

# Corporate Governance Statement FY22



*This Corporate Governance Statement outlines the corporate governance framework and main governance practices of Transurban Holdings Limited (THL), Transurban International Limited (TIL) and Transurban Holding Trust (THT) (collectively referred to as Transurban) for the year ended 30 June 2022.*

*The Board of THL, the Board of TIL, and the Board of Transurban Infrastructure Management Limited (TIML) as responsible entity of THT, have common directors and meet concurrently. They are collectively referred to as the Board in this statement, unless otherwise indicated.*

## About this statement

Transurban complied with the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the ASX Principles and Recommendations) for the year ended 30 June 2022 (the reporting period).

You can find a copy or summary of the governance documents referred to in this statement in the Corporate Governance section of the Transurban website at [transurban.com/corporate-governance](https://transurban.com/corporate-governance). These documents are reviewed regularly and updated to ensure that they remain appropriate, reflect a high standard

of governance and meet regulatory requirements.

The following table indicates where the ASX Principles and Recommendations are dealt with in this statement.

This statement, together with ASX Appendix 4G, which summarises our compliance with the ASX Principles and Recommendations, has been lodged with the ASX and is available at [transurban.com/corporate-governance](https://transurban.com/corporate-governance). The information provided in this statement is current as at 18 August 2022 and has been approved by the Board.

ASX Principles and Recommendations		Section reference
Principle 1	Lay solid foundations for management and oversight	1, 2, 3, 4
Principle 2	Structure the Board to be effective and add value	2, 3
Principle 3	Instil a culture of acting lawfully, ethically and responsibly	4
Principle 4	Safeguard the integrity of corporate reports	3, 5
Principle 5	Make timely and balanced disclosure	6
Principle 6	Respect the rights of security holders	7
Principle 7	Recognise and manage risk	3,8
Principle 8	Remunerate fairly and responsibly	3

# 1. Role of the Board

## Relevant governance documents:

- *Board Charter*

The Board is accountable to security holders for the performance of Transurban.

The Board has a Charter that sets out its authority, responsibilities and membership, and the arrangements by which it operates. The Charter also clearly establishes the relationship between the Board and management. During the reporting period, the Board reviewed the Charter to ensure its continued appropriateness and that it had discharged its obligations as set out in that document.

The primary roles of the Board 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 achieve these roles, the Board has reserved for itself the specific responsibilities listed in the Charter. To assist it in discharging these responsibilities, the Board has established Committees to give detailed consideration to key issues. Three standing Committees have been established as follows: the Audit and Risk Committee; the Remuneration, People and Culture Committee; and the Nomination Committee.

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 scope of, and limitations to, these delegations are clearly documented and cover areas such as operating expenditure, capital expenditure and investments. These delegations balance effective oversight with appropriate empowerment and accountability of Senior Executives.

The CEO is accountable to the Board for the exercise of this delegation with the support of Senior Executives.

# 2. Board structure and composition

## Relevant governance documents:

- *Board Charter*
- *Policy and Procedure for the Nomination, Selection and Appointment of New Non-executive Directors and the Re-election of Incumbent Non-executive Directors*
- *Diversity and Inclusion Policy*

### Board of Directors

<b>Lindsay Maxsted, Chair*</b>	Chair and independent Non-executive Director since August 2010 and March 2008 (respectively)
<b>Scott Charlton, CEO</b>	Chief Executive Officer and Executive Director since July 2012
<b>Peter Scott</b>	Independent Non-executive Director since March 2016
<b>Jane Wilson</b>	Independent Non-executive Director since January 2017
<b>Mark Birrell</b>	Independent Non-executive Director since May 2018
<b>Terence Bowen</b>	Independent Non-executive Director since February 2020
<b>Robert Whitfield</b>	Independent Non-executive Director since November 2020
<b>Timothy Reed</b>	Independent Non-executive Director since November 2020
<b>Patricia Cross</b>	Independent Non-executive Director since July 2021
<b>Craig Drummond</b>	Independent Non-executive Director since July 2021
<b>Marina Go</b>	Independent Non-executive Director since December 2021

\* 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

## 2.1 Board structure

A high performing, effective Board is essential for the proper governance of Transurban.

The Board is structured so that it is comprised of individuals with the appropriate mix of skills, knowledge, experience, independence and diversity to develop and support Transurban's strategy and enable it to discharge its responsibilities and add value, including facilitating effective discussion and efficient decision making. The Board determines its size and composition, subject to the constitutions of THL, TIML, and TIL, and applicable law.

The Board currently has eleven Directors, comprising ten Non-executive Directors and one Executive Director, the CEO. As described in section 2.4 below, three new Non-executive Directors joined the Board in FY22, with two long-standing Directors, Ms Samantha Mostyn and Mr Neil Chatfield, retiring at the end of the 2021 Annual General Meetings (AGM).

Details of each Director's appointment, qualifications, experience and special responsibilities are set out on pages 80 to 81 of Transurban's FY22 Corporate Report available at [transurban.com](https://www.transurban.com)

## 2.2 Board skills, experience and diversity

The Nomination Committee regularly reviews the Board's range of skills, knowledge, experience and diversity to enable the identification of particular competencies and perspectives that will enhance the Board's effectiveness and add value. These competencies and perspectives are prioritised in profiles for potential future Non-executive Directors as part of coordinated Board succession planning activities. This assessment is assisted by a Board skills matrix. The Board undertook a review of the skills matrix during the reporting period and is satisfied that the matrix articulates the skills and experience necessary for the Board to collectively possess. Enhanced disclosure of the skills matrix used by the Board is set out on the following page, including the Board's assessment of the level of skills and experience the Board has in each area identified in the matrix.

The Board also seeks the input of management and independent advisors to supplement the skills and expertise available on the Board. Given the importance of North America to Transurban, the Board has established a North American Advisory Board, which operates in an advisory capacity to the Board (see right).

The Board takes a holistic view of diversity (including having regard to diversity of thought, gender, independence, relationships and background) and diversity is an important consideration in Board succession planning. See section 4.5 for further details on how diversity and inclusion is supported at Transurban, including current gender diversity at the Board level.

## 2.3 Director tenure, retirement and election / re-election

Each Non-executive Director's term of appointment is subject to the provisions of the Corporations Act, the ASX Listing Rules, and the constitutions of THL, TIML and TIL.

New Non-executive Directors (appointed by the Board during the year) are required to seek election as a Director at the AGM following their appointment, and then re-election on a rotational basis with the other Non-executive Directors. No Director of THL, TIML or TIL (other than the CEO) may hold office without re-election past the third AGM following their appointment or three years, whichever is longer.

Board support for Directors retiring and seeking re-election is not automatic. Prior to each AGM, the Board determines whether it will recommend to security holders that they vote in favour of the re-election of each Non-executive Director seeking re-election, having regard to any matters the Board considers relevant, including the Director's performance and tenure.

Transurban provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Non-executive Director in the Notice of Meetings. The Notice of Meetings includes a statement from the Board as to whether it supports an election or re-election and a summary of the reasons why.

The Board does not set fixed tenure limits for Non-executive Directors. It is the Board's intention that Non-executive Directors serve up to three terms, other than the Chair who may serve up to four terms, however tenure remains a matter for the Board's discretion on a case-by-case basis. As noted above, from time-to-time, it may be appropriate for certain long serving Non-executive Directors, other than the Chair, to serve all or part of a fourth term to facilitate coordinated Board succession planning.

In the case of Non-executive Directors who are standing for re-election at an AGM but who intend to retire from the Board within their next term, this intention to retire will be clearly disclosed in the Notice of Meetings.

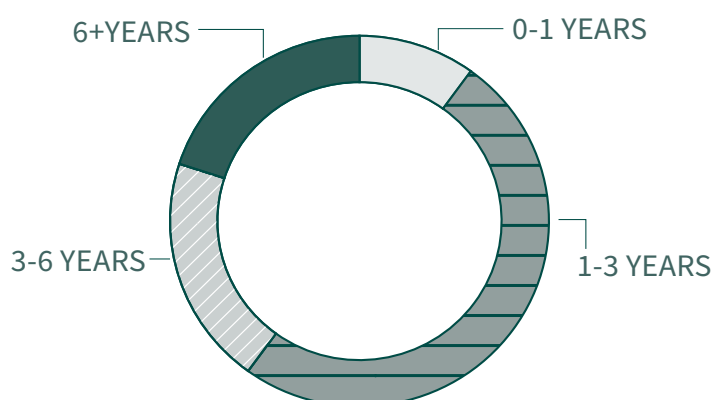
## North American Advisory Board

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 videoconference 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 Francoise Bertrand, Laurie Mahon and Matt Rose and details of their skills and experience are available at [transurban.com/board](https://transurban.com/board)

Board tenure



# 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.

## 2.4 Nomination and appointment of new Directors

To facilitate the effective functioning of the Board, the Board has established a policy and procedure for the nomination, selection and appointment of new Non-executive Directors. This policy was reviewed by the Board during the reporting period.

The Nomination Committee assists the Board in fulfilling its responsibilities relating to the composition and performance of the Board, Board appointments and succession planning. As part of this succession planning, the Nomination Committee undertakes an assessment of the Board's collective skills, knowledge, experience, and diversity (including diversity of thought, gender, independence, relationships and background) to enable the identification of particular competencies and perspectives that will best increase the Board's effectiveness.

This assessment is assisted by a Board skills matrix to identify any gaps. Where a need or gap is identified or arises, the Nomination Committee may commence a search process for potential appointees across a diverse candidate pool, with the assistance of external consultants as necessary. The Committee then undertakes an assessment of short listed candidates. Factors considered in the Committee's assessment include the capability of a candidate to devote the necessary time to the role, potential conflicts of interest and independence. The Chair, and other Directors then meet with candidates in person. Appropriate background and other checks are undertaken before any candidate is appointed by the Board or recommended to security holders for election.

During the reporting period, and as part of the Board's coordinated and orderly succession planning process for Board renewal, the Nomination Committee considered the composition of the Board, taking into account Non-executive Director tenure, independence, Transurban's strategic objectives, and existing and relevant emerging business and governance issues. As a result, and in accordance with the search process described above, three new independent Non-executive Directors joined the Board during the period: Ms Patricia Cross and Mr Craig Drummond from 1 July 2021; and Ms Marina Go from 1 December 2021. Two long-standing Directors, Mr Neil Chatfield and Ms Samantha Mostyn, retired from the conclusion of the 2021 AGM on 21 October 2021. 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.

## 2.5 Director independence

The Board recognises the important contribution that independent Directors make to good governance. Each Director is required to act in the best interests of Transurban and is expected to exercise unfettered and independent judgement.

The Board comprises a majority of independent Non-executive Directors and has an independent Non-executive Chair. The roles of the Chair and the CEO are exercised by separate individuals.

The Board defines an independent Director as a Non-executive Director who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Transurban as a whole rather than in the interests of an individual security holder or other party.

In assessing the independence of a Non-executive Director, the Board considers a range of factors including the 'factors relevant to assessing the independence of a Director' set out in the ASX Principles and Recommendations and other facts, information and circumstances set out in the Board Charter that the Board considers relevant, including tenure. The Board considers an interest or relationship to materially influence independent judgement where it is of such substance and consequence, and there is a real and sensible possibility, that it would affect a Director's judgement across any aspect of his or her role.

The Board assesses the independence of new Directors upon appointment and regularly assesses the independence of each Non-executive Director. Each Director is required to provide the Board with all relevant information to enable it to make this assessment.

During the reporting period, the Board reviewed the interests, positions and relationships of the current Non-executive Directors, including the Chair and considers each of them to be independent.

Directors Mr Robert Whitfield, Dr Jane Wilson and Ms Marina Go, and former director Ms Samantha Mostyn, each hold (or held for part of the reporting period) positions in companies or with firms with which Transurban has (or had) commercial relationships, as described in the Remuneration Report in Transurban's FY22 Corporate Report. The Board has considered each case separately and, having regard to the nature and value of the commercial relationships, has concluded that these positions (current or former) do not (and

did not) influence the relevant Director's capacity to exercise independent judgement or their ability to act in the best interests of Transurban as a whole. No Director was, or is, involved in any procurement regarding the disclosed companies with which they have (or held) a position.

Two members of Mr Maxsted's immediate family work at PricewaterhouseCoopers (PwC), Transurban's external auditor, one as a Partner and one as an Associate Director. The Board has considered the circumstances of these relationships, including the fact that the relevant family members do not work in PwC's audit practice and have not previously undertaken, nor do they intend to undertake in the foreseeable future, work of any nature for Transurban. The Board concluded that the relationships do not materially interfere with Mr Maxsted's capacity to exercise independent judgement nor his ability to act in the best interests of Transurban as a whole.

In considering the independence of the current Non-executive Directors, the Board considered each Director's tenure and concluded that none have held office for such a period as to compromise their independence. In reaching this conclusion the Board noted that each Director retained independence of character and judgement, and had not formed associations with management (or others, including substantial holders) that might compromise their ability to exercise independent judgement.

## 2.6 Induction of new Directors

Each Non-executive Director is given a formal letter of appointment that sets out the key terms and conditions of their appointment, including Directors' duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with Committee work.

An induction program is in place to allow new Directors to participate fully and actively in Board decision-making at the earliest opportunity. The program is designed to enable new Directors to gain an understanding of Transurban's strategic, financial, operational, legal, governance, risk management, sustainability and HSE matters, its values and culture, the role and responsibilities of Senior Executives, the operation of the Board and the role of Committees. The program includes sessions with individual Senior Executives and visits to Transurban's assets, offices and project sites.

## 2.7 Directors' skills, knowledge and experience

Directors are expected to maintain the skills and knowledge required to perform their role effectively. The Board is provided with papers, presentations and briefings on matters that affect or may affect Transurban's business or operations and is briefed on new and emerging business and governance issues relevant to Transurban and material developments in relevant laws, regulations and accounting standards. Consideration is given to whether professional development for Directors is required to enable the Board to deal with new and emerging business and governance issues, and Directors are expected to undertake any necessary continuing education and training.

To assist Directors in maintaining appropriate knowledge of Transurban's operations, Directors (both individually and as a group) are invited to participate in asset or project tours outside of the scheduled Board program. These tours are an important element of the Board's induction and ongoing educational activities and enable Directors to obtain the required deep understanding of the activities and 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 New South Wales, Victoria, Queensland and the Greater Washington area. The Board looks forward to resuming its usual schedule of in-person regional meetings and activities as travel restrictions normalise.

The Board also meets with Transurban's Executive Committee for strategy sessions.

## 2.8 Board access to information and independent professional advice

Directors have unrestricted access to management. Management provides regular detailed reporting in a form and timeframe and of a quality that enables the Board to discharge its duties effectively. Directors may request additional information where necessary to make informed decisions.

The Board Charter sets out the circumstances and procedures pursuant to which a Director may seek independent professional advice at Transurban's expense. These procedures require prior consultation with, and the consent of, the Chair and, under normal circumstances, the provision of a copy of the advice to the Board.

## 2.9 Conflicts of interest

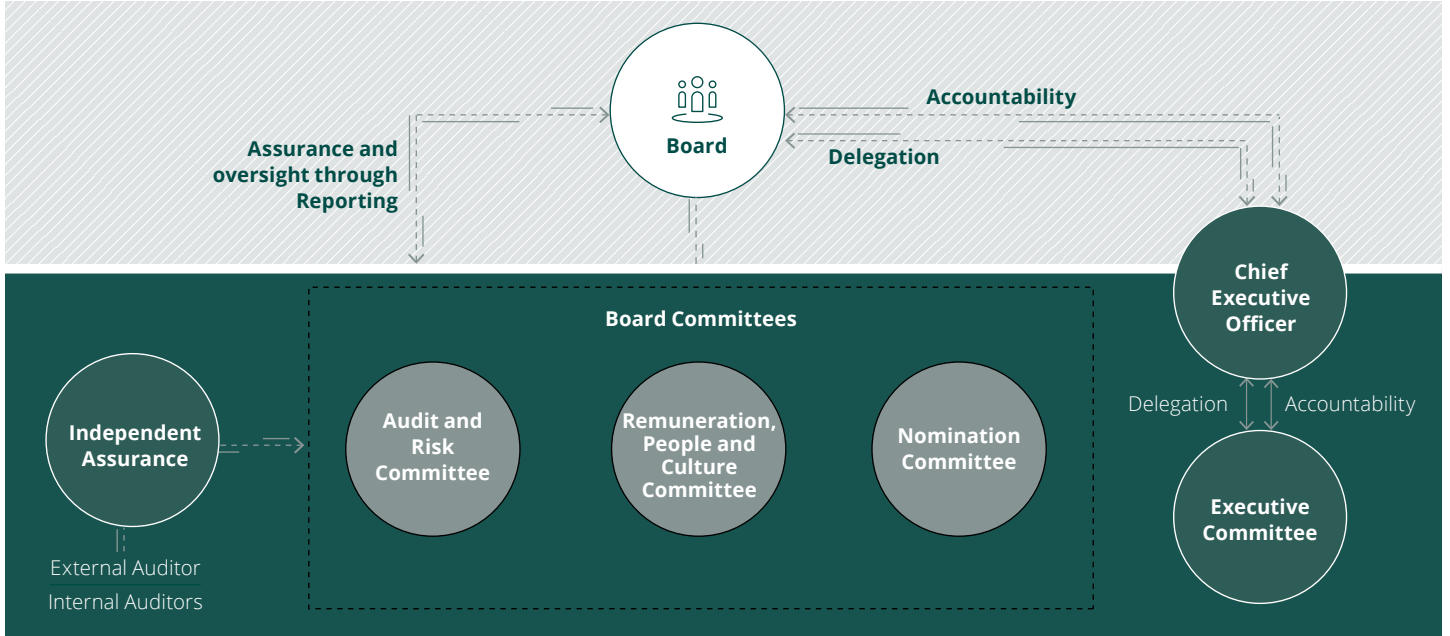
Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests. Under the Corporations Act, the constitutions of THL, TIML and TIL, and the Board Charter, Directors are required to disclose any conflicts and abstain from participating in any discussion or voting on matters in which they have a material personal interest. A Director who discloses that they may have a conflict must follow the procedures developed by the Board to deal with such circumstances.

## 2.10 Company Secretary

The Company Secretary is directly accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. Each Director has direct access to the Company Secretary. The responsibilities of the Company Secretary are outlined in the Board Charter and include advising the Board on governance matters, monitoring compliance with Board policy and procedures, and the coordination of all Board business, including agendas, meeting materials, and minutes and communication with regulatory bodies and the ASX.

# 3. Operation of the Board

Figure 1: Governance framework



## Relevant governance documents:

- **Board Charter**
- **Audit and Risk Committee Charter**
- **Remuneration, People and Culture Committee Charter**
- **Nomination Committee Charter**

### 3.1 Board Committees

The Board has established three standing Committees: the Audit and Risk Committee, the Remuneration, People and Culture Committee, and the Nomination Committee. Each standing Committee operates under a separate Charter, approved by the Board, which sets out the authority, membership and responsibilities of the Committee, together with relevant administrative arrangements and other matters considered appropriate by the Board. Each of the Charters were reviewed during the reporting period.

The role of each Committee is to advise and make recommendations to the Board. The Committees do not have decision making authority except as expressly stated in the relevant Charter or as authorised by the Board.

In accordance with the Charters, the Board and the Committees periodically review the appropriateness of the existing Committee structure and the membership of each Committee.

The current composition of each Committee is set out in table 1 below. The number of meetings held by each Committee during the reporting period and each member's attendance at those meetings are set out in the Directors' Report in Transurban's FY22 Corporate Report. All Directors are invited to attend Committee meetings and receive Committee papers.

### 3.2 Special purpose Committees

As and when required, the Board establishes special purpose Committees to give detailed consideration to specific matters, and where required, approve certain matters within Board-approved parameters.

### 3.3 Performance of the Board, Committees and individual Directors

The Board acknowledges the importance of the regular review of its own performance and effectiveness, as well as the performance and effectiveness of its 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. This review is undertaken through a Chair-led process and, in accordance with good governance practices, periodically (typically every three

years) through the engagement of an external consultant to formally facilitate the process. An externally facilitated review was last undertaken in 2021.

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.

### 3.4 Appointment and performance of Senior Executives

Each Senior Executive has a service agreement that clearly sets out their role and responsibilities, and Transurban's expectations in terms of their conduct and performance. Prior to the appointment of any new Senior Executives, appropriate background checks, including police checks, are undertaken by the business.

The CEO and all other Senior Executives undergo a performance and development review on an annual basis. At the commencement of each financial year the Board sets individual key performance indicators (KPIs) for the CEO, and reviews the individual KPIs set for other Senior Executives, against which their performance is measured.



At the end of the financial year, the performance of the CEO is reviewed by the Board, and the CEO reviews the performance of each Senior Executive against their individual KPIs and taking into account leadership elements, risk and compliance behaviours and demonstration of Transurban values. The CEO reports to the Board through the Remuneration, People and Culture Committee on the outcome of these reviews. The CEO and each Senior Executive are provided with feedback on their performance, which directly impacts their annual short-term incentive outcome.

A development plan is also agreed to support and align the ongoing contribution of the Senior Executive to the needs of the business.

Performance reviews for the CEO and other Senior Executives were conducted during the reporting period in accordance with the process described above.

The reward structure and remuneration outcomes for the CEO and other Senior Executives who were Key Management Personnel during the reporting period are set out in the Remuneration Report in Transurban's FY22 Corporate Report.

### 3.5 Remuneration of Directors and Senior Executives

The remuneration of Non-executive Directors consists entirely of Directors' fees and Committee fees. Non-executive Directors do not receive any variable remuneration or other performance-related incentives. Transurban does not operate any retirement benefit schemes for Non-executive Directors. Further details of the remuneration paid to each Non-executive Director during the reporting period are set out in the Remuneration Report in Transurban's FY22 Corporate Report.

For the reporting period, the remuneration of the CEO and other Senior Executives comprised fixed remuneration, short-term incentives (cash and deferred equity) and long-term equity based incentives. Transurban's remuneration strategy and framework, and the remuneration packages and outcomes for the CEO and other Senior Executives who were Key Management Personnel during the reporting period, are also described in detail in the Remuneration Report in Transurban's FY22 Corporate Report.

**Table 1: Transurban Board Committee membership**

#### Audit and Risk Committee

Members	Composition	Key responsibilities
T Bowen (Chair) M Birrell C Drummond P Scott	<ul style="list-style-type: none"> <li>✔ Only Non-executive Directors, all of whom are independent</li> <li>✔ At least three members who have accounting and financial expertise and industry understanding</li> <li>✔ An independent Chair, who is not Chair of the Board</li> </ul>	<ul style="list-style-type: none"> <li>• Integrity of financial reporting</li> <li>• Effectiveness of Transurban's systems of internal control and risk management (including in relation to financial, business, tax, technology, cyber and climate-related risks, as well as new and emerging risks), including the risk management framework</li> <li>• Internal and external audit scope and effectiveness, and auditor independence</li> </ul>

#### Remuneration, People and Culture Committee

Members	Composition	Key responsibilities
R Whitfield (Chair) P Cross T Reed J Wilson	<ul style="list-style-type: none"> <li>✔ Only Non-executive Directors, all of whom are independent</li> <li>✔ At least three members, who have executive remuneration expertise and an understanding of the associated legal and regulatory framework</li> <li>✔ An independent Chair</li> </ul>	<ul style="list-style-type: none"> <li>• Programs to optimise the contributions of people, to support and further corporate objectives, including senior leader succession and development planning, gender pay equity, diversity, culture and employee engagement</li> <li>• Remuneration framework, including strategies, policies and practices and monitoring the effectiveness of the framework in achieving Transurban's objectives and supporting Transurban's desired culture</li> <li>• Remuneration of Non-executive Directors, performance and remuneration of, and incentives for, the CEO and other Senior Executives, having regard to Transurban's values and risk appetite</li> </ul>

#### Nomination Committee

Members	Composition	Key responsibilities
L Maxsted (Chair)* Each other Non-executive Director	<ul style="list-style-type: none"> <li>✔ Only Non-executive Directors, all of whom are independent</li> <li>✔ At least three members</li> <li>✔ An independent Chair</li> </ul>	<ul style="list-style-type: none"> <li>• Composition of the Board and selection, appointment and re-election of Directors</li> <li>• Board, Committee and Director performance</li> <li>• Succession planning</li> </ul>

\*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

# 4. Ethical conduct and responsible decision making

Transurban's social licence to operate is one of its most valuable assets. The Board endeavours to lead by example when it comes to acting lawfully, ethically and responsibly and, together with management, seeks to instil and continually reinforce this culture across Transurban.

## Relevant governance documents:

- *Code of Conduct*
- *Dealing in Securities Policy*
- *Diversity and Inclusion Policy*
- *Ethical Business Practices Policy*
- *Health, Safety and Environment Policy*
- *Human Rights Policy*
- *Political Contributions Policy*
- *Security Holder Communication Policy*
- *Supplier Sustainability Code of Practice*
- *Sustainability Policy*
- *Whistleblower Policy*

## 4.1 Code of Conduct and ethics

Transurban's values are: integrity, collaboration, accountability, ingenuity and respect.

These values are the guiding principles and norms that define the type of organisation Transurban aspires to be and standards and behaviours that Transurban expects of its Directors, Senior Executives and employees.

Transurban's Code of Conduct articulates the behaviour expected of Transurban's Directors, Senior Executives and employees, who are expected to align their actions with the Code and Transurban's values whenever they are representing Transurban. It also encourages employees who become aware of unethical behaviours to report these. The Code of Conduct is promoted across the business, reinforced by formal training and requires an annual attestation from all employees. Appropriate disciplinary action is taken if the Code is breached. The Board is informed of all material breaches of the Code.

Transurban also has a separate Ethical Business Practices Policy that supports its governance and integrity framework. This policy defines the standard required from employees and third parties when working with Transurban, highlights the processes for prevention, detection, and the investigation of reports of fraudulent or corrupt conduct, and provides guidance in relation to managing and recording gifts and benefits. The policy and related frameworks are supported and reinforced by formal training and awareness programs across the business and proportionate disciplinary action is taken if breached. All material breaches of this policy are reported to the Board and the Audit and Risk Committee.

## 4.2 Whistleblower protection

In keeping with the spirit of Transurban's Code of Conduct, Transurban has a Whistleblower Policy to support and encourage all Directors, officers, Senior Executives, other employees, contingent workers, volunteers, consultants, suppliers and other third parties to freely raise concerns if they have witnessed, or know about, any suspected or actual misconduct or improper state of affairs in relation to Transurban without fear of intimidation, disadvantage or reprisal. The policy sets out how Transurban will respond to and investigate matters raised and outlines the protections and support available to those who report matters under the policy.

A confidential, anonymous external toll free and online whistleblower reporting service is detailed on Transurban's intranet and corporate website and is available to all personnel and third parties. The Board, through the Audit and Risk Committee, is informed of any material incidents reported under the policy.

## 4.3 Political donations

Transurban's region-specific policies and procedures govern payments to political parties, either directly or via fundraising organisations. Transurban participates in public policy debate on issues relevant to our business. Consequently, payments may only be made in connection with participation in such forums or events. The Group will not make direct political donations, either directly or via fundraising organisations.

## 4.4 Dealing in securities

Transurban has a Dealing in Securities Policy that establishes a procedure for dealings by all Directors, Senior Executives, employees, contractors and their related parties in Transurban securities, and in securities of other entities with whom Transurban may have business dealings. The policy prohibits all such personnel from dealing in securities at any time if they are in possession of price-sensitive information. Dealing is also not permitted during designated "Closed Periods" except with prior approval in circumstances of severe financial hardship. Personnel may generally deal in securities during "Open Periods" in accordance with the procedure set out in the policy. For the purposes of the policy, dealing includes hedging and any other secured financing arrangements.

The policy also prohibits buying and selling securities on a short-term basis (within three months) except with prior approval in circumstances of severe financial hardship. Employees who have entitlements to securities under a Transurban equity plan may not hedge against those entitlements until they have vested and are released from any holding lock. Directors and employees are also prohibited from entering into margin lending arrangements using Transurban securities as security.

## 4.5 Diversity and inclusion

Transurban is committed to building a diverse workforce that recognises and embraces difference, and fostering a workplace that is safe, respectful and inclusive. Transurban recognises that a diverse and inclusive workforce is fundamental to the success of our business, as it drives strategic advantage, attracts and retains talent, creates opportunities for innovation and contributes to the achievement of our corporate objectives.

Transurban continues to evolve its practices, programs and initiatives to remove barriers to improve diversity and inclusion across all levels of the business. Transurban values diversity in all forms, where all people are treated equitably and provided with the opportunities to succeed and thrive, to feel valued, respected and fully contribute the diversity of their lived experience.

Transurban remains committed to achieving gender equity, through gender-balanced representation, as well as equitable pay and opportunities for career growth. Transurban actively tracks gender representation, develops female talent, reviews gender pay annually and continues to achieve a pay equity gap of less than 1%.

As a 'relevant employer' and as required by the Workplace Gender Equality Act (2012), Transurban lodged its Workplace Gender Profile as at March 2022 with the Workplace Gender Equality Agency (WGEA). It can be accessed through the WGEA website. In 2021, Transurban was again endorsed as an 'Employer of Choice for Gender Equality' by WGEA, which is awarded for a two-year period. This means that Transurban will have held the citation for nine consecutive years, in recognition of the Group's active commitment to achieving gender equality in the workplace. In addition, Transurban was ranked number eight globally in 2022 for gender equality by Equileap.

### Diversity and inclusion principles

Transurban's approach to diversity and inclusion is underpinned by the following principles:

- ensuring a supportive, harassment-free and inclusive workplace
- building a flexible organisation by providing opportunities for work arrangements and leave options that accommodate the diverse needs of our people at different career and life stages, including those with family and caring responsibilities
- ensuring all employees are paid equitably and monitoring this on a regular basis
- ensuring all employees have the ability to contribute and access opportunities based on their diversity of thought and experience, but regardless of their race, gender, or any other legally protected status
- ensuring employment decisions are transparent, unbiased, equitable and procedurally fair
- applying inclusive decision-making principles to all business decisions, including recruitment, to ensure a wide range of perspectives are encouraged and considered
- building capability of our leaders to take accountability for and drive a culture that values and encourages diversity and inclusion
- supporting and empowering our employees to bring their individual experiences to work, experience psychological safety and wellbeing, and feel a genuine sense of belonging at Transurban
- building the capability of our leaders and people in recognising and disrupting unconscious bias in their decision-making practices

## Table 2: Diversity and inclusion objectives and progress FY22

Objective 1 – Inclusive Leadership		FY22 Performance
<b>Goal</b>	To equip leaders with skills and resources to recruit diverse teams and foster inclusive ways of working	
<b>Measure</b>	Inclusive Leadership index from annual 'Our Voice' survey	93% (FY21—94%)
Objective 2 – Inclusive Careers		
<b>Goal</b>	To attract and recruit diverse talent and provide equal access to career and development opportunities to all of our people at all levels	
<b>Measure</b>	Inclusive Careers index from annual 'Our Voice' survey	86% (FY21—86%)
	% of females in Executive Committee and senior management (excluding CEO) <sup>1</sup>	42% (FY21—40%)
	% of females in middle management positions	36% (FY21—37%)
	% of females in direct employee workforce <sup>2</sup>	43% (FY21—40%)
	% of females on the Board (including CEO)	27% (FY21—20%)
	Increase proportion of female applications/ conversion to appointment (including internal and external)	Hires: 49.1% (FY21—48.9%) Conversion: 67.6% (FY21—63.9%)
	Representation of ethnicities across the Transurban employee population	Voluntary reporting indicates 38% of employees identify primary ethnicity as non-White / Caucasian or not specified. In the US, 47% of employees identify as non-White / Caucasian. In Australia, 8 employees / 0.5% <sup>3</sup> employees identified as Aboriginal and Torres Strait Islander in FY22 (FY21 10 employees / 0.65% <sup>3</sup> )
Objective 3 – Inclusive Teams and Ways of Working		
<b>Goal</b>	To foster a safe, respectful and inclusive workplace that gets the best from the diverse skills, experiences and perspectives of all our people	
<b>Measure</b>	Maintain gender pay gap of less than 1%	Achieved
	Inclusive Teams and Ways of Working index from 'Our Voice' survey	80% (FY21—81%)
Objective 4 – Purposeful Connection and Contribution		
<b>Goal</b>	To build connection for our people with our social licence to operate	
<b>Measure</b>	Purposeful Connection and Contribution index from 'Our Voice' survey	79% (FY21—81%)

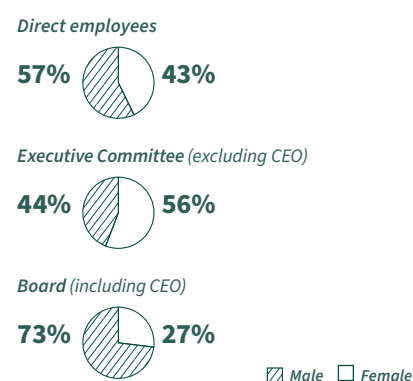
<sup>1</sup> Includes Executive Committee but excludes CEO who is counted in Board statistics

<sup>2</sup> Direct employees includes casual, fixed term and permanent employees (excluding leave of absence and Non-executive Directors)

<sup>3</sup> Based on Australian headcount only, including casual, fixed term and permanent employees; excluding employees on leave of absence and Non-executive Directors

- respecting broad stakeholder diversity by developing strategic partnerships that deliver better economic, community and environmental outcomes.
- These principles are embedded through the organisation and supported by formal compliance training, a Belonging and Wellbeing program of events and other education. Transurban's most recent annual employee opinion survey showed a 91% favourable response in the area of diversity and inclusion, as well as an 86% favourable response to Transurban valuing all types of diversity and an 85% favourable response in providing people with all backgrounds equal opportunity to succeed.

Figure 2: Direct employee gender<sup>4</sup>



<sup>4</sup> Non-binary represents 0.06% of our direct employees

## Diversity and Inclusion Policy and measurable objectives

Transurban has a Diversity and Inclusion Policy that includes a requirement for the Board to set measurable objectives for achieving diversity and inclusion, and to annually review both the objectives and progress in achieving them. Transurban's objectives for the reporting period (focused on the areas identified above), and the progress in achieving them, are outlined in table 2.

More information about Transurban's activities and achievements relating to diversity and inclusion can be found in the 'Our People' section of Transurban's FY22 Corporate Report. The Diversity and Inclusion Policy is also available on Transurban's corporate website.

## Gender diversity profile

The respective proportions of women and men on the Board (including the CEO), in senior executive positions (defined as executives who report directly to the CEO), and across the whole organisation are set out in Figure 2.

## 4.6 Sustainability

The Board is committed to Transurban taking a sustainable approach to its operations, projects and business practices to create the best long-term outcomes for its government clients, investors, communities and customers.

The Board endorsed Sustainability Policy and Strategy closely align with the United Nations' Sustainable Development Goals (SDGs)<sup>1</sup> and focus on four areas:

- **People** - *Make life better* (Addresses SDG 3 – Good Health and Wellbeing; 5 – Gender Equality; 8 – Decent Work and Economic Growth; and 11 – Sustainable Cities and Communities).
- **Planet** - *Use resources wisely* (Addresses SDG 7 – Clean and Affordable Energy; 9 – Industry, Innovation and Infrastructure; 11 – Sustainable Cities and Communities; 12 – Responsible Consumption and Production; and 13 – Climate Action).
- **Places** - *Build better transport* (Addresses SDG 8 – Decent Work and Economic Growth; 9 – Industry, Innovation and Infrastructure; 11 – Sustainable Cities and Communities; and 13 – Climate Action).
- **Partnerships** - *Lead and unite* (Addresses SDG 12 – Responsible Consumption and Production and 17 – Partnerships for the Goals).

The Sustainability Policy and Strategy seek to align Transurban with global community sustainability efforts, drive transformative outcomes in areas that matter to Transurban's business, strengthen relationships with customers and local communities, enhance partnerships with governments and suppliers, and increase Transurban's attractiveness to investors, debt and equity financiers and employees.

By implementing the Sustainability Policy and Strategy, Transurban seeks to enhance its social licence to operate and strengthen its ability to deliver efficient and integrated transport networks that support productivity and the wellbeing of communities.

Management provides progress reports to the Board on the four focus areas. Transurban's FY22 Corporate Report, UN SDG Progress Report and Climate Change Disclosure set out the sustainability strategy and activities undertaken during the reporting period, aspirations and commitments for the coming years and also describe how the organisation is responding to climate change.

## 4.7 Human rights and modern slavery

Transurban recognises its role in respecting, supporting and advancing human rights. It has set out, in a Human Rights Policy, how it will fulfill its internationally recognised human rights commitments and engage stakeholders in assisting to prevent and address any involvement in adverse human rights impacts. It also seeks to encourage action on human rights opportunities.

During the reporting period, Transurban worked with like-minded industry partners to pursue a collaborative approach to assessing and addressing the risks of modern slavery, advancing actions to respond to the expectations of the Commonwealth Modern Slavery Act (2018). Transurban continued its partnerships with the UN Global Compact Network Australia's Modern Slavery Community of Practice, and the Infrastructure Sustainability Council's Modern Slavery Road Coalition which work towards sharing key learning and best practice common approaches to addressing adverse human rights impacts.

Transurban also published its second Modern Slavery Statement during the period, which included advancements in assessing and addressing modern slavery risks, and showcased innovative training to identify situations of human trafficking occurring on motorways.

## 4.8 Supplier Sustainability Code of Practice

Transurban seeks to conduct business with suppliers who have shared values, act ethically and aim to make a positive impact in the areas of social, economic and environmental sustainability. Transurban's Supplier Sustainability Code of Practice details Transurban's expectations of its suppliers in delivering goods and services to the business. Fundamental to adopting the code is the understanding that all suppliers operate in full compliance with all laws, rules and regulations of the countries in which they operate, including protecting internationally recognised labour and human rights such as those related to modern slavery. The code also encourages suppliers to go beyond legal compliance, drawing upon internationally recognised standards, in order to advance social, economic and environmental responsibility. Transurban encourages suppliers to show leadership, improve their performance and develop their competencies in this field.

## 4.9 Health, safety and environment (HSE)

Transurban prioritises a healthy and safe environment for all employees, contractors, customers and the community, while seeking to minimise impacts to the environment. HSE is therefore a critical part of Transurban's business framework and decision making. Further details on the range of strategies, systems, initiatives and policies in place at Transurban to manage HSE for employees, contractors and customers are set out in Transurban's FY22 Corporate Report.

HSE is also a critical area of focus for the Board, with the Board regularly briefed on operational asset and project safety performance and strategies to improve safety performance and awareness, including employee and contractor physical and mental wellbeing. From an environmental perspective the Board is regularly briefed on Transurban's environmental impact, including initiatives to reduce our environmental footprint.

<sup>1</sup> Each SDG has associated multiple, diverse targets which may align with one or more of the four areas

# 5. Integrity in corporate reporting

## Relevant governance documents:

- *Audit and Risk Committee Charter*
- *External Auditor Independence Policy*

### 5.1 Role of the Audit and Risk Committee

The Audit and Risk Committee assists the Board in overseeing the integrity of financial reporting, the effectiveness of Transurban's systems of internal control and risk management (for financial and non-financial risks), including the risk management framework, and the internal and external audit functions.

The CEO, the Chief Financial Officer (CFO), the internal auditors and the external auditor attend Committee meetings as requested. Other members of management and advisers may also be invited to attend meetings.

The Committee has unrestricted access to, and the right to seek explanations and additional information from, management and the auditors. The Committee meets on a regular basis with the internal auditors, and separately with the external auditor, without management present.

### 5.2 Independence of the external auditor

Transurban's external auditor, PwC, was appointed in 2001. The effectiveness, performance and independence of the external auditor is monitored and assessed by the Audit and Risk Committee. If it becomes necessary to replace the external auditor for performance or independence reasons, the Committee will formalise a procedure and policy for the selection and appointment of a new external auditor.

The Corporations Act requires the external auditor to make an annual independence declaration, addressed to the Board, declaring that the auditor has maintained its independence in accordance with the Corporations Act and the rules of professional accounting bodies. PwC has provided an independence declaration to the Board for the reporting period. The declaration forms part of the Directors' Report in Transurban's FY22 Corporate Report.

Mr Marcus Laithwaite was the lead audit engagement partner of PwC in relation to the external audit of Transurban for FY22. As Mr Laithwaite has held that position for the last five years, a process was undertaken during the year to appoint a new lead audit engagement partner from FY23.

### 5.3 Restrictions on the provision of non-audit services by the external auditor

Transurban has implemented policies and procedures to monitor the independence of the external auditor. The External Auditor Independence Policy regulates the provision of non-audit services by the external auditor. Under the policy, the auditor is prohibited from providing certain non-audit services, and may only provide a permissible non-audit service where there is a compelling reason for the auditor to do so. The provision of permissible non-audit services must be pre-approved by either the Audit and Risk Committee or the Chair of that Committee. The CFO provides a report at each Audit and Risk Committee meeting describing any non-audit services pre-approved by the Chair since the last meeting.

Details of the fees paid to PwC during the reporting period, including a breakdown of fees paid for non-audit services, are set out in Note B34 of the Transurban Group FY22 financial statements (see Transurban's FY22 Corporate Report). The Board has considered the nature of the non-audit services provided by PwC during the reporting period and has determined that the services provided, and the amount paid for those services, are not incompatible with the general standard of independence for auditors imposed by the Corporations Act and that the auditor's independence has not been compromised.

### 5.4 Attendance of the external auditor at the AGM

The lead audit engagement partner of PwC attends Transurban's AGM and is available to answer security holder questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted in relation to the preparation of the financial statements, and the independence of the auditor.

The 2021 Transurban AGM was held as a virtual meeting in response to the COVID-19-related government restrictions imposed during the year. Accordingly, Mr Marcus Laithwaite, lead audit engagement partner of PwC, attended the meeting virtually.

### 5.5 Financial and corporate reporting

Prior to the approval of the financial statements for the Transurban Group and the individual entities comprising the Transurban Group for each reporting period, the Board receives a written declaration from the CEO and the CFO in relation to Transurban's financial reporting processes.

The declarations received by the Board during the reporting period state that, in the opinion of the CEO and CFO, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of Transurban's financial position and performance, and the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For periodic corporate reports released to the market which are not required to be audited or reviewed by the external auditor, Transurban has a robust verification, review and approval process to ensure the integrity of the information disclosed to the market. The process involves the reports being prepared and reviewed by relevant subject matter experts, an internal verification and sign off process, material statements reviewed for accuracy, and an appropriate approval process involving Senior Executives, the CEO, and for disclosure of certain matters which are within the Transurban Board's reserved powers or matters that are otherwise of significance to Transurban, the approval of the Transurban Board. Further details regarding Transurban's disclosure and communications processes are set out below under *Section 6 Timely and balanced disclosure*, and *Section 7 Communications with security holders*.

## 6. Timely and balanced disclosure

### Relevant governance documents:

- *Continuous Disclosure Policy*

Transurban has a Continuous Disclosure Policy that establishes a best practice procedure for compliance with its continuous disclosure obligations under ASX Listing Rule 3.1, provides guidance for the identification of material information and requires the reporting of such information to the Company Secretary for review. The policy also ensures that Transurban and its personnel are aware of the penalties for a contravention of these obligations.

The CEO, the CFO and the Company Secretary have primary responsibility for the compliance and effective operation of the

policy. The Company Secretary is responsible for all communications with the ASX in relation to continuous disclosure issues. Under the policy, personnel must immediately notify the Company Secretary as soon as they become aware of information that should be considered for release to the ASX.

The Company Secretary reviews that information, determines in consultation with the CEO and the CFO whether disclosure is required and, if so, co-ordinates the form of the disclosure, its approval and prompt release. All material ASX releases are required to be approved by either the Board (or a Board sub-committee) or the CEO (or in the CEO's absence, the CFO or the Chair of the Board).

Transurban seeks to ensure that its announcements are factual, complete, balanced and expressed in a clear and

objective manner that allows investors to assess the impact of the information when making investment decisions. All information disclosed to the ASX is promptly posted on Transurban's corporate website. Directors also receive copies of all ASX announcements promptly after they are made.

Presentations to investors and analysts given in conjunction with the release of Transurban's financial results and new and substantive investor and analyst presentations are released to the ASX immediately prior to the making of those presentations. Where practicable, security holders are given the opportunity to participate in presentations (for example, by webcast).

The Board considers potential disclosure issues at each of its meetings.

## 7. Communications with security holders

### Relevant governance documents:

- *Security Holder Communication Policy*

Transurban places great importance on engaging with its security holders and providing them with appropriate information and facilities to allow them to exercise their rights as security holders effectively. This includes giving them ready access to information about Transurban, communicating openly and honestly with them, and encouraging and facilitating their participation at AGMs.

The Security Holder Communication Policy outlines the range of ways Transurban provides information to its security holders. Security holders are encouraged to elect to receive information in electronic format to ensure timely receipt of information and is consistent with Transurban's commitment to sustainability.

### 7.1 Website

Ready access to information about Transurban and all relevant corporate governance information is available via Transurban's corporate website at [transurban.com/corporate-governance](https://transurban.com/corporate-governance). All ASX announcements are promptly posted on the website in the Investor Centre. The annual and half year results presentations, financial statements, media releases, key dates, and other communications material are also published on the website.

### 7.2 Investor engagement

Transurban has a comprehensive security holder engagement program, which includes briefings, presentations and events. The engagement program includes scheduled and ad-hoc briefings with institutional and private investors, analysts and the financial media, and aims to provide a forum for two-way communications between Transurban and these stakeholders. Transurban also runs a bi-annual institutional investor and analyst survey which gives those market participants the opportunity to provide anonymous and direct feedback to Transurban about

management, strategy and performance, as well as Transurban's engagement program.

Details of key investor events, including any relevant presentation materials, are disclosed to the ASX in advance and webcast to provide access to all interested security holders. Details of webcasts are also provided on the investor section of Transurban's corporate website ahead of events.

### 7.3 Annual General Meetings

Transurban regards its AGM as an important opportunity to communicate with security holders and encourages security holders to participate at its AGM, by attending, exercising their voting rights and asking questions of the Board.

Transurban also encourages security holders to submit any questions about the performance of Transurban, and to provide feedback to Transurban about information they have received ahead of the AGM, so that these can be addressed before or at the meeting. All resolutions at security holder meetings are decided by poll.

The Notice of Meetings and explanatory material is published on Transurban's website. AGMs are webcast live and the webcast is made available on Transurban's website for viewing after the AGM.

The 2021 Transurban AGM was held as a virtual meeting in response to the COVID-19-related government restrictions imposed during the year. Security holders were able to participate in the meeting online in real-time, including asking questions and voting during the AGM.

# 8. Recognising and managing risk

## Relevant governance documents:

- *Audit and Risk Committee Charter*
- *Risk Management Policy*

### 8.1 Risk management framework

The Board, in conjunction with the Audit and Risk Committee, is responsible for overseeing the implementation of an effective system of risk management and internal control. The responsibility for maintaining Transurban's sound system of risk management and internal control has been delegated to management through the CEO.

Transurban has implemented a practical and proactive Enterprise-wide Risk Management (ERM) Framework which applies to all its business activities, operations and projects. The ERM Framework is aligned to industry better practice and is consistent with the ISO 31000:2018 risk management standard. The ERM Framework provides guidance on the identification, assessment, management and escalation of risks to ensure that key risks, including those with the potential to have a material impact on the business, are escalated appropriately for decision making and proactive management. The framework is also integrated with our HSE, emergency management, business continuity, crisis management, climate change and assurance processes to enhance our business resilience and identify opportunities to innovate.

The ERM Framework includes a Risk Management Policy that articulates Transurban's approach to managing both financial and non-financial risk and is supported by a series of risk guidelines and risk appetite statements relating to key risk and business performance indicators. Transurban's approach to risk is reinforced by regularly communicating key risks and relevant information across the business, through ongoing training and awareness programs and annual monitoring of our risk management culture across the organisation.

The effectiveness of the ERM Framework is overseen by the Audit and Risk Committee and is actively managed by the CEO and the Senior Executives in conjunction with management. The ERM Framework is subject to regular review to ensure that risk management processes and practices continue to be fit for purpose and effective, and to facilitate continuous improvement.

During the reporting period, a detailed review of the ERM Framework was undertaken. This was also supported by an employee survey of Transurban's risk culture. The result of these reviews highlighted that the ERM Framework remains sound and practice is mature. Further enhancements have also been identified and implemented in relation to our risk appetite thresholds, alignment of the framework with our development, delivery and technology risk profiles, and through considering the impact of the current operating environment. Other enhancements have included the continued development of risk management performance analytics and development of enhanced risk reporting and visualisation techniques.

The Audit and Risk Committee has satisfied itself that the ERM Framework continues to be sound and that Transurban is operating with due regard to the risk appetite set by the Board.

### 8.2 Material risk disclosure

Transurban is exposed to a variety of risks due to the nature of the environment in which it operates. These risks include consideration of financial and non-financial risk themes, including economic conditions, geopolitical issues, environmental considerations (including climate related impacts on/from Transurban), regulatory risk and social sustainability risk themes.

The risks outlined below reflect the key business risks (threats and opportunities) that have the potential to impact on Transurban's operations and its financial performance if not managed effectively.

Under the ERM Framework, any risks identified as material are escalated to the appropriate Senior Executive for management and monitoring in accordance with the ERM Framework and reported to the Audit and Risk Committee.

During the reporting period, Transurban continued its organisation-wide climate change risk and adaptation review process in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This included validation of the existing Transurban business, project, operational and strategic risks where climate change has been identified as a contributing cause to the risk including those relating to asset and system reliability, project disruption and supply chain vulnerabilities.

In addition, to support our business resilience activities, response exercises were extended to include Transurban's climate change adaptation plans and the simulation and testing of our response to significant weather events.

Further details about material risks and how Transurban manages them are set out in Transurban's FY22 Corporate Report.

## Risk

### Maintaining our social licence to operate

Unfavourable changes in the market or to operating conditions

Delivering our major projects to meet agreed outcomes

Customer and road safety

Cybersecurity and information protection

Failure of technical infrastructure or an inability to respond effectively to a disruption

Changes in government policies or regulatory interpretations

Maintaining the safety and wellbeing of employees and contractors

Dependency on third parties and critical suppliers

Sustainability initiatives to enhance road user and community experience

Harness technology and services to develop new projects and offerings

New business opportunities in our target markets

Inability to attract and retain the workforce capability required by the organisation for critical roles

Treasury management of debt, liquidity, and balance sheet

Potential impacts of emerging recession

### 8.3 Internal Audit function

Internal Audit provides independent and objective assurance on the adequacy and effectiveness of Transurban's internal control environment and results of internal audits and recommendations are provided to improve the efficiency and effectiveness of the relevant systems and processes.

Transurban has a co-sourced Internal Audit function where an external service provider partners with a core internal team. The co-source model enables a balance of external subject matter expertise and internal knowledge.

Internal Audit operates under a dynamic plan approved annually by the Audit and Risk Committee and updated quarterly. Internal Audit has full access to all functions, records, property and personnel of Transurban. In accordance with the Transurban Internal Audit Charter, Internal Audit administratively reports to the Company Secretary and has a direct reporting line to the Chair of the Audit and Risk Committee.

A risk-based approach aligned to the enhanced ERM Framework is used to focus assurance activities. The results of internal audit activities are reported to the Audit and Risk Committee at each of its meetings.



## Reporting suite

### **Corporate Governance Statement—(this statement)**

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

### **FY22 Corporate Report<sup>1</sup>**

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<sup>2</sup>**

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

### **FY22 Sustainability Data<sup>2</sup>**

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

### **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 chains—available late 2022.

 **All available at [transurban.com](https://www.transurban.com)**

## Registered office

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### **Stapled securities listing**

Transurban Group is listed on the Australian Securities Exchange under the code "TCL". Each stapled security is made up of: one share in Transurban Holdings Limited ACN 098 143 429; one share in Transurban International Limited ACN 121 746 825; and one unit in Transurban Holding Trust (responsible entity Transurban Infrastructure Management Limited ACN 098 147 678).

<sup>1</sup> 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 progress in achieving our Sustainability Strategy

<sup>2</sup> Previously incorporated in our Sustainability Supplement