 50% on 29 October 2021

3 Additional releases received due to Transurban's higher equity interest in WestConnex. Timing and amount of Capital Releases remain uncertain and subject to a variety of factors, including the relevant asset's performance, debt capital market and broader macroeconomic conditions

Governance and risk

Governance

Transurban is committed to good governance, transparency and accountability. The Board[1] believes this is essential for the long-term performance and sustainability of our business, and to protect and enhance the interests of security holders and other stakeholders.

Introduction

Transurban's governance framework plays a critical role in helping the business deliver on its strategy.

It provides the structure through which business objectives are set, performance is monitored and risks are managed. It includes a framework for decision making across the business and provides guidance on the standards of behaviour expected of Transurban's people.

Transurban's governance framework, including our statement of compliance with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, is detailed in our 2022 Corporate Governance Statement. Our Corporate Governance Statement and key governance documents are available on our website.

Read more at transurban.com/corporate-governance

Role of the Board

The Board is accountable to security holders for the performance of Transurban. The Board's primary roles are to demonstrate leadership and provide overall strategic guidance for Transurban and effective oversight of management in implementing Transurban's strategic objectives and instilling its values. To assist it in discharging these responsibilities, the Board has established Committees to give detailed consideration to key issues.

The Board has also delegated responsibility for the day-to-day management of Transurban to the Chief Executive Officer (CEO), and through the CEO to other Senior Executives. The CEO is accountable to the Board for the exercise of this delegation with the support of Senior Executives.

The Board regularly reviews the charters and key policies that underpin Transurban's corporate governance practices to ensure they remain appropriate, reflect high standards of governance and meet regulatory requirements.

Board structure and composition

The Board is structured to ensure that it is comprised of individuals with appropriate skills, knowledge, experience, independence and diversity to develop and support Transurban's strategy and enable it to discharge its responsibilities and add value.

The Board utilises a skills matrix in succession planning and to assist in assessing the range of skills, knowledge, experience and diversity on the Board, and to identify particular competencies and perspectives that will enhance the Board's effectiveness and add value. Enhanced disclosure of the Board's collective skills and experience is set out in the matrix on page 77, and Directors' biographies are set out on pages 80 to 81.

During the year the Board reviewed the interests, positions and relationships of the Non-executive Directors and considers each of them to be independent.

Board meetings

The Board meets as often as necessary to discharge its responsibilities. This requires Board members to attend at least eight scheduled meetings each year, the Annual General Meeting (AGM), Committee meetings and unscheduled meetings as required. The Board also meets with Transurban's Executive Committee for strategy sessions.

Board meetings are typically held in each of our regions over the course of the year. In addition to these meetings, Directors also attend regional activities, including briefings, asset or project site visits and presentations, and opportunities for employee and stakeholder engagement. These activities are an important element of the Board's induction and ongoing educational activities and enable Directors to obtain the required deep understanding of our operations within each region. As COVID-19-related government restrictions eased during FY22, members of the Board visited Transurban's assets, offices and project sites in NSW, Victoria, Queensland, and the Greater Washington Area. The Board has welcomed the resumption of its usual schedule of in-person meetings and activities across each of Transurban's markets as travel restrictions ease.

Performance of the Board, Committees and individual Directors

The Board undertakes an annual assessment of its performance, including its performance against the requirements of the Board Charter, the performance of individual Committees and the performance of individual Directors.

During the reporting period and through to the date of this report, the Board undertook an internally facilitated Board performance and effectiveness review, which included each Director providing feedback by way of a questionnaire. Further, one-on-one meetings were held between the Chair and each Director to obtain and provide additional feedback. The outcomes of the review were discussed with the Board and relevant actions were agreed.

1 *The Boards of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited as responsible entity for Transurban Holding Trust (together, Transurban) have common directors and meet concurrently, and are collectively referred to as the Board*

Transurban Board FY22 areas of focus

During the year, the Board provided strategic guidance and effective oversight of management in its implementation of Transurban's strategy.

Key strategic, governance and oversight activities for the year included:

Health, safety, environment (HSE) and road safety

Ongoing commitment and oversight of Transurban's HSE and Road Safety Plan. The plan is centred on Transurban's long term vision to achieve a future with zero life changing injuries for employees, contractors and customers, and minimising our impact on the environment. Over the year there has been oversight of health and wellbeing initiatives, the HSE learning framework, the ongoing embedding of contractor management principles, and a focus on improvement in environmental management. This oversight also included Transurban's efforts to reduce serious injury crashes on all of its road assets.

Customer, community and social licence

Oversight of customer initiatives and expanded hardship programs providing ongoing support for customers and other members of the community, including through the Linkt Assist (Australia) and First Time Forgiveness (North America) programs, holistic support for vulnerable customers needing additional support beyond assistance with tolling debt (Australia), and participation in a ground-breaking service 'One Stop One Story Hub' enabling victim-survivors of family violence to access hardship support from a range of companies through a single referral (Australia). Oversight of Transurban's Social Licence Framework, and the focus areas intended to address key social and environmental issues and opportunities relevant to our core business and meet the evolving expectations of our stakeholders.

People, culture and remuneration governance

Investing in strategic leadership and talent development to deliver the Group's strategy in line with Transurban's purpose and culture; supporting the ongoing wellbeing and productivity of our workforce including leveraging established flexible work options to support transitioning back into the workplace; and focusing on creating a diverse, inclusive and equitable workplace in which everybody belongs, can contribute and succeed. Oversight of Transurban's response to the first strike received on its Remuneration Report at the 2021 AGM, (see this year's Remuneration Report on page 95 for further information).

Sustainability

Reviewing the key findings of the Intergovernmental Panel on Climate Change's Sixth Assessment Report to assess the ongoing relevance and adequacy of Transurban's climate change management framework. Examining the ratings for current climate change threats and opportunities taking into account current controls, progress and future focus areas. Monitoring progress towards our 2050 net zero and 2030 interim greenhouse gas emission reduction targets.

Oversight of COVID-19 impacts

Oversight of, and exercise of its stewardship responsibilities in relation to, Transurban's continued response to COVID-19 impacts including: health and safety; customers; employee wellbeing; operations; projects; assets; finance; treasury; capital and liquidity matters; and risk management.

Delivery of major projects, asset management and performance

Ongoing oversight of the performance of Transurban's infrastructure assets, and delivery of major projects including: WestConnex M4-M5 Link in Sydney; the Fredericksburg Extension and 495 Express Lanes Northern Extension in North America; and the West Gate Tunnel Project in Melbourne, which included oversight of the process to resolve the dispute between the parties and approval of the revised terms for the delivery of the project.

Oversight and approval of emerging opportunities

Oversight and approval of the acquisition by Sydney Transport Partners of the remaining 49% interest in WestConnex from the NSW Government in Sydney, and continuing to oversee and assess emerging opportunities including: M7–M12 integration and delivery in Sydney; Capital Beltway Accord and Maryland Express Lanes Project—Phase 1 in North America; and other asset enhancements in the regions in which Transurban operates.

Capital management

Oversight and approval of a $4.22 billion equity raising, including a $250 million placement to AustralianSuper and a $3.97 billion fully underwritten, pro-rata renounceable entitlement offer, to fund Transurban's contribution to Sydney Transport Partners' acquisition of the remaining interest in WestConnex. Oversight and approval of raising over $7.7 billion in debt facilities (bank debt and capital market issuances), comprising refinancing activity across the Transurban Group, funding of a $0.5 billion capital release for WestConnex and the funding of a $0.2 billion capital release for NorthConnex.

Strategy and risk

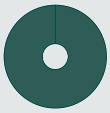
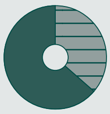
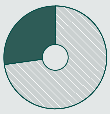
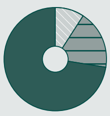
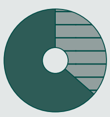
Together with management, setting the strategic direction of the business including: approving the annual financial budget and monitoring corporate performance; engaging in scheduled Board strategy sessions; ongoing integration of risk management with our HSE and business resilience activities, including oversight of technology risk; reviewing the Risk Appetite Statement (including for financial and non-financial risks) and reviewing the Enterprise Risk Management Framework to further enhance the identification, assessment and management of material business risks.

Board succession planning

During the year, the Board welcomed three new Non-executive Directors, Patricia Cross, Craig Drummond and Marina Go, and farewelled two Non-executive Directors, Neil Chatfield and Samantha Mostyn, who retired at the conclusion of the 2021 AGM. As previously announced, Lindsay Maxsted will retire at the conclusion of this year's AGM and the Board has appointed Craig Drummond as Chair of Transurban effective from the conclusion of the 2022 AGM. These appointments and retirements are the result of a coordinated and orderly succession planning process for Board renewal.

Board skills and experience

The skills matrix below presents the key skills and experience that the Board considers necessary having regard to Transurban's strategic objectives, core capabilities and the emerging business and governance issues relevant to Transurban. Having completed a period of Board renewal, the Board is satisfied that it collectively possesses an appropriate breadth and depth of skills and experience to provide effective leadership to Transurban.

Skills/experience		Description
Leadership		Board, CEO and/or senior leadership experience in major organisations, enterprises or listed companies in Australia or overseas, and managing through periods of rapid change.
Strategic and commercial acumen		An ability to define strategic objectives and constructively question business plans and implement strategy using commercial judgement.
Health, safety and environment		Experience in health, safety and environmental matters (HSE), policies and strategies, including implementing HSE systems in organisations of significant size.
Risk management		An understanding of financial and non-financial risk management, including operational, conduct, compliance, environmental, technological and governance risk.
Financing/ capital management		Experience in complex financing and/or capital management including economic drivers and global business perspectives.
Project development, project management and delivery		Experience in all aspects of major infrastructure projects, including project engineering.
Industry specific knowledge and expertise		Specific experience, knowledge and expertise gained across the broader infrastructure and transport industries, including global experience.
Customer experience		Knowledge of, or experience in, organisations and operations managing large retail customer bases.
Government and stakeholder relations, public policy and community engagement		Experience in government and regulatory policy matters (including public policy discourse), multiple stakeholder relations and community engagement.
Governance, compliance and sustainability		Commitment to, and knowledge of, governance and sustainability issues (including the legal, compliance and regulatory environment applicable to transport infrastructure and climate change).
People, culture and remuneration		Experience in people matters including culture, morale, management development, succession and remuneration (including incentive programs and the legislative framework governing remuneration).
Technology		An understanding of, or experience in, organisations of a significant size having a major technology focus, including new technologies and digital disruption, digital customer management, and cybersecurity.
Financial acumen		Financial knowledge, accounting or related financial management qualifications and experience, including understanding the financial statements of organisations of significant size and complexity and the ability to probe the adequacies of financial and related risk controls.

Deep expertise *Competent* *Capable*

Board Committees

The Board has established three standing Committees, each operating under a separate Charter which sets out its responsibilities.

Audit and Risk Committee

Responsibilities:

To assist the Board in fulfilling its corporate governance and oversight responsibilities relating to the integrity of Transurban's financial reporting, the effectiveness of Transurban's systems of financial risk management and internal controls, internal and external audit functions, Transurban's risk profile and risk policy, and the effectiveness of Transurban's risk management framework (for both financial and non-financial risks) and supporting risk management systems and culture.

Areas of focus during FY22 included:

- Reviewing and recommending to the Board significant accounting and financial reporting disclosures including in relation to: the Group's equity issuance and equity injection to fund Sydney Transport Partners' acquisition of the remaining interest in WestConnex; the status of major projects, including the West Gate Tunnel Project and the revised terms for the delivery of the project; and the impact of uncertainties related to COVID-19, near-term interest rates and inflation on accounting, audit and risk-related matters.
- Oversight of the assurance and disclosure processes for the Transurban Corporate Report incorporating the financial statements and Remuneration Report; and disclosures relating to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).
- Oversight of risk management activities including: annual review of the Risk Appetite Statement, Risk Management Policy and Enterprise Risk Management Framework; implementation of key risk control assurance activities and initiatives across the business; deep dives into the risk management activities for each business unit; continued development of risk management performance analytics and development of enhanced risk reporting and visualisation techniques; oversight of climate related risks, including reviewing the findings of the Intergovernmental Panel on Climate Change's Sixth Assessment Report; and annual review of key policies including the Whistleblower Policy.
- Oversight of cybersecurity and technology risks, the development and implementation of the Cyber Uplift and Resilience Program, ongoing third party and supply chain cybersecurity reviews, and disaster recovery and data protection capabilities and initiatives.
- Oversight of taxation matters, including tax governance and tax risk management.
- Oversight of the rotation of the external auditor, culminating in the Board's appointment of a new lead audit engagement partner for FY23.
- Oversight of the Sustainable Procurement Program and reviewing and recommending to the Board the FY21 Modern Slavery Statement.
- Approval of, and delivery and oversight of, the FY22 Internal Audit Plan.

Nomination Committee

Responsibilities:

To assist the Board in fulfilling its responsibilities relating to the composition and performance of the Board, Board appointments, and succession planning.

Areas of focus during FY22 included:

- Ongoing Board succession planning, utilising the Board skills matrix, culminating in the appointment of three new Non-executive Directors following the retirement of two long-standing Non-executive Directors at the end of the 2021 AGM.
- Ongoing Chair succession planning, culminating in the Board's appointment of a new Chair.
- Oversight of the induction of new Non-executive Directors.
- Oversight of the process for the annual review of Board, Board Committee and Director performance.
- Review and recommendation of annual Director re-election and election.
- Review and recommendation to the Board on the appointment of a new North American Advisory Board member.

Remuneration, People and Culture Committee

Responsibilities:

To assist the Board in fulfilling its responsibilities in relation to people, remuneration and culture related matters and disclosures, including: oversight of policies and programs to develop the capability of our people and support Transurban's desired culture; alignment of the remuneration framework with Transurban's purpose, strategy and culture; the remuneration of the Chair and other Non-executive Directors; and performance and remuneration of, and incentives for, the CEO and Senior Executives.

Read more in the Remuneration Report on pages 95 to 119

Areas of focus during FY22 included:

- Supporting the Board in its oversight of Transurban's culture, including: reviewing and making recommendations to the Board on key policies to drive desired cultural outcomes such as the Code of Conduct; monitoring workplace relations, workplace equity and employee engagement trends and considering implications for Transurban's culture.
- Ongoing oversight of Executive development, succession, and management programs to optimise the contributions of Transurban's people.
- Extensive stakeholder listening and engagement to understand feedback on our remuneration structures and responding to that feedback and the first strike received on our Remuneration Report at the 2021 AGM.
- Reviewing CEO and Senior Executive fixed, performance-based and equity-based remuneration, including ongoing review of appropriate performance measures.
- Review and enhancement of Transurban's remuneration framework to ensure that the framework continues to effectively support Transurban's business strategy and desired culture.
- Oversight of Transurban's diversity and inclusion practices, programs and initiatives to support and assist with improving diversity and inclusion at all levels of the business: this includes our response to the Australian Human Rights Commission Respect@Work report, and an update of our Diversity and Inclusion Policy and measurable objectives.

Governance policies

Transurban has a number of governance policies to guide how it does business, including:

- **Code of Conduct**—articulates the behaviour expected of Transurban's Directors and employees, who are expected to align their actions with the code and Transurban's values whenever they are representing Transurban.
- **Continuous Disclosure Policy**—establishes our procedure for compliance with Transurban's continuous disclosure obligations and provides guidance for the identification of material information and timely disclosure of Transurban's activities to the market.
- **Dealing in Securities Policy**—prohibits Transurban's Directors, employees, contractors and their related parties from dealing in Transurban securities if they are in possession of price-sensitive information and provides for open periods during which Directors and employees may trade, subject to any required approvals being obtained.
- **Ethical Business Practices Policy**—defines the standard required from employees and third parties when working with Transurban, and confirms Transurban's commitment to a sound culture of compliance and ethical behaviour.
- **Health, Safety and Environment Policy**—provides Transurban's commitment to a healthy and safe work environment for all employees, contractors and third parties and to minimise impacts to our environment.
- **Human Rights Policy**—sets out how Transurban respects and supports internationally-recognised human rights.
- **Political Donations Policy**—sets out Transurban's policies that govern contributions to political parties.
- **Risk Management Policy and Enterprise Risk Management Framework**—provides guidance and direction on the management of risk in Transurban and states Transurban's commitment to the effective management of risk.
- **Supplier Sustainability Code of Practice**—outlines our minimum standards and leadership expectations which encourage suppliers to go beyond legal compliance in order to advance social and environmental responsibility.
- **Sustainability Policy**—contains our commitment to achieve net zero greenhouse gas emissions by 2050 and describes how we are bringing relevant UN Sustainable Development Goals to life in Transurban.
- **Whistleblower Policy**—encourages and supports people in freely raising concerns over matters they may have witnessed, or if they know about any suspected or actual misconduct or improper state of affairs in relation to Transurban without fear of intimidation, disadvantage or reprisal.

Corporate Governance Statement

For detailed information on the corporate governance framework and main governance practices, policies and charters of Transurban Group for the year ended 30 June 2022, including details of the Group's compliance with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, refer to the Group's 2022 Corporate Governance Statement on the Transurban website.

Read more at transurban.com/corporate-governance

North American Advisory Board

In 2019, the Board established a North American Advisory Board (Advisory Board), which operates in an advisory capacity to the Board. The purpose of the Advisory Board is to capture the wisdom of individuals with deep experience and relationships in the North American region in order to contribute to Transurban's strategic thinking and the development of executive leadership.

The Advisory Board members' knowledge and experience complements that of North American senior management, providing Transurban with a broad perspective and awareness of the local markets in which it operates and the clients, customers and communities it serves. During FY22 the Board and Senior Executives engaged with the Advisory Board on specific matters related to the North American region. The Advisory Board has been particularly valuable whilst COVID-19-related government restrictions have limited travel to and from North America. In FY22 the Advisory Board met with the Transurban Board both in person in Washington DC and remotely via video conference and provided useful insights on: Transurban's assets and projects; potential development opportunities in North America; the local market conditions and changes in the political landscape; as well as macroeconomic and geopolitical matters relevant to Transurban's business operations. In FY22, the Board approved the appointment of a new member to the Advisory Board.

The current members of the North American Advisory Board are Françoise Bertrand, Laurie Mahon and Matt Rose, and details of their skills and experience are available at transurban.com/board

Board of Directors

Lindsay Maxsted

DipBus, FCA, FAICD—Age 68

Chair and independent Non-executive Director since August 2010 and March 2008 (respectively)

Chair of the Nomination Committee

Skills and experience

Lindsay is the Managing Director of Align Capital Pty Ltd, the Co-Chair of Tanarra Restructuring Partners Pty Ltd and Chair of the Grattan Institute.

Lindsay was previously Chair (2011–2020) and a Non-executive Director of Westpac Banking Corporation (2008–2020), a Non-executive Director of BHP Group Limited and BHP Group Plc (2011–2020) and a partner of KPMG Australia where he was CEO of that firm from 2001 to 2007. His principal area of practice prior to this was in the corporate recovery field managing a number of Australia's largest insolvency/workout/turnaround engagements.

Scott Charlton

BSc, MBA—Age 58

Chief Executive Officer and Executive Director since July 2012

Skills and experience

Scott joined Transurban as Chief Executive Officer and Executive Director in 2012. Scott has led Transurban through significant growth during his tenure as CEO, expanding its position in existing markets and leading its entry into new markets.

Scott joined Transurban from Lendlease, where he held positions as Group COO and Group Director of Operations. Previously, Scott held several senior positions across a range of infrastructure entities and financial institutions, including as CFO of Leighton Holdings Limited and Managing Director of Deutsche Bank in Australia and Hong Kong.

Scott is Deputy Chair of Infrastructure Partnerships Australia and is a member of the Monash Industry Council of Advisers, the Business Council of Australia and Roads Australia.

Mark Birrell AM

BEc, LLB, HonLLD, FAICD—Age 64

Independent Non-executive Director since May 2018

Member of the Audit and Risk Committee and the Nomination Committee

Skills and experience

Mark is an experienced Director with credentials spanning the private and public sectors. He has deep industry knowledge in the fields of transport, infrastructure and the law.

Mark is Chairman of Post Super Pty Ltd (since 2013) and Deputy President of the Australian Chamber of Commerce and Industry (since 2021).

His previous roles include Chair of Regis Healthcare Limited (2014–2018), Infrastructure Australia, the Port of Melbourne Corporation, Evans & Peck Limited, and Deputy Chair of Australia Post. He brings extensive legal experience and was National Leader of the Infrastructure Group at Minter Ellison.

With a significant public policy background, Mark was the founding Chair of Infrastructure Partnerships Australia, the nation's peak infrastructure sector body (2005–2013), and served as a Cabinet Minister in Victoria and Leader of the Government in the Upper House (1992–1999).

Terence Bowen

BAcc, FCPA, MAICD—Age 55

Independent Non-executive Director since February 2020

Chair of the Audit and Risk Committee and member of the Nomination Committee

Skills and experience

Terry has over 25 years of extensive financial, strategic and operational experience across a range of sectors within some of Australia's leading companies.

Terry is currently Chair of the Operations Group at BGH Capital, and a Non-executive Director of BHP Group Limited and BHP Group Plc (since 2017), Navitas Pty Ltd and the West Coast Eagles Football Club. He previously served as Managing Partner and Head of the Operations Group at BGH Capital and prior to this served as an Executive Director and Finance Director of Wesfarmers Limited (2009–2017), Finance Director of Coles and Managing Director of Wesfarmers Industrial and Safety. Terry was formerly the CFO of Jetstar Airways, and before this held senior finance roles with Tubemakers of Australia Limited.

He is a former Chair of the West Australian Opera Company Incorporated and a former Non-executive Director of the Western Australian Institute of Medical Research Pty Ltd, Gresham Partners Holdings Limited and Gresham Partners Group Limited.

Patricia Cross

BSc (Hons), FAICD—Age 63

Independent Non-executive Director since July 2021

Member of the Remuneration, People and Culture Committee and the Nomination Committee

Skills and experience

Patricia has extensive international experience as both an executive and Non-executive Director across a wide range of financial services and other industries. She has expertise in capital markets, risk management, corporate governance, treasury and international affairs.

Patricia is currently the Chair of OFX Group Limited (since 2022), a Guardian of the Future Fund's Board of Guardians (since 2021) and an Ambassador for the Australian Indigenous Education Foundation (since 2008).

She was previously Chair of the Commonwealth Superannuation Corporation (since 2014–2021), a Non-executive Director of Aviva plc (2013–2022), Macquarie Group Limited (2013–2018), National Australia Bank Limited (2005–2013), Qantas Airways Limited (2004–2013), and Wesfarmers Limited (2003–2010). Patricia also held several honorary government positions including as a founding member of the Financial Sector Advisory Council and as a member of the Panel of Experts to the Australian Financial Centre Forum.

As an executive, Patricia lived and worked in seven different countries holding a number of senior leadership positions with Chase Manhattan Bank and Chase Investment Bank, Banque Nationale de Paris, and National Australia Bank Limited.

Craig Drummond

BCom, FCA, SF Fin—Age 61

Independent Non-executive Director since July 2021

Member of the Audit and Risk Committee and the Nomination Committee

Skills and experience

Craig has over 30 years' experience in financial and regulated service industries. He has extensive experience across all facets of company management, including equity and debt capital markets, risk management and business strategy.

Craig is currently a Non-executive Director of the Australian Foundation Investment Company Limited (since 2021), a member of the Financial Regulator Assessment Authority, President of the Geelong Football Club and a Governor of The Ian Potter Foundation.

He previously held a number of senior leadership positions including Chief Executive Officer of Medibank (2016–2021), Group Executive Finance and Strategy of National Australia Bank Limited and Chief Executive Officer and Country Head of Bank of America Merrill Lynch (Australia).

Earlier in his career, Craig held various roles at JBWere, including COO, CEO and Executive Chairman of Goldman Sachs JBWere.

Marina Go

BA, MBA, MAICD—Age 56

Independent Non-executive Director since December 2021

Member of the Nomination Committee

Skills and experience

Marina has worked in executive roles across a range of listed and private companies and in non-executive director roles across a diverse range of sectors. Her executive career included over 25 years' experience in branding, marketing, digital technologies and change leadership in the media industry.

Marina is Chair of Adore Beauty Group (since November 2021 and a Non-executive Director since 2020), and a Non-executive Director of Energy Australia (since 2017), 7-Eleven (since 2018) and Autosports Group (since 2016). She is also Chair of Netball Australia (since 2021), and a member of the UNSW Business Advisory Council and the ANU Centre for Asian-Australian Leadership Advisory Board.

She was previously Chair of Ovarian Cancer Australia, The Walkley Foundation and Wests Tigers Rugby League Football Club, and a Non-executive Director of Booktopia Group Limited (2020–2022) and Pro-Pac Packaging Limited (2018–2021).

Marina was previously Country Chief Executive Officer for The Hearst Corporation and held a variety of senior leadership positions across multi-media businesses, including Fairfax, Bauer Media, EMAP Australia and Private Media.

Timothy Reed

BCom (Hons), MBA, MAICD—Age 52

Independent Non-executive Director since November 2020

Member of the Remuneration, People and Culture Committee and the Nomination Committee

Skills and experience

Tim has over 30 years' experience in technology, marketing, strategy and business development gained from various roles held in Asia, Europe, the USA and Australia.

Tim is currently the President of the Business Council of Australia and co-Managing Director of Potentia, a private equity firm focused on technology businesses.

He was formerly the CEO of MYOB (2008–2019) and before this held a range of other senior management roles during his 16-year career with the business. Prior to joining MYOB, Tim also held senior management roles in sales, marketing, product management and business development with software and technology businesses in Silicon Valley.

Peter Scott

BE (Hons), MEngSc, Hon FIEAust, MICE—Age 68

Independent Non-executive Director since March 2016

Member of the Audit and Risk Committee and the Nomination Committee

Skills and experience

Peter has over 20 years' senior business experience in publicly listed companies and a breadth of expertise in the engineering and finance sectors.

He was formerly the CEO of MLC and head of National Australia Bank's Wealth Management Division and held several senior positions with Lendlease.

He was previously Chair and a Non-executive Director of Perpetual Limited, Chair and a Non-executive Director of Perpetual Equity Investment Company Limited and a Non-executive Director of Stockland Corporation Limited.

His pro-bono activities include being Chair of Igniting Change Limited, a not-for-profit organisation, and a Fellow of the Senate of the University of Sydney. He is currently a Non-executive Director of Centuria Heathcare Limited.

Robert Whitfield AM

BCom, Grad Dip Banking, Grad Dip Fin, AMP, SF Fin, FAICD—Age 57

Independent Non-executive Director since November 2020

Chair of the Remuneration, People and Culture Committee and member of the Audit and Risk Committee and the Nomination Committee

Skills and experience

Rob has extensive financial, risk and capital markets experience in senior management roles across the public and private sectors.

Rob is currently a Non-executive Director of the Commonwealth Bank of Australia (since 2017) and GPT Group (since 2020).

He previously served as Chair and Director of New South Wales Treasury Corporation, Secretary of NSW Treasury, Secretary of NSW Industrial Relations, and as Deputy Chair of the Australian Financial Markets Association. Prior to this, Rob had a 30-year executive career with Westpac Banking Corporation where he held a number of senior leadership positions including CEO of the Institutional Bank, Chief Risk Officer and Group Treasurer.

Jane Wilson

MBBS, MBA, FAICD—Age 64

Independent Non-executive Director since January 2017

Member of the Remuneration, People and Culture Committee and the Nomination Committee

Skills and experience

Jane has over 20 years' experience as an independent director of public companies, government-owned corporations and not-for-profit organisations following an executive career in finance, banking and medicine.

Jane is a Non-executive Director of Sonic Healthcare Limited (since 2010) and Costa Group Holdings Limited (since 2019). She is also Co-Chair of the Australian Government Advisory Board on Technology and Healthcare Competitiveness and a Director of Rugby Australia (since 2021).

She was previously a Guardian of the Future Fund (2015–2021), the Deputy Chancellor of the University of Queensland, and a Non-executive Director of the General Sir John Monash Foundation, Opal Aged Care Limited and the Winston Churchill Memorial Trust.

Risk management

An integrated, proactive, practical approach to identifying and managing risks is essential for an organisation's resilience, sustainability, and social licence. By anticipating and understanding the current and future uncertainties associated with our operating environment, we can mitigate threats and pursue business opportunities to benefit all of our stakeholders.

Proactive risk management is embedded into our strategic activities and decision-making processes, as well as our daily operations to ensure we deliver upon Transurban's strategic objectives, as well as continue to create and maintain stakeholder value.

Our Enterprise Risk Management (ERM) Framework is a fundamental tool, providing governing principles and guidance to ensure the early identification of risks and proactive implementation of strategies to mitigate or effectively deal with risks should they occur. Overseen by the Board and the Audit and Risk Committee (ARC), actively managed by the CEO and Executive Committee along with senior managers, the ERM Framework also provides a structured approach so that key risks and issues are escalated appropriately, ensuring we respond to those with the potential to materially impact our business.

Our Risk Appetite Statement, which covers both financial and non-financial measures, outlines the level of risk that we are prepared to either accept, tolerate, or avoid in the pursuit of our business strategy. It is critical in guiding our attitudes and behaviours towards risk and is reviewed by the Board annually. To ensure we are operating within our risk appetite thresholds we have linked our Risk Appetite Statement to Key Risk Indicators (KRIs) and Key Performance Indicators (KPIs). Using these KRIs and KPIs, we can measure our business and risk management performance against financial and non-financial risk metrics. Performance is tracked and presented to the Board to provide early insights into our risk exposures.

Across the business, teams regularly review the operating environment and their business activities to identify risks with the potential to impact Transurban or our stakeholders. Proactive strategies and contingency plans are then developed and implemented to manage risk exposure. Regular assessment of the risks determines the ongoing effectiveness of the management strategy which can be enhanced where necessary.

Figure 23: Enterprise Risk Management Framework in action

	Annual activity	*Quarterly activity*	*Continuous activity*	**Business Resilience**	**Internal Audit**
ARC/Board	Review ERM effectiveness and approve changes Review and update Risk Appetite	Review material and emerging risks		Provide assurance of resilience capability and preparedness Reporting on learnings from exercises and incidents	Update audit plan based on key risks and themes
Executive Committee	Review ERM effectiveness and approve changes Review and update Risk Appetite	Review key business, strategic and emerging risks	Risk and Compliance status reporting	Consider emerging threats and catastrophic risks Exercise and test business response	Annual review of business compliance
Markets and Business units	Set risk objectives and priorities in Business Plan Update risks in line with objectives	Consolidate and review key business and operational risks	Validate key risks and compliance requirements Review key risks and treatments	Exercise and test response to disruption risks Validate preventative controls	Internal Audit plan review and update to reflect any emerging risks
Projects, Development Proposals and Acquisition	Set risk objectives and priorities in Business Plan Update risks in line with objectives	Formal review of Risk Registers	Validate key risks and compliance requirements Review key risks and treatments	Identification of risks that could disrupt the safe and continuous operations of our assets or critical business processes	Audit Reports issued including assessments of controls and management actions to enhance the control environment

A business-wide integrated approach and practice

The ERM Framework is integrated with related processes and policies (including the Code of Conduct, Ethical Business Practices, Compliance Framework, Health, Safety and Environment, Internal Audit, Tax, Treasury, Procurement, Business Resilience, and Insurance) to ensure a business-wide view of our risks and enable us to understand and address their potential consequences.

To further support the maturity of risk across the business, a key pillar underpinning Transurban's FY22 Risk Strategy is the integration of risk information and insights into core management processes. We have linked our Risk Management, Incident, Operational, Compliance, Privacy, Resilience and HSE data and invested in data analytics to enable us to understand our internal and external risk landscape, and test our strategic decision making. This has allowed us to:

- holistically consider risk and uncertainty
- more effectively use forward-looking risk visualisation to support better decision-making
- capitalise on opportunities
- identify opportunities to create lasting value.

This risk integration has enabled our ERM approach to extend beyond a stand-alone process and provides the Board and the Executive Committee with greater confidence that management strategies, plans and performance reporting are robust. This has enabled risk learnings and insights to be shared and cascaded amongst teams. Additionally, the combination of risk integration with monitoring emerging risks has enhanced strategic planning through increased emphasis on data analytics, scenario analysis and stress testing to anticipate risk, monitor the validity of strategic assumptions and assess the impact of alternative approaches on projected performance.

Figure 24: Integrating business data with our risk assurance process

Measuring the effectiveness of our risk management activities

We have multiple assurance activities to assess the value and success of our ERM activities. The overall effectiveness of our ERM requires clear expectations and consistent application of controls across the business. So this can happen, the ERM Framework is linked to our assurance and governance processes—with outcomes from our risk processes used to define areas of focus for Internal Audit. These audits provide independent assurance to ARC, supporting them to fulfil their responsibility for overseeing the organisation's risks and controls, and support management to maintain an effective risk and control environment.

To support broader Internal Audit assurance activities we utilise a co-sourced operating model, comprising an external independent Internal Audit Service Provider (EY), and an internal team led by the Head of Internal Audit. This approach enables balance, independence, external subject matter expertise and internal knowledge. Internal Audit operates under a plan approved annually by ARC and has full access to all functions, records, property, and personnel of Transurban Group. Internal Audit administratively reports to the Company Secretary and has a direct reporting line to the Chair of ARC. The results of Internal Audit activities are reported to ARC.

We assess our risk culture annually, with questions posed in the Our Voice employee survey. The purpose of these questions is to assess the current understanding of risk, the level of risk management practice within the business, and understand the propensity of employees and the business to take considered risk.

Additionally, the Board requests that Internal Audit undertakes an annual review of our ERM Framework. This review is to satisfy the Board that the Framework continues to be sound and aligned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The review involves:

- gap analysis of Transurban's risk management approach alignment to ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
- examining alignment to the ISO 31000:2018
- assessment of our ERM Framework against other leading practice frameworks.

The detailed results from both our employee survey and ERM review are used to identify business areas requiring focused risk support and capability development activities. Results and feedback also form the basis for future risk management training, education and ERM Framework improvement activities.

—Case study—

Understanding what matters to our stakeholders

Monitoring emerging risks

In an increasingly interconnected global operating environment, it is more important than ever to understand and visualise the organisation's risk landscape to ensure operational resilience.

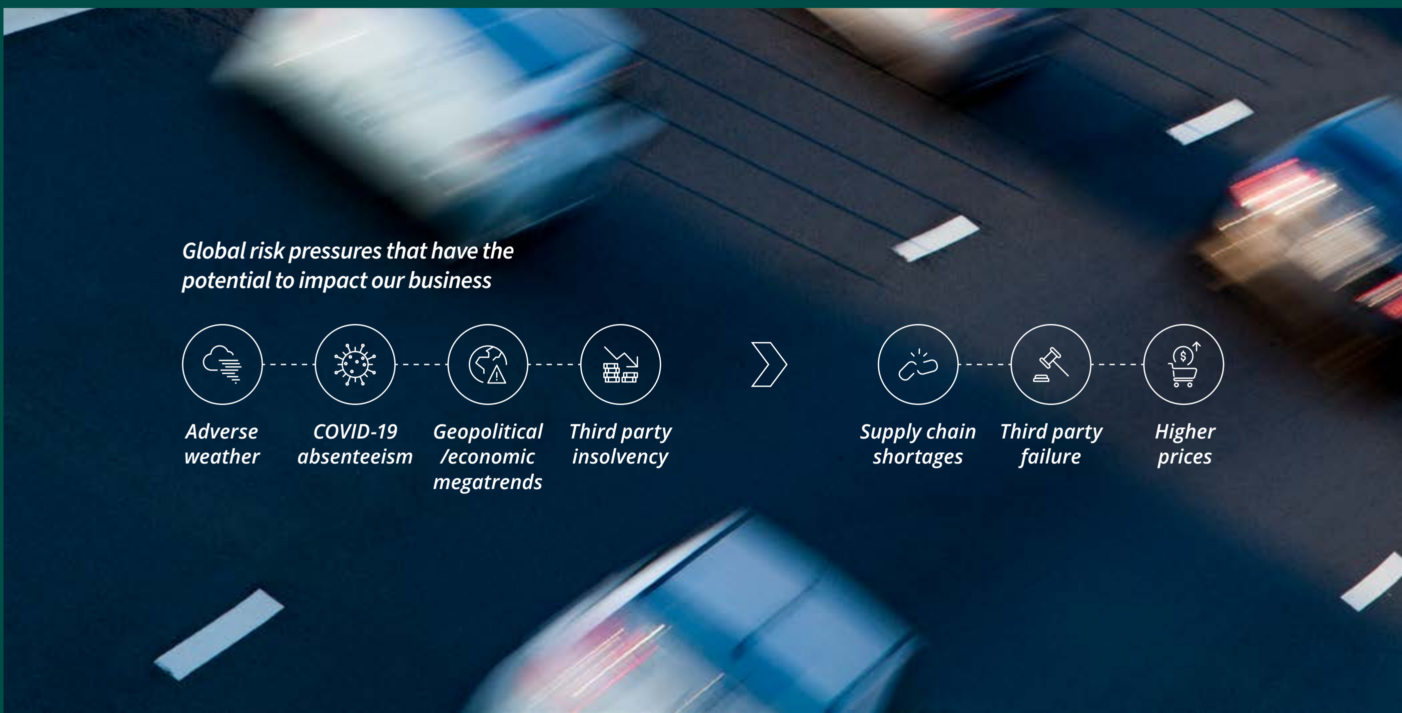
We place a focus on monitoring national and global events to identify emerging threats to our business. We also implement early warning mechanisms to determine if threats are impacting on our business activities.

Over the last 12 months, there has been significant global disruption associated with the impact of COVID-19 and geopolitical instability. These include global supply-chain shortages and resource shortages (see page 59).

To understand the impact of these emerging threats, we applied risk visualisation. We use data analytics to model potential global supply chain pressures and disruption scenarios. Through this analysis we identified that these threats could potentially impact multiple areas of our business.

Undertaking visualisation of the interconnectivity of these risks against our business activities, we were able to identify several risk responses to reduce the threat pressure, such as sourcing alternative local suppliers to minimise the impact of supply chain shortages on the business.

Read more about global trends influencing our sector (page 22)



Key risks—Opportunities and threats[1]

↑ *Up*
↓ *Down*
— *Neutral*

Opportunity	Change in opportunity within FY22[2]	Example management responses
New business opportunities in our target markets Opportunities to further grow the business and enhance existing assets and operations or pursue acquisition or investment opportunities of other non-Transurban assets.	— Reflects continuing focus on development opportunities in target markets	• Demonstrate leadership in sustainability, climate risk, road safety and emerging technologies • Focus on the right opportunities aligned to our business strategy • Continue to build relationships with partners and other stakeholders • Demonstrate core capabilities and delivery credibility • Maintain leading understanding of the transport needs of our markets and develop solutions based on this understanding • Market scanning and review of non-Transurban assets • Further collaboration with existing and new investment partners targeting emerging opportunities • Develop new service offerings utilising existing capabilities.
Harness technology and services to develop new projects and offerings Transurban's technology footprint and mobile app platforms present the opportunity to respond to customer opportunities within the market or establish differentiators against our competitors.	— Implementation of upgrades to our core customer account and billing systems	• Customer listening programs, monitoring emerging risks and emerging technology review to identify trends • Technology road map, including identification of suitable technology partners and solutions • Strategic initiatives to test and pilot technology adaptations • Implementation of digital tools, such as Trip Compare • Community and customer engagement • Cloud and digital architecture strategy • Future development and expansion of LinktGO and GoToll • Continued investment in channel optimisation and digital offerings including apps and features.
Sustainability initiatives to enhance road user and community experience Opportunity to further pursue sustainability projects to enhance social and environmental outcomes for communities and social licence credentials.	— Continued focus on sustainability opportunities and associated technologies	• Customer Hardship Program and Financial Inclusion Action Plan • Managed motorway risks such as pre-peak-hour speed limit reductions to lower risk of rear-end crashes • Transurban Road Safety Centre at Neuroscience Research Australia (NeuRA) research program • Membership with Social Traders to identify opportunities to increase direct and indirect spend with certified social enterprises • Infrastructure Sustainability ratings for road assets • Research and pilots of new technologies to reduce environmental impacts of construction materials as well as other initiatives to move toward carbon neutrality • Sustainability Strategy aligned to the nine UN Sustainable Development Goals most relevant to our business • Sustainable procurement program which also addresses modern slavery risks.

1 Transurban's exposure to financial risks and the policies we have in place for managing that risk can be found in the Derivatives and Financial Risk Management notes—see note B15. This section discusses our hedging policies, credit risk, interest rate risk and liquidity and funding policies

Transurban considers the impacts of climate change as a potential contributing factor to many of our threats and opportunities. For more information on our climate change management strategies and our consideration of transition and physical risks refer to climate change risk management on page 89 of this report and our Sustainability Supplement

2 Directional arrows are a general assessment only of the risk change over the year, detailed risk reviews are undertaken regularly to ensure alignment with our risk appetite statement as outlined in "Risk management" on page 82

Key risks—Opportunities and threats[1]

↑ Up
↓ Down
— Neutral

Threat	Change in threat within FY22[2]	Example management responses
Unfavourable changes in the market or to operating conditions Key assumptions relating to the operating environment (including potential disruption events) and/or budget forecasts may prove to be incorrect.	— Continued potential for changes in government response to COVID variants	• Revised traffic models to reflect dynamic external environment in light of COVID-19 • Scenario analysis reflecting further COVID-19 future outlook uncertainties and other potential disruption events • Strategic and emerging risks and mitigations identified and managed as part of the overall Risk Management Framework • Ongoing regional and asset traffic analysis supplemented by third party data and/or review • Consideration of extreme and future weather events or land use changes.
Delivering our major projects to meet agreed outcomes Contractor performance or behaviour could lead to a failure to deliver projects on time and within budget resulting in reputational issues which could impact on future opportunities.	↓ Settlement deed on WGTP completed	• Due diligence throughout procurement and tender processes • Project Steering groups, Internal Audit Program and Program reviews • Enterprise Risk Management Framework incorporating project risk reviews • Ongoing focus on relationship with current and potential suppliers including senior executive engagement with major contractors.
Maintaining our social licence to operate Failure to live the Transurban values when engaging with our stakeholders or failure to satisfactorily meet their needs could result in a loss of trust in our business, with implications for our reputation and business operations.	↓ Decrease reflects positive traction with customer hardship and engagement activities	• Expanded efforts to support Australian customers experiencing social and financial hardship for a range of reasons • Proactive activities to enhance our social licence to operate • Program of activities that engage stakeholders on local and global social issues • Proactive engagement with governments on tolling reform (including response to NSW Tolling inquiry) • Transparent communication of fees and charges including fee free options • Development of tools and campaigns to help customers make informed choices • Continuous listening through Community Trust benchmark and 'Voice of Customer' program to identify issues and trends • Internal workforce initiatives such as 'respect in the workplace' to continue to drive diversity, appropriate behaviours and a safe workplace.
Customer and road safety Failure to effectively manage road infrastructure and response to incidents could impact customer and road safety.	— Positive customer and road safety performance for FY22. HSE remains a focus for FY23 with implementation of revised HSE and Road Safety Strategy	• Australian Road Research Board assessment of the Australian network to determine International/Australian Road/Assessment Program safety ratings • Monash University Accident Research Centre analysis of serious injury crashes on Australian roads • Road Safety Action Plans and Community of Practice • Continued focus on emergency response capabilities and delivery of emergency management exercises • Transurban Road Safety Centre at NeuRA research program • Scenario analysis of weather events and their impact on road safety.
Cybersecurity and information protection Failure to appropriately manage, govern and protect customer and company data and systems from cyber threats, resulting in information or data loss and operational disruption.	↑ Increase reflects global geopolitical uplift in cyber threat landscape	• Implementation and operation of a Cybersecurity Framework aligned to industry standards to protect against cyber-attacks and disruption • Review and management of cyber risks and threats, and provided regular reporting on key cyber risks and cyber control metrics to the Board, executive and management • Funding of a cyber program in order to maintain security posture within risk appetite over time supported by training and awareness campaigns.
Board role renewals Failure to effectively manage Board/Chair transitions could impact on market confidence.	— Risk raised reflecting FY22 Board change and Chair transition plan	• Transition plan development and implementation • CEO and Board engagement.

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Key risks—Opportunities and threats[1]

↑ Up
↓ Down
— Neutral

Threat	Change in threat within FY22[2]	Example management responses
Maintaining the safety and wellbeing of employees and contractors Due to the nature of some of our work activities, employees, workers and other stakeholders could be exposed to harm or suffer wellbeing issues if business controls fail to be adequate. Mental wellbeing of employees could be impacted given COVID-19.	— Positive safety and wellbeing performance for FY22. HSE remains a focus for the business with a refreshed strategy for FY23	• Safety reporting and management systems that enable detailed analytics • Contractor management and engagement to ensure implementation of Transurban minimum requirements • Ongoing development and implementation of the Transurban HSE culture including delivery of mental health and wellbeing initiatives and support services • HSE training and awareness including practical exercises • Proactive HSE observation and HSE Action Plan activities linked to employee performance KPIs • Regular internal and external HSE reviews of our HSE frameworks and management system.
Dependency on third parties and critical suppliers Loss of a key strategic supplier due to liquidation, legal action, buyout/takeover. Likewise, availability, performance issues or inflation pressures could lead to a disruption in supply of a critical service/capabilities to Transurban or impact on development or operational costs.	↑ Increase reflects global supply chain challenges and geopolitical environment	• Due diligence throughout procurement processes • Environmental scans and proactive industry engagement • Supplier and Contractor Management Framework which includes requirements for Supplier Performance Management • Ongoing delivery of Sustainable Procurement Program including acting in accordance with the *Modern Slavery Act 2018* (Cth) requirements, potential climate change obligations and collaboration with suppliers to respond to potential risks within our supply chain • Considerations of alternative risk sharing concepts including sharing of risk for supply impacts and cost escalations • Explore opportunities for engaging a broader range of contractors, through project-specific procurement packaging • Research of infrastructure delivery within Australian market • Review of new industry procurement and contractual packages.
Inability to attract and retain the workforce capability required by the organisation for critical roles An inability to attract best talent as well as ensure that we retain the key critical people necessary to drive and grow the business could lead to the unavailability of critical key roles or capabilities. This combined with the impact of COVID-19 on critical or overseas resources/support requirements could impact on the availability of operational resources to support projects, bids and development opportunities.	↑ Increase reflects active competition for key talent	• Strategically prioritising talent growth and development opportunities • Workforce planning • Regular talent reviews and succession planning • Employee engagement, belonging and wellbeing initiatives • Strategic sourcing for agreed roles • Tactical strategies including resourcing, retention, performance and remuneration to support acquisition and retention of critical skills • Key industry partnerships/memberships.
Treasury management of debt, liquidity, and balance sheet Volatility in interest rates, hedging and refinancing could impact financial exposure and funding for new projects.	—	• Rating protections through Transurban's predictable cash flow from established concessions, which are supported by embedded toll escalations and hedging policies • Regular reporting of funding activities, performance against key metrics, compliance, operational issues/breaches • Annual review and approval of the Treasury Frameworks, Treasury Policy and Charter by the Board • Capital Strategy and annual review of the Funding Plan • Monthly reporting of compliance against debt • Stress testing of debt exposure based on market assumptions • Disciplined approach to opportunities • Effective management of costs, debt and balance sheet.

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Key risks—Opportunities and threats[1]

↑ Up
↓ Down
— Neutral

Threat	Change in threat within FY22[2]	Example management responses
Failure of technical infrastructure or an inability to respond effectively to a disruption Failure to adequately maintain our infrastructure or failure to respond effectively to an emerging failure, incident or disruption, including preparing for potential changes to the operating environment, could lead to impacts on asset lifecycle planning, breaches of concession, possible safety risks and/or reputational damage.	↓ Less COVID restrictions on access combined with enhanced response training, including testing of climate change adaptation plans	• Transurban's asset management and operations system and their associated processes • Supplier and Contractor Management Framework outlines requirement for regular audits, inspections and quality assurance assessments of contractors and sub-contractors • Asset reviews and Internal Audit Program Scenario analysis of future weather events and/or changes in the operating environment on system/asset reliability and asset lifecycle planning • Business Continuity Plan and Incident Management and Emergency Strategy Teams in place • Annual desktop exercises and field exercises with emergency services to coordinate response • Annual update and review of all corporate emergency procedures.
Changes in government policies or regulatory interpretations A change in government policy and/or expectations could impact on the ability to deliver the business strategy.	—	• Contributions to policy discussions through submissions to government inquiries and draft strategies • Engagement with all levels of government—political and bureaucratic—to understand policy positions (and their potential implications) • Monitoring potential changes to stakeholder and government policies, including alignment to TCFD recommendations and transition to net zero • Compliance management system enhancement in place and automatic notification and escalation of compliance actions and regulatory changes • Compliance working group continues to oversee and report to Board on compliance activities.
Potential impacts of emerging recession A potential recession could impact on business confidence leading to reduced economic activity, increased unemployment which (when combined with an increased cost of living) could lead to reduced revenue.	↑ Increase reflects global economic challenges	• Ongoing review of external trends and performance • Early identification of pressure points and action if changes identified. Responses include: – Review of cost base – Stress testing and scenario analysis – Implement early changes to spend plans • Ongoing approach to financing activities.

1 *Transurban's exposure to financial risks and the policies we have in place for managing that risk can be found in the Derivatives and Financial Risk Management notes—see note B15. This section discusses our hedging policies, credit risk, interest rate risk and liquidity and funding policies*

Transurban considers the impacts of climate change as a potential contributing factor to many of our threats and opportunities. For more information on our climate change management strategies and our consideration of transition and physical risks refer to climate change risk management on page 89 of this report and our Sustainability Supplement

2 *Directional arrows are a general assessment only of the risk change over the year, detailed risk reviews are undertaken regularly to ensure alignment with our risk appetite statement as outlined in "Risk management" on page 82*

Climate change risk management

Climate change will influence our business and operations into the future. We are committed to transition our business to net zero greenhouse gas (GHG) emissions by 2050 and are implementing broader business resilience and adaptation measures across our assets and major construction and development projects.

Our Climate Change Framework (Figure 25) is a business-wide strategy that supports two priority areas: the transition to net zero, and ensuring our infrastructure and operations are resilient under potential future conditions. The Framework applies to our Australian and North American operations and responds to our strategic climate-related risk themes including four strategic climate-related threats and two strategic climate-related opportunities.

Our Climate Change Framework positions us well to respond to climate-related threats and opportunities, and we continue to evolve our understanding of the ramifications arising from climate change. FY22 has seen us advance the implementation of the Framework with significant progress achieved in our two priority areas. In FY22, 56% of our electricity needs were met from renewable energy. Since June 2022 this has increased to two-thirds as we continue our transition to renewables.

Figure 25: Our Climate Change Framework

Transition to Net Zero

Energy
- Energy efficiency upgrades
- Onsite renewables
- Renewable energy agreements

Low-carbon supply chain
- Low-carbon materials
- Circular economy
- Partnerships and engagement

Customer emissions
- Customer engagement on fuel and emissions reduction
- Support the uptake of zero-emissions vehicles

Roadside regeneration
- Improve vegetation and biodiversity within our alignments
- Green infrastructure

Resilient infrastructure and operations

Climate risk integration
- Embed relevant climate projections and associated risks (threats and opportunities) within processes and systems

Asset and business adaptation
- Scenario analysis
- Asset-specific Climate Risk and Adaptation Management Plans including adaptation pathways

TCFD alignment
- Climate risk impact assessments
- Integration with financial systems, processes and reporting
- Ongoing review, monitoring and reporting

Training and capacity building

Governance
- Climate-related risk oversight by the Transurban Board's ARC
- Twice-yearly updates provided to the ARC, Transurban Board and subsidiary Boards on climate-related aspects
- Committee provide additional oversight and guidance on business-wide implementation of the Framework


Flood impacted suburban roads in Brisbane, Australia (February 2022). Image via Alex Cimbal/Shutterstock

We have now entered into renewable energy agreements across all Australian markets. Our understanding of physical climate change risks has also evolved as we gained experience through reflecting on flooding events in Queensland and New South Wales in February and March 2022, and conducted a desktop emergency management exercise for Sydney's M2 Motorway (see case study). This has improved our confidence in the likely success of planned and proposed adaptation measures.

Our governance arrangements, climate-related risk procedures and supply chain engagement were enhanced over FY22. Our Climate Change Risk and Adaptation Guideline standardises the approach to preparing asset-specific Climate Risk and Adaptation Management Plans (CRAMPs), ensuring consistency across markets and enhancing efficiency. This is in line with the Enterprise Risk Management (ERM) Framework (see page 82), which is used to manage the threats and opportunities relating to climate change across our business and operations and is an integral part of our decision-making process. We prepared CRAMPs for two Queensland assets as this market has higher overall levels of climate-related risks compared to other markets where we operate. The experience of preparing the CRAMPs has highlighted the importance of understanding the resilience of adjacent road networks and feeders into our assets and has also moved us closer to being able to estimate potential financial impacts. At this stage, we have identified potential climate-related material impacts for the business, and plan to quantify the associated potential financial impacts from FY23.

FY22 saw us survey our major suppliers (top 50 suppliers by spend, excluding major projects) through the CDP supplier engagement process to better understand their progress in transitioning to a low carbon economy and the climate-related risks they face by geographic location. Of our 50 top suppliers, 25 reported having active GHG reduction targets, with most either having, or committed to, setting science-based GHG emission reduction targets. Some appear to understand the key transition and physical risks for their operations. Examples of transition risks cited included carbon pricing (Japan), changes to environmental regulation (Japan and Europe) and enhanced reporting and reputational risk (Europe). Physical risks identified included extreme weather events (most geographies), rising temperatures (Japan), severity and frequency of extreme events (India) and bushfires (Australia). We will continue to work with our supply chain to evolve our appreciation of climate-related risks, their management approaches and impact on our operations and projects.

As detailed in our **FY22 Climate Change Disclosure**, we continue to address all eleven recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The recommendations aim to enhance financial disclosure of climate-related risks and subsequent impacts on business models and operations and cover the themes of governance, strategy, risk management, and metrics and targets. We considered the Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report and the TCFD's revised October 2021 guidelines in developing our FY22 Climate Change Disclosure and addressing the TCFD recommendations.

—Case study—

Preparing for a changing climate

To ensure our climate change risk management and resilience activities are effective, we need to understand how current and future climate-related events will impact our infrastructure and our people. In FY22 we ran an exercise to test extreme weather event impacts on one of our roads.

To test the efficacy of our newly developed M2 CRAMP, we ran an operational resilience exercise. The exercise was designed to test our proposed integrated response to an extreme heat event. The scenario tested our proposed responses to:

- bushfire and electrical storm hazards
- significant community impacts
- concurrent/related motorway and wider-road-network incidents.

The exercise included our NSW Market Incident Management Team (IMT) and our Emergency Strategy Team (EST) and tested how effectively we would respond to the threat scenario. This included considering and addressing Transurban, customers and community impacts; prioritising the safety of people; assessing our ability to continue to operate critical services; and protecting our reputation.

Exercise outcomes and learnings, and our real-world experiences from the March 2022 Brisbane floods are now being used to:

- inform relevant climate change risk and adaptation assessments
- enhance our adaptation plan approach
- identify opportunities to enhance our asset resilience in each market
- identify opportunities to support our local stakeholders as part of broader community responses.

Directors' report

Directors' report

The Directors of Transurban Holdings Limited ('the Company' or 'THL') and its controlled entities, Transurban International Limited and its controlled entities ('TIL') and Transurban Infrastructure Management Limited ('TIML'), as responsible entity of Transurban Holding Trust and its controlled entities ('THT') ('Transurban', 'Transurban Group' or 'the Group') present their Directors' Report on the Transurban Group for the financial year ended 30 June 2022 ('FY22').

The controlled entities of THL include the other members of the stapled group, being TIL and THT.

The Directors' Report has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) with the following information forming part of this Directors' Report:

- Operating and financial review (see to right)
- Remuneration Report on pages 95 to 118
- Directors' declaration on page 215
- Auditor's independence declaration on page 119.

Principal activities

The principal activities of the Group during the year were the building and operation of toll roads in Sydney, Melbourne and Brisbane, in Australia, as well as in the Greater Washington Area and Montreal in North America. There has been no significant change in the nature of these activities during the year.

Operating and financial review

A review of the Group's operations and the results of those operations during the year, including likely developments in future financial years and risk management, are on pages 20 to 90 of this Corporate Report. Other than the information included in the operating and financial review and throughout this report, information on other likely developments, business strategies and prospects for future financial years has not been included as it would be likely to result in unreasonable prejudice to the Group.

Details of the results of the Group's operations are in the Financial Statements (pages 120 to 225)

Directors' details

The Boards of THL, TIML and TIL have common Directors. The names of Directors who served during or since the end of FY22 are below. All Directors held their positions for the duration of FY22 unless otherwise stated.

- Lindsay Maxsted (Chairman)
- Scott Charlton (Chief Executive Officer)
- Mark Birrell
- Terence Bowen
- Patricia Cross
- Craig Drummond
- Marina Go (appointed 1 December 2021)
- Timothy Reed
- Peter Scott
- Robert Whitfield
- Jane Wilson
- Neil Chatfield (retired 21 October 2021)
- Samantha Mostyn (retired 21 October 2021)

Details of each Director's appointment, qualifications, experience and special responsibilities, together with their recent directorships, are set out in their biographies.

Director biographies are on pages 80 to 81

Company Secretary

Fiona Last is the Company Secretary of THL, TIML and TIL. Julie Galligan was also a Company Secretary of THL, TIML and TIL until 29 October 2021.

Fiona Last

LLB (Hons), BCom, FGIA

Fiona joined Transurban as Company Secretary in January 2020. Fiona is an experienced corporate lawyer and governance adviser with over 20 years relevant professional experience. Prior to joining Transurban, Fiona was Company Secretary at Treasury Wine Estates, and a Senior Corporate Lawyer at National Australia Bank. Prior to her in-house roles, Fiona worked as a corporate lawyer for legal firms in Australia, Asia and the United Kingdom.

Directors' meeting attendance

The Boards of THL, TIML and TIL have common Directors and meetings are held concurrently. The number of meetings of the Board and each Board Committee held during FY22, and the number of meetings attended by each Director, are set out below. The below table excludes the attendance of those Directors who attended Board Committee meetings of which they are not a member, other than the Chair of the Board whose attendance at all Committee meetings is included below.

	Board of Directors		Audit and Risk Committee		Remuneration, People and Culture Committee		Nomination Committee		Board Sub-Committee[1]	
	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*
Lindsay Maxsted (Chairman)	13	13	6		8		4	4	10	10
Scott Charlton (CEO)	13	13							10	10
Mark Birrell	13	13	7	7			4	4		
Terence Bowen	13	13	7	7			4	4	5	5
Patricia Cross	13	13			5	5	4	4		
Craig Drummond	13	13	5	5			4	4		
Marina Go[2]	7	7					3	3		
Timothy Reed	13	13			5	5	4	4		
Peter Scott	13	13	7	7			4	4	5	5
Robert Whitfield	13	13	5	5	5	5	4	4	5	5
Jane Wilson	12[3]	13			8	8	4	4		
Neil Chatfield[4]	5	5	3	3	3	3	1	1		
Samantha Mostyn[4]	5	5			3	3	1	1		

* *Number of meetings held during the year at which the Director was a member of the Board or respective Committee. Details of current Committee membership are set out on pages 80 to 81*

1 *A number of Board Sub-Committees were formed during the year for special purposes, including due diligence processes undertaken in connection with the equity raising for the acquisition of the remaining interest in WestConnex*

2 *M Go was appointed as a director effective 1 December 2021*

3 *Reflects an unscheduled Board meeting where J Wilson was unable to attend due to a prior commitment*

4 *N Chatfield and S Mostyn retired from the Board on 21 October 2021*

Distributions

The Board determined a distribution of 26.0 cents per stapled security for the six months ended 30 June 2022 with a payment date of 23 August 2022. This takes the total distribution for FY22 to 41.0 cents per stapled security, of which 2.0 cents is fully franked. Further details of FY22 distributions are provided in note B10 to the Financial Statements.

Significant changes in the state of affairs

The financial position and performance of the Group was particularly affected by the following matters during the reporting period:

- Impact of COVID-19
- Group equity issuance and equity injection to Sydney Transport Partners joint venture
- Final agreement reached on revised terms for the delivery of the West Gate Tunnel Project.

Further information is provided in note B2 on page 128 of the Financial Statements.

Events subsequent to the end of the financial year

Other than as disclosed in the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or Group's state of affairs, in the future years.

Indemnification and insurance of Directors and officers

The Constitutions of the Group provide that the Group will indemnify each officer (including each Director) of the Group, on a full indemnity basis and to the extent permitted by law, against any liabilities incurred by them in their capacity as an officer of any member of the Group. Each officer is also indemnified against reasonable costs (whether legal or otherwise) incurred in relation to relevant proceedings in which the officer is involved because the officer is or was an officer.

The Group has entered into Deeds of Indemnity, Insurance and Access with each of its Directors and officers.

The Group has arranged to pay a premium for a directors and officers liability insurance policy to indemnify Directors and officers in accordance with the terms and conditions of the policy. This policy is subject to a confidentiality clause which prohibits disclosure of the nature of the liability covered, the name of the insurer, the limit of liability and the premium paid for this policy.

During FY22 and as at the date of this Directors' Report, no indemnity in favour of a current or former Director or officer of the Group or in favour of PwC, the external auditor, has been called on.

Environmental regulation

The Group's operations are subject to environmental regulation under both Commonwealth and State legislation. The Group is committed to achieving a high standard of environmental performance. The Sustainability Strategy—available on our website **transurban.com**—outlines our objectives, while our risk management processes provide regular monitoring of environmental exposure and compliance with environmental regulations.

Based on the results of enquiries made, the Board is not aware of any significant breaches during the reporting period.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company, nor any application made under section 237 of the *Corporations Act 2001* (Cth).

Non-audit services and auditor independence

PwC was appointed as the Group's external auditor on 12 October 2001 and continues in office in accordance with section 327 of the *Corporations Act 2001* (Cth). The Group has an External Auditor Independence Policy that is intended to support the independence of the external auditor by regulating the provision of services by the external auditor. The external auditor will not be engaged to perform any service that may impair or be perceived to impair the external auditor's judgement or independence.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee (ARC), is satisfied that the provision of the non-audit services during the reporting period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Directors are satisfied that the provision of non-audit services by PwC did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- The Audit and Risk Committee reviewed the non-audit services to ensure they did not impact the impartiality and objectivity of the auditor.
- None of the services undermined the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

Details of the amounts paid for non-audit services are provided in note B34 to the Financial Statements on page 187.

The Group's external auditor, PwC, has provided an independence declaration in accordance with section 307C of the *Corporations Act 2001* (Cth), which is set out on page 216 and forms part of this Directors' Report.

Rounding of amounts

The Group has applied the Australian Securities and Investments Commission ('ASIC') Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191 to this report, and amounts in the Financial Statements have been rounded to the nearest million dollars, unless stated otherwise.

This Directors' Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors:

Lindsay Maxsted
Director

Scott Charlton
Director

Melbourne
18 August 2022

Remuneration report

Introduction from the Chair of the Remuneration, People and Culture Committee

Dear security holder

On behalf of the Board, I am pleased to present Transurban's Remuneration Report for the year ended 30 June 2022, my first as Chair of the Remuneration, People and Culture Committee.

This was another year impacted by COVID-19 uncertainty however Transurban's leaders have navigated this well. They have remained focused on driving strong financial performance while supporting all of our stakeholders.

During the period, significant progress has been made on our Social Licence focus areas of championing road safety, empowering customers and strengthening communities. This has been achieved through a number of initiatives including a customer campaign to support Australia's COVID-19 vaccine rollout and targeted assistance for communities impacted by natural disasters and COVID-19. Priority continues to be given to the safety of our roads and operations as well as the health and wellbeing our people. There has also been a focus on employee attraction and retention strategies given the significant increase in competition for key talent.

Financial Performance

Overall Group financial performance for FY22 improved compared to FY21. Revenue increased over the previous year, leading to distributions for security holders growing by 12.3% per security, despite traffic being down 0.5%.

Transurban is well positioned for future distribution growth as traffic improves and our embedded inflation protection translates into revenue. Management also continues to progress numerous development opportunities and prudently manage the balance sheet.

In addition, during this period, the Group successfully closed the WestConnex bid which increased proportional ownership to 50% alongside strategically aligned partners and extended the Group's weighted average concession life to approximately 30 years.

However, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Free Cash Flow (FCF) per security remain below pre-COVID levels. The Board recognises the impact of this on security holders and has taken this into account by exercising downward discretion on the FY22 Short Term Incentive (STI) outcome (see page 106).

The Board was concerned to receive Transurban's first strike against its Remuneration Report at the 2021 Annual General Meeting (AGM). Over the past 12 months the Board has focused on understanding the concerns of stakeholders and we would like to thank those who took the time to speak with us. There was a diversity of views expressed in relation to Executive remuneration.

In response to the feedback provided, the Board has sought to balance the interests of stakeholders while maintaining appropriate performance-based remuneration with sufficient leverage to motivate, incentivise and retain the executive talent required to deliver our business strategy.

As a result, further refinements have been made to our remuneration approach in addition to those already approved as part of our ongoing review of Transurban's remuneration practices. These changes are detailed on page 100 and include:

FY22

- Short Term Incentive (STI) Plan: Group performance measures to apply to 100% of the target STI pool; introduction of additional non-financial measures as a discretionary downward moderator
- Long Term Incentive (LTI) Plan: increasing the performance period from three to four years with FY22 as a transition year

FY23

- STI Plan: replacing the existing performance measures of Proportional EBITDA, Proportional Net Cost and Health, Safety and Environment (HSE) with a new Group Performance Scorecard to assess the overall Group performance, including Financials (Proportional EBITDA and Proportional Net Cost), HSE, Customer and Delivery, and Sustainability, Reputation and Leadership
- LTI Plan: the reintroduction of the FCF measure in addition to relative Total Shareholder return (TSR)

FY24

- LTI Plan: change of grant allocation methodology to full-face value (previously face value discounted for distributions and/or dividends foregone throughout the performance period)

A specific concern raised in FY21 related to the STI outcomes for Executives not appearing to reflect the ongoing West Gate Tunnel Project (WGTP) dispute. In its review of FY21 STI outcomes, the Board had regard to this issue and considered it appropriate for the WGTP issues to be formally resolved and final settlement conditions known before making material adjustments to Executive STI outcomes.

The WGTP situation was difficult, however a resolution was reached in FY22. While the final settlement was in the interests of all stakeholders, the Board has considered the impact to security holders and applied appropriate Executive accountability to FY22 STI outcomes.

A tiered approach has been taken to reflect individual Executive contribution to the original bid and the dispute resolution process, reflecting the various levels of involvement and authority. This has been applied to Key Management Personnel (KMP) as follows:

Tier	Definition	STI Impact
1	The CEO, having the highest level of involvement and authority in both the original bid and dispute resolution process **Impacted KMP: S Charlton**	-50%
2	Executives who were in an executive role at the time of the original bid and/or involved in the dispute resolution process **Impacted KMP: H Byrne, M Huey, S Johnson, H Wehby**	-20%
3	Other current Executives not involved in the original bid or dispute resolution process **Impacted KMP: M Jablko, S Moorfield**	-10%

This percentage STI reduction is reflected in the FY22 STI outcomes for all Executive KMP as provided in this report on page 106.

Remuneration outcomes in FY22

The FY22 remuneration outcomes are outlined below and, in the Board's opinion, fairly reflect individual and Group performance taking into consideration market conditions and security holder experience.

Fixed remuneration

Fixed annual remuneration reviews were conducted, with adjustments being made to the FY22 fixed remuneration of three Executive KMP, effective 1 July 2021. These were made in recognition of the individual skills, experience and performance that each bring to their roles, as well as with reference to ASX30 benchmarking. Consideration was also given to internal and gender relativities for like roles in this process. Details can be found in the Executive KMP remuneration table on page 117.

CEO fixed remuneration has not increased since 1 July 2018 and Chairman and Non-executive Director fees have not increased since 1 January 2018.

Short Term Incentive

FY22 performance

Proportional EBITDA contributed $1,869 million for the period. The Board recognised that government mandated COVID-19 restrictions created uncertainty throughout the year. At the time the EBITDA measures were set, restrictions were in place and the nature and length of these restrictions were unknown. A set of principles were developed for expected weekly impacts of these restrictions. These were incorporated into the Board's assessment of Group performance. The resulting outcome for Proportional EBITDA was 58%.

Proportional Net Cost performed well against budget through a number of initiatives, however the Board has exercised its discretion to reduce the outcome to 90% reflecting that some cost savings were not attributable to Management efforts.

Group HSE performance was strong for the period reflecting the Group's ongoing focus and investment in our safety culture. This includes targeted activities in relation to the safety of our people, our contractors and our roads. The FY22 outcome for HSE was 130.5%.

The overall FY22 STI outcome is 85.3%, including Board discretion to reduce the Proportional Net Cost STI outcome (refer to page 105 for further details). This aligns STI outcomes with the experience of security holders, given FCF (excluding Capital Releases) was 8.5% and EBITDA was 5.8% below pre-COVID levels (FY19).

Executive STI outcomes

In assessing the performance of the CEO and Executive KMP, the Board has considered all factors that have contributed to the overall Group result, including WGTP accountability as outlined.

In summary:

- The CEO received a final STI outcome of 28% of maximum opportunity (43% of target opportunity), adjusted to reflect individual accountability for the WGTP outcome
- Other Executive KMP received between 40% and 59% of maximum opportunity (60% to 88% of target opportunity), reflecting individual performance outcomes adjusted to reflect individual accountability for the WGTP outcome

Long Term Incentive

During FY22, the FY19 LTI plan vested, FY20 and FY21 plans were on foot and grants were made under the FY22 LTI plan.

FY19 LTI plan vesting

The FY19 LTI plan (performance period 1 July 2018 to 30 June 2021) vested on 20 August 2021 at 42.8%, entirely derived from TSR.

Vesting outlook for FY20 LTI plan

The FY20 LTI plan (performance period 1 July 2019 to 30 June 2022) is scheduled to vest in August 2022 (after the date of this report). Reduced traffic across all regions due to government mandated COVID-19 restrictions has significantly impacted the FCF component of this plan, with calculations indicating that 35.7% of awards will vest for eligible participants. As for the FY19 LTI plan, this result will be derived entirely from relative TSR, with a zero outcome for FCF.

Summary

In summary, the Group has performed well during another COVID-19 impacted year, with Management balancing the needs and expectations of Transurban's broad range of stakeholders. This has included investing in the business, progressing key projects and strategic investment opportunities and delivering strong financial outcomes.

The material exception is the additional cost of investment which is crystallised with the settlement of the WGTP dispute and, as stated earlier, this has been specifically addressed in relation to Executive remuneration. The WGTP is a critical infrastructure project for Melbourne, providing a vital alternative to the West Gate Bridge, which carries over 200,000 vehicles per day and regularly experiences significant congestion. Notwithstanding the impacts of the settlement, the WGTP remains a financially attractive investment for Transurban and a valuable project for security holders. With the dispute now resolved, it is pleasing to have this key project moving forward.

We have appreciated and listened carefully to the feedback provided following the strike against the FY21 remuneration report. The Board will continue to review the overall Group performance each year and looks forward to continuing to work with our security holders.

Robert Whitfield
Chair, Remuneration, People and Culture Committee

This report has been prepared and audited in accordance with section 300A of the Corporations Act 2001 (Corporations Act)

Who is covered by the report

This report covers the KMP of Transurban who have the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. This includes both Executive KMP as well as Non-executive Directors.

The following lists the Group's KMP during FY22. All KMP held their positions for the duration of FY22 unless otherwise stated.

Current Non-executive Directors

Lindsay Maxsted, Chair

Mark Birrell

Terence Bowen

Patricia Cross (from 1 July 2021)

Craig Drummond (from 1 July 2021)

Marina Go (from 1 December 2021)

Timothy Reed

Peter Scott

Robert Whitfield

Jane Wilson

Former Non-executive Directors

Neil Chatfield (until 21 October 2021)

Samantha Mostyn (until 21 October 2021)

Current Executive KMP

Executive Director and Chief Executive Officer (CEO)
Scott Charlton

Chief Financial Officer
Michelle Jablko

Group Executive Customer and Technology
Simon Moorfield

Group Executive New South Wales
Michele Huey

Group Executive Partners, Delivery and Risk
Hugh Wehby

Group Executive Queensland
Sue Johnson

Group Executive Victoria and Strategy
Henry Byrne

Our remuneration governance framework at a glance[1]

Board

Sets and oversees the implementation of the Remuneration Policy.

Remuneration, People and Culture Committee

Assists the Board in fulfilling its responsibilities in relation to the remuneration of the Chairman and other Non-executive Directors, performance and remuneration of, and incentives for, the CEO and Senior Executives, remuneration strategies, practices and disclosures, and management programs to develop the capability of Transurban's workforce and align to the Group's purpose, strategy and culture.

The Committee may request additional information from Management or external advisors where required. The Committee uses a range of inputs when assessing performance and outcomes of Executive KMP, including both what and how results have been achieved. Detailed performance assessments as well as audited financial results, external remuneration benchmarking and an overarching view to the organisation's values and risk profile are taken into account. The Committee and the Board review relevant information and exercise discretion, and may adjust remuneration outcomes, including application of malus and claw back.

Management

Provide management information on financial, customer and risk matters which may impact remuneration.

The CEO and the Group Executive, People and Culture attend Committee meetings, however they do not participate in formal decision making or in discussions involving their own remuneration.

External Advisors

The Committee may seek and consider advice from independent remuneration consultants where appropriate.

Protocols are in place for the independent engagement of remuneration consultants and the provision of remuneration recommendations.

During FY22, remuneration consultants only provided benchmark data and insights on market practices to the Committee. No remuneration recommendations relating to KMP were provided by consultants.

1 *Refer to Governance and Risk section of the Corporate Report on page 74 for details of Transurban's Governance Framework*

Remuneration Framework Review

2021 strike

Transurban's security holders signaled concerns with our Remuneration Report, delivering a first strike at the 2021 AGM with 74.26% voting in favour of the FY21 Remuneration Report and 25.74% voting against. In response, the Board gathered and carefully considered feedback over the course of FY22, as a further review of the executive remuneration framework was undertaken. Specifically, this included:

- reviewing feedback from security holders and proxy advisors immediately prior to and during the 2021 AGM; and
- holding additional meetings with security holders and proxy advisors following the 2021 AGM to seek further feedback and clarification as required.

The Board has considered the interests of security holders as well as the need to ensure the Group has appropriate performance-based remuneration which can successfully attract, motivate and retain executive talent required to deliver our business strategy.

Prior to the strike, the Board approved a number of changes to the remuneration framework during FY21 to strengthen the alignment of short-term results and long-term value creation with reward outcomes and to address concerns raised by security holders. Stakeholder feedback in FY22 was generally supportive of our current remuneration framework and changes are outlined on page 101.

The following table summarises the concerns raised at our 2021 AGM, and our responses to those concerns.

Topic	Board response
Appropriateness of FY21 executive short-term incentive outcomes (including CEO) given status of WGTP	FY21 was a strong year for Transurban with a number of major achievements, including the addition of three assets, sale of 50% of Transurban's interest in Transurban Chesapeake and overall strong management of the balance sheet in the COVID-19 environment. The Board determined that bonuses in the range of 93% to 117% of target were appropriate for Executive KMP in FY21. The Board had regard to the WGTP dispute but considered it appropriate to wait until the dispute was formally resolved before making material adjustments to Executive STI outcomes. The Board acknowledges that the view of some security holders was they would have preferred for this to have been incorporated into the FY21 STI outcomes rather than FY22. Following the WGTP dispute settlement announcement in December 2021, the Board considered the impact of the settlement conditions and determined the appropriate impact to FY22 STI outcomes for Executive KMP, as outlined on page 106.
Positive feedback for extension of LTI performance period to 4 years	Transurban began transitioning to a four-year LTI performance period with the FY22 LTI grant and will fully implement a four-year LTI performance period with the FY23 LTI grant. There was also consistent support from security holders and proxy advisors for the reintroduction of a FCF measure to the LTI Plan in addition to the relative TSR measure. FCF and TSR measures will apply to LTI grants from FY23.
Impact of strike on CEO succession planning	The strike does not impact CEO succession planning.
Whether any of the five proxy advisors in the Australian market recommended against the Remuneration Report or the LTI grant to the CEO, and if so, what concerns were raised and whether these concerns were shared by any of Transurban's major security holders in the form of a material protest vote.	Three proxy advisors recommended against the adoption of the FY21 Remuneration Report. Their main concern, which was shared by some of Transurban's major security holders, was that the FY21 STI outcomes were considered too high given the COVID-19 environment and the status of the WGTP dispute. As explained above, the Board has factored the WGTP settlement into the FY22 STI outcomes for Executive KMP. One proxy advisor raised concerns about the use of discounted face value (to account for non-payment of distributions) for LTI allocations which Transurban will discontinue for FY24 LTI grants. None of the proxy advisors recommended against the CEO LTI grant and were generally supportive of many aspects of Transurban's remuneration approach and outcomes.
Where does this protest rank when compared with other Transurban remuneration protest votes over the years?	The protest vote received on the FY21 Remuneration Report (25.74%) was the highest protest vote in relation to any remuneration resolution at Transurban over the last 10 years, with the majority of remuneration resolutions over that time receiving support above 90%.

Changes to remuneration framework

During FY21, the Remuneration, People and Culture Committee undertook a detailed review of Transurban's remuneration framework. Following the 2021 AGM, a further review was undertaken in response to concerns raised by security holders.

The table below provides a summary of changes both already made and also being proposed to the remuneration framework.

Remuneration Component	Feature	Previously	FY22	FY23
Remuneration Benchmarking	Peer Group	ASX 10 to 30	ASX 1 to 30	No further change
Short Term Incentive	Pool Funding	50% Group and 50% Individual performance	100% Group performance	No further change
	Changes to strengthen the alignment of Group results with individual outcomes	Formula: (Individual STI outcome % + [Individual STI outcome % x Group performance %]) ÷ 2	Formula: (Individual STI outcome % x Group performance %)	No further change
	Performance measures to determine STI pool outcome	• Proportional EBITDA (20%) • Proportional Net Costs (20%) • HSE (10%) • Individual Performance (50%)	• Proportional EBITDA (40%) • Proportional Net Costs (40%) • Health, Safety and Environment (20%)	Introduction of a Group Performance Scorecard[1] to determine Group performance for the STI pool with the following categories: • Financials (55%) – Proportional EBITDA (40%) – Proportional Net Costs (15%) • HSE (15%) • Customer and Delivery (15%) • Sustainability, Reputation and Leadership (15%) The result from the Group Performance Scorecard will impact 100% of the STI Pool and therefore individual outcomes for Executive KMP.
	Non-financial measures provide the Board with further context in assessing Group performance	NA	Introduction of additional non-financial measures in the areas of Customer, Leadership and Environmental Sustainability; to be used as a discretionary moderator to adjust the STI pool down if Transurban does not meet expectations in these areas	Incorporation of these measures into a Group Performance Scorecard to determine Group performance
Long Term Incentive	Performance period	Three-year performance period	Introduction of a four-year performance period, with transitional arrangement for the FY22 award with 50% subject to a three-year performance period and 50% subject to a four-year performance period	Four-year performance period

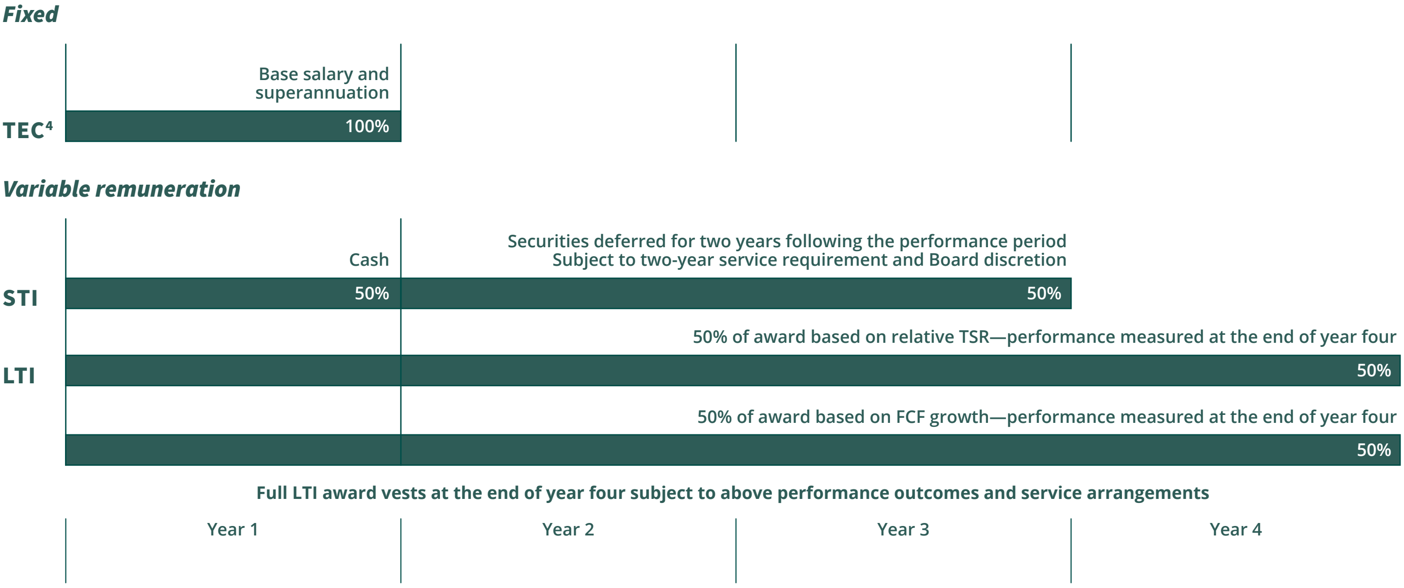
1 *Detail to be provided in the FY23 Remuneration Report*

Our executive remuneration approach

Our remuneration policy and strategy are designed to support and reinforce our business strategy and sustainable long-term growth with consideration being given to the interests of all our stakeholders. The remuneration components that are at risk require the successful execution of that strategy in both the short and long term. Our strategic drivers are reflected in our STI and LTI performance measures so that business performance, security holder outcomes and senior executive remuneration are directly aligned. The Remuneration Report is presented to security holders annually showing how the Board has applied the Remuneration Framework.

Our purpose	To strengthen communities through transport			
Our strategy	By understanding what matters to our stakeholders, we create road transport solutions that make us a partner of choice			
Remuneration strategy	A total remuneration framework designed to attract, motivate and retain the most skilled, experienced and capable senior executives by rewarding them for delivering on our business strategy and creating long-term, sustainable value for stakeholders			
Governance	The Board holds discretion with regard to the setting of targets and hurdles, as well as decisions regarding performance and remuneration outcomes; this includes taking into account any relevant significant items	Minimum security holding requirements for Group CEO and KMP (equal in value to fixed remuneration excluding superannuation; five-year period to accumulate)	Strict protocols for engaging independent remuneration consultants and advisors	
Remuneration principles	Aligns the interests of our people with stakeholders, particularly security holders and partners, and importantly considers the impact on the community	Attracts, motivates and retains the best talent with capabilities that enable our competitive value proposition	Balances financial and non-financial performance which aligns to our purpose, values and risk appetite	Pays fairly and appropriately for operational performance and long-term value creation
Remuneration policy, including components and delivery mechanisms	**Fixed remuneration** Salary including statutory superannuation	**Short Term Incentive (STI)** Target performance, defined by a combination of group and individual Key Performance Indicators (KPIs), could achieve a 100% of STI target, with the potential, based on over-achievement of group and individual KPIs, to earn a maximum of 150% of STI target Annual incentive awarded 50% in cash and 50% as two-year deferred Transurban securities	**Long Term Incentive (LTI)** Long-term business performance measures determine opportunity for vesting of security grants Performance Rights with a four-year performance period, with transitional arrangements for FY22 LTI Plan	
Purpose	**Fixed component** Designed to provide market competitive remuneration to attract and retain the best talent in Australia and internationally for Transurban's current and future priorities, taking into consideration roles and experience Key role accountabilities, size and complexity are weighed up against individual responsibilities, knowledge, skills and experience to determine the appropriate level of fixed remuneration	**Current year performance** Designed as a lever to deliver our strategic and operational priorities, with a level of outperformance that reflects our values and supports our purpose Rewards for strong collective and individual contributions to overall performance of Transurban and where deferral applies provides an additional retention incentive and enables clawback optionality	**Long-term sustainable performance** Designed to focus on the achievement of sustainable longer-term value creation; the performance period better reflects security holder expectations and enables the application of malus and clawback	

Overview of executive remuneration framework[1,2,3]



Executive KMP remuneration

Remuneration mix

The remuneration mix is designed to achieve a balanced reward for achievement of short-term objectives and the creation of long-term sustainable value. The amount of remuneration received by Executive KMP each year depends on the achievement of business and individual performance.

Fixed remuneration (TEC[4]) was set with reference to the market median, using the ASX30 companies as the primary reference. Remuneration packages (including TEC levels) are reviewed by the Remuneration, People and Culture Committee taking into consideration an individual's role, experience and performance, as well as relevant comparative market data provided by remuneration consultants. TEC levels are also reviewed after a change in role.

Remuneration mix for Executive KMP

The following diagrams show the minimum, target and maximum total remuneration opportunity for CEO and other Executive KMP. Each component is determined as a percentage of the total remuneration package. Base salary and superannuation received by each Executive KMP are disclosed on page 117.

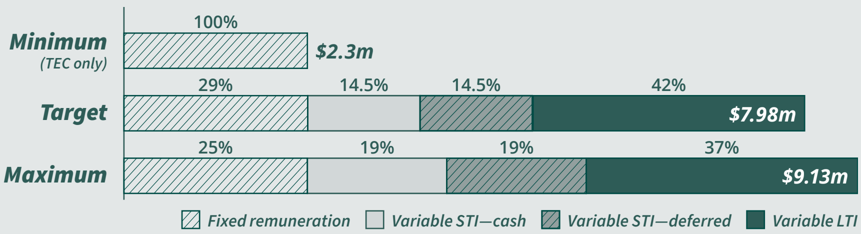
Minimum: consists of TEC which is comprised of base salary and statutory superannuation.

Target: consists of TEC, target STI (cash and deferred components) which totals 100% of TEC for the CEO and 67% of TEC for other Executive KMP and target LTI (face value of 147% of TEC for the CEO and 80% for other Executive KMP). The potential impact of future security price movements is not included in the value of deferred STI awards or LTI awards.

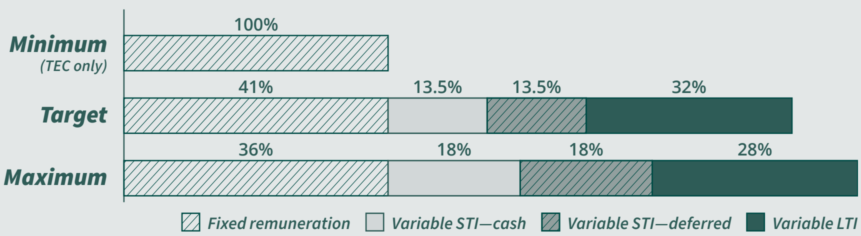
Maximum: consists of TEC, maximum STI (cash and deferred components) which totals 150% of TEC for the CEO and 100.5% for other Executive KMP and maximum LTI (face value of 147% of TEC for the CEO and 80% for other Executive KMP). The potential impact of future security price movements is not included in the value of deferred STI awards or LTI awards.

The maximum opportunity represented below is the most that could be awarded to Executive KMP. It does not reflect any intention to award that amount.

CEO



Other Executive KMP



1 *The FY21 Plan (performance period 1 July 2020 to 30 June 2023) and the FY22 Plan (two performance periods, 50% of LTI grants with 1 July 2021 to 30 June 2024 and 50% with 1 July 2021 to 30 June 2025) both have relative TSR as a single performance measure.*

2 *The Board has approved the re-introduction of FCF as a second performance measure for the FY23 LTI Plan*

3 *Effective FY22 the performance period was increased from three years to four years with the FY22 LTI Plan being a transitional plan*

4 *Total Employment Cost (TEC)—includes base salary and statutory superannuation*

Our business performance

Financial highlights for FY22

Group financial performance for FY22 has improved over FY21 notwithstanding the uncertainty during the year from government-mandated COVID-19 restrictions as well as ongoing public health concerns across the community. Traffic was down only 0.5% due to the resilience of commercial traffic and contributions from new assets, in addition to travel patterns returning to normal. In addition, Revenue, EBITDA and FCF have all increased over the previous year, leading to growth in distributions for security holders of 12.3% per security. Headline costs were up on FY21 by 10.9% ($85million) driven largely by accounting impacts, investment in new capabilities to support the growth of the business and higher insurance premiums.

The balance sheet has remained strong with liquidity, debt covenants and credit ratings all remaining robust. Significant forward planning over the past few years has provided protection from rising interest rates with over 98% of the debt book hedged and a weighted average maturity of 7.1 years. In addition, the balance sheet currently supports corporate liquidity of $3.9 billion and expected future capital releases (FY23 – FY25) in excess of $1.9 billion to enable future growth.

Overview of Group performance

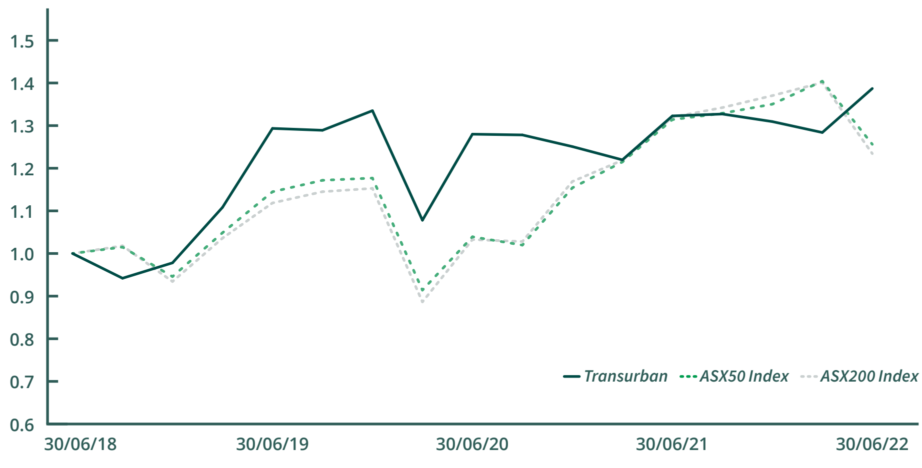
The following table shows the Group's performance over the past five financial years.

Five-year performance		FY18	FY19	FY20	FY21	FY22
Proportional EBITDA excluding significant items only	$M	1,796	2,016	1,888	1,836	1,900
Proportional Net Costs[1]	$M	406	450	475	483	546
Free Cash per security	Cents	56.8	57.1[3]	54.0[4]	46.7[5]	49.9[6]
Distribution paid per security	Cents	56.0	59.0	47.0	36.5	41.0
Security price at 30 June[2]	$	11.97	14.74	14.13	14.23	14.38
TSR at 30 June	%	6.4	30.9	(1.0)	3.4	4.9
Market capitalisation	$b	26.63	39.43	38.65	38.96	44.16

Transurban's Five Year TSR Performance against ASX Indices

The graph right shows Transurban's TSR performance over a 5 year period against ASX indices.

Further details of our Group performance are provided in the Business Performance section on pages 24 to 73.



1 *Proportional Net Costs as determined for the purposes of STI outcomes, excludes significant items, specific major development and legal project spend, transaction and integration costs and the incremental impact of unbudgeted new assets.*

2 *The opening security price in FY18 was $11.85*

3 *The FY19 FCF of 57.1 cents per security included 4.6 cents per security relating to a capital release from the NorthWestern Roads Group and 6.7 cents per security from a capital release from Transurban Queensland. Excluding these capital releases, the FY19 FCF was 45.8 cents per security*

4 *The FY20 FCF of 54.0 cents per security included 5.9 cents per security relating to capital releases from Lane Cove Tunnel, 2.7 cents per security from NorthWestern Roads Group, 1.9 cents per security from Hills M2 and 1.2 cents per security from Transurban Queensland. Excluding these capital releases, the FY20 FCF was 42.3 cents per security*

5 *The FY21 FCF of 46.7 cents per security included 10.1 cents per security relating to a capital release from WestConnex. Excluding this capital release, the FY21 FCF was 36.6 cents per security*

6 *The FY22 FCF of 49.9 cents per security included 8.4 cents per security relating to a capital release from WestConnex and 3.2 cents per security from NorthWestern Roads Group. Excluding these capital releases, the FY22 FCF was 38.3 cents per security.*

Executive KMP remuneration outcomes

STI outcomes

STI awards are determined with reference to an assessment of performance against individual KPIs and Group performance measures.

When the Board and the Remuneration, People and Culture Committee consider the performance against each element, several factors are considered that may result in the exercise of Board discretion for the benefit or detriment of the executives. For example:

- prevailing external business and economic factors beyond the control of the business and which may impact performance
- unforeseen factors that may not have been known at the beginning of the performance period, but which are relevant to performance over the performance period
- whether budgetary assumptions that were made when setting performance targets remain appropriate and whether conditions are potentially better or worse when compared with those assumptions
- the degree of difficulty and complexity associated with achieving the targets, as related to both the internal and external environment.

In assessing whether to exercise discretion for any of these factors, the Board will have regard for the interests of all stakeholders including security holders.

Transurban's strategic priorities are cascaded via the CEO's KPIs to other executives, along with other functional measures. The Board assessed the Group's and CEO's performance as follows (KPIs that are commercially sensitive have been excluded).

FY22 Group measures outcomes

Proportional EBITDA contributed $1,869 million for the period versus a target $1,951 million. At the time the EBITDA measures were set, government mandated COVID-19 restrictions were in place and the nature and length of these restrictions were unknown. It was acknowledged that the associated impact on EBITDA was outside of Management's control. In response to the uncertainty, a set of principles were developed to estimate the expected weekly revenue impacts of these restrictions, which were provided to the ASX as part of the FY21 investor materials. The target EBITDA has incorporated these principles. The additional impacts to EBITDA were ongoing COVID-19 related government directives, the Omicron wave and extended traffic recovery profiles over the year, resulting in an outcome of 58%.

Proportional Net Costs were $546 million for the period versus target of $605 million. This was driven by a combination of active management initiatives and benefits from prevailing market conditions. Active cost management initiatives include:

- direct negotiation with vendors to reduce costs across technology and insurance;
- deferral or cancellation of consulting and marketing spend;
- renegotiation of electricity contracts at historically low energy prices; and
- management of ventilation systems electricity consumption.

Benefits to Net Costs partially due to prevailing market conditions include lower than expected employee expenses, lower debt collection costs and COVID-19 related cost reductions of travel, entertainment and facilities. This resulted in an outcome of 150% on which the Board exercised its discretion and reduced the outcome to 90%. This was to reflect the benefit of some cost savings not being directly attributable to management efforts.

Group HSE performance was strong for the period reflecting the Group's ongoing focus and investment in our safety culture. This includes targeted activities in relation to the safety of our people, our contractors and our roads. The FY22 outcome for HSE was 130.5%.

The overall FY22 STI outcome is 85.3%, including Board discretion to reduce the Proportional Net Cost STI outcome. This aligns STI outcomes with the experience of security holders, given FCF (excluding Capital Releases) was 8.5% and EBITDA was 5.8% below pre-COVID levels (FY19).

FY22 Group measures outcomes

Measure	Target	Performance	Outcome %	STI Outcome %	Commentary
Proportional EBITDA (40%)	$1,951M	$1,869M	58%	23.2%	Excluding significant items, specific major development and legal project spend, transaction and integration costs and the incremental impact of unbudgeted new assets.
Proportional Net Costs (40%)	$605M	$546M	90%	36.0%	
HSE (20%)			130.5%	26.1%	
Overall performance/Group outcome				**85.3%**	

FY22 CEO Performance

Priority	Performance
Strategy and Development	• 495 Northern Extension project reached financial close and outperformed against approval base-case • Approval of M7–M12 integration and delivery to progress to the third stage of the NSW Government's Unsolicited Proposals Process • Successful launch of 'connected vehicle' prototype as part of road user charging project • Additional value derived from NeuRA partnership with federal/state governments and communities
Customer and Delivery	• WGTP dispute settlement reached in the best interest of all stakeholders • Successful WestConnex bid, increasing proportional ownership to 50% • Successful customer offerings including vaccine uptake support and the electric vehicle competition across markets; above target performance in reputation and customer sentiment measures
People and Leadership	• Increase in talent and leadership bench strength following Executive Committee appointments in FY21 and further senior management appointments in FY22 • Awarded WGEA EOCGE citation for 9th consecutive year; ranked 2nd in Australia and 8th globally in Equileap's FY22 Gender Equality Global Report
Operations	• Asset Management and Operations Program delivering significant operational efficiencies and improvements across markets • Strong HSE performance with zero employee recordable injuries, contractor Recordable Injury Frequency Rate (RIFR) of 3.09 (FY21: 3.75[1]) and Road Injury Crash Index (RICI) of 3.78 (FY21: 4.29)
Financials	• Balance sheet well positioned, including strong liquidity levels, debt covenants and credit ratings through COVID-19 related traffic disruptions • Strong cost management driven partly by management actions (e.g. negotiated lower vendor costs, reduced consulting and marketing spend) and partly by external factors (e.g. COVID-19 related cost reductions)

Following another complex year, the Board assessed the CEO's FY22 performance outcome with respect to the Group's overall performance and taking into account the CEO's performance against his KPIs. A key factor this year related to the WGTP dispute. This was a difficult situation with settlement being reached in December 2021, in the interests of all stakeholders. Other considerations included the successful bid for WestConnex which increased proportional ownership to 50% alongside strategically aligned partners and extended the Group's weighted average concession life to approximately 30 years.

Numerous development opportunities continue to progress and the balance sheet remains strong, providing certainty and the ability to support future growth. Customer satisfaction increased as did trust scores, and there has been a continued focus on managing costs, HSE and supporting workforce productivity and wellbeing.

The Board assessed the CEO's performance against his KPIs and determined an individual result of 100% to which the Group outcome of 85.3% was applied. After also applying a material adjustment to reflect Executive accountability in relation to the WGTP settlement, the CEO's final performance outcome was 43% of target, representing 28% of maximum opportunity. The Board considers this result to be aligned with the experience and expectations of security holders and other stakeholders.

FY22 Executive KMP STI outcomes

The STI performance outcomes and awards for the CEO and Executive KMP, which include the application of individual Executive accountability impacts in relation to the WGTP dispute (as detailed on page 97), are provided in the following table.

	STI Outcome	Impact of WGTP	STI awarded ($)		STI Cash ($)		STI Deferred equity[2] ($)	STI as a % of maximum opportunity	STI as a % of target opportunity
Current Executive KMP									
S Charlton	1,962,000	(50%)	981,000	=	490,500	+	490,500	28%	43%
H Byrne	465,750	(20%)	372,600	=	186,300	+	186,300	45%	68%
M Huey	535,625	(20%)	428,500	=	214,250	+	214,250	52%	78%
M Jablko	729,222	(10%)	656,300	=	328,150	+	328,150	45%	68%
S Johnson	409,875	(20%)	327,900	=	163,950	+	163,950	40%	60%
S Moorfield	558,667	(10%)	502,800	=	251,400	+	251,400	59%	88%
H Wehby	553,250	(20%)	442,600	=	221,300	+	221,300	40%	60%

1 FY21 Contractor RIFR reported at 3.90 in end of year reporting materials. Following an assurance process on WestConnex, additional contractor hours were recovered lowering the FY21 Contractor RIFR to 3.75

2 Securities are subject to a two-year restriction period following the end of the performance year. Securities will be granted in October 2022

LTI outcomes

Value of FY19 LTI plan performance awards vested and lapsed in FY22

The FY19 LTI plan performance awards, which were granted on 22 August 2018 and 19 October 2018 for the CEO, and covered the performance period from 1 July 2018 to 30 June 2021, vested on 20 August 2021. The overall vesting outcome of the performance tests was as follows:

Test type	Result of test	% of units vest
TSR	Transurban ranked 10th highest out of 29 companies (67.8 percentile)	85.6%
FCF	(3.1%) compound annual growth rate in FCF per security over the performance period. Target range was 5.5% to 7.5% FCF growth per security	0.0%
Overall vesting		42.8%

Free Cash Flow measure

The target range for the FCF measure in the LTI plans considers forecast financial performance over the three years in which the award is measured. This three-year forecast reflects near-term FCF growth generated by the business together with planned activities that deliver value over the longer term.

The Free Cash growth per security target over the performance period of the FY19 LTI plan achieved an outcome of 0%. This was due to the significant impact of COVID-19 pandemic restrictions over more than 16 months of the three-year performance period.

Value of FY20 LTI plan performance awards to vest/lapse in FY23

The FY20 LTI plan (1 July 2019 to 30 June 2022) is scheduled to vest in August 2022. Reduced traffic and toll revenue across all regions due to the COVID-19 pandemic have continued to significantly impact the FCF component of this plan, with calculations indicating that 35.7% of awards will vest for eligible participants, derived entirely from relative TSR.

Details of vesting for each Executive KMP will be included in next year's Remuneration Report.

LTI grants

Performance awards granted in FY22

The Board approved to extend the performance period from three years to four years for LTI plans commencing 1 July 2021. To support the transition to a four-year performance period, the Board approved that the FY22 LTI plan will consist of two tranches. Tranche 1 (50% of awards granted) has a three-year performance period (1 July 2021 to 30 June 2024) and Tranche 2 (50% of awards granted) has a four-year performance period (1 July 2021 to 30 June 2025).

As a result of the ongoing economic uncertainty relating to COVID-19, the Board decided to continue to test performance relative to TSR hurdles only, with no FCF hurdles applying to the FY22 LTI Plan.

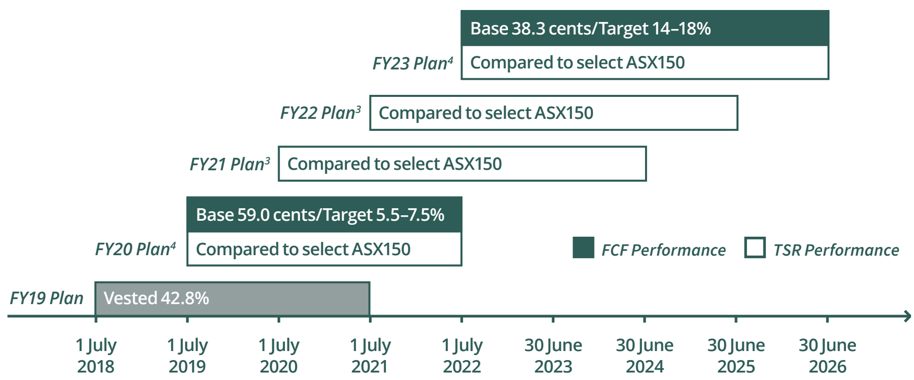
Looking ahead - performance awards to be granted in FY23

For LTI awards commencing 1 July 2022, the Board approved the reintroduction of FCF as the second performance hurdle. The FY23 LTI Plan will have a four-year performance period, with 50% subject to relative TSR and 50% subject to FCF (excluding Capital Releases)[1] per security growth rate.

The FY23 LTI Performance awards for the FCF tranche will have a compound annual growth rate (CAGR)[2] range of between 14% and 18%. The CAGR in FCF[1] per security will be calculated from a base of FY22 FCF[1], being 38.3 cents per security. The target growth range is considered to be appropriately challenging for Management, taking into account the budget and forecast estimates of the Group over the four-year plan period. It should be noted that there are a number of potential sources of uncertainty such as unforeseen changes in traffic patterns, as well as macro-economic factors and potential new growth opportunities.

Should Management achieve these outcomes and deliver growth in FCF[1] in line with the target range, the Board considers the outcomes for Management and security holders would be strongly aligned.

Current on-foot LTI plans and associated performance parameters



1 References to FCF in relation to FY23 LTI Plan exclude Capital Releases

2 The FCF per security target range is calculated by adding each of the FCF budget and forecasts over the four-year performance period, and determining the CAGR required to achieve the 4-year aggregate FCF

3 Single performance measure of Relative TSR for the FY21 and FY22 plans

4 FCF Target: compound annual growth rate range

Remuneration received in FY22

This table sets out the actual remuneration realised by Executive KMP during FY22. This is a voluntary disclosure and is not prepared in accordance with Australian Accounting Standards. The value Executive KMP actually receive depends on Transurban's security price and whether equity vests. The statutory remuneration tables (prepared in accordance with the Australian Accounting Standards) can be found on pages 114 to 118.

Current Executive KMP	TEC	Cash STI	Total Cash	Value of deferred STI vested during the year[1]	Value of LTI vested during the year[1]	Total Actual Remuneration received during the year	Value of Forfeited / Lapsed LTI during year[1, 2]
S Charlton	2,300,000	490,500	2,790,500	1,051,570	1,886,488	5,728,558	2,521,174
H Byrne	815,000	186,300	1,001,300	199,038	252,202	1,452,540	337,053
M Huey	794,015	214,250	1,008,265	126,126	290,149	1,424,540	387,755
M Jablko	1,450,000	328,150	1,778,150	–	934,321	2,712,471	–
S Johnson	815,000	163,950	978,950	203,710	312,474	1,495,134	417,578
S Moorfield	846,720	251,400	1,098,120	–	70,941	1,169,061	–
H Wehby	1,100,000	221,300	1,321,300	–	120,808	1,442,108	–

1 The point in time value of securities based on the share price at the date of vesting/lapse multiplied by the number of securities

2 The forfeited / lapsed LTI values relate to 57.2% of the performance awards which lapsed in August 2021 due to the performance hurdles not being met

How variable remuneration is structured

Short Term Incentive (STI)—how does it work?

Description	Eligible permanent employees, including the CEO and other Executive KMP, participate in the annual STI plan, which puts a proportion of remuneration 'at risk' subject to meeting specific pre-determined Group and individual performance measures linked to Group objectives.
Performance period	The performance period is the financial year preceding the payment date.
Opportunity	For 'at-target' performance, the CEO has the opportunity to receive an STI payment of 100% of TEC and all other Executive KMP have the opportunity to receive 67% of TEC. The minimum STI outcome is 0% (if targets are not met) and the maximum is capped at 150% of the 'at-target' STI opportunity, which is only awarded for exceptional performance.
Payment and deferral	STI awards for the CEO and other Executive KMP are delivered 50% in cash and 50% is deferred into Transurban stapled securities for two years following the performance year. The deferred securities are subject to service conditions (refer to Cessation of Employment section below) and participate in dividends and/or distributions paid during the deferral period. The number of deferred securities allocated is determined by dividing the amount to be deferred by a 10-day Volume Weighted Average Price (VWAP) of Transurban securities over the 10 business days immediately preceding the STI deferred plan offer.
Annual pool	The Board determines the total STI pool to be distributed. The total pool will not exceed 125% of the aggregate STI target opportunity for all participants. The pool is allocated to individuals based on individual and Group performance in accordance with the following formula: (Individual STI outcome % x Group outcome %). This approach is designed such that higher performing employees receive a greater portion of the Group STI outcome than those who do not perform as well and aligns individual performance with overall Group performance.
Performance measures	Individual measures (KPIs) are unique to the individual's area of accountability. Individuals have a clear line of sight to KPIs and are able to directly affect outcomes through their own actions. These measures are aligned to security holder returns and value creation. Group measures comprise the following three components: • Proportional EBITDA* (40%): is one of the primary measures the Board uses to assess the operating performance of the Group. It reflects the contribution from individual assets to the Group's operating performance and focuses on elements of the result that management can influence to drive improvements in short term earnings. This measure provides a better reflection of the performance of the Group's assets than statutory EBITDA. • Proportional Net Costs** (40%): reflects management's ability to influence the expenditure of the business. Strong cost management throughout the business drives an increase in proportional EBITDA and FCF and ultimately security holder value. • HSE (20%): measures focus on improving the Group's HSE culture and reducing workplace injuries for employees and contractors, as well as customer safety. The HSE measure is a combination of two lead indicators and four lag indicators. The 'Lead' HSE KPI (Leadership) focuses on enhancing HSE culture, behaviours and accountability at Transurban. Employees are assessed against a five-scale rating according to their HSE KPI and this result is then aggregated across the Group and averaged to provide a Group score. The 'Lag' KPIs focus on recordable incidents, planning and tracking, including injury rates, crash rates and road safety action planning. **In assessing the performance of the Group, the Board also references additional non-financial measures in determining the final Group STI pool.** Definitions ** Proportional EBITDA is the aggregation of EBITDA from each asset multiplied by the Group's percentage ownership, as well as any contribution from Group functions. Proportional EBITDA figures used to assess performance are included in note B4 of the audited financial statements.* *** Proportional Net Costs is the aggregation of total costs less fee and other revenues from each asset multiplied by the Group's percentage ownership, as well as any contribution from Group functions.* **From FY23, the STI performance measures will be replaced with a Group Performance Scorecard which include KPIs in the following categories:** • **Financials** • **HSE** • **Customer and Delivery** • **Sustainability, Reputation and Leadership**

Short Term Incentive (STI)—how does it work? (continued)

Performance measures (continued)	**Financials (Proportional EBITDA and Proportional Net Costs)** The Board utilises the annual budget as the primary input to determine appropriate financial targets. When approving the budget, the Board reviews the core principles and assumptions underpinning the budget. Specifically, for Proportional EBITDA, the budget incorporates base business growth derived from network-wide traffic performance, price growth and impacts of inflation and adjusts for events such as construction and project completion and the impact of acquisitions. Directly controllable initiatives including road safety, lane availability, operational efficiencies and the impact of development activity are also incorporated. Once the budget has been finalised, the Board determines the STI targets to ensure that sufficient stretch is incorporated Consideration is given to the quantifiable risks and opportunities that can influence the Group's financial performance. In some instances, the Board may deem it appropriate to exclude significant items. The targets use a constant currency for operations within North America.
	HSE The Board reviews HSE targets each year with a view to continuously improving the HSE culture and performance of the Group.
	Individual KPIs Individual targets as set out in KPIs include consideration as to role-related accountabilities and responsibilities in the context of business strategic priorities. Executive KPIs consist of similar categories to those of the CEO (as disclosed on page 106) of this report) and reflect the individual's role and areas of responsibility.
Vesting	The Board assesses performance against Group measures and the results of key elements are independently validated. The Board confirms final outcomes for individual and Group performance and has discretion to adjust the performance conditions and outcomes. These methods for assessing performance are used because they provide the Board with discretion as to assessment of conditions and outcomes, with the use of an independent overlay where considered appropriate.
Cessation of employment	If employment ceases before performance is assessed, generally there is no entitlement to receive any STI award. If employment ceases due to resignation before the end of the two-year restriction period, any unvested deferred securities will lapse, unless the plan rules provide otherwise or the Board otherwise resolves.
Clawback	Grants prior to FY21: Fraudulent or dishonest behaviour will result in the forfeiture or clawback of any unvested awards. Further, at the discretion of the Board, awards are subject to forfeiture or clawback where there is a financial misstatement circumstance or the allocation of awards was made in error, on the basis of a misrepresentation or an omission, or on the basis of facts or circumstances that were later proven to be untrue or inaccurate (applicable to both STI and LTI plans). FY21 and future grants: In December 2019 Transurban adopted new Equity Incentive Plan Rules. Under the new Equity Plan Rules, in addition to the above, the Board has discretion to clawback vested securities or repay cash proceeds from the sale of vested securities. Circumstances for clawback have also been expanded to include: breach of duties or obligation to the Group, acts which have a negative impact on Transurban's reputation, vesting is not justified or supportable and the possibility of an employee who departed as a "good leaver" but then behaves inappropriately.

Long Term Incentive (LTI)—how does it work?

Description	Participation in the LTI plan is offered to the CEO and other Executive KMP and a very limited number of other employees nominated by the CEO and approved by the Board.
Instrument	Grants are made in the form of performance awards at no cost to the recipient. Each performance award is an entitlement to receive a Transurban stapled security, or at the Board's discretion, an equivalent cash payment, on terms and conditions determined by the Board, subject to the achievement of vesting conditions. Performance awards do not carry dividend, distribution or voting entitlements prior to vesting.
Performance period	Grants prior to FY22 have a three-year performance period commencing on 1 July in the year the grants are made. For example, the FY21 grant has a performance period commencing 1 July 2020 and ending 30 June 2023. The FY22 grant transitioned to a four-year performance period, consisting of two tranches. Tranche 1 (50% of awards granted) have a three-year performance period (1 July 2021 to 30 June 2024) and Tranche 2 (50% of awards granted) have a four-year performance period (1 July 2021 to 30 June 2025). FY23 and future grants will revert to a single award over the new four-year performance period.
Opportunity	The CEO's opportunity is 147% of TEC and the opportunity for all other Executive KMP is 80% of TEC. The minimum vesting outcome an individual can receive is 0% of the award (if the performance measures are not achieved) and the maximum vesting outcome an individual can receive is capped at 100% of the award (if performance measures are achieved).
Performance measures	Two performance measures are ordinarily used to determine the number of awards that will vest at the end of the performance period; relative Total Shareholder Return (TSR) against a bespoke comparator group and FCF (each with an equal 50% weighting). The FY22 Plan (with the two performance periods, 1 July 2021 to 30 June 2024 and 1 July 2021 to 30 June 2025) have Relative TSR as a single performance measure. The Board decided that FCF was not a suitable measure for the FY22 Plan due to the challenges associated with predicting traffic and toll revenues and therefore the ability to accurately forecast FCF for the performance periods within the COVID-19 pandemic environment. From FY23, FCF will be reinstated as a second performance measure for the LTI Plan.

Long Term Incentive (LTI)—how does it work? (continued)

Targets

Relative TSR is measured against a bespoke comparator group comprising companies in the transport, utilities, real estate, construction and infrastructure Global Industry Classification standards sectors of the ASX150. The companies in this group for grants made during FY22 were:

Abacus Property Group, AGL Energy Limited, Auckland International Airport Limited, APA Group, Atlas Arteria, Aurizon Holdings Limited, AusNet Services Limited, BWP Trust, Charter Hall Group, Charter Hall Long, Chorus Limited, Cromwell Property Group, Dexus, Goodman Group, GPT Group, Growthpoint Properties Australia, Lendlease Group, Mirvac Group, National Storage REIT, Origin Energy Limited, Qantas Airways Limited, Qube Holdings Limited, Scentre Group, Shopping Centres Australasia Property Group, Spark Infrastructure Group, Spark New Zealand Limited, Stockland, Sydney Airport, Telstra Corporation Limited, TPG Telecom Limited, Transurban Group, Vicinity Centres.

Changes to the comparator group in FY22 are as follows:

- Excluded (moved out of ASX150): Charter Hall Retail and Waypoint
- Excluded (delisted): Vocus Group Limited (on 23 July 2021); AusNet Services Limited (on 16 February 2022); Spark Infrastructure Group (on 23 December 2021); Sydney Airport (on 10 March 2022)
- Included (moved into ASX150): Auckland International Airport Limited
- Included (change in GICS Industry Classification): Origin Energy Limited

FCF[1] per security targets are set by the Board utilising the annual budget and forecasts as the primary inputs (consistent with the approach taken for STI measures of Proportional EBITDA and Proportional Net Costs). Once the budget and forecast has been finalised, the Board determines the FCF targets by analysing the cash flow outcomes, ensuring sufficient stretch is incorporated.

The actual FCF outcomes are reviewed in detail against targets to consider key reasons for variance and assess whether any adjustments should be made in determining management's performance. The Board may adjust where a decision has been made, in the interests of the Transurban Group and its security holders that differs from the original budgeted assumptions. This may include factors such as significant equity raisings to fund growth opportunities or changes to the timing or quantum of anticipated capital releases.

Factors that may cause FCF growth to fluctuate from year to year include activities that are intended to generate long-term value for the business but may negatively impact FCF growth in the near term. The Group is currently in a significant development phase with seven major projects to be delivered in Australia and North America (see page 15 for the project pipeline).

The FCF calculation is included in note B10 of the audited financial statements.

Why are these per-formance measures used?

TSR is a relative, external, market-based performance measure against those companies with which the Group competes for capital. It provides a direct link between executive reward and security holder return. TSR measures total return on investment of a security, taking into account both capital appreciation and distributed and/or dividend income that was reinvested on a pre-tax basis.

Growth in FCF per security reflects the Group's continued focus on maximising available free cash. The Group seeks to consistently grow its distributions year on year and to align security holder distributions with FCF per security.

Allocation

Face value allocation methodology (discounted for distributions and/or dividends foregone throughout the performance period). For each grant cycle, the allocation calculations are performed on 1 July of the first performance year using a valuation determined by an independent third party.

This methodology is an alternative to paying dividend equivalent payments on LTI plans. The performance awards are subject to performance hurdles and are forfeited and lapse if performance hurdles are not achieved. Participants only receive performance awards which vest at the end of the performance period.

Transurban will adopt a full-face value allocation methodology for the FY24 LTI grants.

Vesting

Following the end of the performance period, the performance measures are tested, and the Board assesses the LTI outcome.

TSR component

The Group uses an independent report that sets out the Group's TSR growth and that of each company in the bespoke comparator group. A VWAP of securities for the 20 trading days up to and including the testing date is used to calculate TSR.

The level of TSR growth achieved by the Group is given a percentile ranking in relation to the Group's performance compared to the performance of other companies in the comparator group (the highest-ranking company is ranked at the 100th percentile). The TSR performance is tested at the end of the performance period, and this ranking determines the extent to which performance awards subject to this component vest.

Following testing, any awards that do not vest lapse, and any awards that vest are automatically exercised into Transurban stapled securities or settled in cash at the discretion of the Board. No price is payable on exercise.

TSR vesting schedule

The TSR component of performance awards vest on a straight-line basis in accordance with the following table:

The Group's relative TSR ranking in the comparator group	% of performance awards that vest
At or below the 50th percentile	Zero
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50 and 100
At or above the 75th percentile	100

1 *References to FCF in relation to FY23 LTI Plan exclude Capital Releases*

Long Term Incentive (LTI)—how does it work? (continued)

Vesting (continued)

FCF component

The Group's FCF[1] per security percentage growth rate is calculated over the four-year performance period.[2] The FCF per security component of performance awards granted will vest based on the Group's compound annual growth targets translated into annual FCF (excluding Capital Releases) per security over the four-year performance period.

The Board uses its discretion to determine whether the performance awards are settled in Transurban stapled securities or a cash payment of equivalent value.

Following testing, any awards that do not vest, lapse and any awards that vest are automatically exercised into Transurban stapled securities or settled in cash at the discretion of the Board. No price is payable on exercise.

FCF vesting schedule

The FCF component of performance awards vest on a straight-line basis in accordance with the following table:

FCF per security over the performance period	% of performance awards that vest
Below minimum threshold	Zero
Between minimum threshold and maximum target	Straight line vesting between 50 and 100
At or above maximum target	100

The method of assessing the performance measure set out above is the most appropriate for the type of performance measure used.

Cessation of employment

If employment ceases due to resignation before the performance measures are tested, generally there is no entitlement to unvested performance awards and any unvested awards will lapse, unless the plan rules provide otherwise, or the Board otherwise resolves.

Clawback

Same treatment as per STI.

Minimum security holding

The Board has endorsed minimum security holding guidelines for Non-executive Directors, the CEO and Executive KMP. The guidelines recommend that Non-executive Directors, the CEO and Executive KMP build and maintain a minimum security holding of Transurban stapled securities equal to 100% of their fixed remuneration or base fees (excluding superannuation). The minimum stapled security holding can be accumulated over a five-year period.

As at the date of this report, all KMP have either achieved and maintained their minimum security holding or, for those new to the Group, are on track to meet the five-year accumulation period.

Service Agreements

The remuneration and other terms of employment for the CEO and other Executive KMP are formalised in service agreements that have no specified term. Under these agreements, the CEO and other Executive KMP are eligible to participate in STI and LTI plans. The notice periods in place for FY22 are outlined below:

	Period of notice to terminate by the Executive KMP	Period of notice to terminate by the Group[3]
CEO	6 months	12 months
Other Executive KMP	3 months	6 months
Other Executive KMP – commencing post 6 October 2020	6 months	6 months

1 *References to FCF in relation to FY23 LTI Plan exclude Capital Releases*

2 *The FCF (excluding Capital Releases) per security target range is calculated by adding each of the FCF (excluding Capital Releases) budget and forecasts over the four-year performance period, and determining the CAGR required to achieve the 4-year aggregate FCF (excluding Capital Releases)*

3 *Payment in lieu of the notice period may be provided (based on the executive's fixed remuneration). The Group may also terminate at any time without notice for serious misconduct*

Non-executive Director remuneration

Remuneration policy

The following diagram sets out the key objectives of the Group's Non-executive Director remuneration policy and how they are achieved through the Group's remuneration framework:

Securing and retaining talented, qualified Directors

Director fee levels are set with regards to: the responsibilities and risks attached to the role, the time commitment and workload expected, the Director's experience and expertise, and market benchmark data.

Preserving independence and impartiality

Director remuneration consists of base (Director) fees and Committee fees. No element of Director remuneration is 'at risk' (i.e. fees are not based on the performance of the Group or individual Directors).

Aligning Director and security holder interests

Directors are encouraged to hold Transurban securities and the Board has endorsed minimum security holding guidelines for Directors.

Remuneration arrangements

Maximum aggregate remuneration

The aggregate remuneration that may be paid to Non-executive Directors in any year is capped at a level approved by security holders. Security holders at the 2016 Annual General Meeting approved the current aggregate fee pool of $3,000,000 per year (inclusive of superannuation contributions).

Non-executive Director fees

The Remuneration, People and Culture Committee regularly reviews Non-executive Director fees and such reviews include periodic benchmarking against other publicly listed entities of a similar size and complexity to Transurban.

A review of Non-executive Director fees (base Director and Committee fees) was undertaken during FY22. The Remuneration, People and Culture Committee recommended, and the Board subsequently resolved that Non-executive Director fees remain unchanged for the 2022 calendar year. The last increase in NED fees was 1 January 2018.

Current Director and Committee fees (per annum) are set out below:

Board fees	
Chair	$600,000
Member	$205,000

Committee fees

Audit and Risk Committee	
Chair	$50,000
Member	$25,000

Remuneration, People and Culture Committee	
Chair	$45,000
Member	$20,000

There are no fees for membership of the Nomination Committee.

The Chair of the Board does not receive any additional fees for Committee responsibilities.

The Chair of each Committee only receives the Chair fee (and not a member fee).

Non-executive Directors are permitted to be paid additional fees for special duties or exertions. No such fees were paid during FY22. Non-executive Directors are also entitled to be reimbursed for all business-related expenses, including travel, as may be incurred in the discharge of their duties.

Non-executive Directors are not entitled to any retirement benefits other than statutory superannuation contributions.

Non-executive Director related party information

All Non-executive Director related party relationships are based on normal commercial arms' length terms. None of the Non-executive Directors were, or are, involved in any procurement of these products and services.

The Group is not required to make the following disclosures but for transparency reasons notes the following relationships and transactions.

Director	Related party	Services provided
S Mostyn (former Director)	During the period Samantha Mostyn was a Director of Transurban, she was Chair and a Non-executive Director of Citigroup Pty Limited.	During FY22 Transurban received some carry over fees from activities in FY21 when Citigroup was a Joint Lead Manager on a Corporate 144A issuance. Citigroup also participates in a corporate working capital facility to Transurban, all on normal commercial terms.
R Whitfield	Robert Whitfield is a Non-executive Director of Commonwealth Bank of Australia (CBA)	During FY22 CBA provided transactional banking products and services to Transurban on arms-length commercial terms. CBA also participates as a lender in numerous debt facilities and acts as the agent for certain debt facilities, all on arms-length commercial terms.
J Wilson	Dr Jane Wilson is a non-executive director of Sonic Healthcare Limited.	Sonic HealthPlus (backed by Sonic Healthcare) provides employment medical services to Transurban on normal commercial terms.
M Go	Marina Go is a non-executive director of Energy Australia	During FY22, Energy Australia was one of Transurban's energy providers. This relationship is on normal commercial terms.

Statutory tables

Dealing in securities

In accordance with the Group's Dealing in Securities Policy, Directors, members of the Executive Committee and their related parties must not enter into hedging arrangements in relation to Transurban stapled securities. In addition, employees who have equity awards under the Group equity plan must not hedge against those equity awards. Directors and employees are also prohibited from entering into margin lending arrangements using Transurban stapled securities as security.

Securities held by Executive KMP as at 30 June 2022

	Balance at start of year	Changes during year	Balance at end of year[1,2]
Current Executive KMP			
S Charlton	350,000	282,104	632,104
H Byrne	34,802	34,848	69,650
M Huey	193,332	72,090	265,422
M Jablko	–	67,169	67,169
S Johnson	122,816	(16,303)	106,513
S Moorfield	–	5,100	5,100
H Wehby	–	8,685	8,685

1 Balance at the date of this Report is the same as the balance at the end of FY22

2 As at 30 June 2022, all of Scott Charlton's securities were held nominally

LTI performance awards granted in FY22

Eligible Executive KMP received LTI performance awards with a grant date of 4 October 2021, except for the CEO with a grant date of 28 October 2021. The FY22 LTI Plan consists of two tranches of LTI awards as the Group transitioned from a three-year performance period to a four-year performance period. Awards granted in Tranche 1 (50% of the LTI award) may vest subject to achieving the TSR vesting schedule over the performance period from 1 July 2021 through to 30 June 2024 and awards granted in tranche 2 (50% of the LTI award) may vest subject to achieving the TSR vesting schedule over the performance period from 1 July 2021 through to 30 June 2025.

The relevant values of the grants are as follows:

		Fair Value of awards at grant date			
Tranche	Grant date	Relative TSR[3]	FCF per security[4]	Security price at grant date	Face Value[5] of awards at allocation date
Tranche 1	4 Oct 2021	$6.56	NA	$14.27	$13.34
Tranche 2	4 Oct 2021	$6.86	NA	$14.27	$12.91
Tranche 1	28 Oct 2021	$5.51	NA	$13.68	$13.34
Tranche 2	28 Oct 2021	$5.89	NA	$13.68	$12.91

3 Fair value in accordance with AASB 2 – share-based payments treatment of market conditions.

4 The FY22 LTI grant has just the one TSR performance measure.

5 Security price as at 1 July 2021 (allocation date) discounted for distributions and dividends forgone throughout the two performance periods.

The following table shows the number of LTI awards granted to Executive KMP during FY22:

	Number of performance awards granted[7]	Maximum (fair value) value[8] of grant ($)	Maximum (face value) value[9] of grant ($)
Current Executive KMP			
S Charlton[6]	257,671	1,469,527	3,524,939
H Byrne	49,690	333,542	709,076
M Huey	49,690	333,542	709,076
M Jablko	88,406	593,421	1,261,554
S Johnson	49,690	333,542	709,076
S Moorfield	51,825	347,873	739,543
H Wehby	67,067	450,184	957,046

6 Scott Charlton was granted 257,671 performance awards as part of his 2022 remuneration package as approved at the 2021 Annual General Meeting, under ASX Listing Rule 10.14

7 The minimum value of the grant, if the applicable performance measures are not met, is zero

8 Maximum value of the grant has been calculated based on a fair value approach as at the grant date. The fair value considers the probability that the Executive KMP may not derive value from the LTI award, along with other factors, including difficulty of achieving performance hurdles and anticipated security price volatility

9 Maximum value of the grant based on security price at grant date The maximum LTI opportunity for each Executive KMP is the face value of the award (i.e. the value the Executive KMP would receive if all of their performance awards vested, based on Transurban's security price at the time the award was granted)

Summary of Executive KMP allocated, vested or lapsed equity

Type of equity[1,2]	Allocation date	Grant date	Vesting date	Balance at start of year	Granted during year	Vested in FY22[6]	% of total Vested	Lapsed/forfeited in FY22	% Lapsed/forfeited in FY22	Balance at end of year[7]	Fair value of equity ($)[8,9]
Current Executive KMP											
S Charlton											
Performance awards	1 Jul 2018	19 Oct 2018	Aug 2021	316,870	–	(135,621)	42.8	(181,249)	57.2	–	2,170,560
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	257,502	–	–	–	–	–	257,502	2,508,069
Performance awards	1 Jul 2020	22 Oct 2020	Aug 2023	254,594	–	–	–	–	–	254,594	1,682,866
Performance awards	1 Jul 2021	28 Oct 2021	Aug 2024	–	126,725	–	–	–	–	128,836	703,324
Performance awards	1 Jul 2021	28 Oct 2021	Aug 2025	–	130,946	–	–	–	–	128,835	777,819
Total performance awards				**828,966**	**257,671**	**(135,621)**	**42.8**	**(181,249)**	**57.2**	**769,767**	**7,831,022**
Deferred securities	11 Oct 2019	2 Sep 2019	Aug 2021	79,006	–	(79,006)	100	–	–	-	1,180,475
Deferred securities	15 Oct 2020	2 Sep 2020	Aug 2022	42,660	–	–	–	–	–	42,660	575,000
Deferred securities	15 Oct 2021	4 Oct 2021	Aug 2023	–	95,967	–	–	–	–	95,967	1,343,200
Total deferred securities				**121,666**	**95,967**	**(79,006)**	**100**	**–**	**–**	**138,627**	**3,098,675**
H Byrne											
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	42,362	–	(18,131)	42.8	(24,231)	57.2	–	314,961
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	37,179	–	–	–	–	–	37,179	362,123
Performance awards	1 Jul 2020	22 Oct 2020	Aug 2023	43,675	–	–	–	–	–	43,675	288,692
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2024	–	24,438	–	–	–	–	24,438	160,313
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2025	–	25,252	–	–	–	–	25,252	173,229
Total performance awards				**123,216**	**49,690**	**(18,131)**	**42.8**	**(24,231)**	**57.2**	**130,544**	**1,299,318**
Deferred securities	11 Oct 2019	2 Sep 2019	Aug 2021	14,954	–	(14,954)	100	–	–	–	223,430
Deferred securities	15 Oct 2020	2 Sep 2020	Aug 2022	10,967	–	–	–	–	–	10,967	147,810
Deferred securities	15 Oct 2021	4 Oct 2021	Aug 2023	–	18,241	–	–	–	–	18,241	255,310
Total deferred securities				**25,921**	**18,241**	**(14,954)**	**100**	**–**	**–**	**29,208**	**626,550**
M Huey											
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	48,735	–	(20,859)	42.8	(27,876)	57.2	–	362,345
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	42,773	–	–	–	–	–	42,773	416,609
Performance awards	1 Jul 2020	22 Oct 2020	Aug 2023	43,675	–	–	–	–	–	43,675	288,692
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2024	–	24,438	–	–	–	–	24,438	160,313
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2025	–	25,252	–	–	–	–	25,252	173,229
Total performance awards				**135,183**	**49,690**	**(20,859)**	**42.8**	**(27,876)**	**57.2**	**136,138**	**1,401,188**
Deferred securities	11 Oct 2019	2 Sep 2019	Aug 2021	9,476	–	(9,476)	100	–	–	–	141,580
Deferred securities	15 Oct 2020	2 Sep 2020	Aug 2022	12,570	–	–	–	–	–	12,570	169,425
Deferred securities	15 Oct 2021	4 Oct 2021	Aug 2023	–	20,268	–	–	–	–	20,268	283,675
Total deferred securities				**22,046**	**20,268**	**(9,476)**	**100**	**–**	**–**	**32,838**	**594,680**
M Jablko[3]											
Performance awards	12 Apr 2021	29 Mar 2021	29 Mar 2022	67,169	–	(67,169)	100	–	–	–	826,589
Performance awards	12 Apr 2021	29 Mar 2021	29 Mar 2023	67,169	–	–	–	–	–	67,169	826,589
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2024	–	43,479	–	–	–	–	43,479	285,222
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2025	–	44,927	–	–	–	–	44,927	308,199
Total performance awards				**134,338**	**88,406**	**(67,169)**	**100**	**–**	**–**	**155,575**	**2,246,599**
Deferred securities	15 Oct 2021	4 Oct 2021	Aug 2023	–	8,352	–	–	–		8,352	116,890
Total deferred securities				**–**	**8,352**	**–**	**–**	**–**		**8,352**	**116,890**

Footnote references appear on page 116.

Summary of Executive KMP allocated, vested or lapsed equity (continued)

Type of equity[1,2]	Allocation date	Grant date	Vesting date	Balance at start of year	Granted during year	Vested in FY22[6]	% of total Vested	Lapsed/ forfeited in FY22	%Lapsed/ forfeited in FY22	Balance at end of year[7]	Fair value of equity ($)[8,9]
Current Executive KMP											
S Johnson											
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	52,484	–	(22,464)	42.8	(30,020)	57.2	–	390,219
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	44,357	–	–	–	–	–	44,357	432,037
Performance awards	1 Jul 2020	22 Oct 2020	Aug 2023	43,856	–	–	–	–	–	43,856	289,888
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2024	–	24,438	–	–	–	–	24,438	160,313
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2025	–	25,252	–	–	–	–	25,252	173,229
Total performance awards				**140,697**	**49,690**	**(22,464)**	**42.8**	**(30,020)**	**57.2**	**137,903**	**1,445,686**
Deferred securities	11 Oct 2019	2 Sep 2019	Aug 2021	15,305	–	(15,305)	100	–		–	228,675
Deferred securities	15 Oct 2020	2 Sep 2020	Aug 2022	16,657	–	–	–	–		16,657	224,505
Deferred securities	15 Oct 2021	1 Sep 2021	Aug 2023	–	20,352	–	–	–		20,352	284,850
Total deferred securities				**31,962**	**20,352**	**(15,305)**	**100**	**-**	**-**	**37,009**	**738,030**
S Moorfield[4]											
Performance awards	1 Jul 2020	22 Oct 2020	Aug 2023	51,205	–	–	–	–	–	51,205	338,465
Performance awards	26 Oct 2020	5 Oct 2020	5 Oct 21	5,100	–	(5,100)	100	–	–	–	68,916
Performance awards	26 Oct 2020	5 Oct 2020	5 Oct 22	5,100	–	–	–	–	–	5,100	68,916
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2024	–	25,488	–	–	–	–	25,488	167,201
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2025	–	26,337	–	–	–	–	26,337	180,672
Total performance awards				**61,405**	**51,825**	**(5,100)**	**100**	**–**	**–**	**108,130**	**824,170**
Deferred securities	15 Oct 2021	1 Sep 2021	Aug 2023	–	14,010	–	–	–	–	14,010	196,090
Total deferred securities				**–**	**14,010**	**–**	**–**	**–**	**–**	**14,010**	**196,090**
H Wehby[5]											
Performance awards	19 Oct 2020	22 Oct 2020	Aug 2023	66,266	–	–	–	–		66,266	438,018
Performance awards	26 Oct 2020	19 Oct 2020	19 Oct 21	8,685	–	(8,685)	100	–		–	114,554
Performance awards	26 Oct 2020	19 Oct 2020	19 Oct 22	8,685	–	–	–	–		8,685	114,554
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2024	–	32,984	–	–	–		32,984	216,375
Performance awards	1 Jul 2021	4 Oct 2021	Aug 2025	–	34,083	–	–	–		34,083	233,809
Total performance awards				**83,636**	**67,067**	**(8,685)**	**100**	**–**		**142,018**	**1,117,310**
Deferred securities	15 Oct 2021	1 Sep 2021	Aug 2023	–	17,187	–	–	–		17,187	240,555
Total deferred securities				**–**	**17,187**	**–**	**–**	**–**		**17,187**	**240,555**

1 *Additional information regarding the prior year incentive awards that are on foot, can be found in the Remuneration Report of the relevant year in which the grant was made*

2 *Performance awards granted prior to December 2019 expire 7 years from the date of allocation and Performance awards granted after December 2019 have an expiry of 15 years from the date of allocation. Deferred securities do not have an expiry date*

3 *Michelle Jablko was granted 134,338 performance awards as a one-off grant in recognition of her giving up equity awards with her former employer to join Transurban. This was not a sign-on award and only represented a portion of the value of unvested STI equity Michelle forfeited on resignation from her former employer, with no consideration for any unvested LTI. The one-off grant is subject to Michelle's continued employment with Transurban and will vest in two equal tranches of 67,169 awards on the first and second anniversary of her commencement with Transurban. Each performance award is an entitlement to receive one fully paid Transurban security on vesting. The fair value was calculated using a Black-Scholes framework to model Transurban's security price. On the grant date, each performance award had a market value of $12.95. The first tranche of performance awards vested in full on 29 March 2022*

4 *Simon Moorfield was granted 51,205 performance awards under the FY21 LTI Plan and 10,200 performance awards as a one-off grant in recognition of him giving up equity awards with his former employer to join Transurban. This was not a sign-on award and only represented a portion of the value of unvested STI equity Simon forfeited on resignation from his former employer, with no consideration for any unvested LTI. The one-off grant is subject to Simon's continued employment with Transurban and will vest in two equal tranches of 5,100 awards on the first and second anniversaries of his commencement with Transurban. Each performance award is an entitlement to receive one fully paid Transurban security on vesting. The fair value was calculated using a Black-Scholes framework to model Transurban's security price. On the grant date, each performance award had a market value of $14.22. The first tranche of performance awards vested in full on 5 October 2021*

5 *Hugh Wehby was granted 66,266 performance awards under the FY21 LTI Plan and 17,370 performance awards as a one-off grant in recognition of him giving up deferred awards with his former employer to join Transurban. This was not a sign-on award and only represented a portion of the value of unvested STI equity Hugh forfeited on resignation from his former employer, with no consideration for any unvested LTI. The one-off grant is subject to Hugh's continued employment with Transurban and will vest in two equal tranches of 8,685 awards on the first and second anniversaries of his commencement with Transurban. Each performance award is an entitlement to receive one fully paid Transurban security on vesting. The fair value was calculated using a Black-Scholes framework to model Transurban's security price. On the grant date, each performance award had a market value of $13.88. The first tranche of performance awards vested in full on 19 October 2021*

6 *Performance awards granted in FY19 vested during FY22 on 20 August 2021 at the end of the three-year performance period in accordance with performance outcomes (market value at vesting was $13.91). Performance awards that vest are automatically exercised. Securities granted as FY19 deferred STI awards vested during FY22 on 11 August 2021 at the end of the two-year restriction period. Vesting date and exercise date are the same*

7 *No closely related parties of Executive KMP held any performance awards or deferred securities during FY22*

8 *Fair value at grant date for performance awards. Deferred securities represent the fair value of the STI deferred component*

9 *In accordance with the requirements of AASB 2 Share-based Payment, the fair value of performance awards as at their date of grant has been independently determined. The fair value of the performance awards with a TSR performance measure has been valued applying a Monte Carlo simulation (using a Black-Scholes framework) to model Transurban's security price and the TSR performance against the comparator group's TSR performance. The fair value of performance awards with a FCF performance measure (grants made prior to October 2020) has been determined by reference to Transurban's security price at the grant date discounted for dividends and distributions forgone throughout the performance period. The amount included is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest*

Executive KMP remuneration

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based benefits[8, 9]		
	Cash salary and fees[4]	Cash STI[5]	Non-monetary benefits[6]	Superannuation	Long service leave	Deferred STI[7]	LTI Awards	Total
Current Executive KMP								
S Charlton								
2022	2,276,432	490,500	6,466	23,568	44,291	802,900	702,072	4,346,228
2021	2,278,306	1,343,200	6,466	21,694	44,125	1,032,892	787,301	5,513,984
H Byrne								
2022	791,432	186,300	4,103	23,568	38,855	196,473	150,060	1,390,792
2021	703,306	255,310	4,103	21,694	13,476	208,850	126,347	1,333,086
M Huey								
2022	770,447	214,250	3,932	23,568	41,710	222,450	144,827	1,421,184
2021	703,306	283,675	3,932	21,694	26,558	198,227	134,244	1,371,636
M Jablko[1]								
2022	1,426,432	328,150	2,975	23,568	–	148,347	1,325,260	3,254,732
2021	372,601	116,890	766	5,424	–	38,963	356,250	890,894
S Johnson								
2022	791,432	163,950	4,080	23,568	(7,301)	224,435	143,790	1,343,954
2021	706,306	284,850	4,080	21,694	10,340	246,010	135,139	1,408,419
S Moorfield[2]								
2022	823,152	251,400	2,267	23,568	–	149,163	264,027	1,513,578
2021	605,093	196,090	1,671	16,271	–	65,363	86,006	970,494
H Wehby[3]								
2022	1,076,432	221,300	2,597	23,568	–	153,952	365,120	1,842,969
2021	759,715	240,555	1,815	16,271	–	80,185	146,457	1,244,998
Total								
2022	**7,955,760**	**1,855,850**	**26,420**	**164,976**	**117,555**	**1,897,720**	**3,095,156**	**15,113,437**
2021	6,128,633	2,720,570	22,833	124,742	94,499	1,870,490	1,771,744	12,733,511

1 2021: Michelle Jablko commenced as a KMP on 29 March 2021 and the period of reporting is from that date
2 2021: Simon Moorfield commenced as a KMP on 5 October 2020 and the period of reporting is from that date
3 2021: Hugh Wehby commenced as a KMP on 19 October 2020 and the period of reporting is from that date
4 Cash salary and fees does not include unpaid leave taken during the year
5 The amount represents the cash STI payment to the Executive KMP for FY22, which will be paid in September 2022. FY21: cash component of STI paid in September 2021
6 Non-monetary benefits include Group employee insurance
7 A component of STI award is deferred into Transurban stapled securities. In accordance with accounting standards, the deferred component is recognised over the three-year service period
8 In accordance with the requirements of the accounting standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. performance awards under the LTI plan). The fair value of the awards is determined as at the grant date and is progressively allocated over the performance period. The amount included, as remuneration may be different to the benefit (if any) that the KMP may ultimately realise should the awards vest. The fair value of performance awards with a TSR performance measure has been determined by applying a Monte Carlo simulation (using a Black-Scholes framework) to model Transurban's security price and the TSR performance against the comparator group performance. The fair value of performance awards with a FCF performance measure has been determined by reference to Transurban's security price at the grant date discounted for dividends and distributions forgone throughout the performance period. As the FCF performance measure is a non-market performance condition, amounts recognised are adjusted based on the best available estimate of the number of equity instruments expected to vest
9 The value for share-based benefits for Michelle Jablko, Simon Moorfield and Hugh Wehby include their one-off grants of performance awards as detailed on pages 115 to 116

Remuneration paid to Non-executive Directors

	Short-term benefits	Post-employment benefits	
	Fees	Superannuation[1]	Total
Current Non-executive Directors			
L Maxsted			
2022	576,432	23,568	600,000
2021	578,306	21,694	600,000
M Birrell			
2022	209,091	20,909	230,000
2021	210,046	19,954	230,000
T Bowen			
2022	224,874	22,487	247,361
2021	206,241	19,593	225,834
P Cross[2]			
2022	202,686	20,269	222,955
C Drummond[2]			
2022	206,767	20,677	227,443
M Go[3]			
2022	108,712	10,871	119,583
T Reed[4]			
2022	202,686	20,269	222,955
2021	124,810	11,857	136,667
P Scott			
2022	209,091	20,909	230,000
2021	210,046	19,954	230,000
R Whitfield[5]			
2022	239,866	23,068	262,934
2021	124,810	11,857	136,667
J Wilson			
2022	204,545	20,455	225,000
2021	205,479	19,521	225,000
Former Non-executive Directors[6]			
N Chatfield			
2022	77,824	7,389	85,213
2021	268,277	0	268,277
S Mostyn			
2022	70,346	7,035	77,381
2021	228,311	21,689	250,000
Total			
2022	2,532,920	217,904	2,750,824[7]
2021	2,156,326	146,119	2,302,445

1 Superannuation contributions made on behalf of Non-executive Directors to satisfy Transurban's obligations under applicable superannuation guarantee legislation. Excludes Australian Taxation Office approved exemptions

2 Patricia Cross and Craig Drummond commenced as Non-executive Directors on 1 July 2021 and the period reported is from that date

3 Marina Go commenced as a Non-executive Director on 1 December 2021 and the period reported is from that date

4 2021: Tim Reed commenced as a Non-executive Director on 1 November 2020 and the period reported is from that date

5 2021: Rob Whitfield commenced as a Non-executive Director on 1 November 2020 and the period reported is from that date

6 Neil Chatfield and Samantha Mostyn ceased to be Non-executive Directors on 21 October 2021 and their remuneration reported is until that date

7 The current maximum aggregate amount approved by security holders to be paid as remuneration to Non-executive Directors is $3,000,000 per year, inclusive of superannuation contributions. The total remuneration paid to Non-executive Directors in FY22 represents approximately 92% (FY21: approximately 77%) of this approved maximum aggregate amount

Securities held by Non-executive Directors as at 30 June 2022 and at the date of this Report

	Balance at start of year	Changes during year	Balance at end of year[8,9]
Current Non-executive Directors			
L Maxsted	90,307	10,035	100,342
M Birrell	12,263	2,737	15,000
T Bowen	40,221	4,470	44,691
P Cross	30,896	3,433	34,329
C Drummond	–	40,451	40,451
M Go	3,400	7,938	11,338
T Reed	–	22,500	22,500
P Scott	31,307	4,394	35,701
R Whitfield	10,000	16,112	26,112
J Wilson	20,000	2,223	22,223
Former Non-executive Directors			
N Chatfield	65,867	–	N/A
S Mostyn	28,196	–	N/A

8 Balance at the date of this Report is the same as the balance at the end of FY22

9 As at 30 June 2022, all of the securities held by Lindsay Maxsted, Mark Birrell, Terence Bowen, Patricia Cross and Peter Scott were held nominally, and 7,900 of the securities held by Marina Go were held nominally

Auditor's Independence Declaration

As lead auditor for the audit of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited and the entities they controlled during the period.

Marcus Laithwaite
Partner
PricewaterhouseCoopers

Melbourne
18 August 2022

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Financial statements

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Section A: Group financial statements

Transurban Holdings Limited
Consolidated statement of comprehensive income for the year ended 30 June 2022

	Note	2022 $M	2021 $M
Continuing operations			
Revenue	B5	**3,406**	**2,886**
Expenses			
Employee benefits expense		(315)	(280)
Road operating costs		(343)	(328)
Construction costs		(911)	(480)
Transaction and integration costs		(13)	(5)
Corporate and other expenses		(143)	(102)
Total expenses		**(1,725)**	**(1,195)**
Earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes		**1,681**	**1,691**
Amortisation		(996)	(1,017)
Depreciation		(111)	(123)
Total depreciation and amortisation		**(1,107)**	**(1,140)**
Net finance costs	B13	(466)	(870)
Share of loss of equity accounted investments	B25	(368)	(161)
Loss before income tax		**(260)**	**(480)**
Income tax benefit	B7	276	193
Profit/(loss) for the year from continuing operations		**16**	**(287)**
Discontinued operations			
Profit for the year from discontinued operations	B24	**—**	**3,559**
Profit for the year from continuing and discontinued operations		**16**	**3,272**
Profit/(loss) attributable to:			
Ordinary security holders of the stapled group			
— Attributable to Transurban Holdings Limited (THL)		(641)	(356)
— Attributable to THT/TIL		660	3,659
Profit attributable to ordinary security holders of the stapled group	B9	**19**	**3,303**
Non-controlling interests—other	B26	(3)	(31)
Profit for the year		**16**	**3,272**
Other comprehensive income			
Gains reclassified on disposal of subsidiary, net of tax		—	(198)
Items that may be reclassified to profit and loss in the future			
Changes in the fair value of cash flow hedges, net of tax		698	149
Changes in the fair value of cost of hedging, net of tax		9	4
Share of other comprehensive income of equity accounted investments, net of tax	B25	245	74
Exchange differences on translation of North American operations, net of tax		188	97
Other comprehensive income for the year, net of tax		**1,140**	**126**
Total comprehensive income for the year		**1,156**	**3,398**
Total comprehensive income/(loss) for the year is attributable to:			
Ordinary security holders of the stapled group			
— Attributable to THL		(442)	(327)
— Attributable to THT/TIL		1,519	3,761
Non-controlling interests—other		79	(36)
Total comprehensive income for the year		**1,156**	**3,398**
		Cents	**Cents**
Earnings from continuing operations per security attributable to ordinary security holders of the stapled group	B9	**0.6**	**(9.4)**
Earnings per security attributable to ordinary security holders of the stapled group	B9	**0.6**	**120.6**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Section A: Group financial statements for the year ended 30 June 2022

Transurban Holdings Limited
Consolidated balance sheet as at 30 June 2022

	Note	2022 $M	2021 $M
Assets			
Current assets			
Cash and cash equivalents	B8	2,020	4,285
Current tax assets		10	—
Trade and other receivables	B8	347	572
Derivative financial instruments	B15	22	—
Total current assets		**2,399**	**4,857**
Non-current assets			
Equity accounted investments	B25	10,524	5,751
Trade and other receivables		3	194
Financial assets at amortised cost	B32	1,997	1,353
Derivative financial instruments	B15	1,012	145
Property, plant and equipment		557	567
Concession financial asset	B18	339	330
Deferred tax assets	B7	915	831
Goodwill	B16	466	466
Other intangible assets	B17	20,753	21,177
Total non-current assets		**36,566**	**30,814**
Total assets		**38,965**	**35,671**
Liabilities			
Current liabilities			
Trade and other payables	B8	463	397
Current tax liabilities		6	182
Borrowings	B14	1,063	750
Derivative financial instruments	B15	50	2
Maintenance provision	B19	147	144
Distribution provision	B10	837	627
Other provisions		79	83
Construction obligation liability	B20	432	579
Other liabilities		417	300
Total current liabilities		**3,494**	**3,064**
Non-current liabilities			
Borrowings	B14	16,580	17,081
Derivative financial instruments	B15	176	697
Deferred tax liabilities	B7	1,832	1,794
Maintenance provision	B19	981	934
Other provisions		7	7
Construction obligation liability	B20	364	646
Other liabilities		303	312
Total non-current liabilities		**20,243**	**21,471**
Total liabilities		**23,737**	**24,535**
Net assets		**15,228**	**11,136**
Equity			
Contributed equity	B11	3,939	2,929
Reserves	B12	(258)	(457)
Accumulated losses		(4,936)	(4,234)
Equity attributable to other members of the stapled group (THT/TIL)		15,676	12,097
Equity attributable to security holders of the stapled group		**14,421**	**10,335**
Non-controlling interests—other	B26	807	801
Total equity		**15,228**	**11,136**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Section A: Group financial statements for the year ended 30 June 2022

Transurban Holdings Limited
Consolidated statement of changes in equity for the year ended 30 June 2022

	Attributable to security holders of the stapled group							
	Number of securities	Contributed equity	Reserves	Accumulated losses	Equity attributable to other members—THT & TIL	Total	Non-controlling interests—other	Total equity
	M	$M	$M	$M	$M	$M	$M	$M
Balance at 1 July 2021	**2,738**	**2,929**	**(457)**	**(4,234)**	**12,097**	**10,335**	**801**	**11,136**
Comprehensive income/(loss)								
Profit/(loss) for the year	—	—	—	(641)	660	19	(3)	16
Other comprehensive income	—	—	199	—	859	1,058	82	1,140
Total comprehensive income/(loss)	**—**	**—**	**199**	**(641)**	**1,519**	**1,077**	**79**	**1,156**
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs[1]	325	983	—	—	3,168	4,151	—	4,151
Employee performance awards issued[2]	1	2	—	—	8	10	—	10
Distributions provided for or paid[3]	—	—	—	(61)	(1,198)	(1,259)	—	(1,259)
Distribution reinvestment plan[4]	7	25	—	—	82	107	—	107
Distributions to non-controlling interests[5]	—	—	—	—	—	—	(73)	(73)
	333	**1,010**	**—**	**(61)**	**2,060**	**3,009**	**(73)**	**2,936**
Balance at 30 June 2022	**3,071**	**3,939**	**(258)**	**(4,936)**	**15,676**	**14,421**	**807**	**15,228**

1. On 13 October 2021, the Group successfully completed the fully underwritten institutional and retail components of its pro-rata accelerated renounceable 1 for 9 entitlement offer. The institutional component raised gross proceeds of $2,898 million at an issue price of $13.00 per security. The retail component raised gross proceeds of $1,068 million at an issue price of $13.00 per security. A further $250 million was raised through a placement to AustralianSuper at an issue price of $13.07 per security. The total gross proceeds of $4,216 million ($4,150 million net of costs and tax) were used to fund the Group's contribution to the acquisition of the remaining 49% equity stake in WestConnex through Sydney Transport Partners Joint Venture (STP JV), which completed on 29 October 2021.

2. It is the Group's policy that a portion of all Short Term Incentives issued to the CEO and other executives are deferred for a period of 2 years. In addition to the Short Term Incentives, stapled securities (including units in the Trust) were issued to senior executives and other employees under the Group's Long Term Incentive share based payment plans. These securities are held by the employees but will only vest in accordance with the terms of the plans.

3. Refer to Note B10 for further details of dividends and distributions provided for or paid.

4. Under the Distribution Reinvestment Plan (DRP), holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. The DRP applied for the final distribution for FY21 and the interim distribution for FY22, paid in August 2021 and February 2022, respectively. The DRP applies for the final FY22 distribution.

5. Distributions and dividends were paid during the year to the non-controlling interest partners in Transurban Queensland.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Section A: Group financial statements for the year ended 30 June 2022

Transurban Holdings Limited
Consolidated statement of changes in equity for the year ended 30 June 2021

	Attributable to security holders of the stapled group							
	Number of securities	**Contributed equity**	**Reserves**	**Accumulated losses**	**Equity attributable to other members—THT & TIL**	**Total**	**Non-controlling interests—other**	**Total equity**
	M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Balance at 1 July 2020	**2,735**	**2,919**	**(491)**	**(3,851)**	**9,281**	**7,858**	**927**	**8,785**
Comprehensive (loss)/income								
Profit/(loss) for the year	—	—	—	(356)	3,659	3,303	(31)	3,272
Other comprehensive income/(loss)	—	—	29	—	102	131	(5)	126
Total comprehensive income/(loss)	**—**	**—**	**29**	**(356)**	**3,761**	**3,434**	**(36)**	**3,398**
Transactions with owners in their capacity as owners:								
Employee performance awards issued[1]	1	2	(1)	—	5	6	—	6
Distributions provided for or paid[2]	—	—	—	(27)	(972)	(999)	—	(999)
Distribution reinvestment plan[3]	2	8	—	—	22	30	—	30
Distributions to non-controlling interests[4]	—	—	—	—	—	—	(90)	(90)
Transactions with non-controlling interests—other[5]	—	—	6	—	—	6	—	6
	3	**10**	**5**	**(27)**	**(945)**	**(957)**	**(90)**	**(1,047)**
Balance at 30 June 2021	**2,738**	**2,929**	**(457)**	**(4,234)**	**12,097**	**10,335**	**801**	**11,136**

1. It is the Group's policy that a portion of all Short Term Incentives issued to the CEO and other executives are deferred for a period of 2 years. In addition to the Short Term Incentives, stapled securities (including units in the Trust) were issued to senior executives and other employees under the Group's Long Term Incentive share based payment plans. These securities are held by the employees but will only vest in accordance with the terms of the plans.

2. Refer to Note B10 for further details of dividends and distributions provided for or paid.

3. Under the Distribution Reinvestment Plan (DRP), holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. The DRP applied for the final distribution for FY20 and the interim distribution for FY21, paid in August 2020 and February 2021, respectively.

4. Distributions and dividends were paid during the year to the non-controlling interest partners in the Eastern Distributor, Transurban Queensland and the M5 West.

5. Stamp duty adjustment relating to the acquisition of the remaining 34.62% interest of M5 West on 30 October 2019.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Transurban Holdings Limited
Consolidated statement of cash flows for the year ended 30 June 2022

	Note	2022 $M	2021 $M
Cash flows from operating activities			
Receipts from customers		2,540	2,529
Payments to suppliers and employees		(952)	(883)
Payments for maintenance of intangible assets		(97)	(88)
Transaction and integration costs		(13)	(30)
Other cash receipts		220	166
Interest received		13	13
Interest paid		(700)	(800)
Income taxes paid		(29)	(14)
Net cash inflow from operating activities	(a)	**982**	**893**
Cash flows from investing activities			
Payments for financial assets at amortised cost		(716)	(29)
Repayment of financial assets at amortised cost		215	61
Capital contribution to equity accounted investments		(5,132)	(115)
Payments for intangible assets		(517)	(926)
Payments for property, plant and equipment		(96)	(119)
Distributions received from equity accounted investments		492	446
Proceeds from disposal of subsidiaries, net of cash disposed	B24	—	2,343
Income taxes paid related to the disposal of subsidiaries	B24	(178)	—
Net cash (outflow)/inflow from investing activities		**(5,932)**	**1,661**
Cash flows from financing activities			
Proceeds from equity issues of stapled securities (net of costs)		4,143	—
Proceeds from borrowings (net of costs)	(b)	811	2,864
Net proceeds from loan facilities	(b)	165	74
Principal repayment of leases	B31	(10)	(10)
Repayment of borrowings	(b)	(1,443)	(2,596)
Dividends and distributions paid to the Group's security holders	B10	(942)	(818)
Distributions paid to non-controlling interests	B10	(73)	(90)
Net cash inflow/(outflow) from financing activities		**2,651**	**(576)**
Net (decrease)/increase in cash and cash equivalents		**(2,299)**	**1,978**
Cash and cash equivalents at the beginning of the year		4,285	2,349
Effects of exchange rate changes on cash and cash equivalents		34	(42)
Cash and cash equivalents at end of the year	B8	**2,020**	**4,285**

Refer to Note B24 for cash flows from discontinued operations.

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Note	2022 $M	2021 $M
Profit for the year from continuing and discontinued operations		**16**	**3,272**
Depreciation and amortisation		1,107	1,161
Gain on disposal of interest in Transurban Chesapeake (TC)		—	(3,751)
Non-cash employee benefit expense—share based payments		8	6
Non-cash net finance (income)/costs		(238)	241
Share of loss of equity accounted investments	B25	368	161
Non-cash road operating costs—Power Purchase Agreements[1]	B15	(14)	—
Change in operating assets and liabilities:			
Increase in trade and other receivables		(11)	(66)
Increase in concession and promissory note liability		7	32
Increase in operating creditors and accruals		24	11
Decrease in other operating provisions		(30)	(8)
Movement in deferred and current taxes		(305)	(227)
Increase in maintenance provision		50	61
Net cash inflow from operating activities		**982**	**893**

1. *Relates to fair value movements in the Group's 'contract for difference' derivative financial instruments relating to its Power Purchase Agreements, which are recorded on the balance sheet at their fair values with movements recorded in the profit and loss (refer to Note B15).*

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Section A: Group financial statements for the year ended 30 June 2022

Transurban Holdings Limited
Consolidated statement of cash flows for the year ended 30 June 2022 (continued)

(b) Reconciliation of liabilities arising from financing activities

	Borrowings current	Borrowings non-current	Debt principal related derivatives (included in assets / liabilities)[1]	Other Loan Facilities (included in other liabilities)	Total debt related financial instruments
	$M	$M	$M	$M	$M
Balance at 1 July 2021	**750**	**17,081**	**(856)**	**81**	**17,056**
Proceeds from borrowings (net of costs)	68	743	—	—	811
Repayment of borrowings	(783)	(660)	—	—	(1,443)
Proceeds from other loan facilities	—	—	—	281	281
Repayment of other loan facilities	—	—	—	(116)	(116)
Total cash flows	**(715)**	**83**	**—**	**165**	**(467)**
Non-cash changes					
Foreign exchange movements	32	393	(552)	—	(127)
Transfer	996	(996)	—	—	—
Amortisation of borrowing costs	—	19	—	—	19
West Gate Tunnel settlement adjustments[2]	—	—	—	(39)	(39)
Total non-cash changes	**1,028**	**(584)**	**(552)**	**(39)**	**(147)**
Balance at 30 June 2022	**1,063**	**16,580**	**(1,408)**	**207**	**16,442**

1. *Total derivatives balance as at 30 June 2022 is an asset of $808 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above as they do not relate to financing activities.*
2. *The net amount of $39 million predominantly relates to advance payments initially funded by the State of Victoria and paid by Transurban to the West Gate Tunnel Design & Construct (D&C) Subcontractor in the prior year which were offset against the State Loan during the current financial year, as part of the West Gate Tunnel settlement finalised on 23 March 2022 (refer to Note B8).*

	Borrowings current	Borrowings non-current	Debt principal related derivatives (included in assets / liabilities)[1]	Other Loan Facilities (included in other liabilities)	Total debt related financial instruments
	$M	$M	$M	$M	$M
Balance at 1 July 2020	**1,553**	**19,525**	**(1,436)**	**7**	**19,649**
Proceeds from borrowings (net of costs)	400	2,403	61	—	2,864
Repayment of borrowings	(1,993)	(490)	(113)	—	(2,596)
Proceeds from other loan facilities	—	—	—	120	120
Repayment of other loan facilities	—	—	—	(46)	(46)
Total cash flows	**(1,593)**	**1,913**	**(52)**	**74**	**342**
Non-cash changes					
Disposals through loss of control of subsidiary[2]	—	(2,598)	—	—	(2,598)
Foreign exchange movements	40	(1,047)	632	—	(375)
Transfer	750	(750)	—	—	—
Capitalised interest	—	21	—	—	21
Amortisation of borrowing costs	—	26	—	—	26
Non substantial modification gain	—	(9)	—	—	(9)
Total non-cash changes	**790**	**(4,357)**	**632**	**—**	**(2,935)**
Balance at 30 June 2021	**750**	**17,081**	**(856)**	**81**	**17,056**

1. *Total derivatives balance as at 30 June 2021 is a liability of $554 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above as they do not relate to financing activities.*
2. *Relates to the deconsolidation of the Group's ownership interest in TC upon divestment of 50% ownership interest (refer to Note B24).*

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Section B: Notes to the Group financial statements

Basis of preparation and significant changes

B1 Corporate information

Transurban Holdings Limited (the Company, the Parent or THL) is a Company incorporated in Australia and limited by shares that are publicly traded on the Australian Securities Exchange. These financial statements have been prepared as a consolidation of the financial statements of THL and its controlled entities (Transurban, Transurban Holdings Limited Group, Transurban Group or the Group). The controlled entities of THL include the other members of the stapled group being Transurban Infrastructure Management Limited (TIML) as the responsible entity of Transurban Holding Trust and its controlled entities (THT) and Transurban International Limited and its controlled entities (TIL). The equity securities of THL, TIL and THT are stapled and cannot be traded separately. The Group is a for-profit entity. Entities within the Group are domiciled and incorporated in Australia, the United States of America and Canada.

The consolidated financial statements of the Transurban Group for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 18 August 2022. Directors have the power to amend and reissue the financial statements.

B2 Summary of significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following transactions and events during the reporting period:

Coronavirus global pandemic (COVID-19)

COVID-19 has continued to impact the Group's operating performance, particularly traffic volumes and consequently toll revenue. In Sydney, impacts were as a result of comparatively more severe government mandated restrictions on movement in the first half of the reporting period compared to the prior period. In Melbourne, government mandated restrictions applied for part of the reporting period, however, the restrictions were less severe compared to the prior period. Traffic improved in the second half of the financial year. In the last quarter of FY22, traffic exceeded pre-pandemic levels. Traffic in each of Transurban's markets continues to be sensitive to government responses to COVID-19, to behavioural aspects related to COVID-19 and to economic conditions. Despite the impact on traffic volumes and toll revenue, the Group's operations, liquidity and financial position have not been significantly impacted by COVID-19 in the current reporting period.

The Group's concession assets have remained fully operational and investment into networks and major development projects has continued. The Group also successfully raised $1,789 million of debt inclusive of new facilities across bank and debt capital markets during the year ended 30 June 2022 to fund future capital requirements, refinance existing debt and for general corporate purposes.

Group equity issuance and equity injection to Sydney Transport Partners Joint Venture (STP JV)

On 13 October 2021, the Group successfully completed the fully underwritten institutional and retail components of its pro-rata accelerated renounceable 1 for 9 entitlement offer. The institutional component raised gross proceeds of $2,898 million at an issue price of $13.00 per security. The retail component raised gross proceeds of $1,068 million at an issue price of $13.00 per security. A further $250 million was raised through a placement to AustralianSuper at an issue price of $13.07 per security. The total gross proceeds of $4,216 million ($4,150 million net of costs and tax) were used to fund the Group's contribution to the acquisition of the remaining 49% equity stake in WestConnex by the STP JV, which was completed on 29 October 2021.

To fund the acquisition, the Group contributed $4,856 million of equity to the STP JV and also issued shareholder loan notes with a face value of $699 million. The Group's equity interest in STP JV remains at 50%. The Group's proportional equity interest in WestConnex through its equity investment in STP JV increased from 25.5% to 50% on 29 October 2021. Refer to Note B25 for further information.

Final agreement reached on revised terms for the delivery of the West Gate Tunnel Project

On 16 December 2021, the Group reached agreement with the State of Victoria (the State) and the D&C Subcontractor on revised terms for the delivery of the West Gate Tunnel Project, including a new expected completion date of late 2025. The parties finalised binding detailed documentation for the settlement on 23 March 2022. The total cost of the D&C Subcontract has been increased by $3,440 million (Contract Sum Adjustment), with Transurban and the State each contributing $1,720 million. Transurban is expected to incur additional net project related costs of approximately $300 million including the Group's share of site activation and insurance costs as well as Transurban's direct project management costs. Transurban's future revenues will be impacted due to the later completion date in late 2025. There have been no changes to concession rights or tolling arrangements as a result of the settlement. The D&C Subcontractor has provided releases of historic claims that would have otherwise impacted construction costs and time. Transurban has also provided equivalent releases to the State.

Transurban's share of the Contract Sum Adjustment is being accounted for as capital expenditure (increasing the concession intangible asset as the expenditure is incurred) and does not impact Free Cash. Refer to Note B29.

B3 Basis of preparation

The Group financial statements are general purpose financial statements which:

- Have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Have adopted all accounting policies in accordance with AASs and, where a standard permits a choice in accounting policy, the policy adopted by the Group has been disclosed in these financial statements;
- Have applied the option under *ASIC Corporations (Stapled Group Reports) Instrument 2015/838* to present the consolidated financial statements in one section (Section A) and all other reporting group members in a separate section (Section C);
- Comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- Have been prepared under the historical cost convention, as modified by the revaluation of other financial assets and liabilities (including derivative financial instruments);
- Are presented in Australian dollars, which is the Group's functional and presentation currency;
- Have been rounded to the nearest million dollars, unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*; and
- Have restated the presentation of comparative amounts, where applicable, to conform to the current period presentation.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal operations, in particular over the next 12 months from the financial statements release date of 18 August 2022. In determining the appropriateness of the going concern basis of preparation, the Directors have considered the uncertainties related to COVID-19 impacts on traffic, near-term interest rates and inflation on the Group's liquidity and operations.

The Group has assessed cash flow forecasts and its ability to fund THL's net current liability position as at 30 June 2022 of $1,095 million (2021: net current asset position of $1,793 million). Scenario analysis was undertaken, which includes judgement, of reasonably possible changes in traffic volume, near-term interest rates and inflation. This analysis indicates that the Group is expected to be able to continue to operate within available liquidity levels and the terms of its debt facilities, and to fund THL's net current liability position as at 30 June 2022, for the 12 months from the date of this report.

The Group has also forecast that it does not expect to breach any financial covenants within the 12 months from the date of this report. Financial covenant forecasts utilised the same underlying cash flow forecasts as those used in the going concern assessment. Corporate and non-recourse debt financial covenants are calculated on a trailing 12 month basis.

Furthermore, the Directors have also taken the following matters into consideration in forming the view that the Group is a going concern:

- The Group has cash and cash equivalents of $2,020 million as at 30 June 2022;
- The Group has available a total of $2,727 million of undrawn general purpose borrowing facilities across a number of financial providers with a maturity beyond 12 months. Additionally, the Group has a further $63 million of undrawn borrowing facilities to provide funding for the Group's capital projects;
- The Group is expected to have the ability to fund THL's net current liability position through the generation of free cash and the use of undrawn facilities in the 12 months from the date of this report; and
- Payment of future dividends and distributions remains at the discretion of the Board.

B3 Basis of preparation (continued)

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit and loss are recognised in the profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in the fair value reserve in equity.

Foreign operations

The results and financial position of all of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates throughout the course of the reporting period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are taken to other comprehensive income.

B3 Basis of preparation (continued)

New and amended standards and interpretations

The Group has adopted the following new and amended accounting standards and interpretations which became effective for the annual reporting period commencing 1 July 2021. The Group's assessment of the impact of these new and amended standards and interpretations is set out below.

Reference	Description and impact on the Group
AASB 2020-8 *Amendments to Australian Accounting Standards—Interest Rate Benchmark Reform—Phase 2*	This standard amends AASB 9 *Financial Instruments,* AASB 16 *Leases* and AASB 7 *Financial Instruments: Disclosures,* providing certain relief for hedge accounting and changes to contractual cash flows of financial instruments (including lease liabilities) due to the reform of inter-bank offered rates. The relief enables hedge accounting to continue for certain hedges that might otherwise need to be discontinued once an alternative benchmark interest rate is available. It also allows the recalculation of the carrying amount of a financial instrument using an updated effective interest rate to reflect the change to the benchmark rate for the purpose of discounting the revised contractual cash flows. Application of this standard has not materially impacted the Group.
AASB 2021-3 *Amendments to Australian Accounting Standards—COVID-19 Related Rent Concessions beyond 30 June 2021*	AASB 2021-3 extends the date of the practical expedient provided to lessees in AASB 2020-4 *Amendments to Australian Accounting standards—COVID-19 Related Rent Concessions* from 30 June 2021 to 30 June 2022. The practical expedient allows lessees to recognise any change in lease payments (now due before 30 June 2022) arising from a COVID-19 related rent concession directly in the profit and loss and not have to assess whether it is lease modification. Application of this standard has not materially impacted the Group.

B3 Basis of preparation (continued)

New and amended accounting standards and interpretations issued but not yet effective

Certain new and amended accounting standards and interpretations have been published but are not mandatory for the year ended 30 June 2022. The Group's assessment of the impact of these new and amended accounting standards and interpretations is set out below.

Reference	Description and impact on the Group	Application of the standard	Application by the Group
AASB 2014-10 *Amendments to Australian Accounting Standards—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* **AASB 2021-7** *Amendments to Australian Accounting Standards—Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	The AASB has made limited scope amendments to AASB 10 *Consolidated Financial Statements a*nd AASB 128 *Investments in Associates and Joint Ventures.* The amendments clarify the accounting treatment for sale or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in AASB 3 *Business Combinations*). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interest in the associate or joint venture. AASB 2021-7 mainly defers application date of AASB 2024-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2022. Application of the amendments is prospective and is not expected to materially impact the Group.	1 January 2025	1 July 2025
AASB 2020-1 *Amendments to Australian Accounting Standards—Classification of Liabilities as Current or Non-current* **AASB 2020-6** *Amendments to Australian Accounting Standards—Classification of Liabilities as Current or Non-current—Deferral of Effective Date*	AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. AASB 2020-6 defers the application date of AASB 2020-1 by one year. Application of the amendments is not expected to materially impact the Group.	1 January 2023	1 July 2023
AASB 2020-3 *Amendments to Australian Accounting Standards—Annual improvements 2018–2020 and Other Amendments*	The following small amendments were made to accounting standards: • Annual Improvements 2018-2020 Cycle make minor amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards,* AASB 9 *Financial Instruments* and the Illustrative Examples accompanying AASB 16 *Leases* to clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards; • Amendments to AASB 3 *Business Combinations* update a reference in AASB 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; • Amendments to AASB 116 *Property, Plant and Equipment* require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in the profit and loss, instead of deducting the amounts received from the cost of the asset; and • Amendments to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* clarify which costs a company includes when assessing whether a contract will be onerous. Application of the above amendments is prospective following the application date by the Group and is not expected to materially impact the Group.	1 January 2022	1 July 2022
AASB 2021-2 *Amendments to Australian Accounting Standards—Disclosure of Accounting Policies and Definition of Accounting Estimates*	The standard amends AASB 7 *Financial Instruments: Disclosures,* AASB 101 *Presentation of Financial Statements,* AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors,* AASB 134 *Interim Financial Reporting* and *AASB Practice Statement 2 Making Materiality Judgements* to: • improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and • distinguish changes in accounting estimates from changes in accounting policies. Application of the amendments is not expected to materially impact the Group.	1 January 2023	1 July 2023
AASB 2021-5 *Amendments to Australian Accounting Standards—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	AASB 2021-5 has made amendments to AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 112 *Income Taxes* which require companies in specified circumstances to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Transactions that are expected to be captured by the amendments include leases where the entity is a lessee and decommissioning obligations. Application of the amendments is not expected to materially impact the Group as the Group has already recognised deferred tax on lease arrangements where the Group is a lessee and there are no other transactions expected to be captured within the amendments.	1 January 2023	1 July 2023

B3 Basis of preparation (continued)

Key accounting estimates and judgements

Estimates and judgements are regularly made by management and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

• Provision for income taxes and utilisation of tax losses;	Note B7
• Fair value of derivatives and other financial instruments;	Note B15
• Recoverability of goodwill, other intangibles assets and equity accounted investments;	Note B16, Note B17 and Note B25
• Determination of CityLink and West Gate Tunnel cash generating unit;	Note B17
• Provision for maintenance expenditure;	Note B19
• Measurement of construction obligation liability;	Note B20
• Measurement of promissory notes and concession notes;	Note B21
• Assessment of control of STP JV;	Note B25
• Assessment of control of TC; and	Note B25
• Contingencies	Note B28

KEY ESTIMATE AND JUDGEMENT

The Group has made a number of estimates and judgements as at 30 June 2022 as a result of the uncertainty relating to the impacts of COVID-19, near-term interest rates and inflation. These estimates and judgements are included in the notes to the financial statements as applicable.

KEY ESTIMATE AND JUDGEMENT

The Group continues to progress its assessment of the potential financial impacts of climate change and the transition to a low carbon economy. To date this assessment has been qualitative. The Group has also considered the potential financial reporting implications of the climate-related risks (threats and opportunities) identified at the date of this report.

Consistent with the Group's strategic climate-related risk themes, while transition threats and opportunities have been identified, the focus of the assessment has been on acute and chronic physical risks (threats and opportunities) which may be more impactful over time. Physical climate-related threats include increased incidence of severe weather events such as extended rainfall and higher temperatures which may disrupt operations and increase operating and maintenance costs. Our assessment has indicated that climate change may have a financial impact on the Group particularly over the long-term. Certain assets and liabilities (in particular service concession intangible assets and maintenance provisions) are supported by cash flows that extend into the medium and long-term. With respect to the carrying amount of concession intangible assets, climate impacts on future cash flows are not expected to be significant enough to erode the excess in recoverable amount due to the existing headroom over carrying amount (which is also reducing over time through amortisation).

As the Group continues to progress its assessment of the potential financial impacts of climate change and the transition to a low carbon economy, the identification of additional risks (threats and opportunities), the detailed development of the Group's response, and changes to the Group's climate change strategy may impact the Group's significant judgements and key estimates and result in material changes to financial results and the carrying amounts of certain assets and liabilities in future reporting periods.

Operating performance

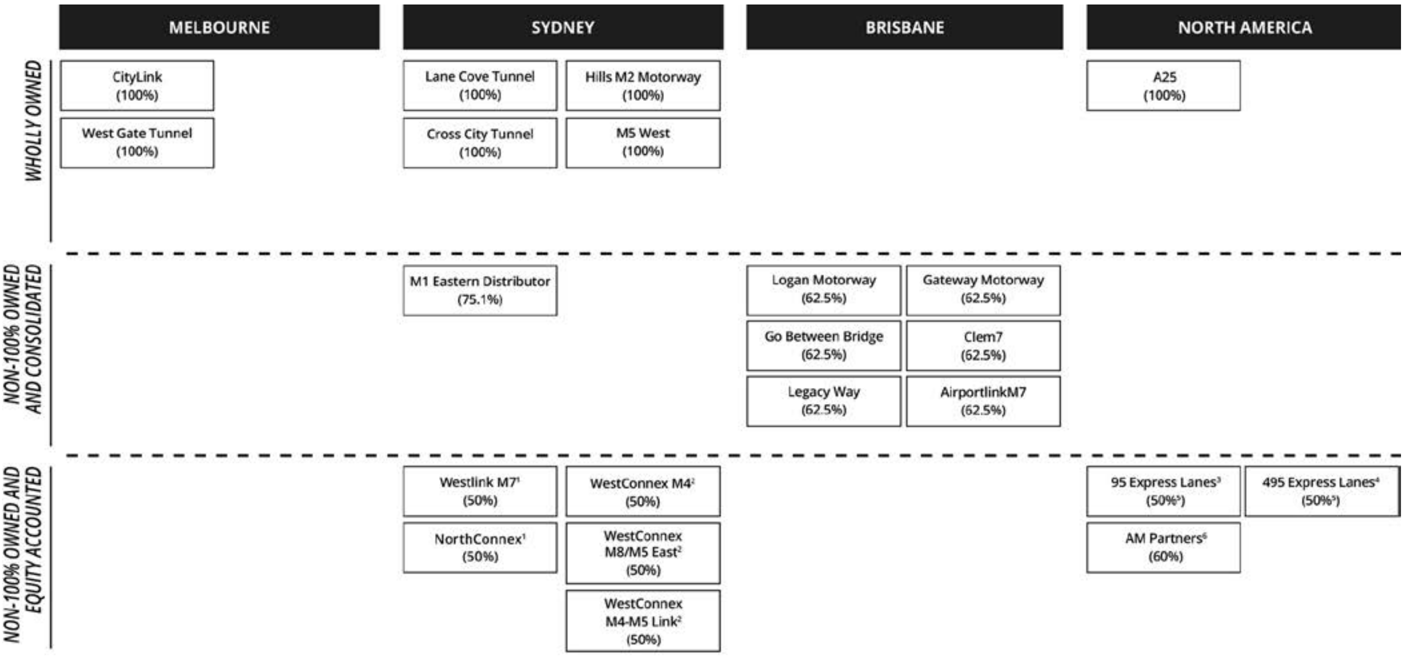
B4 Segment information

In the segment information provided to the Transurban Group Executive Committee (certain members of which act as the chief operating decision maker), segments are defined by the geographical region in which the Group operates being Melbourne, Sydney, Brisbane and North America. The Group's corporate function is not an operating segment under the requirements of AASB 8 *Operating Segments* as its revenue generating activities are only incidental to the business.

The Executive Committee assesses the performance of the region based on a measure of proportional earnings before depreciation, amortisation, net finance costs and income taxes (Proportional EBITDA). This reflects the contribution of each region in the Group in the proportion of Transurban's equity ownership.

Significant items are those items where their nature is sufficiently significant to the financial statements and not in the ordinary course of business. Refer to Note B6 for further details.

The diagram below shows the assets included in each geographical region, together with the ownership interests held by the Group as at 30 June 2022:



1. *Westlink M7 and NorthConnex form the NorthWestern Roads Group (NWRG).*
2. *The M4, M8/M5 East and M4-M5 Link together form WestConnex. The M8/M5 East includes the M8, the M5 East and will include the M5 West from December 2026. From 29 October 2021, the Group's proportional equity interest in WestConnex increased from 25.5% to 50% through its equity investment in the STP JV.*
3. *The 95 Express Lanes concession is inclusive of the 395 Express Lanes and the Fredericksburg Extension.*
4. *The 495 Express Lanes concession is inclusive of the 495 Express Lanes Northern Extension Project and the Capital Beltway Accord Project.*
5. *495 Express Lanes and 95 Express Lanes are part of TC. Transurban Group's ownership reduced from 100% to 50% from 1 April 2021.*
6. *Accelerate Maryland Partners LLC (AM Partners) role is to be the Maryland Department of Transport's long-term partner to build, finance and operate new Express Lanes in Maryland, USA.*

B4 Segment information (continued)

Segment information—proportional income statement

2022
$M

	Note	Melbourne	Sydney	Brisbane	North America	Corporate and other	Total
Toll revenue		722	1,264	451	189	—	2,626
Other revenue		22	46	3	36	29	136
Total proportional revenue		**744**	**1,310**	**454**	**225**	**29**	**2,762**
Proportional EBITDA		**594**	**976**	**320**	**120**	**(110)**	**1,900**

2021
$M

	Note	Melbourne	Sydney	Brisbane	North America[1]	Corporate and other	Total
Toll revenue		616	1,278	425	167	—	2,486
Other revenue		24	49	3	21	30	127
Total proportional revenue		**640**	**1,327**	**428**	**188**	**30**	**2,613**
Underlying proportional EBITDA		502	1,033	314	72	(85)	1,836
Significant items	B6	—	(6)	—	(18)	—	(24)
Proportional EBITDA		**502**	**1,027**	**314**	**54**	**(85)**	**1,812**

1. Proportional segment information includes the results of discontinued operations, being TC, which includes the 95 Express Lanes and 495 Express Lanes assets which are included at proportional ownership, being 100% for the period to 31 March 2021 and 50% from 1 April 2021 to 30 June 2021.

Reconciliation of segment information to statutory financial information

The proportional results presented above are different from the statutory financial results of the Group due to the proportional presentation of each asset's contribution to each geographical region and adjustments.

Segment revenue

Revenue from external customers comprises toll, service and fee revenues earned on toll roads. Segment revenue reconciles to total statutory revenue as follows:

	Note	2022 $M	2021 $M
Total segment revenue (proportional)		**2,762**	**2,613**
Add:			
Revenue attributable to non-controlling interests		304	291
Construction revenue from road development activities		911	567
Other revenue from discontinued operations[1]		—	6
Intragroup elimination[2]		58	32
Less:			
Proportional revenue of non-100% owned equity accounted assets		(600)	(432)
Toll revenue receipts relating to the A25 concession financial asset[3]		(14)	(13)
Other revenue receipts relating to the A25 concession financial asset[3]		(15)	(14)
Revenue attributable to discontinued operations[1]		—	(164)
Total statutory revenue from continuing operations	B5	**3,406**	**2,886**

1. Statutory financial information classifies the results of TC as discontinued operations in the prior comparative period. FY21 other revenue from discontinued operations represents intragroup revenue recognised in relation to arrangements between continuing and discontinued operations that is eliminated for segment purposes.

2. Statutory revenue recognised in relation to arrangements with the equity accounted investments that are eliminated for segment purposes.

3. The Executive Committee members acting as the chief operating decision maker assesses the performance of the Group using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of the A25 and are reflective of its underlying performance. For statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the A25 (refer to Note B18).

B4 Segment information (continued)

Proportional EBITDA

Proportional EBITDA reconciles to loss before income tax as follows:

	2022 $M	2021 $M
Proportional EBITDA	**1,900**	**1,812**
Add: EBITDA attributable to non-controlling interests	215	214
Add: Intragroup elimination[1]	8	9
Less: Proportional EBITDA (excluding significant items) of non-100% owned equity accounted assets	(413)	(330)
Add: Significant items incurred by equity accounted assets[2]	—	1
Less: Toll and other revenue receipts relating to the A25 concession financial asset[3]	(29)	(27)
Add: EBITDA from discontinued operations net of transaction costs on disposal[4]	—	12
Statutory earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes from continuing operations	**1,681**	**1,691**
Statutory depreciation and amortisation from continuing operations	(1,107)	(1,140)
Statutory net finance costs from continuing operations	(466)	(870)
Share of loss from equity accounted investments	(368)	(161)
Loss before income tax from continuing operations	**(260)**	**(480)**

1. *Statutory EBITDA recognised in relation to arrangements with equity accounted investments that are eliminated for segment purposes. For statutory purposes an offsetting adjustment is recognised within the share of loss from equity accounted investments.*
2. *Refer to Note B6 for further information.*
3. *The Executive Committee members acting as the chief operating decision maker assesses the performance of the Group using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of the A25 and are reflective of its underlying performance. For statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the A25 (refer to Note B18).*
4. *Statutory results classify the results of TC as discontinued operations in the prior comparative period. FY21 proportional EBITDA includes $18 million transaction costs on disposal of TC which are included within the statutory gain on disposal and not within statutory EBITDA.*

B5 Revenue

	2022 $M	2021 $M
Toll revenue	2,324	2,266
Construction revenue	911	480
Other revenue	171	140
Total revenue from continuing operations	**3,406**	**2,886**

The Group's principal revenue generating activities, being the service concession arrangements, are accounted for in accordance with AASB Interpretation 12 *Service Concession Arrangements* (IFRIC 12) and AASB 15 *Revenue from Contracts with Customers*. Those accounting pronouncements specify that operations and maintenance services and construction services provided under the Group's service concession arrangements are two distinct types of services.

The Group's service concession arrangements fall into two types of models, the intangible asset model and the financial asset model as discussed below.

Service concession arrangements—intangible asset model

The revenue streams covered by this model are Toll revenue and Construction revenue. Revenue recognition principles for these revenue streams are discussed below:

Revenue type	Recognition
Toll revenue	The customer of the operations and maintenance services is the user of the infrastructure. Each use made of the toll road by users is considered a performance obligation. The related revenue is recognised at the point in time that the individual service is provided and the amount is determined to be recoverable by the Group. Total toll revenue is net of any revenue share arrangements that the Group has triggered during the reporting period.
Construction revenue	The customer with respect to construction services is the concession grantor. Construction services are accounted for as one performance obligation and revenue is recognised in line with the progress of construction services provided over time. The progress of construction is measured by reference to costs incurred to date. Revenue is measured at fair value by reference to the stand-alone selling price.

B5 Revenue (continued)

Service concession arrangements—financial asset model

The Group's accounting policy for service concession arrangements under the financial asset model is consistent with that disclosed in Note B18. As at 30 June 2022, the Group's concession financial asset only relates to A25.

Revenue sharing

Toll revenue for the year ended 30 June 2022 is recognised net of revenue share of $24 million (2021: $24 million) to the grantor of A25, Ministry of Transport of Quebec (MTQ).

Other revenue

Other revenue includes management fee revenue, roaming fee revenue and advertising revenue and is recognised at the point in time the service is provided. Additionally, other revenue includes tolling services provided to third parties for which revenue is recognised over the period the service is provided. It also includes compensation received from third parties for a loss of toll revenue due to delays with construction completion, which is recognised when it is reasonably assured it will be collected.

Interest income—receivables

Interest income (refer to Note B13) from receivables and bank deposits is recognised using the effective interest method.

B6 Significant items

Significant items are items where their nature is sufficiently significant to the financial statements and not in the ordinary course of business. There were no items classified as significant items for the year ended 30 June 2022. For the year ended 30 June 2021, total statutory significant items were $5,120 million gain before tax ($3,722 million gain after tax), total proportional significant items were $24 million loss before tax ($24 million loss after tax).

Significant items for the year ended 30 June 2021 included $5 million relating to the integration costs of the acquired A25 and M5 West included within total expenses (statutory and proportional), $1 million relating to the integration of WestConnex acquired by the STP JV included within statutory share of loss of equity accounted investments and proportional total expenses, $18 million relating to the transaction costs on disposal of controlling interest in TC included within statutory profit from discontinued operations and proportional total expenses, and $5,144 million relating to the gain on disposal of controlling interest in TC included in the statutory profit from discontinued operations. The income tax expense associated with these significant items was $1,398 million for the year ended 30 June 2021.

B7 Income tax

Income tax expense/(benefit)

	2022 $M	2021 $M
Current tax	(39)	627
Deferred tax	(226)	551
(Over)/under provision in prior years	(11)	3
	(276)	**1,181**
Income tax benefit attributable to continuing operations	(276)	(193)
Income tax expense attributable to discontinued operations	—	1,374
	(276)	**1,181**
Deferred income tax benefit included in income tax (benefit)/expense comprises:		
Increase in deferred tax assets	(61)	(72)
(Decrease)/increase in deferred tax liabilities	(165)	623
	(226)	**551**

Reconciliation of income tax expense/(benefit) to prima facie tax payable

	2022 $M	2021 $M
Loss before income tax from continuing operations	**(260)**	**(480)**
Profit before income tax from discontinued operations (Note B24)	**—**	**4,933**
(Loss)/profit before income tax	**(260)**	**4,453**
Tax at the Australian tax rate of 30% (2021: 30%)	(78)	1,336
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Trust income not subject to tax	(251)	(131)
Equity accounted results	100	35
Tax rate differential	3	(195)
(Non-assessable)/non-deductible interest	(25)	12
Non-deductible depreciation	10	34
Prior year tax losses recognised	(25)	(5)
(Over)/under provision in prior years	(11)	3
Gain on disposal of controlling interest in TC	—	47
Foreign exchange	(3)	34
Other items	4	11
Income tax expense/(benefit)	**(276)**	**1,181**
Tax expense/(income) relating to items of other comprehensive income and equity		
Cash flow hedges	194	32
Foreign currency translation	(26)	2
Cost of hedging	4	2
Other equity transactions	(7)	—
	165	**36**

Current tax assets and liabilities

As at 30 June 2022 the current tax assets and liabilities of the Group relate to income tax receivable for the Transurban DRIVe Holdings LLC (DRIVe) and Transurban (USA) Holdings Inc (TUSAH) tax consolidated groups, and income tax payable for the Airport Motorway Pty Limited (AML) tax consolidated group and TU Cardinal Secondary Holdings Ltd as a standalone entity.

Prior year tax losses recognised

During the year ended 30 June 2022, the Group undertook a review of its unbooked tax losses in conjunction with updated forecast financial information of the relevant entities in the Group. As a result, the Group has determined it is probable that future taxable profit will be available to utilise previously unbooked tax losses in the TIL Australia tax consolidated group. Accordingly, an additional deferred tax asset of $25 million has been recognised as at 30 June 2022.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B7 Income tax (continued)

Deferred tax assets and liabilities

	Assets 2022 $M	Assets 2021 $M	Liabilities 2022 $M	Liabilities 2021 $M
The balance comprises temporary differences attributable to:				
Provisions	489	441	(15)	(16)
Current and prior year losses	738	630	—	—
Fixed assets/intangibles	543	529	(1,536)	(1,627)
Concession fees and promissory notes	—	—	(274)	(342)
Derivatives and foreign exchange	237	253	(288)	(90)
Lease liabilities	7	5	—	—
Equity accounted investments	—	—	(846)	(764)
Other	27	18	1	—
Tax assets/(liabilities)	**2,041**	**1,876**	**(2,958)**	**(2,839)**
Set-off of tax	(1,126)	(1,045)	1,126	1,045
Net tax assets/(liabilities)	**915**	**831**	**(1,832)**	**(1,794)**
Movements:				
Opening balance at 1 July	**1,876**	**2,502**	**(2,839)**	**(2,633)**
Credited to profit or loss	61	72	165	141
Credited/(charged) to equity	11	(106)	(176)	70
Disposed through other comprehensive income[1]	—	(13)	—	—
Disposed through profit or loss[1]	—	(96)	—	326
Acquired[1]	—	—	—	(764)
Foreign exchange movements	7	(54)	(87)	23
Transfer from deferred tax assets/liabilities	8	(8)	(8)	8
Current year losses recognised/(prior year losses utilised) and under/(over) provision in prior years	78	(421)	(13)	(10)
Closing balance at 30 June	**2,041**	**1,876**	**(2,958)**	**(2,839)**
Deferred tax assets/(liabilities) to be recovered/(paid) after more than 12 months	**2,041**	**1,876**	**(2,958)**	**(2,839)**

1. Relates to the net impact of the deconsolidation of the Group's ownership interest in TC and recognition of an equity accounted investment in TC upon divestment of a 50% ownership interest (refer to Note B24).

The Group has reviewed its deferred tax assets with reference to the potential impact of reductions in traffic due to COVID-19, near-term interest rates and inflation on forecast taxable profits. Management have determined that it is probable that future taxable profits will be available to utilise against deferred tax assets recognised as at 30 June 2022.

The Group has no unrecognised tax losses as at 30 June 2022 (2021: $23 million tax effected).

Accounting policy

The income tax expense/(benefit) for the period is the tax payable or benefit on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Transurban Group comprises two corporate entities (THL and TIL) and a trust (THT). THT operates as a flow-through trust, and is not liable to pay tax itself. Instead, security holders pay tax on the distributions they receive from the trust at their individual marginal tax rates. The Group is structured in this way because the initial heavy capital investment and associated debt funding required for infrastructure investments results in accounting losses being generated in the initial years which would otherwise prevent a company from paying dividends. The trust enables distributions to be made to security holders throughout the life of the asset.

B7 Income tax (continued)

Accounting policy (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Investment allowances

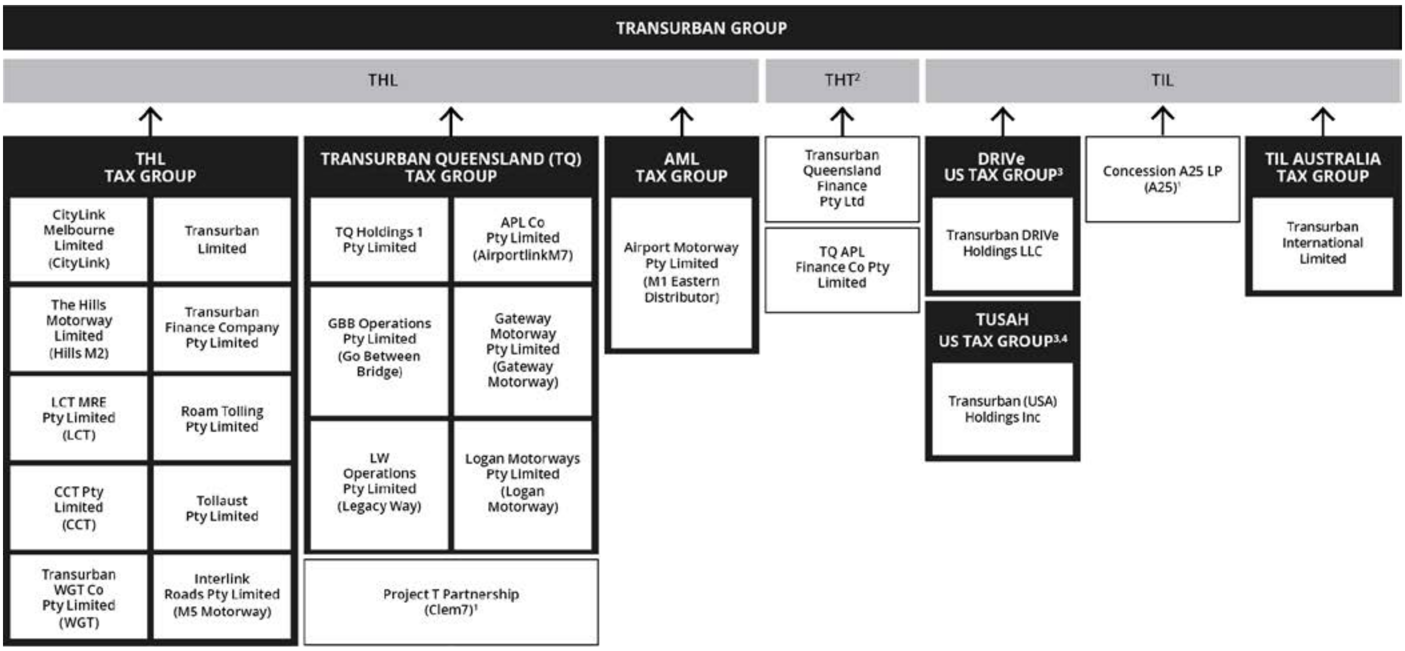
Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as tax losses.

Tax consolidation legislation

The Transurban Group has adopted the Australian tax consolidation legislation for THL and its wholly-owned Australian entities from 1 July 2005.

All entities within the Australian tax consolidated groups continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group is a separate taxpayer within the tax consolidated group.

The tax consolidated groups within the Group are summarised as follows:



1. Entity is classified as a partnership for tax purposes.

2. There are no tax consolidated groups under THT.

3. TC is treated as a partnership for US tax purposes and owns all of the membership interests in both 495 Express Lanes and 95 Express Lanes. Taxable income and losses of TC, inclusive of 495 Express Lanes and 95 Express Lanes, flow to the partners of TC for inclusion in their respective US tax returns. The DRIVe and TUSAH tax consolidated groups collectively own 50% of the membership interests in TC.

4. AM Partners is treated as a partnership for US tax purposes and owns all of the membership interests in Maryland Express Lanes. Taxable income and losses of AM Partners flow to the partners of AM Partners for inclusion in their respective US tax returns. The TUSAH tax consolidated group own 60% of the membership interests in AM Partners.

B7 Income tax (continued)

THL tax consolidated group

The entities in the THL tax consolidated group entered into a tax sharing agreement (TSA) effective from 29 April 2009, with amendments executed on 30 June 2020 to cover various administrative changes in tax legislation.

The entities in the THL tax consolidated group have also entered into a tax funding agreement (TFA) effective from 1 July 2008, with amendments executed on 30 June 2020 to cover various administrative changes in tax legislation. Under the TFA the wholly-owned entities fully compensate THL for any current tax payable assumed and are compensated by THL for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. THL determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Transurban Queensland tax consolidated group

The entities in the Transurban Queensland Holdings 1 Pty Ltd (TQH1) tax consolidated group entered into a TSA effective from 2 July 2014. The entities in the TQH1 tax consolidated group have also entered into a TFA effective from 2 July 2014. APL Hold Co Pty Ltd (AirportlinkM7) and its controlled entities entered the TQH1 tax consolidated group effective from 23 November 2015.

Under the TFA the wholly-owned entities fully compensate TQH1 for any current tax payable assumed and are compensated by TQH1 for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. TQH1 determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Airport Motorway tax consolidated group

The entities in the Airport Motorway Holdings (AMH) tax consolidated group entered into a TSA and TFA effective from 2 July 2009, with amendments executed on 23 May 2022 to cover various administrative changes in the tax legislation.

Under the TFA the wholly-owned entities fully compensate AMH for any current tax payable assumed and are compensated by AMH for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. AMH determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

TIL Australia tax consolidated group

The entities in the TIL Australia tax consolidated group have entered into a TSA effective from 1 July 2018. The entities in the TIL Australia tax consolidated group have also entered into a TFA effective from 1 July 2018.

Under the TFA the wholly-owned entities fully compensate TIL for any current tax payable assumed and are compensated by TIL for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. TIL determines and communicates the amount payable / receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Transurban DRIVe tax group

Transurban DRIVe Holdings LLC (TDH) is the head company of the DRIVe tax group. The DRIVe tax group is consolidated for US tax purposes in the sense that the 100% subsidiaries of TDH have elected to be treated as disregarded entities for US tax purposes. This treatment means that those entities are ignored for US tax purposes and that TDH, as head entity, carries any tax liability or benefits arising in the group. The DRIVe tax group owns membership interests in the TC partnership and includes its share of the TC partnerships' profits or losses in its US tax return.

B7 Income tax (continued)

Transurban (USA) Holdings tax consolidated group

Transurban (USA) Holdings Inc (TUSAH) is the head company of the TUSAH tax consolidated group. The TUSAH tax consolidated group contains the entities that are responsible for employment and providing services to the Group's North America operations. The TUSAH tax consolidated group owns membership interests in TC and AM Partners partnerships and includes its share of the TC and AMP partnerships' profits or losses in its US tax return.

Concession A25 LP

Concession A25 LP (A25 LP) is treated as a partnership for tax purposes and is the main operating entity of the A25 Group. The partners of A25 LP include their share of A25 LP's profits or losses in their individual Canadian tax returns.

All entities within the Canadian operations are standalone entities for tax purposes.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

KEY ESTIMATE AND JUDGEMENT

The Group is subject to income taxes in Australia, the United States and Canada. Significant judgement is required in determining the provision for income taxes. There are various transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for tax audit issues based on whether it is anticipated that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences relating to the same taxation authority against which the unused tax losses can be utilised.

The utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped, including:

- In the United States, all tax losses relate to periods post 30 June 2018, and are generally carried forward indefinitely, subject to an 80 per cent utilisation limit on taxable income in any given year; and
- In Canada tax losses generally expire after a 20 year period.

During the year ended 30 June 2022, management have reviewed forecast taxable profits for the TIL Australia tax consolidated group and have recognised deferred tax assets in relation to previously unbooked tax losses. The change in the TIL Australia tax loss utilisation profile has arisen due to new cross-staple interest bearing loans established as a result of the Group equity issuance completed in October 2021.

Management have reviewed forecast taxable profits including the potential impact of reductions in traffic due to COVID-19, near-term interest rates and inflation and have recognised deferred tax assets in relation to tax losses.

B8 Working capital

The Group's working capital balances are summarised as follows:

	Note	2022 $M	2021 $M
Current assets			
Cash and cash equivalents		2,020	4,285
Trade and other receivables			
Prepayments		36	283
Trade receivables		169	145
Other receivables		112	116
Concession financial asset	B18	30	28
		347	**572**
Current liabilities			
Trade and other payables		(463)	(397)
		(463)	**(397)**
Net working capital		**1,904**	**4,460**

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities. All cash balances are interest bearing.

The amount shown in cash and cash equivalents includes $95 million not available for general use as at 30 June 2022 (2021: $87 million) of which $28 million (2021: $24 million) belongs to TIL. This comprises amounts required to be held in a construction account, maintenance and funding reserves and prepaid tolls.

Prepayments

From time to time the Group makes advance payments to its D&C subcontractors, not necessarily stipulated in the D&C subcontract itself, to facilitate the progression of its construction projects. Included within current and non-current prepayments as at 30 June 2021 were advance payments of $253 million and $190 million, respectively to the West Gate Tunnel Project D&C Subcontractor.

During the financial year, the advance payments have been utilised to pay for certified West Gate Tunnel Project works and partially settle the State Loan liability, as part of the settlement finalised on 23 March 2022 with the State of Victoria and D&C Subcontractor on revised terms for the delivery of the West Gate Tunnel Project.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables are generally due for settlement no more than 30 days from revenue recognition.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime of expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of toll revenue over historical periods and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

As at 30 June 2022, the expected loss rates incorporate forward-looking information about the economic uncertainty relating to the impacts of COVID-19, near-term interest rates and inflation. Such forward-looking information reflects management's estimate based on the information available as at 30 June 2022.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B8 Working capital (continued)

Trade receivables (continued)

The loss allowance for the trade receivables as at 30 June 2022 and 30 June 2021 was determined as follows:

2022

	Current	Up to 90 days past due	More than 90 days past due	Total
Expected loss rate	2%	4%	65%	NA[1]
Gross carrying amount ($M)	132	28	35	195
Loss allowance ($M)	(2)	(1)	(23)	(26)

2021

	Current	Up to 90 days past due	More than 90 days past due	Total
Expected loss rate	2%	4%	67%	NA[1]
Gross carrying amount ($M)	117	22	27	166
Loss allowance ($M)	(2)	(1)	(18)	(21)

1. NA—Not applicable.

The closing loss allowances for trade receivables reconciles to the opening loss allowance as follows:

	2022 $M	2021 $M
Opening loss allowance	**21**	**18**
Increase in loss allowance recognised in the profit and loss during the year	6	5
Receivables written off during the year as uncollectible	(1)	(2)
Closing loss allowance	**26**	**21**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for an extended period.

Other financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Other financial assets at amortised cost include concession financial assets, other receivables and loan receivables at call recorded within trade and other receivables.

As at 30 June 2022, having assessed the impact from the economic uncertainty relating to COVID-19, near-term interest rates and inflation, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of these balances. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for other financial assets continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near-term. The loss allowance for other financial assets is $nil (2021: $nil).

Section B: Notes to the Group financial statements for the year ended 30 June 2022

Security holder outcomes

B9 Earnings per stapled security

Reconciliation of earnings used in calculating earnings per security

	2022	2021
Profit/(loss) attributable to ordinary security holders of the stapled group ($M)		
Continuing operations	19	(256)
Discontinued operations	—	3,559
Total	**19**	**3,303**
Weighted average number of securities (M)	2,991	2,737
Basic and diluted earnings per security attributable to the ordinary security holders of the stapled group (cents)		
Continuing operations	0.6	(9.4)
Discontinued operations	—	130.0
Total	**0.6**	**120.6**

B10 Dividends/distributions and free cash

	Total $M	Paid in cash $M	Settled in securities $M	Cents	Date paid/ payable
Dividends/distributions payable by the Group					
Declared 20 June 2022[1]					
Franked THL	61	—	—	2.0	
Partly franked THT	737	—	—	24.0	
	798	**—**	**—**	**26.0**	**23 August 2022**

Dividends/distributions paid by the Group

	Total $M	Paid in cash $M	Settled in securities $M	Cents	Date paid/ payable
2022					
Declared 3 December 2021[1]					
Franked THL	—	—	—	—	
Unfranked THT	461	450	11	15.0	
	461	**450**	**11**	**15.0**	**22 February 2022**
Declared 24 June 2021[2]					
Franked THL	27	23	4	1.0	
Partly franked THT	561	469	92	20.5	
	588	**492**	**96**	**21.5**	**23 August 2021**
Total	**1,049**	**942**	**107**	**36.5**	
2021					
Declared 23 December 2020[2]					
Franked THL	—	—	—	—	
Unfranked THT	411	392	19	15.0	
	411	**392**	**19**	**15.0**	**16 February 2021**
Declared 22 June 2020					
Franked THL	—	—	—	—	
Unfranked THT	437	426	11	16.0	
	437	**426**	**11**	**16.0**	**14 August 2020**
Total	**848**	**818**	**30**	**31.0**	

1. Total declared FY22 was $1,259 million.

2. Total declared FY21 was $999 million.

B10 Dividends/distributions and free cash (continued)

Distribution policy and free cash calculation

The Group typically aligns distributions with free cash generated. The distributions declared during FY22 are 122% covered by FY22 free cash (including capital releases). The Group calculates free cash as follows:

	2022 $M	2021 $M
Cash flows from operating activities	**982**	**893**
Add back transaction and integration costs[1]	13	30
Add back payments for maintenance of intangible assets	97	88
Less debt amortisation of 100% owned assets[2]	(14)	(10)
Less cash flow from operating activities related to non-100% owned entities	(369)	(376)
Less allowance for maintenance of intangible assets for 100% owned assets[3,4]	(60)	(78)
Adjust for distributions and interest received from non-100% owned entities		
M1 Eastern Distributor distributions	—	54
Transurban Queensland distributions and shareholder loan note payments	186	165
NWRG distributions and shareholder loan note payments	267	170
STP JV distributions and shareholder loan note payments	364	342
TC distributions	65	—
Free cash[5]	**1,531**	**1,278**
Weighted average securities on issue (millions)[6]	**3,071**	**2,737**
Free cash per security (cents)—weighted average securities	**49.9**	**46.7**

1. *For the year ended 30 June 2022, transaction and integration costs comprise transaction costs relating to the Group's acquisition of an additional proportional equity interest in WestConnex through its equity investment in STP JV of 24.5%. For the year ended 30 June 2021, transaction and integration costs related to the Group's disposal of 50% of its interest in TC and integration costs paid in relation to M5 West.*
2. *From the date of the initial WestConnex acquisition in 2018, debt amortisation from M5 West has been added back to this figure due to the M5 West concession arrangement being transferred to the WestConnex ownership consortium at the end of the current M5 West concession agreement in 2026. Debt amortisation of 100% owned assets has been adjusted by $90 million (2021: $85 million).*
3. *The prior comparative period includes allowance for maintenance of intangible assets classified within discontinued operations.*
4. *Includes tag purchases.*
5. *Free cash for the year ended 30 June 2022 includes $255 million (2021: $278 million) capital release from STP JV and $100 million (2021 $nil) capital release from NWRG. In the absence of these capital releases, the free cash per security was 38.3 cents.*
6. *The weighting applied to securities is based on their eligibility for distributions during the year and consequently can be different to weighted average securities calculated in Note B9 Earnings per stapled security.*

Franking credits

	2022 $M	2021 $M
Franking credits available for subsequent periods based on a tax rate of 30% (2021: 30%)	131	115

Franking credits available for subsequent periods relate to Airport Motorway Holdings Pty Ltd $103 million (2021: $75 million) and Transurban Holdings Limited $28 million (2021: $40 million).

Distribution provision

A provision for distribution is recognised for any distribution declared and authorised on or before the end of the reporting period, but not distributed by the end of the reporting period. These distributions are provided for once they are approved by the Board, are announced to equity holders and are no longer at the discretion of the entity.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B10 Dividends/distributions and free cash (continued)

Distribution provision (continued)

Movements in distribution provision

Movements in the distribution provision during the financial year are set out below:

	Distribution to security holders	Distributions to non-controlling interest—other	Total
	$M	$M	$M
Balance at 1 July 2021	**588**	**39**	**627**
Additional provision recognised	1,259	73	1,332
Amounts paid	(942)	(73)	(1,015)
Amounts reinvested	(107)	—	(107)
Balance at 30 June 2022	**798**	**39**	**837**
Balance at 1 July 2020	**437**	**39**	**476**
Additional provision recognised	999	90	1,089
Amounts paid	(818)	(90)	(908)
Amounts reinvested	(30)	—	(30)
Balance at 30 June 2021	**588**	**39**	**627**

Capital and borrowings

B11 Contributed equity

	2022 $M	2021 $M
Fully paid stapled securities	3,939	2,929

Stapled securities

Stapled securities are classified as equity and entitle the holder to participate in distributions and share in the proceeds upon winding up of the Group in proportion to the number of securities held. Every holder of a stapled security present at a meeting, in person or by proxy, is entitled to one vote. The issued units of the Group are made up of a parcel of stapled securities, each parcel comprising one share in THL, one unit in THT and one share in TIL. The individual securities comprising a parcel of stapled securities cannot be traded separately.

Other contributed equity units attributable to security holders of the Group relating to THT and TIL of $19,354 million and $1,030 million respectively (2021: $16,527 million and $599 million respectively) is included within non-controlling interests that relate to THT and TIL. Refer to Note B22.

B12 Reserves

	Cash flow hedges $M	Cost of hedging $M	Share based payments $M	Foreign currency translation $M	Transactions with non-controlling interests $M	Total $M
Balance at 1 July 2021	**(163)**	**4**	**1**	**(1)**	**(298)**	**(457)**
Revaluation—gross	367	5	—	(87)	—	285
Deferred tax	(111)	(1)	—	26	—	(86)
Balance at 30 June 2022	**93**	**8**	**1**	**(62)**	**(298)**	**(258)**
Balance at 1 July 2020	**(236)**	**—**	**2**	**47**	**(304)**	**(491)**
Revaluation—gross	104	6	(1)	(11)	—	98
Deferred tax	(31)	(2)	—	3	—	(30)
Transactions with non-controlling interests	—	—	—	—	6	6
Gains reclassified on disposal of subsidiary, net of tax	—	—	—	(40)	—	(40)
Balance at 30 June 2021	**(163)**	**4**	**1**	**(1)**	**(298)**	**(457)**

Nature of reserves	Purpose of reserves
Cash flow hedges	Used to record gains or losses on cash flow hedging instruments (to the extent these are part of an effective hedge relationship), which are used by the Group to mitigate the risk of movements in exchange rates and interest rates. Amounts are reclassified to the profit and loss when the transaction to which the hedge is linked (such as the recognition of interest expense) affects the profit and loss. Amounts accumulated in the cash flow hedges reserve are reclassified to the profit and loss if hedge accounting is discontinued or when a subsidiary to which the reserve relates to is disposed of.
Cost of hedging	Used to record changes in the fair value of our hedging instruments attributable to movements in currency basis spread (where these elements are excluded from the designated hedge relationship). Amounts accumulated in the cost of hedging reserve are reclassified to the profit and loss if hedge accounting is discontinued.
Share based payments	Used to recognise the grant date fair value of securities issued to employees and deferred securities granted to employees but not yet vested.
Foreign currency translation	Exchange differences, including gains or losses relating to the effective component of net investment hedges, arising on translation of the United States and Canadian operations of the Group are recognised in this reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.
Transactions with non-controlling interests	The Group uses the economic entity approach when accounting for transactions with non-controlling interests.

B13 Net finance costs

	Note	2022 $M	2021 $M
Finance income			
Income from concession financial asset	B18	23	23
Interest income on financial assets at amortised cost		37	19
Interest income on bank deposits held at amortised cost		11	8
Net unrealised remeasurement gain attributable to derivative financial instruments		153	—
Unwind of discount and remeasurement of financial assets at amortised cost		117	16
Unwind of discount and remeasurement of liabilities—promissory and concession notes		2	—
Movement in impairment provisions on financial assets at amortised cost		—	3
Total finance income		**343**	**69**
Finance costs			
Interest and finance charges paid/payable		(727)	(758)
Net unrealised remeasurement loss attributable to derivative financial instruments		—	(54)
Unwind of discount and remeasurement of liabilities—maintenance provision		(33)	(34)
Unwind of discount and remeasurement of liabilities—construction obligation liability	B20	(22)	(41)
Unwind of discount and remeasurement of liabilities—promissory and concession notes		—	(23)
Unwind of discount and remeasurement of liabilities—lease liabilities	B31	(6)	(6)
Unwind of discount and remeasurement of liabilities—other liabilities		(3)	(6)
Movement in impairment provisions on financial assets at amortised cost		(1)	—
Net foreign exchange losses		(17)	(17)
Total finance costs		**(809)**	**(939)**
Net finance costs from continuing operations		**(466)**	**(870)**

Borrowing costs capitalised to assets under construction

In addition to the net finance costs from continuing operations (shown above) that are included in the profit and loss, $69 million (2021: $55 million) of financing costs have been capitalised and included in the carrying value of assets under construction.

Unrealised remeasurement gain attributable to derivative financial instruments

The Group uses derivative financial instruments in the normal course of business to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Group's financial risk management policies. Excluding borrowings held in foreign currencies that hedge the Group's investment in US and Canadian operations, the Group has entered into cross-currency interest rate swaps that hedge 100% of its economic exposure to borrowings raised in foreign currencies. The cross-currency interest rate swap contracts hedge the risk of unfavourable foreign exchange rate movements on borrowings denominated in foreign currencies. Under the swap contracts, the Group receives foreign currency at fixed rates and pays AUD at fixed rates.

At the end of each reporting period the Group remeasures the cross-currency interest rate swap contracts at fair value and applies hedge accounting. The periodic remeasurement of the cross-currency interest rate swap contracts to fair value includes an element of foreign currency basis spread. For those cross-currency interest rate swap contracts that designate the entire fair value of the cross-currency interest swap contract as the hedging instrument (including the foreign currency basis spread component), this can result in ineffectiveness in the hedging relationship that is recognised in the profit and loss.

During the year ended 30 June 2022 the Group observed an upward shift in the AUD basis curve relative to other foreign currencies, which resulted in a change in the fair value of these cross-currency interest rate swaps as outlined at Note B15. While the Group has removed the cash flow risk of unfavourable exchange rate movements through the use of these swaps, hedge accounting ineffectiveness is one of the primary drivers of the net unrealised remeasurement gain attributable to these derivative financial instruments for the year ended 30 June 2022.

The balance of the unrealised remeasurement gain for the reporting period relates to changes in the fair value of interest rate swap contracts that do not qualify for hedge accounting. The Group observed an increase in the interest rate curve during the period, which resulted in a change in the fair value of these interest rate swap contracts.

Unwind of discount and remeasurement of financial assets at amortised cost

The movement in the unwind of discount and remeasurement of financial assets at amortised cost is primarily due to the revision of the estimated repayment cash flows on the shareholder loan notes (SLNs) with STP JV and NWRG during the financial year, which had the effect of bringing forward the repayment of the SLNs (refer to Note B32).

Unwind of discount and remeasurement of construction obligation liability

The movement in the unwind of discount and remeasurement of the construction obligation liability has been influenced by the change in the expected completion date of the West Gate Tunnel Project and the timing of CityLink funding source payments (refer to Note B20).

B14 Borrowings

	2022 $M	2021 $M
Current		
Capital markets debt	304	250
US private placement	224	216
Term debt	535	284
Total current borrowings	**1,063**	**750**
Non-current		
Capital markets debt	10,963	11,088
US private placement	2,827	2,828
Term debt	2,534	2,884
Shareholder loan notes	256	281
Total non-current borrowings	**16,580**	**17,081**
Total borrowings	**17,643**	**17,831**

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit and loss as finance income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are recognised as expenses in the period in which they are incurred, except to the extent to which they relate to the construction of qualifying assets, in which case specifically identifiable borrowing costs are capitalised into the cost of the asset. Borrowing costs include interest on short-term and long-term borrowings.

Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the effective period of the funding.

B14 Borrowings (continued)

Financing arrangements and credit facilities

During the reporting period Transurban executed a number of financing activities including:

August 2021

- Transurban reached financial close on two letter of credit facilities, US$93 million ($135 million) and US$6 million ($9 million) both with a 2-year tenor.

September 2021

- Transurban Queensland repaid its $250 million Medium Term Note (MTN) which was due for maturity in December 2021.
- Transurban reached financial close on a letter of credit facility, comprising Facility A $82 million with a tenor of 2 years and Facility B $125 million with a tenor of 5 months. Facility B was cancelled in October 2021, following financial close of WestConnex.

November 2021

- Transurban repaid US$162 million ($227 million) in US private placement notes at their maturity in November 2021.

December 2021

- Transurban reached financial close on three letter of credit facilities of US$215 million ($312 million) with a tenor of 3 years, US$198 million ($287 million) with a tenor of 4.5 years and US$150 million ($218 million) with a tenor of 2.5 years.

February 2022

- Eastern Distributor reached financial close on a $434 million bank debt facility with a tenor of 8.8 years.

April 2022

- Transurban reached financial close on a $825 million syndicated bank facility with a tenor of 5 years.

May 2022

- Transurban Queensland reached financial close on a $150 million syndicated capex facility and a $35 million working capital facility. Both facilities have a tenor of 3 years.
- M5 West reached financial close on a $345 million bank debt facility with a tenor of 3.1 years.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B14 Borrowings (continued)

Financing arrangements and credit facilities (continued)

Credit facilities are provided as part of the overall debt funding structure of the Group. The drawn component of each facility is shown below:

	Maturity	Carrying value 2022 $M	Carrying value 2021 $M
Working capital facilities			
AUD 2,650m facility	Apr 2027[2]	—	—
Capital markets debt			
EMTN EUR 600m	Sep 2024	910	950
EMTN EUR 500m	Aug 2025	758	791
US 144A USD 550m	Feb 2026	799	731
US 144A USD 550m	Mar 2027	799	731
EMTN NOK 750m	Jul 2027	110	116
EMTN EUR 500m	Mar 2028	758	791
EMTN CAD 650m	Nov 2028	732	698
EMTN EUR 600m	May 2029	910	950
EMTN EUR 750m	Apr 2030	1,138	1,187
US 144A USD 900m	Mar 2031	1,307	1,197
EMTN EUR 350m	Jul 2034	531	554
Net capitalised borrowing costs		(65)	(69)
US private placement			
Nov 2006—Tranche C USD 121m (plus accreted interest)[1]	Nov 2021	—	216
Nov 2006—Tranche D USD 50m (plus accreted interest)	Nov 2026	98	89
Total corporate debt, net of capitalised borrowing costs		**8,785**	**8,932**
Non-recourse debt			
Capital markets debt			
Transurban Queensland Finance—Domestic bond AUD 250m[1]	Dec 2021	—	250
Transurban Queensland Finance—EMTN CHF 200m	Jun 2023	304	288
Transurban Queensland Finance—Domestic bond AUD 200m	Oct 2023	200	200
Transurban Queensland Finance—Domestic bond AUD 200m	Dec 2024	200	200
Transurban Queensland Finance—EMTN CHF 200m	Dec 2025	304	288
Transurban Queensland Finance—EMTN CHF 175m	Nov 2026	266	253
Transurban Queensland Finance—EMTN Reg S USD 500m	Apr 2028	726	665
Transurban Queensland Finance—Domestic bond AUD 300m	Aug 2031	300	300
Transurban Queensland Finance—EMTN CHF 190m	Nov 2031	289	274
Net capitalised borrowing costs		(9)	(7)

1. *These facilities were repaid during FY22.*
2. *Maturity date shown is final maturity date. Tranche B ($825 million) matures in November 2024, Tranche C ($1,000 million) matures in November 2023 and Tranche D ($825 million) matures in April 2027.*

B14 Borrowings (continued)

Financing arrangements and credit facilities (continued)

	Maturity	Carrying value 2022 $M	Carrying value 2021 $M
Non-recourse debt (continued)			
US private placement			
Transurban Cardinal Holdings—Nov 2018 CAD 200m	Feb 2023	225	215
Transurban Queensland Finance—Sep 2015—Tranche A USD 155m	Sep 2025	225	206
Transurban Queensland Finance—Dec 2016—Tranche A USD 130m	Dec 2026	189	173
Transurban Queensland Finance—Dec 2016—Tranche D AUD 35m	Dec 2026	35	35
Transurban Queensland Finance—Sep 2015—Tranche B USD 230m	Sep 2027	334	306
Transurban Queensland Finance—Dec 2016—Tranche B USD 225m	Dec 2028	327	299
Transurban Queensland Finance—May 2019—Tranche A AUD 30m	May 2029	30	30
Transurban Queensland Finance—May 2019—Tranche C USD 144m	May 2029	209	191
Transurban Queensland Finance—Sep 2015—Tranche C USD 256m	Sep 2030	372	341
Transurban Queensland Finance—Sep 2015—Tranche D AUD 70m	Sep 2030	70	70
Transurban Queensland Finance—May 2019—Tranche D USD 245m	May 2031	356	326
Transurban Queensland Finance—Dec 2016—Tranche C USD 78m	Dec 2031	113	104
Transurban Queensland Finance—Dec 2016—Tranche E AUD 75m	Dec 2031	75	75
Transurban Queensland Finance—May 2019—Tranche B AUD 40m	May 2034	40	40
Transurban Queensland Finance—May 2019—Tranche E USD 180m	May 2034	261	239
Transurban Queensland Finance—Jan 2017—Tranche F AUD 100m	Jan 2035	100	100
Net capitalised borrowing costs		(8)	(11)
Term debt			
Airport Motorway Trust—Term debt AUD 226m[1]	Mar 2022	—	166
M5 West—Term Debt AUD 180m[2]	Dec 2022	—	137
Concession A25 LP—Term debt CAD 383m[2]	Feb 2023	390	385
M5 West—Term Debt AUD 96m	Mar 2023	73	—
Airport Motorway Trust—Term debt AUD 302m[1,2]	Jan 2024	—	290
M5 West—Term Debt AUD 106m[2]	Mar 2024	106	—
Lane Cove Tunnel Trust—Term debt AUD 326m	Oct 2024	326	326
Transurban Queensland Finance—Capex facility AUD 150m[1]	Apr 2025	33	7
Transurban Queensland Finance—Working capital facility AUD 35m[1]	Apr 2025	—	—
Lane Cove Tunnel Trust—Term debt AUD 60m	May 2025	60	60
M5 West—Term debt AUD 275m[1]	Jun 2025	—	275
M5 West—Term debt AUD 143m	Jun 2025	143	—
Cross City Tunnel Trust—Term debt AUD 282m	Mar 2026	282	282
Lane Cove Tunnel Trust—Term debt AUD 200m	May 2028	200	200
Transurban Queensland Finance—Term debt AUD 200m	Apr 2030	200	200
Hills Motorway Trust—Term debt AUD 475m	Apr 2030	475	475
Airport Motorway Trust—Term debt AUD 434m[2]	Dec 2030	412	—
Lane Cove Tunnel Trust—Term debt AUD 40m	May 2031	40	40
Hills Motorway Trust—Term debt AUD 340m	Apr 2035	340	340
Net capitalised borrowing costs		(11)	(15)
Shareholder loan notes			
Loan from Transurban Queensland consortium partners—AUD 281m[3]	Dec 2048	256	281
Total non-recourse debt, net of capitalised borrowing costs		**8,858**	**8,899**
Total borrowings		**17,643**	**17,831**

1. These facilities were refinanced during FY22.

2. These facilities require principal repayments throughout their life, with $73 million due within one year of 30 June 2022 (2021: $118 million), classified as current borrowings.

3. A portion of the shareholder loan notes were repaid during FY22.

B14 Borrowings (continued)

Working capital facilities

- The Group's corporate facilities are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited; and
- The Transurban Queensland Finance facility is secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

Capital markets debt

- The Group has a corporate secured EMTN programme with a limit of US$10 billion. Under the program the Group may from time to time issue notes denominated in any currency. These facilities are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited;
- The Group's corporate US 144A notes are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited;
- The Transurban Queensland Finance domestic bonds are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets; and
- A Transurban Queensland Finance EMTN program was established in March 2016 with a program limit of US$2 billion. Under the programme, Transurban Queensland Finance may from time to time issue notes denominated in any currency. These notes are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

US private placement

- The Group's corporate US private placement facilities are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited;
- The Transurban Queensland Finance US private placement facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets; and
- The Cardinal Hold Co Canadian private placement facilities are secured against the rights of Transurban Cardinal Holdings Ltd.

Term debt

- The Airport Motorway facility is secured against the respective rights of Airport Motorway Pty Limited, the Airport Motorway Trust and their assets;
- The Hills Motorway Trust facilities are secured against the respective rights of Hills Motorway Limited, Hills Motorway Trust and their assets;
- The Lane Cove Tunnel facility is secured against the respective rights of LCT-MRE Pty Limited, LCT-MRE Trust and their assets;
- The Cross City Tunnel facility is secured against the respective rights of Transurban CCT Pty Limited, Transurban CCT Trust and their assets;
- The M5 West facility is secured against the respective rights of Interlink Roads Pty Limited and their assets;
- The Transurban Queensland Finance facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets; and
- The A25 facility is secured against the respective rights of Concession A25 Funding Limited and Concession A25, L.P. and their assets.

Shareholder loan notes

- The loans to Transurban Queensland from the acquisition consortium partners are unsecured.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B14 Borrowings (continued)

Letters of credit and corporate credit facilities

	Maturity	2022 $M Facility amount	2022 $M Amount issued	2021 $M Facility amount	2021 $M Amount issued
Letter of credit facility	Nov 2022	55	24	55	43
Letter of credit facility	Dec 2022	4	4	118	118
General credit facility	Dec 2022	6	5	6	5
Letter of credit facilities[2]	Dec 2022	150	42	154	98
Letter of credit facility	Feb 2023	13	13	13	13
Letter of credit facilities[1]	Aug 2023	226	218	—	—
Letter of credit facility[1]	Jun 2024	71	71	—	—
Letter of credit facility[1]	Dec 2024	218	132	199	117
Working capital facility[3]	Apr 2025	12	12	3	3
Letter of credit facility[1]	Jun 2026	109	109	—	—
Total		**864**	**630**	**548**	**397**

1. These facilities were amended or refinanced during FY22.

2. This included an LC facility of $4 million as at 30 June 2021 which was cancelled in FY22.

3. Transurban Queensland $3 million LC was refinanced in FY22. The $12 million drawn amount reflects the letters of credit issued as part of a working capital facility.

There are no claims against any of the issued letters of credit and therefore no liability is recorded as at 30 June 2022 (2021: $nil).

Covenants

A number of the Group's consolidated borrowings include financial covenants, which are listed below. There have been no breaches of any of these covenants during the year.

The Group monitors covenants by applying forecast cash flows to ensure ongoing compliance with its obligations. This allows capital management and management action decisions to be made at the asset level (including distributions) should actual cash flows not perform to budget.

Corporate and non-recourse debt covenants are calculated on a trailing 12 month basis. A trailing 12 month metric also enables management action to be taken swiftly to mitigate the risks of any covenants breaches.

Corporate debt

Covenant	Covenant breach threshold
Senior Interest Coverage Ratio	Less than 1.25 times
Group Market Capitalisation	Gearing must not exceed 60%[1]
CityLink Interest Coverage Ratio	Less than 1.1 times

1. Based on the balance sheet as at 30 June 2022, the Group's average closing security price over 20 consecutive business days would need to be below $5.74 (2021: $3.83) per security to trigger this clause.

Non-recourse debt

Covenant	Covenant breach threshold
A25 Interest Coverage Ratio	Less than 1.05 times
M5 West Debt Service Cover Ratio	Less than 1.10 times
Airport Motorway Trust Interest Coverage Ratio	Less than 1.10 times
Hills Motorway Trust Debt Service Coverage Ratio	Less than 1.10 times
Lane Cove Tunnel Trust Interest Coverage Ratio	Less than 1.15 times
Cross City Tunnel Trust Interest Coverage Ratio	Less than 1.10 times
Transurban Queensland Finance Interest Coverage Ratio	Less than 1.20 times
Transurban Cardinal Holdings Senior Debt Service Coverage Ratio	Less than 1.30 times

B15 Derivatives and financial risk management

Derivatives

	2022 $M Current	2022 $M Non-current	2021 $M Current	2021 $M Non-current
Assets				
Interest rate swap contracts	—	264	—	28
Cross-currency interest rate swap contracts	22	734	—	117
Power purchase agreements	—	14	—	—
Total derivative financial instrument assets	**22**	**1,012**	**—**	**145**
Liabilities				
Interest rate swap contracts	50	—	2	213
Cross-currency interest rate swap contracts	—	176	—	484
Total derivative financial instrument liabilities	**50**	**176**	**2**	**697**

Accounting policy

Initial recognition and subsequent measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging transaction the Group documents the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in this note. The entire fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Amounts accumulated in equity are reclassified to the profit and loss in the periods when the hedged item affects the profit and loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss.

The Group excludes currency basis spread from its cash flow hedge relationships where the designated hedging instrument is a cross-currency interest rate swap entered into on or after 1 July 2020. Changes in currency basis spread on swaps entered into from 1 July 2020 are recognised through other comprehensive income in a separate cost of hedging reserve (refer to Note B12).

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Gains and losses accumulated in equity are included in the profit and loss when the foreign operation is partially disposed or sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss.

B15 Derivatives and financial risk management (continued)

Hedging strategy and instruments used by the Group

The Group uses derivative financial instruments in the normal course of business in order to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Group's financial risk management policies. The Group's policies allow derivative transactions to be undertaken for the purpose of reducing risk and do not permit speculative trading. The instruments used by the Group are as follows:

Interest rate swap contracts—cash flow hedges

The Group uses interest rate swap contracts to manage the Group's exposure to variable interest rates related to borrowings. Interest rate swap contracts currently in place cover 100% (2021: 100%) of the variable debt held by the Group (excluding working capital facilities).

Forward exchange contracts—cash flow hedges

The Group currently uses forward exchange contracts to protect against exchange rate movements between the AUD and foreign currencies. The Group has hedged a portion of its USD and CAD interest commitments. The fair value of forward exchange contracts held is not material to the Group in the current year.

Cross-currency interest rate swap contracts—cash flow hedges

The Group has entered into cross-currency interest rate swap contracts to remove the risk of unfavourable exchange rate movements on borrowings held in foreign currencies. Under these contracts, the Group receives foreign currency at fixed rates and pays AUD at a fixed rate.

Offsetting financial assets and financial liabilities

Currently there is no right or basis to present any financial assets or financial liabilities on a net basis, and as such no financial assets or financial liabilities have been presented on a net basis in the Group's balance sheet at the end of the financial year.

Hedge of net investment in foreign entity

Transurban's investment in its US and Canadian based assets (TC in the US, A25 in Canada) act as a natural hedge against the exposure to foreign currency movements for a portion of the Group's USD denominated borrowings and CAD denominated borrowings. Exchange differences arising on the revaluation of these borrowings are recognised in the profit and loss in the separate financial statements of the relevant subsidiaries. In the Group financial statements these exchange differences are recognised in the foreign currency translation reserve in equity and will be transferred to the profit and loss when the Group disposes of its interest in either the US or Canadian based assets.

As at 30 June 2022, the Group has deferred $83 million in losses (2021: $15 million in losses) related to exchange differences on the revaluation of financial instruments and $19 million in gains (2021: $12 million in gains) related to exchange differences on the net assets of its US and Canadian assets.

Power Purchase Agreements

As at 30 June 2022, the Group has entered into four Power Purchase Agreements (PPAs); three Financial PPAs and one Retail PPA. The three Financial PPAs are operational with the Retail PPA set to commence in January 2024.

The Financial PPAs with the Sapphire Wind Farm and Bango Wind Farm are both for 9 years and 9 months, support the NSW and WestConnex operations (excluding WestConnex M4-M5 Link) and expire in December 2030. The Bango Wind Farm became operational on 8 June 2022 and on 2 June 2022, the Bango Wind Farm PPA was amended and expanded to include NCX and M5 West operations from July 2022 onwards.

The Financial PPA with the Coopers Gap Wind Farm is for 4 years and 6 months, became operational on 1 January 2022 and supports Transurban Queensland's operations expiring in June 2026.

The Financial PPAs operate as a contract for difference (CfD) derivative which is a derivative financial instrument and are recorded on the balance sheet at fair value with movements recorded in the profit and loss.

On 23 December 2021, the Group entered into a Retail PPA to supply renewable energy from January 2024 to December 2030 to support its Victorian operations. The Retail PPA contract type differs to the Financial PPA contract type in that it does not contain a CfD derivative.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The financial risk management function is carried out centrally under the policies approved by the Board. The Group reviews operations actively to identify and monitor all financial risks and to mitigate these risks through the use of hedging instruments where appropriate. The Board is kept informed in a timely manner of any material exposures to financial risks.

The Group continuously monitors risk exposures over time through reviewing cash flow sensitivities, market analysis and ongoing communication within the Group. When measuring financial risk, the Group considers the positive and negative exposures, existing hedges and the ability to offset exposures.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B15 Derivatives and financial risk management (continued)

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk when future transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Foreign currency exposures are viewed as either investment exposures or operating exposures. The Group generally manages exposures from investments in foreign assets using foreign currency debt. The Group's policy is to ensure that, at any time, all known material operating exposures for the following twelve months are hedged using hedging instruments or are offset by drawing on foreign currency funds.

The Group uses hedging instruments such as cross-currency swaps, as well as natural hedges such as foreign currency-denominated operating exposures and foreign currency borrowings, to manage these exposures.

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	2022 $M	2021 $M
Net investment in foreign operation—USD[1]		
Carrying amount	726	880
USD carrying amount	500	662
Hedge ratio	1:1	1:1
Increase in carrying amount of loan as a result of foreign currency movements	62	9
Increase in value of hedged item used to determine hedge effectiveness	255	27
Net investment in foreign operation—CAD		
Carrying amount	638	583
CAD carrying amount	567	544
Hedge ratio	1:1	1:1
Increase in carrying amount of loan as a result of foreign currency movements	34	5
Increase in value of hedged item used to determine hedge effectiveness	30	4

	2022 $M	2021 $M
Cross-currency interest rate swaps		
Carrying amount	580	(367)
Notional amount	11,320	11,320
Maturity dates	June 2023 to July 2034	June 2023 to July 2034
Hedge ratio	1:1	1:1
Increase/(decrease) in discounted value of outstanding hedging instruments since inception	775	(663)
(Decrease)/increase in value of hedged item used to determine hedge effectiveness	(782)	719

1. During the prior comparative period, the Group divested 50% of its equity interest in TC, which resulted in the discontinuation of the previous net investment hedge of the US assets. From the date of the change in control of TC on 31 March 2021, the Group has designated a new net investment hedge of its equity accounted investment in the US assets.

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Maturity profile—notional value of cross-currency interest rate swaps are as follows:

2022 $M	Less than 12 months	1–5 years	Over 5 years	Total notional amount
Cross-currency interest rate swaps (AUD:USD)[3]	**—**	**952**	**2,758**	**3,710**
Average AUD-USD exchange rate	—	0.74	0.74	NA[1]
Average fixed interest rate[2]	—	5.4%	4.5%	NA[1]
Cross-currency interest rate swaps (AUD:EUR)[4]	**—**	**1,100**	**2,200**	**3,300**
Average AUD-EUR exchange rate	—	0.71	0.61	NA[1]
Average fixed interest rate[2]	—	5.3%	4.3%	NA[1]
Cross-currency interest rate swaps (AUD:CHF)[5]	**200**	**375**	**190**	**765**
Average AUD-CHF exchange rate	0.72	0.74	0.71	NA[1]
Average fixed interest rate[2]	4.6%	4.5%	3.3%	NA[1]
Cross-currency interest rate swaps (AUD:NOK)[6]	**—**	**—**	**750**	**750**
Average AUD-NOK exchange rate	—	—	6.42	NA[1]
Average fixed interest rate[2]	—	—	4.5%	NA[1]

2021 $M				
Cross-currency interest rate swaps (AUD:USD)[3]	**—**	**205**	**3,505**	**3,710**
Average AUD-USD exchange rate	—	0.75	0.74	NA[1]
Average fixed interest rate[2]	—	5.5%	4.7%	NA[1]
Cross-currency interest rate swaps (AUD:EUR)[4]	**—**	**1,100**	**2,200**	**3,300**
Average AUD-EUR exchange rate	—	0.71	0.61	NA[1]
Average fixed interest rate[2]	—	5.3%	4.3%	NA[1]
Cross-currency interest rate swaps (AUD:CHF)[5]	**—**	**400**	**365**	**765**
Average AUD-CHF exchange rate	—	0.73	0.73	NA[1]
Average fixed interest rate[2]	—	4.5%	3.9%	NA[1]
Cross-currency interest rate swaps (AUD:NOK)[6]	**—**	**—**	**750**	**750**
Average AUD-NOK exchange rate	—	—	6.42	NA[1]
Average fixed interest rate[2]	—	—	4.5%	NA[1]

1. NA—Not applicable.
2. Based on average fixed rate of cross-currency swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.
3. Balances are presented in USD currency.
4. Balances are presented in EUR currency.
5. Balances are presented in CHF currency.
6. Balances are presented in NOK currency.

Effectiveness of hedging relationships designated are as follows:

2022 $M	Hedge (gains)/losses recognised in other comprehensive income	Hedge ineffectiveness (gains)/losses recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Foreign currency risk					
Cross-currency interest rate swaps	(861)	(86)	Net finance costs	—	Net finance costs
Net investment in foreign operation	81	3	Net finance costs	—	Net finance costs

2021 $M					
Foreign currency risk					
Cross-currency interest rate swaps	521	97	Net finance costs	5	Net finance costs
Net investment in foreign operation	31	—	Net finance costs	(44)	Profit for the year from discontinued operations

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises are as follows:

	2022 Local $M					2021 Local $M				
	USD	EUR	CAD	CHF	NOK	USD	EUR	CAD	CHF	NOK
Cash and cash equivalents	2	—	1	—	—	8	—	5	—	—
Trade payables	2	—	—	—	—	2	—	—	—	—
Net investment in foreign operation	2,073	—	567	—	—	2,057	—	544	—	—
Borrowings	(4,210)	(3,300)	(650)	(765)	(750)	(4,373)	(3,300)	(650)	(765)	(750)
Foreign exchange forwards	1	—	12	—	—	10	—	20	—	—
Cross-currency interest rate swaps	3,710	3,300	—	765	750	3,710	3,300	—	765	750
Net exposure	**1,578**	**—**	**(70)**	**—**	**—**	**1,414**	**—**	**(81)**	**—**	**—**

Sensitivity to exchange rate movements based on the translation of financial instruments held at the end of the period is as follows:

	2022 $M		2021 $M	
	Movement in post-tax profit	Increase/ (decrease) in equity	Movement in post-tax profit	Increase/ (decrease) in equity
AUD/USD				
+ 10 cents	—	(219)	(1)	(226)
– 10 cents	1	293	1	295
AUD/EUR				
+ 5 cents	—	(193)	—	(43)
– 5 cents	—	303	—	50
AUD/CAD				
+ 10 cents[1]	(7)	(1)	(7)	(1)
– 10 cents[1]	8	1	9	2
AUD/CHF				
+ 10 cents	—	(9)	—	(7)
– 10 cents	—	12	—	9
AUD/NOK				
+ 50 cents	—	—	—	(1)
– 50 cents	—	—	—	1

1. Movement in post-tax profit relates to the ineffective portion of the net investment hedge in Canadian operations where the gain or loss is recognised in the profit and loss.

The Group revalues its foreign currency denominated borrowings each period using market spot rates and, where these borrowings have been appropriately hedged, defers these movements in the cash flow hedge reserve in equity. The volatility in the cash flow hedge reserve is caused mainly by fair value movements of the cross-currency interest rate swaps, which are affected by changes in forward Australian dollar/foreign currency exchange rates.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Interest rate risk

The Group's main exposure to interest rate risk arises from our borrowings and cash and cash equivalents. The Group manages the interest rate risk on our borrowings by entering into fixed rate debt facilities or by using interest rate swaps to convert floating rate debt to fixed interest rates.

The Group's policy is to hedge the interest rate exposure on drawn debt to between 80% and 100%, and to ensure compliance with any covenant requirements of our funding facilities. As at 30 June 2022, 100% (2021: 100%) of the Group's interest rate exposure on variable rate borrowings was hedged (excluding working capital facilities).

The effects of the interest rate related hedging instruments on the Group's financial position and performance are as follows:

	2022 $M	2021 $M
Interest rate swaps		
Carrying amount	263	(74)
Notional amount[1]	3,225	3,359
Maturity dates	August 2022 to January 2035	February 2022 to January 2035
Hedge ratio	1:1	1:1
Increase/(decrease) in fair value of outstanding hedging instruments since inception	356	(158)
(Decrease)/increase in value of hedged item used to determine hedge effectiveness	(361)	161

1. The notional amounts disclosed in the table above exclude $408 million (2021: $393 million) relating to interest rate swaps which are not hedge accounted. These notional amounts are however included in the net exposure to interest rate risk table. The notional amounts above also include $407 million (2021: $407 million) of forward starting swaps which are hedging the same underlying interest rate exposures and therefore not included in the net exposure to interest rate risk table. The notional amount of interest rate swaps hedging floating rate interest rate exposures relating to fixed-for-floating cross-currency swaps is also excluded (2022: $nil; 2021: $nil).

Maturity profile—notional value of interest rate swaps are as follows:

2022 $M	Less than 12 months	1–5 years	Over 5 years	Total nominal amount
Interest rate swaps	455	1,143	1,627	3,225
Average fixed interest rate[1]	2.9%	1.8%	1.9%	—

2021 $M				
Interest rate swaps	166	1,978	1,215	3,359
Average fixed interest rate[1]	2.3%	1.7%	1.8%	—

1. Based on average fixed rate of interest rate swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

Effectiveness of hedging relationships designated are as follows:

2022 $M	Hedge gains recognised in other comprehensive income	Hedge ineffectiveness losses/(gains) recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Interest rate risk	(333)	—	Net finance costs	(4)	Net finance costs

2021 $M					
Interest rate risk	(203)	—	Net finance costs	—	Net finance costs

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

As at the reporting date, the Group had the following cash balances, variable rate borrowings and interest rate swap contracts outstanding:

	2022 $M	2021 $M
Cash and cash equivalents	2,020	4,285
Floating rate borrowings	(3,241)	(3,343)
Interest rate swaps (notional principal amount)	3,226	3,345
Net exposure to interest rate risk	**2,005**	**4,287**

Sensitivity to interest rate movements based on variable rate cash balances, variable rate borrowings and interest rate swap contracts is as follows:

	Movement in post-tax profit	
	2022 $M	2021 $M
Interest rates +100bps	20	43
Interest rates –100bps	(20)	(43)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss. The Group has no significant concentrations of credit risk from operating activities, and has policies in place to ensure that transactions are made with commercial customers with an appropriate credit history. However, as an operator of large infrastructure assets, the Group is exposed to credit risk with its financial counterparties through entering into financial transactions in the ordinary course of business. These include funds held on deposit, cash investments and the market value of derivative transactions.

The Group assesses the credit strength of potential financial counterparties using objective ratings provided by multiple independent rating agencies. The Board approved policies ensure that higher limits are granted to higher rated counterparties. The Group also seeks to mitigate its total credit exposure to counterparties by only dealing with credit worthy entities, limiting the exposure to any one counterparty, minimising the size of the exposure where possible through netting offsetting exposures, diversifying exposures across counterparties, closely monitoring changes in total credit exposures and changes in credit status, and taking mitigating action when necessary.

Credit exposures and compliance with internal credit limits are monitored daily. An International Swaps and Derivatives Association (ISDA) agreement must be in place between the Transurban dealing entity and the counterparty prior to executing any derivatives and netting provisions are included.

Liquidity risk

The Group maintains sufficient cash and undrawn facilities to maintain short term flexibility and enable the Group to meet financial commitments in a timely manner. The Group assesses liquidity over the short term (up to 12 months) and medium term (1 to 5 years) by maintaining accurate forecasts of operating expenses, committed capital expenditure, debt maturities and payments to security holders. Long term liquidity requirements are reviewed as part of the annual strategic planning process.

Short term liquidity is managed by maintaining a strategic level of liquidity at the corporate level of the Group. This reserve is based on the Group's forecast annual operating costs and certain risk exposure scenarios as maintained by the Group's strategic risk register, and is maintained as cash and undrawn facilities. Forecasting is performed frequently to ensure the strategic liquidity reserve is being maintained to adequate levels. Medium term liquidity forecasting is maintained on a rolling five year horizon.

Existing cash reserves are sufficient to cover periods of negative cash flows, however some subsidiary assets adopted a conservative position on paying distributions to retain sufficient asset level liquidity.

Transurban Finance Company Pty Ltd, Transurban's corporate borrowing entity is currently forecast to maintain all required liquidity buffers for the Group as required under the Group's Treasury Policy.

Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	2022 $M	2021 $M
Floating rate		
Expiring beyond one year	2,790	2,853
	2,790	**2,853**

As at 30 June 2022, the Group has letter of credit facilities and general credit facilities in place with an undrawn capacity of $234 million (2021: $151 million). The facilities are committed for the duration of the facility and the undrawn portion cannot be withdrawn by the lenders.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B15 Derivatives and financial risk management (continued)

Liquidity risk (continued)

Contractual maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted cash flows of the Group's financial liabilities.

2022 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	463	—	—	—	—	—	463	463
Borrowings	1,434	893	2,105	2,866	1,827	11,572	20,697	17,643
Interest rate swaps[1,2]	(14)	(49)	(37)	(32)	(28)	(101)	(261)	(214)
Cross-currency interest rate swaps[1,3]	196	186	186	150	118	318	1,154	(580)
Power purchase agreements	(3)	(3)	(2)	(6)	(5)	4	(15)	(14)
Concession and promissory notes	—	—	—	—	—	629	629	140
Lease liabilities	17	17	19	19	20	68	160	131
Other liabilities	213	4	4	5	5	130	361	260
Total	**2,306**	**1,048**	**2,275**	**3,002**	**1,937**	**12,620**	**23,188**	**17,829**

2021 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	397	—	—	—	—	—	397	397
Borrowings	1,015	1,483	1,108	2,135	2,716	12,790	21,247	17,831
Interest rate swaps[1,2]	66	48	32	19	9	26	200	187
Cross-currency interest rate swaps[1,3]	210	209	198	198	163	474	1,452	367
Concession and promissory notes	—	—	—	—	—	601	601	133
Lease liabilities	16	16	17	19	19	87	174	141
Other liabilities	86	4	4	5	5	139	243	133
Total	**1,790**	**1,760**	**1,359**	**2,376**	**2,912**	**14,117**	**24,314**	**19,189**

1. The carrying value of the interest rate and cross-currency interest rate swaps are presented on a net basis. The gross position is disclosed in the first table of Note B15.

2. Cash flows have been estimated using forward interest rates at the end of the reporting period.

3. Cash flows have been estimated using spot translation rates at the end of the reporting period.

Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital, so that it can continue to provide returns to security holders and benefits for other stakeholders.

Fair value measurements

The carrying amount of the Group's financial assets and liabilities approximate their fair value. With current borrowings, this is due to the interest payable being close to current market rates or the borrowings are of a short-term nature. The fair values of non-current borrowings are determined based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

Fair value is categorised within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's financial instruments measured, recognised and disclosed at fair value are valued using market observable inputs (level 2), except for the Financial PPAs (level 3).

B15 Derivatives and financial risk management (continued)

Fair value measurements (continued)

The Financial PPAs include CfD derivatives which are measured as level 3 financial instruments. This is because the electricity forward spot prices cannot be forecasted (using observable market data) for the duration of the contracts.

The valuation technique applied to the CfDs for the Financial PPAs uses an electricity price forecasting model and inputs consistent with those outlined in the 'Key estimate and judgement' below.

The following table presents the changes in level 3 instruments for the year ended 30 June 2022:

	Level 3 Instruments $M
Opening balance at 1 July 2021	—
Gains recognised in the profit and loss[1]	14
Closing balance at 30 June 2022	14

1. Comprises unrealised gains recognised in the profit and loss (road operating costs) attributable to balances held at the end of the reporting period.

There were no transfers between levels during the period and there has been no change in the valuation techniques applied for level 2 instruments.

KEY ESTIMATE AND JUDGEMENT

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. The fair value of both cross-currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. The fair value of CfDs relating to Financial PPAs is determined using an electricity price forecasting model and inputs used include forecast electricity volumes, the electricity forward spot price, the contract period, the discount rate and the net position of the long-term generation certificates.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

Concession summary

The table below summarises the key balance sheet items of the Group's concession assets by geographical region:

2022 $M	Melbourne	Sydney	Brisbane	North America	Carrying amount
Equity accounted investment carrying amount	—	7,487	—	3,037	10,524
Service concession intangible assets carrying amount	2,663	5,426	7,319	1,224	16,632
Concession financial asset (current and non-current)	—	—	—	369	369
Assets under construction[1]	4,009	—	—	—	4,009
Other intangibles[2]	52	—	—	—	52
Goodwill	1	260	205	—	466
Maintenance provision (current and non-current)	(170)	(265)	(658)	(35)	(1,128)
Construction obligation liability (current and non-current)	(796)	—	—	—	(796)

2021 $M	Melbourne	Sydney	Brisbane	North America	Carrying amount
Equity accounted investment carrying amount	—	3,037	—	2,714	5,751
Service concession intangible assets carrying amount	2,780	5,867	7,557	1,223	17,427
Concession financial asset (current and non-current)	—	—	—	358	358
Assets under construction[1]	3,672	—	—	2	3,674
Goodwill	1	260	205	—	466
Maintenance provision (current and non-current)	(171)	(256)	(620)	(31)	(1,078)
Construction obligation liability (current and non-current)	(1,225)	—	—	—	(1,225)

1. Assets under construction are included within other intangible assets in the consolidated balance sheet.

2. Relates to rights associated with the agreement with the High-Quality Bulla spoil disposal site entered in June 2021. Funding has been provided to complete the site activation works on a rights reserved basis to enable the site to be available for the receipt and storage of project spoil in relation to the West Gate Tunnel Project. The amount capitalised represents the Group's share of funding the site activation works.

KEY ESTIMATE AND JUDGEMENT

The Group makes certain assumptions in calculating the recoverable amount of its goodwill (Note B16), other intangible assets (Note B17) and equity accounted investments (Note B25). These include assumptions around expected traffic flows (including COVID-19 impacts) and forecast operational costs.

In performing the recoverable amount calculations for goodwill, the Group has applied the assumptions noted in Note B16. Management do not consider that any reasonably possible change in the assumptions will result in the carrying amount of a cash generating unit to which goodwill has been allocated exceeding its recoverable amount. Except for the A25 (refer to Note B17) and TC (refer to Note B25), management does not consider that reasonably possible changes in key assumptions would result in the recoverable amount being lower than the carrying amount of a service concession intangible asset or an equity accounted investment.

B16 Goodwill

	2022 $M	2021 $M
Cost	466	466
Carrying amount	**466**	**466**

Goodwill primarily relates to the Group's Sydney Network cash generating unit (CGU) and Brisbane Network CGU and has arisen from the acquisition of Hills Motorway Group, Tollaust Pty Limited and the Sydney Roads Group in Sydney and the Queensland Motorways Group in Brisbane.

Impairment testing of goodwill

The Group assesses whether there is an indication of impairment at each reporting period and tests goodwill for impairment on an annual basis, regardless of whether an indicator of impairment exists.

Impairment testing is undertaken by calculating the recoverable amount, which is the greater of fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU).

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through the profit and loss. The decrement in the carrying amount is recognised as an expense in the profit and loss in the reporting period in which the impairment occurs.

The recoverable amount of the Group's CGUs has been determined based on value-in-use calculations.

The following table sets out the key assumptions on which management have based their cash flow projections. The calculations use four-year cash flow projections based on financial plans reviewed by the Board which include management's estimate of the impact to cash flows from inflation and to traffic volumes related to COVID-19. Management estimate a recovery in traffic volumes in the short to medium-term associated with the transition to a post COVID-19 environment and increased economic activity. Cash flows beyond this period are modelled using a consistent set of long-term assumptions up to the end of the applicable concession period:

	Melbourne		Sydney		Brisbane	
	2022	2021	2022	2021	2022	2021
Long term consumer price index (CPI) (% annual growth)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Long term average weekly earnings (% annual growth)	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Pre-tax discount rate (%)	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%

Management have determined the values assigned to each of the below key assumptions as follows:

Assumption	Approach used to determine values
Traffic volume	Forecasts are developed based on historical trends and the Group's long term forecasting models, inclusive of some expectation of industry changes. Short and medium-term forecasting models incorporate management's estimate of the recovery from COVID-19 impacts. In developing these forecasts, management utilised external observable data to benchmark current traffic performance against an estimated improvement in traffic profiles. The improvement in traffic reflects the transition to a post COVID-19 environment coupled with increased economic activity.
Long term CPI (% annual growth)	Based on independent external forecasts.
Long term average weekly earnings (% annual growth)	Based on independent external forecasts.
Pre-tax discount rate	Discount rates consider specific risks relating to the CGU. In performing the value-in-use calculations for each CGU, the Group has applied pre-tax discount rates to discount the forecast pre-tax cash flows. The pre-tax discount rates are disclosed in the table above. Discount rates factor in the risk associated with possible variations in the forecast impact to traffic volumes due to COVID-19.

The impairment testing indicates the recoverable amount of each Group CGU to which goodwill has been allocated exceeds its carrying amount (after allocating goodwill). Therefore, there is no goodwill that is impaired as at 30 June 2022.

Sensitivity analysis has been performed within each of the CGU valuation models to which goodwill has been allocated to determine whether it is feasible that the recoverable amount of the CGU could fall below its net carrying amount (after allocating goodwill) under reasonably possible scenarios of shifts in key assumptions. The results from the sensitivity analysis show that the recoverable amount of the CGU did not fall below its carrying amount (after allocating goodwill) under any of the sensitivity scenarios.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B17 Other intangible assets

2022 $M	Concession assets	Assets under construction[1]	Other intangibles	Total
Cost	25,165	4,384	181	29,730
Accumulated amortisation	(8,533)	(375)	(69)	(8,977)
Net carrying amount	**16,632**	**4,009**	**112**	**20,753**

2021 $M	Concession assets	Assets under construction[1]	Other intangibles	Total
Cost	25,093	3,924	130	29,147
Accumulated amortisation	(7,666)	(250)	(54)	(7,970)
Net carrying amount	**17,427**	**3,674**	**76**	**21,177**

Movement in other intangible assets

	Concession assets $M	Assets under construction[1] $M	Other intangibles $M	Total $M
Net carrying amount at 1 July 2021	**17,427**	**3,674**	**76**	**21,177**
Additions	—	464	51	515
Foreign exchange movements and other adjustments	61	(4)	—	57
Amortisation charge	(856)	(125)	(15)	(996)
Net carrying amount at 30 June 2022	**16,632**	**4,009**	**112**	**20,753**
Net carrying amount at 1 July 2020	**21,490**	**4,352**	**98**	**25,940**
Additions	—	158	16	174
Disposals through loss of control of subsidiary[2]	(2,899)	(634)	—	(3,533)
Foreign exchange movements	(304)	(62)	—	(366)
Transfers	15	(15)	—	—
Amortisation charge	(875)	(125)	(38)	(1,038)
Net carrying amount at 30 June 2021	**17,427**	**3,674**	**76**	**21,177**

1. *The amortisation charge recorded in assets under construction relates to the component of the West Gate Tunnel Project asset under construction which is related to CityLink funding contributions for which funding sources began to be received from 1 July 2019.*
2. *Relates to the deconsolidation of the Group's ownership interest in TC upon divestment of a 50% ownership interest (refer to Note B24).*

Concession assets represent the Group's rights to operate roads under Service Concession Arrangements. Service Concession Arrangements are accounted for in accordance with AASB Interpretation 12 *Service Concession Arrangements* (IFRIC 12), which establishes a framework for classification of the assets based on an intangible asset model and a financial asset model (bifurcated arrangements can also exist). Assets under construction are accounted for as contract assets in accordance with AASB 15 *Revenue from Contracts with Customers* until they are available for use. The Group classifies assets under construction based on whether the consideration provides rights to an intangible asset or a financial asset.

Intangible asset model

Concession assets that do not meet the criteria of the financial asset model are classified as intangible assets and are amortised on a straight-line basis over the term of the concession arrangement.

Transurban has the right to toll the concession assets for the concession period. Extensions to the concession period have been granted for a number of individual concessions as a result of road development projects and improvements. At the end of the concession period, all concession assets are to be returned to the respective government. The remaining terms of the right to operate period are reflected below:

	2022 Years	2021 Years
Melbourne—Victorian State Government	23	24
Sydney—New South Wales State Government[1]	4–26	5–27
Brisbane—Queensland State Government and Brisbane City Council	29–43	30–44
North America—MTQ	20	21

1. *The concession end date for M5 West is December 2026 at which point it will form part of the WestConnex M5 concession.*

B17 Other intangible assets (continued)

Indicators of impairment

At each reporting period the Group assesses whether there is an indication of impairment for each of the Group's service concession intangible assets. Where an indicator of impairment is identified, impairment testing is performed.

COVID-19 related government restrictions have adversely affected traffic volumes and consequently toll revenue in the year ended 30 June 2022. Expected COVID-19 impacts were factored into the Group's budget for the year ended 30 June 2022. While there was some deterioration in traffic performance against budget, this was not significant enough to erode the excess in recoverable amount. This is mainly due to the length of the remaining term of these service concession arrangements, with the majority of the recoverable amount generated beyond the near-term period impacted by COVID-19. Given this, management have concluded that there are no indicators of impairment for the Group's service concession intangible assets as at 30 June 2022.

The key assumptions on which management have based their cash flow estimates used for the Group's impairment indicator assessments are traffic volumes, long-term CPI and the discount rate. For the A25, management have also considered the realisation of asset enhancement opportunities. As part of the impairment indicator assessments, sensitivity analysis has been performed which considers reasonably possible changes in these key assumptions for each of the Group's service concession intangible assets. Except for the A25, the Group's service concession intangible assets were not sensitive to reasonably possible changes in key assumptions. The recoverable amount for the A25 as at 30 June 2022 (based on fair value less costs of disposal) exceeds the carrying amount by 20% (30 June 2022 carrying amount: $1,224 million). As at 30 June 2022, the A25 concession intangible asset is sensitive and may be impaired if there are reasonably possible changes in the key assumption relating to the realisation of asset enhancement opportunities. There has not been a material change to long-term assumptions through to 30 June 2022. Accordingly, and given the A25's reducing carrying amount through amortisation, management conclude there is no impairment as at 30 June 2022.

KEY ESTIMATE AND JUDGEMENT

For the purpose of impairment testing under AASB 136, for the Victorian operating segment, management have determined that the lowest level where there is an identifiable group of assets, that has separately identifiable cash inflows that are largely independent from other assets or group of assets, is the combined service concession intangible assets of CityLink and West Gate Tunnel (CGU). Any identified indicator of impairment would require impairment testing at this CGU level. For a majority of the Group's remaining concession intangible assets, impairment testing has been identified at the individual service concession intangible asset level.

Impairment testing is undertaken by calculating the recoverable amount, based on the higher of fair value less costs of disposal and value-in-use, estimated using discounted cash flows. The calculation requires the use of assumptions regarding traffic flows, discount rates, growth rates and other factors affecting operating activities of the CGU.

Management have concluded that there are no indicators of impairment for the service concession intangible assets of the CityLink and West Gate Tunnel CGU as at 30 June 2022.

Assets under construction

Assets under construction as at 30 June 2022 include the construction of the West Gate Tunnel Project in Melbourne.

Construction costs relating to completed works are transferred to the service concession intangible asset upon final completion of the project.

For the purposes of impairment testing, these balances are classified as contract assets and subject to the impairment requirements in AASB 9 *Financial Instruments*. Applying the expected credit loss model to the Group's assets under construction resulted in a $nil loss allowance being recorded (2021: $nil). The expected credit loss model as at 30 June 2022 includes consideration of the impacts from the economic uncertainty relating to COVID-19, near-term interest rates and inflation which are limited due to the financial strength of the Group's government counterparties.

Management considers the carrying amount of assets under construction to be appropriate as at 30 June 2022. Refer to Note B2 for details on the final settlement reached during the reporting period with the State of Victoria and the D&C Subcontractor on revised terms for the delivery of the West Gate Tunnel Project.

B18 Concession financial asset

The Group's concession financial asset only relates to A25 as at 30 June 2022 and 30 June 2021.

	Note	2022 $M	2021 $M
Opening carrying value		**358**	**358**
Additional finance income recognised	B13	23	23
Cash received		(29)	(27)
Foreign exchange movements and other adjustments		17	4
Closing carrying value		**369**	**358**
Including:			
Current asset	B8	30	28
Non-current asset		339	330
Total concession financial asset		**369**	**358**

The financial asset model within IFRIC 12 applies to service concession arrangements whereby the Group has an unconditional contractual right to receive cash or another financial asset as the consideration for the construction services provided to the grantor of the concession. The unconditional contractual right to receive cash or another financial asset arises under two scenarios:

- the respective government authority guarantees to pay the Group specified amounts throughout the term of the concession arrangement (such as availability payments) provided certain asset operating conditions are met; or
- the respective government authority guarantees to pay the Group any shortfall between amounts received from users of the asset and an amount specified within the concession agreement (guaranteed toll revenue arrangements).

For amounts received under these arrangements the traffic risk is not borne by the Group. The portion of concession arrangements accounted for under the financial asset model in IFRIC 12 are presented as a financial receivable within the Group's consolidated balance sheet. The Group classifies its concession financial asset at amortised cost as the objective of the Group's business model is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

As at 30 June 2022, having assessed the impacts from the economic uncertainty relating to COVID-19, near-term interest rates and inflation, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of these balances. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for this concession financial asset continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the government counterparty has a strong capacity to meet its contractual cash flow obligations in the near-term. Applying the expected credit loss model to the Group's concession financial asset at amortised cost resulted in a $nil loss allowance being recorded (2021: $nil).

The fair value of the receivable is determined at the inception of the service concession arrangement based on the discounted present value of cash flows to be received over the concession life. A portion of the receivable is recognised with corresponding revenue recorded for construction services based on the progress of the construction services provided in each period. Post completion of construction services, interest income is recorded to recognise the unwind of discounted future cash flows, while also increasing the receivable balance. Amounts received from the respective government authority are offset against the financial asset receivable.

The concession asset of the A25 asset in Canada is accounted for using a bifurcated model, being:

- Financial asset model for the income streams of an unconditional contractual right to receive cash from MTQ, including the availability payments and the minimum guaranteed toll income; and
- Intangible asset model for the remaining income streams (refer to Note B17).

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B19 Maintenance provision

Movement in maintenance provision

	Current $M	Non-current $M
Carrying value at 1 July 2021	**144**	**934**
Additional provision recognised	—	121
Amounts paid/utilised	(105)	—
Unwinding of discount	—	33
Transfer	108	(108)
Foreign exchange movements	—	1
Carrying value at 30 June 2022	**147**	**981**

	Current $M	Non-current $M
Carrying value at 1 July 2020	**104**	**1,102**
Additional provision recognised	—	117
Amounts paid/utilised	(90)	—
Unwinding of discount	—	35
Transfer	138	(138)
Disposals through loss of control of subsidiary[1]	(6)	(166)
Foreign exchange movements	(2)	(16)
Carrying value at 30 June 2021	**144**	**934**

1. Relates to the deconsolidation of the Group's ownership interest in TC upon divestment of a 50% ownership interest (refer to Note B24).

KEY ESTIMATE AND JUDGEMENT

As part of its obligations under the service concession arrangements, the Group assumes responsibility for the maintenance and repair of installations of the publicly owned roads it operates (including associated tolling equipment and systems). The Group records a provision for its present obligation to maintain the roads held under concession deeds. The Group periodically reassesses the estimate of its present obligation, which includes consideration of the results of routine inspections performed over the condition of the roads it operates. Any incremental maintenance and repair activities identified through this process are assessed for whether they are the sole responsibility of the Group or whether they are the responsibility of other parties. To the extent the Group believes other parties are responsible for the maintenance or repair or remediation, the Group may initiate claims on those parties. These assessments inform the timing and extent of planned future maintenance activities, notwithstanding the provision recorded at period end continues to capture the Group's maintenance and repair obligations under the concession deeds.

The provision is included in the financial statements at the present value of expected future payments. The calculations to discount these amounts to their present value are based on the estimated timing and profile of expenditure occurring on the roads.

B20 Construction obligation liability

West Gate Tunnel Project

The West Gate Tunnel Project is being funded by tolling income from the CityLink Concession Deed and the receipt of future tolling income from the West Gate Tunnel Project. The CityLink Concession Deed was amended in April 2019, requiring the recognition of an incremental asset within other intangible assets and a corresponding liability. The liability represents the Group's obligation to complete construction of the West Gate Tunnel Project, attributable to the remaining CityLink funding sources payments. The liability will reduce as payments are made in connection with the CityLink funding sources.

The estimated nominal value of the remaining funding sources payments attributable to CityLink is $840 million as at 30 June 2022 (2021: $1,291 million) with $840 million due within five years (2021: $1,291 million due within five years).

	Current	Non-current	
	West Gate Tunnel Project	West Gate Tunnel Project	Total
	$M	$M	$M
Carrying value at 1 July 2021	**579**	**646**	**1,225**
Amounts paid/utilised	(451)	—	(451)
Unwinding of discount	—	22	22
Transfer	304	(304)	—
Carrying value at 30 June 2022	**432**	**364**	**796**
Carrying value at 1 July 2020	**767**	**822**	**1,589**
Amounts paid/utilised	(405)	—	(405)
Unwinding of discount	—	41	41
Transfer	217	(217)	—
Carrying value at 30 June 2021	**579**	**646**	**1,225**

KEY ESTIMATE AND JUDGEMENT

The Group has a construction liability for the West Gate Tunnel Project attributable to the CityLink funding sources payments from the CityLink Concession Deed Amendments. The construction liability is measured at the present value of the remaining CityLink funding sources payments. Assumptions are made in determining the timing and profile, based on the expected cash flows to be paid through completion of construction of the West Gate Tunnel Project, which are discounted to their present value.

The current balance represents the payments the Group expects to be made within 12 months from the reporting date, with the non-current portion being the present value of payments beyond 12 months from the reporting date.

B21 Other liabilities—concession and State loan liabilities

	2022 $M	2021 $M
M1 Eastern Distributor concession notes	60	56
M2 Motorway promissory notes	80	77
State loans	209	82

M1 Eastern Distributor

The Eastern Distributor project deed between Airport Motorway Pty Limited, Airport Motorway Trust and Transport for New South Wales (TfNSW) provides for annual concession fees of $15 million during the construction phase and for the first 24 years after completion of construction of the M1 Eastern Distributor. Until a certain threshold return is achieved, payments of concession fees due under the Project Deed will be satisfied by means of the issue of non-interest bearing concession notes.

The face value of concession notes on issue as at 30 June 2022 is $375 million (2021: $360 million).

M2 Motorway

The Hills Motorway Trust has entered into leases with TfNSW. Annual lease liabilities under these leases total $13 million (2021: $12 million), indexed annually to the CPI over the estimated period that the M2 Motorway will be used. Until such time as a threshold return is achieved, payments under these leases can be made at any time at the discretion of the trustee of the Hills Motorway, by means of the issue of non-interest bearing promissory notes to TfNSW.

The face value of promissory notes on issue as at 30 June 2022 is $254 million (2021: $241 million).

State loans

Transurban WGT Co entered into loan agreements with the State of Victoria for the purpose of funding amounts owed by each party under the West Gate Tunnel Project D&C Subcontract, and also for funding advance payments to the West Gate Tunnel Project D&C Subcontractor. Loans are made between the parties on a short-term basis and are non-interest bearing.

The value of the State loans payable to the State as at 30 June 2022 is $209 million (2021: $82 million).

KEY ESTIMATE AND JUDGEMENT

Concession and promissory notes

The Group has non-interest bearing long term debt, represented by promissory notes and concession notes payable to TfNSW, measured at the present value of expected future payments. The calculations to discount these notes to their present value are based on the estimated timing and profile of the repayments. Assumptions are made in determining the timing and profile, based on expected available equity cash flows of the Group's CGUs. A discount rate is used to value the promissory notes and concession notes to their present value, which is determined through reference to other facilities in the market with similar characteristics. A discount rate of 7.50% (2021: 7.50%) has been used for notes issued during the reporting period, which recognises the subordinated nature of these notes.

Group structure

B22 Principles of consolidation

Subsidiaries

Subsidiaries are fully consolidated from the date the Group gains control of the subsidiary and are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements of the Group, all inter-entity transactions and balances have been eliminated.

The accounting policies adopted by the individual entities comprising the Group are consistent with the Parent company.

Non-controlling interests

Non-controlling interests consist of two components:

- Non-controlling interest—other: external non-controlling interests relating to the results and equity of Transurban Queensland and Eastern Distributor subsidiaries are shown separately in the Group financial statements; and
- Non-controlling interests that relate to THT and TIL are presented separately, and relate to equity holders of the stapled group.

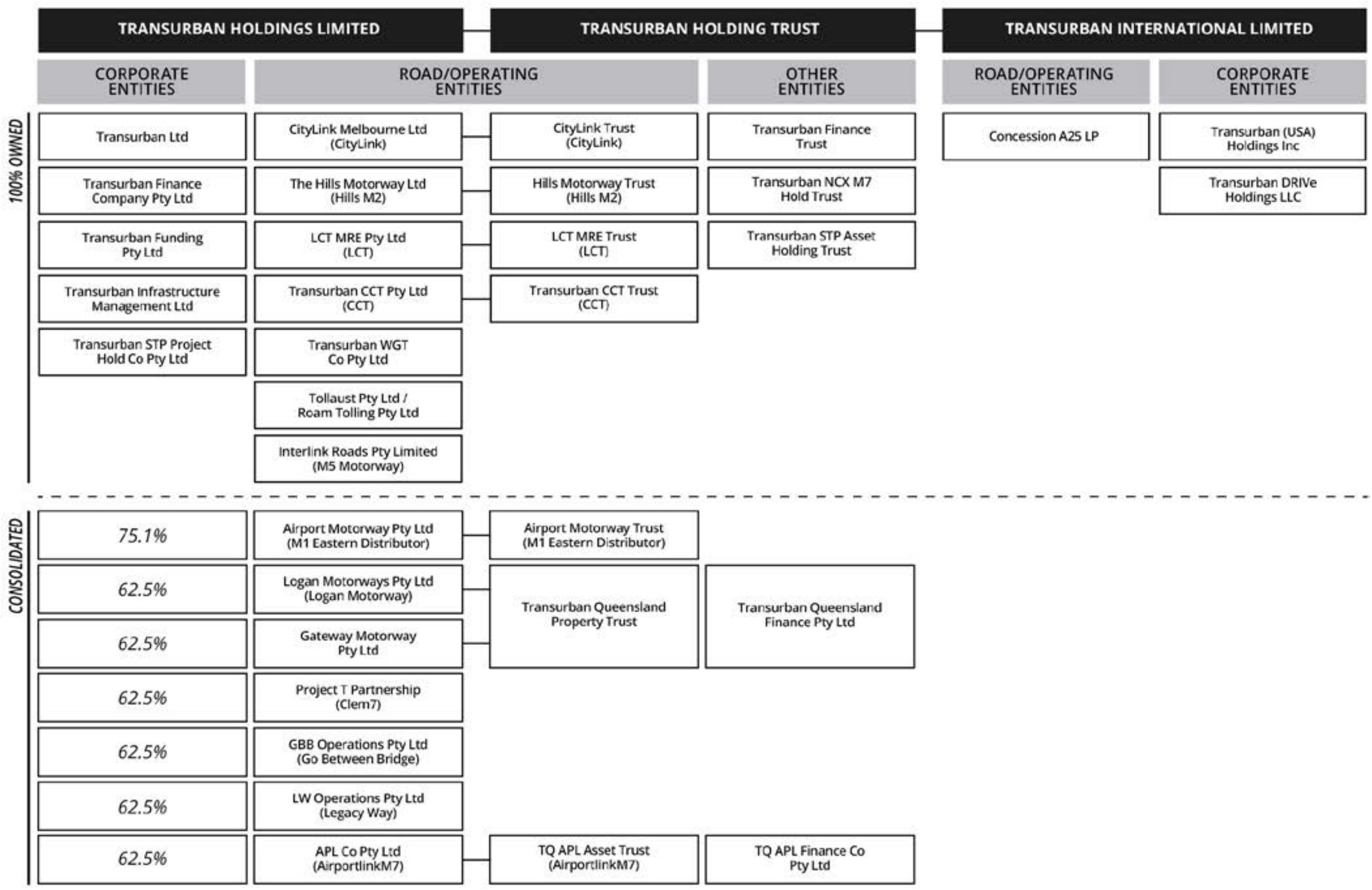
Associates and joint ventures

Associates are entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. The Group currently has an interest in one associate being Bluedot. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's investments in joint ventures during the reporting period comprise STP JV, NWRG, TC, and Accelerate Maryland Partners LLC.

Interests in the associate and the joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit and loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases. When the Group's cumulative share of losses in an associate or joint venture exceeds its investment in the asset, the Group does not recognise any further losses from this point. Distributions received from the entities listed above reduce the carrying amount of the investment.

B23 Material subsidiaries

The Group's material subsidiaries as at 30 June 2022 are outlined in the Group structure diagram below.



B24 Business combinations and changes in ownership interests

Business combinations

Accounting policy

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the profit and loss as a gain on bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of obtaining control. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the profit and loss.

Changes in ownership interests in controlled subsidiaries

Discontinued operations—Accounting policy

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has ceased or been disposed of or is held for sale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

Year ended 30 June 2021 changes in ownership interests

Sale of 50% interest in Transurban Chesapeake

On 17 December 2020 the Group announced that it had entered into an agreement to divest 50% of its equity interest in TC to AustralianSuper (25%), CPP Investments (15%) and UniSuper (10%). TC is part of the North American segment and includes the concessions for the 495 Express Lanes and 95 Express Lanes.

The sale was completed on 31 March 2021 via disposal of the Group's controlling interest in TC.

The Group's investment in TC is equity accounted from 31 March 2021 and the Group's 50% share of the equity accounted investment's net profit after tax has been recorded as part of the Group's continuing operations.

As TC represents the majority of the Group's North American revenue and assets, the Group has classified its previous interest in TC as a discontinued operation up to the date of disposal. Financial information disclosed in relation to discontinued operations includes consolidation adjustments, net finance costs and income tax benefit (current tax and taxable temporary differences) that are recorded outside of the legal entities which form the TC Group, as they are directly related to the performance of the disposal group and the accounting for the transaction upon financial close.

B24 Business combinations and changes in ownership interests (continued)

Changes in ownership interests in controlled subsidiaries (continued)

Year ended 30 June 2021 changes in ownership interests (continued)

Sale of 50% interest in Transurban Chesapeake (continued)

Reconciliation of gain recognised on the disposal of 100% interest in TC

	Note	2021 $M
Consideration on disposal		
Cash consideration on disposal		2,706
Cash and cash equivalents disposed		(369)
Realised forward FX contracts[1]		6
Total inflow of cash on disposal		**2,343**
Fair value of contingent consideration[2]		—
Fair value of 50% equity accounted investment in TC	B25	2,706
Total consideration on disposal		**5,049**
(Assets)/liabilities at disposal date		
Assets classified as held for sale (excluding cash disposed)		(3,557)
Liabilities classified as held for sale		3,467
Carrying amount of net assets disposed		**(90)**
Reclassification of reserves on disposal (net of income tax)[3]		185
Transaction costs on disposal		(18)
Gain on disposal		**5,126**
Income tax expense		(1,400)
Gain on disposal after income tax		**3,726**

1. Includes fair value gains recognised in association with forward FX contracts to fix the Australian dollar value of the majority of the net U.S. dollar proceeds from the divestment of 50% of the Group's interest in TC.

2. The earn-out receivable by the Group will be based on a cumulative revenue target trigger and subject to the achievement of minimum EBITDA thresholds. Upon meeting those triggers, an earn-out up to the earn-out cap will be paid between FY24 and FY26. The contingent consideration is recorded at the end of each reporting period at its fair value based upon the same assumptions underlying revenue and EBITDA as outlined in note B16. The fair value of contingent consideration is assessed as being nil at 31 March 2021, 30 June 2021 and 30 June 2022.

3. Includes foreign currency translation reserve $207 million less cash flow hedge reserve $22 million.

The assets and liabilities classified as held for sale associated with the TC Group as at sale completion date on 31 March 2021 were as follows:

	31 March 2021 $M
Assets	
Cash and cash equivalents	369
Trade and other receivables	12
Property, plant and equipment	12
Concession intangible assets	3,533
Total assets	**3,926**
Liabilities	
Trade and other payables	116
Borrowings	2,598
Derivative financial instruments	59
Maintenance provision	172
Deferred tax liabilities	230
Other provisions	7
Other liabilities	285
Total liabilities	**3,467**
Net assets	**459**

Net assets associated with the TC Group within TIL as at 31 March 2021 were $487 million, which excludes adjustments recorded to other intangible assets upon consolidation of the THL Group, which were derecognised upon disposal.

B24 Business combinations and changes in ownership interests (continued)

Changes in ownership interests in controlled subsidiaries (continued)

Year ended 30 June 2021 changes in ownership interests (continued)

Sale of 50% interest in Transurban Chesapeake (continued)

Discontinued operations

The contribution of discontinued operations included within the Group's consolidated statement of comprehensive income and consolidated statement of cash flows for the nine months ended 31 March 2021 is detailed below:

Income statement—Discontinued operations

	2021 $M
Toll revenue	77
Construction revenue	87
Total revenue	**164**
Total expenses[1]	**(158)**
Earnings before depreciation, amortisation, net finance costs and income taxes	**6**
Total amortisation and depreciation	(21)
Net finance costs	(178)
Loss before gain on disposal and income tax	**(193)**
Gain on disposal[2]	5,126
Profit before income tax	**4,933**
Income tax benefit from discontinued operations	26
Income tax expense on gain on disposal	(1,400)
Profit for the period[3]	**3,559**
Profit/(loss) attributable to:	
Ordinary security holders of the stapled group	
– Attributable to THL	42
– Attributable to THT/TIL	3,517
Profit attributable to ordinary security holders of the stapled group	**3,559**
Other comprehensive income	
Changes in the fair value of cash flow hedges, net of tax	13
Exchange differences on translation of operations, net of tax	(91)
Gains reclassified on disposal of subsidiary, net of tax[4]	(198)
Other comprehensive loss for the period, net of tax	**(276)**
Total comprehensive income for the period	**3,283**
Total comprehensive income/(loss) for the period is attributable to:	
Ordinary security holders of the stapled group	
– Attributable to THL	—
– Attributable to THT/TIL	3,283
Total comprehensive income attributable to ordinary security holders of the stapled group	**3,283**

1. *Includes construction costs of $87 million.*
2. *Includes fair value gains of $6 million recognised in association with forward foreign exchange contracts to fix the Australian dollar value of the majority of the net U.S. dollar proceeds from the divestment of 50% of the Group's interest in TC.*
3. *Profit/(loss) of TIL for the year ended 30 June 2021 includes finance costs of $150 million (tax-effected: $146 million) relating to related party payables and loans that were settled on receipt of the proceeds of the transaction. Profit/(loss) of TIL for the year ended 30 June 2021 excludes fair value losses of $6 million (tax-effected: $4 million), which is recorded within a wholly owned subsidiary of THL.*
4. *Includes $13 million reversed against deferred tax assets.*

In addition to net finance costs included in the profit and loss from discontinued operations, $12 million of financing costs for the nine months ended 31 March 2021 were capitalised by TC and included in the carrying amount of assets under construction.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B24 Business combinations and changes in ownership interests (continued)

Changes in ownership interests in controlled subsidiaries (continued)

Year ended 30 June 2021 changes in ownership interests (continued)

Sale of 50% interest in Transurban Chesapeake (continued)

Cash flows—Discontinued operations

	2022[2] $M	2021[3] $M
Net operating cash flows	—	(56)
Net investing cash flows	(178)	2,229
Net financing cash flows	—	—
Effects of exchange rate changes on cash and cash equivalents	—	(49)
Net increase/(decrease) in cash and cash equivalents from discontinued operations[1]	**(178)**	**2,124**

1. *The net movement in cash and cash equivalents from discontinued operations for TIL for the year ended 30 June 2021 is a $33 million outflow, after adjusting for the net financing cash flow impact from related party payables and borrowings that were settled on receipt of the proceeds from the transaction.*
2. *Cash flows from discontinued operations for the year ended 30 June 2022 relate to income tax paid in connection with the Group's divestment of 50% of its equity interest in TC.*
3. *Cash flows from discontinued operations include cash flows of TC for the 9 months ended 31 March 2021 and cash flows of the Transurban Group incurred in connection with the Group's divestment of 50% of its equity interest in TC.*

B25 Equity accounted investments

Joint Ventures

STP JV (50% ownership interest)

The Group has a 50% ownership interest in the STP JV. The STP JV partners comprise of Transurban (50%), AustralianSuper (20.5%), CPP Investments (10.5%), Caisse de depot et placement du Quebec (CDPQ) (10%) and Tawreed (9%).

During the period, the STP JV increased its ownership interest in WestConnex from 51% to 100%. To fund this acquisition, the Group contributed $4,856 million of equity to the STP JV and also issued shareholder loan notes with a face value of $699 million. WestConnex has long-dated concessions through to 2060 and includes 33 kilometres of new or improved motorway linking Sydney's west and southwest with the CBD, and the corridor to Sydney Airport and Port Botany.

The following entities are part of the STP JV Group:

- STP Project Trust;
- STP Asset Trust;
- STP PT Pty Ltd; and
- STP AT Pty Ltd.

KEY ESTIMATE AND JUDGEMENT

The Group's assessment that it does not control the STP JV has been made by considering the terms of the Investment Agreement signed by the JV partners and the ongoing compliance with the Investor Agreement. This Agreement requires a supermajority vote of at least 91.5% of all investors for the decisions on the significant relevant activities made by the STP JV. Therefore, noting this and other factors, the Group has concluded that it, together with other STP JV partners, jointly controls the STP JV and its controlled entities.

NWRG (50% ownership interest)

The Group has a 50% ownership interest in NWRG (including NorthWestern Roads Group Pty Ltd, NorthWestern Roads Group Trust and NorthConnex State Works Contractor Pty Limited), which holds 100% of the Westlink M7 Group and the NorthConnex Group. Westlink M7 holds the concession to design, construct, finance and operate the Westlink M7 Motorway in Sydney for a period of 43 years from the date of operation (16 December 2005) until June 2048, and NorthConnex holds the concession to design, construct, finance and operate the NorthConnex Tunnel in Sydney until 2048.

The following entities are a part of the Westlink Group:

- WSO Co Pty Limited (the operator of the Motorway);
- Westlink Motorway Limited (the nominee manager of the Westlink Motorway Partnership);
- WSO Finance Pty Limited (the financier of the Motorway); and
- Westlink Motorway Partnership (was responsible for the construction of the Motorway).

The following entities are part of the NorthConnex Group:

- NorthConnex Company Pty Limited (the operator of the Tunnel); and
- NorthConnex Finance Pty Limited (the financier of the Tunnel).

B25 Equity accounted investments (continued)

Joint Ventures (continued)

TC (50% ownership interest)

Effective 31 March 2021, the Group has a 50% ownership interest in TC.

The following entities are part of TC:

- Transurban Chesapeake LLC;
- Capital Beltway Express LLC (the operator of the Capital Beltway Express Lanes); and
- 95 Express Lanes LLC (the operator of the 95 Express Lanes).

On 30 April 2022, TC and Branch-Flatiron Joint Venture (BFJV), the D&C Subcontractor on the Fredericksburg Extension project, reached agreement regarding claims related to certain geological soil conditions encountered during construction, including a new Scheduled Service Commencement Date of 15 December 2023. The total cost of the D&C Subcontract has increased by US$102 million ($150 million), of which US$30 million ($44 million) has been offset against provisional payments made previously to BFJV. The Group's proportional contribution to the adjustment to the D&C Subcontract price is included within Note B29.

KEY ESTIMATE AND JUDGEMENT

The Group's assessment that it does not control TC has been made by considering the terms of the Purchase Agreement signed by the TC partners, which requires a supermajority vote of at least 77.5% of all shareholders for decisions on significant relevant activities. Considering this, and among other factors, the Group has concluded that it, together with the other TC partners, jointly controls TC and its controlled entities.

AM Partners (60% ownership interest)

The Group has a 60% ownership interest in AM Partners, whose role is to be the Maryland Department of Transport's long-term partner to build, finance and operate new Express Lanes in Maryland, USA. Management have assessed that the Group does not control AM Partners considering the ownership and operating agreements, which require unanimous approval by all shareholders for all relevant decisions.

Associate

Bluedot (4.2% ownership interest)

Bluedot is an advanced location services technology company. The Group leverages Bluedot's location services technology for the Group's LinktGo application which allows the use of a smartphone's GPS and other sensors to identify when a driver has entered and exited a toll road. Bluedot's technology continues to be used by the Group as at 30 June 2022.

The carrying value of the Bluedot equity accounted investment is $nil (2021: $nil). Accordingly, summarised financial information, including cumulative losses not recognised, is not disclosed.

Set out below is the reconciliation of the carrying value of equity accounted investments:

	STP JV		NWRG		TC		Other[5]		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Opening carrying value at 1 July	**2,774**	**3,061**	**263**	**374**	**2,714**	**—**	**—**	**—**	**5,751**	**3,435**
Acquisition	—	—	—	—	—	2,706	—	—	—	2,706
Group's share of loss[1,2]	(308)	(140)	—	—	(60)	(21)	—	—	(368)	(161)
Group's share of other comprehensive income/(loss)	216	75	—	—	29	(1)	—	—	245	74
Distributions received	(342)	(335)	(85)	(111)	(65)	—	—	—	(492)	(446)
Foreign exchange movements	—	—	—	—	255	28	1	—	256	28
Capital contributions[3]	4,970	113	—	—	139	2	23	—	5,132	115
Fair value adjustment on issuance of shareholder loan notes and TC loan receivable[4]	(1)	—	—	—	1	—	—	—	—	—
Closing carrying value at 30 June	**7,309**	**2,774**	**178**	**263**	**3,013**	**2,714**	**24**	**—**	**10,524**	**5,751**
Cumulative losses not recognised[2,5]	—	—	119	123	—	—	—	—	119	123

1. *The Group's share of STP JV losses includes losses from STP Project Trust of $150 million (2021: $11 million) and STP Asset Trust of $158 million (2021: $129 million).*
2. *The Group's share of profits from the investment in the NWRG are currently not recognised until such time as cumulative losses have been fully utilised. Accordingly, any potential deferred tax liability relating to the difference between the accounting base of the investment and the tax base of the investment has not been brought to account as at 30 June 2022. Cumulative losses not recognised above are disclosed at 100%.*
3. *Capital contributions for AM Partners includes $6 million (2021: $nil) of costs capitalised as part of the cost of the equity accounted investment.*
4. *During the year, interest bearing loans issued to STP JV and TC were recorded at fair value on initial recognition and subsequently measured at amortised cost using the effective interest method. The difference between the nominal value of the loans and the fair value was treated as a contribution to the equity accounted investment in STP JV and TC.*
5. *Other equity accounted investments includes AM Partners.*

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B25 Equity accounted investments (continued)

Summarised financial information of equity accounted investments

Set out below is the summarised financial information for those joint ventures and associates that are material to the Group. The summarised financial information presented below is on a 100 per cent basis for each equity accounted investment.

Summarised balance sheet—100%

		STP JV		NWRG		TC		Other[3]		Total
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021[2] $M	2022 $M	2021 $M	2022 $M	2021 $M
Cash and cash equivalents	716	940	129	133	483	366	—	—	1,328	1,439
Other current assets	28	58	93	239	18	9	—	—	139	306
Non-current assets	22,367	22,096	3,036	3,195	9,549	8,561	129	—	35,081	33,852
Current financial liabilities	(1,496)	7	(1)	(1)	—	—	—	—	(1,497)	6
Other current liabilities	(166)	(223)	(63)	(128)	(178)	(145)	(100)	—	(507)	(496)
Non-current financial liabilities	(11,364)	(10,759)	(3,411)	(3,451)	(3,616)	(3,188)	—	—	(18,391)	(17,398)
Other non-current liabilities	(67)	(42)	(108)	(86)	(232)	(176)	—	—	(407)	(304)
Net assets/(liabilities)	**10,018**	**12,077**	**(325)**	**(99)**	**6,024**	**5,427**	**29**	**—**	**15,746**	**17,405**

Summarised statement of comprehensive income—100%

Revenue	510	534	518	544	229	49	—	—	1,257	1,127
Construction revenue	298	514	—	39	261	47	—	—	559	600
Depreciation and amortisation	(499)	(498)	(110)	(100)	(124)	(29)	—	—	(733)	(627)
Other expenses	(151)	(141)	(134)	(107)	(121)	(30)	—	—	(406)	(278)
Construction costs	(298)	(514)	—	(39)	(261)	(47)	—	—	(559)	(600)
Net finance costs[1]	(513)	(449)	(210)	(183)	(106)	(31)	—	—	(829)	(663)
Income tax benefit/(expense)	(58)	(21)	(60)	20	—	—	—	—	(118)	(1)
Profit/(loss)	**(711)**	**(575)**	**4**	**174**	**(122)**	**(41)**	**—**	**—**	**(829)**	**(442)**
Other comprehensive income/(loss)	566	297	14	4	61	(2)	—	—	641	299
Total comprehensive income/(loss)	**(145)**	**(278)**	**18**	**178**	**(61)**	**(43)**	**—**	**—**	**(188)**	**(143)**

The following table reconciles the above summarised financial information presented on a 100 per cent basis to the proportional amounts recognised by the Group:

Ownership interest	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**60%**	**60%**		
Proportional total comprehensive income/(loss)	(92)	(65)	9	89	(79)	(13)	—	—	(162)	11
Amortisation of fair value uplift and other adjustments	—	—	—	—	48	(9)	—	—	48	(9)
Group's share of comprehensive income/(loss)	(92)	(65)	9	89	(31)	(22)	—	—	(114)	2
Profits not recognised (excluding other comprehensive income)	—	—	(2)	(87)	—	—	—	—	(2)	(87)
Group's recognised share of total comprehensive loss	(92)	(65)	—	—	(31)	(22)	—	—	(123)	(87)

1. *STP JV includes net finance costs of $181 million (2021: $31 million of income) that are not recorded at the WestConnex level of the corporate structure, and are only incurred by the STP JV partners. The Group has a 50% equity interest in STP JV. Aside from some inconsequential items, the Group's proportional equity interest in the remaining STP JV comprehensive income is 50%, reflective of Transurban's proportional ownership interest in WestConnex.*
2. *The summarised statement of comprehensive income is presented from the date of divestment of 50% share in TC on 31 March 2021.*
3. *Other equity accounted investments includes AM Partners.*

Indicators of impairment

At each reporting period the Group assesses whether there is an indication of impairment. Where an indicator of impairment is identified, impairment testing is performed using the same approach as the Group's annual goodwill impairment testing. There were no indicators of impairment as at 30 June 2022.

The key assumptions on which management have based their cash flow estimates used for the Group's impairment indicator assessments are traffic volumes, long-term CPI and the discount rate. As part of the impairment indicator assessments, sensitivity analysis has been performed which considers reasonably possible changes in these key assumptions for each of the Group's equity accounted investments. Except for TC, the Group's equity accounted investments were not sensitive to reasonably possible changes in key assumptions. The recoverable amount of TC exceeds the carrying amount by 15% (carrying amount $3,013 million as at 30 June 2022). The TC equity accounted investment was acquired in March 2021 as part of the divestment of TC (refer to Note B24) and due to the recent acquisition, the equity accounted investment could be impaired if there were a reasonably possible change in key assumptions relating to the discount rate or long-term CPI. However, there has not been a material change to long-term assumptions and accordingly, there is no impairment as at 30 June 2022.

B25 Equity accounted investments (continued)

Financing arrangements and credit facilities

During the reporting period, equity accounted investments executed a number of financing activities including:

February 2022

- 95 Express Lanes (TC) reached financial close on the issuance of US$638 million ($889 million) of Private Activity Bonds (PABs) refinancing its existing PABs series. The final maturity date is 2048.

March 2022

- Capital Beltway Express (TC) reached financial close on the Northern Extension Project (NEXT) and the refinancing of existing debt facilities. Debt raised included US$841 million ($1,157 million) of Bond Anticipation Notes (BANs), which were subsequently redeemed in June 2022, US$299 million ($412 million) of PABs with final maturity in 2057, US$1,053 million ($1,449 million) in new facilities under the Transportation Infrastructure Finance and Innovation Act (TIFIA) with maturities in 2047 and 2060 and a US$49 million ($67 million) facility with Virginia Transportation Infrastructure Bank (VTIB), with maturity in 2060.

April 2022

- WestConnex (STP JV) reached financial close on a $540 million bank facility with a tenor of 2 years.

June 2022

- NorthConnex (NWRG) reached financial close on a $202 million bank debt facility with a tenor of 5 years.
- Capital Beltway Express redeemed US$841 million ($1,217 million) of BANs via a drawdown against the TIFIA facility established in March 2022.

August 2022

- WestConnex (STP JV) reached financial close to raise $1,700 million of bank debt facilities with tenor of 4 and 7 years. The proceeds from the raising were used to fully refinance $1,499 million of existing bank debt facilities, as well as partially repay the $540 million bank debt facility established in April 2022.

B26 Non-controlling interests—other

Set out below is the summarised financial information for each material subsidiary (refer to Note B23) that has non-controlling interests (NCI) that are material and external to the Group and the total external NCI. The amounts disclosed are before intercompany eliminations.

	Transurban Queensland		Airport Motorway		Total NCI	
	37.50%	37.50%	24.90%	24.90%		
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M
Summarised balance sheet						
Current assets	188	415	29	18	217	433
Non-current assets	8,958	8,705	1,382	1,413	10,340	10,118
Current liabilities	(537)	(479)	(222)	(375)	(759)	(854)
Non-current liabilities	(6,669)	(6,687)	(863)	(773)	(7,532)	(7,460)
Net assets	**1,940**	**1,954**	**326**	**283**	**2,266**	**2,237**
Carrying amount of NCI	**726**	**733**	**81**	**68**	**807**	**801**
Summarised statement of comprehensive income						
Revenue	726	684	126	140	852	824
Expenses	(745)	(776)	(105)	(126)	(850)	(902)
Profit/(loss) for the year	**(19)**	**(92)**	**21**	**14**	**2**	**(78)**
Other comprehensive income/(loss)	202	(17)	26	7	228	(10)
Total comprehensive income/(loss)	**183**	**(109)**	**47**	**21**	**230**	**(88)**
Profit/(loss) allocated to NCI	**(8)**	**(33)**	**5**	**2**	**(3)**	**(31)**
Other comprehensive income/(loss) allocated to NCI	**76**	**(6)**	**6**	**1**	**82**	**(5)**
Summarised cash flows						
Cash flows from operating activities	239	211	58	86	297	297
Cash flows from investing activities	(18)	(85)	—	—	(18)	(85)
Cash flows from financing activities	(485)	127	(46)	(103)	(531)	24
Net (decreases)/increases in cash and cash equivalents	**(264)**	**253**	**12**	**(17)**	**(252)**	**236**

B27 Deed of cross and intra-group guarantees

Deed of cross guarantee

Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, Statewide Roads Limited, M4 Holdings No. 1 Pty Limited, M5 Holdings Pty Limited, Devome Pty Limited, Transurban Funding Pty Limited, Transurban STP AHT Pty Limited, Transurban STP AT Pty Limited, Transurban STP Project Hold Co Pty Limited, Transurban STP Project Co Pty Limited, Transurban Sun Holdings Pty Ltd and Transurban Operations Pty Ltd are party to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Instrument 2016/785 issued by the Australian Securities and Investments Commission. The companies represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by THL, they also represent the 'extended closed group'.

Set out below is the summary financial information of the closed group.

	2022 $M	2021 $M
Summarised statement of comprehensive income		
Revenue	**440**	**462**
Operating costs	(413)	(341)
Depreciation and amortisation expense	(112)	(144)
Net finance costs	(390)	(304)
Loss before income tax	**(475)**	**(327)**
Income tax benefit	181	133
Loss for the year	**(294)**	**(194)**
Total comprehensive loss for the year	**(294)**	**(194)**

B27 Deed of cross and intra-group guarantees (continued)

Deed of cross guarantee (continued)

	2022 $M	2021 $M
Summarised movements in accumulated losses		
Accumulated losses at the beginning of the year	(961)	(758)
Retained earnings of entities that joined the 'closed group'	—	18
Loss for the year	(294)	(194)
Dividends provided for or paid	(61)	(27)
Accumulated losses at the end of the year	**(1,316)**	**(961)**
Summarised balance sheet		
Current assets		
Cash and cash equivalents	1,017	2,793
Trade and other receivables	916	968
Total current assets	**1,933**	**3,761**
Non-current assets		
Other financial assets	7,365	6,472
Equity accounted investments	2,434	901
Property, plant and equipment	416	438
Intangible assets	127	142
Deferred tax assets	601	518
Total non-current assets	**10,943**	**8,471**
Total assets	**12,876**	**12,232**
Current liabilities		
Trade and other payables	983	1,273
Provisions	107	77
Total current liabilities	**1,090**	**1,350**
Non-current liabilities		
Payables	9,141	8,903
Deferred tax liabilities	17	5
Provisions	5	5
Total non-current liabilities	**9,163**	**8,913**
Total liabilities	**10,253**	**10,263**
Net assets	**2,623**	**1,969**
Equity		
Contributed equity	3,938	2,929
Other reserves	1	1
Accumulated losses	(1,316)	(961)
Total equity	**2,623**	**1,969**

Intra-group guarantees

As at 30 June 2022, the Transurban Group comprising Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited, was traded and quoted on the ASX as one triple stapled security. Under the stapling arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Group on a continual basis.

Expected credit loss

As at 30 June 2022, having assessed the impacts from the economic uncertainty relating to COVID-19, near-term interest rates and inflation, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost in the closed group. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near-term. As at 30 June 2022 the loss allowance was $9 million (2021: $10 million), reflecting management's updated estimate of the collectability of these balances.

Items not recognised

B28 Contingencies

Contingent assets are possible recoveries whose existence will only be confirmed by uncertain future events not wholly within the control of the Group. Contingent assets are not recognised on the balance sheet unless they are virtually certain but are disclosed if the inflow of economic resources is probable. Contingent liabilities are possible obligations whose existence will only be confirmed by uncertain future events and present obligations where the transfer of economic resources is not probable or cannot be reliably estimated. Contingent liabilities are not recognised on the balance sheet unless they are probable but are disclosed if the outflow of economic resource is possible.

The Group (including its equity accounted investments) is exposed to direct and indirect construction risk including through its third party contractors. Construction risk includes exposure to claims made on the Group (including its equity accounted investments) and claims that the Group (including its equity accounted investments) may pass through or initiate on others. From time to time it is possible payments may be made that are in excess of, or separate to, D&C subcontracted amounts to facilitate the continued progression of the project. Contingent assets and liabilities may exist in respect of actual or potential claims and commercial payments and recoveries arising from overseeing construction projects. Disclosures are made for these matters in accordance with accounting standards, or other legal disclosure obligations. This may be applicable for a number of projects overseen by Transurban and the Group's equity accounted investments. As at 30 June 2022 any possible payment or possible claim settlement cannot be reliably estimated and/or is not considered probable of being made.

KEY ESTIMATE AND JUDGEMENT

The Group has a number of existing claims that it has brought against other parties with respect to the Group's obligations under its contractual arrangements. As at 30 June 2022 these claims are not considered probable and cannot be reliably estimated.

Additionally, the Group (including its equity accounted investments) has received claims in connection with its construction projects. Many of these claims have been passed through. In other instances, the Group has initiated claims on others. In overseeing construction projects, from time to time payments may be made in excess of contracted amounts to facilitate their continued progression.

Further, as at 30 June 2022, there continues to be a risk from claims linked to COVID-19, with claims activity observed across the construction industry owing to the impact of COVID-19 on construction schedules.

The Group (including its equity accounted investments) assess each claim that they are party to for the purposes of preparing financial statements in accordance with the accounting standards. Contingent assets and liabilities may exist in respect of actual or potential claims and commercial payments and recoveries arising from these matters. Disclosures are made for these matters in accordance with accounting standards, or other legal disclosure obligations.

As at 30 June 2022 any possible payments relating to actual or potential future claims or possible commercial payments to third parties in excess of, or separate to the amounts stipulated in the D&C subcontracts or other contracts, cannot be reliably estimated and/or is not considered probable of being made.

Parent entity

The Parent entity does not have any contingent liabilities at reporting date.

B29 Commitments

The Group's capital commitments as at 30 June 2022 are $1,428 million (2021: $177 million) and relate primarily to the West Gate Tunnel Project.

On 23 March 2022, the Group finalised the settlement with the State of Victoria and the D&C Subcontractor on revised terms for the delivery of the West Gate Tunnel Project, including a new expected completion date of late 2025. The total cost of the D&C Subcontract has increased by $3,440 million, with Transurban and the State each contributing $1,720 million. Transurban's share is being accounted for as capital expenditure (increasing the concession intangible asset as the expenditure is incurred).

Share of commitments related to equity accounted investments

	STP JV 50%		AM Partners 60%		TC 50%		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$M	$M	$M	$M	$M	$M	$M	$M
Capital commitments (at Group's effective ownership interest)	86	118	60	—	746	644	892	762

The Group's share of commitments relating to equity accounted investments as at 30 June 2022 primarily relate to WestConnex M4-M5 Link in STP JV, Fredericksburg Extension and the 495 Express Lanes Northern Extension in TC and Maryland Express Lanes in AM Partners (2021: WestConnex M4-M5 Link in STP JV and Fredericksburg Extension in TC).

B30 Subsequent events

Other than as disclosed elsewhere in this report, there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or Group's state of affairs, in the future years.

Other

B31 Leases

Leases as a lessee

The Group leases various office buildings. Rental contracts are typically made for fixed periods of 3 to 12 years but may have extension options. The majority of extension options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option.

Right-of-use Asset

The Group's right-of use assets relate to leased office buildings and are included in property, plant and equipment on the Group's consolidated balance sheet. Right-of-use assets have finite lives, are depreciated on a straight-line basis and are carried at cost less accumulated depreciation.

The net carrying amount of right-of-use assets is presented below:

	Office buildings	
	2022	2021
	$M	$M
Carrying amount at 1 July	**124**	**139**
Depreciation charge for the year	(16)	(16)
Foreign exchange movements	—	1
Carrying amount at 30 June	**108**	**124**

Lease liability

Lease liabilities are included in other liabilities on the Group's consolidated balance sheet.

	2022	2021
	$M	$M
Current	(17)	(12)
Non-Current	(114)	(129)
Total lease liability	**(131)**	**(141)**

Refer to Note B15 for contractual maturities for lease liabilities.

Refer to Note B13 for interest expense on lease liabilities (included in finance costs).

Reconciliation of lease liabilities arising from financing activities

	Lease liabilities	
	2022	2021
	$M	$M
Balance at 1 July	**141**	**152**
Interest paid on leases	(6)	(7)
Principal repayment of leases	(10)	(10)
Total cash flows	**(16)**	**(17)**
Non-cash changes		
Unwinding of discount	6	6
Total non-cash changes	**6**	**6**
Balance at 30 June	**131**	**141**

The total cash outflow for leases in the year ended 30 June 2022 was $16 million (2021: $17 million). The Group presents lease payments as 'principal repayments of leases' in 'cash flows from financing activities' and the finance cost as 'interest paid' in 'cash flows from operating activities' within the consolidated statement of cash flows.

The Group's commitments related to leases not yet commenced as at 30 June 2022 are $30 million (2021: $nil).

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B32 Related party transactions

	Joint ventures	
	2022	**2021**
	$'000	**$'000**
Transactions with related parties		
Other revenue	120,926	90,282
Finance income	155,818	34,878
	276,744	**125,160**
Outstanding balances with related parties		
Financial assets at amortised cost		
NorthConnex shareholder loan notes	606,104	724,240
STP JV shareholder loan notes	1,388,564	627,450
TC loan receivable	1,889	1,728
Other liabilities		
NWRG payable for acquisition of customer base	(50,268)	(51,018)
TC other liabilities	(7,074)	(6,556)
Other assets		
NorthConnex shareholder loan note interest receivable	5	9
STP JV shareholder loan note interest receivable	5,153	4,119
NWRG other (payables)/receivables	(172)	3,565
STP JV other receivables	2,789	2,843
TC other receivables	36,988	66,693
	1,983,978	**1,373,073**

B32 Related party transactions (continued)

Transactions with related parties

Other revenue

Other revenue relates to tolling and management services provided to related parties.

Interest income

Interest income relates to the interest recorded on financial assets at amortised costs as noted below.

Financial assets at amortised cost

Debt financial assets carried at amortised cost relate to TC loan receivable and NorthConnex and STP JV shareholder loan notes. The Group intends to hold the assets to maturity and to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. The SLNs are not classified as an investment for equity accounting purposes, and therefore have not been affected by equity accounting losses from the associate. The NorthConnex and STP JV SLNs are denominated in AUD. The TC loan receivable is denominated in USD.

The movement of the NorthConnex and STP JV SLNs and TC loan receivable is set out below:

	NorthConnex		STP JV		TC		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July	**724,240**	**705,583**	**627,450**	**646,497**	**1,728**	**—**	**1,353,418**	**1,352,080**
SLNs and loan issued	—	27,168	699,214	—	16,535	1,728	715,749	28,896
SLNs and loan repaid	(181,654)	(59,350)	(17,058)	(1,732)	(16,707)	—	(215,419)	(61,082)
Fair value adjustment on issuance of SLNs issued and TC loan receivable[1]	—	—	672	—	(1,406)	—	(734)	—
Capitalisation of accrued interest	3,045	3,102	22,818	10,954	—	—	25,863	14,056
Unwind of discount and remeasurement of SLNs[2]	60,310	47,536	57,093	(31,166)	—	—	117,403	16,370
Change in expected credit losses	163	201	(1,625)	2,897	—	—	(1,462)	3,098
Foreign exchange movements and other adjustments	—	—	—	—	1,739	—	1,739	—
Closing balance at 30 June	**606,104**	**724,240**	**1,388,564**	**627,450**	**1,889**	**1,728**	**1,996,557**	**1,353,418**

1. During the year, interest bearing facilities with STP JV and TC were issued. The loans were recorded at fair value on initial recognition and the difference between the nominal value of the loans and the fair value was treated as a contribution to the equity accounted investment in STP JV and TC, respectively.

2. Includes adjustments from updating the expected timing of cash repayments from the SLNs.

Accounting policy

The Group measures the SLNs and loan receivable at fair value on initial recognition and subsequently they are measured at amortised cost using the effective interest method. Any difference between the nominal value of the SLNs and loan receivable, and their fair value at initial recognition is treated as a contribution to the relevant equity accounted investment.

The SLNs and loan receivable are presented within non-current financial assets in the consolidated balance sheet.

NorthConnex shareholder loan notes

The NorthConnex SLNs consist of an interest-bearing SLN facility with a fixed rate of 5.9% and a maturity date of June 2048 and one non-interest bearing facility with a maturity date of June 2048. As at 30 June 2022, the repayment profile for these SLNs have been updated to reflect an uplift in forecast toll revenue due to an increase in CPI assumptions in the short-term which has brought forward the SLN repayments.

The nominal value of the NorthConnex SLNs as at 30 June 2022 is $777,358 thousand (2021: $955,967 thousand).

STP JV shareholder loan notes

The STP JV SLNs earn interest at a rate equivalent to the weighted average of the interest rate applicable to WestConnex's senior secured debt plus a margin. The agreement includes a mechanism to capitalise interest should funds not be available to settle accrued interest. The SLNs have a maturity date of September 2028. As at 30 June 2022, the repayment profile for these SLNs has been updated to reflect higher interest rate assumptions and repayments. The nominal value of the STP JV SLNs as at 30 June 2022 is $1,426,350 thousand (2021: $721,376 thousand).

TC loan receivable

The TC loan receivable consists of an interest-bearing facility with a fixed rate of 0.13% and a maturity date of December 2023. The nominal value of the TC loan receivable as at 30 June 2022 is US$1,300 thousand ($1,889 thousand) (2021: US$1,300 thousand ($1,728 thousand)).

Expected credit loss

As at 30 June 2022, having assessed the impacts from the economic uncertainty relating to COVID-19, near-term interest rates and inflation, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of these balances. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near-term. As at 30 June 2022 loss allowance was $3,802 thousand (2021: $2,340 thousand), reflecting management's updated estimate of the collectability of these balances.

Section B: Notes to the Group financial statements for the year ended 30 June 2022

B33 Key management personnel compensation

	2022 $	2021 $
Short-term employee benefits	12,370,950	12,001,338
Post-employment benefits	382,880	295,482
Termination benefits	—	—
Long-term benefits (long service leave)	117,555	40,904
Share based payments	3,095,156	1,185,109
Deferred short term incentives	1,897,720	1,784,925
	17,864,261	**15,307,758**

Detailed remuneration disclosures including the key management personnel are made in the remuneration report in the Directors' report.

B34 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group and its related practices.

(a) Amounts received or due and receivable by PricewaterhouseCoopers Australia

	2022 $	2021 $
Services performed by PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports	3,508,142	2,983,374
Other assurance services	389,267	783,000
	3,897,409	3,766,374
Other consulting services	600,000	—
Total remuneration of PricewaterhouseCoopers Australia	**4,497,409**	**3,766,374**

(b) Amounts received or due and receivable by network firms of PricewaterhouseCoopers Australia

	2022 $	2021 $
Services performed by other PricewaterhouseCoopers network firms		
Audit and other assurance services		
Audit and review of financial reports	197,441	559,216
Total remuneration for other PricewaterhouseCoopers network firms	**197,441**	**559,216**
Total auditors remuneration	**4,694,850**	**4,325,590**

B35 Parent entity disclosures

The financial information for the Parent entity, Transurban Holdings Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost in the Parent entity financial statements of Transurban Holdings Limited. Dividends received from associates are recognised in the Parent entity's profit and loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

In addition to its own current and deferred tax amounts, Transurban Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Summary financial information

The individual financial statements for the Parent entity report the following aggregate amounts:

	2022 $M	2021 $M
Balance sheet		
Current assets	1,289	1,181
Total assets	10,727	7,913
Current liabilities	5,617	3,663
Total liabilities	6,409	4,522
Net assets	**4,318**	**3,391**
Shareholders' equity		
Contributed equity	3,939	2,929
Reserves	1	1
Retained earnings	378	461
Total equity	**4,318**	**3,391**
(Loss)/profit for the year	(22)	49
Total comprehensive (loss)/income	**(22)**	**49**

Expected credit loss

As at 30 June 2022, having assessed the impacts from the economic uncertainty relating to COVID-19, near-term interest rates and inflation, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost in the Parent entity. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near-term. As at 30 June 2022 the loss allowance was $8 million (2021: $8 million), reflecting management's updated estimate of the collectability of these balances.

Guarantees entered into by the Parent entity

There are cross guarantees given by Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, Statewide Roads Limited, M4 Holdings No 1 Pty Limited, M5 Holdings Pty Limited, Devome Pty Limited, Transurban Funding Pty Limited, Transurban STP AHT Pty Limited, Transurban STP AT Pty Limited, Transurban STP Project Hold Co Pty Limited, Transurban STP Project Co Pty Limited, Transurban Sun Holdings Pty Ltd and Transurban Operations Pty Ltd as described in Note B27.

Section C: Transurban Holding Trust (THT) and Transurban International Limited (TIL) financial statements

THT—ARSN 098 807 419 and TIL—ABN 90 121 746 825

Section C: THT and TIL financial statements for the year ended 30 June 2022

Transurban Holding Trust and Transurban International Limited
Consolidated statements of comprehensive income for the year ended 30 June 2022

	Note	Transurban Holding Trust 2022 $M	Transurban Holding Trust 2021 $M	Transurban International Limited 2022 $M	Transurban International Limited 2021 $M
Continuing operations					
Revenue	D4	**996**	**900**	**98**	**71**
Expenses					
Employee benefits expense		—	—	(32)	(36)
Road operating costs		—	—	(30)	(26)
Construction costs		(48)	(122)	—	—
Corporate and other expenses		(10)	(11)	(16)	(17)
Total expenses		**(58)**	**(133)**	**(78)**	**(79)**
Earnings/(loss) before depreciation and amortisation, net finance costs, equity accounted investments and income taxes		**938**	**767**	**20**	**(8)**
Amortisation		(328)	(327)	(58)	(57)
Depreciation		—	—	(6)	(5)
Total depreciation and amortisation		**(328)**	**(327)**	**(64)**	**(62)**
Net finance income/(costs)	D9	251	(44)	22	(25)
Share of losses of equity accounted investments	D15	(118)	(96)	(60)	(21)
Profit/(loss) before income tax		**743**	**300**	**(82)**	**(116)**
Income tax (expense)/benefit		**(5)**	**16**	**49**	**8**
Profit/(loss) for the year		**738**	**316**	**(33)**	**(108)**
Discontinued operations					
Profit for the year from discontinued operations		**—**	**—**	**—**	**3,454**
Profit/(loss) for the year from continuing and discontinued operations		**738**	**316**	**(33)**	**3,346**
Profit/(loss) is attributable to:					
Ordinary security holders of TIL		—	—	(33)	3,346
Ordinary unit holders of THT		737	347	—	—
Non-controlling interests	D16	1	(31)	—	—
Profit/(loss) for the year		**738**	**316**	**(33)**	**3,346**
Other comprehensive income					
Gains reclassified on disposal of subsidiary, net of tax	D8	—	—	—	(166)
Items that may be reclassified to profit and loss in the future					
Changes in the fair value of cash flow hedges, net of tax		442	61	—	15
Changes in the fair value of cost of hedging, net of tax		5	—	—	—
Share of other comprehensive income/(loss) from equity accounted investments, net of tax	D15	224	77	29	(1)
Exchange differences on translation of North American operations, net of tax		—	—	249	119
Other comprehensive income/(loss) for the year, net of tax		**671**	**138**	**278**	**(33)**
Total comprehensive income for the year		**1,409**	**454**	**245**	**3,313**
Total comprehensive income/(loss) for the year is attributable to:					
Ordinary security holders of TIL		—	—	245	3,313
Ordinary unit holders of THT		1,326	490	—	—
Non-controlling interests—other		83	(36)	—	—
Total comprehensive income for the year		**1,409**	**454**	**245**	**3,313**
		Cents	**Cents**	**Cents**	**Cents**
Earnings from continuing operations per security attributable to ordinary security holders of the stapled group	D7	**24.6**	**12.7**	**(1.1)**	**(4.0)**
Earnings per security attributable to ordinary security holders of the stapled group	D7	**24.6**	**12.7**	**(1.1)**	**122.2**

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Transurban Holding Trust and Transurban International Limited Consolidated balance sheets as at 30 June 2022

	Note	Transurban Holding Trust 2022 $M	Transurban Holding Trust 2021 $M	Transurban International Limited 2022 $M	Transurban International Limited 2021 $M
Assets					
Current assets					
Cash and cash equivalents		116	116	307	560
Related party receivables[1]	D18	709	961	46	72
Trade and other receivables		14	10	76	51
Derivative financial instruments	D11	22	—	—	—
Current tax assets		—	—	10	—
Concession notes	D18	136	—	—	—
Total current assets		**997**	**1,087**	**439**	**683**
Non-current assets					
Equity accounted investments	D15	5,265	2,149	3,037	2,714
Derivative financial instruments	D11	688	44	—	—
Related party receivables	D18	8,513	9,064	440	—
Concession notes	D18	1,006	855	—	—
Concession financial asset		—	—	339	330
Financial assets at amortised cost	D18	665	627	2	2
Property, plant and equipment		—	—	32	28
Deferred tax assets	D5	111	67	33	—
Other intangible assets	D12	8,986	9,314	1,224	1,225
Total non-current assets		**25,234**	**22,120**	**5,107**	**4,299**
Total assets		**26,231**	**23,207**	**5,546**	**4,982**
Liabilities					
Current liabilities					
Related party payables[1]	D18	315	490	21	19
Trade and other payables		74	64	27	22
Current tax liabilities		—	—	1	168
Borrowings	D10	351	441	614	4
Maintenance provision		—	—	2	4
Distribution provision	D6	776	600	—	—
Derivative financial instruments	D11	—	2	49	—
Construction obligation liability		51	60	—	—
Other liabilities		—	—	33	38
Total current liabilities		**1,567**	**1,657**	**747**	**255**
Non–current liabilities					
Maintenance provision		—	—	33	27
Deferred tax liabilities	D5	141	6	1,099	1,031
Related party payables	D18	3,795	3,693	451	421
Borrowings	D10	7,316	7,166	—	594
Derivative financial instruments	D11	—	208	—	113
Construction obligation liability		33	66	—	—
Other liabilities		80	77	6	7
Total non–current liabilities		**11,365**	**11,216**	**1,589**	**2,193**
Total liabilities		**12,932**	**12,873**	**2,336**	**2,448**
Net assets		**13,299**	**10,334**	**3,210**	**2,534**
Equity					
Contributed equity		—	—	1,030	599
Issued units		19,354	16,527	—	—
Reserves	D8	498	(91)	22	(256)
(Accumulated losses)/retained earnings		(7,286)	(6,825)	2,158	2,191
Non-controlling interests	D16	733	723	—	—
Total equity		**13,299**	**10,334**	**3,210**	**2,534**

1. Receivables from and payables to joint ventures have been classified as related party receivables and payables, with comparative amounts restated for consistency.

The above consolidated balance sheets should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2022

Transurban Holding Trust and Transurban International Limited Consolidated statements of changes in equity for the year ended 30 June 2022

THT

	Attributable to security holders of Transurban Holding Trust					
	No of units	Issued units	Reserves	Accumulated losses	Non-controlling interests	Total
	M	$M	$M	$M	$M	$M
Balance at 1 July 2021	**2,738**	**16,527**	**(91)**	**(6,825)**	**723**	**10,334**
Comprehensive income/(loss)						
Profit for the year	—	—	—	737	1	738
Other comprehensive income	—	—	589	—	82	671
Total comprehensive income	**—**	**—**	**589**	**737**	**83**	**1,409**
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs[1]	325	2,749	—	—	—	2,749
Employee performance awards issued	1	7	—	—	—	7
Distributions provided for or paid	—	—	—	(1,198)	—	(1,198)
Distribution reinvestment plan	7	71	—	—	—	71
Distributions to non-controlling interests	—	—	—	—	(73)	(73)
	333	**2,827**	**—**	**(1,198)**	**(73)**	**1,556**
Balance at 30 June 2022	**3,071**	**19,354**	**498**	**(7,286)**	**733**	**13,299**
Balance at 1 July 2020	**2,735**	**16,504**	**(234)**	**(6,200)**	**831**	**10,901**
Comprehensive income						
Profit/(loss) for the year	—	—	—	347	(31)	316
Other comprehensive income/(loss)	—	—	143	—	(5)	138
Total comprehensive income/(loss)	**—**	**—**	**143**	**347**	**(36)**	**454**
Transactions with owners in their capacity as owners						
Employee performance awards issued	1	4	—	—	—	4
Distributions provided for or paid	—	—	—	(972)	—	(972)
Distribution reinvestment plan	2	19	—	—	—	19
Distributions to non-controlling interests	—	—	—	—	(72)	(72)
	3	**23**	**—**	**(972)**	**(72)**	**(1,021)**
Balance at 30 June 2021	**2,738**	**16,527**	**(91)**	**(6,825)**	**723**	**10,334**

1. Refer to the Group's consolidated statement of changes in equity for further information.

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2022

Transurban Holding Trust and Transurban International Limited Consolidated statements of changes in equity for the year ended 30 June 2022 (continued)

TIL

	Attributable to security holders of Transurban International Limited				
	No. of securities	**Contributed equity**	**Reserves**	**Retained earnings/ (Accumulated losses)**	**Total equity**
	M	**$M**	**$M**	**$M**	**$M**
Balance at 1 July 2021	**2,738**	**599**	**(256)**	**2,191**	**2,534**
Comprehensive income/(loss)					
Loss for the year	—	—	—	(33)	(33)
Other comprehensive income	—	—	278	—	278
Total comprehensive income/(loss)	**—**	**—**	**278**	**(33)**	**245**
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs[1]	325	419	—	—	419
Employee performance awards issued	1	1	—	—	1
Distribution reinvestment plan	7	11	—	—	11
	333	**431**	**—**	**—**	**431**
Balance at 30 June 2022	**3,071**	**1,030**	**22**	**2,158**	**3,210**
Balance at 1 July 2020	**2,735**	**595**	**(223)**	**(1,155)**	**(783)**
Comprehensive income/(loss)					
Profit for the year	—	—	—	3,346	3,346
Other comprehensive loss	—	—	(33)	—	(33)
Total comprehensive income/(loss)	**—**	**—**	**(33)**	**3,346**	**3,313**
Transactions with owners in their capacity as owners					
Employee performance awards issued	1	1	—	—	1
Distribution reinvestment plan	2	3	—	—	3
	3	**4**	**—**	**—**	**4**
Balance at 30 June 2021	**2,738**	**599**	**(256)**	**2,191**	**2,534**

1. Refer to the Group's consolidated statement of changes in equity for further information.

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Transurban Holding Trust and Transurban International Limited Consolidated statements of cash flows for the year ended 30 June 2022

	Note	Transurban Holding Trust 2022 $M	Transurban Holding Trust 2021 $M	Transurban International Limited 2022 $M	Transurban International Limited 2021 $M
Cash flows from operating activities					
Receipts from customers		944	776	85	138
Payments to suppliers and employees		(43)	(45)	(91)	(112)
Payments for maintenance of intangible assets		—	—	(6)	(10)
Transaction costs		—	—	(1)	(18)
Other cash receipts		—	1	78	28
Interest received		233	198	—	—
Interest paid		(433)	(486)	(47)	(135)
Income taxes paid		—	—	—	(10)
Net cash inflow/(outflow) from operating activities	(a)	**701**	**444**	**18**	**(119)**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		—	—	—	49
Payments for property, plant and equipment		—	—	(7)	(24)
Payments for intangible assets		(39)	(124)	—	(104)
Payments for financial assets at amortised cost		—	—	(17)	(2)
Capital contribution to equity accounted investments		(3,373)	(113)	(162)	(2)
Receipts from concession notes		—	88	—	—
Distributions received from equity accounted investments		363	364	65	—
Proceeds from disposal of subsidiaries, net of cash disposed		—	—	—	2,337
Repayment of financial assets at amortised cost		9	2	17	—
Income taxes paid related to the disposal of subsidiaries		—	—	(178)	—
Net cash (outflow)/inflow from investing activities		**(3,040)**	**217**	**(282)**	**2,254**
Cash flows from financing activities					
Loans (to)/from related parties	(b)	(5,232)	(3,326)	(416)	40
Repayment of loans from/(to) related parties	(b)	6,082	3,230	(8)	(2,161)
Proceeds from equity issues of stapled securities (net of costs)		2,749	—	416	—
Proceeds from borrowings (net of costs)	(b)	474	1,240	—	—
Principal repayment of leases		—	—	(1)	(1)
Repayment of borrowings	(b)	(742)	(927)	(14)	(10)
Dividends and distributions paid to the Group's security holders		(919)	(818)	—	—
Distributions paid to non-controlling interests		(73)	(72)	—	—
Net cash inflow/(outflow) from financing activities		**2,339**	**(673)**	**(23)**	**(2,132)**
Net increase/(decrease) in cash and cash equivalents		**—**	**(12)**	**(287)**	**3**
Cash and cash equivalents at the beginning of the year		116	128	560	599
Effects of exchange rate changes on cash and cash equivalents		—	—	34	(42)
Cash and cash equivalents at end of year		**116**	**116**	**307**	**560**

Refer to Note B24 for cash flows from discontinued operations.

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2022

Transurban Holding Trust and Transurban International Limited
Consolidated statements of cash flows for the year ended 30 June 2022 (continued)

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Transurban Holding Trust		Transurban International Limited	
	2022	**2021**	**2022**	**2021**
	$M	**$M**	**$M**	**$M**
Profit/(loss) for the year from continuing and discontinued operations	**738**	**316**	**(33)**	**3,346**
Depreciation and amortisation	328	327	64	83
Gain on disposal of interest in TC	—	—	—	(3,687)
Non-cash net finance (income)/costs	(137)	1	(47)	154
Capitalised interest income	(221)	(159)	—	—
Non-cash net income on concession notes	(284)	(115)	—	—
Share of losses from equity accounted investments	118	96	60	21
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	(4)	—	26	(35)
Increase/(decrease) in related party operating loans	66	(43)	—	(2)
Increase/(decrease) in operating creditors and accruals	2	3	(4)	28
Decrease in other operating provisions	—	—	(4)	—
Increase/(decrease) in deferred and current taxes	92	1	(48)	(47)
Increase in maintenance provision	—	—	4	20
Increase in other liabilities	3	17	—	—
Net cash inflow/(outflow) from operating activities	**701**	**444**	**18**	**(119)**

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2022

Transurban Holding Trust and Transurban International Limited
Consolidated statements of cash flows for the year ended 30 June 2022 (continued)

(b) Reconciliation of liabilities arising from financing activities

THT

	Borrowings current	Borrowings non-current	Debt principal related derivatives (included in assets / liabilities)[1]	Total debt related financial instruments	Net related party receivables[2]
	$M	$M	$M	$M	$M
Balance at 1 July 2021	**441**	**7,166**	**(205)**	**7,402**	**(5,835)**
Proceeds from borrowings (net of costs)	68	405	1	474	—
Repayment of borrowings	(462)	(279)	(1)	(742)	—
Loans to related parties	—	—	—	—	(5,232)
Repayment of loans from related parties	—	—	—	—	6,082
Total cash flows	**(394)**	**126**	**—**	**(268)**	**850**
Non-cash changes					
Transfer	304	(304)	—	—	—
Capitalised interest	—	—	—	—	(206)
Amortisation of borrowing costs	—	6	—	6	—
Intercompany non-cash settlements	—	—	—	—	24
Provision for impairment of intercompany loans	—	—	—	—	(2)
Foreign exchange movements	—	322	(405)	(83)	(6)
Total non-cash changes	**304**	**24**	**(405)**	**(77)**	**(190)**
Balance at 30 June 2022	**351**	**7,316**	**(610)**	**7,057**	**(5,175)**

1. *Total derivatives balance as at 30 June 2022 is an asset of $710 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above as they do not relate to financing activities.*
2. *Total net related party receivables balance as at 30 June 2022 is an asset of $5,112 million. The difference in carrying value to the table above relates to intercompany accruals balances which are excluded from the balances above as they do not relate to financing activities.*

	Borrowings current	Borrowings non-current	Debt principal related derivatives (included in assets / liabilities)[1]	Total debt related financial instruments	Net related party receivables[2]
	$M	$M	$M	$M	$M
Balance at 1 July 2020	**320**	**7,279**	**(518)**	**7,081**	**(5,487)**
Proceeds from borrowings (net of costs)	—	1,240	—	1,240	—
Repayment of borrowings	(300)	(627)	—	(927)	—
Loans to related parties	—	—	—	—	(3,326)
Repayment of loans from related parties	—	—	—	—	3,230
Total cash flows	**(300)**	**613**	**—**	**313**	**(96)**
Non-cash changes					
Transfer	421	(421)	—	—	—
Capitalised interest	—	—	—	—	(175)
Amortisation of borrowing costs	—	15	—	15	—
Intercompany non-cash settlements	—	—	—	—	(71)
Provision for impairment of intercompany loans	—	—	—	—	(18)
Foreign exchange movements	—	(320)	313	(7)	12
Total non-cash changes	**421**	**(726)**	**313**	**8**	**(252)**
Balance at 30 June 2021	**441**	**7,166**	**(205)**	**7,402**	**(5,835)**

1. *Total derivatives balance as at 30 June 2021 is a liability of $166 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above as they do not relate to financing activities.*
2. *Total net related party receivables balance as at 30 June 2021 is an asset of $5,842 million. The difference in carrying value to the table above relates to intercompany accruals balances which are excluded from the balances above as they do not relate to financing activities.*

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2022

Transurban Holding Trust and Transurban International Limited
Consolidated statements of cash flows for the year ended 30 June 2022 (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

TIL

	Borrowings current	Borrowings non-current	Total borrowings	Net related party payables[1]
	$M	$M	$M	$M
Balance at 1 July 2021	**4**	**594**	**598**	**418**
Repayment of borrowings	(4)	(10)	(14)	—
Loans to related parties	—	—	—	(416)
Repayment of loans to related parties	—	—	—	(8)
Total cash flows	**(4)**	**(10)**	**(14)**	**(424)**
Non-cash changes				
Transfer	594	(594)	—	—
Capitalised interest	—	—	—	17
Intercompany non-cash settlements	—	—	—	(12)
Amortisation of borrowing costs	—	1	1	—
Foreign exchange movements	20	9	29	11
Total non-cash changes	**614**	**(584)**	**30**	**16**
Balance at 30 June 2022	**614**	**—**	**614**	**10**

1. Total net related party receivables balance as at 30 June 2022 is an asset of $14 million. The difference in carrying value to the table above relates to intercompany accruals balances which are excluded from the balances above as they do not relate to financing activities.

	Borrowings current	Borrowings non-current	Total borrowings	Net related party payables[2]
	$M	$M	$M	$M
Balance at 1 July 2020	**4**	**3,459**	**3,463**	**2,549**
Repayment of borrowings	(4)	(6)	(10)	—
Loans from related parties	—	—	—	43
Loans to related parties	—	—	—	(3)
Repayment of loans to related parties	—	—	—	(2,161)
Total cash flows	**(4)**	**(6)**	**(10)**	**(2,121)**
Non-cash changes				
Disposals through loss of control of subsidiary[1]	—	(2,600)	(2,600)	10
Transfer	4	(4)	—	—
Capitalised interest	—	21	21	84
Intercompany non-cash settlements	—	—	—	(8)
Amortisation of borrowing costs	—	7	7	—
Non substantial modification gain	—	(9)	(9)	—
Foreign exchange movements	—	(274)	(274)	(96)
Total non-cash changes	**4**	**(2,859)**	**(2,855)**	**(10)**
Balance at 30 June 2021	**4**	**594**	**598**	**418**

1. Relates to the deconsolidation of the Group's ownership interest in TC upon divestment of a 50% ownership interest (refer to Note B24).

2. Total net related party payables balance as at 30 June 2021 is a liability of $368 million. The difference in carrying value to the table above relates to intercompany accruals balances which are excluded from the balances above as they do not relate to financing activities.

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Section D: Notes to the THT and TIL financial statements

Basis of preparation and significant changes

D1 Summary of significant changes in the current reporting period

Refer to Note B2 for significant changes in the current reporting period.

D2 Basis of preparation

The Transurban Holding Trust Group consists of Transurban Holding Trust and the entities it controls (THT) and the Transurban International Limited Group consists of Transurban International Limited and the entities it controls (TIL). THT and TIL form part of the stapled Transurban Group.

THT is registered as a managed investment scheme under Chapter 5C of the *Corporations Act 2001*, and as a result requires a responsible entity. The responsible entity of THT is Transurban Infrastructure Management Limited (TIML). TIML is responsible for performing all functions that are required under the *Corporations Act 2001* of a responsible entity.

The Transurban Holding Trust was established on 15 November 2001 and has no termination date. The Trust was registered as a managed investment scheme by the Australian Securities and Investments Commission on 28 November 2001.

THT is a Trust registered and domiciled in Australia.

TIL is a public company limited by shares and incorporated in Australia.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal operations, in particular over the next 12 months from the financial statement release date on 18 August 2022. In determining the appropriateness of the going concern basis of preparation, the Directors have considered the uncertainties related to COVID-19 impacts on traffic, near-term interest rates and inflation on THT and TIL's liquidity and operations.

Refer to Note B2 for details of the impact of COVID-19 on the current reporting period.

THT and TIL have assessed cash flow forecasts and the ability of THT and TIL to fund their net current liability positions as at 30 June 2022 of $570 million and $308 million, respectively. Excluding related party payables, THT and TIL are in a net current liability position of $255 million and $287 million, respectively. Scenario analysis was undertaken, which includes judgement, of reasonably possible changes in traffic volume, near-term interest rates and inflation. This analysis indicates that THT and TIL are expected to be able to continue to operate within available liquidity levels and the terms of available debt facilities, and to fund their net current liability positions as at 30 June 2022 for the 12 months from the date of this report.

THT and TIL have also forecast that they do not expect to breach any financial covenants within the 12 months from the date of this report. Financial covenant forecasts utilised the same underlying cash flow forecasts as those used in the going concern assessment. Non-recourse debt financial covenants are calculated on a trailing 12-month basis.

The Directors have also taken the following matters into consideration in forming the view that THT and TIL are a going concern:

- THT and TIL have generated positive cash inflows from operating activities of $701 million and $18 million, respectively for the year ended 30 June 2022;
- THT and TIL expect to refinance or repay with available cash all borrowing facilities classified as a current liability as at 30 June 2022. Under the stapled arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Transurban Group; and
- Payment of future distributions remains at the discretion of the Board.

Refer to Note B2 for further information on the basis of preparation for the Transurban Group.

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2022

Operating performance

D3 Segment information

Refer to Note B4 for further information around the structure of the segments for the Transurban Group.

THT operating segments

Management have determined that THT has one operating segment.

THT operations involve the leasing of assets and the provision of funding to the Transurban Group or associates of the Transurban Group. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of THT are based on this one operating segment.

TIL operating segments

Management have determined that TIL has one operating segment.

TIL's operations involve the development, operation and maintenance of toll roads in North America. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of TIL are based on this one operating segment.

Reconciliation of segment information to statutory financial information

Segment information for North America as disclosed in the Transurban Group segment note (Note B4) is reconciled to the TIL statutory financial information below.

Segment revenue

Revenue from external customers is through toll and service and fee revenues earned on toll roads. Segment revenue reconciles to total statutory revenue as follows:

TIL	Note	2022 $M	2021 $M
Total segment revenue (proportional)		**225**	**188**
Add:			
Construction revenue from road development activities		—	87
Other revenue from discontinued operations[1]		—	6
Intragroup elimination[2]		17	5
Less:			
Proportional revenue of non-100% owned equity accounted assets		(115)	(24)
Toll revenue receipts relating to the A25 concession financial asset[3]		(14)	(13)
Other revenue receipts relating to the A25 concession financial asset[3]		(15)	(14)
Revenue attributable to discontinued operations[1]		—	(164)
Total statutory revenue from continuing operations	D4	**98**	**71**

1. *Statutory financial information classifies the results of TC as discontinued operations in the prior comparative period. FY21 other revenue from discontinued operations represents intragroup revenue recognised in relation to arrangements between continuing and discontinued operations that is eliminated for segment purposes.*
2. *Statutory revenue recognised in relation to arrangements with the equity accounted investments that are eliminated for segment purposes.*
3. *The Executive Committee members acting as the chief operating decision maker assesses the performance of TIL using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of the A25 asset and are reflective of its underlying performance. For statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the A25 (refer to Note B18).*

Proportional EBITDA

Proportional EBITDA reconciles to (loss)/profit before income tax as follows:

TIL	2022 $M	2021 $M
Proportional EBITDA	**120**	**54**
Less: EBITDA attributable to TIL corporate activities (disclosed in corporate and other)[1]	(17)	(37)
Less: Toll and other revenue receipts relating to the A25 concession financial asset	(29)	(27)
Less: Proportional EBITDA of non-100% owned equity accounted investments	(54)	(10)
Add: EBITDA from discontinued operations net of transaction costs on disposal[2]	—	12
Statutory earnings/(loss) before depreciation, amortisation, net finance costs, equity accounted investments and income taxes from continuing operations	**20**	**(8)**
Statutory depreciation and amortisation from continuing operations	(64)	(62)
Statutory net finance income/(costs) from continuing operations	22	(25)
Share of loss from equity accounted investments, inclusive of impairments from continuing operations	(60)	(21)
Loss before income tax from continuing operations	**(82)**	**(116)**

1. *Relates primarily to development activities.*
2. *Statutory financial information classifies the results of TC as discontinued operations in the prior comparative period. FY21 proportional EBITDA includes $18 million transaction costs on disposal of TC which are included within the statutory gain on disposal and not within statutory EBITDA.*

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2022

D4 Revenue

		THT		TIL
	2022 $M	2021 $M	2022 $M	2021 $M
Toll revenue	—	—	62	54
Rental income	902	734	—	—
Construction revenue	48	122	—	—
Other revenue	3	3	36	17
Concession fees	43	41	—	—
Total revenue from continuing operations	**996**	**900**	**98**	**71**

For toll revenue, construction revenue and other revenue accounting policies, refer to Note B5.

Revenue type	Recognition
Rental income	The rental income revenue stream relates to lease payments received from operating leases on the property held by THT. This income is recognised in accordance with the terms of the lease contract.
Concession fees	Other income from concession fees relates to the CityLink concession notes. Pursuant to the Agreement for the Melbourne CityLink Concession Deed (the Concession Deed), CityLink Melbourne Limited (CityLink) (a member of the Transurban Group), is required to pay annual concession fees for the duration of CityLink's concession period. Until a certain threshold rate of return on the project is achieved, the payment of concession fees due under the Concession Deed can be satisfied by means of non-interest bearing concession notes. Following agreements reached with the State of Victoria, the Group paid a total of $765 million to the State to have all current concession notes issued by the State assigned to Transurban Holding Trust, and the State directed CityLink to pay future concession notes to Transurban Holding Trust. Accordingly, CityLink continues to issue notes semi-annually to Transurban Holding Trust, and Transurban Holding Trust recognises concession note income from the issue of these notes, at the present value of expected future repayments.

D5 Income tax

Deferred tax assets and liabilities—TIL

		Asset		Liability
	2022 $M	2021 $M	2022 $M	2021 $M
The balance comprises temporary difference attributable to:				
Accrued expenses	1	—	—	—
Provisions	12	11	—	—
Current and prior year losses	82	28	—	—
Fixed assets/intangibles	8	7	(350)	(344)
Derivatives and foreign exchange	21	31	—	—
Equity accounted investments	—	—	(846)	(764)
Other	6	—	—	—
Tax assets/(liabilities)	**130**	**77**	**(1,196)**	**(1,108)**
Set off of tax	(97)	(77)	97	77
Net tax assets/(liabilities)	**33**	**—**	**(1,099)**	**(1,031)**
Movements:				
Opening balance at 1 July	**77**	**665**	**(1,108)**	**(700)**
Credited/(charged) to profit or loss	17	—	(8)	(3)
Credited/(charged) to equity	2	(8)	—	(2)
Disposed through other comprehensive income[1]	—	(13)	—	—
Disposed through profit or loss[1]	—	(96)	—	326
Acquired[1]	—	—	—	(764)
Foreign exchange movements	7	(54)	(87)	23
Transfer from deferred tax assets/liabilities	—	(11)	—	11
Current year losses recognised/(prior year losses utilised) and under/(over) provision in prior years	27	(406)	7	1
Closing balance at 30 June	**130**	**77**	**(1,196)**	**(1,108)**
Deferred tax assets/(liabilities) to be recovered/(paid) after more than 12 months	**130**	**77**	**(1,196)**	**(1,108)**

1. Relates to the net impact of the deconsolidation of the Group's ownership interest in TC and recognition of an equity accounted investment in TC upon divestment of a 50% ownership interest (refer to Note B24).

Security holder outcomes

D6 Distributions

Refer to Note B10 of the Group financial statements for the dividends/distributions paid and payable by the Group.

Movements in distribution provision—THT

	Distribution to security holders $M	Distributions to non-controlling interest in subsidiaries $M	Total $M
Balance at 1 July 2021	**561**	**39**	**600**
Additional provision recognised	1,198	73	1,271
Amounts paid	(919)	(73)	(992)
Amounts reinvested	(103)	—	(103)
Balance at 30 June 2022	**737**	**39**	**776**
Balance at 1 July 2020	**437**	**39**	**476**
Additional provision recognised	972	72	1,044
Amounts paid	(818)	(72)	(890)
Amounts reinvested	(30)	—	(30)
Balance at 30 June 2021	**561**	**39**	**600**

D7 Earnings per stapled security

Reconciliation of earnings used in calculating earnings per security

	THT 2022	THT 2021	TIL 2022	TIL 2021
Profit/(loss) attributable to ordinary security holders ($M)				
Continuing operations	737	347	(33)	(108)
Discontinued operations	—	—	—	3,454
Total	**737**	**347**	**(33)**	**3,346**
Weighted average number of securities (M)	2,991	2,737	2,991	2,737
Basic and diluted earnings per security attributable to the ordinary security holders (cents)				
Continuing operations	24.6	12.7	(1.1)	(4.0)
Discontinued operations	—	—	—	126.2
Total	**24.6**	**12.7**	**(1.1)**	**122.2**

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2022

Capital and borrowings

D8 Reserves

Refer to Note B12 for a description of the nature and purpose of each reserve.

THT

	Cash flow hedges $M	Cost of hedging $M	Share based payments $M	Total $M
Balance at 1 July 2021	**(96)**	**1**	**4**	**(91)**
Revaluation—gross	414	5	—	419
Deferred tax	(52)	(2)	—	(54)
Share of other comprehensive income/(loss) of equity accounted investments, net of tax	227	(3)	—	224
Balance at 30 June 2022	**493**	**1**	**4**	**498**
Balance at 1 July 2020	**(238)**	**—**	**4**	**(234)**
Revaluation—gross	63	—	—	63
Deferred tax	3	—	—	3
Share of other comprehensive income of equity accounted investments, net of tax	76	1	—	77
Balance at 30 June 2021	**(96)**	**1**	**4**	**(91)**

TIL

	Cash flow hedges $M	Share based payments $M	Foreign currency translation $M	Transactions with non-controlling interests $M	Total $M
Balance at 1 July 2021	**(1)**	**1**	**(198)**	**(58)**	**(256)**
Currency translation differences	—	—	249	—	249
Share of other comprehensive income of equity accounted investments	29	—	—	—	29
Balance at 30 June 2022	**28**	**1**	**51**	**(58)**	**22**
Balance at 1 July 2020	**(24)**	**1**	**(142)**	**(58)**	**(223)**
Revaluation—gross	20	—	—	—	20
Currency translation differences	—	—	124	—	124
Share of other comprehensive loss of equity accounted investments, net of tax	(1)	—	—	—	(1)
(Gains)/losses reclassified on disposal of subsidiary, net of tax	9	—	(175)	—	(166)
Deferred tax	(5)	—	(5)	—	(10)
Balance at 30 June 2021	**(1)**	**1**	**(198)**	**(58)**	**(256)**

D9 Net finance income/(costs)

		THT		TIL
	2022 $M	2021 $M	2022 $M	2021 $M
Finance income				
Interest income from related parties	424	439	14	—
Unrealised remeasurement gain attributable to derivative financial instruments	20	—	67	42
Interest income on financial assets at amortised cost	20	15	1	—
Unwind of discount and remeasurement of financial assets at amortised cost	32	—	1	—
Unwind of discount and remeasurement of concession notes receivable	243	115	—	—
Unwind of discount and remeasurement of liabilities—promissory notes	3	—	—	—
Income from concession financial asset	—	—	23	23
Movement in impairment provisions on related party receivables	2	13	—	—
Net foreign exchange gains	6	—	—	—
Total finance income	**750**	**582**	**106**	**65**
Finance costs				
Interest and finance charges paid/payable	(494)	(515)	(61)	(68)
Unrealised remeasurement loss attributable to derivative financial instruments	—	(48)	—	—
Unwind of discount and remeasurement of liabilities—maintenance provision	—	—	(1)	(1)
Unwind of discount and remeasurement of liabilities—promissory notes	—	(12)	—	—
Unwind of discount and remeasurement of liabilities—construction obligation liability	(5)	(7)	—	—
Unwind of discount and remeasurement of financial assets at amortised cost	—	(31)	—	—
Net foreign exchange losses	—	(13)	(21)	(21)
Movement in impairment provisions on related party receivables	—	—	(1)	—
Total finance costs	**(499)**	**(626)**	**(84)**	**(90)**
Net finance income/(costs) from continuing operations	**251**	**(44)**	**22**	**(25)**

Unwind of discount and remeasurement of concession notes receivable

Remeasurement of concession notes represents the discount unwind on these notes and the change in the payment profile of the concession notes.

Unrealised remeasurement gain attributable to derivative financial instruments

Refer to Note B13 for further information on the unrealised remeasurement gain attributable to derivative financial instruments.

D10 Borrowings

Refer to Note B14 for a description of each facility type.

		THT		TIL
	2022 $M	2021 $M	2022 $M	2021 $M
Current				
Capital markets debt	304	250	—	—
US private placement	—	—	225	—
Term debt	47	191	389	4
Total current borrowings	**351**	**441**	**614**	**4**
Non-current				
Capital markets debt	2,275	2,458	—	—
US private placement	2,729	2,525	—	213
Term debt	2,312	2,183	—	381
Total non-current borrowings	**7,316**	**7,166**	**—**	**594**
Total borrowings	**7,667**	**7,607**	**614**	**598**

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2022

D11 Derivatives and financial risk management

The instruments used by the Group are described in Note B15.

	2022 $M				2021 $M			
	Current		Non-current		Current		Non-current	
	THT	TIL	THT	TIL	THT	TIL	THT	TIL
Assets								
Interest rate swap contracts	—	—	262	—	—	—	28	—
Cross currency interest rate swap contracts	22	—	426	—	—	—	16	—
Total derivative financial instrument assets	**22**	**—**	**688**	**—**	**—**	**—**	**44**	**—**
Liabilities								
Interest rate swap contracts	—	49	—	—	2	—	77	113
Cross currency interest rate swap contracts	—	—	—	—	—	—	131	—
Total derivative financial instrument liabilities	**—**	**49**	**—**	**—**	**2**	**—**	**208**	**113**

Market risk

Foreign exchange risk

The effects of the foreign currency related hedging instruments on THT's financial position and performance are as follows:

THT

	2022 $M	2021 $M
Cross-currency interest rate swaps		
Carrying amount	448	(115)
Notional amount	3,909	3,909
Hedge ratio	1:1	1:1
Increase/(decrease) in discounted value of outstanding hedging instruments since inception	615	(256)
(Decrease)/increase in value of hedged item used to determine hedge effectiveness	(636)	275

Maturity profile—notional value of cross-currency interest rate swaps are as follows:

THT

2022 $M	Less than 12 months	1–5 years	Over 5 years	Total nominal amount
Cross-currency interest rate swaps (AUD:USD)[3]	**—**	**285**	**1,858**	**2,143**
Average AUD-USD exchange rate	—	0.76	0.75	NA[1]
Average fixed interest rate[2]	—	5.2%	4.9%	NA[1]
Cross-currency interest rate swaps (AUD:CHF)[4]	**200**	**375**	**190**	**765**
Average AUD-CHF exchange rate	0.72	0.74	0.71	NA[1]
Average fixed interest rate[2]	4.6%	4.5%	3.3%	NA[1]

2021 $M	Less than 12 months	1–5 years	Over 5 years	Total nominal amount
Cross-currency interest rate swaps (AUD:USD)[3]	**—**	**155**	**1,988**	**2,143**
Average AUD-USD exchange rate	—	—	—	NA[1]
Average fixed interest rate[2]	—	5.5%	4.9%	NA[1]
Cross-currency interest rate swaps (AUD:CHF)[4]	**—**	**400**	**365**	**765**
Average AUD-CHF exchange rate	—	—	—	NA[1]
Average fixed interest rate[2]	—	4.5%	3.9%	NA[1]

1. NA—Not applicable.

2. Based on average fixed rate of cross currency swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

3. Balances are presented in USD currency.

4. Balances are presented in CHF currency.

D11 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Effectiveness of hedging relationships designated are as follows:

THT

2022 $M	Hedge (gains)/losses recognised in other comprehensive income	Hedge ineffectiveness (gains)/losses recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Foreign currency risk	(543)	(20)	Net finance costs	—	Net finance costs
2021					
$M					
Foreign currency risk	371	48	Net finance costs	—	Net finance costs

Exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises, was as follows:

		THT		THT		TIL
	2022	2021	2022	2021	2022	2021
	USD	USD	CHF	CHF	AUD	AUD
	$M	$M	$M	$M	$M	$M
Receivables	588	812	—	—	449	1
Payables	(553)	(715)	—	—	(28)	(9)
Borrowings	(2,143)	(2,143)	(765)	(765)	—	—
Cross-currency interest rate swaps	2,143	2,143	765	765	—	—
Net exposure	**35**	**97**	**—**	**—**	**421**	**(8)**

Sensitivity to exchange rate movements based on the translation of financial instruments held at the end of the period is as follows:

THT	Movement in post-tax profit		Increase/(decrease) in equity	
	2022	2021	2022	2021
	$M	$M	$M	$M
AUD/USD				
+ 10 cents	(5)	(11)	(18)	(51)
– 10 cents	6	14	25	67
AUD/CHF				
+ 10 cents	—	—	(9)	(7)
– 10 cents	—	—	12	9

TIL	Movement in post-tax profit		Increase/(decrease) in equity	
	2022	2021	2022	2021
	$M	$M	$M	$M
USD/AUD				
+ 10 cents	13	—	—	—
– 10 cents	(15)	—	—	—

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2022

D11 Derivatives and financial risk management (continued)

Interest rate risk

Interest rate swap contracts in TIL do not qualify for hedge accounting. The effects of the interest rate related hedging instruments on THT's financial position and performance are as follows:

THT

	2022 $M	2021 $M
Interest rate swaps		
Carrying amount	262	(51)
Notional amount[1]	2,903	2,947
Hedge ratio	1:1	1:1
Increase/(decrease) in fair value of outstanding hedging instruments	352	(108)
(Decrease)/increase in value of hedged item used to determine hedge effectiveness since inception	(357)	112
Weighted average hedged rate for the year	100%	100%

1. The notional amounts above include $407 million (2021: $407 million) of forward starting swaps which are hedging the same underlying interest rate exposures and therefore not included in the net exposure to interest rate risk table.

Maturity profile—notional value of interest rate swaps are as follows:

THT

2022 $M	Less than 12 months	1-5 years	Over 5 years	Total notional amount
Interest rate swaps	408	868	1,627	2,903
Average fixed interest rate[1]	2.2%	1.5%	1.9%	NA²

2021 $M				
Interest rate swaps	166	1,566	1,215	2,947
Average fixed interest rate[1]	2.3%	1.4%	1.8%	NA²

1. Based on average fixed rate of interest rate swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

Effectiveness of hedging relationships designated are as follows:

THT

2022 $M	Hedge gains recognised in other comprehensive income	Hedge ineffectiveness losses/(gains) recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Interest rate risk	(313)	—	Net finance costs	—	Net finance costs

2021 $M					
Interest rate risk	(104)	—	Net finance costs	—	Net finance costs

THT and TIL are not materially impacted by movements in interest rates. As at the reporting date, THT and TIL had the following variable rate borrowings and interest rate swap contracts outstanding:

	THT 2022 $M	2021 $M	TIL 2022 $M	2021 $M
Cash and cash equivalents	116	116	307	560
Floating rate borrowings	(2,528)	(2,546)	(390)	(385)
Interest rate swaps (notional principal amount)	2,495	2,539	408	393
Net exposure to interest rate risk	**83**	**109**	**325**	**568**

D11 Derivatives and financial risk management (continued)

Interest rate risk (continued)

Sensitivity to interest rate movements based on variable rate obligations is as follows:

	THT 2022 $M	THT 2021 $M	TIL 2022 $M	TIL 2021 $M
Interest rates +100bps	1	1	3	6
Interest rates –100bps	(1)	(1)	(3)	(6)

Liquidity risk

Contractual maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted cash flows of THT and TIL's financial liabilities. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period. For further information refer to Note B15.

THT

2022 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	74	—	—	—	—	—	74	74
Borrowings	588	542	842	1,089	761	5,690	9,512	7,667
Related party payables	134	134	1,044	1,675	164	1,400	4,551	4,110
Interest rate swaps[1]	(20)	(53)	(42)	(37)	(33)	(133)	(318)	(262)
Cross-currency interest rate swaps[1]	47	36	36	29	19	49	216	(448)
Concession notes	—	—	—	—	—	254	254	80
Total	**823**	**659**	**1,880**	**2,756**	**911**	**7,260**	**14,289**	**11,221**

2021 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	64	—	—	—	—	—	64	64
Borrowings	587	533	758	835	980	5,919	9,612	7,607
Related party payables	350	127	127	1,077	1,632	1,373	4,686	4,183
Interest rate swaps[1]	39	28	17	7	—	(38)	53	51
Cross-currency interest rate swaps[1]	59	58	48	48	40	103	356	115
Concession notes	—	—	—	—	—	241	241	77
Total	**1,099**	**746**	**950**	**1,967**	**2,652**	**7,598**	**15,012**	**12,097**

1. The carrying value of the interest rate and cross-currency swaps are presented on a net basis. The gross position is disclosed in the first table of Note D11.

TIL

2022 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	27	—	—	—	—	—	27	27
Borrowings	634	—	—	—	—	—	634	614
Related party payables	36	29	29	29	29	890	1,042	472
Interest rate swaps	5	6	6	6	5	30	58	49
Lease liabilities	1	1	1	1	1	—	5	6
Total	**703**	**36**	**36**	**36**	**35**	**920**	**1,766**	**1,168**

2021 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	22	—	—	—	—	—	22	22
Borrowings	21	609	—	—	—	—	630	598
Related party payables	34	27	27	27	27	818	960	440
Interest rate swaps	16	13	11	10	9	64	123	113
Lease liabilities	1	1	1	1	1	1	6	6
Total	**94**	**650**	**39**	**38**	**37**	**883**	**1,741**	**1,179**

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2022

Concession summary

Refer to the Concession summary section of the Group financial statements for the intangible assets, concession note and promissory note accounting policies.

D12 Other intangible assets

2022 $M	Concession assets		Assets under construction			Total
	THT	TIL	THT	TIL	THT	TIL
Cost	12,141	1,470	371	—	12,512	1,470
Accumulated amortisation	(3,482)	(246)	(44)	—	(3,526)	(246)
Net carrying amount	**8,659**	**1,224**	**327**	**—**	**8,986**	**1,224**

2021 $M	Concession assets		Assets under construction			Total
	THT	TIL	THT	TIL	THT	TIL
Cost	12,140	1,400	371	2	12,511	1,402
Accumulated amortisation	(3,168)	(177)	(29)	—	(3,197)	(177)
Net carrying amount	**8,972**	**1,223**	**342**	**2**	**9,314**	**1,225**

Movement in other intangible assets

	Concession assets		Assets under construction			Total
	THT $M	TIL $M	THT $M	TIL $M	THT $M	TIL $M
Opening balance at 1 July 2021	**8,972**	**1,223**	**342**	**2**	**9,314**	**1,225**
Foreign exchange movements and other adjustments	—	59	—	(2)	—	57
Amortisation charge	(313)	(58)	(15)	—	(328)	(58)
Net carrying amount at 30 June 2022	**8,659**	**1,224**	**327**	**—**	**8,986**	**1,224**
Opening balance at 1 July 2020	**9,281**	**4,504**	**355**	**629**	**9,636**	**5,133**
Additions	—	—	5	87	5	87
Foreign exchange movements and other adjustments	—	(310)	—	(54)	—	(364)
Transfer	4	11	(4)	(11)	—	—
Disposals through loss of control of subsidiary[1]	—	(2,904)	—	(649)	—	(3,553)
Amortisation charge	(313)	(78)	(14)	—	(327)	(78)
Net carrying amount at 30 June 2021	**8,972**	**1,223**	**342**	**2**	**9,314**	**1,225**

1. Relates to the deconsolidation of the Group's ownership interest in TC upon divestment of a 50% ownership interest (refer to Note B24).

D13 Concession financial asset

TIL's concession financial assets relate only to A25 as at 30 June 2022 and 30 June 2021. Refer to Note B18 for a reconciliation of movements in the A25 concession financial asset.

D14 Other liabilities—concession liabilities

Refer to Note B21 for further information on these concession liabilities.

M2 Motorway (THT)

The face value of promissory notes on issue as at 30 June 2022 is $254 million (2021: $241 million). The net present value as at 30 June 2022 of the redemption payments relating to these promissory notes is $80 million (2021: $77 million).

Group structure

D15 Equity accounted investments

Set out below is the summarised financial information for those joint ventures and associates that are material to the THT and TIL Group. The summarised financial information presented below is on a 100 per cent basis. Refer to Note B25 for the details of the STP JV, NWRG and TIL (TC and AM Partners) equity accounted investments.

Reconciliation of summarised financial information

Set out below is the reconciliation of the carrying value of equity accounted investments.

	THT STP JV		THT NorthWestern Roads Trust		THT Total		TIL	
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M
Opening carrying value at 1 July	**2,073**	**2,268**	**76**	**151**	**2,149**	**2,419**	**2,714**	**—**
Acquisition	—	—	—	—	—	—	—	2,706
Group's share of profit/(loss)	(158)	(130)	40	34	(118)	(96)	(60)	(21)
Group's share of other comprehensive income/(loss)	216	75	8	2	224	77	29	(1)
Distributions received	(278)	(253)	(85)	(111)	(363)	(364)	(65)	—
Foreign exchange movements	—	—	—	—	—	—	256	28
Capital contributions[1]	3,373	113	—	—	3,373	113	162	2
Fair value adjustment on issuance of shareholder loans	—	—	—	—	—	—	1	—
Closing carrying value at 30 June	**5,226**	**2,073**	**39**	**76**	**5,265**	**2,149**	**3,037**	**2,714**

1. *Capital contributions for AM Partners includes $6 million (2021: $nil) of costs capitalised as part of the cost of the equity accounted investment.*

Summarised balance sheet—100%

	THT STP JV		THT North Western Roads Trust		THT Total		TIL	
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021[1] $M
Cash and cash equivalents	565	781	—	—	565	781	483	366
Other current assets	426	420	—	—	426	420	18	9
Non-current assets	16,903	16,322	2,003	2,088	18,906	18,410	9,678	8,561
Current financial liabilities	(1,496)	8	(18)	(17)	(1,514)	(9)	—	—
Other current liabilities	(120)	(130)	(2)	(5)	(122)	(135)	(278)	(145)
Non-current financial liabilities	(8,581)	(9,501)	(1,997)	(2,000)	(10,578)	(11,501)	(3,616)	(3,188)
Other non-current liabilities	9	9	—	—	9	9	(232)	(176)
Net assets/(liabilities)	**7,706**	**7,909**	**(14)**	**66**	**7,692**	**7,975**	**6,053**	**5,427**

Summarised statement of comprehensive income—100%

Revenue	293	320	153	141	446	461	229	49
Construction revenue	288	514	—	—	288	514	261	47
Depreciation and amortisation	(351)	(350)	(34)	(34)	(385)	(384)	(124)	(29)
Other expenses	(17)	—	(1)	(1)	(18)	(1)	(121)	(30)
Construction costs	(288)	(514)	—	—	(288)	(514)	(261)	(47)
Net finance costs	(316)	(479)	(38)	(34)	(354)	(513)	(106)	(31)
Income tax expense	—	—	(2)	(4)	(2)	(4)	—	—
Profit/(loss) for the year	**(391)**	**(509)**	**78**	**68**	**(313)**	**(441)**	**(122)**	**(41)**
Other comprehensive income/(loss)	566	297	15	4	581	301	61	(2)
Total comprehensive income/(loss)	**175**	**(212)**	**93**	**72**	**268**	**(140)**	**(61)**	**(43)**

The following table reconciles the above summarised financial information presented on a 100 per cent basis to the proportional amounts recognised by the Group:

Ownership interest	**50%**	**50%**	**50%**	**50%**			**60%**	**60%**
Proportional total comprehensive income/(loss)	58	(55)	48	36	106	(19)	(79)	(13)
Amortisation of fair value uplift and other adjustments	—	—	—	—	—	—	48	(9)
Group's share of comprehensive income/(loss)	58	(55)	48	36	106	(19)	(31)	(22)

1. *The summarised statement of comprehensive income for TC is presented from the date of divestment of 50% share in TC on 31 March 2021.*

D16 Non-controlling interests—other

Set out below is summarised financial information for each material subsidiary that has non-controlling interests that are material and external to THT and the total external NCI. The amounts disclosed for each subsidiary are before cross-staple eliminations.

THT

	Transurban Queensland Invest Trust		Airport Motorway Trust		Total NCI	
	37.50%	37.50%	24.90%	24.90%		
	2022	2021	2022	2021	2022	2021
	$M	$M	$M	$M	$M	$M
Summarised balance sheet						
Current assets	302	65	51	190	353	255
Non-current assets	7,257	7,424	723	600	7,980	8,024
Current liabilities	(359)	(302)	(205)	(347)	(564)	(649)
Non-current liabilities	(5,383)	(5,376)	(365)	(266)	(5,748)	(5,642)
Net assets	**1,817**	**1,811**	**204**	**177**	**2,021**	**1,988**
Carrying amount of NCI	**682**	**679**	**51**	**44**	**733**	**723**
Summarised statement of comprehensive income						
Revenue	392	359	10	14	402	373
Profit/(loss) for the year	**(1)**	**(83)**	**5**	**1**	**4**	**(82)**
Other comprehensive income/(loss)	202	(17)	28	7	230	(10)
Total comprehensive income/(loss)	**201**	**(100)**	**33**	**8**	**234**	**(92)**
Profit/(loss) allocated to NCI	**—**	**(31)**	**1**	**—**	**1**	**(31)**
Other comprehensive income/(loss) allocated to NCI	**76**	**(6)**	**6**	**1**	**82**	**(5)**
Summarised cash flows						
Cash flows from operating activities	188	159	4	—	192	159
Cash flows from investing activities	(1)	(1)	—	—	(1)	(1)
Cash flows from financing activities	(189)	(186)	—	—	(189)	(186)
Net increase/(decrease) in cash and cash equivalents	**(2)**	**(28)**	**4**	**—**	**2**	**(28)**

D17 Deed of cross and intra-group guarantees

Deed of cross guarantee

Transurban International Limited, Transurban International Holdings Pty Ltd, Transurban Maple Holdings Pty Ltd, Transurban Maple Investments Pty Ltd, Transurban Technology Investments Holdings Pty Ltd and Transurban Technology Investments Pty Ltd are party to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Instrument 2016/785 issued by the Australian Securities and Investments Commission. The companies represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by TIL, they also represent the 'extended closed group'.

Set out below is the summary financial information of the closed group.

	2022	2021
	$M	$M
Summarised statement of comprehensive income		
Revenue	3	1,657
Net finance costs	(9)	(169)
(Loss)/profit before income tax	**(6)**	**1,488**
Income tax benefit/(expense)	30	(8)
Profit for the year from continuing operations	**24**	**1,480**
Loss for the year from discontinued operations	**—**	**(6)**
Profit for the year from continuing and discontinued operations	**24**	**1,474**
Total comprehensive income for the year	**24**	**1,474**

D17 Deed of cross and intra-group guarantees (continued)

Deed of cross guarantee (continued)

	2022 $M	2021 $M
Summarised movements in retained earnings		
Retained earnings at the beginning of the year	980	—
Accumulated losses of entities that joined the 'closed group'	—	(494)
Profit for the year	24	1,474
Retained earnings at the end of the year	**1,004**	**980**
Summarised balance sheet		
Current assets		
Trade and other receivables	8	2
Total current assets	8	2
Non-current assets		
Other financial assets	2,371	1,785
Deferred tax assets	33	—
Total non-current assets	2,404	1,785
Total assets	**2,412**	**1,787**
Current liabilities		
Total current liabilities	—	—
Non-current liabilities		
Total non-current liabilities	—	—
Total liabilities	**—**	**—**
Net assets	**2,412**	**1,787**
Equity		
Contributed equity	1,031	600
Other reserves	377	207
Retained earnings	1,004	980
Total equity	**2,412**	**1,787**

Intra–group guarantees

As at 30 June 2022, the Transurban Group comprises Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited, traded and quoted on the ASX as one triple stapled security. Under the stapling arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Group on a continual basis.

Expected credit loss

As at 30 June 2022, having assessed the impacts from the economic uncertainty relating to COVID-19, near-term interest rates and inflation, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost in the closed group. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near-term. As at 30 June 2022 the loss allowance was $1 million (2021: $nil), reflecting management's updated estimate of the collectability of these balances.

Other

D18 Related party transactions

THT	THL[1] 2022 $'000	THL[1] 2021 $'000	Joint ventures 2022 $'000	Joint ventures 2021 $'000
Transactions with related parties				
Rental income	902,420	734,259	—	—
Concession fees	42,951	41,375	—	—
Interest income	423,520	439,341	—	—
Finance income/(cost) on financial assets at amortised cost	—	—	51,683	(15,750)
Interest and finance charges paid/payable	(183,481)	(203,237)	—	—
Other expenses	(4,538)	(4,669)	—	—
Outstanding balances with related parties				
Current receivables	709,286	960,758	—	—
Current concession notes	135,540	—	—	—
Non-current receivables	8,513,097	9,064,377	—	—
Non-current financial assets at amortised cost	—	—	665,200	627,450
Non-current concession notes	1,005,550	854,768	—	—
Current liabilities	(315,405)	(490,299)	—	—
Non-current liabilities	(3,794,727)	(3,693,005)	—	—

1. Transactions and outstanding balances between THT and THL.

Expected credit loss

As at 30 June 2022, having considered the impacts from the economic uncertainty relating to COVID-19, near-term interest rates and inflation, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost by THT. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near-term. As at 30 June 2022 the loss allowance was $27 million (2021: $27 million), reflecting management's updated estimate of the collectability of these balances.

TIL	THL[1] 2022 $'000	THL[1] 2021 $'000	Joint ventures 2022 $'000	Joint ventures 2021 $'000
Transactions with related parties				
Revenue from services	—	—	24,798	7,989
Interest income	14,256	—	—	—
Interest expense	(27,758)	(36,145)	—	—
Other expenses	(13,244)	(11,700)	—	—
Outstanding balances with related parties				
Current receivables	9,384	5,328	36,995	66,693
Non-current receivables	439,668	—	—	—
Non-current financial assets at amortised cost	—	—	1,889	1,728
Current liabilities	(14,207)	(12,068)	(7,074)	(6,556)
Non-current liabilities	(451,131)	(420,929)	—	—

1. Transactions and outstanding balances between TIL and THL.

D19 Parent entity disclosures

Summary financial information

The individual financial statements for the parent entities (THT and TIL) show the following aggregate amounts:

		THT[1]		TIL
	2022 $M	2021 $M	2022 $M	2021 $M
Balance sheet				
Current assets	718	1,075	350	316
Total assets	19,680	16,758	1,493	928
Current liabilities	1,836	1,665	—	—
Total liabilities	3,683	3,411	—	—
Net assets	**15,997**	**13,347**	**1,493**	**928**
Shareholder's equity	19,354	16,527	1,030	599
Reserves	3	4	172	63
(Accumulated losses)/retained earnings	(3,360)	(3,184)	291	266
Total equity	**15,997**	**13,347**	**1,493**	**928**
Profit for the year	1,022	670	25	292
Exchange differences on translation of USD balances, net of tax	—	—	109	(54)
Total comprehensive income	**1,022**	**670**	**134**	**238**

1. Comparatives have been restated to disclose distributions received and recognised in FY21.

Expected credit loss

As at 30 June 2022, having considered the impacts from the economic uncertainty relating to COVID-19, near-term interest rates and inflation, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost in each respective parent entity. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near-term. As at 30 June 2022 the loss allowance was $5 million for THT (2021: $8 million) and $2 million for TIL (2021: $1 million), reflecting management's updated estimate of the collectability of these balances.

Guarantees entered into by the parent entity

There are cross guarantees given by Transurban International Limited, Transurban International Holdings Pty Ltd, Transurban Maple Holdings Pty Ltd, Transurban Maple Investments Pty Ltd, Transurban Technology Investments Holdings Pty Ltd and Transurban Technology Investments Pty Ltd as described in Note D17.

Section E: Signed reports

Directors' Declaration

In the opinion of the Directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited (as the responsible entity of Transurban Holding Trust) and Transurban International Limited (collectively referred to as 'the Directors'):

- the financial statements and notes of Transurban Holdings Limited and its controlled entities, including Transurban Holding Trust and its controlled entities and Transurban International Limited and its controlled entities set out on pages 120 to 214 are in accordance with the *Corporations Act 2001*, including:
  - complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - giving a true and fair view of the Transurban Holdings Limited Group's, Transurban Holding Trust Group's and Transurban International Limited Group's financial position as at 30 June 2022 and of its performance for the year ended on that date, and
- there are reasonable grounds to believe that the Transurban Holdings Limited Group, Transurban Holding Trust Group and Transurban International Limited Group will be able to pay their debts as and when they become due and payable, and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Notes B27 and D17 will be able to meet any obligations or liabilities to which they are, or may become liable, subject by virtue of the deed of cross guarantee described in Notes B27 and D17.

Note B3 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Lindsay Maxsted
Director

Scott Charlton
Director

Melbourne
18 August 2022

Independent auditor's report

To the stapled security holders of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial reports of Transurban Holdings Limited (THL or the Company) and its controlled entities (together the Transurban Group or the Group), Transurban Holding Trust (the Trust) and its controlled entities (together THT) and Transurban International Limited (the International Company) and its controlled entities (together TIL) are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Transurban Group, THT and TIL's financial positions as at 30 June 2022 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Transurban Group, THT and TIL financial reports (the financial report) comprise:

- the consolidated balance sheets as at 30 June 2022
- the consolidated statements of comprehensive income for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated statements of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Transurban Group, THT and TIL in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Transurban Group, THT and TIL, their accounting processes and controls and the industry in which they operate.

Group Materiality

- For the purpose of our audit we used overall Group materiality of $42 million, which represents approximately 2.5% of the Group's earnings before interest, tax, depreciation and amortisation expenses (EBITDA).
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose EBITDA as the benchmark because, in our view, it is the metric against which the performance of the Transurban Group is most commonly measured and is a generally accepted benchmark in the infrastructure industry. We chose 2.5% based on our professional judgement, noting that it is within the common range relative to EBITDA benchmarks.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We conducted an audit of the financial report for each of the Transurban Group, THT and TIL, including substantive audit procedures in respect of the operation of each of the toll road concessions and equity accounted investments. Specific audit procedures were also performed for interest, tax, depreciation and amortisation expenses.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

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Recording of toll revenue

Group – Note B5 Toll revenue: $2,324m	**THT** Toll revenue – not applicable	**TIL** – Note D4 Toll Revenue: $62m

Key audit matter	How our audit addressed the key audit matter
The Transurban Group operates toll roads in 4 geographic segments: Melbourne, Sydney and Brisbane in Australia and North America. Each toll road records and recognises revenue through the use of technology, specifically, roadside equipment supported by tolling and billing systems. Tolling equipment and systems are customised complex systems that are built with the purpose of correctly identifying vehicle type, calculating correct fare and linking the vehicle to the customer's account for billing purposes or obtaining information from local transport authorities for vehicles that have not made a valid billing arrangement. Every toll road operates under a different concession deed which governs the means by which customers are charged. We considered this to be a key audit matter for the Group and TIL due to the large volume of transactions that were processed in the year, the unique nature of each toll road and the reliance on bespoke information technology systems and controls.	Our procedures included, amongst others: • Testing a selection of Information Technology General Controls (ITGCs) supporting the integrity of the tolling systems' operation, including access, operations and change management controls. • Performing tests of the design and operation of relevant controls over revenue adjustments, write offs, image processing and exception reporting. • Performing testing of the review and approval of toll price increases for each toll road during the year. • Performing testing of manual journals and manual adjustments to revenue. • Using data analytics to recalculate toll revenue for each toll road in Australia and the A25 in Canada for the full 12 month period. • For all material contracts, obtaining an understanding of the key terms of the arrangements, term dates and performance obligations in regard to Australian Accounting Standards. • Assessing the Group's identification of performance obligations and allocation of prices to the performance obligations for a sample of contracts.

Borrowings

Group – Note B14	**THT** – Note D10	**TIL** – Note D10
Current borrowings: $1,063m	Current borrowings: $351m	Current borrowings: $614m
Non-Current borrowings: $16,580m	Non-Current borrowings: $7,316m	Non-Current borrowings - Nil

Key audit matter	**How our audit addressed the key audit matter**
Borrowings are an integral part of the Transurban Group's business model as it is the key source of funds used by the business to fund new projects and upgrades to existing concession assets. Each of the borrowing agreements has its own set of terms and conditions and therefore assessment of the treatment of the agreements and their impact on the financial statements is required. We considered this to be a key audit matter for the Group, THT and TIL given the size of the borrowings balances, the number of borrowing agreements in place and the importance of the funding structure for continued growth.	Our procedures included, amongst others: • Obtaining confirmations from banks to confirm a sample of borrowings. • Reading the most up-to-date borrowing agreements with the financiers to develop an understanding of the terms associated with the facilities and the amount of facility available for drawdown. • Where debt is regarded as non-current, considering the Group's assessment whether there is an unconditional right to defer payment such that there were no repayments required within 12 months from the balance date. • Assessing the accounting treatment of capitalised borrowing costs arising from new arrangements and borrowing costs related to terminated facilities. • Performing tests of the design and operation of relevant controls over the treasury function including board review of the funding plan and approval of debt agreements and financial institutions used.

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Service concession arrangements

Group – Notes B17 – B21	**THT** – Notes D12, D14	**TIL** – Notes D12 – D13
Concession assets: $16,632m Assets under construction: $4,009m Concession financial asset: $369m Maintenance provision: $1,128m Construction obligation liability: $796m Other liabilities: $140m	Concession assets: $8,659m Assets under construction: $327m Concession notes receivable: $1,142m Construction obligation liability: $84m Other liabilities: $80m	Concession assets: $1,224m Concession financial asset: $369m Maintenance provision: $35m

Key audit matter	How our audit addressed the key audit matter
Each of the concession assets in the Transurban Group's portfolio represents a contractual right under a concession agreement to toll a road in return for the capital and expertise needed to build, maintain and operate the road. Every concession asset is governed by its own concession agreement between the Group and the concession grantor (typically the government or a local transport authority of the region in which the concession is granted). As a result, the Transurban Group is subject to a number of contractual obligations, some of which have a direct impact on the financial statements. Whenever the Group undertakes a new project to construct, acquire or upgrade the asset, its contractual arrangements with concession grantors are altered either through a new concession agreement or an amendment of the existing concession agreement. The right to receive future economic benefits is recognised on the balance sheet as a concession asset. The asset is recognised at the cost of construction or price paid at acquisition. Assets under construction include the construction of the West Gate Tunnel. The Group is exposed to direct and indirect construction risk including through its third party contractors. Construction risk includes exposures to claims made on the Group and claims that the Group may pass through or initiate on others. The concession agreements also contain clauses that require the Transurban Group to make cash outflows in the future, resulting in the recognition of concession liabilities such as maintenance liabilities and concession note liabilities.	We evaluated the concession agreements for each toll road to develop an understanding of the nature of the agreements with the concession grantors and assessed the accounting implications of the contractual arrangements. Our procedures included, amongst others: • Considering the relevant obligations in the concession agreements having regard to the calculations in the models and corresponding balance sheet line items. • Obtaining an understanding of the status of ongoing construction projects, including claims made on the Group and claims the Group may pass onto other parties. • Performing tests of the design and operation of controls over a selection of the forecast and budgeting processes impacting the models in the COVID-19 environment. • Evaluating the impairment indicator assessment. • Involving valuation experts to assess the appropriateness of selected key assumptions used within the models. • Assessing the appropriateness of key assumptions such as discount rates and inflation rates used in determining maintenance liabilities and concession note liabilities. • Assessing the adequacy of the disclosures in the financial report in respect of contractual arrangements having regard to the requirements of Australian Accounting Standards

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Service concession arrangements (continued)

Group – Notes B17 – B21	**THT** – Notes D12, D14	**TIL** – Notes D12 – D13
Concession assets: $16,632m Assets under construction: $4,009m Concession financial asset: $369m Maintenance provision: $1,128m Construction obligation liability: $796m Other liabilities: $140m	Concession assets: $8,659m Assets under construction: $327m Concession notes receivable: $1,142m Construction obligation liability: $84m Other liabilities: $80m	Concession assets: $1,224m Concession financial asset: $369m Maintenance provision: $35m

Key audit matter	How our audit addressed the key audit matter
The concession assets' recoverable amount and concession liabilities recognised are calculated by estimating the net present value of future cash flows of the concession agreements using discounted cash flow models (the models). This area requires significant judgement by the Group due to a number of uncertain assumptions that impact the timing and quantum of future cash flows generated by the toll road, specifically assumptions such as traffic flows, discount rates and growth rates. As disclosed in note B17, the A25 asset's recoverable amount is sensitive to reasonably possible changes in certain key assumptions. We considered this to be a key audit matter for the Group, THT and TIL due to the complexity of the arrangements and judgement required to interpret the accounting requirements and calculate their impact on the financial statements.	• With respect to the West Gate Tunnel project, we inspected key agreements for the revised terms for the delivery of the project and considered the accounting implications.

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Income taxes		
Group – Note B7 Income tax benefit: $276m Current tax assets: $10m Current tax liabilities: $6m Deferred tax assets: $915m Deferred tax liabilities: $1,832m	**THT** Income taxes – not applicable	**TIL** – Note D5 Income tax benefit: $49m Current tax assets: $10m Current tax liabilities: $1m Deferred tax assets: $33m Deferred tax liabilities: $1,099m

Key audit matter	How our audit addressed the key audit matter
The Transurban Group is subject to income taxes in Australia and North America. Judgement is required in determining the provision for income taxes, specifically those industry specific tax rules and provisions which require significant judgement and detailed understanding of the legislation and relevant case law. Some of the tax provisions are subject to interpretation and therefore for some transactions the ultimate tax determination is uncertain. Deferred tax assets relating to carried forward tax losses are recognised to the extent there are sufficient taxable profits relating to the same taxation authority against which the unused tax losses can be utilised. The assumptions supporting this position are dependent on future cash flows generated from the toll roads operating in each tax group. Future taxable profits will need to be generated in order to support the recognition of the deferred tax assets. Due to the stapled structure of the Group, tax calculations are complex and require the Group to make judgements and assumptions. Furthermore, as described in Note B7, the Transurban Group consists of six different tax consolidated groups with their own Tax Sharing and Tax Funding agreements, each of which creates additional complexities in the calculations. We considered this to be a key audit matter for the Group and TIL due to the accounting complexity of the calculations, judgmental nature and expertise required to estimate the tax positions recorded.	Our procedures included, amongst others: • Using Australian and US tax experts to gain an understanding of the current status of tax assessments and investigations and assessing the impact of selected new tax laws and guidance on the tax balances recognised. • Reading recent rulings and selected correspondence with local tax authorities, as well as external advice provided to the Group and TIL where relevant, to assess the associated tax provisions. • Testing a sample of deferred and income tax calculations for each tax group. • Assessing the key assumptions used to support the recognition of tax losses and their future utilisation in light of COVID-19 impacts, specifically forecast taxable profits. The key assumptions included judgements over forecast traffic performance including the impacts of COVID-19.

Recoverability of equity accounted investments – Transurban Chesapeake (TC)

Group – Note B25	**THT**	**TIL** – Note D15
Equity accounted investment: $3,013m	Equity accounted investment – not applicable	Equity accounted investment: $3,037m

Key audit matter	**How our audit addressed the key audit matter**
On 17 December 2020 Transurban entered into an agreement to divest 50% of its interest in its Transurban Chesapeake (TC) assets. The sale was completed on 31 March 2021 via disposal of the Group's controlling interest in TC. As a result of the sale the Group recognises its retained 50% interest as an equity accounted for investment. The Group makes certain assumptions in assessing impairment indicators for its investment. These include assumptions around traffic volumes, long-term CPI and the discount rate. As disclosed in note B25, the equity accounted investment in TC is sensitive to reasonably possible changes in certain key assumptions. We considered this to be a key audit matter for the Group and TIL, due to the complexity and judgement involved in the impairment indicator assessment.	Our procedures included, amongst others: • Performing tests of the design and operation of controls over a selection of the forecast and budgeting processes impacting the impairment assessment in the COVID-19 environment. • Evaluating the impairment indicator assessment considering the requirements under the Australian Accounting Standards. • Involving valuation experts to assess the appropriateness of selected key assumptions used within the impairment indicator assessment.

Other information

The directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited (as the responsible entity of Transurban Holding Trust) and Transurban International Limited (collectively referred to as "the directors") are responsible for the other information. The other information comprises the information included in the Group's Corporate Report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the FY22 Corporate Report, FY22 Results Presentation, FY22 Climate Change Disclosure, FY22 Sustainability Data, Corporate Governance Statement and Security Holder Information. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Transurban Group, THT and TIL to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Transurban Group, THT or TIL or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 95 to 118 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the remuneration report of Transurban Holdings Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

M. Laithwaite

Marcus Laithwaite
Partner

Melbourne
18 August 2022

Sustainability supplement

GRI Index

Transurban reports non-financial data with reference to the Global Reporting Initiative (GRI) Standards. The table below shows where content for each GRI indicator can be found within Transurban's reporting suite or provides additional information. Where a metric is not applicable or not available, we have provided related commentary on the topic.

GRI	Disclosure	Location or response
General disclosures		
102-1	Name of the organisation	Transurban Limited
102-2	Activities, brands, products, and services	FY22 Corporate Report/About Transurban
102-3	Location of headquarters	Tower Five, Collins Square, 727 Collins Street, Docklands, Victoria Australia
102-4	Location of operations	FY22 Corporate Report/About Transurban
102-5	Ownership and legal form	FY22 Corporate Governance Statement
102-6	Markets served	FY22 Corporate Report/About Transurban
102-7	Scale of the organisation	FY22 Corporate Report/About Transurban FY22 Corporate Report/Business performance/Financial statements
102-8	Information on employees and other workers	FY22 Corporate Report/Our people Insights Hub/Sustainability performance/Employees
102-9	Supply chain	FY22 Corporate Report/Business partners and suppliers
102-10	Significant changes to the organisation and its supply chain	FY22 Corporate Report/About Transurban FY22 Corporate Report/Letter from the Chair and CEO FY22 Corporate Report/Business partners and suppliers FY22 Results Presentation
102-11	Precautionary Principle or approach	The Precautionary Principle relates to appropriate risk management for uncertain, complex, and large-scale risks such as climate change or the recent COVID-19 pandemic. Transurban's overall approach to risk is outlined in: • FY22 Corporate Report/Risk management • FY22 Climate Change Disclosures • FY22 Corporate Governance Statement material risk disclosures • Our Risk Management Policy.
102-12	External initiatives	Transurban endorses several economic, environmental and social charters, principles or other initiatives including: • United Nations Global Compact • United Nations' Sustainable Development Goals • Infrastructure Sustainability ratings for major projects (Australia) • Envision sustainability ratings for major projects (North America) • ISO 20400—Sustainable procurement (guidance) • ASX Council's Corporate Governance Principles (4th edition).

GRI	Disclosure	Location or response
General disclosures		
102-13	Membership of associations	Key Australian memberships include: • Committee for Economic Development of Australia • Infrastructure Partnerships Australia • Business Council of Australia • Infrastructure Sustainability Council (ISC) • Roads Australia • Electric Vehicle Council • Business Renewables Centre Australia • Intelligent Transport Systems Australia • Signatory member of UN Global Compact/Global Compact Network Australia • ISC Modern Slavery Coalition pilot (road construction sector) • National Road Safety Partnership Program • Thriving Communities Partnership • Social Traders Key North American memberships include: • The Association for the Improvement of American Infrastructure • American Highway Users Alliance • American Road and Transportation Builders Association • International Bridge, Tunnel and Turnpike Association • Intelligent Transportation Society of America • Intelligent Transportation Society of Virginia • Northern Virginia Transportation Alliance.
102-14	Statement from senior decision-maker	FY22 Corporate Report/Letter from the Chair and CEO
102-15	Key impacts, risks, and opportunities	FY22 Corporate Report/Business strategy FY22 Corporate Report/Global Trends influencing our strategy FY22 Corporate Report/Governance and risk FY22 Corporate Governance Statement material risk disclosure
102-16	Values, principles, standards, and norms of behaviour	FY22 Corporate Governance Statement Code of Conduct and Ethical Business Practices Policy
102-17	Mechanisms for advice and concerns about ethics	FY22 Corporate Governance Statement Whistleblower Policy
102-18	Governance structure	FY22 Corporate Governance Statement
102-19	Delegating authority	FY22 Corporate Governance Statement
102-20	Executive-level responsibility for economic, environmental, and social topics	The following executives were responsible for several key economic, environmental, and social matters in FY22: • Sustainability Strategy, economic performance: Chief Financial Officer (Michelle Jablko) • Health, safety, and environment: Group Executive Partners, Delivery and Risk (Hugh Wehby) • Community: Group Executives of regional markets (Henry Byrne, Pierce Coffee, Andrew Head, Michele Huey, Sue Johnson) • Customer: Group Executive Customer and Technology (Simon Moorfield) • Diversity: Group Executive People and Culture (Suzette Corr).
102-21	Consulting stakeholders on economic, environmental, and social topics	FY22 Corporate Report/Business Strategy/Working with our stakeholders
102-22	Composition of the highest governance body and its committees	FY22 Corporate Governance Statement
102-23	Chair of the highest governance body	FY22 Corporate Governance Statement
102-24	Nominating and selecting the highest governance body	FY22 Corporate Governance Statement
102-25	Conflicts of interest	FY22 Corporate Governance Statement

GRI	Disclosure	Location or response
General disclosures		
102-26	Role of highest governance body in setting purpose, values, and strategy	FY22 Corporate Governance Statement FY22 Corporate Report/Governance and Risk
102-27	Collective knowledge of highest governance body (of economic, environmental and social topics)	FY22 Corporate Governance Statement FY22 Corporate Report/Governance and Risk
102-28	Evaluating the highest governance body's performance	FY22 Corporate Governance Statement
102-29	Identifying and managing economic, environmental, and social impacts	FY22 Corporate Governance Statement FY22 Corporate Report/Governance and Risk
102-30	Effectiveness of risk management processes	FY22 Corporate Governance Statement FY22 Corporate Report/Governance and Risk
102-31	Review of economic, environmental, and social topics	FY22 Corporate Governance Statement FY22 Corporate Report/Governance and Risk
102-32	Highest governance body's role in sustainability reporting	The FY22 Corporate Report is reviewed and endorsed by Transurban's Board.
102-33	Communicating critical concerns	FY22 Corporate Governance Statement Whistleblower Policy and Whistleblower Service
102-34	Nature and total number of critical concerns	FY22 Corporate Governance Statement Material risk disclosure
102-35	Remuneration policies	FY22 Remuneration Report
102-36	Process for determining remuneration	FY22 Remuneration Report
102-37	Stakeholders' involvement in remuneration	FY22 Remuneration Report
102-38	Annual total compensation ratio	FY22 Remuneration Report CEO compensation: $7,981,000 Mean employee compensation: $187,620 Median employee compensation: $150,248 Median compensation ratio: 53
102-39	Percentage increase in annual total compensation ratio	FY21 ratio of 57, FY22 ratio of 53, decrease of 7%
102-40	List of stakeholder groups	FY22 Corporate Report/Business Strategy/Working with our stakeholders
102-41	Collective bargaining agreements	Insights Hub/Sustainability performance/Employees
102-42	Identifying and selecting stakeholders	FY22 Corporate Report/Business Strategy/Working with our stakeholders
102-43	Approach to stakeholder engagement	FY22 Corporate Report/Business Strategy/Working with our stakeholders
102-44	Key topics and concerns raised	FY22 Corporate Report/Business Strategy/Working with our stakeholders
102-45	Entities included in the consolidated financial statements	FY22 Financial Statements
102-46	Defining report content and topic Boundaries	FY22 Corporate Report/About this report FY22 Sustainability Supplement/Material issues
102-47	List of material topics	FY22 Sustainability Supplement/Material issues
102-48	Restatements of information	FY22 Sustainability Supplement/Data methodology
102-49	Changes in reporting	FY22 Sustainability Supplement/Material issues
102-50	Reporting period	FY22 (1 July 2021 to 30 June 2022)
102-51	Date of most recent report	The FY22 Corporate Report was released on 18 August 2021. The previous FY21 Corporate Report was released on 9 August 2021.
102-52	Reporting cycle	Transurban reports annually with a financial year ending 30 June.
102-53	Contact point for questions regarding the report	corporate@transurban.com FY22 Corporate Report/Key contacts (back inside cover)
102-54	Claims of reporting in accordance with the GRI Standards	FY22 Corporate Report/About this report

GRI	Disclosure	Location or response
General disclosures		
102-55	GRI content index	This table
102-56	External assurance	FY22 Sustainability Supplement/Assurance statement
Management approach		
103-1	Explanation of the material topic and its Boundary	FY22 Sustainability Supplement/Material issues FY22 Corporate Report/Business performance (refer to individual stakeholder sections for material issues relevant to each).
103-2	The management approach and its components	FY22 Corporate Report/Business performance (refer to individual stakeholder sections for material issues relevant to each).
103-3	Evaluation of the management approach	FY22 Corporate Report/Business performance (refer to individual stakeholder sections for material issues relevant to each).
Economic performance		
201-1	Direct economic value generated and distributed	FY22 Results Presentation FY22 Corporate Report/Communities
201-2	Financial implications and other risks and opportunities due to climate change	FY22 Climate Change Disclosures
201-3	Defined benefit plan obligations and other retirement plans	Insights Hub/Sustainability performance/Employees
201-4	Financial assistance received from government	No financial assistance is sought or received from government. Transurban builds and manages infrastructure in many cases with upfront government co-investment, but this is a business relationship and is reflected in the contractual terms of the tolling concession granted to Transurban. No financial assistance from government has been sought or received by Transurban from FY20 to FY22 relating to COVID-19 impacts on our direct business.
Market presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Refer to Insights Hub/Sustainability performance/Employees, for average entry level remuneration gender equity ratio.
202-2	Proportion of senior management hired from the local community	FY22 Corporate Report/Executive Committee biographies Transurban's business operates across several major urban centres, and our Executive Committee are all from and based in those regions.
Indirect economic impacts		
203-1	Infrastructure investments and services supported	FY22 Corporate Report/About Transurban FY22 Corporate Report/Business Strategy
203-2	Significant indirect economic impacts	FY22 Corporate Report/Government and Industry FY22 Corporate Report/Business partners and suppliers FY22 Corporate Report/Customers
Procurement practices		
204-1	Proportion of spending on local suppliers	Transurban operates in urban centres of Australia (Melbourne, Sydney, Brisbane), the United States (Virginia) and Canada (Montreal). The vast majority of Transurban's supply chain spend is on suppliers and activities that are physically, locally based around our roads, projects, and offices in each respective city. Some spending relates to group-wide services or technology services that are shared across regions.
Anti-corruption		
205-1	Operations assessed for risks related to corruption	All of Transurban's business is subject to anti-corruption policies and controls, and risk assessments on at least an annual basis.
205-2	Communication and training about anti-corruption policies and procedures	Training on anti-corruption policies and procedures are undertaken annually across the organisation and employee opinions about the effectiveness of controls are assessed via the 'Our Voice' survey. Training is supported by internal communication.
205-3	Confirmed incidents of corruption and actions taken	None in FY22

GRI	Disclosure	Location or response
Anti-competitive behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None in FY22
Materials		
301-1	Materials used by weight or volume	Transurban is developing a Circular Materials Strategy that will improve our measurement of materials and waste and set group-wide targets. We currently monitor materials quantities on major projects on an individual basis, and are developing group-wide materials quantities totals. Refer to FY22 Corporate Report/Business partners and suppliers, for case studies on materials quantities used in construction projects, including materials and embodied emissions reductions achieved.
301-2	Recycled input materials used	Refer to FY22 Corporate Report/Business partners and suppliers, for case studies of recycled input materials including the use of reclaimed tyres on road surfaces.
301-3	Reclaimed products and their packaging materials	Transurban's only physical product is tolling tags which are provided to customers to enable toll road travel. Tags that are returned by customers and still function may be reused. Tags that no longer work are returned to our supplier where they are dismantled into their separate components for appropriate recycling or disposal. Refer to Insights Hub/Sustainability performance/Environment, for data on customer tag collection and reuse/recycling.
Energy		
302-1	Energy consumption within the organisation	FY22 Corporate Report/Communities Insights Hub/Sustainability performance/Environment
302-2	Energy consumption outside of the organisation	Transurban reports on its supply chain outside of the organisation on the basis of Scope 3 emissions (see GRI305-3), but currently does not convert this into an energy basis.
302-3	Energy intensity	Insights Hub/Sustainability performance/SDG Progress Report/SDG 7.3.1 Energy intensity
302-4	Reduction of energy consumption	FY22 Corporate Report/Communities Insights Hub/Sustainability performance/SDG Progress Report/SDG 7.3.1 Energy intensity
302-5	Reductions in energy requirements of products and services	By providing customers with safer, faster and more free-flowing travel choices on our roads, we estimate that on average our customers save 27% of their fuel usage driving on a Transurban toll road compared to the next best available alternative route. Refer to FY22 Corporate Report/Communities for details on customer vehicle time and emissions savings.
Water and effluents		
303-1	Interactions with water as a shared resource	Transurban's water use and impacts include: • The use of potable or recycled water for our operations including offices, road cleaning and maintenance, fire control systems, and irrigation • Management of stormwater and groundwater flows on our assets, including treatment and discharge • Potential impacts of our assets and projects on adjacent waterways that may arise from construction, run-off or other activities.
303-2	Management of water discharge-related impacts	The majority of Transurban's water discharge impacts relate to stormwater from road drainage, and groundwater management in tunnels. Stormwater is drained to control ponds and detention basins allow us to capture, treat for impurities in road run-off, and discharge appropriately. Groundwater naturally flows into underground tunnels that are below the level of groundwater aquifers. This water is treated to an appropriate level before discharge to drains and waterways. On CityLink, treated groundwater is reinjected into the aquifer, a unique need on this asset.
303-3	Water withdrawal	Insights Hub/Sustainability performance/Environment
303-4	Water discharge	Insights Hub/Sustainability performance/Environment
303-5	Water consumption	Insights Hub/Sustainability performance/Environment

GRI	Disclosure	Location or response
Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sections of the following motorways are located adjacent to areas of high biodiversity value (National Parks or nature reserves): • Hills M2 (Sydney—Lane Cove National Park) • Gateway Motorway (Brisbane—Karawatha Forest, Nudgee Waterhole Reserve, Belmont Hills Reserve, Stretton Wetland) • Legacy Way (Brisbane—Mount Coot-Tha Forest/D'Aguilar National Park Reserve) • Logan Motorway (Brisbane—Glider Forest Conservation Area, Sergeant Dan Stiller Memorial Reserve) • A25 (Montreal—Rivière des Prairies sturgeon habitat).
304-2	Significant impacts of activities, products, and services on biodiversity	Transurban is in the process of developing a broader company-wide biodiversity strategy. Biodiversity, flora and fauna management plans are maintained at the regional level consistent with local regulations and habitat. In some areas, motorways pass through areas of fragmented natural habitat and have impacts on wildlife movement. This also leads to the potential for animals crossing motorways. Transurban maintains motorway fencing and fauna crossing availability to channel animals to safe crossing locations.
304-3	Habitats protected or restored	Ongoing habitat restoration projects included partnering with Landcare Australia on the Power St Loop in Melbourne and M2 Motorscapes in Sydney. Major projects also have a focus on protecting or enhancing local habitat where possible. The Logan Enhancement Project in Brisbane included a major "fauna bridge" and wildlife connectivity improvements.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Transurban's A25 bridge in Montreal spans a river inhabited by sturgeon, which are present on the IUCN Red List with some species listed as endangered.
Emissions		
305-1	Direct (Scope 1) GHG emissions	Insights Hub/Sustainability performance/Environment FY22 Corporate Report/Communities
305-2	Energy indirect (Scope 2) GHG emissions	Insights Hub/Sustainability performance/Environment FY22 Corporate Report/Communities
305-3	Other indirect (Scope 3) GHG emissions	Insights Hub/Sustainability performance/Environment FY22 Corporate Report/Communities
305-4	GHG emissions intensity	Insights Hub/Sustainability performance/SDG Progress Report/SDG 9.4.1 CO2 emission per unit of value added
305-5	Reduction of GHG emissions	FY22 Corporate Report/Communities
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable, Transurban does not produce emissions of ozone-depleting substances.
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Insights Hub/Sustainability performance/Environment
Effluents and waste		
306-1	Water discharge by quality and destination	Insights Hub/Sustainability performance/Environment
306-2	Waste by type and disposal method	Insights Hub/Sustainability performance/Environment
306-3	Significant spills	No significant spills in FY22
306-4	Transport of hazardous waste	Hazardous waste on our operational assets may include chemicals and solvents, old lighting fixtures, drain trap sludge and liquid waste. Waste is handled in accordance with laws and regulations in each region. Where required, hazardous waste transportation procedures are managed by specialist waste contractors. Hazardous waste on major construction projects is managed by the construction contractor. Transurban currently does not have an aggregated group-wide total for corporate reporting on hazardous waste quantities.

GRI	Disclosure	Location or response
Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	No significant non-compliance, fines or non-monetary sanctions in FY22. Many of Transurban's asset operating requirements have environmental regulations with performance targets, where Transurban must notify regulators of any incidents or exceedances, but no regulatory action is taken if Transurban reports and responds to the issue and there is no significant impact.
Supplier environmental assessment		
308-1	New suppliers that were screened using environmental criteria	All suppliers are subject to Transurban's Supplier Sustainability Code of Practice which includes environmental criteria. Suppliers applying for tenders managed by our sourcing team are required to complete 'returnable schedules' which include questions regarding environmental performance of their goods and services.
308-2	Negative environmental impacts in the supply chain and actions taken	Refer to FY22 Corporate Report/Business partners and suppliers, for details of impact assessment and reduction in our supply chain.
Employment		
401-1	New employee hires and employee turnover	Insights Hub/Sustainability performance/Employees
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Insights Hub/Sustainability performance/Employees
401-3	Parental leave	Refer to Insights Hub/Sustainability performance/Employees, for leave and return to work statistics. Employees taking Parental Leave are entitled to 16 weeks of paid leave and up to 36 weeks of unpaid leave. In FY22 Transurban removed the distinction between primary and secondary carers in our Parental Leave Policy and extended the time employees can take their leave to 24 months after the birth or adoption of their child.
Labour/Management relations		
402-1	Minimum notice periods regarding operational changes	As per enterprise agreements and standard practice, we notify employees as soon as practicable after a decision is made which impacts working arrangements or employment, allowing a period for consultation with employees who may be adversely affected. The notice period varies depending on the nature of the change, but generally provides a minimum consultation period of one week.
Occupational health and safety		
403-1	Occupational health and safety management system	FY22 Corporate Report/Our people Transurban has an occupational health and safety (OHS) management system aligned with international management system standards ISO 45001.
403-2	Hazard identification, risk assessment, and incident investigation	FY22 Corporate Report/Our people Transurban has an enterprise risk management framework, standards, procedures and systems to systematically conduct risk assessments, identify hazards and conduct incident investigations.
403-3	Occupational health services	FY22 Corporate Report/Our people Transurban promotes and supports worker health through our Belonging and Wellbeing program which focuses on four pillars: Mind, Body, Connected and Recognition in and outside of the workplace.
403-4	Worker participation, consultation, and communication on occupational health and safety	FY22 Corporate Report/Our people Transurban has various methods and forums to enable worker participation, consultation and communication on occupational health and safety.
403-5	Worker training on occupational health and safety	FY22 Corporate Report/Our people Transurban has a group wide Health, Safety and Environment Induction for all employees and contractors. In addition, various OHS training is undertaken on specific work-related hazards, high risk activities, or hazardous situations.
403-6	Promotion of worker health	FY22 Corporate Report/Our people
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	FY22 Corporate Report/Our people FY22 Corporate Report/Business partners and suppliers

GRI	Disclosure	Location or response
Occupational health and safety		
403-8	Workers covered by an occupational health and safety management system	Transurban has an OHS management system aligned to international management system standard ISO 45001, and is applicable to all employees and other workers under the management and control of Transurban.
403-9	Work-related injuries	FY22 Corporate Report/Our people
403-10	Work-related ill health	FY22 Corporate Report/Our people
Training and education		
404-1	Average hours of training per year per employee	Insights Hub/Sustainability performance/Employees
404-2	Programs for upgrading employee skills and transition assistance programs	FY22 Corporate Report/Our people In the event that an employee's role is made redundant and there is no alternative role, outplacement services are provided to the employee.
404-3	Percentage of employees receiving regular performance and career development reviews	100%
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	FY22 Corporate Governance Statement
405-2	Ratio of basic salary and remuneration of women to men	Insights Hub/Sustainability performance/Employees
Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	None in FY22
Freedom of association and collective bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None Transurban operates in Australia, the United States and Canada, where freedom of association and collective bargaining are protected by law and fully supported by our employee and supply chain policies.
Child labour		
408-1	Operations and suppliers at significant risk for incidents of child labour	Human Rights Policy FY21 Modern Slavery Statement
Forced or compulsory labour		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Human Rights Policy FY21 Modern Slavery Statement
Security practices		
410-1	Security personnel trained in human rights policies or procedures	Not applicable. Transurban does not employ security personnel on any significant basis.
Rights of indigenous peoples		
411-1	Incidents of violations involving rights of indigenous peoples	None Transurban has a Reconciliation Action Plan outlining how we work towards better outcomes for Indigenous people in our workforce, supply chain and community.
Human rights assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	Human Rights Policy FY21 Modern Slavery Statement
412-2	Employee training on human rights policies or procedures	Transurban provides compulsory training to all employees on human rights related issues and policies including Modern Slavery, Equal Opportunity and Anti-discrimination, and Ethical Business Practices.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All suppliers are subject to Transurban's Supplier Sustainability Code of Practice which include human rights requirements, including those relating to the *Modern Slavery Act 2018* (Cth).

GRI	Disclosure	Location or response
Local communities		
413-1	Operations with local community engagement, impact assessments, and development programs	FY22 Corporate Report/Communities
413-2	Operations with significant actual and potential negative impacts on local communities	FY22 Corporate Report/Communities
Supplier social assessment		
414-1	New suppliers that were screened using social criteria	All suppliers are subject to Transurban's Supplier Sustainability Code of Practice which includes social criteria. Suppliers applying for tenders managed by our sourcing team are required to complete 'returnable schedules' which include questions regarding environmental performance of their goods and services.
414-2	Negative social impacts in the supply chain and actions taken	Contractors for all major projects have and implement procedures to record and manage community complaints. Our independent external whistleblowing service is available for anyone to use, including employees, customers and members of our supply chain to raise issues including those related to fraud, conflicts of interest, bribery, corruption and modern slavery.
Public policy		
415-1	Political contributions	Under Transurban's Political Contributions Policy, the Group is precluded from making any political donations. The policies permit participation in public policy dialogues on issues that may impact our business. In Australia, engagement with political representatives takes place through multiple avenues, including through our membership of business forums associated with both sides of politics. During FY22, the Group spent $74,717 participating in events relevant with our business. A similar bipartisan approach is taken in the United States, resulting in USD132,500 being spent in FY22. Contributions in Quebec, Canada are prohibited and accordingly no contributions were made by the Group in Canada. All payments are disclosed in line with relevant government and regulatory requirements.
Customer health and safety		
416-1	Assessment of the health and safety impacts of product and service categories	FY22 Corporate Report/Customers/Road safety Insights Hub/Sustainability performance/SDG Progress Report/SDG 7.3.1 Energy intensity/SDG 3 Health and Wellbeing
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None in FY22
Marketing and labelling		
417-1	Requirements for product and service information and labelling	Transurban's only physical product is tolling tags which are provided to customers to enable toll road travel. Customers also have the option of tag-free accounts including mobile app accounts which avoid the need for a physical tag. Refer to FY22 Corporate Report/Customers, for details on our customer communications and information resources made available to customers on their product and service options.
417-2	Incidents of non-compliance concerning product and service information and labelling	None in FY22
417-3	Incidents of non-compliance concerning marketing communications	None in FY22
Customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No material complaints or breaches in relation to privacy identified in FY22.
Socioeconomic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	None in FY22

SASB Index

Transurban reports against the Sustainability Accounting Standards Board (SASB) sector standards as this framework is increasingly used by our investors and stakeholders. The majority of SASB metrics are topics that Transurban has reported in its Corporate Report or other communications for many years. This index consolidates that information into the SASB-specific requests.

The table below shows where content for each SASB indicator can be found within Transurban's reporting suite or provides additional information.

Transurban's officially listed SASB sector is Infrastructure Engineering & Construction Services (IF-EN) which reflects our business as an infrastructure operator.

In previous years we have also used the SASB Road Transportation (TR-RO) sector standard but are no longer using that standard since it is focused on logistics and delivery services not relevant to Transurban. We have provided commentary where Transurban's preferred metrics for each topic differ from SASB.

SASB	Disclosure	Location or response
SASB Sector: Infrastructure—engineering and construction services		
Topic: Environmental impacts of project development		
IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	No significant non-compliance, fines or non-monetary sanctions in FY22. Many of Transurban's asset operating requirements have environmental regulations with performance targets, where Transurban must notify regulators of any incidents or exceedances, but no regulatory action is taken if Transurban reports and responds to the issue and there is no significant impact.
IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Transurban's major projects complete a public Environmental Impact Statement /assessment in the planning phase, which informs environmental management processes during development to address key risks that vary on individual projects depending on location, project type and local stakeholder needs. These processes are documented on each project's public website. Refer to FY22 Corporate Report/Project updates, for more details. Transurban's major projects are also independently assessed using the Infrastructure Sustainability Rating Tool in Australia, and the Envision rating tool in North America. These rating tools assess performance and improvements beyond industry standard environmental management practices, and Transurban sets contractually-required targets for major project contractors to achieve. Refer to FY22 Corporate Report/Business partners and suppliers for more details.
Topic: Structural integrity and safety		
IF-EN-250a.1	Amount of defect- and safety-related rework costs	Transurban infrastructure is built by contractors that have responsibility within their contract for a defects and liability period after completion to resolve issues. Transurban may incur initial costs to rectify defects to ensure the safety of the assets, but where possible may seek to recover those costs from its contractors if covered by these liability periods or pursuant to contractual rights.
IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	None
Topic: Workforce health and safety		
IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees (Transurban uses the metric "Recordable Injury Frequency Rate" (RIFR) which is recordable injuries per million work hours. SASB's TRIR metric is recordable injuries per 200,000 work hours, making them directly convertible by a factor of five.)	Employee injuries: 0 recordable injuries. Contractor RIFR: 3.09 recordable injuries per million work hours. No employee or contractor fatalities. Refer to FY22 Corporate Report/Our people, for details.
Topic: Lifecycle impacts of buildings and infrastructure		
IF-EN-410a.1	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	FY22 Corporate Report/Project updates Transurban uses the Infrastructure Sustainability Rating or Envision Sustainability Rating on our major projects: • 8 projects with Sustainability Ratings certified • 4 projects with Sustainability Ratings in progress.
IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	The Infrastructure Sustainability Rating and Envision Sustainability Rating both include energy and water efficiency standards which require improvement of the initial "base case" project design to show measurable energy and water savings. Achieving and measuring these efficiencies contributes to each project being able to meet its contractually required sustainability rating target. Refer to FY22 Corporate Report/Business partners and suppliers, for details and other processes in place.

SASB	Disclosure	Location or response
SASB Sector: Infrastructure—engineering and construction services		
Topic: Climate impacts of business mix		
IF-EN-410b.1	Amount of backlog for (1) hydrocarbon related projects and (2) renewable energy projects	Metric not applicable, Transurban does not manage energy projects directly. As an energy consumer, Transurban has commenced supply of renewable electricity via separate renewable energy agreements in New South Wales, Queensland and Victoria. Transurban is a contracted customer and does not manage these renewable energy projects themselves.
IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	Metric not applicable, Transurban does not manage hydrocarbon-related projects.
IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	Refer to FY22 Climate Change Disclosures, for details on our climate change risks and strategy for mitigation and adaptation.
Topic: Business ethics		
IF-EN-510a.1	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	None Transurban manages road infrastructure in Australia, the US and Canada.
IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices4	None
IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behaviour in the project bidding processes	Prevention of fraud, bribery, corruption and modern slavery are governed by our Ethical Business Practices Policy and Code of Conduct. Transurban presents bids for infrastructure projects in each region in accordance with each government's official process for competitive tender or market-led/unsolicited bids. Transurban receives bids from construction contractor partners, who must also comply with our Ethical Business Practices Policy.
Activity metrics		
IF-EN-000.A	Number of active projects	7 major projects in development and delivery as at end of FY22. FY22 Corporate Report/Our roads and projects FY22 Corporate Report/Project updates
IF-EN-000.B	Number of commissioned projects	No major projects completed during FY22.
IF-EN-000.C	Total backlog (committed project pipeline)	FY22 Corporate Report/Project updates

KPMG assurance statement

Independent Limited Assurance Report to the Directors of Transurban Group

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Information Subject to Assurance, which has been prepared by Transurban Group in accordance with Management Criteria for the year ended 30 June 2022.

Information Subject to Assurance

The Information Subject to Assurance as presented in the Transurban Group FY22 Corporate Report, Sustainability Data Download, and FY22 Climate Disclosure ("FY22 Corporate Reporting Suite") includes: the qualitative claims included in the Strategic climate-risk related response (Table 4 of the FY22 Climate Disclosure) and the Progress towards TCFD Recommendations (Table 1 of the FY22 Climate Disclosure); and the Selected Sustainability Data as included in the table below:

Selected Sustainability Data	Reported Value
Total scope 1 greenhouse gas emissions	5,046 $tCO_{2\text{-}e}$
Total scope 2 greenhouse gas emissions ("market-based")	101,346 $tCO_{2\text{-}e}$
Total scope 3 greenhouse gas emissions	412,593 $tCO_{2\text{-}e}$
Total energy consumed	933,663 GJ
Total customer travel emissions	1,184,369 $tCO_{2\text{-}e}$
Total customer travel emissions saved per day	2,285 $tCO_{2\text{-}e}$
NOx emissions (tonnes)	74t for CityLink 36t for Lane Cove Tunnel 6t for Cross City Tunnel
Road injury crash index (RICI)	3.78 injury crashes per 100 million km travelled
Total Employee Recordable Injuries (absolute)	0 (nil)
Contractor Recordable injury frequency rate (RIFR)	3.09 contractor injuries per million hours

KPMG assurance statement

Criteria Used as the Basis of Reporting

The methodologies used by Transurban Group management to measure the Information Subject to Assurance *("the criteria")* are described in the FY22 Corporate Reporting Suite.

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Information Subject to Assurance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Transurban Group personnel to understand the internal controls, governance structure and reporting process of the Information Subject to Assurance;
- reviews of relevant documentation including relevant documentation and reporting frameworks;
- analytical procedures over the Information Subject to Assurance;
- agreeing Information Subject to Assurance back to source documentation on a sample basis;
- evaluating the appropriateness of the criteria with respect to the Information Subject to Assurance; and
- reviewed the FY22 Corporate Reporting Suite in its entirety to ensure it is consistent with our overall knowledge of assurance engagement.

How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Transurban Group.

KPMG assurance statement

Use of this Assurance Report

This report has been prepared for the Directors of Transurban Group for the purpose of providing an assurance conclusion on the Information Subject to Assurance and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Transurban Group, or for any other purpose than that for which it was prepared.

Management's responsibility

Management are responsible for:

- determining that the criteria is appropriate to meet their needs and the needs of intended users;
- preparing and presenting the Information Subject to Assurance in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the Information Subject to Assurance that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Information Subject to Assurance for the period end 30 June 2022, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

KPMG

18 August 2022

Security holder information

The security holder information set out below was applicable as at 11 July 2022.

Distribution of stapled securities

The total number of holders of stapled securities, which comprise one share in Transurban Holdings Limited, one share in Transurban International Limited and one unit in Transurban Holding Trust, was 132,602. The voting rights are one vote per stapled security. There were 3,070,714,782 stapled securities on issue.

The distribution of security holders was as follows:

Security grouping	Total holders	Stapled securities	Percentage of issued stapled securities
1–1,000	53,327	21,051,515	0.69
1,001–5,000	55,518	136,187,462	4.43
5,001–10,000	14,111	98,907,606	3.22
10,001–100,000	9,368	196,414,273	6.40
100,001 and over	278	2,618,153,926	85.26
Total	**132,602**	**3,070,714,782**	**100.00**

There were 3,129 security holders holding less than a marketable parcel of $500 worth of stapled securities, based on the closing market price on 11 July 2022 of $14.18 per share.

Twenty largest holders of stapled securities

Name	Number of stapled securities held	Percentage of issued stapled securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,052,138,850	34.26
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	583,575,778	19.00
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	377,390,283	12.29
CITICORP NOMINEES PTY LIMITED	206,035,198	6.71
BNP PARIBAS NOMS PTY LTD <DRP>	82,720,050	2.69
NATIONAL NOMINEES LIMITED	79,013,524	2.57
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	26,013,322	0.85
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	19,479,715	0.63
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	16,831,771	0.55
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	14,228,724	0.46
ARGO INVESTMENTS LIMITED	9,193,040	0.30
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	8,782,371	0.29
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	7,449,795	0.24
MILTON CORPORATION LIMITED	6,461,282	0.21
MUTUAL TRUST PTY LTD	5,169,038	0.17
AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED	4,670,000	0.15
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	4,433,971	0.14
BNP PARIBAS NOMS (NZ) LTD <DRP>	4,192,000	0.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,060,611	0.13
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,549,312	0.12
Total	**2,515,388,635**	**81.92**

Substantial security holders

As at 11 July 2022, Transurban Group has four substantial security holders who, together with their associates, hold 5% or more of the voting rights in Transurban Group, as notified under the *Corporations Act 2001* (Cth).

Name	Number of stapled securities held	Percentage of issued stapled securities
UNISUPER LIMITED (BNP PARIBAS NOMINEES PTY LIMITED)	333,423,165	12.48%
BLACKROCK GROUP	193,550,348	7.07%
STATE STREET CORPORATION	192,580,819	6.27%
THE VANGUARD GROUP	153,517,197	5.001%

Glossary

95	95 Express Lanes
395	395 Express Lanes
495	495 Express Lanes
1H/2H	First or second half of a financial year
A25	A25 toll road
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ACN	Australian Company Number
ADT	Average Daily Traffic. ADT is calculated by dividing the total number of trips on each asset (transactions on CityLink) by the number of days in the period
AFSL	Australian Financial Services Licence
AMTN	Australian Medium Term Note
ARC	Audit and Risk Committee
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AUD	Australian Dollars
AWE	Average Weekly Earnings
CAD	Canadian Dollars
CAPITAL RELEASES	Capital Releases refer to the injection of debt into Transurban assets, thereby releasing equity
CAVs	Connected and Automated Vehicles
CCT	Cross City Tunnel
CHF	Swiss Franc
COVID-19	Coronavirus-19
CPI	Consumer Price Index. Refers to Australian CPI unless otherwise stated
CPP INVESTMENTS	Canada Pension Plan Investments
CPS	Cents per security
D&A	Depreciation and Amortisation
D&C	Design and Construct
DC	District of Columbia, United States of America
DJSI	Dow Jones Sustainability Index
DOT	Department of Transport
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ED	Eastern Distributor
EIS	Environmental Impact Statement
EMTN	Euro Medium Term Note
EOI	Expressions of interest
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EUR	Euros
E-WAY	M5 West retail tolling brand
FFO	Funds From Operations
FFO/DEBT	Based on S&P methodology. FFO is calculated as statutory EBITDA (where EBITDA equals revenue minus operating expenses, net of maintenance provision) plus distributions from investments; minus interest paid, tax paid, and stock compensation expense. Debt is calculated as statutory drawn debt net of cash, foreign currency hedging and other liquid investments. FFO/Debt calculation methodologies may be subject to adjustments in future periods
FIAP	Financial Inclusion Action Plan
FREDEX	Fredericksburg Extension project – 95 Express Lanes
FREE CASH/FCF	Free Cash is the primary measure used to assess the cash performance of the Group. It represents the cash available for distribution to security holders.
FREE CASH/FCF CONT.	Free Cash is calculated as cash flows from operating activities from 100% owned entities (adjusted to include the allowance for maintenance of intangible assets, exclude cash payments for maintenance of intangible assets and exclude transaction and integration costs related to acquisitions), plus Capital Releases from 100% owned entities, less debt amortisation of 100% owned entities, plus returns from non-100% owned entities
FX	Foreign Exchange
FY	Financial year 1 July to 30 June
GHG	Greenhouse gas
GLIDE	Transurban's tolling back-office system
GOFAR	GOFAR is a mileage tracker device and app
GOTOLL	GoToll is a GPS mobile tolling app
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
GROUP	Transurban Group
GWA	Greater Washington Area meaning northern Virginia, Washington D.C., areas of Maryland and the surrounding metropolitan area
HCV	Heavy Commercial Vehicle
HOT	High Occupancy Toll
HOV	High Occupancy Vehicle
HPFV	High Productivity Freight Vehicle
HSE	Health, Safety and Environment
ICB	Inner City Bypass
ISC	Infrastructure Sustainability Council
KMP	Key Management Personnel
KPI	Key Performance Indicator
KRI	Key Risk Indicator
LCT	Lane Cove Tunnel
LCV	Light Commercial Vehicle
LEP	Logan Enhancement Project
LINKT	Transurban's retail tolling brand
LINKTGO	LinktGO is a GPS mobile tolling app
LTI	Long Term Incentive
M2	Hills M2 motorway
M4	New M4
M4-M5	M4-M5 Link
M5 WEST	M5 West motorway
M7	Westlink M7
M8	M8 motorway (previously the New M5)
MD	Maryland, United States of America
MDOT	Maryland Department of Transportation
MTQ	Ministère des Transports du Quebec
N.M	Not meaningful
N/A	Not applicable
NA	North America
NCX	NorthConnex
NEURA	Neuroscience Research Australia
NEXT	Project NEXT – 495 Northern Extension
NOK	Norwegian Krone
NPAT AND NPBT	Net Profit After Tax and Net Profit Before Tax
NSW	New South Wales, Australia
NWRG	NorthWestern Roads Group
O&M	Operations and Maintenance
OTHER REVENUE	Other revenue includes management fee revenue, roaming fee revenue and advertising revenue and is recognised at the point in time the service is provided. Additionally, other revenue includes tolling services provided to third parties for which revenue is recognised over the period the service is provided. It also includes compensation received from third parties for a loss of toll revenue due to delays with construction completion, which is recognised when it is reasonably assured it will be collected

OUR VOICE	Internal staff engagement survey
PAB	Private Activity Bond
PFAS	Per and polyfluorinated alkyl substances
PP	Private Placement
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PROP/ PROPORTIONAL RESULTS	The proportional results are the aggregation of the results from each asset multiplied by Transurban's percentage ownership as well as the contribution from central Group functions. Proportional EBITDA is one of the primary measures used to assess the operating performance of Transurban, with an aim to maintain a focus on operating results and associated cash generation. The EBITDA calculation from the statutory accounts does not include the EBITDA contribution of M5 (until 18 September 2018), M7 and WCX and includes the non-controlling interests in TQ, M5 (from 18 September 2018) and ED
QC	Quebec, Canada
QLD	Queensland, Australia
RAP	Reconciliation Action Plan
RICI	Road Injury Crash Index. Serious road injury (an individual transported from, or receives medical treatment, at scene) crashes per 100 million vehicle km travelled
RIFR	Recordable Injury Frequency Rate
S&P	Standard and Poor's
SAAS	Software as a Service
SASB	Sustainability Accounting Standards Board
SBTI	Science Based Target initiative
SENIOR EXECUTIVES	Executive Committee members
SEQ	South East Queensland
SERVICE AND FEE REVENUE	Service and fee revenue includes customer administration charges and enforcement recoveries
SLN	Shareholder Loan Note. An interest bearing shareholder loan
SPV	Special Purpose Vehicle
STATE WORKS CONTRIBUTION	The capital contribution for WestConnex Stage 3A to be provided by RMS
STEM	Science, technology, engineering and mathematics
STI	Short Term Incentive
STP/STP JV	Sydney Transport Partners Joint Venture
TAWREED	Tawreed Investments Limited. A wholly owned subsidiary of Abu Dhabi Investment Authority
TCFD	Task Force on Climate-related Financial Disclosures
TFNSW	Transport for New South Wales is the government agency responsible for transport infrastructure and transport services in New South Wales. Roads and Maritime Services (RMS) was dissolved in December 2019 with all functions transferring to TfNSW
THL	Transurban Holdings Limited (ACN 098 143 429)
THT	Transurban Holding Trust (ARSN 098 807 419)
TIFIA	Transportation Infrastructure Finance and Innovation Act
TIL	Transurban International Limited (ACN 121 746 825)
TOLL REVENUE	Toll revenue includes revenue from customers, specifically tolls, service and fee revenue
TOLLAUST	Service provider including O&M and retail services to NSW assets
TQ	Transurban Queensland
TRANSURBAN CHESAPEAKE/TC	Transurban Chesapeake owns 100% of the entities that developed, built, financed and now operate and maintain the 95 Express Lanes (including the Fredericksburg Extension which is under construction), 395 Express Lanes and 495 Express Lanes (including the NEXT Extension which is under construction). Transurban has a 50% interest in Transurban Chesapeake
TRANSURBAN/ TRANSURBAN GROUP	Comprising THL, THT and TIL and their controlled entities. The responsible entity of THT is Transurban Infrastructure Management Limited (ACN 098 147 678) (AFSL 246 585)
TSR	Total Shareholder Return
UN SDGS	United Nations Sustainable Development Goals
UNDERLYING EBITDA	EBITDA excluding significant items
US	United States of America
USA	United States of America
USD	US Dollars
USPP	US Private Placement
VA	Virginia, United States of America
VDOT	Virginia Department of Transportation
VIC	Victoria, Australia
VTIB	Virginia Transportation Infrastructure Bank
WCX	WestConnex
WEIGHTED AVERAGE COST OF DEBT	Calculated using proportional drawn debt exclusive of issued letters of credit
WEIGHTED AVERAGE MATURITY	Calculated using proportional drawn debt exclusive of issued letters of credit
WGF	West Gate Freeway
WGT/WGTP	West Gate Tunnel/West Gate Tunnel Project
WHT	Western Harbour Tunnel
ZEVs	Zero Emission Vehicles

Forward-looking statements

This report contains certain forward-looking statements. The words "continue", "expect", "forecast", "potential", "estimated", "projected", "likely", "anticipate" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, distributions, capex requirements and performance are also forward-looking statements as are statements regarding plans, strategies and objectives of management and internal management estimates and assessments of traffic expectations and market outlook. These statements discuss future expectations concerning the results of asset and/or financial conditions or provide other forward-looking information. The forward-looking statements are based on the information available as at the date of this report and/or the date of Transurban's planning processes or scenario analysis processes.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Transurban, its directors, officers, employees, agents and advisors, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements, noting that information in this report is not intended to provide guidance in relation to the future performance of the Transurban Group. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material.

Investors should not place undue reliance on forward-looking statements, particularly in light of the current economic climate and the uncertainty and disruption caused by the COVID-19 pandemic. None of the Transurban Group, its officers, employees or agents or any other person: (1) gives any representation, warranty or assurance that the occurrence of the events expressed or implied in any forward-looking statement will occur; and (2) have any responsibility to update or revise any forward-looking statement to reflect any change in the Transurban Group's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by Australian law.

10-year history

Operational metrics		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Number of operational assets	#	8	12	14	15	15	16	17	18	21	21
Number of markets	#	3	4	4	4	4	5	5	5	5	5
Average daily traffic[1]											
Group	*thousands*	1,295	1,382	1,775	1,911	1,946	2,035	2,217	2,026	2,018	2,008
Sydney	*thousands*	477	543	581	622	644	663	814	761	931	802
Melbourne	*thousands*	780	793	816	820	813	824	851	750	566	648
Brisbane	*thousands*	–	–	303	383	394	403	405	383	407	418
North America	*thousands*	38	46	75	85	96	144	147	132	115	140

Statutory financials		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Statutory revenue	*$ millions*	1,195	1,150	1,860	2,210	2,732	3,298	4,166	3,169[2]	2,886[2]	3,406
Statutory NPAT	*$ millions*	175	252	(373)	22	209	468	170	(153)	3,272	16
Statutory cash flows from operating activities	*$ millions*	411	521	304	910	837	1,053	1,197	1,131	893	982

Proportional financials		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Proportional Toll Revenue[3]											
Group	*$ millions*	991	1,117	1,656	1,946	2,153	2,340	2,581	2,492	2,486	2,626
Sydney	*$ millions*	479	551	701	799	872	944	1,042	1,072	1,278	1,264
Melbourne	*$ millions*	496	535	615	660	687	780	813	747	616	722
Brisbane	*$ millions*	–	–	265	313	385	393	402	394	425	451
North America	*$ millions*	16	31	75	174	209	223	324	279	167	189
Proportional EBITDA (excl. significant items)											
Group	*$ millions*	828	934	1,289	1,480	1,629	1,796	2,016	1,888	1,836	1,900
Sydney	*$ millions*	392	466	558	637	702	763	856	879	1,033	976
Melbourne	*$ millions*	441	483	523	564	594	688	716	634	502	594
Brisbane	*$ millions*	–	(6)	185	218	268	279	293	286	314	320
North America	*$ millions*	(3)	4	33	86	116	130	210	154	72	120
Corporate and other	*$ millions*	(2)	(13)	(10)	(25)	(51)	(64)	(59)	(65)	(85)	(110)
Free Cash	*$ millions*	443	572	768	926	1,220	1,215	1,527	1,476	1,278	1,531
Proportional drawn debt	*$ millions*	7,471	8,015	12,236	12,484	13,639	14,971	19,394	22,118	20,763	23,574
Gross debt raised[4]	*$ millions*	1,507	2,122	7,814	4,707	4,518	5,865	15,112	7,968	10,016	6,715
Equity raised	*$ millions*	100	2,742	–	1,025	–	1,900	4,820	812	–	4,220

Ratios and rates		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Group EBITDA margin[5]	%	75.0	75.8	74.7	73.8	73.9	74.9	75.4	72.3	70.3	68.8
FFO/Debt	%	–	6.6	7.9	8.0	8.5	8.9	8.7	7.0	9.4[6]	9.1
Corporate SICR	*x*	2.5	2.9	3.5	4.3	3.9	4.9	4.1	3.8	2.8	3.3
Gearing	%	42.8	36.4	40.2	33.3	35.3	35.2	32.0	35.8	34.3	34.2
Weighted average cost of debt											
AUD	%	6.6	6.3	5.3	5.2	4.9	4.9	4.6	4.4	4.1	3.9
USD	%	4.6	4.0	3.8	4.3	4.3	4.4	4.4	4.4	4.5	3.6
CAD	%	–	–	–	–	–	5.8	4.9	5.0	5.0	5.0
Weighted average debt maturity[7]	*years*	9.7	7.5	7.8	8.7	9.0	8.6	8.3	8.4	7.7	7.1
Weighted average concession length[8]	*years*	24.3	24.3	28.5	29.9	29.7	28.3	30.8	28.8	26.2	29.1

Corporate information		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Market capitalisation	*$ billions*	10.02	14.01	17.80	24.41	24.32	26.63	39.43	38.65	38.96	44.16
Total Shareholder Return	%	25	17	32	35	4	6	31	(1)	3	4.9
Gross distributions	*$ millions*	456	594	764	901	1,055	1,174	1,577	1,284	999	1,259
Distributions per security	*cps*	31.0	35.0	40.0	45.5	51.5	56.0	59.0	47.0	36.5	41.0
Securities on issue	*millions*	1,482	1,896	1,914	2,036	2,052	2,225	2,675	2,735	2,738	3,071

1 *CityLink traffic reported as average daily transactions ('000)*

2 *Statutory results for FY20 and FY21 have been reclassified to present Transurban Chesapeake as discontinued operations in the current period. Refer to Note B24 Business combinations and changes in ownership interests within the Financial Statements for further information*

3 *Definition of Toll Revenue adjusted in FY16 (including restatement of FY15) to include fee revenue. Prior to this was disclosed as toll revenue only, and fee and other revenue*

4 *Calculated at 100% of the debt facility size. Non-AUD denominated debt converted at the hedged rate where cross currency swaps are in place*

5 *FY14 and FY15 EBITDA margins were restated in FY16. Not previously disclosed for FY12 to FY13*

6 *FY21 FFO/Debt previously reported as 8.9% has been restated due to an amendment S&P have made in their calculation methodology*

7 *FY18 to FY21 has been calculated using proportional drawn debt. FY12 to FY17 was calculated on the full value of available debt facilities. Prior to FY19, the previously reported tenor did not reflect the amortisation profile that occurs in the latter years of the USA asset debt facilities*

8 *Weighted using proportional Toll Revenue by asset*

Key contacts

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Find us

Feedback

We welcome feedback on our Corporate Report, including on what worked well, and what we could do better.
Share your thoughts here: corporate@transurban.com

Construction of the West Gate Tunnel is underway, including more than 700 metres of the new two-kilometre, six-lane elevated road (pictured). The tunnel will deliver a vital alternative to the heavily congested West Gate Bridge and provide new links to Melbourne's port, CityLink and the city

transurban.com