




Transurban

STATEMENT

CORPORATE GOVERNANCE

— FOR THE YEAR ENDED 30 JUNE 2020 —



LED lighting feature at the St Peters Interchange delivered
as part of the WestConnex M8 project in Sydney in July 2020

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 2020.

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 REPORT

Transurban complied with the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the ASX Principles and Recommendations) which it early adopted for the year ended 30 June 2020 (the reporting period).

The governance documents referred to in this statement can be found in the Corporate Governance section of the Transurban website at transurban.com/corporate-governance. These charters, policies and procedures 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. The information provided in this statement is current as at 12 August 2020 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 this end, 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 Policy**

2.1 Board structure

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

The Board is structured to ensure that it is comprised of individuals with appropriate skills, knowledge, experience 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 nine Directors, comprising eight Non-executive Directors and one Executive Director, the CEO.

Each Director, and their length of service, is listed in the table below. Details of each Director's appointment, qualifications, experience and special responsibilities are set out in Transurban's FY20 Corporate Report.

Independent Non-executive Directors	Period in office (as at 12 August 2020)
Lindsay Maxsted, Chair	12 years and 5 months (10 years as Chair)
Neil Chatfield	11 years and 5 months
Samantha Mostyn	9 years and 7 months
Christine O'Reilly	8 years and 3 months
Peter Scott	4 years and 5 months
Jane Wilson	3 years and 8 months
Mark Birrell	2 year and 3 months
Terence Bowen	6 months
Executive Director	
Scott Charlton, CEO	8 years and 1 month

2.2 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 independent status of a Non-executive Director, the Board also considers the 'factors relevant to assessing the independence of a Director' set out in the ASX Principles and Recommendations and other facts, information and circumstances 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 aspects 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.

Mr Lindsay Maxsted, Ms Samantha Mostyn and Dr Jane Wilson 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 FY20 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.

As previously disclosed, a member of Mr Maxsted's immediate family is a partner of PricewaterhouseCoopers (PwC), Transurban's external auditor. The Board has considered the circumstances of this relationship, including the fact that Mr Maxsted's family member is not a partner in PwC's audit practice and has not previously undertaken, nor will in the future undertake, work of any nature for Transurban and concluded that the relationship does 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.

2.3 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 Annual General Meetings (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.

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, 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. The Board undertook a review of the skills matrix during the reporting period. 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 potential appointees. 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 then undertaken before any potential candidate is appointed by the Board or recommended to security holders as a candidate for election.

During the reporting period, and as part of Board's succession planning, the Nomination Committee considered the composition of the Board, taking into account Non-executive Director tenure, 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, Mr Terence Bowen was appointed to the Board, effective 1 February 2020.

2.5 Board skills, experience and diversity

Transurban's purpose is to strengthen communities through transport. Transurban's strategy is to provide sustainable transport solutions that offer choice, reliability, safety, transparency and value. Transurban strives to achieve this utilising its core capabilities in the areas of stakeholder engagement, transport network optimisation, delivery and operations, and disciplined investment.

The Board considers that it possesses the appropriate skills, experience and diversity that is appropriate having regard to Transurban's strategic objectives and core capabilities. In this regard, the Board collectively has the key skills and experience as shown in table 1.

In addition to the skills and experience referred to above, the Board's membership possesses a depth of general corporate, executive and director experience as summarised in table 2.

As noted above, the Nomination Committee 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.

The Board has established a North American 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 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 the reporting period the Board and Senior Executives have engaged with the Advisory Board on specific matters related to the North American region.

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 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.

TABLE 1: BOARD COLLECTIVE KEY SKILLS AND EXPERIENCE

✓ Industry specific knowledge and expertise	Specific experience, knowledge and expertise gained across the broader infrastructure and transport industries, including global experience
✓ 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
✓ 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
✓ 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 cyber security
✓ Customer experience	Knowledge of, or experience in, organisations and operations managing large retail customer bases

TABLE 2: BOARD'S MEMBERSHIP POSSESSES A DEPTH OF GENERAL CORPORATE, EXECUTIVE AND DIRECTOR EXPERIENCE

✓ Health, safety and environment	Experience in health, safety and environmental matters (HSE), policies and strategies, including implementing HSE systems in organisations of significant size
✓ Strategic and commercial acumen	An ability to define strategic objectives and constructively question business plans and implement strategy using commercial judgement
✓ 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
✓ 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
✓ 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)
✓ Risk management	An understanding of financial and non-financial risk management, including operational, conduct, compliance, environmental, technological and governance risk
✓ 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)

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 also 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.

During the reporting period, the Board visited Transurban's assets, offices and project sites in Victoria and Queensland. Due to various COVID-19-related government restrictions imposed during the year, certain regional meetings and activities scheduled for the second half of the year were paused, including scheduled visits to New South Wales and North America.

The Board also meets with Transurban's Executive Committee for bi-annual 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

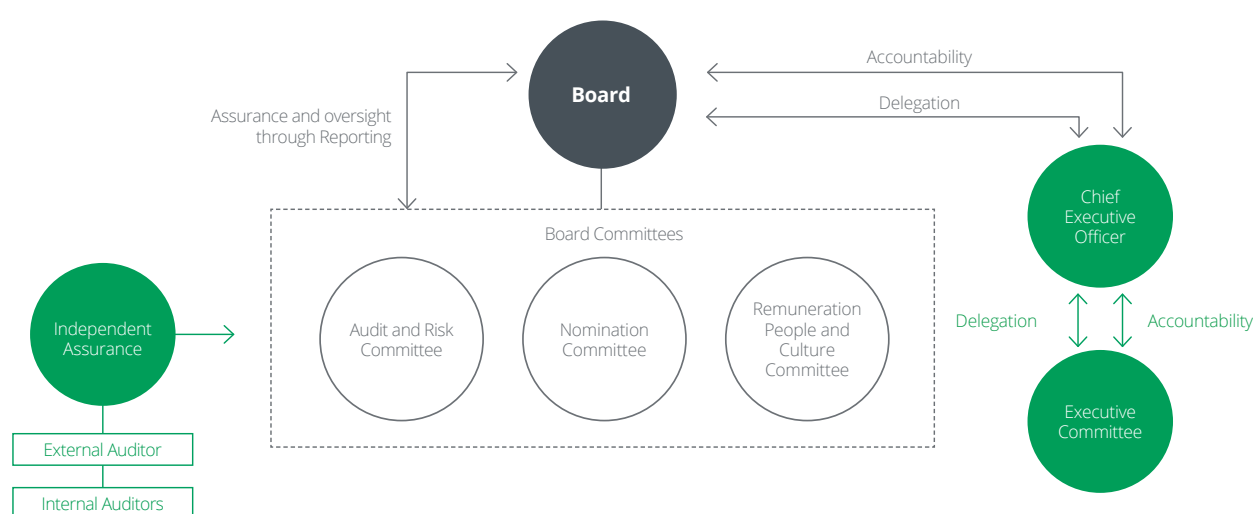
The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. Each Director has direct access to the Company Secretary. The responsibilities of the Company Secretary are outlined in the Board Charter and include the coordination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

3. Operation of the Board

Relevant governance documents

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

FIGURE 1: GOVERNANCE FRAMEWORK



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 on the following page. 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 FY20 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.

Each year the Board undertakes a Board performance and effectiveness review 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 Board, Committee and individual Director effectiveness review was last undertaken in 2018.

During the reporting period and through to the date of this report, the Board undertook a Chair-led board review process, which included each Director providing feedback through a questionnaire facilitated by the Company Secretary, together with one-on-one meetings between the Chair and each Director to obtain and provide feedback. The Board then discussed the outcome of the review process and relevant actions.

Members	Composition	Key responsibilities
Audit and Risk Committee		
Christine O'Reilly (Chair) Mark Birrell Neil Chatfield Peter Scott	<ul style="list-style-type: none"> ✓ Only Non-executive Directors, all of whom are independent ✓ At least three members, who have accounting and financial expertise and industry understanding ✓ An independent Chair, who is not Chair of the Board 	<ul style="list-style-type: none"> • Integrity of financial reporting and effectiveness of financial risk management and internal controls • Effectiveness of risk management framework and supporting risk management systems • Internal and external audit scope and effectiveness, and auditor independence • Assessment of systems of financial and non-financial risk management and internal control including financial, business and technology and cyber risk.
Remuneration, People and Culture Committee		
Samantha Mostyn (Chair) Neil Chatfield Jane Wilson	<ul style="list-style-type: none"> ✓ Only Non-executive Directors, all of whom are independent ✓ At least three members, who have executive remuneration expertise and an understanding of the associated legal and regulatory framework ✓ An independent Chair 	<ul style="list-style-type: none"> • Remuneration of Non-executive Directors, performance and remuneration of, and incentives for, the CEO and other Senior Executives • Remuneration framework, including practices and disclosures generally, having regard to Transurban's values and risk appetite • Programs to optimise the contributions of people, to support and further corporate objectives, including leader succession and development planning, diversity, culture and engagement
Nomination Committee		
Lindsay Maxsted (Chair) Each other Non-executive Director	<ul style="list-style-type: none"> ✓ Only Non-executive Directors, all of whom are independent ✓ At least three members ✓ An independent Chair 	<ul style="list-style-type: none"> • Composition of the Board and new Board appointments • Board, Committee and Director performance • Succession planning

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. 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 during the reporting period are set out in the Remuneration Report in Transurban's FY20 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 FY20 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, are also described in detail in the Remuneration Report.

4. Ethical conduct and responsible decision-making

Transurban's 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
- Whistleblower Policy
- Ethical Business Practices Policy
- Dealing in Securities Policy
- Diversity Policy
- Security Holder Communication Policy
- Supplier Sustainability Code of Practice
- Health, Safety and Environment Policy
- Political Donations Policy and Procedure (region specific)

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. The Code includes relevant Transurban policies for further information and guidance. It also encourages employees who become aware of unethical behaviours to report these. The Code of Conduct is promoted across the business and reinforced by formal training and proportionate disciplinary action if 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 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 encourage all Directors, Senior Executives, other employees, contractors and suppliers who have witnessed, or know about, any misconduct or suspected misconduct to speak up without fear of intimidation, disadvantage or reprisal. The policy sets out how Transurban will respond to and investigate reports of misconduct and outlines the protections available to those who report Reportable Conduct 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 personnel. 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 and individuals holding or standing for elected office, either directly or via fundraising organisations. In accordance with these policies, Transurban does not make direct political donations, however payment for attendance at political fundraising functions is permitted if it is in connection with public policy debate on issues that may impact its business and approved and recorded in accordance with the policy.

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 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's workforce is made up of individuals with diverse skills, values, backgrounds, experiences and needs. Transurban recognises the organisational strength, opportunities for innovation and other corporate benefits that a diverse and inclusive workforce bring to the organisation. Transurban has practices, programs and initiatives to support and assist with improving diversity and inclusion at all levels of the business.

Transurban believes that genuine diversity drives strategic advantage and contributes to the achievement of its corporate objectives. It enables the business to attract people with the best skills and attributes, and to develop a workforce selected from all available talent, whose diversity reflects that of the customers and communities Transurban serves.

Transurban remains committed to achieving gender diversity and continues to work towards equal representation and pay for women across the organisation. Transurban reviews gender pay annually and targets 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 workforce gender profile as at December 2019 with the Workplace Gender Equality Agency (WGEA). It can be accessed through the WGEA website. For the sixth consecutive year Transurban was awarded the WGEA 'Employer of Choice for Gender Equality' citation in recognition of Transurban's active commitment to achieving gender equality in the workplace.

Diversity and inclusion principles

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

- Ensuring an environment in which all employees are treated with fairness and respect, and have equal access to opportunities at work;
- Maintaining a culture that embraces diversity, and in which differences are valued, respected and fostered;
- Ensuring a supportive, harassment-free and inclusive workplace;
- Maintaining workplace structures, systems, policies and procedures that help employees balance their work, family and other responsibilities;
- Ensuring that diversity and inclusion is embraced in all recruitment activities at all levels, and that the workforce is reflective of the communities Transurban operates within;
- Ensuring all employees are paid equitably, and monitoring this on a regular basis;
- Ensuring that employees have the ability to contribute and access opportunities based on merit; and
- Maintaining employee engagement and morale at the highest level.

These principles are embedded through the organisation and supported by formal compliance training and other education. Transurban's most recent annual employee survey had a 93% favourable response for diversity and inclusion, a 2% increase on 2019, and this will continue to be measured each year.

DIVERSITY POLICY AND MEASURABLE OBJECTIVES

Transurban has a Diversity 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 below:

Objective 1—Inclusion

FY20 performance

Goal	Ensure a diverse workplace that recognises difference and is seen as supportive and inclusive by employees.	
Measure	Diversity index from annual 'Our Voice' survey	93% (FY19 – 91%)

Objective 2—Cultural diversity

Goal	Transurban's workforce reflects the cultural diversity of the broader population, customers and communities the Group works across, and our people experience a strong sense of cultural inclusion.	
Measure	Representation of ethnicities across the Transurban employee population.	Of those who specified (93.2% of respondents or 1,167 people), almost 32% identified as something other than Australian or White/Caucasian American

Objective 3—Gender diversity

Goal	Achievement of gender equity (i.e. ensuring all genders have equal access to opportunities) at all levels across Transurban.	
Measure	% of females in executive/senior management (see year on year improvement).	35% (FY19 – 38.9%)
	% of females in middle management positions (see year on year improvement).	32% (FY19 – 33.3%)
	Achieve targets of less than 1% gender pay gap	Achieved

Objective 4—Flexible work practices

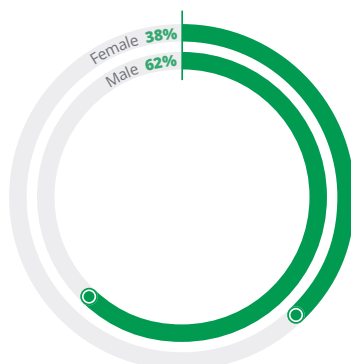
Goal	Maintain an environment which supports flexibility for all employees.	
Measure	% employees agreed that their flexibility requirements are being met.	89% (FY19 – 88.0%)

More information about Transurban's activities and achievements relating to diversity and inclusion can be found in the 'Our People' section of Transurban's FY20 Corporate Report. The Diversity Policy is also available on Transurban's corporate website.

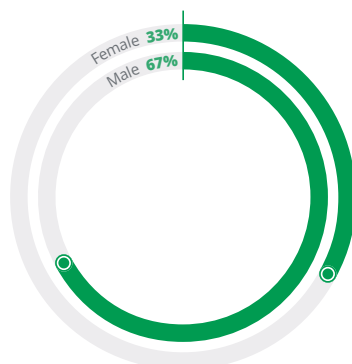
GENDER DIVERSITY PROFILE

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 below:

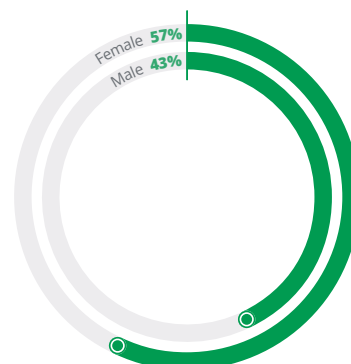
PERMANENT WORKFORCE



BOARD (INCL. CEO)



SENIOR EXECUTIVES (EXCL. CEO)



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 Strategy closely aligns with the United Nations' Sustainable Development Goals (SDGs)¹ and focuses 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 Strategy comprises a narrative, objectives and strategies that will 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 Strategy, Transurban seeks to enhance its "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 FY20 Corporate Report sets out the sustainability strategy and activities undertaken during the reporting period, while also outlining Transurban's aspirations and commitments for the coming years.

Transurban is working with likeminded industry partners to pursue a common approach to complying with the Commonwealth Modern Slavery Act. During the reporting period, Transurban was an active participant in the United Nations Global Compact Network Australia's Modern Slavery Community of Practice. Transurban also continued its partnership with the Infrastructure Sustainability Council of Australia on the Modern Slavery Road Construction Industry Coalition working towards a common approach to address shared risks in our extended supply chains.

4.7 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.

4.8 Health, safety and environment

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 detail 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 FY20 Corporate Report.

HSE is also a critical area of focus for the Board, with the Board regularly briefed on asset and project safety performance, strategies to improve safety performance and awareness, and employee and contractor physical and mental wellbeing.

¹ 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 systems of financial risk management and internal control, the internal and external audit functions and the effectiveness of the risk management framework and supporting risk management systems.

The CEO, the 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 explanation 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 is PwC. The effectiveness, performance and independence of the external auditor is reviewed 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 FY20 Corporate Report.

Mr Marcus Laithwaite is the lead audit engagement partner of PwC in relation to the external audit of Transurban.

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 FY20 financial statements (see Transurban's FY20 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.

5.5 Financial and corporate reporting

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

The certifications received by the Board during the reporting period, state that 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 that the integrity of the financial statements is founded on 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 Company's 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 paragraph 6 Timely and balanced disclosure, and paragraph 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. 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 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.

8. Recognising and managing risk

Relevant governance documents

- Audit and Risk Committee Charter
- Risk Management Policy

8.1 Risk Management Framework

The Board 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 holistic 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 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 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 review of the ERM Framework was undertaken with further enhancements made, reflecting the increasing maturity of Transurban's risk management profile and business growth. These enhancements included refinements to the Risk Appetite Statement and risk management guidelines. The dedicated ERM software system has been in place for the reporting period and continues to provide a transfer of risk knowledge across a broad range of risk topics. The Audit and Risk Committee has satisfied itself that the ERM Framework continues to be sound both in process and its application within the business, 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 economic, environmental and social sustainability risks themes such as:

Risk

Maintaining our social licence to operate

Unfavourable changes in the market or to operating conditions

Delivering our projects to meet agreed outcomes

Customer and road safety

Cyber security and information protection

Failure of technical infrastructure

Changes in government policies or regulatory interpretations

Ensuring the safety and wellbeing of employees and contractors

Dependency on third parties and critical suppliers

The risks outlined above reflect the key business risks 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 review process in line with the Task Force on Climate related Financial Disclosures' (TCFD) recommendations. The outcomes of the review, including key physical and transition risks and an account of progress towards the TCFD's recommendations, are included in Transurban's FY20 Corporate Report.

Further details about material risks and how Transurban manages them are set out in Transurban's FY20 Corporate Report.

8.3 Internal audit function

Internal Audit provides independent and objective assurance on the adequacy and effectiveness of Transurban's internal control environment, together with recommendations to improve the efficiency 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 experience 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 CFO and has a direct communication 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—all available at
transurban.com/investor-centre**

FY20 Corporate Report

The holistic performance of Transurban in FY20 including our Financial Statements.

FY20 Results Presentation

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

FY20 Sustainability Supplement

Supplement to the Corporate Report including information related to our assessment and management of climate-related impacts as well as a report on our progress against the UN Sustainable Development Goals.

**Corporate Governance Statement—
this report**

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

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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: a share in Transurban Holdings Limited ACN 098 143 429; a share in Transurban International Limited ACN 121 746 825; and a unit in Transurban Holding Trust (responsible entity Transurban Infrastructure Management Limited ACN 098 147 678).