Transurban

ASX release

16 August 2023

Transurban Appendix 4E and FY23 Corporate Report

In accordance with ASX Listing Rules, please see attached Transurban's Appendix 4E and Corporate Report for the year ended 30 June 2023.

The following year end reporting documents will be released separately:

- Transurban FY23 results and FY24 distribution guidance release
- Transurban FY23 investor presentation
- FY23 Corporate Governance Statement
- Appendix 4G

Transurban will provide a market briefing at 10:00am (AEST) today, 16 August 2023. The market briefing will be webcast via the Transurban website at transurban.com.

END

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This announcement is authorised by the Board of Transurban Group.

Classification Public

Transurban Group
Appendix 4E
Year ended 30 June 2023

(Previous corresponding period being the year ended 30 June 2022)

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

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

Results for announcement to the market

Statutory results	**% change[1]**	**2023 $M**
Revenue from ordinary activities	increase of 22.1% to	$4,157
Profit after tax from ordinary activities	increase of 429.9% to	$92
Profit after tax from ordinary activities attributable to security holders of the Group	increase of 211.3% to	$64
Profit attributable to security holders of the Group	increase of 211.3% to	$64

Proportional results	**% change[1]**	**2023 $M**
Toll revenue	increase of 26.2% to	$3,314
Earnings before depreciation, amortisation, net finance costs and income taxes (EBITDA)	increase of 28.9% to	$2,448
Free cash	increase of 12.8% to	$1,726

The accompanying ASX Release and FY23 Corporate Report that follow provide further commentary of the results and provide a definition of Proportional results, Significant items and Free Cash.

Distributions and dividends

Year ended 30 June 2023	**Amount per security (cents)**	**Franked amount for dividend component (%)**	**Record date**	**Payment date**
Final distribution/dividend	31.5	3.554	30 June 2023	21 August 2023
Interim distribution/dividend	26.5	Not applicable	31 December 2022	13 February 2023
Final distribution/dividend (prior year)	26.0	8.347	30 June 2022	23 August 2022

Distribution Reinvestment Plan

Under the Distribution Reinvestment Plan (DRP), security holders may receive additional stapled securities in substitution for some or all cash distributions in respect of their stapled securities. The last date for the receipt of an election notice for participation in the DRP was 3 July 2023 and the participation rate was 10.45% of issued capital. No discount has been applied when determining the price at which stapled securities will be issued under the DRP for the current period distribution.

Net tangible asset backing

	2023	**2022**
Net tangible asset backing per stapled security[2]	$4.16	$4.81

Audit

This Appendix 4E is based on the consolidated financial statements of the Group which have been audited by the Group's auditors, PricewaterhouseCoopers (PwC). A copy of PwC's unqualified audit report can be found in the FY23 Corporate Report that follows.

Other information

Disclosure requirements of ASX Listing Rule 4.3A not contained in this Appendix 4E are included in the attached FY23 Corporate Report and accompanying ASX Release.

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

Corporate Report for the year ended 30 June 2023

Transurban

2023

For society

Our year in numbers

$1.61B
distributions to security holders[1]

2.77
contractor recordable injury frequency rate below target of 4.0 or less

+7
average net promoter score,[2,3] 24-point improvement since FY19

More than
$3.8M
towards social investment

4
major infrastructure projects in development or delivery

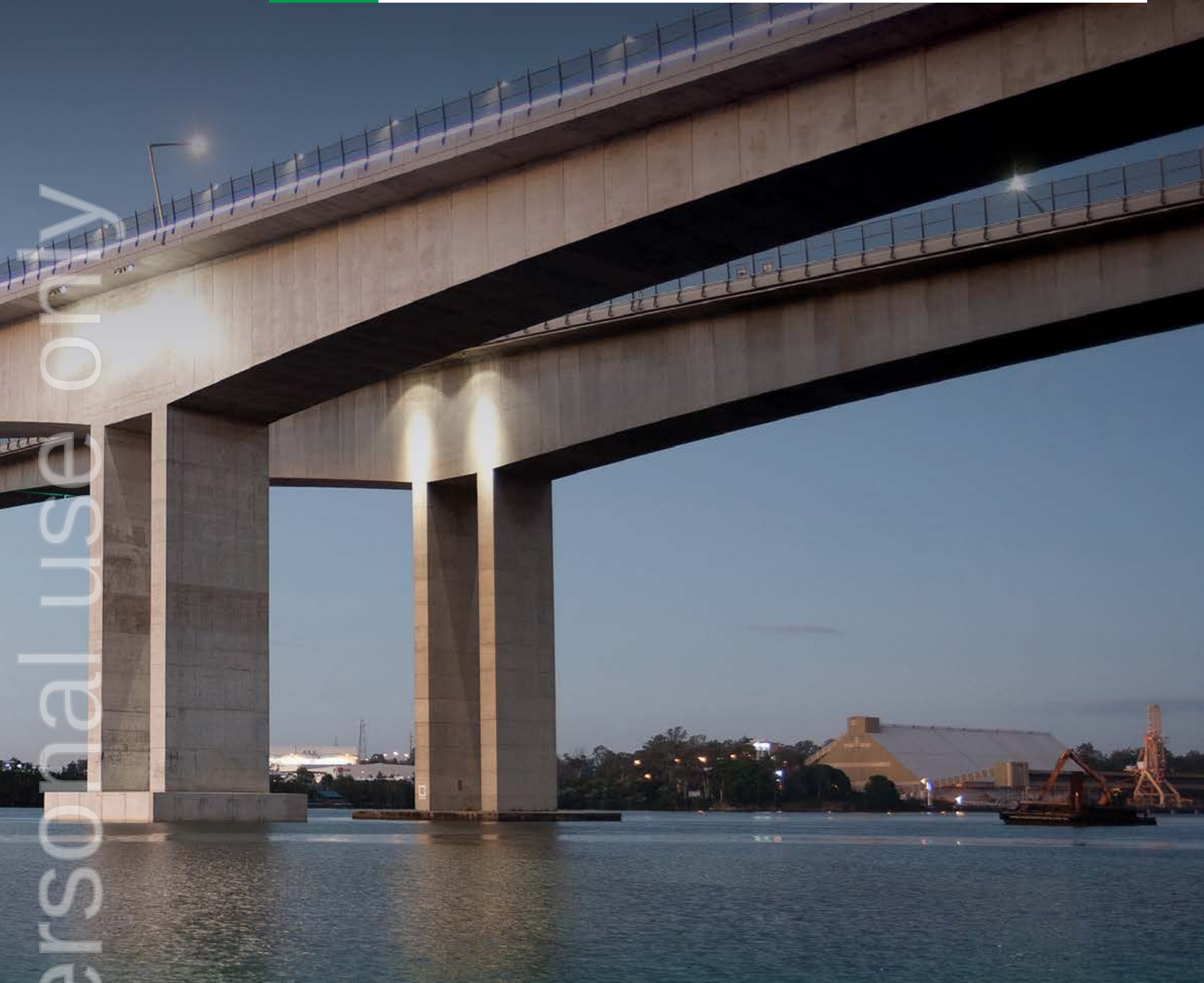
7 years early
we've reached our 2030 SBTi 50% GHG Scope 1 and 2 emissions reduction target[4]

1 *Total net FY23 distribution*

2 *FY23 weighted interactive net promoter score (NPS) for our Australian customer service channels (Linkt website, Linkt app, LinktGO app, webchat and contact centre)*

3 *Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. Net Promoter ScoreSM and Net Promoter SystemSM are service marks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld*

4 *Achieved a 56% absolute Scope 1 and 2 GHG emissions reduction in FY23 relative to FY19 baseline*



$2.4B

proportional EBITDA

26.2% increase

in proportional toll revenue

55% men, 45% women

across our workforce in line with our target,
40% men, 40% women, 20% any gender/non-binary[1]

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

1 *Direct employees including casual, fixed term and permanent employees (excluding leave of absence and Non-executive Directors). Employees identifying as non-binary represent 0.05%*

Sir Leo Hielscher Bridges, Gateway Motorway, Brisbane

Our purpose

To strengthen communities through transport.

Our strategy

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

The value we create for our stakeholders

Customers

More productive and liveable cities through:

- safer roads with fewer crashes, injuries, and deaths
- faster and more reliable travel times
- choice, convenience, transparency and value for customers in the routes they take and the ways they interact with us, including customer rewards.

Government and industry

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

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

Investors

Sustainable investment proposition through:

- balancing distribution growth and long-term value creation
- disciplined approach to future opportunities
- a focus on achieving leading ESG performance.

Communities

Better connected and more sustainable communities through:

- safer,[1] efficient roads
- improved productivity and easier access to goods and services through transport connections
- mitigated environmental impacts and focused on sustainable operations
- reduced through-traffic in local neighbourhoods
- job creation through construction projects and flow-on employment opportunities
- improved amenities and partnerships informed by community engagement.

Our people

Highly capable and engaged workforce through:

- job creation and development of skills and talent
- meaningful, purpose-led work
- an environment that prioritises safety, wellbeing, diversity and inclusion.

Business partners and suppliers

Better community and environmental outcomes by leveraging the impact of our supply chain through:

- longstanding relationships with long-term economic benefits
- shared systems improving oversight risk management
- enhanced sustainability performance.

CityLink, Melbourne

1 *Transurban Australian roads are twice as safe as like roads, MUARC, 2021*

Contents

Reporting suite

Corporate Report (this report)[1]

Transurban's holistic performance for FY23, including our financial statements.

Corporate Governance Statement

Statement made in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) for FY23.

Modern Slavery Statement

FY23 overview of how we identify, manage and mitigate the specific risks of modern slavery in our operations and supply chain – available late 2023.

Results Presentation

Management presentation of FY23 financial and non-financial results, including non-statutory analysis.

Sustainability Data Pack

FY23 data sets for sustainability metrics, including GRI, SASB, and TCFD indices, and our progress against the UN SDGs.

Tax Transparency Report

Overview of our corporate structure, approach to tax and tax position for FY22.

All available on our website transurban.com

1 *Our sustainability reporting is integrated in the FY23 Corporate Report, including our climate change disclosure*

Letter from the Chair

I am pleased to present Transurban's Corporate Report for FY23. The year delivered excellent results right across the business.

Since joining the Board two years ago, it has been pleasing to see the increasing value that customers place on choosing our roads due to travel-time savings, greater reliability, and safer journeys.

In FY23, we achieved a record traffic result for the Group with an average of 2.4 million trips per day, an increase of almost 20% on the prior year.

Proportional toll revenue increased by more than 26% to $3.3 billion and proportional earnings before interest, tax, depreciation and amortisation (EBITDA) was also a record result for the Group at more than $2.4 billion, up 29%.

These strong results allowed us to increase our distribution by almost 42% from FY22 to 58 cents per security. In total, we will pay $1.61 billion in distributions to our investors.

While higher inflation and interest rates continue to impact economies globally, CPI-linked toll escalations, which apply to approximately 68% of our revenue, provide protection for our business in this environment. Furthermore, 50% of revenue escalates by more than 4%, regardless of inflation.

Our exposure to short-term spikes in interest rates is minimised by our high rate of hedging. More than 96% of our existing borrowings are interest rate hedged. During FY23 we raised $5.0 billion[1] in debt and maintained a broadly stable weighted average cost of debt at 4.1%, despite a 3.25% increase in the cash rate over the period.

Beyond the financial results, the success and sustainability of our business are intrinsically linked to how well we meet the needs of all our stakeholder groups. We reinforce our commitment to our stakeholders through our strategy statement: "By understanding what matters to our stakeholders, we create road transport solutions that make us a partner of choice".

Throughout this report we have illustrated the many ways we are delivering on this strategy.

For our customers, we are focused on continuously improving our service both on and off-road. In FY23, our customers collectively saved 413,000 hours in travel time every work day. The value they see in these savings was reinforced in external research, commissioned by Transurban in July 2023. More than 60% of the 3,000 respondents surveyed in Australia rated travel-time savings as the main reason they used toll roads.

We are also mindful that higher living costs are impacting many households and in FY23 we expanded our customer rewards program and promoted our fuel discount offer which has saved our customers more than $5.5 million since launching in 2019. In both Australia and North America we continued to support customers experiencing hardship through our Linkt Assist and First Time Forgiveness programs. We do, however, appreciate that we need to do more to engage with and drive value for our customers and, going forward, this remains a priority for our business.

During the year, we reached significant milestones on our development project pipeline (see pages 20 to 24), including the completion of tunnelling on the West Gate Tunnel project in Melbourne and the start of preliminary works on the project to widen the M7 and connect it with the new M12 motorway in Sydney. These projects are vital to meet the transportation needs of the cities' growing populations and to keep them moving efficiently.

We also made substantial progress towards our target of net-zero greenhouse gas (GHG) emissions by 2050. We exceeded our Science

Footnotes on following page

Chair, Craig Drummond (left) and CEO, Scott Charlton (right)

Based Target initiative-validated 2030 net zero target for a 50% reduction in Scope 1 (fuel) and 2 (electricity) emissions by 2030, seven years ahead of schedule. We reduced those emissions by 56% through energy-efficiency improvements and transitioning to renewable energy. Our GHG emissions data has been assured by KPMG (pages 223 to 225).

This year we received our first Carbon Disclosure Project A-List rating that recognises our leadership in climate change (2022).

During the year, we continued our stakeholder listening program with our annual community survey of almost 5,000 people in Australia to give us further insight into how we are performing and what matters most to them.

In my first year as Chair I am impressed with the commitment, focus and energy of the whole Transurban team to consistently deliver positive outcomes for all of our stakeholder groups.

Our robust balance sheet puts us in a good position to support near and longer-term growth opportunities. This, with positive traffic performance and ongoing strong project delivery, positions us well to continue long-term distribution growth and create further value for all of our stakeholders.

Finally, on behalf of the Board, I would like to acknowledge the outstanding leadership of our Chief Executive Officer (CEO) Scott Charlton. It was announced in February that he would be leaving the business by the end of this calendar year after 11 years of exceptional service.

Under Scott's leadership and visionary approach, Transurban has grown into a world-class toll road owner and operator. This work and the appointment of Michelle Jablko as our new CEO and Managing Director positions our business extremely well to keep delivering for all of our stakeholders.

I am delighted that the Board has appointed a CEO of Michelle's calibre, following an extensive global search. She will be the first internal CEO appointment in Transurban's history and will assume this role following the Group's Annual General Meetings on 19 October

2023. Michelle brings a balance of strong leadership, financial acumen, experience in complex transactions, a focus on building relationships with all stakeholders and a sharp strategic mind.

I have no doubt that this combination of skills and experience will mean that she is an excellent leader for this next phase of growth for Transurban.

Craig Drummond
Chair and Independent Non-executive Director

Letter from the CEO

In January this year, I joined hundreds of workers, community members and government partners to celebrate the opening of WestConnex's M4-M8 link tunnels in Sydney.

It was a huge milestone for this business – marking the final phase that we and our partners are delivering for the project – but also for Sydney. WestConnex has transformed travel in Sydney and this latest underground link means that drivers can save up to 40 minutes[2] travelling between Parramatta in the western suburbs and the airport.

One of the world's largest road infrastructure projects, WestConnex epitomises how we go about achieving our company purpose "to strengthen communities through transport" and create lasting value for all our stakeholders – our customers, government and industry, investors, communities, our people and business partners.

The WestConnex project has employed more than 64,000 workers, along with hundreds of apprentices. It has created more green space than any other urban road project in Australia, with around 18 hectares of open space and 23 kilometres of new and improved cycleways and walkways.

Since 2016, WestConnex has directly impacted more than 218,000 people through its community grants program. We were pleased to welcome a number of grant recipients to the M4-M8 opening event as well as other groups that we have supported through our social investment program. One of the attendees was Paul Ralph, founder of KARI, which supports the local Aboriginal community in Sydney. We have partnered with the group to run the KARI Transurban Indigenous Driver Program, which has helped more than 200 young people get their licence and nearly 150 go on to gain employment.

Since joining Transurban just over a decade ago, it has been exciting to see outcomes such as these that are the result of the commitment shown by teams right across the business to deliver on our purpose.

This year was no exception. The many highlights are outlined in this report and we have presented them in terms of the value that we have created for each of our stakeholder groups.

I am immensely proud of all that we have achieved during my time at Transurban and how we have delivered for our security holders as well as all our other stakeholders. The business has grown significantly from six assets in 2012 to 22 today, increasing our market capitalisation more than five times to more than $43 billion. We have more than 10 million customers and more drivers are using our roads than ever before as our record FY23 results show. In the past 10 years, we have delivered Total Security Holder Returns of 239%.

But the increased breadth of our activities is equally impressive from customer and technology platforms and data analytics to community engagement and road safety research. In FY23, alone, our initiatives have ranged from trials of a fully automated truck and child car seat safety checks to innovative pace-maker tunnel lighting to improve safety and traffic flow in CityLink's Burnley Tunnel.

A few months after I started with Transurban, we opened the 22-kilometre 495 Express Lanes in Northern Virginia. Now, with our partners, we have more than 100 kilometres of Express Lanes, one of the largest systems of managed lanes in the United States. A further two extension projects are under way including a 16-kilometre addition to the 95 Express Lanes, which is due to open this month. But, beyond the roads, our activities in North America are also far reaching and include partnerships trialling new autonomous vehicle technologies and road usage systems as well as investments to improve public transit and the local environment.

Transurban is a unique business and it has been a privilege to lead it through such a transformative period. In our most recent employee opinion survey, 82% of employees said that they would recommend Transurban as a great place to work. I couldn't agree more. However, after 11 years, and with the business in great shape and gaining significant momentum, now is the right time to transition to the next CEO.

I would like to take this opportunity to thank the Board, my Executive Committee colleagues and the broader Transurban team for their hard work and their commitment to achieving our purpose and creating long-term value for all our stakeholders.

I look forward to speaking with you further at my final Transurban AGM on 19 October 2023.

Scott Charlton
Chief Executive Officer and Executive Director

1 *Calculated based on 100% drawn debt excluding any letters of credit. AUD equivalent value shown*

2 *Customers can save up to 40 minutes on a peak period trip between Parramatta and Mascot. TomTom Data, average travel time saved per hour when using WCX eastbound and M4-M8 link tunnel southbound (monthly average workday)*

About this report: an integrated approach

This report provides an overview of our operations and performance during the FY23 financial year (1 July 2022 to 30 June 2023). Covering our financial and non-financial performance, the report details how we create value for our six key stakeholder groups.

We are guided by:

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

This report is also informed by recommendations from the:

- Task Force on Climate-related Financial Disclosures (TCFD)
- Sustainability Accounting Standards Board (SASB)
- United Nations Sustainable Development Goals (UN SDGs).

Our approach to sustainability

We are guided by our Sustainability Strategy, which is aligned with the UN SDGs most relevant to our business and makes the following commitments:

People
make life better

Planet
use resources wisely

Places
build better transport

Partnerships
lead and unite

Feedback

We welcome feedback on our Corporate Report, including on what worked well, and what we could do better. Share your thoughts here: corporate@transurban.com

Our strategy guides how we identify, understand and respond to social and environmental issues in support of Transurban's purpose – to strengthen communities through transport – in order to create real and long-term benefits for all our stakeholders.

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

Reporting what matters

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

Our business strategy – by understanding what matters to our stakeholders, we create road transport solutions that make us a partner of choice – guides our work every day. We have used both stakeholder feedback and reporting guidelines to determine the non-financial topics included in this report.

Over the past year we have seen increased interest in key topics, including cybersecurity and customer privacy, road safety, cost of living and climate change. We continue to evaluate our impact in these areas and look for ways we can mitigate any negative consequences caused by our business and operations on our wider value chain.

Materiality review

In reviewing our material issues for FY23 we considered Transurban's business performance and industry context and reviewed our current and known risks. We continue to consider new and emerging disclosure requirements, including the IFRS Sustainability Disclosure Standards IFRS S1 and IFRS S2, along with TNFD, and we review these in the context of our business and markets.

Compliance statement

Our FY23 Corporate Report includes key disclosures under Australian legislation.

Our Directors' report (page 88) and financial statements (page 114) have been prepared in accordance with the *Corporations Act 2001* (Cth).

Our financial statements have also been prepared in accordance with Australian Accounting Standards. The basis of preparation of our financial statements is provided on page 124.

PricewaterhouseCoopers has conducted an independent audit of the financial statements and remuneration report. Auditor's Independence Declaration is available on page 113. Detailed information on the audit is available on pages 215 to 222.

KPMG has provided limited assurance on our sustainability data which can be found on pages 223 to 225. The sustainability data methodology used in this report can be found in our FY23 Sustainability Data Pack.

Select non-financial data points within this report are estimates, informed by part-year data and previous-year trend analysis. The remaining information in this report has been reviewed internally.

This report contains certain forward-looking statements. See page 231 for a notice regarding these statements.

This reporting period we have made minor changes to how we structure our material issues, consolidating similar themes, removing sub-issues that are considered less material and renaming some issues to better align with relevant GRI topic standards. As an example, we consider materials as a sub-topic under 'Environment', noting that the existing topic standard is not relevant to our business as we are not a producer of products, but rather a user of materials as part of our maintenance and projects work. Air quality has been replaced with emissions, as it is picked up in the broader topic standards, GRI 305: Emissions 2016. Our response to the COVID-19 pandemic has also been removed as we've returned to a steady state in this regard.

This report is reviewed by our Executive Committee and the Board. Our approach to sustainability is overseen by Transurban's Board, Audit and Risk Committee and Executive Committee. We have also established a Customer, Community and Sustainability Council, made up of a subset of the Executive Committee to provide further guidance and support to related issues considered of material importance to our business and our stakeholders.

We seek to proactively identify and understand the material issues faced by the business so we in turn can prevent and mitigate any threats and pursue and realise opportunities. This includes applying the precautionary principle to identify and eliminate or prevent risks with the potential to cause irreversible harm.

Examples of how we are taking action in relation to our material issues are presented throughout this report.

Figure 1 summarises key themes under each material issue for FY23. Risk management summaries are included on pages 84 to 87.

We are awaiting the development of the GRI sector program: Transportation infrastructure standards, which will provide additional guidance around materiality for our sector in the coming years. In the meantime, our material issues and response has been informed by the available GRI topic standards.

A detailed review of our material issues is planned for the next reporting period. This will focus on double materiality and will address the requirements as set out by GRI and the IFRS S1.

Read our FY23 Sustainability Data Pack, transurban.com/fy23-sustainability-data

Commitment to the UN SDGs[1]

This report details our progress against the nine UN SDGs that are particularly relevant to Transurban (Figure 1). These are the SDGs where we have the greatest impact, an opportunity to influence change and create positive outcomes. The SDGs appear for your reference throughout the report. We believe more can be done to contribute to the UN SDG targets above and beyond the official indicator set. For this reason, we also list our own, Transurban-specific, indicators and targets and summarise our performance against these – which can be found in our FY23 Sustainability Data Pack.

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

Material issues in FY23	Stakeholder groups[2]	*GRI standards*	*UN SDGs*	*SASB sector*	*TCFD relevance*
Road safety Our road safety strategy, performance and contributions	Customers; Community	416	3, 9	✓	
Customer privacy Data privacy and cybersecurity	Customers	418	11		
Local communities Community engagement, support for vulnerable community members and customers	Community; Customers	413	11		
Environment Climate change, energy use and emissions, materials, biodiversity	Community; Investors; Government and industry	301, 302, 305	7, 12, 13	✓	✓
Our working environment Occupational health and safety, labour relations, diversity and equal opportunity	Our people; Business partners and suppliers	401, 403, 405	3, 5, 8	✓	
Our business Governance, economic performance, procurement, legal and regulatory compliance and ethical business practices including human rights	Investors; Government and industry; Our people; Business partners and suppliers	201, 203, 204, 205, 206, 412	8, 9, 17	✓	✓

1 *The content of this publication has not been approved by the UN and does not reflect the views of the UN or its officials or Member States*

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

Working with our stakeholders

How we engaged

Customers

- Customer listening program and research panel.
- Customer channels: apps; website; phone; social media; retail outlets.
- Advertising; newsletters; social media.

Government and industry

- Official and regulator meetings; state/federal government and agency submissions.
- Industry partnerships, memberships and events.
- Partnering on shared issues (e.g. road safety).
- MP engagement on initiatives and grants; asset milestones and events.

Investors

- Institutional and retail investor engagement; one-on-one meetings; twice-yearly surveys.
- Results briefings (half and full year); Investor Day and AGM; quarterly traffic releases; investor centre website.
- Proxy adviser and ESG engagement.

What we heard

Customers

- **Value of toll road travel:** on-road experiences (e.g. congestion); fees and charges; cost of living.
- **Interacting with us:** convenience and ease; cybersecurity, data protection and privacy; infringement processes.
- **Rewards and support:** enhanced rewards program; support for vulnerable customers.
- **Road safety:** investing in research; customer incident response; driver safety and education.

Government and industry

- **Future-ready infrastructure:** CAV research; EV uptake/education; road-user charging.
- **Environmental initiatives:** emissions-reduction targets; sustainable construction practices; climate resilient road development.
- **Data-led economic insights:** urban mobility trends.

Investors

- **Performance:** distribution growth; project and asset performance; current and emerging risks; ESG performance and initiatives.
- **Strategy and future:** development opportunities; capital management; debt book management; long-term value creation and mobility trends.
- **Governance:** Chair and CEO transition; organisational capability including Executive Committee.

How we responded

Customers

- **Value of toll road travel:** education on avoiding fees and charges, and travel time savings; new asset technology to reduce congestion; new assets opened.
- **Interacting with us:** improved digital platform functionality; used data and analytics to identify pain points; scam education campaign.
- **Rewards and support:** expanded Linkt Customer Rewards program; customer initiatives; supported customers experiencing hardship through partnerships.
- **Road safety:** NeuRA partnership and new research; 24/7 incident response; learner driver programs.

Government and industry

- **Future-ready infrastructure:** progressed major infrastructure projects; advanced trials on connected transport technology.
- **Environmental initiatives:** renewable electricity agreements; energy efficiency initiatives; sustainable construction initiatives.
- **Data-led economic insights:** shared research insights on mobility trends and community sentiment.

Investors

- **Performance:** distribution growth; maintained a robust balance sheet; asset quality/diversification; maintained ESG leadership status and progress.
- **Strategy and future:** executed strategic initiatives which aim to create longer-term value for security holders; ensured balance sheet capacity to fund existing near-term growth opportunities.
- **Governance:** Chair transition completed; CEO succession in progress; continued focus on leadership capability.

How we engaged

Communities

- Community surveys; corporate trust and mobility trends research.
- Events; community liaison groups; information sessions; site tours.
- Advertising; newsletters; social media; letter drops, door knocking; media coverage.
- Partnerships; grant programs; school and grassroots activities.

Our people

- All-employee listening program and pulse-check surveys.
- Internal communications; all-employee meetings; people leader forums.
- Recognition program and awards; belonging and wellbeing events; volunteering.

Business partners and suppliers

- Shared-objective setting; pipeline and future works' scope engagement; supplier working groups.
- Dedicated relationship managers.
- Engagement on employment barriers for disadvantaged groups.
- Decarbonisation and climate change mitigation actions.

What we heard

Communities

- **Road works and construction:** disruption notifications; minimising construction impacts on neighbours and environment.
- **Environmental performance:** local environmental management, GHG emissions and air quality.
- **Positive social and economic impact:** job creation; support productivity and liveability; support for vulnerable communities.

Our people

- **Workforce engagement:** purposeful work; engaging leadership; connection and collaboration.
- **Belonging, wellbeing and safety:** diversity, inclusion, respect and flexibility; health, safety and mental wellbeing.
- **Career opportunities:** skill and capability development; career enhancing experiences.

Business partners and suppliers

- **Sustainability:** supply chain engagement; decarbonisation performance; social procurement.
- **Industry leadership:** major project learnings; supply chain risks.
- **Partner engagement:** long-term pipeline visibility; supplier confidence; relationship quality.

How we responded

Communities

- **Road works and construction:** engaged communities on project development and works' impacts; fulfilled environmental management obligations.
- **Environmental performance:** reached Scope 1 and 2 emissions reduction targets early, EV education campaigns and fleet management event.
- **Social and economic impact:** renewed major community partnerships; shared value partnerships creating employment opportunities; community grants; campaigns and education.

Our people

- **Workforce engagement:** investment in leadership capability; in-person collaboration re-established.
- **Belonging, wellbeing and safety:** mandatory health, safety and environment action plans; delivered belonging and wellbeing programs; Respect@Work actions; counselling and wellbeing benefits.
- **Career opportunities:** access to comprehensive online learning courses; promotions and internal movements; career campaigns and resource hub.

Business partners and suppliers

- **Sustainability:** sustainable procurement program and supplier engagement activities; social and economic value measurement.
- **Industry leadership:** worked with suppliers and multi-stakeholder organisations to advance our *Modern Slavery Act 2018* (Cth) response and reporting.
- **Partner engagement:** implemented shared-value initiatives with key suppliers; worked with suppliers to deliver on expected work pipeline; maintained safe work environment.

About Transurban

For more than 25 years, we have been keeping cities moving. An average 2.4 million trips are made on our roads every day, saving motorists and businesses time and providing them with a safer route to move across the city.

Since opening Melbourne's CityLink – one of the world's first fully electronic toll roads – in 1999, we have established a strong track record of partnering with governments in Australia, the United States and Canada to develop and operate the road infrastructure needed to support growing cities. We now operate 22 roads and are delivering four projects that result in new roads or enhancements.

We aim to work closely with all our stakeholders to understand what matters most to them, and help create road transport solutions.

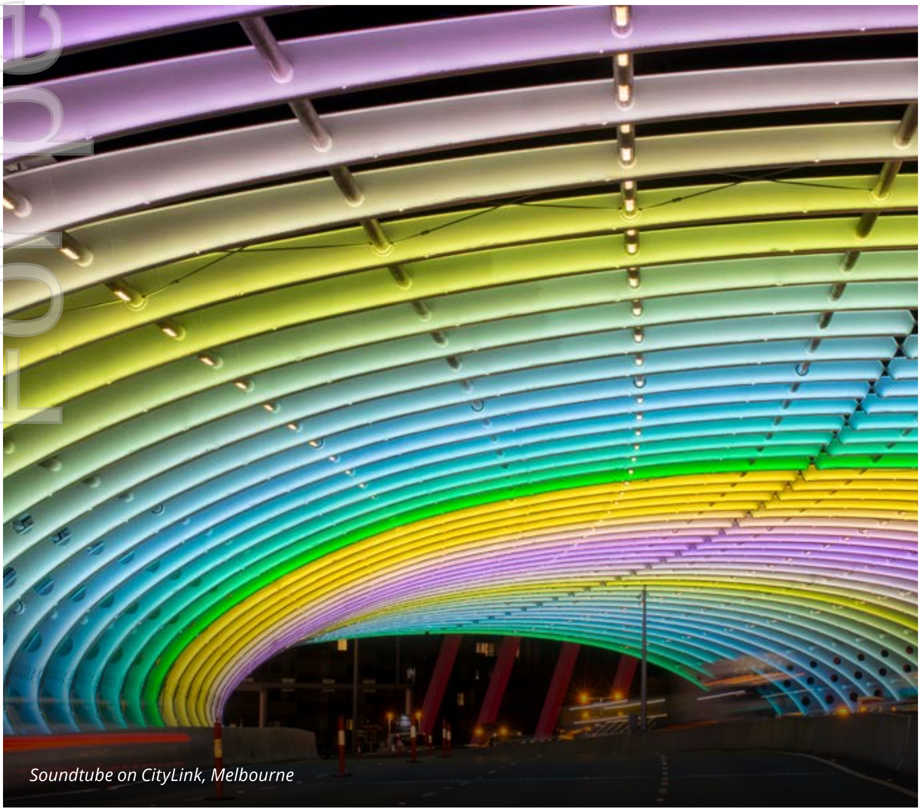
Our roads and projects improve connectivity and community liveability, and help us deliver on our purpose – to strengthen communities through transport.

For us, this is about much more than building roads and tunnels. It's about focusing our efforts where we can have the biggest impact: improving road safety outcomes both on and off the road; ensuring our customers have the information and support they need; and investing in our neighbouring communities through partnerships and improved local amenities.

As a leader in our field, we recognise our responsibility to set an example and maintain high sustainability standards when building and operating roads.

Six years ago we set greenhouse gas (GHG) emission reduction targets to achieve by 2030 and were one of the first ASX-listed companies to have our targets validated by the Science Based Targets Initiative (SBTi). We've already met Scope 1 and 2 targets[1] and are working towards achieving net zero emissions by 2050. We'll do this by improving the energy efficiency of our operations, switching to renewable electricity to power our roads, and working with our partners to reduce embodied carbon in our projects.

It's our people that help make all this happen. We have more than 1,900[2] employees across Australia and North America. However, our major infrastructure projects rely on a much larger workforce – all up creating jobs for more than 8,900[2] people. Fuelled by innovation, ambition and collaboration, our talented team help us create city-sized solutions and make a meaningful impact on tomorrow.



Soundtube on CityLink, Melbourne

Recognitions

- **CDP** (2022) Climate Change 'Management' level (A rating)
- **Dow Jones Sustainability Index** Top 10% ranking, in DJSI World Index. 6th globally in transport and transport infrastructure sector
- **Equileap** Rated in the top 20 globally and top 10 in Australia for gender equality for last three years
- **FTSE4Good** Member of Global Index (2022)
- **Global Real Estate Sustainability Benchmark for Infrastructure** (2022) Second-rated Global publicly listed company
- **MSCI** AAA ESG rating for past five years. Ranked top 4% of AAA-rated global transport infrastructure organisations
- **Support the Goals** 5-star-rated company for action on the UN SDGs
- **Workplace Gender Equality Agency (Australia)** Employer of Choice Citation held for 10 consecutive years

Affiliations and ratings

- **Business for Societal Impact (B4SI)** joined 2021
- **GRI** joined 2006
- **Infrastructure Sustainability (IS) and Envision major project ratings** 9 rated projects to date and 4 project ratings underway
- **TCFD** reporting since 2019
- **SASB** reporting since 2020
- **SBTi** validated near-term GHG reduction targets. First ASX20 company to have validated targets
- **United Nations Global Compact** joined 2009

1 *Achieved a 56% absolute Scope 1 and 2 GHG emissions reduction in FY23 relative to FY19 baseline*

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

Opportunity and delivery pipeline

Transurban's portfolio is expanding in key markets with the opportunity pipeline to support long term growth.

Opportunity and delivery pipeline

Region	Projects in delivery and potential opportunities[1]	Expected delivery[2]	Next 5 years	5+ years
Sydney	Rozelle Interchange[3]	2024		
	Sydney Gateway[4]	2024		
	M7-M12 Integration Project	2026		
	Potential toll reform opportunities		●	
	Western Harbour Tunnel and Sydney Harbour Tunnel potential monetisation			●
	M6 potential monetisation			●
	M4 and M5 widening			●
Melbourne	West Gate Tunnel Project	2025		
	EastLink potential sale		●	
	North East Link potential monetisation			●
Brisbane	Gateway Motorway widening		●	
	Logan Motorway widening		●	
	Broader road enhancements including in relation to Brisbane 2032[5]			●
North America	Fredericksburg Extension	2023		
	495 Northern Extension	2025		
	95 Express Lanes segments conversion to bi-directional lanes		●	
	Express Lanes enhancements and/or extensions		●	
	Future traditional toll road and Express Lanes acquisition opportunities		●	●
	Future opportunities in Quebec		●	

West Gate Tunnel Project, Melbourne

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

2 *On a calendar year basis*

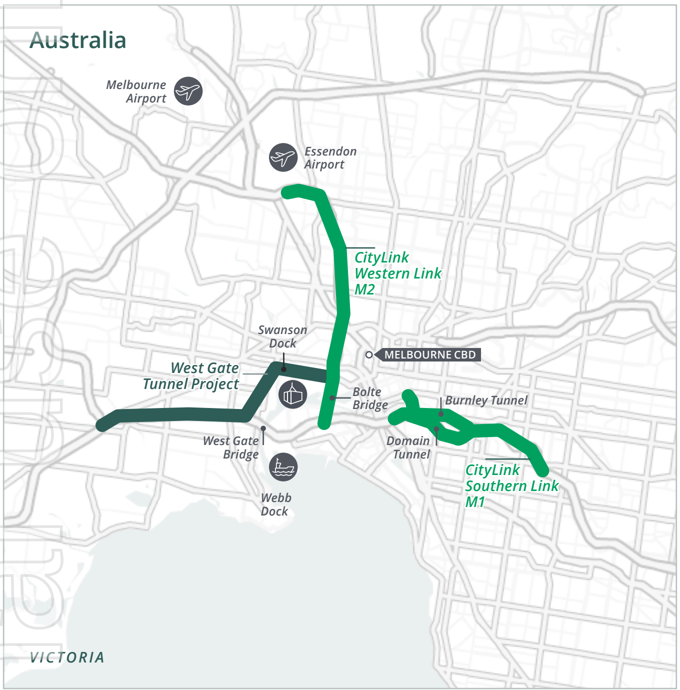
3 *Rozelle Interchange is 100% funded and delivered by Transport for NSW with handover to WestConnex to operate upon completion*

4 *Delivered by NSW Government*

5 *Transurban is not a sponsor of the Olympic/Paralympic Games, any Olympic/Paralympic Committees or any national Olympic/Paralympic teams*

Our roads and projects

Melbourne, Victoria[1]



	Ownership	Length	Concession end
CityLink	100%	22 km	2045

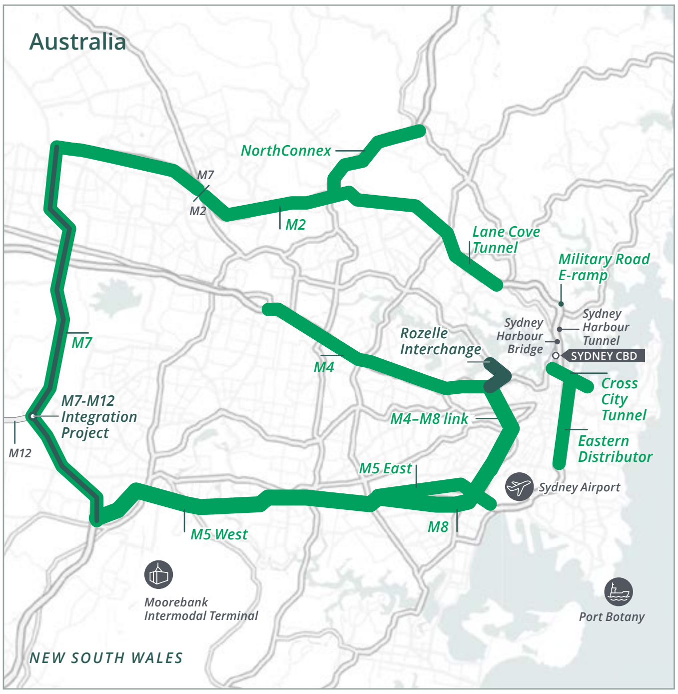
Projects

	Ownership	Length	Concession end
West Gate Tunnel Project	100%	17 km	2045

Ownership (as at 30 June 2023)
Length in kilometres
Concession end
Transurban road
Transurban project

1 Transurban manages incident response on CityLink; Domain and Burnley tunnels; Bolte Bridge; West Gate Bridge; and some sections of the West Gate, Monash and Tullamarine Freeways

Sydney, New South Wales



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

Projects

	Ownership	Length	Concession end
Rozelle Interchange[5]	50%	5 km[6]	2060
M7-M12 Integration Project	50%	26 km[7]	2048[3]

2 M5 West will form part of the WestConnexM5 concession once the current concession expires in December 2026, through to December 2060. During that period Transurban's proportional ownership will be 50% based on its current ownership proportion in WestConnex

3 Does not include the concession extension in connection with the M7-M12 Integration Project

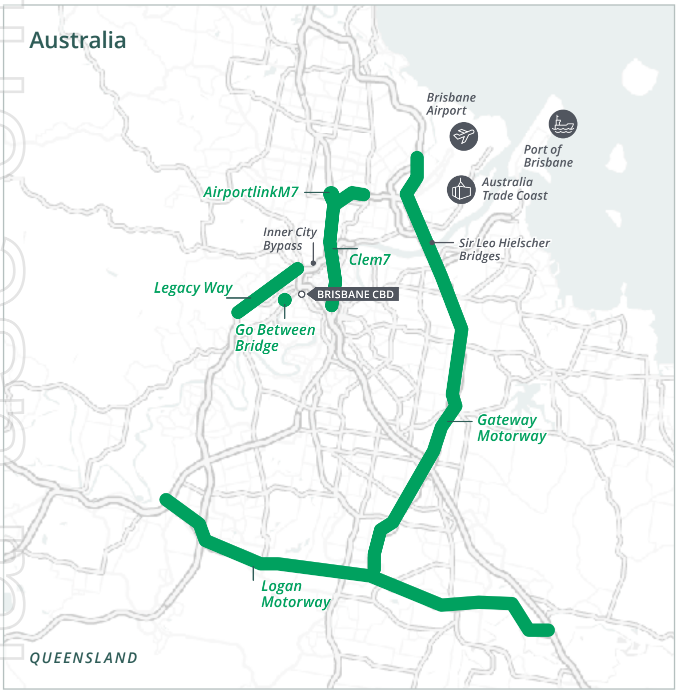
4 Tolling commenced on 5 July 2020, coinciding with the opening of the M8

5 Rozelle Interchange is 100% funded and delivered by Transport for NSW with handover to WestConnex to operate upon completion

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

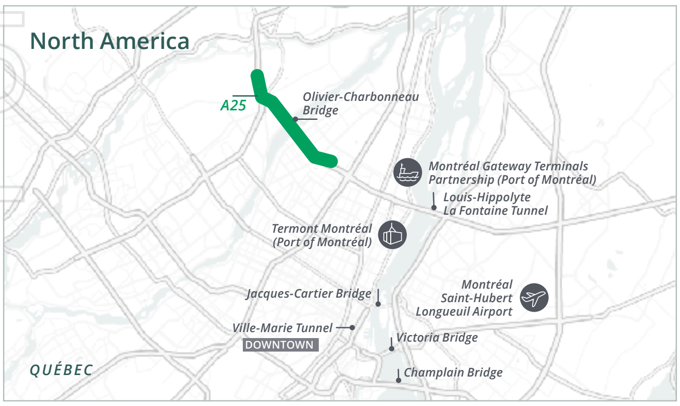
7 The project will include additional lanes on the M7 for 26 kilometres, as well as a new integration of the M7 into the future M12 and upgrade to Elizabeth Drive

Brisbane, Queensland[1]



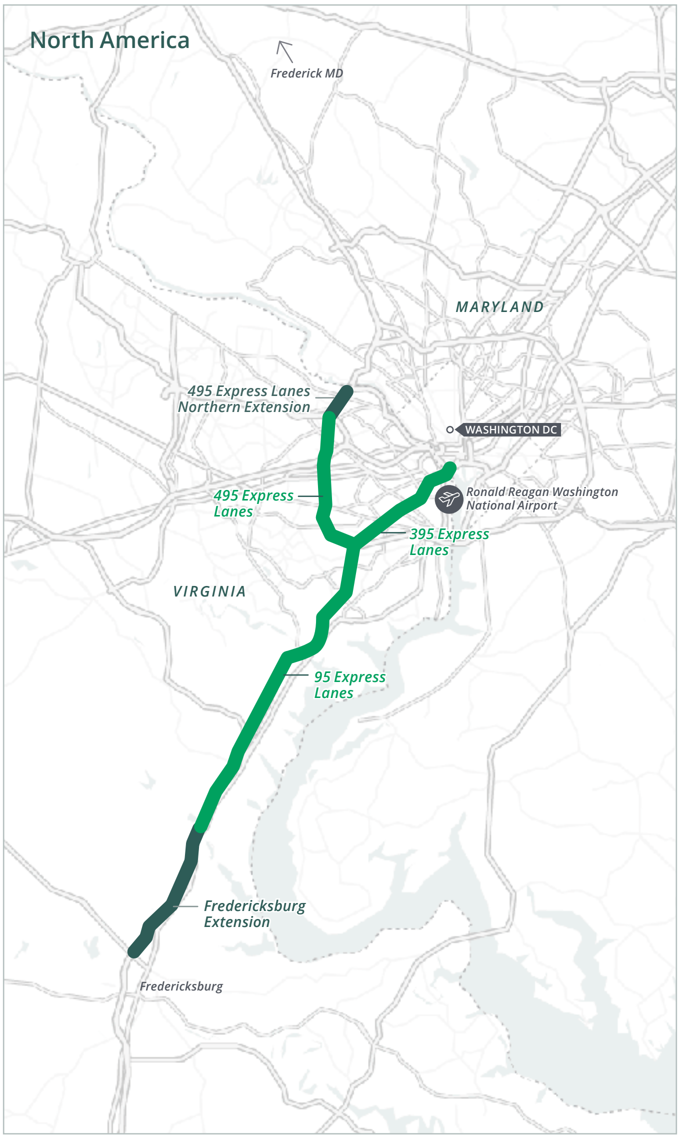
Logan Motorway	62.5%	39.5 km	2051
Gateway Motorway	62.5%	23.1 km	2051
Clem7	62.5%	6.8 km	2051
AirportlinkM7	62.5%	6.7 km	2053
Legacy Way	62.5%	5.7 km	2065
Go Between Bridge	62.5%	0.3 km	2063

Montreal, Quebec



A25[2]	50%	7.2 km	2042

Virginia, Greater Washington Area



95 Express Lanes[3]	50%	50 km	2087
495 Express Lanes[4]	50%	22 km	2087
395 Express Lanes	50%	13 km	2087
Projects			
Fredericksburg Extension	50%	16 km	2087
495 Express Lanes Northern Extension	50%	3.2 km	2087

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

2 *Transurban divested a 50% interest in the A25 to CDPQ and on 1 March 2023, A25 transitioned to an equity accounted investment from 100% consolidation*

3 *95 Express Lanes concession includes the Fredericksburg Extension (currently under construction)*

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

Executive Committee

Scott Charlton

BSc, MBA

Chief Executive Officer (CEO)

Skills and experience

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

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

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

In February 2023, it was announced that Scott would leave the Transurban Group at the end of 2023.

Henry Byrne

BCom, LLB

Group Executive, Victoria and Strategy

Skills and experience

Henry was appointed Group Executive Victoria and Strategy in February 2020 with responsibility for the Victorian market and Strategy group, including strategic initiatives and traffic forecasting and analysis. He joined Transurban in 2007 and was appointed to the Executive Committee in 2017, having worked across most aspects of the business.

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

Suzette Corr

BCom, MBA

Group Executive, People and Culture

Skills and experience

Suzette joined Transurban in 2018 as Group Executive, People and Culture. Her responsibilities include leadership, talent and succession, organisational development, diversity and inclusion, performance and remuneration, HR services and systems, and workplace relations.

Prior to Transurban, Suzette held Group General Manager roles at ANZ which included leadership of Group Talent and Culture, Australia HR, and Institutional and International HR, and also as a director of publicly listed AMMB Holdings Ltd Malaysia. Her earlier career was in consulting with EY, and she brings substantial experience from diverse sectors and in international workforce management.

Michael Discenza

BA, MBA

Acting President, North America

Skills and experience

Michael is responsible for major toll road infrastructure development, financing, construction, and operations in our North American market.

Michael joined Transurban in 2016 and was appointed CFO North America in 2018. As CFO, he led the team responsible for capital raising, financial planning, accounting, valuation, tax, procurement, treasury and business development functions. Prior to Transurban, Michael was CFO for companies including the Export-Import Bank of the United States, H2Gen Innovation and GeoGlobal.

Michelle Jablko

LLB(Hons), BEc(Hons)

Chief Financial Officer (CFO)

Skills and experience

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

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

Simon Moorfield

BSc

Group Executive, Customer and Technology

Skills and experience

Simon joined Transurban as Group Executive, Customer and Technology in October 2020. Prior to joining Transurban, Simon was the Executive General Manager Future Business & Technology and Chief Information Officer at AGL. He has 25 years' experience in technology, innovation and transformation gained across roles held in Australia, the US, Europe and Asia Pacific.

Prior to AGL, Simon held several CIO and executive roles in companies including the Commonwealth Bank and GE. Simon has an extensive background in information analytics, customer engagement and mergers and acquisitions.

Michele Huey

BCom, MBA

Group Executive, NSW

Skills and experience

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

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

Sue Johnson

BBus, BSc

Group Executive, Queensland

Skills and experience

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

Sue has been a member of the Committee for Brisbane Advisory Panel and the Queensland Government Land Restoration Fund Advisory Panel. Sue is a Graduate of the Australian Institute of Company Directors.

Hugh Wehby

BEc (Hons)

Group Executive, Partners, Delivery and Risk

Skills and experience

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

Before joining Transurban, Hugh held various roles at Sydney Airport including COO and CFO, and previously worked at Macquarie Group across investment banking and asset management. Hugh is also a Director and Chair of the Finance and Properties Committee at Northcott, a not-for-profit disability services provider as well as an External Member of the Building and Estates Committee (BEC) of The University of Sydney.

Global trends

The macroeconomic environment as well as trends and advances in the infrastructure and transportation sector present new opportunities but also potential disruptions to our business.

Over the next year, net migration is forecast to reach record levels in Australia[1] as the world continues to rebound from pandemic shutdowns.

With international borders reopened, more than 400,000 people are expected to arrive in Australia in 2022-23,[2] with most heading to major cities to find work or progress their education.[2]

And while the immediate migration boom is expected to ease eventually, population growth will continue with Sydney's population forecast to increase by more than 25% by 2042.[3]

Melbourne and Brisbane are growing at even faster rates, with Melbourne on track to overtake Sydney as the country's most populous city with more than six million residents by 2031-32.[4]

Brisbane is one of the fastest growing cities in Australia, with the population forecast to grow by around 40% between now and 2042, adding approximately 1.6 million people to the region.[5]

The US faces a similar scenario: 2021-22 saw the largest single-year increase in net migration in more than a decade with more than a million people added to its population.[6]

Higher populations, of course, mean more people and freight moving about cities along with a greater need for infrastructure, housing and service delivery. The efficient movement of people, goods and services is an immense challenge for cities across the globe.

In Sydney, Brisbane and Melbourne traffic is surpassing or heading to pre-COVID-19 levels with TomTom's 2022 Traffic Index showing that Sydneysiders and Melburnians are spending around 200 hours in peak-hour traffic each year.[7] Similarly, Washington DC – which our US assets serve – is the second most congested city in the US after New York.[8]

Research for our latest Urban Mobility Trends industry report, released in August 2023, shows that more than 60% of respondents in Australia and 50% in Greater Washington Area and Montreal are concerned about congestion.

Without significant investment in infrastructure, congestion levels are bound to worsen.

Infrastructure funding

Both Australia and North America have substantial backlogs of transport infrastructure projects that are needed to keep cities moving efficiently and cater for increasing populations. This is despite record levels of spending on infrastructure in Australia[9] and more than USD220 billion in infrastructure funding announced over the past 18 months by the Biden Administration under its Bipartisan Infrastructure Law.[10]

However, in a macro-economic environment of heightened inflation and interest rates, governments are facing increasing budget stress and rising debt[11] levels as they aim to meet the needs of their growing populations as well as provide relief from cost-of-living pressures.

Australia is heading towards a trillion dollars in government debt[11] and the cost of servicing that debt will continue to grow with rising interest rate repayments. With debt of more than USD32 trillion,[12] the US has been forced to raise its debt limit again to ensure the government can borrow to pay its debts.[13]

Partnering with the private sector to complement government spending is one solution. The injection of private capital has eased pressure on public budgets and allowed government to direct their funds into other priority areas such as schools and hospitals, as well as public transport services.

Industry think tank Infrastructure Partnerships Australia estimates that $48 billion worth of projects could be built using private capital in NSW alone, and $83 billion nationally.[14]

Our latest Urban Mobility trends survey found that more than 70% of respondents thought governments should work with the private sector to fund the delivery of new roads and major upgrades to existing roads, with most thinking it should be a mix of public and private investment.

Cost of living

Our latest Urban Mobility trends survey also found that addressing cost of living pressures should be the highest public priority, with health care, housing affordability and economic growth also rated as significant concerns.

In terms of household expenses, the biggest concerns were groceries, fuel and electricity. Vehicle maintenance, rent and mortgage costs also ranked highly, while only 6% of respondents in the Australian cities surveyed, 3% in the Greater Washington Area and 1% in Montreal rated the cost of tolls as a top five concern.

On average, our Australian customers who are travelling in a private vehicle spend $6.70 per week on tolls, with 82% spending less than $10 per week.

But we recognise that cost of living pressures are increasing for many. For those customers facing hardship, we offer support through our Linkt Assist service. The number of customers accessing support has remained stable over the past year, with reduced income or unemployment being the main reason for contacting the service.

1 *ABC news, 29 April 2023, Australian migrant population growth hits all-time high as borders reopen, accessed June 2023*
2 *The Guardian, 10 May 2023, Australia's post-pandemic surge in net overseas migration temporary, federal budget predicts, accessed June 2023*
3 *Deloitte, September 2022, Deloitte Access Economics Land Use Forecasts*
4 *Australian Government Centre for Population, 2022, 2022 Population Statement, accessed June 2022*
5 *Queensland Government population projections, 2023 edition; Australian Bureau of Statistics, Regional population, 2021*
6 *United States Census Bureau, December 2022, Net Migration Between the United States and Abroad in 2022 Reaches Highest Level Since 2017, accessed June 2023*
7 *TomTom, 2022, TomTom Traffic Index: Ranking 2022, accessed June 2023*
8 *TomTom, 2022, TomTom Traffic Index: United States of America traffic, accessed June 2023*
9 *Infrastructure Partnerships Australia, February 2022, 2021-22 Australian Infrastructure Budget Monitor, accessed July 2023*
10 *The White House, 12 May 2023, Fact sheet: Biden-Harris Administration Kicks off Infrastructure Week by Highlighting Tremendous Progress Rebuilding America's Infrastructure 18 Months In, accessed June 2023*
11 *Parliament of Australia, May 2023, Budget resources: Australian Government Debt, accessed June 2023*
12 *The Department of the Treasury and the Bureau of the Fiscal Service, June 2023, Fiscal Data: What is the national debt?, accessed July 2023*
13 *ABC news, 4 June 2023, Joe Biden signs debt ceiling deal just two days before the US would have started running out of money, accessed June 2023*
14 *Sydney Morning Herald, 20 June 2023, NSW urged to consider private cash for big infrastructure, accessed June 2023*

Decarbonisation of transport and infrastructure sector

Globally the shift to an electrified transport future is well underway. EVs are predicted to make up half of global new car sales by 2035[1] with government regulatory policies accelerating the shift particularly in Europe and the US.

EV sales in Australia are slowly gaining momentum and, in the first quarter of 2023, overtook petrol-vehicle sales in the medium vehicle category for the first time.[2,3]

Transurban has been promoting the benefits of EVs as well as fuel-efficient driving techniques through public-awareness campaigns. In June 2023 we supported the launch of Australia's Parliamentary Friends of Electric Vehicles and Future Fuels Transport to promote efforts to reduce greenhouse gas emissions by accelerating the uptake of EVs. Read more on page 35.

Road usage charging

While transitioning to EVs is an important step towards a more sustainable future, it will present further challenges to government budgets as revenue collected from fuel excise diminishes in real terms.

Governments are grappling with how EV owners will pay for their road usage. Some governments are exploring user-based charging through real-world trials and in Australia, the Victorian Government has introduced a road usage charge for electric vehicles and plug-in hybrids.

Transurban has been a vocal advocate for a fairer, sustainable road funding model that is based on road usage to meet future infrastructure needs.

Road usage charging schemes are being trialled in a number of US states, with some moving into early commercial phases. Government focus for these programs continues to be on testing policy reform, adoption, and technology requirements. In the US, we have partnered with the Eastern Transportation Coalition, a partnership of 17 states and Washington DC, to provide insights into how a road funding system based on user charging could operate along the east coast.

1 Goldman Sachs, 10 February 2023, *Electric vehicles are forecast to be half of global car sales by 2035*, accessed June 2023

2 Australian Automobile Association, 20 April 2023, *Electric Vehicle Index*, accessed June 2023

3 The Guardian, 20 April 2023, *Electric vehicle sales in Australia overtake petrol-driven cars in medium category for first time*, accessed June 2023

4 RSM, 18 January 2023, *2023 outlook: Rising trends in the automotive industry*, accessed June 2023

Transport technology

While most automotive manufacturers are rapidly transitioning to EVs, the path to autonomous vehicle technology appears to have slowed[4] as manufacturers, technology companies and governments tackle technical and regulatory hurdles.

Despite this, most experts agree that connected and automated vehicles (CAVs) offer huge potential to improve safety, traffic flow and transport accessibility.[4]

Further adoption may require road infrastructure that is equally sophisticated and fit for purpose. We continue to partner with government and industry bodies on trials to ensure our infrastructure will be ready for the technology.

In November 2022, in Melbourne, we ran an Australian-first trial to test the performance of a highly automated truck in live traffic conditions. The trial also tested the benefits of sharing roadside technology data with the truck's automated driving system (page 32).

Other trends in technology including smart mobility services such as multi-modal transport platforms and transport-on-demand apps are giving consumers greater choice, certainty and convenience in travel.

However, opinions are divided on the nature, scale and timing of all these new technologies and policies including road usage charging. Like many in the sector, we believe that ultimately technologies and policies will converge to redefine urban mobility and create safer, more sustainable, integrated and automated road networks.

Climate change

The impact of climate change is being felt across the world with greater frequency of severe weather events. With a weighted average concession life of 28.7 years, we need to ensure our business is prepared for a transition to decarbonised economy.

As an industry leader, we are committed to setting high standards in sustainability by reducing our environmental impact both in operations, projects and our supply chain. This includes preparing our assets to respond and adapt to extreme weather.

We are committed to achieving net zero greenhouse gas emissions by 2050 and are working with our partners and business suppliers to reduce their impacts (page 71).

Urban mobility trends research

Every year we survey more than 5000 people in the cities where we operate to learn about their travel behaviours, working arrangements, what influences their travel mode choice as well as the transport challenges in their communities.

We present the findings in our annual Urban Mobility Trends industry reports as a contribution to policy discussions about transportation priorities and opportunities.

Our reports, which we launched in 2020 initially to track the impact of the pandemic on how people live, work and move around cities, have also canvassed specific topics such as road funding reform and road safety.

August 2022 report

Our 2022 report continued to track people's current and intended work and transport habits, as well as the factors behind their travel choices. Travel-time reliability and ease of access ranked highest for respondents. The report also explored people's level of concern for the environment when choosing their mode of transport, as well as their views on the public priorities needing most attention. Cost of living was of primary concern for respondents.

Latest report

Our latest report, published in August 2023, continues to track people's transport habits and preferences, as well as related factors such as their concerns about congestion and transport cost. We found more than 60% of respondents in the Australian cities surveyed are concerned about congestion, and more than 50% are concerned in the Greater Washington Area and in Montreal.

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

Business performance

WestConnex M8, Movement of Shells. Movement of Time collaboration

Project updates
Victoria

Project cost
Expected opening

West Gate Tunnel Project

~$10B

2025

Just like CityLink did more than 20 years ago, the West Gate Tunnel Project will transform Melbourne and provide more choice for getting to and from the city's west.

Once completed, the project is expected to take more than 28,000 vehicles off the heavily congested West Gate Bridge and 22,000 vehicles off the Bolte Bridge every day, while reducing peak travel time by up to 20 minutes. It is also expected to improve safety, air quality and noise for local residents by removing around 9,000 trucks from local roads each day. The project has received a 'Leading' Design rating for its sustainability performance from the Infrastructure Sustainability Council (IS rating) – the highest awarded.

Tunnelling is complete, with tunnel boring machines (TBMs) Vida and Bella breaking through in the first half of 2023. In under one year, Vida completed excavation of the 2.8-kilometre tunnel, while Bella completed her four-kilometre tunnel in 15 months. Together they removed 1.5 million cubic metres of rock and soil. Behind each TBM, workers lined the tunnels with more than 28,000 concrete segments, which were cast in regional town Benalla and transported to Melbourne via super load trucks.

More than 70% of work on the road deck of the elevated road is complete, which will connect drivers from the tunnels to CityLink, the CBD and Melbourne's port. Significant progress has been made on the 40 new or improved bridges that are part of the project, including a recently completed bridge over the Maribyrnong River that will connect the tunnels to the elevated road.

Meanwhile, work to widen the West Gate Freeway from eight to 12 lanes is 85% complete and more than 70% of asphalt has been placed. Noise wall installation works are 80% complete, which are designed to reduce noise in surrounding areas.

With these major milestones achieved the project will now complete the connecting infrastructure to transform how Victorians move around the state for years to come.

See how this project fits into our portfolio (pages 14 to 15)

Project updates

New South Wales

Project cost
Expected opening
Opened

WestConnex

$25.1B

Jan 2023[1]

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

Transurban opened the WestConnex M4-M8 link tunnels in January 2023, marking a major milestone in the city-shaping project. This vital link represents the final element of the WestConnex project to be delivered by the Sydney Transport Partners (STP) consortium, with the Rozelle Interchange currently under construction by Transport for NSW.

The 7.5-kilometre twin tunnels provide a critical connection between the M4 at Haberfield and the M8 at St Peters. The project has achieved a 'Leading' as built IS rating for its sustainability performance.

WestConnex plays a critical role in easing congestion, supporting more than 270,000 trips every day. The M4-M8 link tunnels enable travel time savings for Sydney motorists by providing a traffic light-free link between two of Sydney's major motorways. As future projects linking the northern and southern areas of Sydney to the M4-M8 link begin to come online, new direct destinations will be available to motorists.

Throughout the duration of the project, more than 64,000 workers have been employed, along with hundreds of apprentices, helping to upskill the next generation of workers. WestConnex has also built more green space than any other urban road project in Australia providing up to 18 hectares of open space and around 23 kilometres of new and improved cycleways and walkways.

1 M4-M8 link tunnels opened in January 2023. Rozelle Interchange is 100% funded and delivered by Transport for NSW with handover to WestConnex to operate upon completion. It is scheduled to open in FY24

M7-M12 Integration Project

~$1.7B

2026

The M7 Motorway provides a key link into the broader Sydney arterial network, including for drivers travelling to and from the new Western Sydney Airport.

Works have commenced to widen the M7 and connect it with the new M12 Motorway in Western Sydney. We are working with local suppliers and business, supporting job creation in the region. Construction is anticipated to take approximately three years.

The project will provide around 26-kilometres of additional lanes in both directions and is expected to reduce travel times, while helping to relieve existing congestion in Western Sydney, one of Australia's fastest growing regions.

In addition to widening the M7, the project includes the delivery of the M7-M12 interchange, providing a critical connection to the new Aerotropolis precinct and the new Western Sydney Airport, which is currently under construction.

The works are also future proofing the corridor with traffic analysis determining that, in its current state, by 2036 the M7 Motorway would be unable to effectively cater for the additional traffic demands from the new M12 Motorway. This project is working towards its targeted 'Leading' IS rating for sustainability performance.

See how these projects fit into our portfolio (pages 14 to 15)

Project updates
North America

Project cost
Expected opening

Fredericksburg Extension

USD670M

Aug 2023

The 16-kilometre 'main line' of the 95 Express Lanes Fredericksburg Extension project – known as FredEx – is scheduled to open in August 2023. All exit and entry points are scheduled to open by the end of 2023.

Helped in part by favourable weather conditions, the project made significant progress during FY23, including completing the rebuild of a second overpass, installation of steel girders required for flyover ramps, and installation of toll gantries. We have completed 1.8 million project work hours and the project is expected to create approximately 9,000 jobs.[1]

When complete, the extension of the 95 Express Lanes will create the longest reversible road in the United States. The road will span approximately 80 kilometres from Washington DC to Fredericksburg, Virginia. The project is working towards its Silver Envision rating for sustainability performance.

FredEx is expected to deliver 66% more capacity during peak travel times,[2] relieving congestion in one of the worst traffic hotspots in the US. The project is also expected to deliver an estimated USD1 billion economic boost through construction and project delivery, as well as more reliable and faster travel times for the many workers in the region, including 28,000 Marine Corps Base Quantico employees.[2] Buses and carpools will travel for free.

1 *Estimated number of jobs expected from the economic development of the project*

2 *FredEx Level-2 study, Virginia Department of Transportation*

495 Northern Extension

USD660M

2025

The 495 Express Lanes Northern Extension project – known as Project NEXT – will extend our 495 Express Lanes from Virginia towards the Maryland border with new connections at the Dulles Toll Road and George Washington Memorial Parkway.

The four-kilometre extension is expected to reduce peak travel times by up to 25 minutes[2] and improve connectivity to key economic hubs, including Tysons and the Dulles Corridor. The project is expected to deliver a USD880 million economic boost through construction and project delivery.[2]

Construction made good progress during FY23, with most clearing and grubbing completed, the demolition and rebuild of the Georgetown Pike Bridge commencing, and nearly all design work and right-of-way acquisitions completed.

The project will facilitate a new bus service connecting Virginia and Maryland, supported by a commitment of USD2.2 million in annual public transit investment from toll revenues.

The project is working towards its Silver Envision rating for sustainability performance, and includes commitments for major stream restoration works. We will also build 6.4 kilometres of new bicycle and pedestrian connections along the project's corridor.

See how these projects fit into our portfolio (pages 14 to 15)

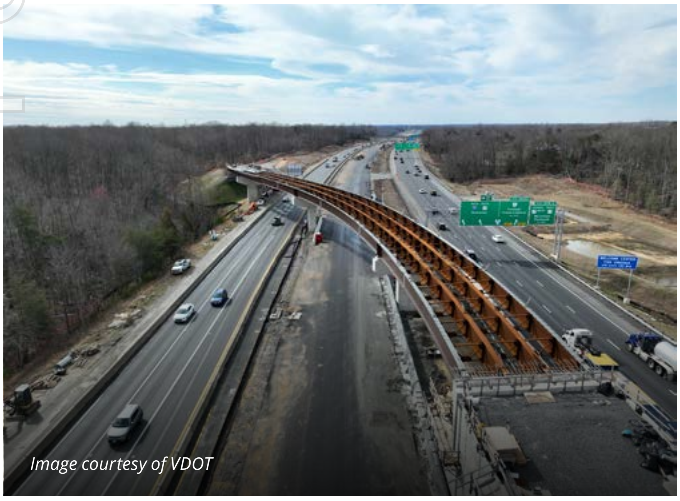


Image courtesy of VDOT

Project updates
North America

Project cost
Expected opening

95 and 395 Express Lanes enhancements

2024

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

In September 2022, the Seminary Road access point to the 395 Express Lanes converted from an HOV-only ramp to a tolled connection. This conversion enables all Express Lanes customers, not just HOV-3 car poolers, access to an additional entry and exit point along the 395 Express Lanes corridor. Read more on page 28.

Additionally, a new reversible ramp at Opitz Boulevard on the 95 Express Lanes is expected to open in 2024. Servicing one of the fastest-growing counties in Virginia, the USD70 million project also includes demolition and reconstruction of the existing Opitz Boulevard bridge over I-95 to ease congestion on local roads, general purpose lanes, and 95 Express Lanes in the immediate area.

See how this project fits into our portfolio (pages 14 to 15)

Project updates
North America

Maryland Express Lanes Project

In March 2023, we announced that Accelerate Maryland Partners (AM Partners) has decided not to proceed with the Maryland Express Lanes Project.

AM Partners was originally selected in February 2021 as Maryland's preferred developer for Phase 1 of the project. However, the project faced challenges including a changing political landscape, significant delays on environmental approvals, and environmental lawsuits that remain unresolved.

We continue to see positive growth potential in North America and the Greater Washington Area (GWA). We remain disciplined in the pursuit of all opportunities, balancing growth in distributions and investment to create long-term value.

Read how Transurban's strategy creates value for our customers (page 4)

Customers

Customers took to our roads in higher numbers than ever before during FY23. In the last year, customers made an average 2.4 million trips a day on our roads.

Travel on our roads has increased in all cities where we operate, and in most, has increased beyond pre-pandemic levels. Even as our roads got busier, our customers continued to get value from their trips. In FY23, our customers collectively saved 413,000 hours in travel time every workday by taking our roads compared to the alternate routes.

Our customers expect our roads to get them to their destinations faster, more reliably and safely, and that expectation drives us to continually seek ways to improve their experience. Our priority is to make using our roads as simple and as seamless as possible – whether customers are planning a trip, travelling with us or managing their account.

Higher living costs have had global impacts this year, with many households feeling the strain. Our research found increased costs of groceries and fuel are of highest concern. In Australia our Linkt campaigns focused on supporting customers through these challenges with fuel discount offers, competitions with cash and other cost-reduction prizes. We also have our ongoing Linkt Assist and Linkt Assist 360 (Australia), and First Time Forgiveness (US) programs for customers experiencing financial hardship. In Australia, we also support the One Stop One Story Hub which provides access to hardship support from multiple essential services.

Figure 2: Average daily traffic and travel-time savings by region

	Average daily traffic (# vehicles)	Average workday travel-time savings (# hours)
Sydney	995,000	224,000
Melbourne	806,000	79,000
Brisbane	457,000	86,000
North America	149,000	23,000

10.28M

customers, 3.9M North America, 6.38M Australia

413,000

hours saved by customers every workday

2.4M

trips on our roads daily

UN SDGs relevant to this section

Creating value for our customers

Safer journeys

Safer roads mean smoother, more efficient journeys for our customers. We respond to all types of incidents on our roads: minor crashes, lost load, breakdown or bingle can mean lane closures and reduced speeds for everyone on the road.

We respond to almost 1,300 incidents a week – and the faster we respond, the less disruptions for our customers. With this efficiency in mind, in FY23 we completed transitioning all our Transurban Queensland (Brisbane) and WestConnex (Sydney) road operations into single, consolidated control rooms. Operating multiple roads from one centre gives a consolidated oversight of all current conditions, allowing for a more streamlined coordination of both incident response and maintenance. Plus, faster incident response times help reduce congestion which also helps make our roads safer.

At the Transurban Queensland Network Operations Centre, we're using predictive analytics and machine learning technology to keep traffic moving. The centre's incident response system is learning, via these state-of-the-art capabilities, to predict congestion, spot and respond to incidents faster over time.

Our Motorway Control Centre at St Peters is now Australia's largest control centre, with 60 mega screens giving oversight of the entire 33-kilometre WestConnex network (including its 22 kilometres of tunnels). The screens show real-time footage from the hundreds of CCTV cameras along each part of WestConnex.

Work has also begun on a new, consolidated traffic control centre in Melbourne. Part of the West Gate Tunnel Project, this new centre is being built at the project's northern portal and will bring control room operations for both CityLink and the West Gate Tunnel under one roof. The centre will also provide facilities for maintenance and incident response activities, delivering the same benefits as our Brisbane and Sydney centres.

On-road experience

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

Transurban opened the WestConnex M4-M8 link tunnels in January 2023, marking a major milestone in the city-shaping project. The 7.5-kilometre, dual tunnel is shaving up to 40 minutes[1] off a peak period trip from Parramatta to Mascot compared to the alternate route, including by bypassing 52 sets of traffic lights.

Multiple projects now under construction in Sydney, including the Rozelle Interchange, Sydney Gateway, M6 Stage 1 and Western Harbour Tunnel (all delivered by the NSW Government) will link with sections of WestConnex. As each new road opens, our customers will enjoy even better connectivity and convenience when they travel. Read more on page 37.

During FY23, traffic in both Sydney and Brisbane increased beyond the previous highest traffic numbers, recorded in FY21 and FY22 respectively.

On CityLink in Melbourne, we have seen our highest average daily car traffic since the COVID-19 lockdowns, up 30% year on year. Weekend traffic remains strong with June above pre-pandemic levels.

In Brisbane we saw year-on-year growth of 9% and in North America, FY23 saw the highest ever full-year average daily traffic with particularly strong weekend traffic.

Freight volumes also reached record levels across the markets and Melbourne recorded the highest increase at 7.8%.

1 *Customers can save up to 40 minutes on a peak period trip between Parramatta and Mascot. TomTom Data, average travel time saved per hour when using WCX eastbound and M4-M8 link tunnel southbound (monthly average workday)*

Our operations

22
assets in operation

1,277
incidents managed per week

340+
kilometres of roads

$134M
invested in maintenance[1]

6,000+
CCTV cameras on our road

Our campaign provided a chance to win $10,000 to ease bill pressures. We received around 245,000 competition entries

Service metrics[2]

68.1M+
inbound interactions

65M+
digital sessions

96%
inbound interactions were digital

4.5 out of 5
call centre customer satisfaction rating

Customer experience

Our 10.28 million customers engage with us when managing their toll payments, planning their journeys – and even when they're buying fuel.

With most of our customer interactions happening via our digital self-service channels, this year we updated our customer promises to better reflect their predominantly digital experiences.

Make it easy + Deliver value + Do the right thing

The promises are informed by research into what matters most to our customers, and by our own data analysis.

The promises work as guiding principles to help shape how we design and deliver existing and new experiences across app, website and phone interactions.

We track our customers' account management, service-related and road complaints to ensure we are delivering excellent service. In FY23 we again achieved the highest-level Customer Service Institute of Australia (CSIA) Complaint Handling Framework Certification.

Make it easy

Our customers prefer to interact with us via our digital tools, and in FY23, our Australian Linkt and LinktGO apps were downloaded more than 900,000 times. In the US, our Go Toll app was downloaded around 55,000 times. We focus on making these apps and our Linkt website, easier to access, navigate and understand, giving our customers better experiences.

We measure our performance via a net promoter score (NPS), based on answers to the question: *How likely is it that you would recommend Linkt to a friend or colleague?* Customers rate us out of 10, with scores of nine and 10 demonstrating customer satisfaction and loyalty. The percentage of negative ratings is subtracted from positive ratings to determine the NPS score. In FY23, our weighted interactive NPS for our Australian customer service channels, including our Linkt website, Linkt app, LinktGO app, webchat and contact centre, was +7 – a 24-point improvement since FY19. This increase is the result of investments in improved customer experience across the apps and website, and customer engagement activities including Linkt Customer Rewards.

This year we continued to deliver enhancements focused on making it easier for customers, including mapping the customer experience journey and identifying key pain points for priority action. Recognising that customers were not always entering correct vehicle details to their accounts, we introduced a vehicle 'make and model' look-up function in the Linkt app. Initial analysis[3] has indicated an 81% reduction in toll notices (and associated additional fees) issued to customers due to incorrect entry of vehicle details.

Deliver value

In FY22, we launched road incident notification functionality for our Linkt app. This was our customers' most-requested service, asked for by 67% of surveyed customers. Since its March 2022 launch, around 164,000 Linkt app users have enabled the live incident notification feature, and between July 2022 and June 2023, we issued, on average, around 656,000 notifications a month – making it easier for customers to choose whether to travel with us or not.

In Australia, our Linkt Customer Rewards program has been helping Linkt customers save on fuel since 2019, by offering customers four cents off per litre at Shell Coles Express sites.[4] All up, our fuel discount program has saved our customers more than $5.5 million since it launched. This year we also added two new Linkt Customer Rewards partners: Europcar and Star Car Wash, and improved our app and website experiences making it easier to understand and claim rewards.

Do the right thing

Our customers trust us to protect their personal and financial information. We take our cybersecurity seriously and regularly update our measures to address the changing risk environment, including training our people to recognise phishing and other threats. Recognising that cybersecurity breaches can have a human element we have implemented education programs to strengthen awareness of potential phishing and other security threats.

Around 5% of travel on our roads is categorised as non-arranged travel (NAT) – trips made by road-users without Linkt passes or accounts. NAT is associated with higher risks of late payments and additional

1 *FY23 maintenance cash spend on controlled entities at 100%*
2 *Australian customer data, does not include North America*
3 *Initial analysis conducted using data in Queensland, November 2022 to March 2023*
4 *See offer terms for full conditions. Excludes LPG and Adblue. Min fill 2L, max fill 150L per transaction*

fees. In Melbourne we've introduced a 'Travelled recently' function for road users without Linkt accounts. Customers are stepped through the payment process, avoiding fees by, for example, opening an account and logging previous recent travel. We've issued around 6,000 fewer toll invoices since introducing this function.

Improving access to the Express Lanes

Seminary Road in Alexandria, Virginia services both commercial and residential traffic, including people accessing the 395 Express Lanes to commute to work in nearby Washington DC.

The road had two access points onto the Express Lanes, a north-facing ramp and a south-facing ramp. These access points are for people who are travelling north towards Washington DC in the morning and back home south in the evening.

While the north-facing ramp was accessible by all traffic, the south-facing ramp was restricted to only buses and carpooling vehicles with three or more people – known as high occupancy vehicles (HOV). This made it the only ramp along the Express Lanes corridor closed to toll-paying customers.

Analysis of the ramp found that usage was very low – approximately 300 vehicles per hour – meaning the infrastructure was only reaching around 20% of its capacity.[1] Working with the Virginia Department of Transport (VDOT), we investigated whether changing the ramp's accessibility would improve usage without impacting the community. Findings were positive, with modelling showing greater use of the interstate network and less reliance on local roads if the ramp was converted from HOV to a high occupancy toll (HOT) ramp.

In September 2022, we made the conversion and since opening, toll revenue has reached almost USD2 million, and we've seen a more than 60% increase in weekly customers. Providing a new connection for toll-paying customers to access the Express Lanes is expected to reduce congestion in the Alexandria area and improve traffic flow in the surrounding neighbourhoods.

1 FY21 VKTs changed slightly following assurance on vehicle kilometres travelled. This did not impact the overall reported RICI for FY21

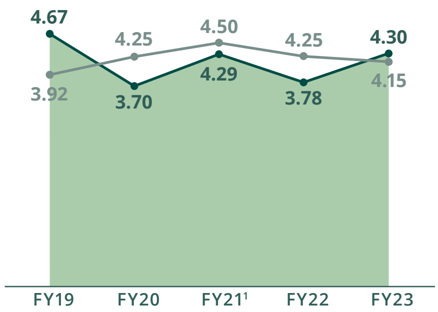
Road safety

Road safety at Transurban is based on the best-practice Safe System Approach that recognises road safety as a shared responsibility – including the individuals and businesses who use the roads and those building and managing road networks.

We champion road safety by:

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

Figure 3: RICI performance FY19–FY23



Our approach aligns with World Health Organisation (WHO) Global Road Safety Performance Targets and the UN's SDGs. In FY23, we released our Health, Safety, Environment and Road Safety Plan 2022–2025. The plan supports our long-term vision of zero life changing injuries for our employees, contractors and customers.

Burnley Tunnel pacemaker lights

We've invested in new technology to reduce congestion and improve travel times in the Burnley Tunnel in Melbourne. The tunnel is steep and deep, and motorists were tending to slow for the uphill climb to the tunnel exit, creating congestion. Our pacemaker lights give motorists visual cues to help them maintain speed as they climb.

The lights operate dynamically in response to live traffic conditions – when tunnel traffic speeds drop the lights move faster, encouraging drivers to reach a safe, consistent speed.

Since the lights were switched on in March, data shows driving speeds have increased more than 15% in the afternoon peak (4pm to 7pm) – reducing congestion and improving safety. On weekends we're seeing even further improvements, with speeds at the tunnel exit lifting to around 70 kilometres per hour. Safer roads also mean less disruptions and more efficient journeys.

Read more on our project website, transurban.com/burnleytunnelproject

Our safety performance

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

We track our road safety performance using a Road Injury Crash Index (RICI): the number of serious injury crashes per 100 million vehicle kilometres travelled (VKT) on our roads. In FY23, our RICI was 4.3.

Within the context of a challenging year in road safety globally we maintainted our focus on safe operations. Our North American and Victorian markets delivered their best road safety performance on record in FY23. In North America we had two months of zero serious injury crashes.

A standout in our road safety performance was observed on CityLink in Victoria, with five months of zero serious crashes during the year. This contrasts against the broader Victorian network, where fatal road crashes have increased significantly in the calendar year to June 2023, compared to 2022 and the five year average.[1]

Across the broader network, road fatalities have increased in both Australia and North America. Australia recorded a 3.2% increase in road deaths between June 2022 and June 2023.[2]

While most (80%) crashes on our roads resulted in no injury to vehicle occupants, we continue to identify and implement initiatives to reduce common crash types on our roads (see Figure 4).

Figure 4: Most common crashes on our roads[4]

Crashes are rare on our roads but when they happen, they are usually one of three crash types:

53% *of crashes* — **Rear-end**
Associated with congestion, tail gating and driver distraction

16% *of crashes* — **Out of control**
Associated with speed, fatigue and distraction, and usually single vehicle

17% *of crashes* — **Merging/side swipe**
Associated with late decision making, low awareness of truck blind spots, and merging with on-road traffic

Using insights from our on road and near-miss data, we are able to introduce targeted interventions at specific locations. For example, our incident data showed a spike in motorist–heavy vehicle merging incidents around the Port of Brisbane off-ramp on the Gateway Motorway in Brisbane. Connected vehicle data showed motorists were hard-braking and swerving in this area. In FY22, we trialled portable electronic message boards warning of truck movements. During the three-month trial, we saw a 75% decrease in incidents and an 11% decrease in near misses in the area. No serious injury crashes were recorded compared to the same period in 2021.

Cyclists are prohibited from using our roads and tunnels, however in FY23 we increasingly saw food-delivery riders enter our roads and tunnels. While not unique to Uber Eats delivery riders, in May 2023, Uber's Australian and New Zealand safety team visited our motorway control centre in Sydney. We screened footage of food-delivery riders using our roads to improve understanding of the dangers this behaviour poses. We are collaborating with Uber to proactively identify solutions, including targeted communications, and rider education and resources.

Transurban commissions Monash University Accident Research Centre (MUARC) to analyse crashes on our Australian assets and compare our roads' performance to like roads in each market. MUARC has found the incidence of fatality and serious injury crashes on Transurban's NSW and Victorian operated assets is half that of like roads.[3] More specifically, in Queensland MUARC found that our road safety performance between 2017 and 2022 demonstrated a 63% lower serious injury and fatal crash rate compared to like roads in the state.

In North America this year, we developed an analytics dashboard that collates key road operational metrics including road safety. Using this information, we implemented initiatives to educate our customers and influence their driving behaviour including:

- improving gate visibility to reduce wrong-way driving
- speed safety campaigns
- education for school bus drivers who use the Express Lanes.

We also established a major incident evaluation team to assess serious crashes on our roads. The team uses enhanced analytics to understand crash risk trends and factors, and identify and implement road safety improvements. The team reviewed data on wrong-way driving during lane reversal and our incident response.

Helping stop toll road scams

Scams are on the rise. Australians lost $3.1 billion to scams in 2022, up 80% on 2021.[5] The Australian Competition and Consumer Commission (ACCC) Scamwatch service received 14,585 reports of toll-road scams in 2022, with losses totalling around $664,000.

Our Linkt brand has been appropriated by scammers in multiple text-message phishing scams. In response, we implemented warning messages on toll-road scams – reaching more than five million customers with information on how to protect themselves against scams and identify genuine Linkt communications.

Our research found more than 80% of people surveyed said they don't report suspicious texts to toll-road providers or law enforcement. Less than 10% said they report texts to Linkt.

In April 2023, we launched our Help Us Stop SMS Scams campaign to incentivise toll-road scam reporting, while also educating and empowering customers to act. Everyone who reported an eligible text scam during the campaign period had the chance to win an electric vehicle (EV).

Further, many people receiving toll-road scam texts aren't Linkt customers, so we also invested in advertising to educate the wider community on how to spot scams – including sharing the campaign in multiple languages.

In FY23, our Cyber Operations team have reported more than 16,000 unique SMS numbers and more than 1,800 fraudulent websites to telecommunications providers who are able to block the scam phone numbers, as well as the Australian Competition and Consumer Commission's Scamwatch who monitor and take action on scam trends.

1 *Transport Accident Commission (TAC)*
2 *Australian Automobile Association, May 2023, Benchmarking the performance of the national road safety strategy: March quarter 2023*
3 *Data as at June 2020*
4 *Sample data taken from across our Australian and US assets*
5 *Australian Competition and Consumer Commission, April 2023, Targeting scams: Report of the ACCC on scams activity 2022, page 16*

Road safety research and initiatives

This year we conducted road safety awareness research, surveying 5,000 drivers in our Australian and North American markets, examining driving behaviours that impact safety and using this to inform initiatives.

Read our road safety report

We trialled a simple tool to give truck drivers a wider view of the road alongside their truck, testing whether we can reduce the size of truck driver's blind spots. More than 30 heavy-vehicle-drivers joined this three-month trial, installing a Fresnel lens (a thin wide-angle lens) on their passenger-door window.

Transurban and Neuroscience Research Australia (NeuRA) have signed a new three-year partnership to deliver critical road safety research into occupant injury prevention. This year NeuRA research delivered with our support resulted in revised guidelines and standards for child restraints; and guidelines for health practitioners when recommending comfort accessories to (mostly) older drivers who use comfort accessories, like seat cushions or back rests.

As well as NeuRA, we engage with other organisations that crash test vehicles to help people make the best safety choices when purchasing a car, including the Australasian New Car Assessment Program (ANCAP SAFETY) and, in the US, the Insurance Institute for Highway Safety (IIHS).

Our North America team visited the IIHS crash lab in January to learn about technologies for preventing rear-end and merging crashes. The team also witnessed an electric vehicle crash test. Understanding crash factors and the most effective measures to reduce collisions helps keep our road safe for all road users.

We also extended our Re:act partnership with universities in Melbourne, Sydney and Brisbane to the University of Maryland (US), and joined the Australian Re:act TAFE program. Re:act gives students real-life briefs to develop a creative behaviour change campaign focusing on road safety issues impacting their age group.

Following the success of our Car Seat Blitz initiative in Australia, Transurban's North American team worked together with Safe Kids Worldwide Fairfax County, State Farm insurance agents and local police offering free child safety checks at an event along the 95 Express Lanes corridor in Virginia.

Seats were fitted by certified child passenger safety technicians and families in need of a car seat were able to drive away with a new one after we donated 100 car seats, ensuring kids in our local communities are safe and secure for every trip.

In Canada, Operation Red Nose is a seasonal safe-ride program (late November to New Year's Eve) that chauffers Canadians home when they have been drinking or otherwise don't feel safe driving. Service users are welcome to give back by making a donation to the non-profit. This year, Transurban's Montreal-based employees volunteered for the road-safety initiative, helping people get home safe.

Read more about our safety approach with our people (page 67) and our contractors (page 73)

This year we provided more than 1,000 free child car-seat checks in our Australian markets, delivered in partnership with Kidsafe

Read how Transurban's strategy creates value for government and industry (page 4)

Government and industry

With 15 government partnerships over 27 years, we're helping them tackle the infrastructure pipeline and invest in transport networks for the long term.

Despite the challenges posed by labour shortages and supply chain disruptions, we completed one major project and progressed four others in FY23. This year we also partnered with governments and industry to explore new technologies that help keep people moving in smart, safe and efficient ways.

A significant portion of the population within the cities in which we operate now live within five kilometres of Transurban assets – 60% of Sydneysiders, 45% of Brisbanites, and 20% of Melburnians – and 20% of people in the Greater Washington Area – and they have a broad range of reasons for travelling.

Our expertise allows us to respond to the challenges and opportunities these growing cities present, as well as the rapidly changing transport sector. This enables us to develop solutions and initiatives that benefit governments and their communities.

more than
340
kilometres of road

~$32B
of greenfield and enhancement projects delivered or under construction

22
assets in 5 geographical regions

UN SDGs relevant to this section

Creating value for government and industry

Future-ready roads

With road freight projected to grow steadily in the coming decades, connected and automated vehicles (CAVs) have the potential to transform the freight industry, helping to move more goods, more quickly between businesses and consumers.

In an Australian-first, Transurban partnered with government and industry stakeholders to trial a self-driving truck on CityLink and the Monash Freeway in Melbourne.

This was the first time a highly automated truck (a truck designed to drive without driver input) was tested in live traffic conditions on public motorways in Australia.

Where Transurban's previous CAV trials have tested how autonomous vehicles talk to our roads, with the vehicle using its sensors to understand the immediate surroundings, this trial went a step further by also testing how the road 'talks back' to the CAV truck – two-way communication.

CityLink is one of the most technologically sophisticated roads in the world, with embedded technology, automatic incident detection systems and smart sensors. Along with the more than 600 cameras we monitor across the Melbourne network, our team manage traffic events such as debris and stopped vehicles.

During the trial, real-time data from these systems was fed directly to the CAV truck so it could understand road and traffic conditions up to one kilometre ahead of its sensors. In all, the truck travelled around 370 kilometres with its automated driving system engaged.

With a specially trained truck driver on board to take control if needed, a key outcome from the trial was understanding opportunities to upskill and support truck drivers in preparation for this new technology.

The trial found that integrating our roadside data into the truck's automated driving system ultimately increased safety. For example, instead of training the automated driving system to read LED signs (such as changed speed limits) along the road – we provided this data feed directly to the truck, removing any room for error or misinterpretation.

The trial also demonstrated that high-tech roads such as CityLink and the Monash Freeway are well placed to accommodate CAV trucks. These major arterials have enough freight demand to attract early-adopters of CAV fleets, and the right technology to support them on their journeys.

These findings are now helping Transurban, and our government and industry partners, better understand how roads and roadside technology can be leveraged to support automated trucks joining the mix of vehicles already moving freight on our roads.

We are now investigating more broad-based applications of this technology on our assets.

Learnings are also being shared in North America, where we've partnered with the Virginia Tech Transportation Institute, Virginia Department of Transportation and global auto manufacturers to test road infrastructure that could support the next generation of CAV vehicles. The trial is part of a USD7.5 million grant awarded by the US Department of Transportation to advance technologies that will better enable roads to 'speak' to CAVs.

Read the research report on our website, cavs.transurban.com/automated-truck-trial

Progressing transport agendas

We're working with governments to deliver efficient transport networks that provide for cities as they grow.

With migration increasing and cities growing again, Transurban continues to work with governments to support the delivery of new and upgraded infrastructure.

In Australia, this year we delivered the new 7.5-kilometre WestConnex M4-M8 link tunnels in Sydney. The then-NSW Premier Dominic Perrottet joined the opening celebrations and thanked the 65,000 workers and tradespeople who worked on the entire WestConnex project.

The importance of WestConnex in providing an efficient transport network to support livability and economic benefits will only increase. Western Sydney is the third-largest economy in Australia, behind the Sydney CBD and Melbourne, and has one of the largest-growing urban populations in Australia. The region's population is projected to reach three million by 2036, absorbing two thirds of population growth across Sydney[1].

With the new Western Sydney Airport set to open in 2026, our proposal to widen the M7 Motorway and connect with the new M12 Motorway in Western Sydney received Stage Three approval from the NSW Government. The $1.7 billion project will support Sydney's growing population with safer, faster and more reliable travel, making it easier for communities and businesses to connect.

Work is progressing well on the West Gate Tunnel Project in Melbourne, with Victorian Premier Daniel Andrews and Minister for Transport and Infrastructure Jacinta Allan joining with us to celebrate the completion of tunnelling in FY23. The Premier and Minister highlighted the benefits the project will bring Victorians and acknowledged the thousands of workers who have seen the project rapidly progress over the last year. With tunnelling and portal excavation complete, our Mechanical, Electrical and Integration team has taken over the tunnel to deliver the fit-out.

In Brisbane, we opened our world-leading Network Operations Centre, bringing operations for all our Queensland assets under the one roof to improve collaboration and response capability. We welcomed Queensland Transport Minister Mark Bailey

1 Australian Bureau of Statistics Census Data, 2016 to the new facility, where he spoke with our Traffic Control Room Operators about their important roles in monitoring the safety of Queensland motorists across our network.

And with the 2032 Brisbane Games on the horizon, CEO Scott Charlton highlighted the importance of the South East Queensland region at The Courier Mail's Future Brisbane event in December. Speaking to stakeholders from media, government, industry and past and present Olympians, Scott emphasised the opportunity South East Queensland has to cement itself as a truly global region, recognised for its natural assets and its built assets as well.

In November, Transurban North America celebrated the 10-year anniversary of the 495 Express Lanes, delivered as a public-private partnership with the Virginia Department of Transportation (VDOT). The initial 22.5-kilometre (14-mile) segment has grown into a 105-kilometre (65-mile) system, including 95, 395 and 495 Express Lanes and delivery projects. This collaboration with government has delivered one of the largest networks of managed lanes in the United States – a nearly USD4 billion highway-within-a-highway that keeps this large metropolitan area moving faster and more reliably.

As part of our commitment to investing in multimodal transportation for Virginia, in partnership with the VDOT, we made our fourth annual contribution of USD15 million to the Northern Virginia Transportation Commission's Commuter Choice program, helping improve transit services for the communities we serve.

Since 2019, we have invested more than USD60 million in regional transit improvements from Express Lanes toll revenue via Virginia's Commuter Choice Program.[1] This investment extends our commitment to support expanded bus routes and new fleets, commuter parking lot expansions, commuter incentive programs and more.

Sharing our insights

An average 2.4 million trips are made on our Australian and North American roads daily, and each trip contributes to the productivity and liveability of our cities. The travel data we collect helps us improve our roads and support our cities as they change over time. Our data also reveals a lot about how cities grow and function, and we share this information and insights – along with our regular mobility trends and safety research – with governments and industry partners via our Insights Hub.

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

1 *The program promotes multimodal investments along our 395 and 95 Express Lanes corridors*

Contributing to policy development

As one of the world's leading toll road operators, we have unique insights into how people move around cities, now and into the future. From road safety to the workforces that underpin our infrastructure pipelines and the future of road funding, we share our valuable insights and contribute to policy discussions with our government and industry partners to ensure people can travel safely and efficiently for decades to come.

In FY23, our CEO Scott Charlton was among 143 guests invited to take part in the Federal Government's historic Jobs and Skills Summit. Joining representatives from government, employers, industry groups, unions and the broader community, Scott participated in discussions about Australia's employment, growing productivity, equal opportunities and pay for women, sustainable wage growth, skills and training, skilled migration, and future industries.

A key Transurban focus was the need to increase skilled migration, particularly to support Australia's infrastructure pipeline and address business' growing demand for technology roles.

Following the Jobs and Skills Summit, we submitted an Employment White Paper to the Federal Government. Our paper called for solutions that will support our delivery partners, including structuring projects to better support lower-tier design and construction companies to build capability, a more coordinated pipeline across federal and state governments, and bolstering Australian manufacturing.

FY23 also saw the International Monetary Fund (IMF) ask us to contribute to its annual reporting on Australia's economic conditions and financial policies. As part of this process, we provided valuable insights on topics of interest identified by the IMF, including economic growth, inflation, interest rates, the construction sector outlook, supply chain issues, wages and workforce constraints.

Despite global challenges (page 18), we were able to point to recent traffic data to demonstrate the resilience of Transurban's business and the Australian economy more broadly. These discussions ultimately informed the IMF's annual 'Article IV' report on Australia's overall economic outlook and financial policies, released in February 2023.

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

An independent review is underway in NSW examining toll roads across Sydney, and will make recommendations to the government on how the network can deliver even greater efficiency, fairness, simplicity, and transparency. We welcome the opportunity to highlight the value Sydney's motorways bring to motorists and the city and have a long track record of working collaboratively with our partners and governments. We have provided a submission to the review and have presented on Sydney's toll roads at a public hearing in July.

IMF meeting with Transurban. From left: Transurban CFO, Michelle Jablko; IMF Economist, Nour Tawk; IMF Article IV Deputy Mission Chief, Evan Papageorgiou; IMF Economist Pragyan Deb; and Transurban Group Executive Victoria and Strategy, Henry Byrne

Future-ready roads with autonomous freight trials. Read more on page 32

Advocating for safer roads

Road safety is an ongoing focus for Transurban and our government and industry partners. In FY23 we shared our insights to contribute to the safety and performance of the overall network, beyond our own roads.

In NSW, our submission to the Joint Standing Committee on Road Safety's (StaySafe Committee) *Inquiry into speed limits and road safety in regional NSW* included insights gathered from industry conversations and our own data, including the importance of speed limit enforcement, driving safely around work zones and the benefits of variable speed limits on some roads.

In Victoria, we contributed to the Legislative Assembly Economy and Infrastructure *Committee's Inquiry into the impact of road safety behaviours on vulnerable road users.* As part of our submission, we shared research on vulnerable road users from the Transurban Road Safety Centre at NeuRA, including recent studies on motorcycle design, car seat installations and comfort accessories for older drivers.

And with road worker safety remaining a key priority, we worked closely with Roads Australia on new Road Worker Safety Industry Guidelines, that encourage the industry to go beyond the minimum standards and improve safety for people who work in or near live-traffic environments.

In Queensland, we were invited to participate with other industry leaders in the Queensland Road Safety Round Table hosted by Queensland Transport Minister Mark Bailey which identified the importance of upgraded managed motorways, speed compliance, driver education and awareness.

As part of this focus on road worker safety, we also supported the Queensland Government's new 'move over, slow down' rule, which came into effect in FY23. The new law requires motorists to move over a safe distance and make a reasonable attempt to slow down when driving past roadside crews who are displaying red, blue or yellow flashing lights. Transurban raised awareness of the new rule via media and social media, with our incident response crews providing first-hand accounts of working on the road network.

Among the many events to mark 2023 National Road Safety Week, we were pleased to host an important stakeholder tour of the Transurban Road Safety Centre at NeuRA. With our ongoing partnership with NeuRA, we welcomed members of the Parliamentary Friends of Road Safety group, along with leading road safety officials from Victoria, Queensland, and New South Wales to the centre, where they learned about NeuRA's life-saving research into measures that can be taken to reduce trauma and deaths on Australian roads.

"What a magnificent facility. It would be imperative for every member of the Parliament to get out here and actually see what goes on here, particularly around impacts with children in car seats, and as a grandparent this has really opened my eyes even further"

– Senator Glenn Sterle (Parliamentary Friends of Road Safety Chair)

Political contributions

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

In Australia, we engage with political representatives through multiple avenues, including our membership of business forums associated with both sides of politics. In FY23, we spent $64,500 participating in events relevant to our business. A similar bipartisan approach is taken in the United States, resulting in USD124,500 spent in FY23. In Canada, contributions are prohibited and accordingly none were made. All contributions are disclosed in line with relevant government and regulatory requirements.

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

We have been researching automated driving systems (ADS) and connected autonomous vehicles (CAV) in North America for several years. Collaborating with partners, including the US Department of Transportation and Virginia Tech Transportation Institute, our work is helping prepare for the future of travel. Most recently, our innovation team is focusing on demonstrating ADS capabilities and identifying challenges for road safety and efficiency. For example:

- how autonomous vehicles interact with public safety officials
- how to ensure accessibility for people with disability
- how to give self-driving cars further instructions in situations where drivers would use sound or sight (e.g. lights and sirens).

We have identified 18 specific situations like this that require exploration and have developed simulation scenarios to test autonomous vehicles' responses. This research is scheduled to occur in FY24.

Future transport

Developing infrastructure and transport trends – from climate change to new technologies – present significant opportunities and potential challenges for governments in all our markets. Transurban continues to contribute to discussions about how cities can futureproof transport networks, so they serve communities now and for decades to come.

With the impacts of climate change already being felt around the world, Transurban responded to the Federal Government's *Inquiry into the implications of severe weather events on the national regional, rural, and remote road network.* Our submission focused on efforts to decarbonise our business, and detailed how we build and operate infrastructure that is resilient to extreme weather events by considering climate change at every stage of project development – from planning, through to design and construction.

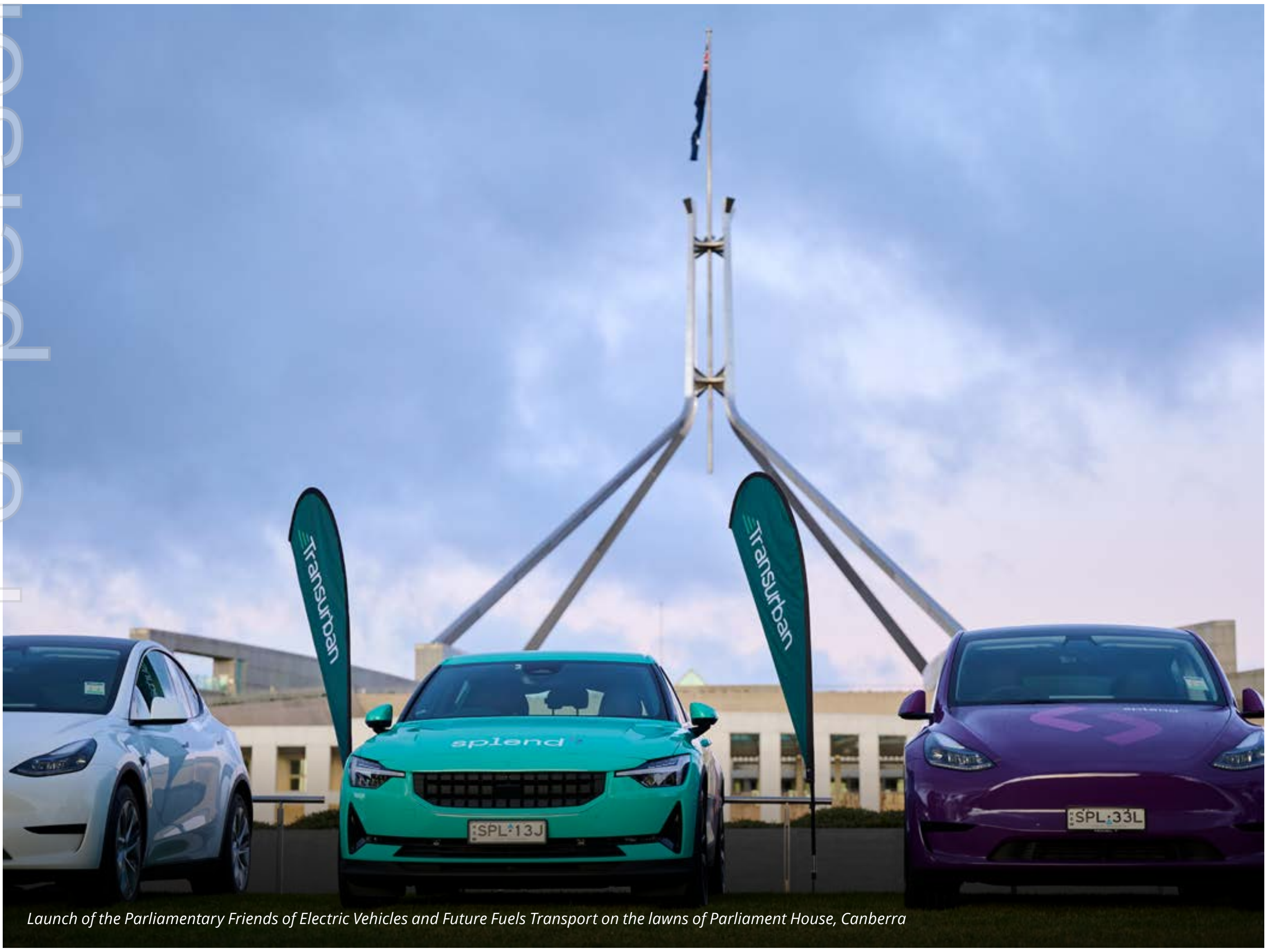
We know EVs are crucial in tackling greenhouse gas emissions, and in FY23, Transurban welcomed the opportunity to participate in the consultation process for Australia's first National Electric Vehicle Strategy, supporting the Federal Government's ambitious plan to increase the supply, affordability, and uptake of EVs in Australia.

With the number of EVs on Australian roads almost doubling over the past year, our submission noted the shift to EVs has added to public debate about the impact of declining fuel excise revenue. Transurban has long advocated for a fairer and more sustainable transport funding model in Australia to replace the current system, and our submission included insights about how this might work, based on research and road user studies Transurban has conducted in Australia and North America.

And as part of our EV advocacy efforts, we supported the launch of the Parliamentary Friends of Electric Vehicles and Future Fuels Transport on the lawns of Parliament House in Canberra. We hosted this event in partnership with the Electric Vehicle Council and Origin Energy, providing an opportunity for Members and Senators to meet with representatives of Australia's EV sector and see some of the latest EV offerings. Parliamentary Friends of Electric Vehicles and Future Fuels Transport is co-chaired by Dr Michelle Ananda-Rajah, Federal MP for Higgins, and Dr Monique Ryan, Federal MP for Kooyong. The group was officially launched by Chris Bowen, Minister for Climate Change and Energy.

Recognising that Transurban has some of the most technologically sophisticated roads in the world, CEO Scott Charlton joined other business leaders for a discussion on critical technologies with the Federal Minister for Science and Industry, Ed Husic. Our contribution included an overview of new technologies that help our customers travel more safely, quickly and efficiently, and our thoughts on the business community's appetite for investing in innovation.

As part of our commitment to critical technologies, we supported the release of the Responsible AI Index 2022, which measures and tracks how well Australian organisations are designing and implementing AI systems, with a view to fairness, accountability, transparency, and impact on people and society. Now in its second year, the study was conducted by Fifth Quadrant CX, led by the Responsible Metaverse Alliance, supported by Gradient Institute and sponsored by Transurban and IAG.



Launch of the Parliamentary Friends of Electric Vehicles and Future Fuels Transport on the lawns of Parliament House, Canberra

Read how Transurban's strategy creates value for our investors (page 4)

Investors

FY23 was a year of continued strength due to increased traffic, progress of our key projects, the strong fundamentals of our business and our attractive debt profile.

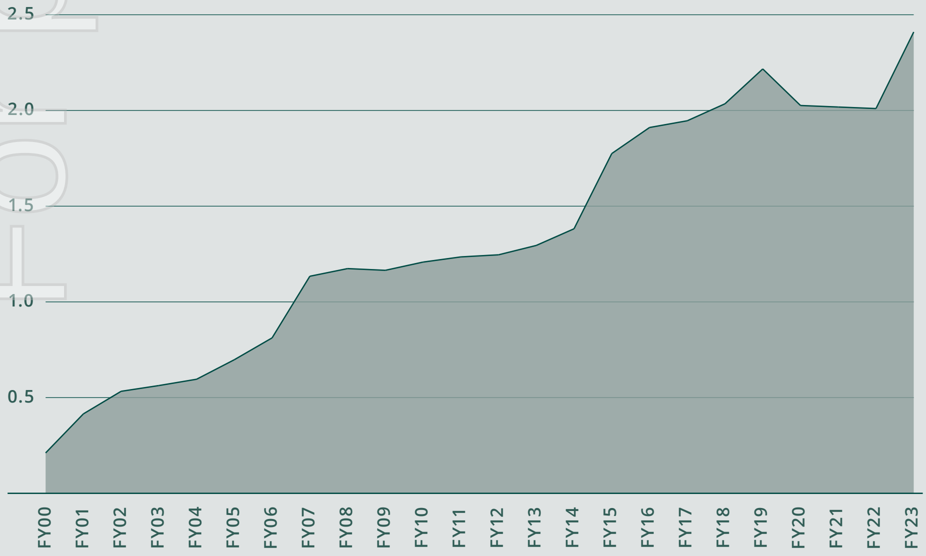
We saw record levels of traffic across most markets flowing through to record revenue and full year EBITDA.

Several project milestones were reached including delivery of WestConnex's M4-M8 link, tunnelling and portal excavation on the West Gate Tunnel Project, commencement of preliminary works on the M7-M12 Integration Project in Sydney, with partial opening of the 16 kilometre Fredericksburg Extension in Northern Virginia imminent.

Our full-year distribution of 58 cents per stapled security was up more than 40% on FY22, and 97% covered by Free Cash.

As inflation and interest rates increased, we benefited from 68% of our tolls being linked to CPI. Furthermore, 50% of revenue escalates by more than 4%. Our cost of debt remained broadly stable at 4.1% due to our hedged long-term debt and refinancing activities.

Figure 5: Group Average Daily Traffic by year (FY00–FY23)



$1.61B

distributions to security holders[1]

$7.7B

raised in bank and capital markets debt[2]

2nd

highest-rated publicly-listed company globally – Global Real Estate Sustainability Benchmark for Infrastructure (2022)

UN SDGs relevant to this section

1 *Total net FY23 distribution*

2 *Calculated at 100% of the debt facility size, exclusive of issued letters of credit*

Creating value for our investors

WestConnex – Creating long-term value for our stakeholders

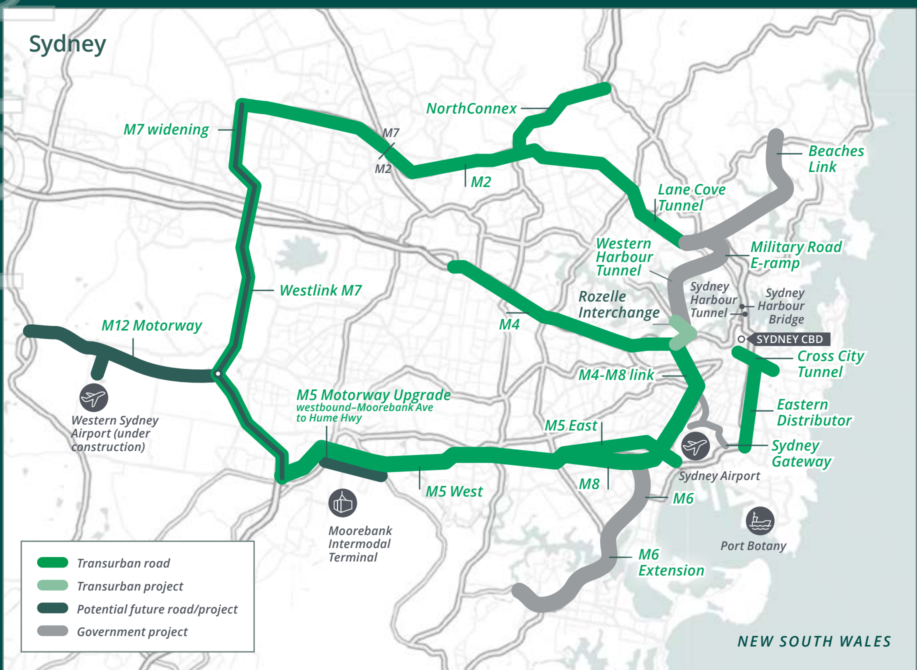
WestConnex is the largest single road project in Australia's history and one of the largest road infrastructure projects in the world. A key component of the NSW Government's integrated transport plan, it is also an example of how we operate with patience, insight and discipline, working closely with government and other stakeholders to create value over time.

Set for completion in FY24, WestConnex has fundamentally changed the way people and freight move around Sydney. Western Sydney is the third largest economy in Australia and has one of the fastest growing urban populations in Australia. Its population is projected to reach three million by 2036 and absorb two thirds of the population growth in the Sydney region.[1]

The NSW Government originally announced the WestConnex project in 2012. Transurban recognised WestConnex's potential as a world-class asset and proposed various project solutions to the government during the planning phase.

"A transaction like this was never going to happen overnight, and it is a great example of the patient and disciplined approach that we take to every investment opportunity. Now as 100% owner of WestConnex, with our partners, we have the privilege of operating this asset for the next 40 years."

Scott Charlton – Transurban CEO



This foresight and consultation meant Transurban, working closely with our partners in the Sydney Transport Partners (STP) consortium, were well-positioned and ultimately successful bidders when the NSW Government announced its plan to sell its 51% majority interest in the project in 2017.

In 2021, the STP consortium was also successful in acquiring the remaining 49% of WestConnex, increasing STP's ownership to 100%. Transurban owns 50% of STP and operates the WestConnex assets. Several of the STP partners also co-invest with Transurban in other Transurban assets. They are all long-term investors and are well aligned on the importance of working with a broad range of stakeholders to ensure the asset is delivering value well into the future.

Now, more than 275,000 people travel WestConnex every day and, when complete, WestConnex will provide motorists with a continuous, 33-kilometre traffic light-free motorway network, with connections for future government road projects linking the north shore, Sydney airport and the southern suburbs. These projects represent almost $15 billion of road infrastructure connected to WestConnex, scheduled to open over the next five years.[2]

The value to our customers of safer, faster and more reliable travel are expected to increase as additional road infrastructure is completed and connected into our assets, leading to growth in traffic over time. For Transurban and our investors, the asset is expected to deliver long-term value due to its long remaining concession life, traffic resilience and regional population growth.

1 *NSW Department of Planning and Environment, Population Projections, 2022. NSW Budget 2022-23*

2 *Infrastructure Partnerships Australia, Australia New Zealand Infrastructure Pipeline*

How we measure financial performance

Free Cash Flow

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

Proportional EBITDA

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

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

Traffic performance in FY23

Group traffic performance reached record levels in FY23, increasing almost 20% from the prior year. All markets contributed to the uplift, with several markets also recording record traffic for the year.

Orbital and airport routes showed growth with CBD assets remaining softer in comparison. Weekend traffic remained elevated during the year and large vehicle traffic has remained resilient across FY23 in all markets with record freight demand and e-commerce movements remaining elevated.

Delivering for investors

Transurban distributed $1,785 million to security holders in relation to FY23. We also continued to invest in the long term growth of the business, progressing our pipeline of projects and strategic opportunities. Through FY23, Transurban has continued to actively manage its balance sheet, maintaining a relatively stable cost of debt in a higher interest rate environment and providing optionality to pursue near and longer-term growth opportunities.

Positive trends in traffic performance, inflation linked price escalations and project delivery, together with a robust Group balance sheet, provides a meaningful base for Free Cash growth over the medium to longer term.

Our investment proposition

Positive traffic movement
Traffic growth supported by market demographics and population growth in urban areas

High quality portfolio of assets
Five diverse geographies, containing 22 high quality assets deliver underlying Free Cash to support distributions

Inflation linked toll escalations
Embedded inflation escalations across 68% of toll revenue support EBITDA and Free Cash over the life of the concession

Project pipeline supports long term Free Cash growth
Projects, including Fredericksburg Extension, West Gate Tunnel, 495 Northern Extension, M7-M12 Integration Project, are expected to support longer term Free Cash growth

Investment in capability
Targeted investment in early-stage development projects, technology, customer platforms and people

Balance sheet management provides near-term interest rate protection
Active balance sheet management and hedging provides near-term protection and limits volatility

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

Climate change disclosure

Climate change influences our business and operations now – and will continue to do so into the future. We are committed to transition our business to net zero emissions by 2050 and are implementing broader business resilience and adaptation measures across our assets and projects.

We have been an early adopter of Taskforce on Climate-Related Financial Disclosures (TCFD) aligned analysis and reporting, with this being our fifth disclosure report.

Our climate change disclosure is structured around the TCFD themes; governance, strategy, risk management, and metrics and targets. We continue to consider all the TCFD's recommendations and have outlined the next steps we will be taking through to FY25 and beyond on page 42. This includes ongoing climate-related risk and adaptation assessment reviews; monitoring of climate-related metrics; and reporting and governance. This will be a consideration as part of our preparation for expected or emerging disclosure requirements, including IFRS S1 and S2. A summary of how we have addressed the recommendations is available in our FY23 Sustainability Data Pack.

Key achievements and progress for the year, as well as energy and GHG emissions targets can be found in our community section (page 56)

Climate change governance

Board oversight of climate change

Transurban's Enterprise Risk Management (ERM) Framework guides the identification of climate-related threats and opportunities, which are overseen by the Board's Audit and Risk Committee (ARC). The ERM Framework outlines the methodology to identify, assess, and govern material physical and transition risk, and ensure the appropriate escalation for decision-making and proactive management where required.

The ARC is updated twice yearly through standard business and operational risk reporting on climate-related risks, areas of progress, emerging trends, and updates on climate-related issues.

Business governance of climate change

The broad theme of climate change is considered a strategic business risk. The responsibility for the identification and management of climate-related risks applies to all areas of the business, while the strategic response and overall direction is managed and monitored through the Sustainability and Risk teams. Additional oversight is provided by the Chief Financial Officer (CFO), General Manager of Risk and Compliance, and the General Manager of Corporate Affairs, Investor Relations and Sustainability. In developing asset-specific Climate Change Action Plans (CCAPs) we engage relevant stakeholders to help consider relevant climate-related risk (both threats and opportunities), including the associated adaptation pathways. These can then be integrated into the risk-based decision making for the continuing operations and maintenance of the asset. Figure 8 provides an outline of our business governance framework for climate change.

Transurban's cross-disciplinary Climate Change Governance Committee provides additional internal oversight of climate-related initiatives, management priorities, emerging industry trends and quarterly reporting. The Customer, Community and Sustainability Council has provided additional climate-related governance over the past year. Read more on page 56.

Several formal and informal communication channels are used to share progress and understand the views of our security holders. In FY23, our half year and Investor Day presentations incorporated a range of related ESG topics, including our pathway to net zero.

Read more in our investor centre, transurban.com/investor

Figure 6: Climate Change Framework

Transition to net zero

Energy	Low-carbon supply chain	Customer emissions	Roadside regeneration
Energy efficiency upgrades	Low-carbon materials	Customer engagement on fuel and emissions reduction	Improve vegetation and biodiversity within our alignments
Onsite renewables	Circular economy	Support the uptake of zero-emission vehicles	Green infrastructure
Renewable energy agreements	Partnerships and engagement		

Resilient infrastructure and operations

Climate risk integration	Asset and business adaptation	TCFD alignment
Embed relevant climate projections and associated risks (threats and opportunities) within processes and systems	Scenario analysis	Climate risk impact assessments
	Asset-specific Climate Change Action Plans including adaptation pathways	Integration with financial systems, processes and reporting
		Ongoing review, monitoring and reporting

Training and capacity building

Governance

Climate-related risk oversight by the Transurban Board's ARC	Twice-yearly updates provided to the ARC, Transurban Board and subsidiary Boards on climate-related aspects	Internal Climate Change Governance Committee and Customer, Community and Sustainability Council provides oversight and guidance on business-wide implementation of the Framework

Climate change strategy

Our strategic response to climate change

We continue to evolve and mature our response to climate change, and manage the associated impacts across our operations, organisational strategy, financial planning, and major construction and development projects.

Our Climate Change Framework (Figure 6) summarises our approach to climate change, our transition to net zero and creating resilient-infrastructure and operations. For a summary of our climate-related strategic risks (threats and opportunities), see Figure 11 (page 45).

Our commitments, targets and initiatives are underpinned by our business-wide Sustainability Strategy. Figure 10 (page 42) summarises our priority areas for the business to manage climate-related physical and transition risk.

Impacts on our organisation

Our infrastructure will likely face a range of climate-related physical and transitional risk drivers, both acute and chronic, which may lead to financial, operational, and service delivery impacts. A range of short, medium and long-term climate-related impacts have been considered across our organisation and are being regularly monitored. These include transitional risks such as changing stakeholder, regulatory and political environments, as well as acute physical events such as extreme weather linked to bushfire or flooding. At this stage, our organisational strategy is not expected to be materially impacted across short and medium-term time horizons. In the longer-term we will likely be affected by both acute and chronic physical events, given these impacts are projected to be more severe and impactful over time. We recognise it is important to also consider the potential implications of the accumulation of events and the interrelation of different events, such as sea level rise and storm surge.

To ensure we capture the evolving climate science projections and emerging market and regulatory trends, continued climate-related assessments and ongoing monitoring are required. We continue to be guided in this process by our Climate Change Framework and CCAPs which help to identify our priorities for resilient infrastructure and operations across short, medium and longer-term time horizons.

Testing resilience through climate-related scenarios

Our 2030 decarbonisation targets are validated by SBTi as aligned with limiting climate change to 1.5-degrees, while our 2050 net zero target is currently with SBTi for review. Within the business, we use three climate scenarios associated with global temperature increases to test possible future conditions (Figure 7).

We have considered each of these scenarios to understand the possible short, medium, and longer-term impacts to our organisational strategy, major projects, and operational assets. The scenarios align with TCFD recommendations, the Australian Government's commitments to meet the United Nations Paris Agreement, and the IPCC's Representative Concentration Pathways (RCP 2.6, 4.5, 8.5). Through implementation and use of each scenario, a consistent set of assumptions inform our risk assessment and management process. Each of the scenarios also present opportunities across the various time horizons. These include asset efficiencies through improved

Figure 7: Climate change scenarios

4°C *scenario*

Business as usual

Emissions will continue to rise with little or no shift towards a low carbon future. Physical impacts will be extreme and become more severe from 2040 onwards (aligned to RCP 8.5).

2°C *scenario*

Market-led transition

The transition towards net zero is led by the market, supported by government incentives. Net zero will be achieved around 2070 (aligned to RCP 4.5).

1.5°C *scenario*

Government-led transition aligned with Paris Agreement

Introduction of new government policies and taxes drives a rapid reduction in global emissions, achieving net zero by 2050 and avoiding the worst physical impacts (aligned to RCP 2.6).

Figure 8: Climate Change Governance Structure

Security holders

Board of Directors

Audit and Risk Committee | Nomination Committee | Remuneration, People and Culture Committee

Board reserved powers and delegation of authority

Chief Executive Officer

Executive Committee
Chief Financial Officer

Climate Change Governance Committee
This includes internal members from legal, finance, risk and compliance, strategy, sustainability, traffic, business resilience, and investor relations

Customer, Community and Sustainability Council
This includes several Executive Committee members, to provide governance and guidance for our initiatives in these areas

Asset Operations, Maintenance and Project Development and Delivery
Accountability, monitoring, implementation on our assets and projects

Our people

design, sustainable finance, adoption of innovative technology, the use of low carbon materials, and uptake of zero emission vehicles.

Read more in our FY23 Sustainability Data Pack, transurban.com/fy23-sustainability-data

Our progress in understanding financial impacts

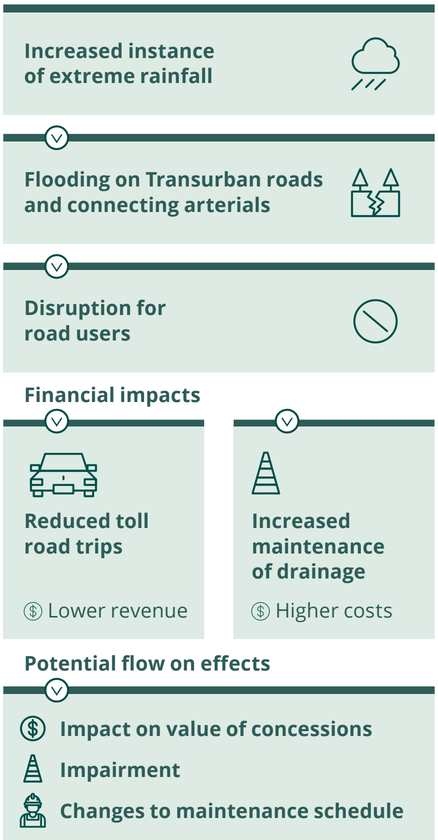
Climate change poses both a threat and an opportunity to our business. It could therefore potentially have a range of impacts on our financial performance. The extent of financial impacts on our business relies on our organisational response to the various risks and associated adaption pathways identified, continued integration of climate-related risk with our operational and financial processes, and our effectiveness in capitalising on emerging opportunities. Our current understanding of climate-related financial risk is that climate change may have an impact on one or more of the TCFD's four major financial categories (revenues, expenditures, assets and liabilities, and capital and financing) particularly over the long-term. We have previously mapped the potential climate-related financial impacts on our business against these categories.

In FY22, we engaged a climate specialist to undertake a qualitative review and assessment of priority climate risk drivers to understand the potential materiality across the organisation associated with physical climate change impacts. This study has informed a broader financial climate-related assessment, which will help us to define key financial metrics associated with our material climate-related risks.

As part of the study, we mapped at a high-level the potential financial impact flow, intermediate implications, and associated outcomes which could affect our financial performance or position. An example of a climate-related logic map is illustrated in Figure 9 for the risk of increased instances of extreme rainfall. We will continue to investigate these potential impacts over the coming years.

To measure the potential quantitative or financial impacts of climate change we are taking a phased approach. In the first phase we are developing a methodology for measuring the potential quantitative, or financial impacts, of climate related risks by analysing the actual direct financial impacts of a recent acute weather event, the La Niña flood event in Queensland, on two local assets, AirportlinkM7 and Gateway Motorway. This methodology will then be progressively applied across other assets.

Figure 9: Example climate-related logic map for increased instance of extreme rainfall



The second phase will be to determine the potential financial impacts of climate change across all the Group's assets, applying both qualitative risk data from the CCAPs completed as well as science-based climate assumptions. We are currently finalising our review of the La Niña flood event in Queensland and this work has indicated that the flood event itself was not material to the financial performance or position of the assets reviewed. However, the analysis has highlighted that the financial impacts were highly asset and event specific and therefore do not provide a measure of the potential financial impacts of future events on the Group's assets. The second phase of our work is expected to be completed by FY25 and will enable the Group to assess the potential financial impacts of climate change across the Group.

Group financial statement climate-related considerations

We have considered the potential financial reporting impacts and disclosures related to climate change in our financial statements, with reference to the Australian Accounting Standards Board (AASB) and the International Accounting Standards Board Practice Statement 2: Making Materiality Judgements (PSA/PS 2) which summarises the best practice interpretation of materiality in the context of the financial statements.

In FY23, we have updated our largely qualitative consideration of the potential financial reporting impacts to the Group's financial statements from the climate-related financial risks identified, through analysis of the studies and engagement activities conducted during the period, including the additional CCAPs and the financial impact assessment of the La Niña rainfall event on Gateway Motorway and AirportlinkM7. The research and discussions with external advisors to date continue to indicate that the key potential impact areas may include impairment of assets, maintenance provisions as well as expenses.

We note that our financial statements include assets and liabilities supported by cash flows that extend into the medium and long term, and climate change could have financial impacts particularly over the long-term that may impact our financial statements. While our qualitative analysis of financial risk at the date of this report has not highlighted material financial reporting impacts, further work is required to better understand the potential financial impacts and therefore financial reporting impacts. The financial impacts analysis performed in FY23 did not identify material financial impacts from the La Niña rainfall event. Further analysis is required however to be able to conclude on the financial impacts of climate change risks into the future.

As we better understand the potential financial impacts of climate change risks where these could give rise to material financial impacts, we will seek to update the assumptions underlying our financial models to reflect these risks. We will also consider the potential impacts of the recently launched IFRS's standards for future disclosures.[1]

1 *IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information; IFRS S2 – Climate-related Disclosures*

Figure 10: Our transition plan including climate-related risk management priorities across short and longer-term time horizons[1]

FY23 | FY24 | FY25 | FY30 | FY50

Climate Change Framework priority areas

Transition to net zero[2]

Scope 1 and 2 science-based emission reduction target: 50% reduction by 2030

Transition to zero-emission Transurban fleet; contractor targets for fuel efficiency and transition to zero-emissions vehicles by 2030; pursue North American market renewable energy strategy; ongoing tunnel ventilation optimisation and lighting upgrades; and installation of more onsite renewables on a case-by-case basis

Scope 1 and 2 emission reduction target: Expected initiatives to reach net zero

100% renewable electricity use; and eliminate residual fuel usage through electrification across direct and contractor operations

Scope 3 science-based emission reduction target: 55% reduction in emissions intensity across major construction and development projects by 2030, 22% reduction in emissions intensity across purchased goods and services by 2030[3]

Engage supply chain on commitments to renewable energy and science-based targets; increase availability and use of low-carbon and circular materials; enhance major project specifications; and industry engagement and partnerships

Scope 3 does not include customer emissions. We are encouraging customers to reduce these through eco-driving and zero-emission vehicle uptake initiatives

Scope 3 emission reduction target: Expected initiatives to reach net zero

Electricity grid transition to renewables; accelerated uptake of low-carbon materials; supply chain minimum contract requirements; partnerships to drive sectoral transition; and carbon offset where residual emissions cannot be avoided

Resilient infrastructure and operations

Climate resilience training and capacity building

Develop and implement training module for select project teams

Financial physical climate risk and adaptation assessment

Measure and quantify the identified long-term impacts of the climate-related risks and adaptation measures

Continued integration into business operations

Development of climate-related metrics across our asset lifecycle models and traffic models to continuously improve business resilience and future climate-related projections

Asset-specific Climate Change Action Plans

The CCAPs will include a risk and adaptation assessment, defined adaptation pathways, broad financial implications and triggers and thresholds

Broader road infrastructure assessment and enhancing resilience

Undertake an analysis of the broader arterial road system to understand potential hotspots which could impact our asset operations as a result of extreme weather events. Work with key external stakeholders to undertake mapping where our assets interface with others and encourage mitigation and adaptation (where applicable)

Ongoing climate-related risk and adaptation assessment reviews; monitoring of climate-related metrics; and reporting and governance

FY23 | FY24 | FY25 | FY30 | FY50

1 Time horizons indicate EOFY and are not to scale
2 All GHG targets are relative to a FY19 base year. For further information on our reporting approach (including our approach to SBTi) see our FY23 Sustainability Data Pack
3 For all Scope 3 boundaries, please see the FY23 Sustainability Data Pack

Climate change risk management

Climate change is considered a strategic business risk and its consideration is embedded across the business. We identify and manage climate-related risks through our business-wide Climate-related Risk and Adaptation Guideline. Aligning with and supporting Transurban's enterprise approach to risk management, the Guideline describes the process we use to identify, assess, manage, and escalate climate-related risks and document them in asset-specific CCAPs which ensures we are operating as a business within our risk appetite. We continue to develop asset-specific CCAPs for our operational assets in each market. For the complete CCAP list, please see the FY23 Sustainability Data Pack. We have also integrated climate-related risk as a consideration within our Strategic Asset Management and Operations Plans, as well as at a business and strategic level. These plans are also integrated into our business resilience activities and enable teams to exercise and enhance their response to climate-based disruption events.

Given climate change risk continues to evolve, it is essential to monitor emerging trends. We do this through our Enterprise Risk Management Framework and ongoing monitoring of our climate-related metrics.

We continue to monitor the regulatory environment and our supply chains to ensure that assumptions and potential impacts remain up to date with national trends, and latest physical climate science.

Four strategic climate-related threats and two opportunities (summarised in Figure 11 on page 45) inform our Climate Change Framework (Figure 6, page 39).

For new assets, we endeavour to include contractual requirements to undertake a climate change risk assessment, consider the impact of design and construction on the environment, and achieve third-party sustainability performance ratings. All major construction and development projects are required to achieve at least an 'Excellent' IS rating (Australia) or 'Envision' sustainability rating (North America) through design and construction. Specific requirements for climate risk and adaptation are included in the ratings tool, which drives projects to deliver innovative and resilient infrastructure under a worst-case scenario of approximately four degrees (Celsius) of warming by 2100. Within our supply chain, we regularly engage with major suppliers to disclose GHG emissions, reduction targets and outcomes via CDP. Our top 100 suppliers (by spend) participate in the program.

This group represents more than 60% of our emissions from purchased goods and services.

Read more about how we're decarbonising construction (page 71)

Managing strategic climate-related risks

The strategic climate-related risks and our responses are outlined in Figure 11 on page 45. The six themes represent the most material and relevant potential impacts to our organisation and business operations across our three climate change scenarios. We consider possible threat and opportunity impacts across different time horizons, the consequence and likelihood the risk will be realised, the relationship with our organisational strategy and financial systems, and the effectiveness of existing controls. Our management response provides commentary of the interdependencies across the strategic risk themes, and the relevant financial category which could impact our financial processes. Each risk theme is supported by detailed control and management measures at the organisation and asset levels where applicable.

The M2 was awarded an 'Excellent' rating for IS Operations by the Infrastructure Sustainability Council

AirportlinkM7, Brisbane

Queensland climate risk assessments

Climate projections indicate that Queensland may be impacted severely by climate change. Brisbane is projected to have intense and widespread climate events, including intense storms and rainfall, rising sea levels and heatwaves.

Building on the CCAPs completed in FY22 for Gateway Motorway and Legacy Way, this year we completed CCAPs for remaining Queensland assets – AirportlinkM7, Clem7, Go Between Bridge and the Logan Motorway. In line with RCP 8.5 at 2030, 2050 and 2090 and our Enterprise Risk Framework, we assessed the worst-case scenario to ensure a high level of resilience across our assets. Climate impacts considered included:

- hot days and heatwaves
- rainfall and flooding
- bushfire weather
- sea level rise
- cumulative climate change impacts inclusive of transition risk.

The process was facilitated by an independent consultant and involved Transurban employees with knowledge of operations and asset construction, as well as risk and sustainability representatives. Several risks were identified, including the impact of hot weather days and flooding events on our people, customer vehicles and technology services.

Building on the risk register and adaptation options identified, additional adaption pathways workshops were undertaken to identify the optimal scale and timing of key adaptation actions, and to understand their potential thresholds and triggers for implementation over the operational life of the asset. For example demonstrating how Transurban can maintain safe, profitable, and successful operations of AirportlinkM7 given the projected sea level risk.

The output of these workshops was two adaptation pathways, which determined adaptation action implementation across the short, medium, and longer-term time horizons, to incorporate flexibility into decision-making and account for future uncertainties.

Adaptation actions to address key risk areas have been developed to ensure that relevant and practical mitigation measures are implemented. Effectiveness and progress will be reviewed as part of our annual risk review process. We will also monitor indicators, such as vehicle breakdowns in extreme weather, which will provide insight into whether additional adaptation actions should be implemented.

Read more in our FY23 Sustainability Data Pack, transurban.com/fy23-sustainability-data

Figure 11: Our strategic climate-related risk response

Threats

Threat 1:
Unexpected changes to stakeholder expectations, government policies and regulations in relation to climate change create an unfavourable operating environment, impacting our reputation and financial performance

Relevant financial category[1]	Revenues, expenditures, assets and liabilities, capital financing
Relevant climate-related risk category[1]	Acute and chronic physical risk, policy and legal, market, reputation
Potential business impacts	• Changes to infrastructure approval and concession deed requirements. • Increased capital expenditure and operating costs. • Increased risk of litigation associated with emissions and our contribution to climate change. • Introduction of more stringent lending requirements. • Community concern related to emissions affect travel and choice of transport method. • Global supply chain impacts from carbon pricing, extreme weather events, pandemics (such as COVID-19) and resource constraints.
Our management response	• Interim (2030) and long-term (2050) GHG emission reduction targets for 2030. • In FY23, 80% of our electricity needs were met through renewable energy (all markets are now procuring a percentage of renewable electricity). • Continuing to pursue opportunities to reduce embodied GHG emissions in materials such as concrete and asphalt across the lifecycle of our assets. • Continuing our sustainable procurement program and supplier engagement, including mandatory annual reporting for our top 100 major suppliers via the CDP. • Ongoing monitoring of environmental and climate-related litigation cases, and broader media and rhetoric such as greenwashing. • Engagement with government partners and industry to drive climate response, including contributing to discussions and strategies. In FY23, this included responding to the Federal Government's inquiries into the implications of severe weather events on the road network and supporting the Parliamentary Friends of Electric Vehicles and Future Fuels Transport. Read more on page 35. • Continuing to monitor emerging reporting and disclosure requirements including IFRS S1 and S2, proposed mandatory climate reporting (Australia) and the Taskforce for Nature-related Financial Disclosures (TNFD).

Threat 2:
Increase in incidence of severe weather events and average temperature affects lifecycle planning, disrupts operations, and increases operating costs

Relevant financial category[1]	Revenues, expenditures, assets and liabilities
Relevant climate-related risk category[1]	Acute and chronic physical risk, market
Potential business impacts	• Disruption to power supply, possibly leading to increased operating costs and increased likelihood of blackouts. • Heat-related injuries affect employee/ contractor safety. • Road user safety is affected in extreme weather events (water over road, reduced visibility). • Disruption to asset lifecycle, causing delays and possibly increasing funding allocation.
Our management response	• Adhering to and implementing robust design standards in accordance with best practice and state-mandated specifications which address weather-related impacts. • Continually monitoring asset performance, implementation of preventative and regular maintenance schedules, and ongoing asset inspections. • Undertaking ongoing lifecycle planning processes for individual assets. • Capturing existing and emerging risks, and applying mitigation measures via our HSE management and risk management systems and processes. • Applying our road safety approach which includes road safety action plans and performance measurement. • Conducting climate-related risk reviews to ensure emerging trends, threats and opportunities are captured. • Senior asset managers and operational staff upskilled through participating in climate change risk and adaptation workshops. This included adaption workshops for Queensland and select NSW assets, and the development of asset-specific climate change risks and adaptation pathways. • Reviewed the suitability of climate resilience training and commenced development of our climate change and resilience training program for additional internal stakeholders throughout the business. • Commenced detailed financial impact assessment in FY23, based on the climate-related logic maps defined this year.

1 Threats have been mapped to relevant financial and climate-related risk categories, as outlined in the TCFD Implementation Guideline 2021

Threat 3:
Macroeconomic/ land use changes, caused by climate policy, and severe weather events, alter city travel patterns, development opportunities, and toll road use impacting traffic models and revenue

Relevant financial category[1]	Revenues, expenditures, assets and liabilities
Relevant climate-related risk category[1]	Acute and chronic physical risk, policy and legal, technology, market, reputation
Potential business impacts	• Economic growth slows and affects future development/growth opportunities. • Reduction in long-term revenue as city travel patterns shift due to climate impacts.
Our management response	• Ongoing monitoring of travel patterns and patronage across the markets where we operate through our strategic traffic modelling capability. • Ongoing monitoring of our valuation and project due diligence processes. • Continuing to track national and global climate policies, changes to insurance and city planning, and the rate in which Australia and North America transition to renewables. • Commencing the first phase of detailed financial impact assessment in FY23, in response to identified threats. • Investigating and monitoring long-term transition and physical impacts across our asset operations.

Threat 4:
Access to and use of our roads and tunnels is impacted during extreme weather events and in periods of extended rain/heat

Relevant financial category[1]	Revenues
Relevant climate-related risk category[1]	Acute and chronic physical risk, reputation
Potential business impacts	• Changes to toll revenue. • Changes to traffic patterns and forecasts. • Impacts on customer safety.
Our management response	• Ongoing implementation of asset-specific CCAPs, to identify potential hotspots on our operational assets. • Ongoing monitoring of the development and implementation of resilience and adaptation plans for surrounding (non-Transurban) networks. • Commencing the first phase of detailed financial impact assessment in FY23, in response to identified threats.


WestConnex M4, Sydney

1 *Threats have been mapped to relevant financial and climate-related risk categories, as outlined in the TCFD Implementation Guideline 2021*

Opportunities

Opportunity 1:
Showcase our leadership in climate-risk management to open new market opportunities, strengthen relationships with existing government partners, and capitalise on innovation opportunities

Relevant financial category[1]	Revenues, expenditures, assets and liabilities, capital financing
Relevant climate-related risk category[1]	Acute and chronic physical risk, energy sources, products and services, markets, resilience, resource efficiency
Potential business impacts	• New market opportunities. • Favourable lending rates. • Increased trust and reputation with community and other key stakeholders. • Partnership opportunities for research and innovation.
Our management response	• Implementing Transurban's Sustainability Strategy which aligns with the UN SDGs and is focused on driving transfomative outcomes across the business (strategy addresses opportunities including energy efficiency, GHG emission reduction, and climate risk management). Read more on page 8. • Active engagement and partnering with our supply chain, government partners, and industry to enhance sustainability outcomes for our projects, assets, and communities. • Continuing to benchmark major project and operational asset sustainability performance against robust, third-party standards (pages 71 to 72). Read the FY23 Sustainability Data Pack for more detail. • Continuing to implement lower emission materials and strengthen asset resilience into the future through improved technologies and implementation strategies, as a Founding Member of the Materials & Embodied Carbon Leaders' Alliance (MECLA). Read more on pages 71 to 72. • Continuing to develop climate change risk and adaptation pathways through relevant workshops (e.g. adaption workshops to upskill Queensland and select NSW senior asset managers and operational staff). • Continue to review the development of Group-wide climate training. • Ongoing disclosure and engagement with our investors.

Opportunity 2:
Take proactive steps to reduce Scope 1, 2 and 3 GHG emissions and customer emissions, and transition to net zero

Relevant financial category[1]	Revenues, expenditures, assets and liabilities, capital financing
Relevant climate-related risk category[1]	Acute and chronic physical risk, energy sources, products and services, markets, resilience, resource efficiency
Potential business impacts	• Mitigate impacts associated with any carbon taxes and fluctuations in pricing. • Reduce operating expenditures (energy). • Demonstrated leadership in sustainability. • Improved trust and reputation with stakeholders.
Our management response	• In FY23 we achieved our 10 in 10 target – the first energy target that we set a decade ago – which committed us to 10% energy-efficiency savings by 2023 (2013 baseline). • In FY23 we achieved our 2030 50% reduction in Scope 1 and 2 GHG emissions target, seven years ahead of schedule. • We're focused on transitioning our fleet, as well as our contractors' vehicles, to electric low-emission vehicles (page 72). • Continuing to review and implement, where feasible, lower-carbon and circular materials on current and new assets. • Continue to seek opportunities to partner with our suppliers on decarbonisation strategies using low-carbon materials on Major Projects to help achieve our 2030 Scope 3 targets. For example, M4-M8 link tunnels used high supplementary cementitious material (SCM) content in concrete mixes.

1 Threats have been mapped to relevant financial and climate-related risk categories, as outlined in the TCFD Implementation Guideline 2021

Figure 12: Potential long-term impacts and actions (4°C scenario aligned with RCP 8.5 projection data)

Asset components	**Summary of projections** *(4°C scenario aligned with RCP8.5 projection data)*	**Temperature increases** *Increase in average temperatures and more frequent occurrence of heat waves*	**Extreme weather events** *Increased intensity and volatility of storms including hail, lightning, wind, and rainfall*	**Drought** *Decrease in annual rainfall resulting in extended periods of drought and subsequent increase in fire danger*	**Sea level rise** *Rising sea levels as polar icecaps melt*	**Snow and ice**[1] *Decrease in snow and ice storms due to warming temperatures*
Asset components	**Structures and surfaces**	• Accelerated deterioration of exposed surfaces and structures	• Storm surge causing damage to structures and footings • Accelerated deterioration of exposed surfaces and structures	• Subsidence following drought reduces soil stability and impacts structures • Potential fire damage to road surfaces	• Increased salinity leads to corrosion of structures and materials • Permanent inundation of footings and low-lying structures • Destabilisation due to scour	• Permanent inundation of footings and low-lying structures
Asset components	**Non-structural, roadside furniture & landscaping**	• Adverse impacts to plant health • Accelerated wear of surface coatings (e.g. paint and façade panels)	• Landslides and erosion • Damage to vegetation plantings • Hail damage to roadside furniture	• Landslides and erosion • Adverse impacts to plant health	• Flooding and damage to vegetation	• Damage to roadside furniture and landscaping
Asset components	**Drainage**	• Accelerated deterioration of exposed drainage surfaces and structures	• Reduced capacity of drains from rainfall and surrounding system overload • Localised flooding on the network	• Sediment build up as average rainfall decreases • Potential fire damage to drainage surfaces and structures	• Reduced capacity of drains because of water backflow • Reduced ability to discharge water from water treatment plants	• Reduced capacity of drains due to additional runoff and less frequent snow/ice events
Asset components	**Technology/ electrical**	• Failure of equipment in extreme heat and due to temperature fluctuations	• Failure of equipment due to blackouts or damage from lighting/power surge	• Potential fire damage to ITS components	• Potential damage to ITS components	• Potential damage to ITS components

1 Applicable to our North American market only based on a preliminary assessment

Examples of current controls	Actions for consideration over short and medium-term time horizons
• Existing design standards (e.g. design for 1 in 100-year flood) • Operations, maintenance and engineering-related management plans, procedures, and systems in place for structural deterioration, changes, or disruption • Preventative and regular maintenance schedules • Asset-specific lifecycle models • Engineering inspections of structures	**Short term** – Progressively implement asset-specific adaptation plans (CCAPs). – Develop Pavement Strategy and incorporate climate projections. – Monitor the asset elements' vulnerability to the climate context and incorporate into the asset lifecycle model. **Medium-term** – Explore opportunities for smart monitoring systems.
• Management plans, inspections and preventative and regular maintenance schedules • Investigations into alternative, more resilient construction materials • Existing design standards which our assets are designed to • Regular arborist reviews across vegetated areas • CCTV camera and operator monitoring to track any damage	**Short-term** – Progressively implement asset-specific adaptation plans (CCAPs). – Monitor the asset elements' vulnerability to the climate context and incorporate into the asset lifecycle model. **Medium term** – Continued investigations into alternative, more resilient construction materials.
• Existing design standards that account for a 1 in 100 year flood • Incident response and road safety management processes • Preventative and regular maintenance schedules in place • Engineering inspections in place	**Short term** – Progressively implement asset-specific adaptation plans (CCAPs). This will consider the impact of flooding events and sea level rise on current drainage systems. – Monitor the asset elements' vulnerability to the climate context and incorporate into the asset lifecycle model. **Medium term** – Model longer-term impact associated with rainfall and extreme weather events across the broader networks.
• Existing design standards and broader design considerations (eg location of equipment being east or west facing) • Ruggedised roadside equipment types are considered for newer installations • Essential supplies for majority of our assets are backed by UPS and generators • Temperature monitoring and automatic alarms are enabled at some mission critical systems such as tolling technical shelters	**Short term** – Progressively implement asset-specific adaptation plans (CCAPs). – Monitor the asset elements' vulnerability to the climate context and incorporate into the asset lifecycle model. **Medium term** – Consider design of critical roadside equipment to be more resilient to the impacts of lightening for future installations.

Long-term asset impacts, controls and actions

We have analysed possible long-term threat and opportunity impacts across individual asset components using the most extreme climate projections aligned with a 4°C 'business as usual' scenario and identified potential impacts likely to occur from now until 2100 (aligned with RCP8.5). The climate projections align with the latest data published by the IPCC and aligns with RCP8.5 projection data. The analysis combines market-specific data which capture differences across asset locations and the broader markets where we operate.

Our assets are designed and delivered in accordance with industry best practice and state mandated specifications which address weather-related impacts. As a result, our assets have a strong level of resilience incorporated into their design. A long-term timeframe and extreme climate scenario have been used given the forecast useful life of infrastructure assets, our long operational concession periods, and the opportunity to capture and prepare for worst-case climatic changes. These potential long-term impacts and control measures will be incorporated into asset-specific adaptation plans over the coming years. Figure 12 summarises the possible long-term impacts, current controls and any short-term actions required to better understand or manage each respective risk. This information informs part of our climate risk management process and broader Climate Change Framework (Figure 6).

A detailed breakdown of our TCFD response to metrics and targets, as well as our TCFD Index, is available in our FY23 Sustainability Data Pack, transurban.com/fy23-sustainability-data

FY23 financial performance highlights

Key metrics

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

Financial metrics		FY22	FY23	% change[1]
Proportional toll revenue	$ millions	2,626	3,314	26.2%
Proportional EBITDA	$ millions	1,900	2,448	28.9%
Statutory revenue	$ millions	3,406	4,157	22.1%
Statutory NPAT	$ millions	16	92	429.9%
Statutory cash flow from operating activities	$ millions	982	1,459	48.6%
Free Cash (incl Capital Releases)	$ millions	1,531	1,726	12.8%
Gross distributions	$ millions	1,259	1,785	41.8%
Distributions per security	cps	41.0	58	41.5%

		FY23	FY22
Capital releases	$ millions	27	355
Proportional drawn debt	$ millions	24,007	23,574
Proportional development CAPEX	$ millions	1,376	882

Ratios and rates		
Proportional Group EBITDA margin	%	71%
Corporate debt rating	rating	BBB+/Baa1/A-
Distributions free cash flow coverage	%	97%
Corporate SICR	x	4.2
Gearing	%	35%
Weighted average cost of debt		
AUD debt	%	4.1%
USD debt	%	3.6%
CAD debt	%	4.9%

Figure 13: Average daily traffic (millions)

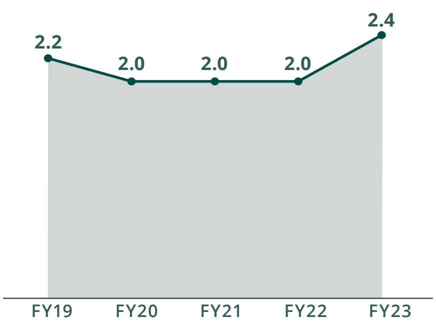


Figure 14: Proportional toll revenue ($ millions)

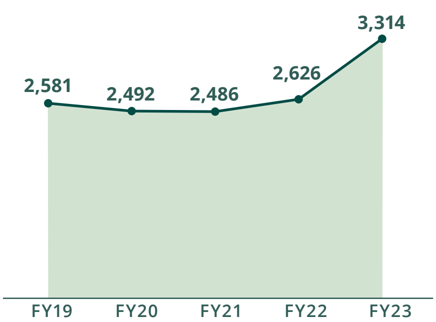
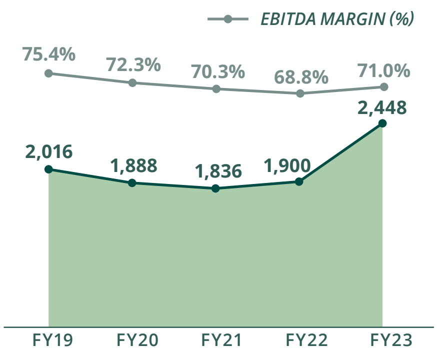


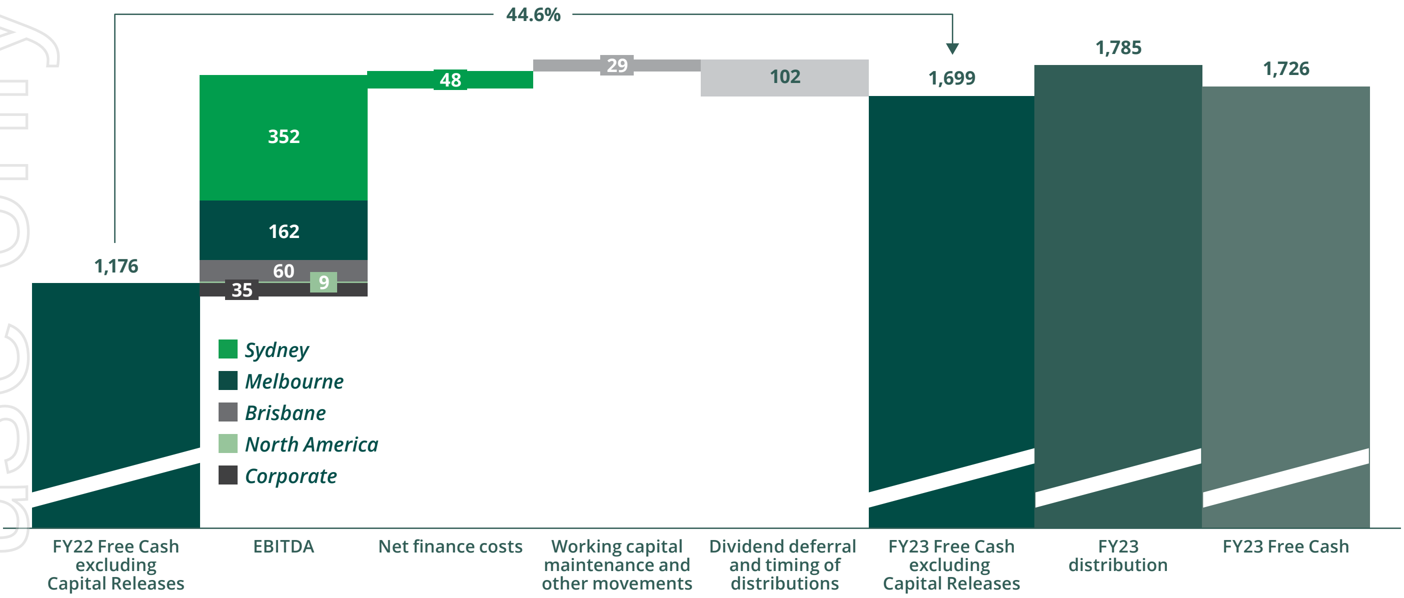
Figure 15: Proportional EBITDA (excl. significant items) ($ millions)



1 *Figures used for calculating percentage movements are based on whole numbers and relate to percentage movements from the previous corresponding period*

Operating performance

Figure 16: Free cash flow reconciliation



EBITDA

19.9% increase in ADT and additional ownership in WCX

Net finance costs

Higher external interest income due to an increase in interest rates

Working capital, maintenance and other movements

Primarily timing related

Dividend deferral and timing of distributions

Primarily prior period reserve releases in FY22

FCF coverage

FCF coverage for FY23 is 97% including Capital Releases

Capital Releases

FY22 Capital Releases received from WCX ($255M) and NCX ($100M). FY23 Capital Releases received from WCX ($27M)

Free Cash movement

Growth in Free Cash driven by traffic growth and stable net finance costs

EBITDA

Record EBITDA delivered additional Free Cash

Sydney
- 24% increase in ADT
- Additional ownership in WestConnex

Melbourne
- 24% increase in ADT

EBITDA margin
- Increased to 71.0% from 68.8%
- Toll escalations

+ $548M
benefit to Free Cash

Net finance costs

Weighted average cost of AUD debt of 4.1%

Net interest costs
- Financing costs broadly stable with higher interest rates achieved on cash balances

+ $48M
benefit to Free Cash

Timing of distributions and other

Positive working capital and tax impacts offset by timing of distributions and other

Working capital and tax
- Favourable working capital movements
- Positive tax impacts due to WestConnex now flow through trust

Timing impacts
- Prior period (FY22) distributions from some assets included cash that had previously been held back during COVID-19

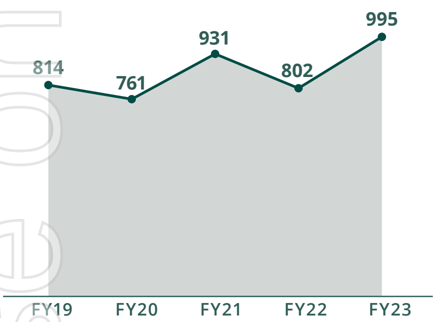
495 Express Lanes
- Funds retained for equity commitments for the 495 Northern Extension

($73M)
reduction to Free Cash

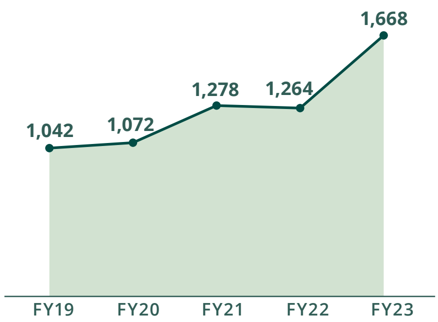
Market performance

Sydney

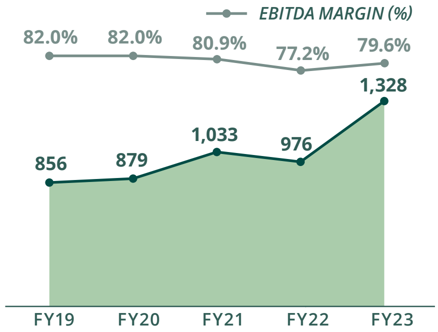
Average daily traffic ('000)



Proportional toll revenue ($ millions)



Proportional EBITDA ($ millions)[1]



FY23 performance[1]

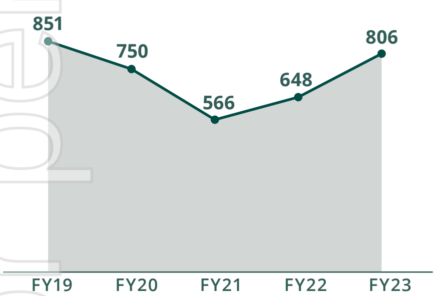
- Traffic increased by 24.1%
- Car traffic increased by 26.0% and large vehicle traffic increased by 5.8%
- Proportional toll revenue increased by 31.9% to $1,668 million, including additional ownership of WestConnex and the opening of M4-M8 link
- EBITDA margin increased from 77.2% in FY22 to 79.6% in FY23, reflecting the increase in proportional toll revenue.

Portfolio summary

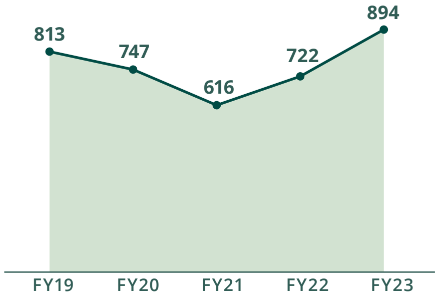
- *M2*
- *Lane Cove Tunnel*
- *Cross City Tunnel*
- *Eastern Distributor*
- *M7*
- *NorthConnex*
- *M5 West*
- *WestConnex (including Rozelle Interchange – under construction)*

Melbourne

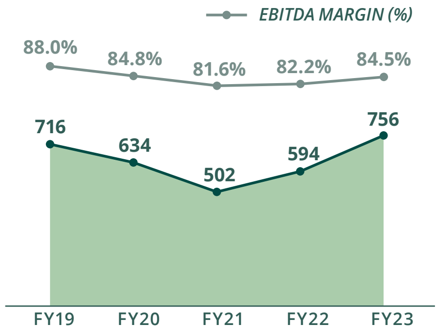
Average daily traffic ('000)



Proportional toll revenue ($ millions)



Proportional EBITDA ($ millions)[1]



FY23 performance[1]

- Traffic increased by 24.4%
- Car traffic increased by 30.0% and large vehicle traffic increased by 7.8%. Of large vehicle traffic, heavy commercial vehicles increased by 2.2% and light commercial vehicles increased by 11.9%
- Proportional toll revenue increased by 23.8% to $894 million
- EBITDA margin increased from 82.2% in FY22 to 84.5% in FY23, reflecting the increase in proportional toll revenue.

Portfolio summary

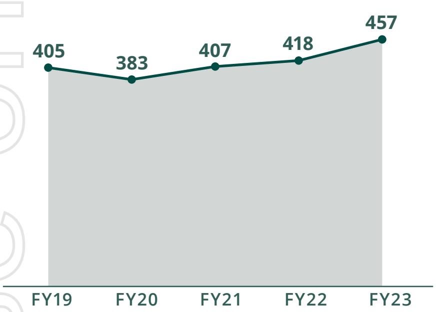
- *CityLink*
- *West Gate Tunnel – under construction*

1 *All percentage changes calculated in AUD unless otherwise stated*

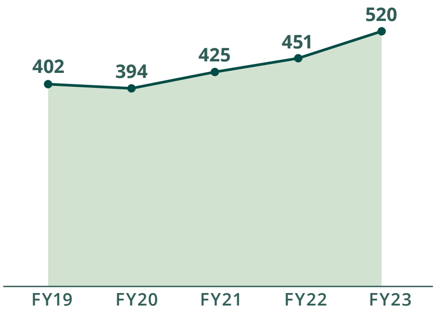
Market performance

Brisbane

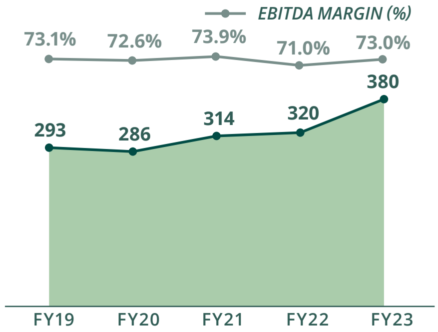
Average daily traffic ('000)



Proportional toll revenue ($ millions)



Proportional EBITDA ($ millions)[1]



FY23 performance[1]

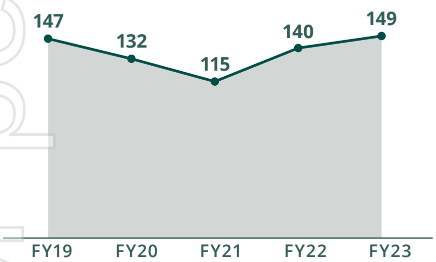
- Traffic increased by 9.4%
- Car traffic increased by 11.0% and large vehicle traffic increased by 4.7%
- Proportional toll revenue increased by 15.5% to $520 million
- EBITDA margin increased from 71.0% in FY22 to 73.0% in FY23, reflecting the increase in proportional toll revenue during the year.

Portfolio summary

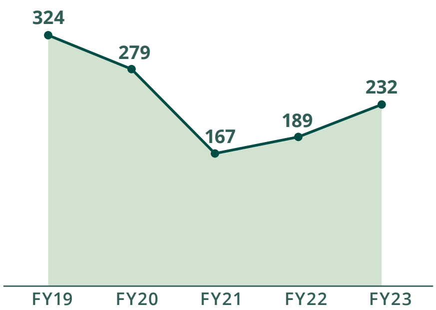
- *Gateway Motorway*
- *Logan Motorway*
- *AirportlinkM7*
- *Clem7*
- *Legacy Way*
- *Go Between Bridge*

North America

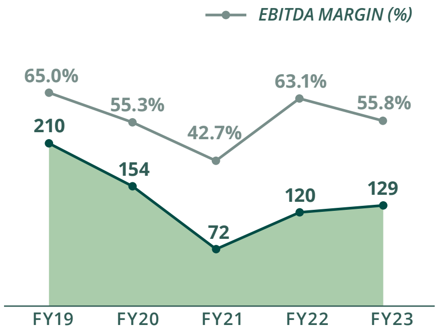
Average daily traffic ('000)



Proportional toll revenue ($ millions)



Proportional EBITDA ($ millions)[1]



FY23 performance[1]

- Traffic on the Express Lanes increased by 13.0%
- A25 traffic decreased by 3.5% with car traffic decreasing by 2.7% and large vehicle traffic decreasing by 10.3%
- Proportional toll revenue increased by 22.0% to $232 million[2]
- EBITDA margin decreased to 55.8% from 63.2% in FY22, reflecting the partial divestment of A25 from 1 March 2023 and associated transaction costs.

Portfolio summary

- *95 Express Lanes, GWA*
- *395 Express Lanes, GWA*
- *495 Express Lanes, GWA*
- *A25, Montreal*
- *Fredericksburg Extension, GWA – under construction*
- *495 Express Lanes Northern Extension, GWA – under construction*

1 *All percentage changes calculated in AUD unless otherwise stated*
2 *Excluding the divestment of 50% interest in A25 to CDPQ, toll revenue increased by 20.8%*

Capital management

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

Capital management

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

Debt overview

Transurban raised $5.0 billion[1] of debt across bank and debt capital markets to support funding initiatives and the delivery of projects across the business. In doing so, the Group's weighted average cost of AUD debt increased to 4.1%. The Group's weighted average tenor is currently 6.9 years. As at 30 June 2023, the Group's gearing level increased slightly to 35.0% and FFO/Debt increased to 12.3%. Prudent management of the debt book remains core to the funding strategy, with a focus on growing the diversity of funding sources while reducing funding and liquidity risk.

Funding growth

Transurban is well capitalised to fund the near-term pipeline of growth projects with existing liquidity sources. Timing and amount of Capital Releases remain uncertain and subject to a variety of factors, including the relevant asset's performance, access to and stability in debt capital markets and broader macroeconomic conditions over the near term. Transurban is proactive in maintaining a robust balance sheet to ensure sufficient capacity to cover near-term liquidity requirements and retain access to a diverse range of funding options.

Distribution

A distribution totalling 31.5 cps will be paid on 21 August 2023 for the six months ended 30 June 2023. This will be made up of a 30.5 cents partly franked distribution from Transurban Holding Trust and controlled entities and a 1.0 cent fully franked dividend from Transurban Holdings Limited and controlled entities. This takes the total FY23 distribution to 58.0 cents per stapled security, of which 1.0 cent is fully franked.

This distribution includes 2.8 cps in Capital Releases which have been used to minimise the dilutive impact of the WCX acquisition transaction, with total FY23 Free Cash (including Capital Releases) coverage of 97%.

Figure 17: Group proportional debt diversity[1]

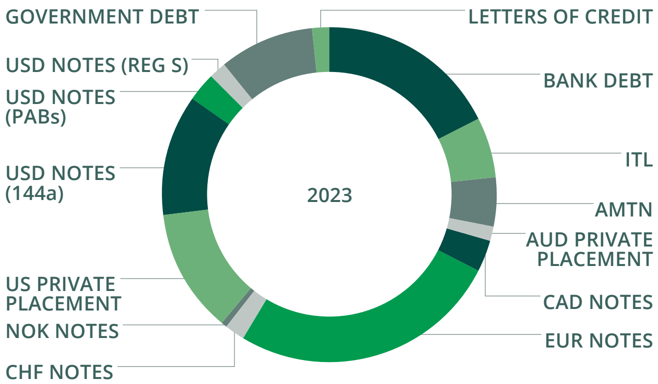
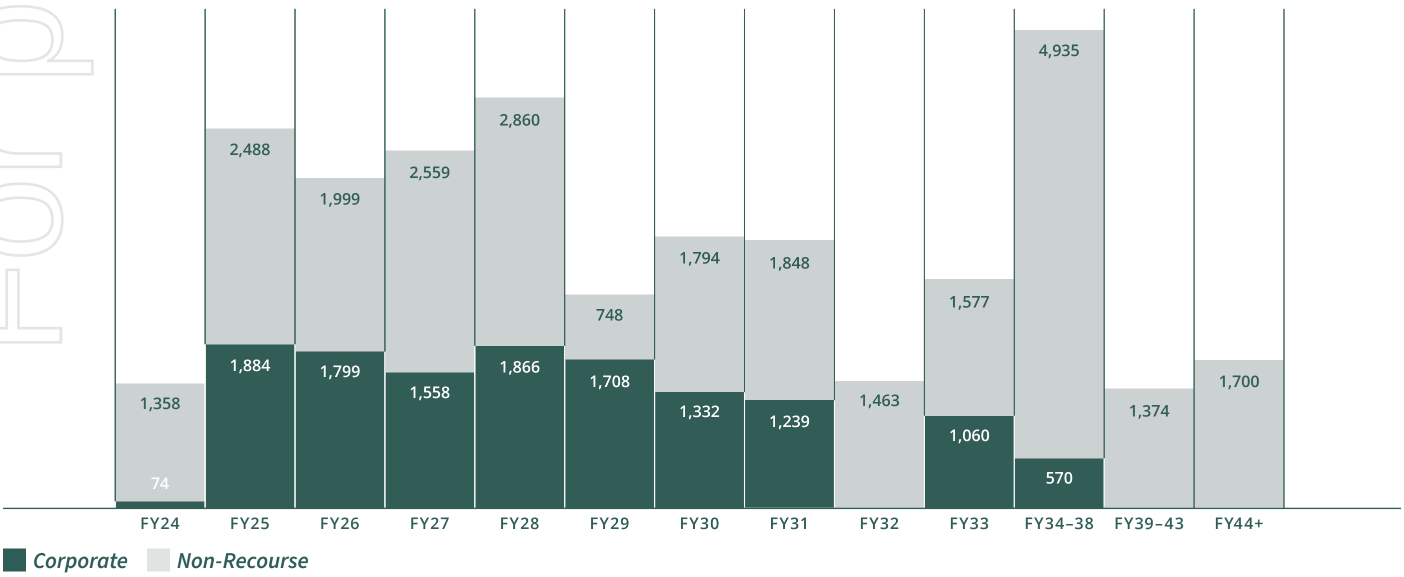


Figure 18: Group debt maturity profile ($ millions)[2,3]



1 Based on 100% drawn debt excluding any letters of credit. AUD equivalent value shown

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

3 Debt values are shown in AUD as at 30 June 2023. CAD, EUR, NOK and USD debt is converted at the hedged rate where cross currency swaps are in place. USD debt is converted at the spot exchange rate (0.6628 at 30 June 2023) where no cross currency swaps are in place. CAD debt is converted at the spot exchange rate (0.8789 at 30 June 2023) where no cross currency swaps are in place

Outlook

We expect new assets and long-term structural trends to continue to support traffic growth in FY24 and to provide protection in a near-term high inflation and interest rate environment.

Our inflation-linked tolls and debt profile places us in a strong position in the current macroeconomic climate. Population growth is expected to support traffic performance over the near to medium-term, with growth expected to be concentrated within Australia's major urban cities, where Transurban's assets are located.

Ongoing progress is being made on our development pipeline as we continue to explore investment opportunities across our markets.

The M7-M12 Integration Project in Sydney is now moving to the delivery phase and we are now focused on the above ground works for the West Gate Tunnel Project. WestConnex is also expected to benefit from the completion of the Rozelle Interchange in FY24 and once the Fredericksburg Extension is open, the 95 Express Lanes will be the longest reversible express lanes system in the United States.

Longer term, our pipeline of growth opportunities is expected to continue to support distribution growth and value creation into the future and we look forward to continuing to work with our stakeholders to deliver shared priorities to provide the best outcomes for our customers, communities and government.

FY24 distribution expected to be 62 cps[1] representing approximately 7% growth on FY23.

West Gate Tunnel Project, Melbourne

1 *Distribution guidance is subject to traffic performance and macroeconomic factors, as well as the timing of distributions from non-100% owned assets. Any distribution will ultimately be determined by the Transurban Board at the relevant time*

Read how Transurban's strategy creates value for communities (page 4)

Communities

more than
8,500
community interactions

Our purpose is "to strengthen communities through transport" and to achieve that means we should design and operate our roads to make moving around cities faster, safer and more reliable. Beyond the roads, achieving our purpose also means listening and learning from our neighbours so that we can contribute to their communities in the most meaningful and lasting ways.

$3.8M
towards social investment programs

28%
average GHG emissions savings for customers using our roads[1]

In FY23, we continued our stakeholder listening program with our annual community survey of almost 5,000 people in Australia to give us further insight into how we are performing and what matters most to them.

This year, one of the survey's key findings was for us to seek opportunities to undertake additional environmental social and governance (ESG) activities. This included protecting and enhancing local environments and promoting the benefits of zero emissions and electric vehicles (EVs) as well as fuel-efficient driving.

Previous surveys have led to our customer rewards program and an online calculator to compare travel times, fuel use and the cost of using our roads compared to alternatives.

In FY23, we also established an internal Customer, Community and Sustainability Council, which includes several Executive Committee members, to provide governance and guidance for our initiatives in these areas. The Council also assesses emerging issues and opportunities which may impact on our business and our stakeholders. For example, climate action progress and updates relating to relevant and emerging reporting requirements, including IFRS standards and Taskforce on Nature-related Financial Disclosures (TNFD). Dedicated resources are allocated to manage climate change across the organisation, including external specialist assistance.

UN SDGs relevant to this section

1 *Transurban internal calculation based on vehicle type, distance travelled and COPERT emission modelling tool, compared to next best available un-tolled route*

Creating value for the community

Planting new homes for koalas

Protecting the natural environments straddling our motorways is critical, and in Brisbane this has led to innovative thinking about how we can also enhance the habitats of our Australian wildlife.

In FY23 we began a strategic initiative with Brisbane City Council to plant more than 128,800 koala habitat trees across 146 hectares of bushland in Brisbane and Logan.

The planting project was, in part, a response to replace trees that needed to be removed during our project to widen the Logan Motorway in 2019, which was then a heavily congested corridor linking Brisbane with Logan and Ipswich.

Queensland Government regulations require that every koala tree removed must be replaced by three trees. Under our obligations we were required to plant 10,755 koala habitat trees to offset the impacts of the project.[1]

However, by working with the Council, we were able to increase this number twelvefold, and have agreed to plant almost 118,000 more trees than required in 17 local koala habitats. In April this year, more than 80 Transurban employees joined a team from Brisbane City Council to plant around 600 trees through an area near our Gateway Motorway known to be a key koala habitat.

As part of our Logan Enhancement Project, we also built a wildlife bridge to give animals a safe crossing over a busy local road. More than 200 species of wildlife live in the area and the crossing was created in consultation with the local community. The project is an example of how we endeavour to go beyond regulatory requirements to create benefits for the community.

Green space

35 hectares of parkland operated, maintained or delivered by Transurban

Community spaces

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

Cycle and pedestrian paths

1479 kilometres of walking and bike paths delivered or maintained by Transurban

Public transport

35 public transport routes use our roads

Road art

26 artworks installed along our roads

Minimising our environmental impacts

As a global leader in the transport infrastructure sector, it is important that we set an example and strive to achieve high environmental standards to help combat the impacts of climate change.

We have set a pathway to net zero emissions by 2050 through a range of targets (see next page) to reduce Scope 1 (fuel), Scope 2 (electricity) and Scope 3 (supply chain and major projects) energy use and greenhouse gas (GHG) emissions. Our GHG emissions data has been assured by KPMG (pages 223 to 225).

In FY23, we achieved our "10 in 10" target – the first energy reduction target that we set a decade ago, which committed us to a 10% energy-efficiency saving by 2023.

We also reached our 2030 target for a 50% reduction in Scope 1 and 2 emissions by 2030, seven years ahead of schedule. We continue to work with our suppliers on decarbonisation strategies to achieve our 2030 Scope 3 targets.

Overall, in FY23 we achieved a 50% reduction in total Scope 1 and 2 GHG emissions compared to the previous year (and 56% below FY19 baseline year).

Our near-term 2030 GHG targets are validated by the Science Based Target initiative (SBTi) and we are working towards having our net-zero 2050 target validated.

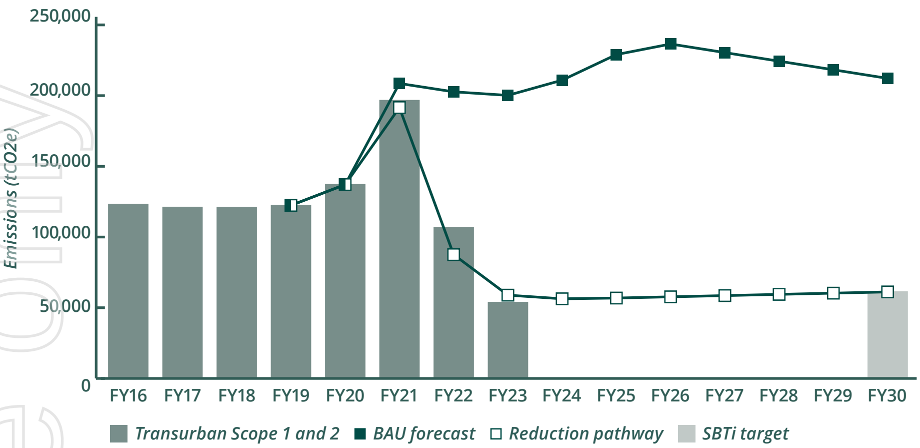
How we're achieving our emission-reduction targets

To reduce our Scope 1 emissions, which comprise 8% of our total energy use, we are seeking opportunities to transition our fleet to EVs, and working with our contractors to do the same including for our incident response and maintenance vehicles.

To address Scope 2 emissions, we continue to optimise the ventilation systems in our tunnels and transition to more energy-efficient LED lighting on our assets and in our traffic management centres, and transitioning to renewable electricity. Scope 2 emissions are greater than 90% of our total energy use.

1 *Queensland Government, July 2022, Koala conservation offsets factsheet, accessed June 2023*

Figure 19: Scope 1 and 2 GHG emissions forecast



In FY23, we used 100% renewable electricity in our North American operations for the first time through the purchase and surrender of Renewable Energy Certificates from Oklahoma wind projects. Business-wide 80% of our electricity was from renewable sources in FY23. A detailed breakdown of our energy and GHG emissions is available in our FY23 Sustainability Data Pack.

Ventilation systems account for a significant portion of the energy needed to operate road tunnels. Through advanced analytics data modelling and real-time air flow simulations we have been able to maximise the efficiency of many of our tunnel ventilation systems, while maintaining air quality standards. In FY23, ventilation optimisation initiatives helped us achieve energy efficiency savings in our assets, including Clem7 8%, Cross City Tunnel 17% and CityLink 8%.

To address our Scope 3 emissions, we continue to work with our suppliers on decarbonisation strategies. Last year we introduced GHG reporting for our top 50 suppliers and in FY23 have expanded to include our top 100 suppliers. Their progress is monitored through their participation in the CDP Supply Chain reporting. Read more on page 71.

We also continue to work with our delivery partners on major projects to reduce projects' impact on the environment and increase their use of low-carbon construction materials. Read more on page 71.

Customer vehicle emissions

Customer vehicle emissions are not formally within our control or included in our indirect Scope 3 emissions, however, we recognise the serious impact that fossil-fuel powered vehicles have on the environment.

We take a three-pronged approach to tackling vehicle emissions by:

(1) designing and managing roads to minimise emissions including flatter gradients
(2) encouraging the take up of EVs
(3) educating our customers about fuel-efficient driving.

The free-flowing nature of our roads means our customers save an average of 28% in emissions compared to using an alternate route,[1] however by adopting eco-driving skills that economise fuel motorists can reduce emissions across the broader network. In FY23 we continued to promote eco-driving tips, such as minimise accelerating and braking and keeping tyre pressure up.

We also continued to promote the benefits of EVs and dispel myths around charging and range. Over the year we ran a promotion where Victorian customers had the chance to drive an EV for up to 10 days and report their findings, which we published on social media channels. Watch the campaign on our website.

Our energy and GHG emissions targets:[3,4]

Net zero emissions by 2050
in Scope 1, 2 and 3

50% reduction Scope 1 and 2 emissions
by 2030

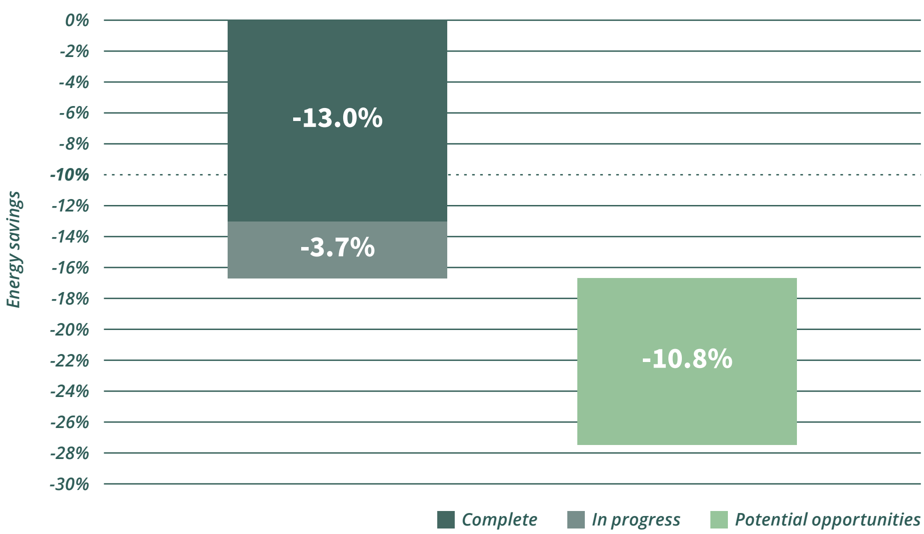
55% reduction Scope 3 carbon intensity
of our major projects by 2030

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

10% energy-efficiency savings by 2023
from a 2013 baseline

Recognising fleet managers' significant buying power and impact on the second-hand vehicle market each year, we also held our first EV Drive Day in February. We partnered with the Australasian Fleet Management Association and Origin Energy, where around 50 fleet managers learnt about the benefits of EVs and had the chance to test drive 16 models.

Figure 20: We've achieved our 10 in 10 energy efficiency target[2]



1 *Transurban internal calculation based on vehicle type, distance travelled and COPERT emission modelling tool*
2 *With the achievement of the target in FY23 ongoing energy efficiency opportunities will continue to be pursued, as part of ongoing asset management*
3 *All GHG targets are relative to a FY19 baseline*
4 *For information relating to our reporting methodology and scope, see our FY23 Sustainability Data Pack*

Managing water and waste

In FY23, we opened a new water treatment plant to treat the almost 340 kilolitres of water that Sydney's M5 East tunnel and motorway collects each day. Once treated and tested to meet environmental obligations, the water is released into a nearby creek system.

We manage the groundwater and stormwater that enters our assets through treatment, re-injection, discharge or off-site disposal to meet our environmental obligations. Our total water consumption and by asset is available in our FY23 Sustainability Data Pack.

To reduce waste, we continue to work with our contractors on major projects on measures to achieve our target of 95% of construction, demolition and spoil waste diverted from landfill.

Waste management

Last year we set targets to divert waste from landfill. Here's how we're tracking:

Assets (by 2025)

Operational and maintenance waste diverted from landfill
Target 80%, achieved 82%

Major Projects (annual)

Spoil waste diverted from landfill[1]
Target 95%, achieved 100%

Construction and demolition waste diverted from landfill
Target 95%, achieved 96%

More detail is available in our FY23 Data Pack

In May we began a three-month trial at our Brisbane corporate office to minimise waste being sent to landfill, which included education sessions on recycling. Before the trial, an independent enterprise waste specialist assessed that 52% of our waste was being recycled. Each month we saw decreased waste going to landfill and in the final month of the trial, we recorded 55.7% overall waste diverted from landfill. The results of the trial will help inform waste targets for other Transurban offices.

Our control room consolidation project in Queensland generated a significant amount of e-waste. We engaged Circonomy, an Australian-based social enterprise, to sort and recycle or refurbish 100 computers, servers and monitors. By avoiding landfill, we prevented the release of 40 tonnes of carbon dioxide into the atmosphere.

Our total waste data is available in our FY23 Sustainability Data Pack.

Air quality

We monitor and report on the air-quality of our operating assets, including at ventilation outlets, within tunnels and at applicable ambient air monitoring stations. The monitoring is conducted to assess compliance with air quality requirements set by regulatory authorities.

Air-quality data from our operating tunnels is published on our Australian customer website, and further data is available on our website.[2]

Read our response to the Task Force on Climate-related Financial Disclosures (TCFD) (pages 39 to 49)

Figure 21: GHG inventory FY21 – FY23[3]

	FY19[4] tCO_2-e	FY21[4] tCO_2-e	FY22[4] tCO_2-e	FY23[4] tCO_2-e
Total Scope 1 & 2	**122,346**	**196,341**	**106,458**	**53,667**
Scope 1	3,393	4,598	5,300	5,839
Scope 2 (market-based)	118,953	191,743	101,158	47,829
Scope 2 (location-based)	*121,888*	*198,086*	*189,141*	*184,551*
Scope 3	503,423	428,917	412,551	461,541
1. Purchased goods and services	135,447	168,785	173,982	200,036
2. Capital goods (major projects)	261,168	218,335	201,944	213,238
3. Fuel and energy related activities	16,445	24,240	20,617	22,228
5. Waste generated in operations	1,769	2,247	2,580	1,600
6. Business travel	2,562	109	1,034	1,535
15. Investments	86,032	14,481	12,394	22,904
Total Scope 1 & 2 & 3	**625,769**	**625,258**	**519,009**	**515,208**
Carbon offsets	-10,779	-11,129	-11,209	-692
Net GHG emissions	636,548	614,129	507,800	514,516
Customer travel emissions	995,571	1,227,450	1,242,583	1,412,100

Community engagement

Our roads and major projects are in highly populated urban areas, so it is imperative that we minimise any impacts on local communities.

We have dedicated community engagement teams who work with communities through intensive project development phases but also once a road is operational.

In FY23, our teams had more than 8,500 interactions with community members through activities ranging from community meetings, events, direct mail, information sessions and face-to-face visits.

In Sydney we held a community open day in December to give around 2,000 local residents and business owners a preview of the WestConnex M4-M8 link tunnels before they opened to traffic and thank them for their patience during construction.

We also launched an interactive website and ran a competition giving Linkt customers the chance win the first drive through the tunnel link.

In Victoria, we have worked closely with our partners on the West Gate Tunnel Project to ensure the communities along our project corridors are kept informed about upcoming works and the significant progress being made on the project.

Attending community festivals has been one of the most effective ways to reach the community with thousands of attendees having the opportunity to ask questions, raise concerns, and understand how they will navigate through the newly excavated tunnels and roads that will improve transport through Melbourne's west.

In North America, we continue to engage with residents neighbouring our projects about project updates and specific activities including our grant programs. As part of the Fredericksburg Extension Project we invested USD66,000 in grants for FY23 including to Fredericksburg Public Schools to build outdoor classrooms, which highlight tree plantings and plans for environmental educational activities. For the 495 Northern

1 *Unless required by government regulations to be disposed to landfill*
2 *Air quality data for the West Gate Tunnel Project is available on their website*
3 *All GHG targets are relative to a FY19 baseline*
4 *Transurban Group total, excluding non-managed assets. For more information, see our FY23 Sustainability Data Pack*

Extension project, we invested USD59,000 including support for the local elementary school to rebuild two greenhouses that they plan to use for environmental education. We hosted meetings specifically for neighbours of these two projects – in total around 2,350 community interactions.

For our operating roads and tunnels, we continue to engage with neighbouring communities to minimise any impacts from operations or maintenance activities.

Looking out for our neighbours

In FY23, our teams had more than 8,500 interactions with the community.

1,820
Sydney

3,718
Melbourne

626
Brisbane

2,350
North America

What do we mean by interaction?

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

Social investment

Our investment in local community programs and partnerships is guided by the three pillars of our Social Licence Framework:

(1) Empowering customers
(2) Championing road safety
(3) Strengthening communities.

In FY23 we invested more than $3.8 million in partnerships ranging from learn-to-drive programs and road safety research to support for military veterans in the US.

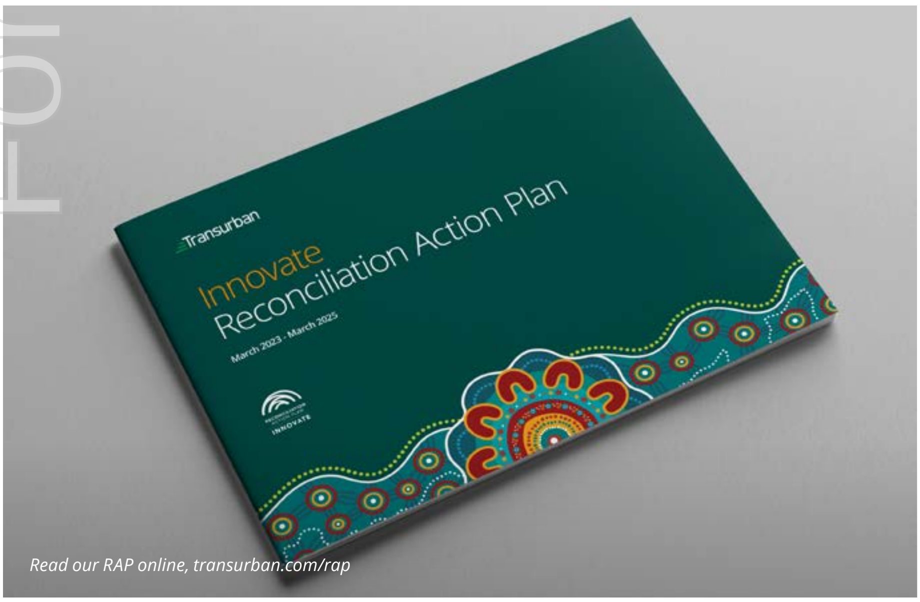
We also offer paid volunteering leave to all our employees, in FY23 donating more than $189,000 in time through the program.

Action for reconciliation

Transurban has been involved in the Reconciliation Action Plan (RAP) program since 2014, recognising and embracing the contribution Australian businesses and employers can make to Australia's reconciliation journey.

In FY23, we launched our third Innovate RAP which will be in place until 2025. Areas we're focusing on for this period include delivering an employment strategy, broadening involvement in our RAP internally and delivering a cultural learning strategy. This is in addition to embedded commitments such as continuing relationships with First Nations organisations, celebrating connection to Country and culture through our assets, and acknowledging and celebrating days of cultural significance.

Read more about how we support reconciliation with our people (page 65) and our suppliers (page 70)



Read our RAP online, transurban.com/rap


KARI Transurban Aboriginal Driving School

Delivering more than jobs

Our largest NSW maintenance supplier, Ventia, delivers landscaping works on the Hills M2 Motorway. Last year, two Aboriginal and Torres Strait Islander apprentices joined the team. Both workers were employed through a partnership between Transurban, Ventia and Muru Mittigar, a Dharug-controlled social enterprise that connects First Nations peoples with jobs and supports them in managing their work, study, individual challenges as well as community responsibilities.

The work site the apprentices attended was not well-serviced by public transport and getting to work was difficult. As Transurban also partners with an Aboriginal driver education program, KARI, we connected one apprentice, Anton, with KARI. He now has his licence, bought a car and is driving himself, and other apprentices, to work.

"The best thing about my job is the people I work with, my supervisors and my co-workers ... One day I would love to be leading a team on the M2."

– Anton

Our partnership with Ventia and Muru Mittigar, and the KARI Transurban Aboriginal Driving School are initiatives reflected in our Reconciliation Action Plan.

Read how Transurban's strategy creates value for our people (page 4)

Our people

We owe our success to our talented and diverse team. Their work helps us achieve our strategy and make a lasting contribution to the community.

In this changing world, we need talented people who have the skills and mindset required to realise our strategic goals. Our engaging employee experience and strong values-driven culture are key to attracting and retaining this talent. We know that people want to work for purpose-led, sustainable and inclusive organisations, and that they want flexibility in how and where work is done, and career growth through meaningful work experiences.

Understanding how people feel about their work and workplace, and acting on this feedback strengthens our employees' experiences. We listen to our employees in a variety of ways throughout the year, including our annual employee engagement survey, Our Voice. In FY23, 88% of employees participated in Our Voice, up six points from FY22 and above the global benchmark of 80% participation.[1]

We also listened to feedback to determine the strongest drivers of engagement for our people and used this to refresh our employee value proposition (EVP) and define what makes Transurban a special place to work (Figure 22 on page 63). We've used our EVP to guide our investment in a workplace that offers meaningful work and is inclusive – using it to adjust our hiring approaches, review our policies and invest in leadership capability.

Our values

- Integrity
- Collaboration
- Accountability
- Ingenuity
- Respect

3,900+
people in our direct workforce[2]

10
years WGEA Employer of Choice citation

82%
of employees would recommend Transurban as a great place to work (+4 from FY22)

UN SDGs relevant to this section

1 *Culture Amp Global All Industries Benchmark, 2023*

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

Creating value for our people

A year of reconnection

FY23 has been a year of reconnection: reconnection with our purpose and strategy, with colleagues across the business, and with the communities we serve.

In FY23, reconnection was identified as a key opportunity for our business. Feedback from our people led us to focus on:

- helping our people understand and connect with our renewed strategy statement
- re-energising team connections after the isolation of extended remote working
- re-establishing opportunities for community connection.

Connecting to purpose and strategy

Our people have told us that they need to have a connection with our purpose and strategy in order to deliver meaningful work. Following an Executive Committee review process, we renewed our strategy statement to provide more focus and clarity.

It was important everyone understood our refreshed strategy and was using it to guide their decisions. We equipped our leaders with strategies to help connect their teams to the new statement through interactive leadership forums.

Read more about how we build leadership capability (page 63)

Reconnecting colleagues

Through formal and informal feedback, we understood people were missing the opportunity to connect and collaborate in person. Collaboration remains critical to our success and our culture, so we sought opportunities to re-establish sustainable, flexible work patterns that balanced the needs of the business with employee preferences.

With many of our office-based team having worked remotely for much of the prior two years, we asked people to return to working in person regularly from November 2022. We refreshed our Flexible Working Guidelines to reinforce our long-standing commitment to flexible ways of working and simplify informal arrangements.

People are now feeling more connected to their colleagues, with Our Voice responses to this question increasing eight points, to 84%, in the past 12 months.

Community connection

Our employees are motivated by supporting the communities in which we operate, with most people feeling they could contribute to our social licence focus areas (77%).[1] We offer paid volunteering leave to all our employees.

In FY23, the proportion of employees who took volunteer leave almost doubled (from 9% in FY22 to 15% in FY23). In Australia, activities included:

- improving road safety with Kidsafe for our Car Seat Blitz
- strengthening communities and the environment by propagating plants with Landcare
- empowering customers with driver training and mentoring at Drive for Life.

In North America, we used volunteering to connect with our partner organisations, including participating in the DC Bike Ride to raise awareness for the Pentagon Memorial Fund's Memorial Visitor Education Center.

Our Collins Square office in Melbourne, Victoria

1 New Our Voice question for FY23

Building capability for the future

More than 3,900[1] people make up our direct workforce across Australia and North America, extending significantly when we consider the people that contribute to our major infrastructure projects – creating jobs for more than 8,900[1] people.

Our ability to successfully attract and retain the talent we need is key to delivering our strategy. We are known for our unique specialist capabilities, and the market remains highly competitive for some critical skills areas, including cybersecurity, infrastructure and technology. To help us continue to build capability for the future, we invest in emerging talent. In addition to our graduate program, in FY23 we hosted a team from Monash University as part of the Monash Industry Team Initiative. The team worked on opportunities for Transurban to further support the uptake of electric vehicles (EVs) in Australia, in line with our sustainability commitments (page 58).

We also continue to invest in giving our people opportunities and experiences that are unique and valuable. Over several years, we have invested in our leaders at all levels through our development programs (see right). These programs are having an impact, with improvements in results for all people leadership questions in Our Voice.

Employees reported that people leaders support their career goals (85%, up four points from FY22) and that they feel empowered to develop skills that support their career (77%).[2] Most people also feel they have the learning and development needed to do their jobs well (78%, up five points since FY22).

Our people are also encouraged to undertake self-directed learning for the skills that will help them in their career. More than 86% of our direct employees have activated their LinkedIn Learning account, 6% higher than similar organisations.[3] Our annual performance and development cycle supports meaningful career conversations and development planning, with 83% of employees having set formal development goals throughout the year.

Figure 22: Creating value for our people

Employee value proposition	City-sized solutions	Driven by curiosity	Powered by us
Our people want	To contribute to lasting and positive solutions that shape the future and strengthen communities	To feel empowered to grow and learn from others and the unique experiences on offer in our projects and operations	To feel part of a workplace that is diverse, connected, welcoming and inclusive

Transurban leadership programs and development opportunities

Strategic Leadership Program (SLP)

Partnership program with Stanford Graduate School of Business for some of our most senior leaders.

Focus: developing capability of senior leaders to shape and pursue strategic and cultural ambitions.

Business Leadership Program (BLP)

Seven-month program for mid to senior level leaders.

Focus: enterprise leadership capability, creating strategic impact.

Foundational Leadership Program (FLP)

Five-month development program for people leaders.

Focus: leadership foundations, understanding Transurban leadership culture.

Leadership forums

Sessions for people leaders on key topics, for example inclusive leadership, organisational strategy, and purpose.

Professional development

All employees have access to self-directed learning programs for transferable or career-oriented skills.

Emerging talent

Australian graduate program with annual intakes for strategically critical disciplines, including engineering, technology and finance.

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

2 *New Our Voice question for FY23*

3 *LinkedIn*

Diversity, equity and inclusion

We're committed to building a team that reflects the communities we operate in. Our aim is to create a workplace culture of inclusion and wellbeing for all, where everyone belongs. This means everyone is treated fairly and with respect, and all employees have equitable opportunities to succeed.

Diverse teams are innovative teams, and innovation is a core driver of our success. We support and engage our diverse workforce through inclusive policies, processes, communication and awareness-building activities. We have targeted initiatives designed to increase diversity and continually enhance our people's experience of inclusion. Our focus areas are discussed and agreed by the Board (see Figure 23).

Read more in our Corporate Governance Statement, transurban.com/corporate-governance-statement

In FY23, most people surveyed in Our Voice felt like they belonged (80%, consistent with FY22) and agreed that all types of diversity are valued at Transurban (86%, consistent with FY22).

Figure 23: FY23 D&I focus areas

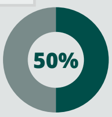
Our commitment	This means	FY23 progress
Inclusive leadership	Equipping leaders with the skills, confidence, and resources to build and lead diverse teams	• 240+ leaders participated in our inclusive leadership training (48% of our management population) • Equipped people leaders to identify and mitigate bias in key processes (for example, performance, remuneration and talent reviews, recruitment)
Inclusive careers	Attracting and recruiting diverse talent and providing equitable access to career and development opportunities	• Diversity and inclusion review of talent acquisition approach and candidate experience • First Nations Employment Strategy developed[1] • Gender-balanced participation in development programs • Improved diversity-related data and insights
Inclusive teams and ways of working	Fostering a safe, respectful and inclusive workplace through education, celebration and recognition	• Continued education by recognising key events and dates, including focused wellbeing and belonging campaigns • Mandatory equal opportunity and sexual harassment training • First Nations cultural learning progressed through training, events and policy updates[1]

Our FY23 Our Voice survey found

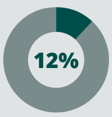
86% *agree we value all types of diversity*

84% *agree people from all backgrounds have equal opportunity to succeed*

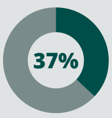
80% *feel like they belong at Transurban*



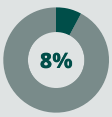
of our people are parents (and 16% have other caring responsibilities)[2]



live with a disability or ongoing medical condition[2]



are culturally diverse[2]



identify as LGBTQI+[2]

1 In Australia
2 Data derived from anonymous self-identification as a proportion of those who responded to the question in Our Voice

WestConnex M8 lights up for World Pride 2023 in Sydney

Everyone belongs

We strive to be a workplace where everyone feels welcome. We monitor experiences across demographic groups to ensure our environment is inclusive.

For example, in the last three years there have been no meaningful differences between men and women on any factor in Our Voice. This year we refreshed the voluntary demographic questions asked to better understand our workforce and the experiences of those with diverse backgrounds and other traits (for example people with a disability or caring responsibilities, ethnicity and those who identify as LGBTQ+). In FY23, Ability Works provided accessibility testing and inclusive design feedback for our new Sydney offices. Read more on page 71.

Throughout the year we recognised a wide range of days to build our peoples' awareness and understanding of the unique challenges faced by many in under-represented groups. We encouraged leaders, individuals and teams to explore the actions we can all take to support equity and inclusion. In FY23, this included International Women's Day, Pride Month and The International Day for the Elimination of Racism amongst others.

This year we reviewed our recruitment approach ensuring people from all backgrounds feel welcome and comfortable to apply. This included:

- using more inclusive language, imagery and formats in recruitment materials
- encouraging candidates to explore flexible working options
- ensuring support for candidates who require adjustments

We also introduced a call-guarantee to our Australian recruitment processes, with external applicants who identify as Aboriginal and Torres Strait Islander receiving a phone call to discuss their application.

Progressing reconciliation

In Australia, our 2023–2025 Reconciliation Action Plan (RAP) is focused on increasing understanding and involvement across our organisation as well as engaging with First Nations communities to understand what meaningful change looks like.

We have launched our Reconciliation Employee network as well as refreshed our RAP governance to elevate the voices of our First Nations representatives. To understand our best opportunity to provide employment opportunities for First Nations people, we've partnered with a specialist consultancy to support the development of our First Nations employment strategy.

We have embedded cultural protocols increasing our capability to demonstrate respect to Traditional Owners. We recognise that Australia Day can hold a different meaning for each of us, and our leave framework enables people to take leave on an alternative day if they prefer.

Read more about how we support reconciliation in the community (page 60) and with our suppliers (page 70)

Driving towards a gender equal future

Our business needs talent from many professions where women have been traditionally underrepresented – specifically infrastructure and technology – and we recognise our role in progressing gender equity in our industry.

Our targeted efforts across the business have been recognised through the Workplace Gender Equality Agency (WGEA) Employer of Choice citation, which we have held for ten consecutive years. We were also ranked in the top 10 in Australia and in the top 20 globally by Equileap for the third year running.[1]

Three years ago we set an objective of balanced gender representation – 40% men, 40% women, 20% any gender/non-binary – across our direct workforce.[2] We achieved and have sustained this goal at senior and overall workforce levels since 2022 and will continue our focus on improving gender balance across the business.

We are developing a strong pipeline of female leaders through a focus on equitable talent processes and development opportunities. Between FY20 and FY23, 45 mid-level leaders completed our women-in-leadership talent program, and 45% of internal manager appointments were women (up from 32% in FY22).

We are also committed to growing the pipeline of female talent in our industry, including supporting more than 100 women to begin STEM careers through our mentorship program – Females Excelling in Engineering and Technology, since the program began in 2014.

1 *Equileap assesses around 4,000 companies worldwide on criteria including gender balance, the gender pay gap, paid parental leave and anti-sexual harassment policies*

2 *Direct workforce includes direct employees (which include casual, fixed term and permanent employees (excluding leave of absence and Non-executive Directors)). Total workforce includes direct workforce and sub contractors working on major infrastructure projects. Non-binary represents 0.05% of our direct employees*

Understanding gender pay gaps[1]

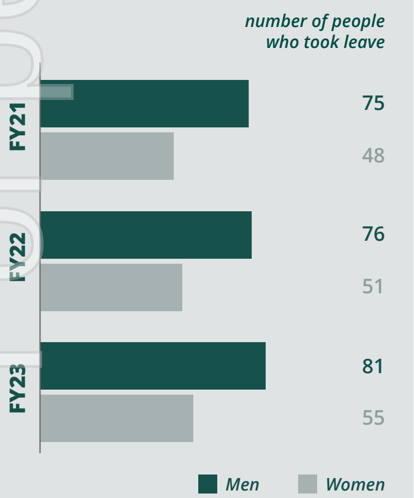
Pay equity (like-for-like gaps): Pay equity is achieved when women and men receive equal pay for work of equal or comparable value (known as a 'like-for-like' comparison). This means that women and men performing the same role at the same performance standard are paid the same amount. It also means that women and men performing different work of equal or comparable value are paid equitably.

At Transurban, we define pay equity as being within +/- 1%. Transurban's gender pay equity gap has been ≤1% since 2018.

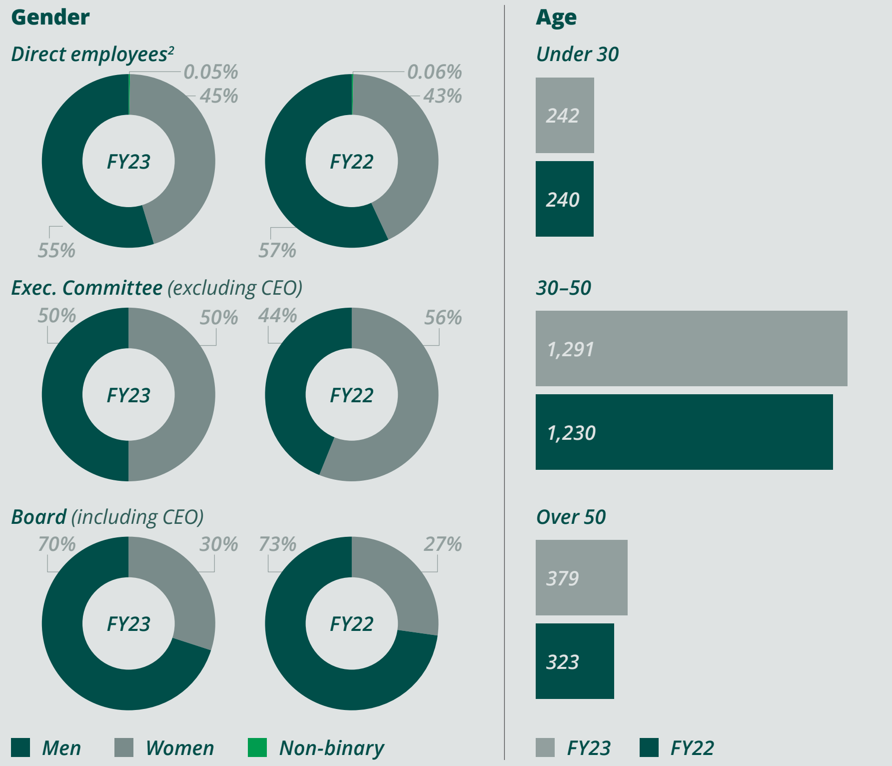
Gender pay gap: WGEA defines the gender pay gap as the difference between women's and men's average earnings. While this often refers to the difference between women's and men's earnings on a national level, gender pay gaps can also be calculated within organisations.

At Transurban we look at the average of women's and men's earnings, considering this by organisational level, and across the organisation as a whole. We have made considerable progress over the last three years and in 2024 will publicly report on this in line with the Australian Workplace Gender Equality Agency (WGEA) methodology.

Figure 24: Parental leave by gender



Our workforce demographics



Gender pay

We've been monitoring our gender pay outcomes for many years, including through regular Board and Executive Committee reporting. Guided by our gender pay strategy, we:

- analyse and identify causes of the pay gaps both in like-for-like roles and organisation-wide
- consider gender relativities in hiring and promotion decisions
- continue our efforts to improve gender balance, particularly at senior levels
- use our annual remuneration review period to identify and rectify any discrepancies.

Flexibility and families

Our benefits support flexibility for all, including lifestyle leave – the opportunity to purchase up to six weeks additional leave to be used for any purpose. In FY23, 11% of our people purchased lifestyle leave (up five points from FY22). 88% of our people believe they have the flexibility to manage work and other commitments (consistent with FY22) and 90% are comfortable talking to their people leader about flexible work arrangements (consistent with FY22). In FY23 we also introduced loyalty leave, providing up to an additional three days leave for those with three or more years of service.

In October 2021 we made changes to help new parents at Transurban. We identified that, by distinguishing between primary and secondary carers, we were unintentionally perpetuating stereotypical gender norms about who typically adopts carer roles in families. We now offer 16 weeks paid parental leave to all new parents, with no waiting period. In FY23, the majority of those who took parental leave across the business were men (60%), a 69% increase since FY19.

This year we updated our family and domestic violence approach and now provide uncapped paid leave (over and above the local statutory entitlement of 10 days) to those who need it. We also added more detail to our guidelines to define the personal safety plan support Transurban can provide to affected employees, for example changing phone numbers, work sites and increasing security.

Respect at work

We strive to prevent, and ultimately eliminate, inappropriate workplace behaviour, including sexual harassment and bullying. All employees must undertake annual training on equal opportunity and sexual harassment as part of our Respect@Work program. We respond appropriately if issues arise, and our approach is victim-centric and trauma informed. In FY23, we modified our complaint-handling process to be more focused on and supportive of anyone who raises concerns, and introduced a free confidential third-party service to help employees and people leaders navigate workplace issues and conflict.

1 As defined by WGEA (Australia), wgea.gov.au
2 Non-binary represents 0.05% of our direct employees

Health, safety and wellbeing

We are committed to providing healthy, safe and environmentally responsible places of work for employees, contractors, and visitors. Our vision is zero life-changing injuries for our employees, contractors and customers.

Specific to our people, we focus on reducing work-related injuries, supporting non-work-related illness or injuries, and fostering a physically and psychologically healthy workplace.

We have company-wide performance measures that aim to drive a positive safety culture (see Figure 25).

Our employees have Health, Safety and Environment (HSE) action plans which record activities to encourage accountability for a healthy and safe work environment, minimise our impacts to the environment, and continue to build a positive HSE and Road Safety culture.

In FY23, we established core actions that all employees need to complete over the year, including attending road safety events or webinars, and having quarterly team HSE and road safety conversations. Our people must also include two additional actions aligned to their position, such as completing HSE site walks or undertaking specific online learning around HSE or road safety. We encourage our people to proactively record HSE observations and, in FY23, we recorded almost 27,000 entries. Recording HSE observations is a positive outcome as it indicates our team is growing more proactive in identifying, raising awareness of, or taking action to address workplace HSE issues.

Figure 25: Our HSE performance, FY19 – FY23

	FY19	FY20	FY21	FY22	FY23
Employee injuries	2	2	2[3]	0	0
Total HSE observations recorded	20,025	18,484	25,434	25,522	26,968
Action plan completion rates	97%	97%	98%	99%	99%

Employee injuries that require medical treatment are recorded and investigated with learnings applied to prevent future incidents. In FY23, there were no recordable employee injuries (Figure 25).

We provide our people with the information necessary to manage their health and safety, as required under legislation. We support our leaders to be accountable for their teams and provide manager-specific training on creating a safe and healthy work environment.

In FY23, we continued to promote physical activity and ergonomics, encouraging our people to seek early intervention and support for potential workplace injuries through our Fitness for Work team and injury management service provider.

We have a strong HSE culture and a program of initiatives to support this throughout the year, including events focused on mental health, wellbeing and safety. All Transurban employees also have access to our employee assistance programs (EAP). These programs support people with proactive wellbeing strategies including career coaching, financial wellbeing, or mental health concerns. This independent service is also available to our employees' family members. We have offered free Headspace subscriptions for all our employees since 2022. More than 800 employees have enrolled in this leading mindfulness app since it was introduced.

In FY23, we held a month of wellbeing events in Australia and North America, encouraging people to focus on their mental, physical and team wellbeing. We targeted efforts to de-stigmatise wellbeing conversations and encouraged people to use EAP for preventative self-care. Our annual EAP utilisation rate[1] is now 11.2% of our direct workforce (up 2.4% from FY22) and higher than the average for our industry (+8%).

In FY23, most of our people surveyed in Our Voice felt their people leader genuinely supported their wellbeing (92%, consistent with FY22) and felt empowered to work in a way that supported their wellbeing (85%).[2]

Read more about our safety approach with our customers (page 28) and our contractors (page 73)

1 *Australian employees only*

2 *New Our Voice question for FY23*

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

Read how Transurban's strategy creates value for our business partners and suppliers (page 4)

Business partners and suppliers

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

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

- **helping our suppliers reduce emissions** by collaborating with them on greenhouse gas (GHG) emission tracking and by supporting trials of and transitions to recycled, renewable and low-emission materials.
- **supporting small businesses** by expediting payments during a period of significant cost increases.
- **driving integrity and accountability** via established data capture, risk management and performance monitoring processes that contribute to ethical and sustainable supply chain practices.

1,600+
direct suppliers

~$2.1B
annual managed spend

2.77
contractor RIFR
(below target of 4.0)

UN SDGs relevant to this section

Creating value for our business partners and suppliers

Understanding the true value of our social initiatives

We have long understood these partnerships deliver benefits beyond creating jobs for people who would otherwise face significant barriers to employment. But measuring the wider benefits of these programs is a more complex challenge.

Our social procurement partnerships create meaningful jobs for people experiencing disadvantage. For example, in Victoria, people with disabilities manage our tag processing and other mailroom tasks through our long-standing partnership with Ability Works that provides on-the-job-training and specialised tools (including an AI robot) to support its workforce.

This year we engaged consultants ArcBlue and Think Impact to help us calculate these wider benefits across our direct (Transurban engaging a supplier directly) and indirect (a Transurban project delivery partner engaging a supplier) social procurement activities.

We are also measuring the wider benefits of partnerships and programs we develop with our suppliers and social enterprises that specifically target job and other opportunities for specific disadvantaged groups (for example, people with disabilities and First Nations peoples).

This work has involved interviewing stakeholders including Ability Works and Muru Mittigar employees and mapping the benefit pathways and outcomes for all beneficiaries.

Sample benefits identified for one of the beneficiaries are shown in Figure 26. The final social procurement value calculation and report, due in FY24, will identify how and to which organisations we're delivering social value. It will also inform our future decision on where we can provide the most social value to the communities where we operate.

Figure 26: Calculating the social value – an example

Stakeholder	**Employee**		
Outcome	**Improved job readiness**		
Total of 97 employees (FY20-23), 85% of employees experience improvements in job readiness, as a result of Ability Works.	Financial proxy commensurate with cost of doing a Cert IV in Training and Assessment that gives skills to increase job readiness.	An estimation of 25% deadweight, 10% attribution and displacement have been deducted from the outcome to establish impact. This estimate was based on SROI reports from similar programs.	Benefit period of 2 years with a drop off of 8% per year.
82 employees x	$1,190 per year x	-45% x	2 year -8% from year 1
Social value[1] to employees = $158,997			

Buying better

Our Sustainable Procurement Program directs spending towards initiatives that support community social, economic and environmental wellbeing. This means our purchasing is helping deliver local community benefits by creating jobs, including for disadvantaged groups.

Our procurement approach is designed to balance all aspects of purchasing, including: technical and quality requirements; supply chain policy compliance; risk management and cost optimisation.

In FY23 we refreshed our Contract Management Framework. The updated framework is designed to support our people in making responsible and sustainable goods and services purchases and covers every stage of the procurement process. More than 70 people completed training in our contract management processes.

Sustainable supply chain

In FY23, we continued progress towards achieving net zero GHG emissions in our supply chain and projects by 2050.

The construction of a new road or a major upgrade usually involves concrete, asphalt and aggregate – all materials with high levels of embodied emissions. To reduce these, we work with our project contractors and suppliers to develop low-carbon and circular-materials strategies. To date, this has helped reduce GHG emissions by 771,580 tonnes[2] of carbon dioxide equivalent (tCO2e) across nine projects.

Supporting small business cashflow

During FY23, we spent $98 million with 636 Australian small businesses that supply us with goods and services ranging from electrical contractors to our First Nations driving school partners.

We know reliable and on-time cashflows help small businesses grow and support their people. We remain committed to the Business Council of Australia's (BCA) Supplier Payment Code, including agreeing to pay eligible Australian small businesses on time and within 30 days. In the first half of FY23 we paid 99% of Australian small businesses within 30 days of invoicing.

1 *Social value is the value above and beyond financial value of goods and services procured*

2 *Against 2019 baseline*

Meeting supply chain challenges

During FY23, the many projects underway across Australia continued to drive demand for materials such as steel, and this, combined with geopolitical impacts saw supply chain costs escalate. For example, many Australian government projects have Australian-steel quota requirements, and this demand contributed to increased steel costs and product scarcity. We are now seeing key cost measures, such as the world price of iron ore, stabilising at lower cost points.

This year we continued to advocate with government for more flexible project delivery models with potential to ease labour constraints. For example, our Employment White Paper submitted to the Federal Government called for solutions that will support our delivery partners, including structuring projects to better support participation of lower-tier design and construction companies.

We've continued building industry capacity through our projects. WestConnex is one of the world's largest road infrastructure projects, so it has presented exceptional opportunities for local businesses and suppliers to build capability and capacity. In FY23, we completed our final section of WestConnex, the M4-M8 link tunnels.[1] For this project, we signed 538 contracts worth more than $950 million with NSW subcontractors and suppliers, with more than 40% of the 12,000 workers involved in the project from Western Sydney.

Further, our project delivery partners established the WestConnex Training Academy at Homebush in partnership with providers such as TAFE NSW. The academy focused on quality, recognised training for workers.

Investment partners

We have seven investment partners across 17 assets. Our investment partners operate or own infrastructure assets in more than 35 countries and have more than $1.7 trillion in collective funds under management or net assets. Partners include leading global pension funds and infrastructure investors.

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

Our expertise as a global toll road operator, coupled with our project delivery capability, attracts quality investment partners. In early 2023, we reached an agreement to introduce CDPQ, a global investment group, as a 50% partner in the A25 asset, bringing along a strategically aligned and well-respected Quebec-based partner. This is the second partnership between Transurban and CDPQ since joining STP as part of WestConnex.

Investment partnership	Partners	Assets
Sydney Transport Partners	Transurban, AustralianSuper, CPP Investments, Tawreed Investments Ltd and CDPQ	WestConnex[1], currently comprising of M4, M8, M5 East and M4-M8 link
Airport Motorway	Transurban, IFM Investors and UniSuper	Eastern Distributor
NorthWestern Roads Group	Transurban, CPP Investments and QIC Limited	M7, NorthConnex
Transurban Chesapeake	Transurban, AustralianSuper, CPP Investments and UniSuper	495 Express Lanes[2], 95 Express Lanes[3], 395 Express Lanes
Skawanoti	Transurban and CDPQ	A25
Transurban Queensland	Transurban, AustralianSuper, Tawreed Investments Ltd	AirportlinkM7, Clem7, Gateway Motorway, Go Between Bridge, Legacy Way, Logan Motorway

1 *Rozelle Interchange is 100% funded and delivered by Transport for NSW with handover to WestConnex to operate upon completion*
2 *495 Express Lanes concession includes the 495 Express Lanes Northern Extension Project (currently under construction)*
3 *95 Express Lanes concession includes the Fredericksburg Extension (currently under construction)*
4 *Total includes spend by our contractors on our major projects*

Social procurement

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

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

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

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

For example, we collaborated with Ventia, our NSW road operations and maintenance provider, and Muru Mittigar, an Aboriginal (Dharug) not-for-profit organisation, to develop an Aboriginal and Torres Strait Islander skill development and employment pathways. The program has helped participants overcome barriers to work – for example, helping with driving lessons (through the Transurban-supported KARI First Nations driving school) as well as a 0% interest car loan to enable one participant to get to work. In FY23, the program's first two Aboriginal and Torres Strait Islander apprentices completed the first year of their training while working on the M2.

To date, we have spent more than $140 million[4] with Aboriginal and Torres Strait Islander businesses through our operations and projects and we continue to explore ways we can enhance our engagement and partnerships.

Read more about how we support reconciliation in the community (page 60) and with our people (page 65)

We also have specific targets on our projects in the Greater Washington Area for both Disadvantaged Business Enterprises (DBE) and Small Women and Minority (SwaM) owned businesses, with a combined goal of USD116 million on the Fredericksburg Extension, USD110 million on the 495 Extension Project and USD8 million on Express Lanes enhancements. This year in North America, we have spent more than USD70 million with DBEs and SwaMs, and have an additional USD100 million committed under contract.

Our more-than-a-decade-long partnership with Ability Works continued in FY23. The social enterprise employs people with disabilities and those facing significant employment barriers to deliver our mail-house and tag processing services.

In FY23 we also collaborated with Ability Works through its Inclusive Design service who reviewed the design of our new Sydney office to provide recommendations on how to improve accessibility and inclusivity.

This year we also continued our partnership with Multicap (a disability employment and skills-development service) and Q-Free Australia (our image processing and tolling service provider), with Multicap participants joining the Q-Free team cross-checking vehicles without tags on our Brisbane roads. Multicap participants review Q-Free's licence plate identification outcomes for quality assurance. This initiative is enabling people with disabilities to gain skills, training and employment experience in a technology-based industry.

Transurban shares its social procurement experience and learnings with both government and industry, demonstrating the benefits these initiatives can deliver to participants, industry and the community.

Addressing modern slavery risks

We continue to work with suppliers to identify and address any possible exposures to human rights risks and severe exploitation in our supply chains.

We submitted our third Modern Slavery Statement to the Australian Federal Government in December 2022, outlining how we work to identify, manage and mitigate the modern slavery risks to people in our operations and supply chains. We did not identify any instances of modern slavery in our operations or supply chains in FY22, and we remain vigilant in monitoring slavery risks.

We participate in regular forums, with both suppliers and other industry leaders to share learnings and knowledge on mitigating these risks. We also participated in consultation sessions for the statutory review of the Modern Slavery Act. We participated via the UN Global Compact Network Australia, the Modern Slavery Expert Advisory Group and through our legal partners Herbert Smith Freehills. We also convened a session with the Infrastructure Sustainability Council Modern Slavery Coalition where we invited businesses, including small businesses not yet reporting against the Modern Slavery Act, to provide consultation and feedback directly to the review body.

Our next Modern Slavery Statement will be submitted to the Australian Government by December 2023.

Read our FY22 Modern Slavery Statement, transurban.com/modern-slavery-fy22

Environmental leadership

Our major infrastructure projects remain the most resource intensive area of our business – so they are also our biggest opportunity for reducing our environmental impacts.

Our design and construction projects also serve as springboards for innovation, enabling the development of more sustainable materials and delivery methods.

Engaging our suppliers

Our supplier engagement on GHG reduction and climate risk management is managed via Carbon Disclosure Project (CDP) Supply Chain reporting. This year we doubled our engagement to bringing an additional 50 top suppliers (by spend) into the program.

We are now engaging 100 suppliers in establishing and complying with CDP reporting processes. This group now represents more than 60% of our emissions from purchased goods and services. Getting suppliers on board and having oversight of their progress is critical in meeting our overall emissions reductions targets. So far:

- 26% of disclosing suppliers' total energy consumption is sourced from renewable energy
- 32 of our top-100 suppliers report having active GHG reduction targets in place.

We also engaged a sustainability performance research agency, Support the Goals, to review our top 150+ suppliers' UN SDG activities. We found that, so far, around 28% of these suppliers have acted on the UN SDGs.[1] We will continue using our influence and buying power to drive more sustainable supply chain outcomes.

Decarbonising construction

The production of many road construction materials (including concrete, steel and asphalt) still relies heavily on fossil fuels. For example, production of cement – an ingredient used in concrete – accounts for about 7% of all global GHG emissions.[2] To meet our emission reduction targets, we are working with our contractors, government and industry partners to increase the use of low-carbon concrete and other materials.

One critical way we do this is through setting mandatory sustainability ratings for our major projects, both in Australia and North America. Since 2022, in Australia, our major projects have set targets to achieve a minimum "Excellent" rating, for both design and construction, from the Infrastructure Sustainability Council (IS rating).

And we're continually increasing other contract-specific sustainability requirements across our projects. Project specifications and materials changes we've implemented with our partners to date have reduced GHG emissions by about 771,580 tCO2e across nine projects.[3]

This has included working with our delivery partners to source low-carbon materials such as those with high recycled content like crushed glass, cement replacement and warm mix asphalt. In FY23, our major project average carbon intensity was 23% below 2019 levels.

Two of our most recent Australian projects – the WestConnex M4-M8 link tunnels (Sydney) and the West Gate Tunnel Project (Melbourne) have received 'Leading' IS-ratings – the highest ratings possible – for their design.

On the WestConnex M4-M8 link tunnels, which opened to traffic in January this year, a number of initiatives were implemented during the construction phase which resulted in a 57% reduction in embodied emissions in materials, compared with the initial base case design. These initiatives included the use of cement substitution, 15% reclaimed asphalt pavement in its asphalt mix, and an overall reduction in the volume of steel used.

1 Based on a three star or better rating by Support the Goals

2 Nature, 28 September 2021, Concrete needs to lose its colossal carbon footprint, accessed July 2023

3 Against 2019 baseline

Our first fully-electric TMA – implemented in partnership with our NSW maintenance contractor Ventia

The project used 15% reclaimed asphalt pavement in its asphalt mix. And the contractor reduced overall steel volumes by reducing the amount used for steel fibre reinforcement.

On the West Gate Tunnel Project, we cut embodied emissions in materials by around 21% overall.[1] We did this by making design changes that extended the tunnel length and reduced the need for ramp structures that would have required much larger quantities of carbon-intensive materials.

From an industry-wide perspective, in FY23 we continued our role as a founding partner with the Materials & Embodied Carbon Leaders' Alliance (MECLA). More than 140 industry representatives and government agencies participate in MECLA, working together to reduce embodied carbon across the building and construction industry and to reduce carbon emissions by one million tonnes by 2030.

Decarbonising operations

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

Truck mounted attenuator (TMAs) trucks are used to protect the safety of road crews and motorists by providing a cushioned crash barrier to absorb the impact of collisions. These diesel vehicles spend significant time idling during traffic management activities. To reduce these GHG emissions, Transurban and Ventia have added an electric TMA to the NSW fleet – an Australian first – which has been operating on Sydney's M2 since June 2023. This electric TMA is expected to save around 50 tonnes of GHG emissions every year, compared to an equivalent diesel TMA.

We are transitioning parts of our own fleet to hybrids, and ultimately, EVs. In FY23 we purchased two more electric vehicles to replace internal combustion engine vehicles. These are used for operational activity by our US team.

Read more about our sustainability initiatives in our community (page 57), and our climate change disclosure (page 39)

Leading the way in infrastructure sustainability

At more than 25 years old, Sydney's Hills M2 Motorway has been awarded an 'Excellent' IS rating for infrastructure sustainability – the highest rating to date for an operational asset.

In achieving an 'Excellent' operational rating, the M2 received the highest possible score for the climate adaptation, sustainable procurement, urban landscape design, and waste categories. We achieved this by switching to renewable energy, trialling low-carbon materials and implementing a driver education program with our contractor Ventia to support safer and more efficient driving habits to reduce GHG emissions. Together, these measures are expected to achieve a 48% reduction in GHG emissions over the M2's lifetime.

And during the rating period 97% of operations and maintenance waste was diverted from landfill and 63% of office waste was diverted from landfill.

Our collaboration with Ventia was recognised at the 2023 Asset Management Council's Asset Management Excellence Awards, winning the Sustainability category.

1 *Compared to reference base case*

Contractor safety

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

Along with our contractors and government partners, we want our projects delivered safely, and we want everyone contributing to these projects working safely. During FY23 we continued collaborating with our contractors to ensure HSE risks are being managed.

We manage our contractors using an active client model, where responsibilities and accountabilities are clearly defined, with:

- contractors responsible for identifying and managing HSE risks associated with delivering their works
- Transurban responsible for conducting assurance activities to monitor the performance of works in accordance with the contractor's stated processes
- contractors and Transurban delivering these roles collaboratively, for example, taking joint HSE walks and site visits to understand key risks and monitor established controls.

We are now into our third year working under our HSE Contractor Management Framework that embeds HSE analytics into our risk reporting and analysis. This approach, designed to improve our overall understanding, identification and management of hazards, risks, incidents and near misses, has delivered improved contractor HSE performance.

We also have well-established processes to respond to outcomes of incident investigations and communicate lessons learnt across our regions.

In FY23, we recorded our best-ever contractor recordable injury frequency rate (RIFR) of 2.77 per million work hours (Figure 27).

Our performance reflects the successful implementation of our active client model. The model works because it drives true accountability, with all parties' roles and responsibilities clearly defined, avoiding confusion and assumptions. Because information sharing is a key element of the approach, safety becomes a shared project, with Transurban and contractors collaborating to achieve the best safety outcomes for contractors and the projects they are helping deliver.

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

Read more about our safety approach with our customers (page 28) and our people (page 67)

Contractor forum

We work with contractors across all stages of a project's lifecycle – from design to operations and maintenance and into upgrade works. We recognised there were improvement opportunities around the sharing of safety learnings with each other, so in FY22 we hosted a contractor safety forum for our various NSW-based contractors.

Having so many contractors in the one room, sharing open and honest discussions about safety was invaluable, and so we expanded the concept to host a national event in December 2022. Attendees at this forum came from all our Australian markets, including Transurban representatives and personnel from major projects, incident response and maintenance contractors. The forum was an opportunity for industry professionals working across Australia to meet face-to-face and discuss the continuous improvement of our industry's safety performance.

Contractor safety

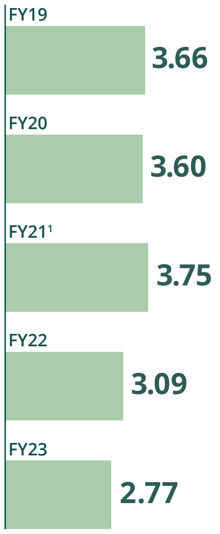
16.2M

contractor hours worked on projects and operations

~9,260

subcontractors completed online HSE induction

Figure 27: Contractor RIFR



Active client approach in practice

In mid-2022, the West Gate Tunnel Project recorded a series of hand injuries associated with a crane subcontractor. Our project team applied the active client approach and engaged with stakeholders to understand their experience, project challenges and controls in place to address the injury trend. Following our assessment, the contractor was stood down until a satisfactory safety improvement plan was developed and implemented. A reduction in hand injuries has occurred since the intervention, and our open and collaborative approach created a productive environment for genuine understanding and remediation.

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

Governance and risk

Soundtube on CityLink, Melbourne

Governance

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

Introduction

Transurban's governance framework plays a critical role in helping the business deliver on its strategy.

It provides the structure through which business objectives are set, performance is monitored, and risks are managed. It includes a framework for decision making across the business and provides guidance on the standards of behaviour expected of Transurban's people.

Transurban's governance framework, including our statement of compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, is detailed in our 2023 Corporate Governance Statement. Our Corporate Governance Statement and key governance documents are available on our website.

Read more about our corporate governance at transurban.com/corporate-governance

Role of the Board

The Board is accountable to security holders for the performance of Transurban. The Board's primary roles are to demonstrate leadership and provide overall strategic guidance for Transurban and effective oversight of management in implementing Transurban's strategic objectives and instilling its values. To assist it in fulfilling these responsibilities, the Board has established Committees to give detailed consideration to key issues.

The Board has also delegated responsibility for the day-to-day management of Transurban to the Chief Executive Officer (CEO), and through the CEO to other Senior Executives. The CEO is accountable to the Board for the exercise of this delegation with the support of Senior Executives.

The Board regularly reviews the charters and key policies that underpin Transurban's corporate governance practices to ensure they remain appropriate, reflect high standards of governance and meet regulatory requirements.

Board structure and composition

The Board is structured so that it is comprised of individuals with appropriate skills, knowledge, experience, independence and diversity to develop and support Transurban's strategy and enable it to discharge its responsibilities and add value.

The Board utilises a skills matrix in succession planning and to assist in assessing the range of skills, knowledge, experience and diversity on the Board, and to identify particular competencies and perspectives that will enhance the Board's effectiveness and add value. The Board's collective skills and experience are set out in the matrix on page 77, and Directors' biographies are set out on pages 80 to 81.

During the year, the Board reviewed the interests, positions and relationships of the Non-executive Directors and considers each of them to be independent.

Board meetings

The Board meets as often as necessary to discharge its responsibilities. This requires Board members to attend at least seven scheduled meetings each year, the Annual General Meetings (AGM), Committee meetings and unscheduled meetings as required. The Board also meets with Transurban's Executive Committee for an annual strategy session.

Board meetings are typically held in each of our regions over the course of the year. In addition to these meetings, Directors also attend regional activities, including briefings, asset and project site visits and presentations, and opportunities for employee and stakeholder engagement. These activities are an important element of the Board's induction and ongoing education and enable Directors to obtain the required deep understanding of our operations within each region. During the year, members of the Board visited Transurban's assets, offices and project sites in New South Wales, Victoria, Queensland, and the Greater Washington Area.

Performance of the Board, Committees and individual Directors

The Board undertakes an annual assessment of its performance, including its performance against the requirements of the Board Charter, the performance of individual Committees and the performance of individual Directors.

During the reporting period and through to the date of this report, the Board undertook an internally facilitated Board performance and effectiveness review, which included each Director providing feedback by way of a questionnaire. Further, one-on-one meetings were held between the Chair and each Director to obtain and provide additional feedback. The outcomes of the review were discussed with the Board and relevant actions were agreed.

Transurban Board FY23 areas of focus

During the year, the Board provided strategic guidance and effective oversight of management in its implementation of Transurban's strategy.

Key strategic, governance and oversight activities for the year included:

Health, safety and environment (HSE) and road safety

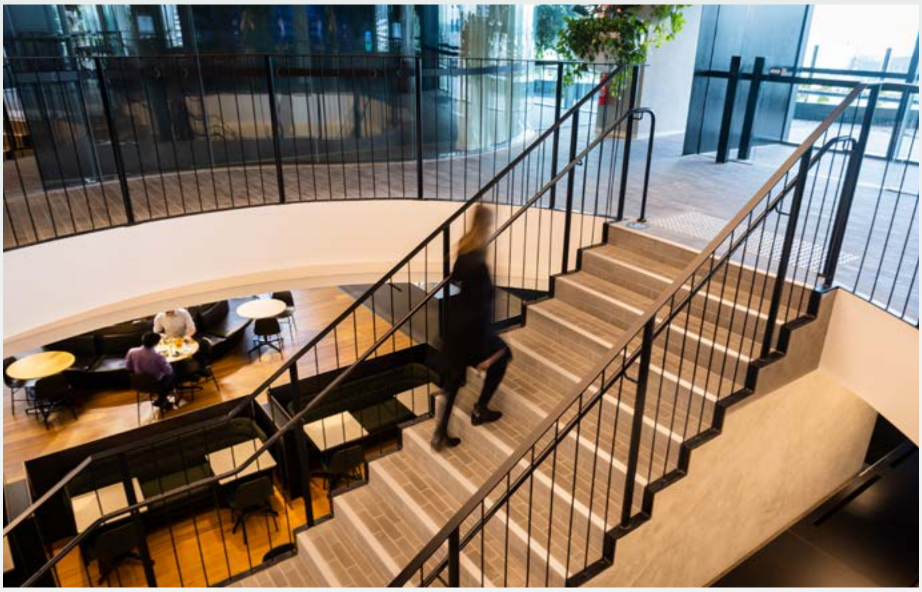
Ongoing commitment and oversight of Transurban's HSE and Road Safety Plan. The Plan is centred on Transurban's long term vision to achieve a future with zero life changing injuries for employees, contractors and customers, and minimising our impact on the environment. Over the year there has been oversight of health and wellbeing initiatives, the HSE learning framework, the ongoing embedding of contractor management principles, and a focus on improvement in environmental management. This oversight also included Transurban's efforts to reduce serious injury crashes on all its assets.

Strategy and risk

Together with management, setting the strategic direction of the business including: approving the annual financial budget and monitoring corporate performance; engaging in the annual Board strategy session; ongoing integration of risk management with our HSE and business resilience activities, including oversight of technology (including cyber), project and supply chain risk; reviewing the Risk Appetite Statement (including for financial and non-financial areas of risk) and reviewing the overall Enterprise Risk Management Framework to further enhance the identification, assessment and management of material business risks.

Capital management

Oversight and approval of raising over $7.7 billion in debt facilities (bank debt and capital market issuances), comprising refinancing activity across the Transurban Group.



Delivery of major projects, asset management and performance

Ongoing oversight of the performance of Transurban's infrastructure assets, and delivery of major projects including: the Fredericksburg Extension, 495 Express Lanes Northern Extension and Maryland Express Lanes Phase 1 (discontinued) in North America; the West Gate Tunnel Project and Burnley Tunnel enhancement in Melbourne; and the M7-M12 Integration Project, and the completion and delivery of WestConnex M4-M8 link tunnels in Sydney.

Oversight and approval of emerging opportunities

Oversight and approval of the introduction of CDPQ as a 50% partner in the A25 asset in Canada. Ongoing oversight and assessment of emerging opportunities including: potential opportunity to acquire a stake in EastLink in Melbourne; Express Lane enhancement opportunities in North America and other asset enhancements in the regions in which Transurban operates; and strategic innovation opportunities.

Customer, community and social licence

Oversight of customer initiatives and expanded hardship programs providing ongoing support for customers and other members of the community, including through the Linkt Assist (Australia) and First Time Forgiveness (North America) programs, holistic support for vulnerable customers needing additional support beyond assistance with tolling debt (Australia), and participation in the 'One Stop One Story Hub' enabling victim-survivors of family violence and customers experiencing complex financial hardship to access hardship support from a range of companies through a single referral (Australia). Oversight of Transurban's social licence framework, and the focus areas intended to address key social and environmental issues and opportunities relevant to our core business and meet the evolving expectations of our stakeholders.

Sustainability

Reviewing progress on delivery of the Sustainability Strategy and ongoing relevance and adequacy of Transurban's climate change management framework. Examining the ratings for current climate change threats and opportunities taking into account current controls, progress and future focus areas. Monitoring progress towards our 2050 net zero and 2030 interim greenhouse gas (GHG) emission reduction targets.

People, culture and remuneration governance

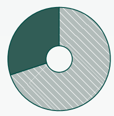
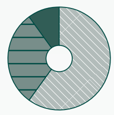
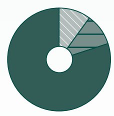
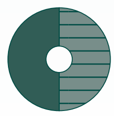
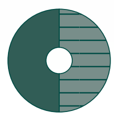
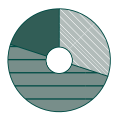
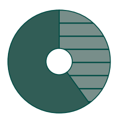
Continued investment in strategic leadership and talent development to deliver the Group's strategy in line with Transurban's purpose and desired culture; ongoing review and implementation of key improvements to the remuneration framework; continued focus on the wellbeing and productivity of our workforce including leveraging established flexible work practices; and focusing on creating a diverse, inclusive and equitable workplace in which everybody belongs, can contribute and succeed.

Board and CEO succession planning

During the year, the Board has been engaged in Chair and CEO succession and transition. In October 2022, Lindsay Maxsted retired and Craig Drummond was appointed as Chair of Transurban effective from the conclusion of the 2022 AGM. In February 2023, it was announced that Scott Charlton will leave Transurban at the end of the 2023 calendar year. These changes are the result of a coordinated and orderly succession planning process for Board and CEO renewal.

Board skills and experience

The skills matrix below presents the key skills and experience that the Board considers necessary having regard to Transurban's strategic objectives, core capabilities and the emerging business and governance issues relevant to Transurban, and the proportion of Directors with that skill or experience. The Board is satisfied that it collectively possesses an appropriate breadth and depth of skills and experience to provide effective leadership to Transurban.

Skills and experience	Description	
Leadership	Board, CEO and/or senior leadership experience in major organisations, enterprises or listed companies in Australia or overseas, and managing through periods of rapid change.	
Strategic and commercial acumen	An ability to define strategic objectives and constructively question business plans and implement strategy using commercial judgement.	
Health, safety and environment	Experience in health, safety and environmental matters (HSE), policies and strategies, including implementing HSE systems in organisations of significant size.	
Risk management	An understanding of financial and non-financial risk management, including operational, conduct, compliance, environmental, technological and governance risk.	
Financing/ capital management	Experience in complex financing and/or capital management including economic drivers and global business perspectives.	
Project development, project management and delivery	Experience in all aspects of major infrastructure projects, including project engineering.	
Industry specific knowledge and expertise	Specific experience, knowledge and expertise gained across the broader infrastructure and transport industries, including global experience.	
Customer experience	Knowledge of, or experience in, organisations and operations managing large retail customer bases.	
Government and stakeholder relations, public policy and community engagement	Experience in government and regulatory policy matters (including public policy discourse), multiple stakeholder relations and community engagement.	
Governance, compliance and sustainability	Commitment to, and knowledge of, governance and sustainability issues (including the legal, compliance and regulatory environment applicable to transport infrastructure and climate change).	
People, culture and remuneration	Experience in people matters including culture, morale, management development, succession and remuneration (including incentive programs and the legislative framework governing remuneration).	
Technology	An understanding of, or experience in, organisations of a significant size having a major technology focus, including new technologies and digital disruption, digital customer management, and cybersecurity.	
Financial acumen	Financial knowledge, accounting or related financial management qualifications and experience, including understanding the financial statements of organisations of significant size and complexity and the ability to probe the adequacies of financial and related risk controls.	

Deep expertise *Competent* *Capable*

Board Committees

The Board has established three standing Committees, each operating under a separate Charter which sets out its responsibilities.

Audit and Risk Committee

Responsibilities:

To assist the Board in fulfilling its corporate governance and oversight responsibilities relating to the integrity of Transurban's financial reporting, the effectiveness of Transurban's systems of internal control and risk management (for financial and non-financial risks) including the risk management framework, the internal and external audit functions, and Transurban's risk profile and risk policy.

Areas of focus during FY23 included:

- Reviewing and recommending to the Board significant accounting and financial reporting disclosures including in relation to: the divestment of a 50% interest in the A25 asset; discontinuing the Maryland Express Lanes Project; and the impact of uncertainties related to near-term interest rates, inflation and COVID-19 recovery on accounting, audit and risk-related matters
- Oversight of FY23 distributions and related guidance
- Oversight of the assurance and disclosure processes for the Transurban Corporate Report incorporating the financial statements and remuneration report; and disclosures relating to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)
- Oversight of risk management activities including: annual review of the Risk Management Policy, Enterprise Risk Management Framework, and Risk Appetite Statement including updates to reflect revised strategic key performance indicators and further development of interactive knowledge sharing and risk performance dashboards; implementation of key risk control assurance activities and initiatives across the business; reviews of the risk management activities for business units; reviews of the approach to managing strategic risks that have a health, safety, environment or road safety impact; oversight of climate related risks; and review of key policies including the Privacy Policy, Whistleblower Policy and Human Rights Policy, and replacing the Ethical Business Practices Policy with the Anti-Bribery, Corruption and Fraud Policy and Conflicts Management Policy
- Oversight of the strategic cybersecurity program, cybersecurity and technology risk management activities, ongoing third party and supply chain cybersecurity reviews, and disaster recovery and data management and protection capabilities and initiatives
- Oversight of taxation matters, including tax governance and tax risk management
- Oversight of the annual renewal of the insurance program
- Approval of, and delivery oversight of, the FY23 Internal Audit Plan
- Reviewing the Transurban Group budget for FY24 prior to consideration by the Board.

Nomination Committee

Responsibilities:

To assist the Board in fulfilling its responsibilities relating to the composition and performance of the Board, Board appointments, and succession planning.

Areas of focus during FY23 included:

- Chair succession, culminating in the appointment of Craig Drummond as Chair of the Board on the retirement of Lindsay Maxsted at the end of the 2022 AGM
- Ongoing Board succession planning, utilising the Board skills matrix
- CEO succession
- Oversight of the process for the annual review of the Board, Board Committee and Director performance
- Review and recommendation of annual Director re-election and election.

Remuneration, People and Culture Committee

Responsibilities:

To assist the Board in fulfilling its responsibilities in relation to people, remuneration, and culture matters including: oversight of management policies and programs to develop the capability of Transurban's workforce and to support Transurban's desired culture; alignment of Transurban's remuneration framework with Transurban's purpose, strategy, risk appetite, desired culture and values, including oversight of strategies, incentive plans, practices and disclosures generally; the performance and remuneration of, and incentives for, the CEO and Senior Executives; and the remuneration of the Chair of the Board and the other Non-executive Directors.

Areas of focus during FY23 included:

- Ongoing oversight of Senior Executive development, succession, and management policies and programs to develop the capability of Transurban's workforce
- Supporting the Board in its oversight of Transurban's culture, including: reviewing and making recommendations to the Board on key policies to drive desired cultural outcomes such as the Code of Conduct; monitoring workplace relations, workplace equity and employee engagement trends and considering implications for Transurban's culture
- Oversight of Transurban's diversity and inclusion practices, programs and initiatives to support and assist with improving diversity and inclusion at all levels of the business
- Review and continued enhancement of Transurban's remuneration framework to ensure that the framework effectively supports Transurban's business strategy, long term value creation and desired culture
- Reviewing CEO remuneration, including transition matters and ongoing review of appropriate performance measures
- Reviewing Senior Executive remuneration, including ongoing review of appropriate performance measures
- Reviewing Non-executive Director remuneration, including the current Non-executive Director fee pool.

Read more in our remuneration report (pages 92 to 112)

Governance policies

Transurban has a number of governance policies to guide how it does business, including:

- **Anti-Bribery, Corruption and Fraud Policy** – communicates our approach in relation to the prevention, detection, deterrence, management and reporting of bribery, corruption and fraud risks.
- **Code of Conduct** – articulates the behaviour expected of Transurban's Directors, employees and contractors, who are expected to align their actions with the code and Transurban's values whenever they are representing Transurban.
- **Conflicts Management Policy** – defines the process for Transurban's Directors, employees and contractors to appropriately declare and manage actual, perceived and potential conflicts of interest where their personal interests might come (or might have the appearance of coming) into conflict with the interests of Transurban.
- **Continuous Disclosure Policy** – establishes our procedure for compliance with Transurban's continuous disclosure obligations and provides guidance for the identification of material information and timely disclosure of Transurban's activities to the market.
- **Dealing in Securities Policy** – prohibits Transurban's Directors, employees, contractors and their related parties from dealing in Transurban securities if they are in possession of price-sensitive information and provides for open periods during which they may trade, subject to any required approvals being obtained.
- **Health, Safety and Environment Policy** – provides Transurban's commitment to a healthy and safe work environment for all employees, contractors and third parties and to minimise impacts to the environment.
- **Human Rights Policy** – outlines Transurban's support for internationally recognised human rights, identifying the issues most salient to Transurban and how we prevent, mitigate and respond to negative impacts.
- **Political Contributions Policy** – sets out Transurban's policies and procedures that govern contributions to political parties.
- **Risk Management Policy and Enterprise Risk Management Framework** – provides guidance and direction on the management of risk in Transurban and states Transurban's commitment to the effective management of risk.
- **Supplier Sustainability Code of Practice** – outlines our minimum standards and leadership expectations which encourage suppliers to go beyond legal compliance in order to advance social and environmental responsibility.
- **Sustainability Policy** – contains our commitment to sustainability, including specific commitments around achieving net zero GHG emissions by 2050 and the UN Sustainable Development Goals.
- **Whistleblower Policy** – encourages and supports people to freely raise concerns if they have witnessed, or have knowledge about, any suspected or actual misconduct or improper state of affairs in relation to Transurban without fear of intimidation, disadvantage or reprisal.

Corporate Governance Statement

For detailed information on the corporate governance framework and main governance practices, policies and charters of Transurban Group for the year ended 30 June 2023, including details of the Group's compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, refer to the Group's 2023 Corporate Governance Statement on the Transurban website.

Read more about our corporate governance at transurban.com/corporate-governance

North American Advisory Board

In 2019, the Board established a North American Advisory Board (Advisory Board), which operates in an advisory capacity to the Board. The purpose of the Advisory Board is to capture the wisdom of individuals with deep experience and relationships in the North American region in order to contribute to Transurban's strategic thinking and the development of executive leadership.

The Advisory Board members' knowledge and experience complements that of North American senior management, providing Transurban with a broad perspective and awareness of the local markets in which it operates and the clients, customers and communities it serves. During FY23 the Board and Senior Executives engaged with the Advisory Board on specific matters related to the North American region and met with the Transurban Board both in person in Washington DC and remotely via videoconference. The Advisory Board 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.

The current members of the North American Advisory Board are Francoise Bertrand and Laurie Mahon, and details of their skills and experience are available at **transurban.com/board**

Board of Directors

Craig Drummond

BCom, FCA, SF Fin | Age 62

Chair and Independent Non-executive Director since October 2022 and July 2021 (respectively)

Skills and experience

Craig has over 30 years' experience in financial and regulated service industries. He has extensive experience across all facets of company management, including equity and debt capital markets, risk management and business strategy.

Craig is currently Chair-elect of Australian Foundation Investment Company Limited (Non-executive Director since 2021), President of the Geelong Football Club and a Governor of The Ian Potter Foundation.

He was previously a member of the Financial Regulator Assessment Authority, and held a number of senior leadership positions including CEO of Medibank (2016-2021), Group Executive Finance and Strategy of National Australia Bank Limited and CEO and Country Head of Bank of America Merrill Lynch (Australia).

Earlier in his career, Craig held various roles at JBWere, including COO, CEO and Executive Chairman of Goldman Sachs JBWere.

Chair: Nomination Committee
Member: Audit and Risk Committee

Scott Charlton

BSc, MBA | Age 59

Chief Executive Officer and Executive Director since July 2012

Skills and experience

Scott joined Transurban as Chief Executive Officer and Executive Director in 2012. Scott has led Transurban through significant growth during his tenure as CEO, expanding its position in existing markets and leading its entry into new markets. Scott joined Transurban from LendLease, where he held positions as Group COO and Group Director of Operations. Previously, Scott held several senior positions across a range of infrastructure entities and financial institutions, including as CFO of Leighton Holdings Limited and Managing Director of Deutsche Bank in Australia and Hong Kong.

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

Mark Birrell AM

BEc, LLB, HonLLD, FAICD | Age 65

Independent Non-executive Director since May 2018

Skills and experience

Mark is a Director with deep industry experience in the fields of infrastructure and transport, including roles as founding Chair of Infrastructure Partnerships Australia, the nation's peak industry sector body and Chair of Infrastructure Australia, the statutory authority advising the Federal Government.

Mark is currently Deputy President of the Australian Chamber of Commerce and Industry (since 2021) and a member of the Management Board of the International Organisation of Employers (since 2022).

Previous directorships include Chair of Post Super Pty Ltd (2013-2022), Regis Healthcare Limited (2014-2018), Port of Melbourne Corporation, Evans & Peck Limited, and Deputy Chair of Australia Post.

He has a background in the law and public policy, having worked as National Leader of the Infrastructure Group at Minter Ellison (2002-2012) and served as a Cabinet Minister in Victoria and Leader of the Government in the Upper House (1992-1999).

Member: Audit and Risk Committee
Nomination Committee

Terence Bowen

BAcc, FCPA, MAICD | Age 56

Independent Non-executive Director since February 2020

Skills and experience

Terry has extensive financial, strategic and operational experience across a range of sectors within some of Australia's leading companies.

Terry is currently a Non-executive Director of BHP Group Limited and BHP Group Plc (since 2017) and Coles Group Limited (since 2022). He is also a part-time partner of BGH Capital, focusing on supporting and advising BGH's Operations Group.

He previously served as Managing Partner and Head of the Operations Group at BGH Capital and prior to this served as Finance Director of Wesfarmers Limited (2009-2017), Finance Director of Coles, and Managing Director of Wesfarmers Industrial. Terry was formerly the CFO of Jetstar Airways, and has held various finance roles with Wesfarmers Landmark and Tubemakers of Australia Limited.

He is a former Chair of the West Australian Opera Company Incorporated and a former Non-executive Director of the West Australian Institute of Medical Research Pty Ltd and Gresham Partners Group Limited.

Chair: Audit and Risk Committee
Member: Nomination Committee

Patricia Cross AM

BSc (Hons), FAICD | Age 64

Independent Non-executive Director since July 2021

Skills and experience

Patricia has extensive international experience as both an executive and Non-executive Director across a wide range of financial services and other industries. She has expertise in capital markets, risk management, corporate governance, treasury and international affairs.

Patricia is currently Chair of OFX Group Limited (since 2022), a Guardian of the Future Fund's Board of Guardians (since 2021) and an Ambassador for the Australian Indigenous Education Foundation (since 2008).

She was previously Chair of the Commonwealth Superannuation Corporation (2014-2021), and a Non-executive Director of Aviva plc (2013-2022), Macquarie Group Limited (2013-2018), National Australia Bank Limited (2005-2013), Qantas Airways Limited (2004-2013), and Wesfarmers Limited (2003-2010). Patricia also held several honorary government positions including as a founding member of the Financial Sector Advisory Council and as a member of the Panel of Experts to the Australian Financial Centre Forum.

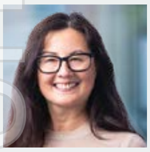
As an executive, Patricia lived and worked in seven different countries holding a number of senior leadership positions with Chase Manhattan Bank and Chase Investment Bank, Banque Nationale de Paris, and National Australia Bank Limited.

Member: Remuneration, People and Culture Committee
Nomination Committee

Marina Go AM

BA, MBA, MAICD | Age 57

Independent Non-executive Director
since December 2021



Skills and experience

Marina has worked in executive roles across a range of listed and private companies and in Non-executive Director roles across a diverse range of sectors. Her executive career included over 25 years' experience in branding, marketing, digital technologies and change leadership in the media industry.

Marina is Chair of Adore Beauty Group (since November 2021 and a Non-executive Director since 2020), and a Non-executive Director of EnergyAustralia (since 2017), 7-Eleven (since 2018) and Autosports Group (since 2016). She is also a member of Netball Australia, the UNSW Business Advisory Council and the ANU Centre for Asian-Australian Leadership Advisory Board.

She was previously Chair of Ovarian Cancer Australia, The Walkley Foundation and Wests Tigers Rugby League Football Club, and a Non-executive Director of Booktopia Group Limited (2020-2022) and Pro-Pac Packaging Limited (2018-2021).

Marina was previously Country CEO for The Hearst Corporation and held a variety of senior leadership positions across multi-media businesses, including Fairfax, Bauer Media, EMAP Australia and Private Media.

Member: Remuneration, People and Culture Committee
Nomination Committee

Timothy Reed

BCom (Hons), MBA, MAICD | Age 53

Independent Non-executive Director
since November 2020

Skills and experience

Tim has over 30 years' experience in technology, marketing, strategy and business development gained from various roles held in Asia, Europe, the USA and Australia.

Tim is currently the President of the Business Council of Australia and co-Managing Director of Potentia, a private equity firm focused on technology businesses.

He was formerly the CEO of MYOB (2008-2019) and before this held a range of other senior management roles during his 16-year career with the business. Prior to joining MYOB, Tim also held senior management roles in sales, marketing, product management and business development with software and technology businesses in Silicon Valley.

Member: Remuneration, People and Culture Committee
Nomination Committee

Peter Scott

BE (Hons), MEngSc, Hon FIEAust, MICE | Age 69

Independent Non-executive Director
since March 2016

Skills and experience

Peter has over 20 years' senior business experience in publicly listed companies and a breadth of expertise in the engineering and finance sectors.

He was formerly the CEO of MLC and head of National Australia Bank's Wealth Management Division and held several senior positions with LendLease.

He was previously Chair and a Non-executive Director of Perpetual Limited, Chair and a Non-executive Director of Perpetual Equity Investment Company Limited and a Non-executive Director of Stockland Corporation Limited.

His pro-bono activities include being a Fellow of the Senate of the University of Sydney. He is currently a Non-executive Director of Centuria Healthcare Limited.

Member: Audit and Risk Committee
Nomination Committee

Robert Whitfield AM

BCom, Grad Dip Banking, Grad Dip Fin, AMP, SF Fin, FAICD | Age 58

Independent Non-executive Director
since November 2020

Skills and experience

Rob has extensive financial, risk and capital markets experience in senior management roles across the public and private sectors.

Rob is currently a Non-executive Director of the Commonwealth Bank of Australia (since 2017) and GPT Group (since 2020).

He previously served as Chair and Director of New South Wales Treasury Corporation, Secretary of NSW Treasury, Secretary of NSW Industrial Relations, and as Deputy Chair of the Australian Financial Markets Association. Prior to this, Rob had a 30-year executive career with Westpac Banking Corporation where he held a number of senior leadership positions including CEO of the Institutional Bank, Chief Risk Officer and Group Treasurer.

Chair: Remuneration, People and Culture Committee
Member: Audit and Risk Committee
Nomination Committee

Jane Wilson

MBBS, MBA, FAICD | Age 65

Independent Non-executive Director
since January 2017

Skills and experience

Jane has over 20 years' experience as an independent director of public companies, government-owned corporations and not-for-profit organisations following an executive career in finance, banking and medicine.

Jane is a Non-executive Director of Costa Group Holdings Limited (since 2019). She is also Co-Chair of the Australian Government Advisory Board on Technology and Healthcare Competitiveness and a Director of Rugby Australia (since 2021).

She was previously a Non-executive Director of Sonic Healthcare Limited (2010-2022), a Guardian of the Future Fund (2015-2021), the Deputy Chancellor of the University of Queensland, and a Non-executive Director of the General Sir John Monash Foundation, Opal Aged Care Limited and the Winston Churchill Memorial Trust.

Member: Remuneration, People and Culture Committee
Nomination Committee

Risk management

An organisation-wide, integrated, proactive, practical approach to identifying and managing risks is essential for an organisation's resilience, sustainability, and creating value for our customers. By anticipating and understanding the current and future uncertainties associated with our operating environment, we can mitigate threats and pursue business opportunities to benefit all our stakeholders.

Proactive agile risk management is embedded into our strategic activities, decision-making processes and daily operations to ensure we deliver upon Transurban's strategic objectives, as well as continue to create and maintain stakeholder value.

Our Enterprise Risk Management (ERM) Framework is a fundamental tool within our business, providing governing principles and guidance to inform the early identification of risks (both threats and opportunities) and proactive implementation of considered risk mitigation or adoption strategies. Overseen by the Board and the Audit and Risk Committee (ARC), and actively managed by the CEO, Executive Committee and senior managers, the ERM Framework also provides a structured approach so that our key risks and issues are escalated appropriately, ensuring we respond to those with the potential to materially impact our business.

Our Risk Appetite Statement, which covers both financial and non-financial measures, outlines the level of risk we are prepared to accept, tolerate, or avoid in the pursuit of our business strategy. The statement is critical in guiding our attitudes and behaviours towards risk and is reviewed by the Board. It provides an integrated, proactive, practical approach to identifying and managing risks essential for our organisation's resilience, sustainability, and social and community standing. By anticipating and understanding the current and future uncertainties associated with our operating environment, we can mitigate threats and pursue business opportunities to benefit all of our stakeholders.

To ensure we are operating within our risk appetite thresholds we have linked our Risk Appetite Statement to Key Risk Indicators (KRIs) and Key Performance Indicators (KPIs). Using these KRIs and KPIs, we can measure our business and risk management performance against financial and non-financial risk metrics. Performance is tracked and presented to the Board to provide early insights into our risk exposures and to take informed decisions.

Across the business, teams regularly review our business activities and the local and global operating environment to identify risks with the potential to impact Transurban or our stakeholders. Proactive strategies and contingency plans are then developed and implemented to manage this risk exposure.

For climate related risk analysis, please read our climate change disclosure (page 39)

Figure 28: Enterprise Risk Management Framework in action

	Annual activity	*Quarterly activity*	*Continuous activity*	**Business Resilience**	**Internal Audit**
ARC/Board	Review ERM effectiveness and approve changes Review and update Risk Appetite	Review material and emerging risks		Provide assurance of resilience capability and preparedness Reporting on learnings from exercises and incidents	Update audit plan based on key risks and themes
Executive Committee	Review ERM effectiveness and approve changes Review and update Risk Appetite	Review key business, strategic and emerging risks	Risk and compliance status reporting	Consider emerging threats and catastrophic risks Exercise and test business response	Annual review of business compliance
Markets and business units	Set risk objectives and priorities in business plan Update risks in line with objectives	Consolidate and review key business and operational risks	Validate key risks and compliance requirements Review key risks and treatments	Exercise and test response to disruption risks Validate preventative controls	Internal Audit plan review and update to reflect any emerging risks
Projects, development proposals and acquisition	Set risk objectives and priorities in business plan Update risks in line with objectives	Formal review of risk registers	Validate key risks and compliance requirements Review key risks and treatments	Identification of risks that could disrupt the safe and continuous operations of our assets or critical business processes	Audit reports issued including assessments of controls and management actions to enhance the control environment

An enterprise-wide integrated approach to compliance and risk management

In a world of ever-increasing regulatory demands and an enhanced focus on governance, risk, and compliance, we continue to evolve our risk and compliance processes to meet these demands without placing an additional burden on our workforce.

Supported by centralised, organisation-wide compliance and risk management systems the approach has provided us with the ability to harness business intelligence, integrate our risk, resilience and compliance data to monitor compliance and share insights and enhance business performance.

During the reporting period the integration of compliance ethics modules to our compliance system enabled us to expand our understanding of compliance while simplifying the end-user experience. This has allowed us to build a more mature, proactive compliance capability and an understanding of our broader risk and compliance environment through enhanced performance reporting and oversight of the compliance process.

By combining these new modules with our existing risk and compliance system, we have gained better visibility and understanding of our risk and compliance environment. With more information at our disposal, we can make smarter decisions and take risks in a thoughtful and proactive manner – assessing both the potential positive outcomes and the potential negative consequences before making decisions. This also includes how we prepare for and recover from risks which could negatively impact on the business, our people and the broader customers and communities.

In addition, the ability to combine these systems has provided integrated information in real time to the Executive Committee and management teams (through direct links to analytics and dashboards) which has given the business a more fulsome picture of the current operating environment, business performance and early warning of areas requiring focus. This has enabled us to make innovative and rapid strategic decisions based on these insights and share business knowledge.

Our proactive compliance-focused culture and improved business integration combined with enhanced compliance visibility has also been highly beneficial to Transurban's contract, project and asset managers, allowing them to:

- understand what they must do from a compliance perspective
- understand and track their obligations
- understand and manage the associated risks.

Aspects of this approach was reviewed by external international research and advice organisation GRC 20/20 Research LLC, who awarded Transurban's approach and toolset Best in Class for Compliance and Ethics Management 2023.

Business-wide insights

The ERM Framework is integrated with related business processes and policies (including: the Code of Conduct; Anti Bribery, Corruption and Fraud Policy; Conflicts Management Policy; Compliance Framework; and Health, Safety and Environment, Internal Audit, Tax, Treasury, Procurement, Business Resilience, and Insurance policies and procedures) to ensure a business-wide view of our risks and enable us to understand and address their potential consequences.

To support the continued growth of risk maturity across the business, a key pillar of Transurban's FY23 risk strategy has been the roll-out of our risk intelligence dashboard and integrated risk reporting. We have further linked our risk management, compliance, privacy and resilience data and combined this with scenario analysis to identify areas of potential disruption and development opportunities.

This risk insights reporting has enabled our ERM approach to provide management and the Board with insights to our key risks and understanding of the risk performance and maturity within our operations and projects. This has enabled risk learnings and insights to be shared and cascaded among teams.

Measuring the effectiveness of our risk management activities

We have multiple assurance activities to assess the value and success of our ERM activities. The overall effectiveness of our ERM requires clear expectations and consistent application of controls across the business. So this can happen, the ERM Framework is linked to our assurance and governance processes – with outcomes from our risk processes used to define internal audit focus areas. These audits provide independent assurance to ARC, supporting the committee in fulfilling its responsibility for overseeing the organisation's risks and controls. The audits also enable management to maintain an effective risk and control environment.

To support broader internal audit assurance activities we utilise a co-sourced operating model, comprising an external independent internal audit service provider (EY), and an internal team led by the Head of Internal Audit. This approach enables balance, independence, external subject matter expertise and internal knowledge. Internal audit operates under a plan approved annually by ARC and has full access to all functions, records, property, and personnel of the Transurban Group. Internal audit administratively reports to the Company Secretary and has a direct reporting line to the Chair of ARC. The results of internal audit activities are reported to ARC.

We assess our risk culture annually, with questions posed in the Our Voice employee survey. The purpose of these questions is to assess the current understanding of risk, the level of risk management practice within the business, and understand the propensity of employees and the business to take considered risk.

Additionally, the Board requests that internal audit undertakes an annual review of our ERM Framework. This review is to satisfy the Board that the framework continues to be sound and aligned with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The review involves:

- gap analysis of Transurban's risk management approach alignment with ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
- examining alignment to ISO 31000:2018 – Risk management
- assessment of our ERM Framework against other leading practice frameworks.

The detailed results from both our employee survey and ERM review are used to identify business areas requiring focused risk support and capability development activities. Results and feedback also form the basis for future risk management training, education and ERM Framework improvement activities.

Key risks – Opportunities and threats[1]

↑ *Up*
↓ *Down*
— *Neutral*

Opportunity	Change in opportunity within FY23[2]	Example management responses
New business opportunities in our target markets Opportunities to further grow the business and enhance existing assets and operations or pursue acquisition or investment opportunities with other non Transurban assets.	↑ Reflects continuing focus on development opportunities in target markets	• Demonstrate leadership in sustainability, climate risk, road safety and emerging technologies • Focus on the right opportunities aligned to our business strategy • Continue to build relationships with partners and other stakeholders • Demonstrate core capabilities and delivery credibility • Maintain leading understanding of the transport needs of our markets and develop solutions based on this understanding • Market scanning and review of non Transurban assets • Further collaboration with existing and new investment partners targeting emerging opportunities • Develop new service offerings utilising existing capabilities.
Strategic innovation and new business ventures Continued identification and development of new business ventures and partnerships, such as connected and automated vehicles (CAVs) and automated freight services have the potential to transform the freight industry and optimise road usage.	↑ Positive result from pilot projects and engagement with government partners	• Strategic initiatives to test and pilot technology adaptations • Engagement with aligned partners and industry groups.
Harness technology and services to support customer offerings Transurban's technology footprint and mobile app platforms present the opportunity to develop positive customer engagement opportunities within the market or establish differentiators against our competitors.	— Continue upgrades to our core customer account and billing systems	• Customer listening programs, horizon scanning and emerging technology review to identify trends • Technology road map, including identification of suitable technology partners and solutions • Customer reward programmes • Implementation of digital tools, such as Trip Compare and Road Incident Notification • Community and customer engagement • Cloud and digital architecture strategy • Continued customer feedback to support development and expansion of LinktGO and GoToll, including account management tools • Continued investment in channel optimisation and digital offerings including apps and features.
Sustainability initiatives to enhance road user and community experience Opportunity to further pursue sustainability projects to enhance social and environmental outcomes for communities and social licence credentials.	— Continued focus on sustainability opportunities and associated technologies	• Customer Hardship Program • Managed motorway risks such as pre peak-hour speed limit reductions to lower risk of rear-end crashes • Transurban Road Safety Centre at Neuroscience Research Australia (NeuRA) research program • Support for vehicle safety initiatives such as child car seat checks with Kidsafe Australia and Safe Kids Worldwide in North America • Membership with Social Traders to identify opportunities to increase direct and indirect spend with certified social enterprises • Infrastructure Sustainability ratings for road assets • Research and pilots of new technologies to reduce environmental impacts of construction materials as well as other initiatives to move toward carbon neutrality • Sustainability Strategy aligned to the nine UN Sustainable Development Goals most relevant to our business • Sustainable procurement program which also addresses modern slavery risks.

1 *Transurban's exposure to financial risks and the policies we have in place for managing that risk can be found in the Derivatives and Financial Risk Management notes – see note B15. This section discusses our hedging policies, credit risk, interest rate risk and liquidity and funding policies. Transurban considers the impacts of climate change as a potential contributing factor to many of our threats and opportunities. For more information on our climate change management strategies and our consideration of transition and physical risks refer to climate change risk management on page 43 of this report*

2 *Directional arrows are a general assessment only of the risk change over the year, detailed risk reviews are undertaken regularly to ensure alignment with our Risk Appetite Statement as outlined on page 82*

Key risks – Opportunities and threats[1]

↑ *Up*
↓ *Down*
— *Neutral*

Threat	Change in threat within FY23[2]	Example management responses
Unfavourable changes in the market or to operating conditions Key assumptions relating to the operating environment (including potential disruption events) and/or budget forecasts may prove to be incorrect.	— Continued focus as a result of current economic conditions	• Stress testing and scenario analysis reflecting future outlook and economic uncertainties and other potential disruption events • Strategic and emerging risks and mitigations identified and managed as part of the overall Risk Management Framework • Ongoing regional and asset traffic analysis supplemented by third party data and/or review • Continued review and management of cost base • Continuous financial model review and evaluation • Consideration of extreme and future weather events or land use changes.
Delivering our major projects to meet agreed outcomes Contractor performance or behaviour could lead to a failure to deliver projects on time and within budget resulting in reputational issues which could impact on future opportunities.	↓ Continued positive progress across our portfolio of delivery projects	• Due diligence throughout procurement and tender processes • Project Steering Groups, Internal Audit Program and Program reviews • Enterprise Risk Management Framework incorporating project risk reviews • Ongoing focus on relationship with current and potential suppliers including Senior Executive engagement with major contractors • Consideration of alternative contracting frameworks and engagement models.
Customer and road safety Failure to effectively manage road infrastructure and response to incidents could impact customer and road safety.	↑ Challenges experienced across the broader national road networks across Australia and North America which has also impacted Transurban assets	• Australian Road Research Board assessment of the Australian network to determine International/Australian Road/Assessment Program safety ratings • Monash University Accident Research Centre analysis of serious injury crashes on Australian roads • Road Safety Action Plans and Community of Practice • Development of road safety initiatives such as Burnley Tunnel pacemaker lights and Express Lane access • Continued focus on emergency response capabilities and delivery of emergency management exercises • Transurban Road Safety Centre at NeuRA research program • Scenario analysis of weather events and their impact on road safety.
Cyber security and information protection Failure to appropriately manage, govern and protect customer and company data and systems from cyber threats, resulting in information or data loss and operational disruption.	↑ Increase reflects the impact of the global geopolitical environment	• Implementation and operation of a Cyber Security Framework aligned to industry standards to protect against cyber attacks and disruption • Review and management of cyber risks and threats, and provided regular reporting on key cyber risks and cyber control metrics to executive and management • Funding of a cyber program in order to maintain security posture within risk appetite over time supported by training and awareness campaigns • Data assurance and privacy programmes • Exercising and scenario analysis.
Failure of technical infrastructure or an inability to respond effectively to a disruption Failure to adequately maintain our infrastructure or failure to respond effectively to an emerging failure, incident or disruption, including preparing for potential changes to the operating environment, could lead to impacts on asset lifecycle planning, breaches of concession, possible safety risks and/or reputational damage.	↓ Regular maintenance and exercising across all levels of the organisation	• Transurban's asset management and operations programme and the associated systems and processes • Scenario based response training • Supplier and Contractor Management Framework outlines requirement for regular audits, inspections and quality assurance assessments of contractors and sub-contractors • Asset reviews and Internal Audit Program • Scenario analysis of future weather events and/or changes in the operating environment on system/asset reliability and asset lifecycle planning • Testing of Climate Change Action Plans • Business Continuity Plan and Incident Management and Emergency Strategy Teams in place • Annual desktop exercises and field exercises with emergency services to coordinate response • Annual update and review of all corporate emergency procedures.

1 Transurban's exposure to financial risks and the policies we have in place for managing that risk can be found in the Derivatives and Financial Risk Management notes – see note B15. This section discusses our hedging policies, credit risk, interest rate risk and liquidity and funding policies. Transurban considers the impacts of climate change as a potential contributing factor to many of our threats and opportunities. For more information on our climate change management strategies and our consideration of transition and physical risks refer to climate change risk management on page 43 of this report

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Key risks – Opportunities and threats[1]

↑ *Up*
↓ *Down*
— *Neutral*

Threat	Change in threat within FY23[2]	Example management responses
Changes in government policies or regulatory interpretations A change in government policy or expectations could impact on the ability to deliver the business strategy.	— Engagement with governments and partners on toll reform	• Engagement on toll reform and road user charging • Contributions to policy discussions through submissions to government inquiries and draft strategies • Engagement at all levels of government – political and bureaucratic – to understand policy positions (and their potential implications) • Monitoring potential changes to stakeholder and government policies, including alignment to TCFD recommendations and transition to net zero • Compliance management system enhancement in place and automatic notification and escalation of compliance actions and regulatory changes • Compliance working group continues to oversee and report to Board on compliance activities.
Ensuring the safety and wellbeing of employees and contractors Due to the nature of some of our work activities, employees, workers and other stakeholders could be exposed to harm or suffer wellbeing issues if business controls fail to be adequate.	↓ Positive HSE performance for FY23, roll out of enhanced wellbeing initiatives	• Safety reporting and management systems that enable detailed analytics • Contractor management and engagement to ensure implementation of Transurban minimum requirements • Ongoing development and implementation of the Transurban HSE culture including delivery of mental health and wellbeing initiatives and support services • HSE training and awareness including practical exercises • Proactive HSE observation and HSE Action Plan activities linked to employee performance KPIs • Roll out of initiatives to foster a physically and psychologically healthy workplace • Regular internal and external HSE reviews of our HSE frameworks and management system.
Dependency on third parties and critical suppliers Loss of a key strategic supplier due to liquidation, legal action, buyout/takeover. Likewise, availability, performance issues or inflation pressures could lead to a disruption in supply of a critical service/ capabilities to Transurban or impact on development or operational costs.	↑ Increase reflects global economic and geo political challenges impacting global supply chains	• Due diligence throughout procurement processes • Environmental scans and proactive industry engagement • Supplier and Contractor Management Framework which includes requirements for Supplier Performance Management • Ongoing delivery of Sustainable Procurement Program including acting in accordance with the Modern Slavery Act requirements, potential climate change obligations and collaboration with suppliers to respond to potential risks within our supply chain • Considerations of alternative risk sharing concepts including sharing of risk for supply impacts and cost escalations • Explore opportunities for engaging a broader range of contractors, through innovative and project-specific procurement packaging • Research of infrastructure delivery within Australian market • Review of new industry procurement and contractual approaches.
Inability to attract and retain the workforce capability required by the organisation for critical roles An inability to attract best talent as well as ensure that we retain the key critical people necessary to drive and grow the business could lead to the unavailability of critical key roles or capabilities. This combined with the impact of the post-COVID-19 environment on critical or overseas resources/support requirements could impact on the availability of operational resources to support projects, bids and development opportunities.	— Risk remains a focus in light of economic conditions	• Strategically prioritising talent growth and development opportunities • Workforce planning • Regular talent reviews and succession planning • Employee engagement, belonging and wellbeing initiatives • Strategic sourcing for agreed roles • Tactical strategies including resourcing, retention, performance and remuneration to support acquisition and retention of critical skills • Key industry partnerships/memberships • Annual pay equity reviews to identify and address any gaps in pay.

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2 *Directional arrows are a general assessment only of the risk change over the year, detailed risk reviews are undertaken regularly to ensure alignment with our Risk Appetite Statement as outlined on page 82*

Key risks – Opportunities and threats[1]

↑ *Up*
↓ *Down*
— *Neutral*

Threat	Change in threat within FY23[2]	Example management responses
Treasury management of debt, liquidity, and balance sheet Volatility in interest rates, hedging and refinancing could impact financial exposure and funding for new projects.	— Risk remains a focus in light of economic conditions	• Rating protections through Transurban's predictable cash flow from established concessions, which are supported by embedded tariff escalations • Regular reporting of funding activities, performance against key metrics, compliance, operational issues/breaches • Annual review and approval of the Treasury Frameworks, Treasury Policy and Charter by the Board • Capital Strategy and annual review of the Funding Plan • Monthly reporting of compliance against debt • Debt book management • Stress testing of debt exposure based on market assumptions • Disciplined approach to opportunities • Effective management of costs, debt and balance sheet.
CEO transition Failure to effectively manage CEO transitions could impact on market confidence.	↓ With Board transitions successfully completed risk is focus on CEO transition plan	• Transition plan development and implementation • CEO and Board engagement.
Potential impacts of emerging recession A potential recession could impact on business confidence leading to reduced economic activity, increased unemployment which (when combined with an increased cost of living) could lead to reduced revenue.	↑ Increase reflects global economic uncertainties and challenges	• Ongoing review of external trends and performance • Early identification of pressure points and action if changes identified. Responses include: – Review of cost base – Stress testing and scenario analysis – Implement early changes to spend plans • Ongoing approach to financing activities.

1 *Transurban's exposure to financial risks and the policies we have in place for managing that risk can be found in the Derivatives and Financial Risk Management notes – see note B15. This section discusses our hedging policies, credit risk, interest rate risk and liquidity and funding policies. Transurban considers the impacts of climate change as a potential contributing factor to many of our threats and opportunities. For more information on our climate change management strategies and our consideration of transition and physical risks refer to climate change risk management on page 43 of this report*

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Directors' report

CityLink, Melbourne

Directors' report

The Directors of Transurban Holdings Limited ('the Company'), Transurban International Limited, and Transurban Infrastructure Management Limited, as responsible entity of Transurban Holding Trust, present their Directors' report on the Transurban Group for the financial year ended 30 June 2023.

The Directors' report has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) with the following information forming part of this Directors' report:

- Operating and financial review (see right)
- Remuneration report on pages 92 to 112
- Directors' declaration on page 214
- Auditor's independence declaration on page 113.

Principal activities

The principal activities of the Group during the reporting period were the development, operation and maintenance of toll roads in Sydney, Melbourne and Brisbane, in Australia, as well as investments in toll roads in Sydney in Australia, and in Montreal and the Greater Washington Area, in North America. There has been no significant change in the nature of these activities during the reporting period.

Operating and financial review

A review of the Group's operations and the results of those operations during the year, including likely developments in future financial years and risk management, are on pages 4 to 87 of this Corporate Report. Other than the information included in the operating and financial review and throughout this report, information on other likely developments, business strategies and prospects for future financial years has not been included as it would be likely to result in unreasonable prejudice to the Group.

Details of the results of the Group's operations are in the financial statements (pages 114 to 214)

Directors' details

The Boards of Transurban Holdings Limited, Transurban Infrastructure Management Limited and Transurban International Limited have common Directors. The names of Directors who served during or since the end of FY23 are below. All Directors held their positions for the duration of FY23 unless otherwise stated.

- Craig Drummond (Chair)
- Scott Charlton (Chief Executive Officer)
- Mark Birrell
- Terence Bowen
- Patricia Cross
- Marina Go
- Timothy Reed
- Peter Scott
- Robert Whitfield
- Jane Wilson
- Lindsay Maxsted (retired 20 October 2022)

Details of each Director's appointment, qualifications, experience and special responsibilities, together with their recent directorships, are set out in their biographies. Read more on pages 80 to 81.

Company secretary

Fiona Last is the Company Secretary of Transurban Holdings Limited, Transurban Infrastructure Management Limited and Transurban International Limited.

Fiona Last
LLB (Hons), BCom, FGIA

Fiona joined Transurban as Company Secretary in January 2020. Fiona is an experienced corporate lawyer and governance adviser with over 20 years relevant professional experience. Prior to joining Transurban, Fiona was Company Secretary at Treasury Wine Estates, and a Senior Corporate Lawyer at National Australia Bank. Prior to her in-house roles, Fiona worked as a corporate lawyer for legal firms in Australia, Asia and the United Kingdom.

Directors' meeting attendance

The Boards of Transurban Holdings Limited, Transurban Infrastructure Management Limited and Transurban International Limited have common Directors and meetings are held concurrently. The number of meetings of the Board and each Board Committee held during FY23, and the number of meetings attended by each Director, are set out below. The table below excludes the attendance of those Directors who attended Board Committee meetings of which they are not a member, other than the current Chair of the Board whose attendance at all Committee meetings is included below.

	Board of Directors		Audit and Risk Committee		Remuneration, People and Culture Committee		Nomination Committee		Board Sub-Committee[1]	
	Attended	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended	Held[2]
Craig Drummond (Chair)	8	8	6	6	5		4	4	6	6
Scott Charlton (CEO)	8	8							7	7
Mark Birrell	8	8	6	6			4	4		
Terence Bowen	8	8	6	6			4	4	2	2
Patricia Cross	8	8			5	5	4	4	2	2
Marina Go[3]	8	8			3	3	4	4		
Timothy Reed	8	8			5	5	4	4		
Peter Scott	8	8	6	6			4	4	2	2
Robert Whitfield	8	8	6	6	5	5	4	4		
Jane Wilson	8	8			5	5	4	4		
Lindsay Maxsted[4]	1	1					2	2	1	1

Distributions

The Board determined a distribution of 31.5 cents per stapled security for the six months ended 30 June 2023 with a payment date of 21 August 2023. This takes the total distribution for FY23 to 58.0 cents per stapled security, of which 1.0 cent is fully franked. Further details of FY23 distributions are provided in note B10 to the financial statements.

Significant changes in the state of affairs

The financial position and performance of the Group was particularly affected by the following transactions and events during the reporting period:

- Divestment of the Group's controlling interest in A25
- Termination of the Maryland Express Lanes Project.

Further information is provided in note B2 on page 123 of the financial statements.

Events subsequent to the end of the financial year

Other than as disclosed in the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future years.

1 A number of Board Sub-Committees were formed during the year for special purposes

2 Number of meetings held during the year at which the Director was a member of the Board or respective Committee. Details of current Committee membership are set out in pages 80 to 81

3 M Go was appointed as a member of the Remuneration, People and Culture Committee with effect from 1 January 2023

4 L Maxsted retired from the Board on 20 October 2022

Indemnification and insurance of Directors and officers

The Constitutions of the Group provide that the Group will indemnify each officer (including each Director) of the Group, on a full indemnity basis and to the extent permitted by law, against any liabilities incurred by them in their capacity as an officer of any member of the Group. Each officer is also indemnified against reasonable costs (whether legal or otherwise) incurred in relation to relevant proceedings in which the officer is involved because the officer is or was an officer.

The Group has entered into Deeds of Indemnity, Insurance and Access with each of its Directors and officers.

The Group has arranged to pay a premium for a directors and officers liability insurance policy to indemnify Directors and officers in accordance with the terms and conditions of the policy. This policy is subject to a confidentiality clause which prohibits disclosure of the nature of the liability covered, the name of the insurer, the limit of liability and the premium paid for this policy.

During FY23 and as at the date of this Directors' report, no indemnity in favour of a current or former Director or officer of the Group or in favour of PwC, the external auditor, has been called on.

Environmental regulation

The Group's operations are subject to environmental regulation under both Commonwealth and State legislation. The Group is committed to achieving a high standard of environmental performance. This commitment is reflected in the Sustainability Policy and Health, Safety and Environment Policy which have both been approved by the Transurban Group Board. The Sustainability Strategy – available on our website transurban.com – outlines our objectives, while our risk management processes provide regular monitoring of environmental exposure and compliance with environmental regulations.

Based on the results of enquiries made, the Board is not aware of any significant breaches during the reporting period.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company, nor any application made under section 237 of the *Corporations Act 2001* (Cth).

Non-audit services and auditor independence

PwC was appointed as the Group's external auditor on 12 October 2001. The Group has an External Auditor Independence Policy that is intended to support the independence of the external auditor by regulating the provision of services by the external auditor. The external auditor will not be engaged to perform any service that may impair or be perceived to impair the external auditor's judgement or independence.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services by PwC during the reporting period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Directors are satisfied that the provision of non-audit services by PwC did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- The Audit and Risk Committee reviewed the non-audit services to ensure they did not impact the impartiality and objectivity of the auditor.
- None of the services undermined the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

Details of the amounts paid for non-audit services are provided in note B34 to the financial statements on page 183.

The Group's external auditor, PwC, has provided an independence declaration in accordance with section 307C of the *Corporations Act 2001* (Cth), which is set out on page 113 and forms part of this Directors' report.

Rounding of amounts

The Group has applied the Australian Securities and Investments Commission ('ASIC') Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191 to this report, and amounts in the financial statements have been rounded to the nearest million dollars, unless stated otherwise.

This Directors' report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors:

Craig Drummond
Director

Scott Charlton
Director

Melbourne
16 August 2023

Remuneration report

Introduction from the Chair of the Remuneration, People and Culture Committee

On behalf of the Board, I am pleased to present Transurban's remuneration report for the year ended 30 June 2023.

FY23 has seen Transurban achieve strong results in areas spanning the breadth of the business from our daily operations to activities that create long-term value for our customers, communities and partners in government and business.

Continued positive momentum in traffic, including record average daily traffic of 2.4 million trips, has underpinned a strong financial result with proportional revenue and EBITDA increasing by 26% and 29% respectively year-on-year. Active and prudent management of our balance sheet has kept financing costs stable despite significant increases in interest rates during the year. These results have allowed us to increase distributions to security holders by more than 40% compared to FY22, to 58 cents per security for the year.

While the year's financial results are strong, the success and sustainability of our business is intrinsically linked to the long-term value that we create for all our stakeholders. The importance of this holistic approach is reflected in the Group Performance Scorecard. This was introduced this year to assess overall Group performance for the purposes of determining the Short Term Incentive (STI) pool. The scorecard's financial and non-financial measures assess our performance in terms of Financials (Proportional EBITDA and Proportional Net Cost); Health, Safety and Environment (HSE); Customer and Delivery; and Sustainability, Reputation and Leadership.

Pleasingly, along with strong financial results, we also achieved a number of significant milestones in the non-financial areas. Some of these highlights included:

- Opening the M4-M8 link in Sydney, the final element of the WestConnex project to be delivered by the Sydney Transport Partners (STP) consortium, ahead of schedule and on budget
- Completion of tunnelling on the West Gate Tunnel Project in Melbourne
- Successful financial close of the M7-M12 Integration Project in Sydney
- Completing Australia's first trials of an automated truck in live traffic conditions
- Reporting the Group's lowest recordable contractor injury rate and zero recordable employee injuries
- Achieving our target to reduce our Scope 1 (fuel) and Scope 2 (electricity) greenhouse gas emissions by 50% by 2030 – seven years ahead of schedule and meeting our target to achieve a 10% energy-efficiency saving by 2023
- Continuing our focus on leadership capability and workplace experience, supported by positive employee survey results
- Ranking in the top 20 globally and top 10 in Australia in Equileap's Gender Equality Global Report
- Delivering numerous customer experience improvements including additional functionality on our digital tools, loyalty rewards such as fuel discounts as well as ongoing assistance to support customers facing hardship
- Community investments including child-car seat safety education, learn-to-drive programs and a renewal of our six-year partnership with Neuroscience Research Australia to deliver critical road safety research into occupant injury prevention.

These and many of our other achievements are highlighted throughout this Report.

Our workforce
Ongoing labour market pressures persisted in FY23 with high demand for specific skills such as cyber-security, infrastructure and technology.

Within this context, we have been working hard to understand and effectively respond to the expectations of both our current and future workforce, identifying key themes such as an increasing desire to work for organisations that are purpose-led, sustainable and inclusive; which offer flexible workplace arrangements as well as career growth through meaningful work experiences.

We have refreshed the Group's Employee Value Proposition (EVP), adapted hiring strategies in response to changing market conditions, and continued our investment in leadership capability, change resilience and a workplace that is engaging, inclusive and equitable for all.

Along with many organisations, we have specifically focused on establishing sustainable flexible work patterns that balance business needs with employee preferences. Employee surveys have recorded positive sentiment in this area.

CEO transition
In February 2023, Transurban announced that CEO Scott Charlton would be departing the business by the end of calendar year 2023.

In August 2023, the Board confirmed the appointment of Michelle Jablko to the position of Chief Executive Officer and Managing Director of Transurban. Michelle will officially commence in the role on 19 October 2023.

During the year the Committee has been engaged in, and provided recommendations to the Board on, remuneration and governance matters in relation to the outgoing and incoming CEO.

The orderly management of this transition helps to ensure that the business remains focused, continuing to apply a disciplined approach to delivering the Group's strategic agenda and value for all our stakeholders.

Remuneration outcomes in FY23

The FY23 remuneration outcomes are outlined below and, in the Board's opinion, fairly reflect individual and Group performance taking into consideration market conditions and security holder experience.

Fixed remuneration

Fixed annual remuneration reviews were conducted, with adjustments being made to the FY23 fixed remuneration of one Executive KMP, effective 1 July 2022. This was made in recognition of the role scope, accountability, experience and performance of the individual, and to remain competitive against the ASX30 market benchmark. Details can be found in the Executive KMP remuneration table on page 111.

Short Term Incentive (STI)

FY23 performance

The introduction of the Group Performance Scorecard this year provided the Board with important additional context in assessing overall Group performance for STI purposes, including financial and non-financial measures. Further details are provided on page 99.

STI financial measures

Proportional EBITDA
In terms of financial results, Proportional EBITDA was $2,528M for the period. This is a record result for the Group, reflecting increases in average daily traffic across all regions.

Proportional Net Cost
Proportional Net Cost was $649M. This was the result of increased tolling expenses following a 20% improvement in average daily traffic, full year costs from business investments made in the prior year, opening of the M4-M8 link, full year ownership of WestConnex and inflation. However, performance was managed well against budget including a number of management actions such as renegotiation of vendor contracts and active management of workforce and consulting spend.

STI non-financial measures

With the introduction of non-financial measures to be included when determining overall Group performance for STI purposes, the Board has been thoughtful to ensure a balanced and robust approach was applied; one that demonstrated value for all stakeholders, underpinned by rigorous quantitative and qualitative performance assessment mechanisms. Consistent with financial measures, Group performance against the new non-financial measures was regularly monitored throughout the performance period.

HSE
Transurban has had a strong year in relation to HSE outcomes, including its lowest ever reportable injury rates. Performance relative to road safety targets was impacted by the increased risk associated with higher traffic volumes and changes in driver patterns and behaviour post-COVID-19. That said, analysis of independent data indicates that Transurban's roads have continued to perform significantly better than comparable road networks over the period. The Group's ongoing commitment to building a strong HSE and road safety culture is reflected in the increasing number of HSE observations reported and action plans completed by our people.

Customer and Delivery
Focus has been on continuously improving the experience of our customers. Attention has been in the areas of digital experience; loyalty offerings; and proactive support in relation to scam activity and for those experiencing hardship. Digital channel uptake rates have consistently increased over the performance period. Resulting Net Promoter Score (NPS) outcomes show sustained improvement, including reduced volatility.

Ensuring the successful delivery of the Group's pipeline of major projects is core to our business. During FY23, progress has continued across all major projects including completion and opening of WestConnex's M4-M8 link ahead of schedule, in addition to the partial opening of the Fredericksburg Extension. Excavation for the West Gate Tunnel Project was also completed and the M7-M12 development opportunity finalised. Financial close was also reached on the A25 strategic partnership.

Sustainability, Reputation and Leadership
Transurban's public commitment to action on climate change includes reducing our environmental impact during both asset construction and operations. Reducing GHG emissions is a primary opportunity with the Group reaching its 2030 target seven years ahead of schedule. This includes significant reductions derived from key energy efficiency initiatives and the ongoing transition to renewable electricity across all markets.

Community reputation levels in Transurban have benefited from a program of initiatives that have built trust, awareness and understanding in the business. This has included community initiatives such as child-car seat safety education and learn-to-drive programs. The Group has also renewed the six-year partnership with Neuroscience Research Australia (NeuRA), focusing on occupant injury prevention.

We have continued our focus on creating an engaging, inclusive and equitable workplace led by ethical, values-based leaders within a high-performance culture. From a workforce perspective, emphasis in FY23 has been on confidence in leadership, employee connection, inclusion and wellbeing along with having opportunities to develop and grow. Supported by ongoing investment in the capability and impact of our leaders, employee survey results have been strong in these areas.

The overall FY23 STI outcome is 108% (72% of maximum), with a year-on-year increase in EBITDA of 29% and distribution growth of more than 40%, aligning STI outcomes with the experience of security holders.

Executive STI outcomes

In determining the STI outcomes of the CEO and Executive KMP, the Board considered both individual performance, assessed as having performed at levels which met or exceeded expectations, and all factors that have contributed to the overall Group result.

The Board approved STI outcomes:

- The CEO received a final STI outcome of 78% of maximum opportunity (118% of target opportunity)
- Other Executive KMP received between 65% and 86% of maximum opportunity (97% to 129% of target opportunity)

Long Term Incentive (LTI)

During FY23, the FY20 LTI plan vested, FY21 and FY22 plans were on foot and grants were made under the FY23 LTI plan.

FCF was also reintroduced to the FY23 LTI plan along with relative TSR (see page 101).

FY20 LTI plan vesting

The FY20 LTI plan (performance period 1 July 2019 to 30 June 2022) vested on 29 August 2022 at 35.7%, result derived entirely from TSR.

Vesting outlook for FY21 LTI plan

The FY21 LTI plan (performance period 1 July 2020 to 30 June 2023) has a single performance measure of relative TSR, with testing of the performance hurdle indicating that 0% of awards will vest for eligible participants.

Non-executive Director remuneration

A review of Non-executive Director fees (base Director and Committee fees) was undertaken during FY23 which included benchmarking against other publicly listed entities of a similar size and complexity to Transurban. As a result of that review, the Remuneration, People and Culture Committee recommended, and the Board approved, an increase to Non-executive Director fees effective 1 January 2023. This is the first increase to Non-executive Director fees since 1 January 2018.

Details of Non-executive Director remuneration arrangements can be found on page 107.

Summary

Transurban has produced a strong set of balanced results in FY23, reflecting the Group's focus on delivering for all of its stakeholders.

The Board remains committed to ensuring that executive remuneration is well aligned to business performance and the experience of our securityholders and other stakeholders. This year, attention has also been given to ensuring that the executive leadership team is well positioned to support the CEO transition in FY24.

We are confident that the outcomes detailed in this report are consistent with these endeavors and as always, welcome any comments and feedback.

Thank you for your ongoing support of Transurban.

Robert Whitfield

Chair, Remuneration, People and Culture Committee

This report has been prepared and audited in accordance with section 300A of the Corporations Act 2001 (Corporations Act)

Who is covered by the report

This report covers Transurban's key management personnel (KMP) who have the authority and responsibility for planning, directing and controlling the Groups' activities, either directly or indirectly. This includes Executive KMP and Non-executive Directors.

In FY23, KMP were as follows:

Current Non-executive Directors

Craig Drummond, Chair
Mark Birrell
Terence Bowen
Patricia Cross
Marina Go
Timothy Reed
Peter Scott
Robert Whitfield
Jane Wilson

Former Non-executive Directors

Chair (until 20 October 2022)
Lindsay Maxsted

CEO transition

In August 2023, the Board confirmed the appointment of Michelle Jablko to the position of Chief Executive Officer and Managing Director of Transurban. Michelle will officially commence in the role on 19 October 2023. At that time, Scott Charlton will cease to hold the CEO role.

Current Executive KMP

Executive Director and Chief Executive Officer (CEO)
Scott Charlton

Chief Financial Officer
Michelle Jablko

Group Executive Customer and Technology
Simon Moorfield

Group Executive New South Wales
Michele Huey

Group Executive Partners, Delivery and Risk
Hugh Wehby

Group Executive Queensland
Sue Johnson

Group Executive Victoria and Strategy
Henry Byrne

All KMP held their positions for the duration of FY23 unless otherwise stated.

Our remuneration governance framework at a glance[1]

Board

Sets and oversees remuneration policy implementation.

Remuneration, People and Culture Committee

Assists the Board in fulfilling its responsibilities in relation to the remuneration of the Chairman and other Non-executive Directors, performance and remuneration of, and incentives for, the CEO and Senior Executives, remuneration strategies, practices and disclosures, and management programs to develop the capability of Transurban's workforce and align to the Group's purpose, strategy and culture.

The Committee may request additional information from Management or external advisors where required. The Committee us es a range of inputs when assessing performance and outcomes of Executive KMP, includ ing both what and how results have been achieved. Detailed performance assessments as well as audited financial results, external remuneration benchmarking and an overarching view to the organisation's values and risk profile are taken into account. The Committee and the Board review relevant information and exercise discretion, and may adjust remuneration outcomes, including application of malus and clawback.

Management

Provide management information on financial, customer, employee, safety, ESG and risk matters which may impact remuneration.

The CEO and the Group Executive, People and Culture attend Committee meetings, however they do not participate in formal decision making or in discussions involving their own remuneration.

External Advisors

The Committee may seek and consider advice from independent remuneration consultants where appropriate.

Protocols are in place for the independent engagement of remuneration consultants and the provision of remuneration recommendations.

During FY23, remuneration consultants only provided benchmarking data and insights on market practices to the Committee. No remuneration recommendations relating to KMP were provided by consultants.

1 *Refer to Governance and risk section of the Corporate Report on page 75 for details of Transurban's Governance Framework*

Our executive remuneration approach

Our remuneration policy and strategy are designed to support and reinforce our business strategy and sustainable long-term growth with consideration being given to the interests of all our stakeholders. The remuneration components that are at risk require the successful execution of that strategy in both the short and long term. Our strategic drivers are reflected in our STI and LTI performance measures so that business performance, security holder outcomes and senior executive remuneration are directly aligned. The remuneration report is presented to security holders annually showing how the Board has applied the Remuneration Framework.

Our purpose

To strengthen communities through transport

Our strategy

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

Remuneration strategy

A total remuneration framework designed to attract, motivate and retain the most skilled, experienced and capable senior executives by rewarding them for delivering on our business strategy and creating long-term, sustainable value for stakeholders

Governance

The Board holds discretion with regard to the setting of targets and hurdles, as well as decisions regarding performance and remuneration outcomes; this includes taking into account any relevant significant events

Minimum security holding requirements for Group CEO and KMP (equal in value to fixed remuneration excluding superannuation; five-year period to accumulate)

Strict protocols for engaging independent remuneration consultants and advisors

Remuneration principles

Aligns the interests of our people with stakeholders, particularly security holders and partners, and importantly considers the impact on the community

Attracts, motivates and retains the best talent with capabilities that enable our competitive value proposition

Balances financial and non-financial performance which aligns to our purpose, values and risk appetite

Pays fairly and appropriately for operational performance and long-term value creation

Remuneration policy, including components and delivery mechanisms

Fixed remuneration

Salary including statutory superannuation

Short term incentive

Target performance, defined by a combination of group and individual Key Performance Indicators (KPIs), could achieve a 100% of STI target, with the potential, based on outperformance against group and individual KPIs, to earn a maximum of 150% of STI target

Annual incentive awarded 50% in cash and 50% as two-year deferred Transurban securities

Long term incentive

Long-term business performance measures determine opportunity for vesting of security grants

Performance Rights with a four-year performance period

Purpose

Fixed component

Designed to provide market competitive remuneration to attract and retain the best talent in Australia and internationally for Transurban's current and future priorities, taking into consideration roles and experience

Key role accountabilities, size and complexity are weighed up against individual responsibilities, knowledge, skills and experience to determine the appropriate level of fixed remuneration

Current year performance

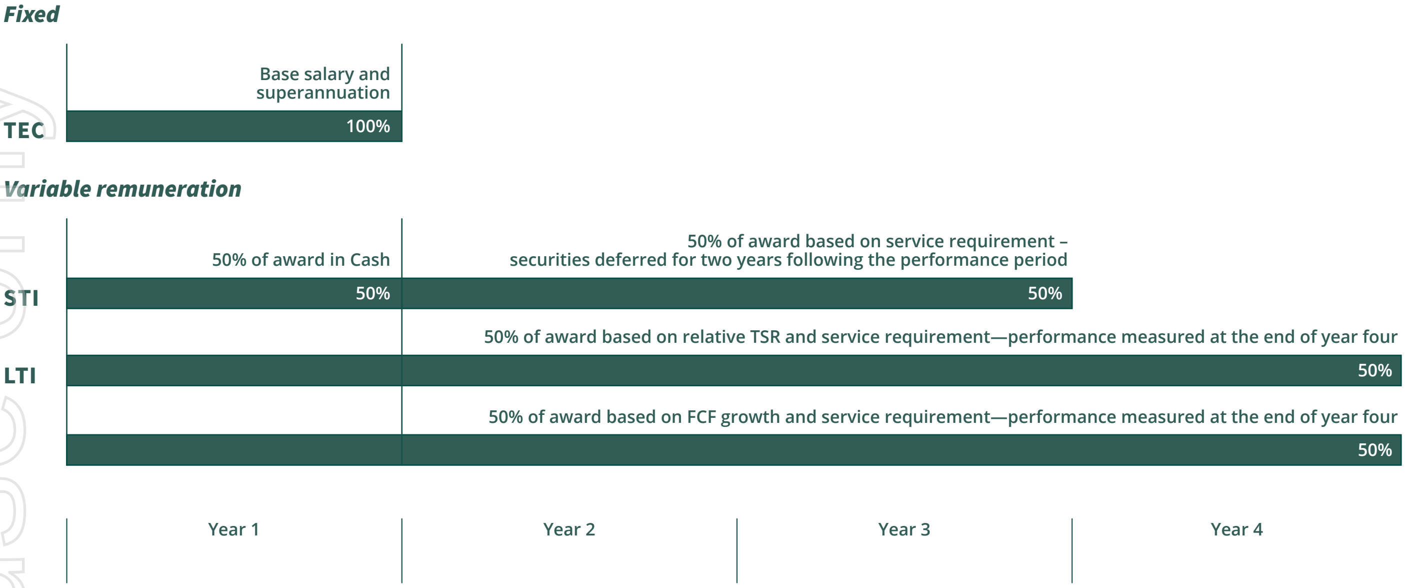
Designed as a lever to deliver our strategic and operational priorities, with a level of outperformance that reflects our values and supports our purpose

Rewards for strong collective and individual contributions to overall performance of Transurban and where deferral applies provides an additional retention incentive and enables clawback optionality

Long-term sustainable performance

Designed to focus on the achievement of sustainable longer-term value creation; the performance period better reflects security holder expectations and enables the application of malus and clawback

Overview of executive remuneration framework[1,2,3]



Executive KMP remuneration

Remuneration mix

The remuneration mix is designed to achieve a balanced reward for achievement of short-term objectives and the creation of long-term sustainable value. The amount of remuneration received by Executive KMP each year depends on the achievement of business and individual performance.

Fixed remuneration (TEC) was set with reference to the market median, using the ASX30 companies as the primary reference. Remuneration packages (including TEC levels) are reviewed by the Remuneration, People and Culture Committee taking into consideration an individual's role, experience and performance, as well as relevant comparative market data provided by remuneration consultants. TEC levels are also reviewed after a change in role.

1 *The FY21 Plan (performance period 1 July 2020 to 30 June 2023) and the FY22 Plan (two performance periods, 50% of LTI grants with 1 July 2021 to 30 June 2024 and 50% with 1 July 2021 to 30 June 2025) both have relative TSR as a single performance measure*

2 *The Board has approved the re-introduction of FCF as a second performance measure for the FY23 LTI Plan*

3 *Effective FY22 the performance period was increased from three years to four years with the FY22 LTI Plan being a transitional plan*

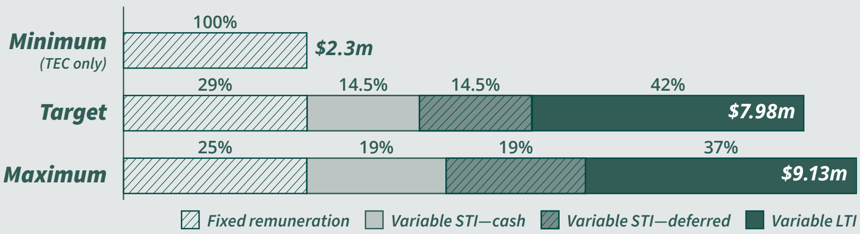
4 *The potential impact of future security price movements is not included in the value of deferred STI awards or LTI awards*

Remuneration mix for Executive KMP

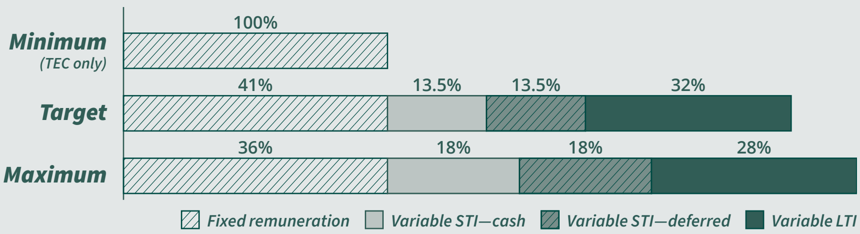
The following diagrams show the minimum, target and maximum total remuneration opportunity for CEO and other Executive KMP. Each component is determined as a percentage of the total remuneration package. Base salary and superannuation received by each Executive KMP are disclosed on page 111.

The maximum opportunity represented below is the most that can be awarded to any individual under the Group's STI Plan and is only achieved in exceptional circumstances.

CEO



Other Executive KMP



Target[4]	=	*TEC* *– Base salary and statutory superannuation*	+	*Target STI* *– 100% of TEC for CEO* *– 67% of TEC for other KMP*	+	*Target LTI* *– 147% of TEC for CEO (face value)* *– 80% of TEC for other KMP (face value)*
Maximum[4]	=	*TEC* *– Base salary and statutory superannuation*	+	*Maximum, STI* *– 150% of TEC for CEO* *– 100.5% of TEC for other KMP*	+	*Maximum LTI* *– 147% of TEC for CEO (face value)* *– 80% of TEC for other KMP (face value)*

Our business performance

Financial highlights for FY23

Group financial performance for FY23 has delivered a record set of results across the business, resulting in an FY23 distribution of 58.0 cents per security. This represents distribution growth of more than 40% year-on-year.

Record traffic volumes were supported by year-on-year growth in all markets, with large vehicle and weekend travel proving resilient. This translated into the Group's highest ever proportional toll revenue of $3,314 million. The additional impact of effective cost management activities resulted in the Group's EBITDA margin increasing from 69% in FY22 to 71% in FY23.

The balance sheet continues to be actively managed with over 96% of the proportional debt book hedged and $4.0 billion in corporate liquidity. Through FY23, cost of debt was broadly stable at 4.1% despite a 3.25% increase in the cash rate over the period. This continues to ensure the Group has optionality to pursue near and longer-term growth opportunities.

This strong FY23 result highlights the strength of the portfolio, with diverse assets located in growing urban populations centres.

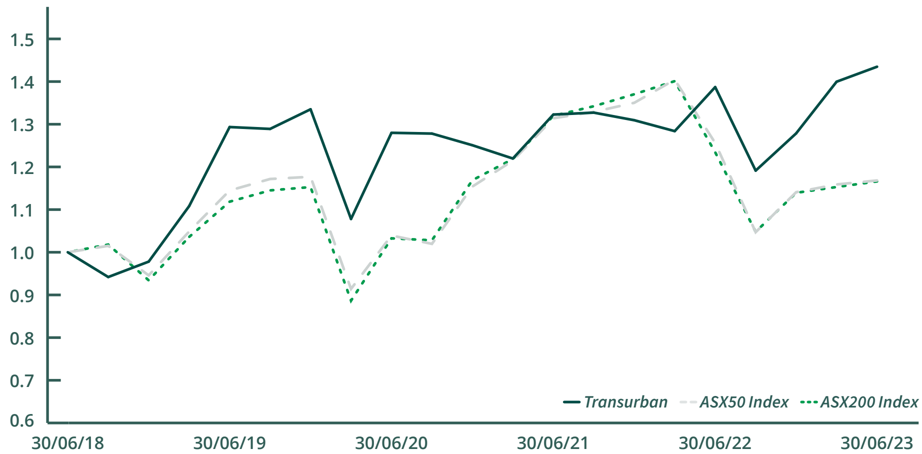
Overview of Group performance

The following table shows the Group's performance over the past five financial years.

Five-year performance		FY19	FY20	FY21	FY22	FY23
Proportional EBITDA[1,2]	$M	2,016	1,888	1,836	1,900	2,448
Free Cash per security	Cents	57.1[4]	54.0[5]	46.7[6]	49.9[7]	56.0[8]
Distribution paid per security	Cents	59.0	47.0	36.5	41.0	58.0
Security price at 30 June[3]	$	14.74	14.13	14.23	14.38	14.25
TSR at 30 June	%	30.9	(1.0)	3.4	4.9	3.4
Market capitalisation	$b	39.43	38.65	38.96	44.16	43.90

Transurban's five year TSR performance against ASX indices

Further details of our Group performance are provided in the Business Performance section on pages 20 to 73.



Executive KMP remuneration outcomes

STI outcomes

STI awards are determined with reference to an assessment of performance against individual KPIs and Group performance measures.

When the Board and the Remuneration, People and Culture Committee consider the performance against each element, several factors are considered that may result in the exercise of Board discretion for the benefit or detriment of the executives. For example:

- prevailing external business and economic factors beyond the control of the business and which may impact performance.
- unforeseen factors that may not have been known at the beginning of the performance period, but which are relevant to performance over the performance period.
- whether budgetary assumptions that were made when setting performance targets remain appropriate and whether conditions are potentially better or worse when compared with those assumptions.
- the degree of difficulty and complexity associated with achieving the targets, as related to both the internal and external environment.

In assessing whether to exercise discretion for any of these factors, the Board will have regard for the interests of all stakeholders including security holders.

Transurban's strategic priorities are cascaded via the CEO's KPIs to other Executives, along with other functional measures. The Board assessed the Group's and CEO's performance as follows (KPIs that are commercially sensitive have been excluded).

1 *These are non-IFRS disclosures*
2 *Refer to note B4 of the audited financial statements*
3 *The opening security price in FY19 was $11.97*
4 *The FY19 FCF of 57.1 cents per security included 4.6 cents per security relating to a capital release from the NorthWestern Roads Group and 6.7 cents per security from a capital release from Transurban Queensland. Excluding these capital releases, the FY19 FCF was 45.8 cents per security*
5 *The FY20 FCF of 54.0 cents per security included 5.9 cents per security relating to capital releases from Lane Cove Tunnel, 2.7 cents per security from NorthWestern Roads Group, 1.9 cents per security from Hills M2 and 1.2 cents per security from Transurban Queensland. Excluding these capital releases, the FY20 FCF was 42.3 cents per security*
6 *The FY21 FCF of 46.7 cents per security included 10.1 cents per security relating to a capital release from WestConnex. Excluding this capital release, the FY21 FCF was 36.6 cents per security*
7 *The FY22 FCF of 49.9 cents per security included 8.4 cents per security relating to a capital release from WestConnex and 3.2 cents per security from NorthWestern Roads Group. Excluding these capital releases, the FY22 FCF was 38.3 cents per security*
8 *The FY23 FCF of 56.0 cents per security included 0.8 cents per security relating to a capital release from WestConnex. Excluding these capital releases, the FY23 FCF was 55.2 cents per security*

FY23 Group Performance Scorecard

KPI / Measure	Commentary	Outcome (Below / Met / Above)
Financials (55%)		
Proportional EBITDA (40%)	• Proportional EBITDA was $2,528M for the period, a record result for the Group. EBITDA reflects an increase in average daily traffic across all regions. Recovery profiles in Victoria and North America were slower than anticipated, however North America traffic results are better than pre-COVID-19. Victoria was impacted by disruptions from the West Gate Tunnel project.	
Proportional Net Costs (15%)	• Proportional Net Cost was $649M which was managed well against budget. • Factors contributing to increased costs were increased tolling expenses following a 20% improvement in average daily traffic, full year costs from business investments made in the prior year, opening of the M4-M8 link, full year ownership of WestConnex and inflation. • Management actions to reduce costs included a thorough review of costs across the organisation and implementation of efficiency and cost saving initiatives, with impacts reaching beyond the current year. Initiatives were wide ranging and included consolidation and renegotiation of vendor contracts, optimisation of asset maintenance closures, energy efficiency projects, rationalisation of software and subscription services and minimised contractor spend due to prioritisation of workload and targeted restructure of some teams.	
Non-financial Measures (45%)		
HSE measures (15%)	• Strong HSE performance, including lowest ever reportable contractor injury rate and zero reportable employee injuries; road safety outcomes were impacted by the increased risk associated with higher traffic volumes and changes in driver patterns and behaviours; ongoing commitment to building a strong HSE and road safety culture is reflected in the increasing number of HSE observations reported and action plans completed by our people.	
Customer and Delivery (15%)	• Focus has been on continuously improving the experience of our customers. Attention has been in the areas of digital experience; loyalty offerings; and proactive support in relation to scam activity and for those experiencing hardship. Digital channel uptake rates have consistently increased over the performance period. Resulting NPS outcomes show sustained improvement, including reduced volatility. • Progress has continued across all major projects including completion and opening of WestConnex M4-M8 link ahead of schedule, in addition to the partial opening of the Fredericksburg Extension; tunneling for the West Gate Tunnel Project was also completed and the M7-M12 development opportunity finalised. Financial close was also reached on the A25 strategic partnership.	
Sustainability, Reputation and Leadership (15%)	• Sustainability results are tracking ahead of target for Scope 1 and 2 GHG emissions reduction, with 56% GHG reduction as a result of the completion of key energy efficiency initiatives and the ongoing transition to renewable electricity across all markets. This is seven years ahead of schedule of our target of 50% reduction by 2030. • Community reputation levels in Transurban have benefited from a program of initiatives that have built trust, awareness and understanding in the business. Specifically, community investments including child-car seat safety education, learn-to-drive programs and a renewal of our six-year partnership with NeuRA to deliver critical road safety research into occupant injury prevention. • We have continued our focus on creating an engaging, inclusive and equitable workplace led by ethical, values-based leaders within a high-performance culture. From a workforce perspective, emphasis in FY23 has been on confidence in leadership, employee connection, inclusion and wellbeing along with having opportunities to develop and grow. Supported by ongoing investment in the capability and impact of our leaders, employee survey results have been strong in these areas.	
Overall		
	The overall outcome takes into consideration the achievement against the KPIs as well as alignment with securityholder outcomes over the year and fairly reflects the performance of the Group.	**Overall STI outcome:** 108% of Target 72% of Maximum

FY23 CEO Performance

Priority	Performance
Strategy and Development	• Identified and initiated portfolio expansion and enhancement opportunities across all markets • Partnered with key external organisations that generated valuable insights and new business opportunities eg CityLink automated truck trial • New strategic partnership established for A25 • 2030 GHG emissions reduction targets met seven years ahead of schedule • Constructive engagement and participation in NSW tolling inquiry and review
Customer and Delivery	• All major projects on track with WestConnex M4-M8 link delivered on budget and ahead of schedule, West Gate Tunnel Project is progressing well and Fredericksburg Extension is running ahead of schedule • Positive customer sentiment, improved Linkt functionality and rewards offerings resulting in increased uptake rates, and numerous education campaigns to protect customers from scams
People and Leadership	• Continued investment in talent bench strength and leadership capability including focus on change readiness and resilience; employee survey results reporting strong positive sentiment scores • Positive workplace equity outcomes including maintaining 40:40:20 gender representation and gender pay parity target; ranked top 20 globally and top 10 in Australia in Equileap's Gender Equality Global Report for last two years
Operations	• Delivered innovative network operations initiatives with installation of pacemaker lighting in the Burnley Tunnel and ongoing efficiency improvements including control room centralisation • Positive HSE outcomes including record low recordable injury rates and continued increase in HSE culture indicators
Financials	• More than 40% increase in distributions, 9% ahead of original guidance • Record revenue and EBITDA result, net costs well managed relative to budget • Balance sheet well positioned, including strong liquidity levels, robust debt covenants and credit ratings though the macroeconomic uncertainties; average interest costs increasing approximately 20 bps compared to a 325 bps rise in cash rate since July 2022

CEO Scott Charlton has played an active role in delivering the FY23 results. With his departure announced in February, he has continued to provide strong leadership of the business as well as supporting the executive team during this period of transition.

The Group's FY23 performance reflects a number of significant achievements that are delivering value for all of our stakeholders. The sale of 50% of A25 was a major achievement and has positioned the Group well for further growth in the North American market. Continued strong delivery across the Group's complex portfolio of major projects was evidenced by the opening of the M4-M8 link ahead of schedule and on budget, partial opening of the Fredericksburg Extension and the commencement of the M7-M12 Integration Project. The completion of tunnelling on the West Gate Tunnel Project was another major milestone in FY23.

Along with record traffic volumes and closely managed costs driving strong financial outcomes, there has also been tangible examples of business innovation and new external partnering initiatives (including Australia's first automated truck trial), positive customer experience and HSE outcomes (including record low contractor RIFR results) and pleasing momentum in relation to sustainability and people priorities.

The Board assessed the CEO's performance against the overall Group results as well as his individual KPI's, with a view to ensuring alignment with the experience and expectations of Transurban's security holders and other stakeholders. This has resulted in a final STI outcome of 78% of his maximum opportunity (or 118% of his target opportunity).

FY23 Executive KMP STI outcomes

The STI performance outcomes and awards for the CEO and Executive KMP, are provided in the following table.

Current Executive KMP	STI Outcome ($)		STI Cash ($)		STI Deferred equity[1] ($)	STI as a % of maximum opportunity	STI as a % of target opportunity
S Charlton	2,707,600	=	1,353,800	+	1,353,800	78%	118%
H Byrne	642,800	=	321,400	+	321,400	78%	118%
M Huey	642,800	=	321,400	+	321,400	78%	118%
M Jablko	1,248,600	=	624,300	+	624,300	86%	129%
S Johnson	530,800	=	265,400	+	265,400	65%	97%
S Moorfield	618,700	=	309,350	+	309,350	65%	97%
H Wehby	947,200	=	473,600	+	473,600	86%	129%

1 Securities are subject to a two-year restriction period following the end of the performance year. Securities will be granted in October 2023

LTI outcomes

Value of FY20 LTI plan performance awards vested and lapsed in FY23

The FY20 LTI plan performance awards, which were granted on 17 October 2019 and covered the performance period from 1 July 2019 to 30 June 2022, vested on 29 August 2022. The overall vesting outcome of the performance tests was as follows:

Performance measure	Results	Vesting outcome %
TSR (50%)	Transurban ranked 12th highest out of 29 companies (60.7 percentile)	71.4%
FCF (50%)	(7.9%) compound annual growth rate in FCF per security over the performance period. Target range was 5.5% to 7.5% FCF growth per security	0.0%
Overall vesting		35.7%

Free Cash Flow (FCF) measure

The target range for the FCF measure in the LTI plans considers forecast financial performance over the three years in which the award is measured. This three-year forecast reflects near-term FCF growth generated by the business together with planned activities that deliver value over the longer term.

The FCF growth per security target over the performance period of the FY20 LTI plan achieved an outcome of 0%. This was due to the significant impact of government-imposed restrictions to manage the COVID-19 pandemic during the performance period.

Value of FY21 LTI plan performance awards to vest/lapse in FY24

The FY21 LTI plan (1 July 2020 to 30 June 2023) is scheduled to vest in August 2023. This plan has a single performance measure of relative TSR, with testing of the performance hurdle indicating that 0% of awards will vest for eligible participants.

Details of vesting for each Executive KMP will be included in next year's Remuneration Report.

LTI grants

Performance awards granted in FY23

The Board approved the reintroduction of a FCF measure to the LTI Plan in addition to the relative TSR measure. The FY23 LTI Plan has a four-year performance period (1 July 2022 to 30 June 2026), with 50% subject to relative TSR and 50% subject to FCF (excluding Capital Releases) per security growth rate.

Looking ahead – performance awards to be granted in FY24

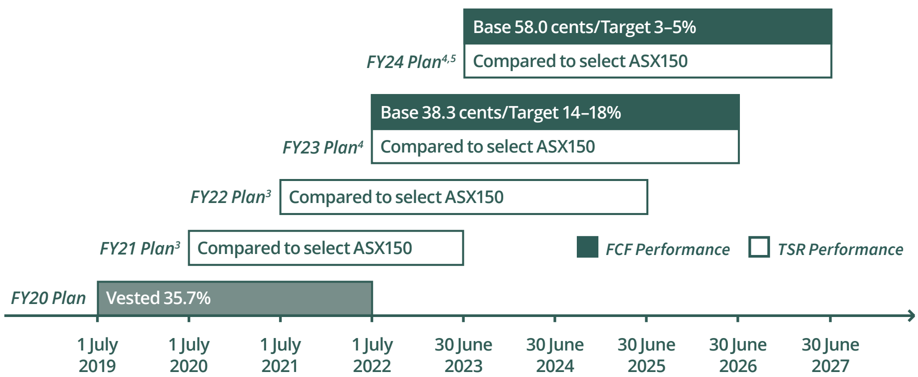
LTI awards to be granted in FY24 will have a four-year performance period (1 July 2023 to 30 June 2027), with 50% subject to relative TSR and 50% subject to FCF[1] per security growth rate. This grant is allocated based on a full-face value methodology.

The FY24 LTI Performance awards for the FCF[1] tranche will have a compound annual growth rate (CAGR)[2] range of between 3.0% (50% vesting) and 5.0% (100% vesting) with straight line vesting between 50% and 100%. This may be higher of lower in a given year, however this translates to an aggregate FCF[1] of between 249.9 cents per security (50% vesting) and 262.5 cents per security (100% vesting) over the performance period. The CAGR in FCF[1] per security will be calculated using the FY23 distribution as the base, being 58.0 cents per security which includes 2.8 cents of Capital Releases. Excluding these Capital Releases, the CAGR would be 5.0% (50% vesting) and 7.0% (100% vesting) off a FY23 distribution base (excluding Capital Releases) of 55.2 cents per security.

The target growth range is considered to be appropriately challenging for Management, taking into account the budget and forecast estimates of the Group over the four-year plan period. It should be noted that there are a number of potential sources of uncertainty such as unanticipated changes in traffic patterns, as well as macro-economic factors and potential new growth opportunities that may impact FCF results each year.

Should Management achieve these outcomes and deliver growth in FCF in line with the target range, the Board considers the outcomes for Management and security holders would be strongly aligned.

Current on-foot LTI plans and associated performance parameters



1 References to FCF in relation to FY23 LTI Plan exclude Capital Releases

2 The FCF (excluding Capital Releases) per security target range is calculated by adding each of the FCF (excluding Capital Releases) budget and forecasts over the four year performance period and determining the CAGR required to achieve the four year aggregate FCF (excluding Capital Releases). Capital Releases refer to the injection of debt into Transurban assets, thereby releasing equity

3 Single performance measure of Relative TSR for the FY21 and FY22 plans

4 FCF Target: compound annual growth rate range

5 The CAGR in FCF per security will be calculated using the FY23 distribution as the base which includes Capital Releases

Remuneration received in FY23

This table sets out the actual remuneration realised by Executive KMP during FY23. This is a voluntary disclosure and is not prepared in accordance with Australian Accounting Standards. The value Executive KMP actually receive depends on Transurban's security price and whether the equity vests. The statutory remuneration tables (prepared in accordance with the Australian Accounting Standards) can be found on pages 108 to 111.

Current Executive KMP	TEC	Cash STI	Total Cash	Value of deferred STI vested during the year[1]	Value of LTI vested during the year[1]	Total Actual Remuneration received during the year	Value of Forfeited / Lapsed LTI during year[1, 2]
S Charlton	2,300,000	1,353,800	3,653,800	602,786	1,275,975	5,532,561	2,298,153
H Byrne	815,000	321,400	1,136,400	154,964	184,229	1,475,593	331,815
M Huey	815,000	321,400	1,136,400	177,614	211,948	1,525,962	381,742
M Jablko[3]	1,450,000	624,300	2,074,300			2,074,300	
S Johnson	815,000	265,400	1,080,400	235,363	219,804	1,535,567	395,871
S Moorfield[3]	950,000	309,350	1,259,350			1,259,350	
H Wehby[3]	1,100,000	473,600	1,573,600			1,573,600	

How variable remuneration is structured

Short Term Incentive (STI)—how does it work?

Description

Eligible permanent employees, including the CEO and other Executive KMP, participate in the annual STI plan, which puts a proportion of remuneration 'at risk' subject to meeting specific pre-determined Group and individual performance measures linked to Group objectives.

Performance period

The performance period is the financial year preceding the payment date.

Opportunity

For 'at-target' performance, the CEO has the opportunity to receive an STI payment of 100% of TEC and all other Executive KMP have the opportunity to receive 67% of TEC. The minimum STI outcome is 0% (if targets are not met) and the maximum is capped at 150% of the 'at-target' STI opportunity, which is only awarded for exceptional performance.

Payment and deferral

STI awards for the CEO and other Executive KMP are delivered 50% in cash and 50% is deferred into Transurban stapled securities for two years following the performance year. The deferred securities are subject to service conditions except in certain circumstances (refer to Cessation of Employment section below) and participate in dividends and/or distributions paid during the deferral period. The number of deferred securities allocated is determined by dividing the amount to be deferred by a 10-day Volume Weighted Average Price (VWAP) of Transurban securities over the 10 business days immediately preceding the STI deferred plan offer.

Annual pool

The Board determines the total STI pool to be distributed. The total pool will not exceed 125% of the aggregate STI target opportunity for all participants. The pool is allocated to individuals based on individual and Group performance in accordance with the following formula: (Individual STI outcome % x Group outcome %). This approach is designed such that higher performing employees receive a greater portion of the Group STI outcome than those who do not perform as well and aligns individual performance with overall Group performance.

Performance measures

Individual measures (KPIs) are unique to the individual's area of accountability. Individuals have a clear line of sight to KPIs and are able to directly affect outcomes through their own actions. These measures are aligned to security holder returns and value creation.

Group measures comprise the following categories:

- Financials (55%), consisting of:
  - Proportional EBITDA* (40%): is one of the primary measures the Board uses to assess the operating performance of the Group. It reflects the contribution from individual assets to the Group's operating performance and focuses on elements of the result that management can influence to drive improvements in short term earnings. This measure provides a better reflection of the performance of the Group's assets than statutory EBITDA.
  - Proportional Net Costs** (15%): reflects management's ability to influence the expenditure of the business. Strong cost management throughout the business drives an increase in proportional EBITDA and FCF and ultimately security holder value.
  - For STI purposes, both Proportional EBITDA and Proportional Net Costs, exclude significant events, specific major development and legal project spend, transaction and integration costs and the impact of unbudgeted new assets or divestments.

1 The point in time value of securities based on the share price at the date of vesting/lapse multiplied by the number of securities

2 The forfeited / lapsed LTI values relate to 64.3% of the performance awards which lapsed in August 2022 due to the performance hurdles not being met

3 M Jablko, S Moorfield and H Wehby did not have any LTI vest in FY23. The performance awards that vested in FY23 were in relation to one-off grants in recognition of them giving up deferred awards with their former employer to join Transurban. These were not sign-on awards and only represented a portion of the value of unvested equity forfeited on resignation from their former employer, with no consideration for any unvested LTI.

Short Term Incentive (STI)—how does it work? (continued)

Performance measures (continued)	• HSE (15%): measures focus on improving the Group's HSE culture and reducing workplace injuries for employees and contractors, as well as customer safety. The HSE measure is a combination of two lead indicators and four lag indicators. The 'Lead' HSE KPI focuses on enhancing HSE culture, behaviours and accountability at Transurban. Employees are assessed against a five-scale rating according to their HSE KPI and this result is then aggregated across the Group and averaged to provide a Group score. The 'Lag' KPIs focus on recordable incidents, planning and tracking, including injury rates, crash rates and road safety action planning. • Customer and Delivery (15%): measures focus on customer outcomes and major project delivery. • Sustainability, Reputation and Leadership (15%): measures focus on our commitment to climate change action, Transurban's reputation and people leadership and engagement. Definitions * Proportional EBITDA is the aggregation of EBITDA from each asset multiplied by the Group's percentage ownership, as well as any contribution from Group functions. Proportional EBITDA figures used to assess performance are included in note B4 of the audited financial statements. ** Proportional Net Costs is the aggregation of total costs less fee and other revenues from each asset multiplied by the Group's percentage ownership, as well as any contribution from Group functions.
	Financials (Proportional EBITDA and Proportional Net Costs) The Board utilises the annual budget as the primary input to determine appropriate financial targets. When approving the budget, the Board reviews the core principles and assumptions underpinning the budget. Specifically, for Proportional EBITDA, the budget incorporates base business growth derived from network-wide traffic performance, price growth and impacts of inflation and adjusts for events such as construction and project completion and the impact of acquisitions. Directly controllable initiatives including road safety, lane availability, operational efficiencies and the impact of development activity are also incorporated. Once the budget has been finalised, the Board determines the STI targets to ensure that sufficient stretch is incorporated. Consideration is given to the quantifiable risks and opportunities that can influence the Group's financial performance. In some instances, the Board may deem it appropriate to exclude significant events. The targets use a constant currency for operations within North America.
	HSE, Customer and Delivery and Sustainability, Reputation and Leadership The Board reviews targets each year with a view to continuously improving the culture and performance of the Group.
	Individual KPIs Individual targets as set out in KPIs include consideration as to role-related accountabilities and responsibilities in the context of business strategic priorities. Executive KPIs consist of similar categories to those of the CEO (as disclosed on page 100 of this report) and reflect the individual's role and areas of responsibility.
Vesting	The Board assesses performance against Group measures and the results of key elements are independently validated. The Board confirms final outcomes for individual and Group performance and has discretion to adjust the performance conditions and outcomes. These methods for assessing performance are used because they provide the Board with discretion as to assessment of conditions and outcomes, with the use of an independent overlay where considered appropriate.
Cessation of employment	If employment ceases before performance is assessed, generally there is no entitlement to receive any STI award. If employment ceases due to resignation or for cause before the end of the two-year restriction period, any unvested deferred securities will be forfeited, unless the plan rules provide otherwise, or the Board otherwise resolves. If employment ceases in other circumstances (`good leaver'), unless the Board determines otherwise, unvested deferred securities will remain on foot and subject to the original terms and the deferred securities may vest at the end of the deferral period.
Clawback	Grants prior to FY21: Fraudulent or dishonest behaviour will result in the forfeiture or clawback of any unvested awards. Further, at the discretion of the Board, awards are subject to forfeiture or clawback where there is a financial misstatement circumstance or the allocation of awards was made in error, on the basis of a misrepresentation or an omission, or on the basis of facts or circumstances that were later proven to be untrue or inaccurate (applicable to both STI and LTI plans). FY21 and future grants: In December 2019 Transurban adopted new Equity Incentive Plan Rules. Under the new Equity Plan Rules, in addition to the above, the Board has discretion to clawback vested securities or require the participant repay cash proceeds from the sale of vested securities. Circumstances for clawback have also been expanded to include: breach of duties or obligation to the Group, acts which have a negative impact on Transurban's reputation, in circumstances where vesting is not justified or supportable and the possibility of an employee who departed as a 'good leaver' but then behaves inappropriately.

Long Term Incentive (LTI)—how does it work?

Description

Participation in the LTI plan is offered to the CEO and other Executive KMP and a very limited number of other employees nominated by the CEO and approved by the Board.

Instrument

Grants are made in the form of performance awards at no cost to the recipient. Each performance award is an entitlement to receive a Transurban stapled security, or at the Board's discretion, an equivalent cash payment, on terms and conditions determined by the Board, subject to the achievement of vesting conditions. Performance awards do not carry dividend, distribution or voting entitlements prior to vesting.

Performance period

LTI grants have a four-year performance period.

Opportunity

The CEO's opportunity is 147% of TEC and the opportunity for all other Executive KMP is 80% of TEC. The minimum vesting outcome an individual can receive is 0% of the award (if the performance measures are not achieved) and the maximum vesting outcome an individual can receive is capped at 100% of the award (if performance measures are achieved).

Performance measures

Two performance measures are ordinarily used to determine the number of awards that will vest at the end of the performance period; relative Total Shareholder Return (TSR) against a bespoke comparator group and FCF (each with an equal 50% weighting).

Targets

Relative TSR is measured against a bespoke comparator group comprising companies in the transport, utilities, real estate, construction and infrastructure Global Industry Classification standards sectors of the ASX150. The companies in this group for grants made during FY23 were:

Abacus Property Group, AGL Energy Limited, APA Group, Atlas Arteria, Auckland International Airport Limited, Aurizon Holdings Limited, BWP Trust, Charter Hall Group, Charter Hall Long, Charter Hall Retail, Chorus Limited, Cromwell Property Group, Dexus, Goodman Group, GPT Group, Growthpoint Properties Australia, Homeco Daily Needs, Lendlease Group, Mirvac Group, National Storage REIT, Origin Energy Limited, Qantas Airways Limited, Qube Holdings Limited, Scentre Group, Shopping Centres Australasia Property Group, Stockland, Telstra Corporation Limited, TPG Telecom Limited, Transurban Group, Uniti Group Limited, Vicinity Centres.

Changes to the comparator group in FY23 are as follows:

- Excluded (moved out of ASX150): Spark New Zealand Limited
- Excluded (delisted): AusNet Services Limited (on 16 February 2022)
- Included (moved into ASX150): Homeco Daily Needs; Uniti Group Limited; Charter Hall Retail REIT

FCF[1] per security targets are set by the Board utilising the annual budget and forecasts as the primary inputs (consistent with the approach taken for STI measures of Proportional EBITDA and Proportional Net Costs). Once the budget and forecast has been finalised, the Board determines the FCF targets by analysing the cash flow outcomes, ensuring sufficient stretch is incorporated.

The actual FCF outcomes are reviewed in detail against targets to consider key reasons for variance and assess whether any adjustments should be made in determining management's performance. The Board may adjust where a decision has been made, in the interests of the Transurban Group and its security holders that differs from the original budgeted assumptions. This may include factors such as significant equity raisings to fund growth opportunities or changes to the timing or quantum of anticipated capital releases.

Factors that may cause FCF growth to fluctuate from year to year include activities that are intended to generate long-term value for the business but may negatively impact FCF growth in the near term. The Group is currently in a significant development phase with four major projects to be delivered in Australia and North America (see page 13 for the project pipeline).

The FCF calculation is included in note B10 of the audited financial statements.

Why are these performance measures used?

TSR is a relative, external, market-based performance measure against those companies with which the Group competes for capital. It provides a direct link between executive reward and security holder return. TSR measures total return on investment of a security, taking into account both capital appreciation and distributed and/or dividend income that was reinvested on a pre-tax basis.

Growth in FCF per security reflects the Group's continued focus on maximising available free cash. The Group seeks to consistently grow its distributions year on year and to align security holder distributions with FCF per security.

1 *Face value is the equity value based on the Transurban share price at the date of grant. This differs to the fair value of equity which is the expensing value in accordance with the accounting standards. The fair value takes into consideration factors including: the probability of vesting based on the performance hurdles, share price volatility, life of the instrument, dividend yield, and share price at grant date.*

Long Term Incentive (LTI)—how does it work? (continued)

Allocation

Face value[1] allocation methodology (discounted for distributions and/or dividends foregone throughout the performance period). For each grant cycle, the allocation calculations are performed on 1 July of the first performance year using a valuation determined by an independent third party.

This methodology is an alternative to paying dividend equivalent payments on LTI plans. The performance awards are subject to performance hurdles and are forfeited and lapse if performance hurdles are not achieved. Participants only receive performance awards which vest at the end of the performance period.

Full face value[1] allocation will be adopted for LTI grants from 1 July 2023.

Vesting

Following the end of the performance period, the performance measures are tested, and the Board assesses the LTI outcome.

TSR component

The Group uses an independent report that sets out the Group's TSR growth and that of each company in the bespoke comparator group. A VWAP of securities for the 20 trading days up to and including the testing date is used to calculate TSR.

The level of TSR growth achieved by the Group is given a percentile ranking in relation to the Group's performance compared to the performance of other companies in the comparator group (the highest-ranking company is ranked at the 100th percentile). The TSR performance is tested at the end of the performance period, and this ranking determines the extent to which performance awards subject to this component vest.

Following testing, any awards that do not vest lapse, and any awards that vest are automatically exercised into Transurban stapled securities or settled in cash at the discretion of the Board. No price is payable on exercise.

TSR vesting schedule

The TSR component of performance awards vest on a straight-line basis in accordance with the following table:

The Group's relative TSR ranking in the comparator group	% of performance awards that vest
At or below the 50th percentile	Zero
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50 and 100
At or above the 75th percentile	100

FCF component

The Group's FCF[1] per security percentage growth rate is calculated over the four-year performance period[2]. The FCF per security component of performance awards granted will vest based on the Group's compound annual growth targets translated into annual FCF (excluding Capital Releases) per security over the four-year performance period.

The Board uses its discretion to determine whether the performance awards are settled in Transurban stapled securities or a cash payment of equivalent value.

Following testing, any awards that do not vest, lapse and any awards that vest are automatically exercised into Transurban stapled securities or settled in cash at the discretion of the Board. No price is payable on exercise.

FCF vesting schedule

The FCF component of performance awards vest on a straight-line basis in accordance with the following table:

FCF per security over the performance period	% of performance awards that vest
Below minimum threshold	Zero
Between minimum threshold and maximum target	Straight line vesting between 50 and 100
At or above maximum target	100

The method of assessing the performance measure set out above is the most appropriate for the type of performance measure used.

Cessation of employement

If employment ceases due to resignation or for cause before the performance measures are tested, generally there is no entitlement to unvested performance awards and any unvested awards will lapse, unless the plan rules provide otherwise, or the Board otherwise resolves. If employment ceases in other circumstances (`good leaver'), unless the Board determines otherwise, a pro rata number of unvested performance awards (calculated based on the portion of the performance period that has elapsed) will remain on foot and subject to the original terms and will be tested for vesting in the ordinary course.

Clawback

Same treatment as per STI.

1 References to FCF in relation to FY23 LTI Plan exclude Capital Releases

2 The FCF (excluding Capital Releases) per security target range is calculated by adding each of the FCF (excluding Capital Releases) budget and forecasts over the four-year performance period, and determining the CAGR required to achieve the 4-year aggregate FCF (excluding Capital Releases)

Minimum security holding

The Board has endorsed minimum security holding guidelines for Non-executive Directors, the CEO and Executive KMP. The guidelines recommend that Non-executive Directors, the CEO and Executive KMP build and maintain a minimum security holding of Transurban stapled securities equal to 100% of their fixed remuneration or base fees (excluding superannuation). The minimum stapled security holding can be accumulated over a five-year period.

As at the date of this report, all KMP have either achieved and maintained their minimum security holding or, for those new to the Group, are on track to meet the five-year accumulation period.

Service agreements

The remuneration and other terms of employment for the CEO and other Executive KMP are formalised in service agreements that have no specified term. Under these agreements, the CEO and other Executive KMP are eligible to participate in STI and LTI plans. The notice periods in place for FY23 are outlined below:

	Period of notice to terminate by the Executive KMP	Period of notice to terminate by the Group[1]
CEO	6 months	12 months
Other Executive KMP	3 months	6 months
Other Executive KMP – commencing post 6 Oct 2020	6 months	6 months

CEO transition arrangements

Outgoing CEO

The Board has made the following arrangements in relation to Scott Charlton's FY24 remuneration:

- A pro-rated STI opportunity representing the 6-month period to be served, 1 July 2023 to 31 December 2023
- The STI outcome will be determined by the Board, subject to the assessment of performance against KPIs
- No LTI will be granted for FY24
- Consistent with 'Good Leaver' status, unvested equity will remain on foot and subject to their terms, including performance conditions

Incoming CEO

In August 2023, the Board confirmed the appointment of Michelle Jablko to the position of Chief Executive Officer and Managing Director of Transurban. Michelle will officially commence in the role following the 2023 AGM on 19 October 2023.

The Board has confirmed the following remuneration arrangements in relation to the incoming CEO, with effect from 19 October 2023:

- Fixed remuneration of $2,000,000 per annum
- STI target opportunity (at risk) of $2,000,000 (100% of fixed remuneration)
- LTI target opportunity (at risk) of $2,940,000 (147% of fixed remuneration)
- CEO notice period remains unchanged from that disclosed earlier in this report.

The Remuneration, People and Culture Committee received advice from an independent external remuneration consultant in relation to the incoming CEO's remuneration arrangements, including benchmarking data and details of current remuneration practices in the Australian market.

1 Payment in lieu of the notice period may be provided (based on the executive's fixed remuneration). The Group may also terminate at any time without notice for serious misconduct

Non-executive Director remuneration

Remuneration policy

The following diagram sets out the key objectives of the Group's Non-executive Director remuneration policy and how they are achieved through the Group's remuneration framework:

Securing and retaining talented, qualified Directors

Director fee levels are set with regard to: the responsibilities and risks attached to the role, the time commitment and workload expected, the Director's experience and expertise, and market benchmark data.

Preserving independence and impartiality

Director remuneration consists of base (Director) fees and Committee fees. No element of Director remuneration is 'at risk' (i.e. fees are not based on the performance of the Group or individual Directors).

Aligning Director and security holder interests

Directors are encouraged to hold Transurban securities and the Board has endorsed minimum security holding guidelines for Directors.

Remuneration arrangements

Maximum aggregate remuneration

The aggregate remuneration that may be paid to Non-executive Directors in any year is capped at a level approved by security holders. Security holders at the 2016 Annual General Meeting approved the current aggregate fee pool of $3,000,000 per year (inclusive of superannuation contributions).

Non-executive Director fees

A review of Non-executive Director fees (base Director and Committee fees) was undertaken during FY23. This review included benchmarking against other publicly listed entities of a similar size and complexity to Transurban. Directors' performance, duties and responsibilities were all considered as part of the review process.

As a result of that review, the Remuneration, People and Culture Committee recommended, and the Board approved, an increase to Non-executive Director fees effective 1 January 2023. Based on FY23 Board composition, the fee increases can be accommodated within the current Non-executive Director aggregate fee pool. This is the first increase to Non-executive Director fees since 1 January 2018.

FY23 Director and Committee fees (per annum) are set out (right):

	1 Jul 2022 – 31 Dec 2022	From 1 Jan 2023
Board fees		
Chair	$600,000	$650,000
Member	$205,000	$220,000
Committee fees		
Audit and Risk Committee		
Chair	$50,000	$55,000
Member	$25,000	$28,000
Remuneration, People and Culture Committee		
Chair	$45,000	$50,000
Member	$20,000	$25,000

There are no fees for membership of the Nomination Committee.

The Chair of the Board does not receive any additional fees for Committee responsibilities.

The Chair of each Committee only receives the Chair fee (and not a member fee).

Non-executive Directors are permitted to be paid additional fees for special duties or exertions. No such fees were paid during FY23. Non-executive Directors are also entitled to be reimbursed for all business-related expenses, including travel, as may be incurred in the discharge of their duties.

Non-executive Directors are not entitled to any retirement benefits other than statutory superannuation contributions.

Non-executive Director additional information

All Non-executive Director relationships outlined below are based on normal commercial arm's length terms. None of the Non-executive Directors were, or are, involved in any procurement of these products and services.

The Group is not required to make the following disclosures but for transparency reasons notes the following relationships and transactions.

Director	Related party	Services provided
R Whitfield	Robert Whitfield is a Non-executive Director of Commonwealth Bank of Australia (CBA)	During FY23 CBA provided transactional banking products and agency services to Transurban on normal commercial terms. CBA also participates as lender in numerous debt facilities, all on commercial terms.
J Wilson	Dr Jane Wilson was a Non-executive Director of Sonic Healthcare Limited during the year (until 17 November 2022)	During FY23 Sonic HealthPlus (backed by Sonic Healthcare) provided employment medical services to Transurban on normal commercial terms.
M Go	Marina Go is a Non-executive Director of Energy Australia	During FY23 Energy Australia was one of Transurban's energy providers. This relationship is on normal commercial terms.

Statutory tables

Dealing in securities

In accordance with the Group's Dealing in Securities Policy, Directors, members of the Executive Committee and their related parties must not enter into hedging arrangements in relation to Transurban stapled securities. In addition, employees who have equity awards under the Group equity plan must not hedge against those equity awards. Directors and employees are also prohibited from entering into margin lending arrangements using Transurban stapled securities as security.

LTI performance awards granted in FY23

Eligible Executive KMP received LTI performance awards with a grant date of 7 October 2022, except for the CEO with a grant date of 27 October 2022. The FY23 LTI Plan is subject to a four-year performance period over the period from 1 July 2022 through to 30 June 2026. LTI awards were granted in two equal tranches, 50% of the LTI award may vest subject to achieving the relative TSR performance hurdle and 50% of the LTI award may vest subject to achieving the FCF per security performance hurdle.

Securities held by Executive KMP as at 30 June 2023

	Balance at start of year	Received during the year from equity vesting	Other changes during the year	Balance at end of year[1,2]
Current Executive KMP				
S Charlton	632,104	134,589	15,000	781,693
H Byrne	69,650	24,240	(40,600)	53,290
M Huey	265,422	27,840	(30,000)	263,262
M Jablko	67,169	67,169	(67,169)	67,169
S Johnson	106,513	32,493	(17,858)	121,148
S Moorfield	5,100	5,100	0	10,200
H Wehby	8,685	8,685	0	17,370

The relevant values of the grants are as follows:

		Fair Value[3] of awards at grant date			
	Grant date	Relative TSR	FCF per security	Security price at grant date	Face Value[4] of awards at allocation date
Other KMP	7 Oct 2022	$6.33	$11.23	$12.65	$12.52
CEO	27 Oct 2022	$6.47	$11.59	$12.99	$12.52

The following table shows the number of LTI awards granted to Executive KMP during FY23:

	Number of performance awards granted[6]	Maximum (fair value) value[7] of grant ($)	Maximum (face value) value[8] of grant ($)
Current Executive KMP			
S Charlton[5]	270,048	2,438,533	3,507,924
H Byrne	52,077	457,236	658,774
M Huey	52,077	457,236	658,774
M Jablko	92,652	813,485	1,172,048
S Johnson	52,077	457,236	658,774
S Moorfield	60,703	532,972	767,893
H Wehby	70,288	617,129	889,143

1 *Balance at the date of this Report is the same as the balance at the end of FY23*
2 *As at 30 June 2023, all of Scott Charlton's securities were held nominally*
3 *Fair value in accordance with AASB 2 – share-based payments treatment of market conditions*
4 *Security price as at 1 July 2022 (allocation date) discounted for distributions and dividends forgone throughout the performance period*
5 *Scott Charlton was granted 270,048 performance awards as part of his 2023 remuneration package as approved at the 2022 Annual General Meeting, under ASX Listing Rule 10.14*
6 *The minimum value of the grant, if the applicable performance measures are not met, is zero*
7 *Maximum value of the grant has been calculated based on a fair value approach as at the grant date. The fair value considers the probability that the Executive KMP may not derive value from the LTI award, along with other factors, including difficulty of achieving performance hurdles and anticipated security price volatility*
8 *Maximum value of the grant based on security price at grant date. The maximum LTI opportunity for each Executive KMP is the face value of the award (i.e. the value the Executive KMP would receive if all of their performance awards vested, based on Transurban's security price at the time the award was granted)*

Summary of Executive KMP allocated, vested or lapsed equity

Type of equity[1,2]	Allocation date	Grant date	Vesting date	Balance at start of year	Granted during year	Vested and exercised in FY23[6]	% of total vested & exercised in FY23	Lapsed/ forfeited in FY23	% Lapsed/ forfeited in FY23	Balance at end of year[7]	Fair value of equity ($)[8,9]
Current Executive KMP											
S Charlton											
Performance awards	01 Jul 19	17 Oct 19	Aug 22	257,502	–	(91,929)	35.7	(165,573)	64.3	–	2,508,069
Performance awards	01 Jul 20	22 Oct 20	Aug 23	254,594	–	–	–	–	–	254,594	1,682,866
Performance awards	01 Jul 21	04 Oct 21	Aug 24	126,725	–	–	–	–	–	126,725	698,255
Performance awards	01 Jul 21	04 Oct 21	Aug 25	130,946	–	–	–	–	–	130,946	771,272
Performance awards	01 Jul 22	07 Oct 22	Aug 26	–	270,048	–	–	–	–	270,048	2,438,533
Total performance awards				**769,767**	**270,048**	**(91,929)**	**35.7**	**(165,573)**	**64.3**	**782,313**	**8,098,995**
Deferred securities	15 Oct 20	02 Sep 20	Aug 22	42,660	–	(42,660)	100	–	–	–	585,295
Deferred securities	15 Oct 21	04 Oct 21	Aug 23	95,967	–	–	–	–	–	95,967	1,369,449
Deferred securities	21 Oct 22	07 Oct 22	Aug 24	–	34,973	–	–	–	–	34,973	442,408
Total deferred securities				**138,627**	**34,973**	**(42,660)**	**100**	**–**	**–**	**130,940**	**2,397,152**
H Byrne											
Performance awards	01 Jul 19	17 Oct 19	Aug 22	37,179	–	(13,273)	35.7	(23,906)	64.3	–	362,123
Performance awards	01 Jul 20	22 Oct 20	Aug 23	43,675	–	–	–	–	–	43,675	288,692
Performance awards	01 Jul 21	04 Oct 21	Aug 24	24,438	–	–	–	–	–	24,438	160,313
Performance awards	01 Jul 21	04 Oct 21	Aug 25	25,252	–	–	–	–	–	25,252	173,229
Performance awards	01 Jul 22	07 Oct 22	Aug 26	–	52,077	–	–	–	–	52,077	457,236
Total performance awards				**130,544**	**52,077**	**(13,273)**	**35.7**	**(23,906)**	**64.3**	**145,442**	**1,441,593**
Deferred securities	15 Oct 20	02 Sep 20	Aug 22	10,967	–	(10,967)	100	–	–	–	150,467
Deferred securities	15 Oct 21	04 Oct 21	Aug 23	18,241	–	–	–	–	–	18,241	260,299
Deferred securities	21 Oct 22	07 Oct 22	Aug 24	–	13,284	–	–	–	–	13,284	168,043
Total deferred securities				**29,208**	**13,284**	**(10,967)**	**100**	**–**	**–**	**31,525**	**578,809**
M Huey											
Performance awards	01 Jul 19	17 Oct 19	Aug 22	42,773	–	(15,270)	35.7	(27,503)	64.3	–	416,609
Performance awards	01 Jul 20	22 Oct 20	Aug 23	43,675	–	–	–	–	–	43,675	288,692
Performance awards	01 Jul 21	04 Oct 21	Aug 24	24,438	–	–	–	–	–	24,438	160,313
Performance awards	01 Jul 21	04 Oct 21	Aug 25	25,252	–	–	–	–	–	25,252	173,229
Performance awards	01 Jul 22	07 Oct 22	Aug 26	–	52,077	–	–	–	–	52,077	457,236
Total performance awards				**136,138**	**52,077**	**(15,270)**	**35.7**	**(27,503)**	**64.3**	**145,442**	**1,496,079**
Deferred securities	15 Oct 20	02 Sep 20	Aug 22	12,570	–	(12,570)	100	–	–	–	172,460
Deferred securities	15 Oct 21	04 Oct 21	Aug 23	20,268	–	–	–	–	–	20,268	289,224
Deferred securities	21 Oct 22	07 Oct 22	Aug 24	–	15,276	–	–	–	–	15,276	193,241
Total deferred securities				**32,838**	**15,276**	**(12,570)**	**100**	**–**	**–**	**35,544**	**654,925**
M Jablko[3]											
Performance awards	12 Apr 21	29.03.21	29 Mar 23	67,169	–	(67,169)	100	–	–	–	826,589
Performance awards	01 Jul 21	04 Oct 21	Aug 24	43,479	–	–	–	–	–	43,479	285,222
Performance awards	01 Jul 21	04 Oct 21	Aug 25	44,927	–	–	–	–	–	44,927	308,199
Performance awards	01 Jul 22	07 Oct 22	Aug 26	–	92,652	–	–	–	–	92,652	813,485
Total performance awards				**155,575**	**92,652**	**(67,169)**	**100**	**–**	**–**	**181,058**	**2,233,495**
Deferred securities	15 Oct 21	04 Oct 21	Aug 23	8,352	–	–	–	–	–	8,352	119,183
Deferred securities	21 Oct 22	07 Oct 22	Aug 24	–	23,398	–	–	–	–	23,398	295,985
Total deferred securities				**8,352**	**23,398**	**–**	**–**	**–**	**–**	**31,750**	**415,168**

Footnotes on following page

Summary of Executive KMP allocated, vested or lapsed equity (continued)

Type of equity[1,2]	Allocation date	Grant date	Vesting date	Balance at start of year	Granted during year	Vested and exercised in FY23[6]	% of total vested & exercised in FY23	Lapsed/ forfeited in FY23	% Lapsed/ forfeited in FY23	Balance at end of year[7]	Fair value of equity ($)[8,9]
Current Executive KMP											
S Johnson											
Performance awards	01 Jul 19	17 Oct 19	Aug 22	44,357	–	(15,836)	35.7	(28,521)	64.3	–	432,037
Performance awards	01 Jul 20	22 Oct 20	Aug 23	43,856	–	–	–	–	–	43,856	289,888
Performance awards	01 Jul 21	04 Oct 21	Aug 24	24,438	–	–	–	–	–	24,438	160,313
Performance awards	01 Jul 21	04 Oct 21	Aug 25	25,252	–	–	–	–	–	25,252	173,229
Performance awards	01 Jul 22	07 Oct 22	Aug 26	–	52,077	–	–	–	–	52,077	457,236
Total performance awards				**137,903**	**52,077**	**(15,836)**	**35.7**	**(28,521)**	**64.3**	**145,623**	**1,512,703**
Deferred securities	15 Oct 20	02 Sep 20	Aug 22	16,657	–	(16,657)	100	–	–	–	228,534
Deferred securities	15 Oct 21	04 Oct 21	Aug 23	20,352	–	–	–	–	–	20,352	290,423
Deferred securities	21 Oct 22	07 Oct 22	Aug 24	–	11,690	–	–	–	–	11,690	147,879
Total deferred securities				**37,009**	**11,690**	**(16,657)**	**100**	**-**	**-**	**32,042**	**666,836**
S Moorfield[4]											
Performance awards	01 Jul 20	22 Oct 20	Aug 23	51,205	–	–	–	–	–	51,205	338,465
Performance awards	26 Oct 20	05 Oct 20	5 Oct 22	5,100	–	(5,100)	100	–	–	–	68,916
Performance awards	01 Jul 21	04 Oct 21	Aug 24	25,488	–	–	–	–	–	25,488	167,201
Performance awards	01 Jul 21	04 Oct 21	Aug 25	26,337	–	–	–	–	–	26,337	180,672
Performance awards	01 Jul 22	07 Oct 22	Aug 26	–	60,703	–	–	–	–	60,703	532,972
Total performance awards				**108,130**	**60,703**	**(5,100)**	**100**	**–**	**–**	**163,733**	**1,288,226**
Deferred securities	15 Oct 21	04 Oct 21	Aug 23	14,010	–	–	–	–	–	14,010	199,923
Deferred securities	21 Oct 22	07 Oct 22	Aug 24	–	17,925	–	–	–	–	17,925	226,751
Total deferred securities				**14,010**	**17,925**	**–**	**–**	**–**	**–**	**31,935**	**426,674**
H Wehby[5]											
Performance awards	01 Jul 20	22 Oct 20	Aug 23	66,266	–	–	–	–	–	66,266	438,018
Performance awards	26 Oct 20	19 Oct 20	19 Oct 22	8,685	–	(8,685)	100	–	–	–	114,554
Performance awards	01 Jul 21	04 Oct 21	Aug 24	32,984	–	–	–	–	–	32,984	216,375
Performance awards	01 Jul 21	04 Oct 21	Aug 25	34,083	–	–	–	–	–	34,083	233,809
Performance awards	01 Jul 22	07 Oct 22	Aug 26	–	70,288	–	–	–	–	70,288	617,129
Total performance awards				**142,018**	**70,288**	**(8,685)**	**100**	**–**	**–**	**203,621**	**1,619,885**
Deferred securities	15 Oct 21	04 Oct 21	Aug 23	17,187	–	–	–	–	–	17,187	245,258
Deferred securities	21 Oct 22	07 Oct 22	Aug 24	–	15,779	–	–	–	–	15,779	199,604
Total deferred securities				**17,187**	**15,779**	**–**	**–**	**–**	**–**	**32,966**	**444,862**

1 *Additional information regarding the prior year incentive awards that are on foot, can be found in the remuneration report of the relevant year in which the grant was made*

2 *Performance awards granted prior to December 2019 expire 7 years from the date of allocation and Performance awards granted after December 2019 have an expiry of 15 years from the date of allocation. Deferred securities do not have an expiry date*

3 *Michelle Jablko was granted 134,338 performance awards as a one-off grant in recognition of her giving up equity awards with her former employer to join Transurban. This was not a sign-on award and only represented a portion of the value of unvested STI equity Michelle forfeited on resignation from her former employer, with no consideration for any unvested LTI. The one-off grant is subject to Michelle's continued employment with Transurban and will vest in two equal tranches of 67,169 awards on the first and second anniversary of her commencement with Transurban. Each performance award is an entitlement to receive one fully paid Transurban security on vesting. The fair value was calculated using a Black-Scholes framework to model Transurban's security price. On the grant date, each performance award had a market value of $12.95. The final tranche of performance awards vested in full on 29 March 2023*

4 *Simon Moorfield was granted 51,205 performance awards under the FY21 LTI Plan and 10,200 performance awards as a one-off grant in recognition of him giving up equity awards with his former employer to join Transurban. This was not a sign-on award and only represented a portion of the value of unvested STI equity Simon forfeited on resignation from his former employer, with no consideration for any unvested LTI. The one-off grant is subject to Simon's continued employment with Transurban and will vest in two equal tranches of 5,100 awards on the first and second anniversaries of his commencement with Transurban. Each performance award is an entitlement to receive one fully paid Transurban security on vesting. The fair value was calculated using a Black-Scholes framework to model Transurban's security price. On the grant date, each performance award had a market value of $14.22. The final tranche of performance awards vested in full on 5 October 2022*

5 *Hugh Wehby was granted 17,370 performance awards as a one-off grant in recognition of him giving up deferred awards with his former employer to join Transurban. This was not a sign-on award and only represented a portion of the value of unvested STI equity Hugh forfeited on resignation from his former employer, with no consideration for any unvested LTI. The one-off grant is subject to Hugh's continued employment with Transurban and will vest in two equal tranches of 8,685 awards on the first and second anniversaries of his commencement with Transurban. Each performance award is an entitlement to receive one fully paid Transurban security on vesting. The fair value was calculated using a Black-Scholes framework to model Transurban's security price. On the grant date, each performance award had a market value of $13.88. The final tranche of performance awards vested in full on 19 October 2022*

6 *Performance awards granted in FY20 vested during FY23 on 29 August 2022 at the end of the three-year performance period in accordance with performance outcomes (market value at vesting was $13.88). Performance awards that vest are automatically exercised. Securities granted as FY20 deferred STI awards vested during FY23 on 21 August 2022 at the end of the two-year restriction period. Vesting date and exercise date are the same*

7 *No closely related parties of Executive KMP held any performance awards or deferred securities during FY23*

8 *Fair value at grant date for performance awards. Deferred securities represent the fair value of the STI deferred component*

9 *In accordance with the requirements of AASB 2 Share-based Payment, the fair value of performance awards as at their date of grant has been independently determined. The fair value of the performance awards with a TSR performance measure has been valued applying a Monte Carlo simulation (using a Black-Scholes framework) to model Transurban's security price and the TSR performance against the comparator group's TSR performance. The fair value of performance awards with a FCF performance measure (grants made prior to October 2020) has been determined by reference to Transurban's security price at the grant date discounted for dividends and distributions forgone throughout the performance period. The amount included is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest*

Executive KMP remuneration

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based benefits[5, 6]		
	Cash salary and fees[1]	Cash STI[2]	Non-monetary benefits[3]	Superannuation	Annual and Long Service Leave	Deferred STI[4]	LTI Awards	Total[7]
Current Executive KMP								
S Charlton								
2023	2,274,708	1,353,800	12,146	25,292	(196,795)	1,413,430	1,572,310	6,454,891
2022	2,276,432	490,500	6,466	23,568	44,291	802,900	702,072	4,346,228
H Byrne								
2023	789,708	321,400	3,379	25,292	34,500	239,628	295,527	1,709,434
2022	791,432	186,300	4,103	23,568	38,855	196,473	150,060	1,390,792
M Huey								
2023	789,708	321,400	5,092	25,292	23,124	256,927	295,527	1,717,070
2022	770,447	214,250	3,932	23,568	41,710	222,450	144,827	1,421,184
M Jablko								
2023	1,424,708	624,300	2,865	25,292	19,362	332,229	717,873	3,146,629
2022	1,426,432	328,150	2,975	23,568	0	148,347	1,325,260	3,254,732
S Johnson								
2023	789,708	265,400	8,751	25,292	(51,029)	224,913	295,909	1,558,944
2022	791,432	163,950	4,080	23,568	(7,301)	224,435	143,790	1,343,954
S Moorfield								
2023	924,708	309,350	2,019	25,292	10,168	235,244	343,201	1,849,982
2022	823,152	251,400	2,267	23,568	0	149,163	264,027	1,513,578
H Wehby								
2023	1,074,708	473,600	2,334	25,292	(23,898)	293,554	430,606	2,276,196
2022	1,076,432	221,300	2,597	23,568	0	153,952	365,120	1,842,969
Total								
2023	**8,067,956**	**3,669,250**	**36,586**	**177,044**	**(184,568)**	**2,995,925**	**3,950,953**	**18,713,146**
2022	7,955,760	1,855,850	26,420	164,976	117,555	1,897,720	3,095,156	15,113,437

1 Cash salary and fees does not include unpaid leave taken during the year

2 The amount represents the cash STI payment to the Executive KMP for FY23, which will be paid in September 2023. FY22: cash component of STI paid in September 2022

3 Non-monetary benefits include Group employee insurance

4 A component of STI award is deferred into Transurban stapled securities. In accordance with accounting standards, the deferred component is recognised over the three-year service period

5 In accordance with the requirements of the accounting standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. performance awards under the LTI plan). The fair value of the awards is determined as at the grant date and is progressively allocated over the performance period. The amount included, as remuneration may be different to the benefit (if any) that the KMP may ultimately realise should the awards vest. The fair value of performance awards with a TSR performance measure has been determined by applying a Monte Carlo simulation (using a Black-Scholes framework) to model Transurban's security price and the TSR performance against the comparator group performance. The fair value of performance awards with a FCF performance measure has been determined by reference to Transurban's security price at the grant date discounted for dividends and distributions forgone throughout the performance period. As the FCF performance measure is a non-market performance condition, amounts recognised are adjusted based on the best available estimate of the number of equity instruments expected to vest

6 The value for share-based benefits for Michelle Jablko, Simon Moorfield and Hugh Wehby include their one-off grants of performance awards as detailed on pages 109 to 110

7 The percentage of FY23 remuneration related to performance was S Charlton 67%, H Byrne 50%, M Huey 51%, M Jablko 53%, S Johnson 50%, S Moorfield 48%, H Wehby 53%

Remuneration paid to Non-executive Directors

	Short-term benefits fees	Termination benefits[1]	Post-employment benefits Superannuation[2]	Total
Current Non-executive Directors				
C Drummond[3]				
2023	488,980		24,433	513,413
2022	206,767		20,677	227,444
M Birrell				
2023	216,290		22,710	239,000
2022	209,091		20,909	230,000
T Bowen				
2023	240,238		24,762	265,000
2022	224,874		22,487	247,361
P Cross[3]				
2023	212,670		22,666	235,336
2022	202,686		20,269	222,955
M Go[4]				
2023	203,620		21,380	225,000
2022	108,712		10,871	119,583
T Reed				
2023	212,670		22,330	235,000
2022	202,686		20,269	222,955
P Scott				
2023	216,290		22,710	239,000
2022	209,091		20,909	230,000
R Whitfield				
2023	261,208		25,292	286,500
2022	239,866		23,068	262,934
J Wilson				
2023	212,670		22,330	235,000
2022	204,545		20,455	225,000
Former Non-executive Directors				
L Maxsted[5]				
2023	173,843	10,502	9,491	193,836
2022	576,432		23,568	600,000
Total[6]				
2023	**2,438,479**	**10,502**	**218,104**	**2,667,085**
2022[7]	2,384,750		203,482	2,588,232

Securities held by Non-executive Directors as at 30 June 2023 and at the date of this Report

	Balance at start of year	Changes during year	Balance at end of year[8,9]
Current Non-executive Directors			
C Drummond	40,451	1,549	42,000
M Birrell	15,000	1,500	16,500
T Bowen	44,691	–	44,691
P Cross	34,329	–	34,329
M Go	11,338	132	11,470
T Reed	22,500	–	22,500
P Scott	35,701	1,367	37,068
R Whitfield	26,112	–	26,112
J Wilson	22,223	–	22,223
Former Non-executive Directors			
L Maxsted	100,342	–	N/A

Loans with KMP

No loans have been made between Transurban and any KMP (including their related parties) at any time during the year.

1 *The amount of $10,502 comprises a termination benefit (farewell gift on retirement) of $5,566 and FBT of $4,936*

2 *Superannuation contributions made on behalf of Non-executive Directors to satisfy Transurban's obligations under applicable superannuation guarantee legislation. Excludes Australian Taxation Office approved exemptions*

3 *Patricia Cross and Craig Drummond commenced as Non-executive Directors on 1 July 2021 and the period reported is from that date for FY22*

4 *Marina Go commenced as a Non-executive Director on 1 December 2021 and the period reported is from that date for FY22. Marina Go was appointed as a member of the Remuneration, People and Culture Committee with effect from 1 January 2023 and Committee fees reflect this period*

5 *Lindsay Maxsted ceased to be Chairman and a Non-executive Director on 20 October 2022 and remuneration reported is until that date*

6 *The current maximum aggregate amount approved by security holders to be paid as remuneration to all Non-executive Directors is $3,000,000 per year, inclusive of superannuation contributions. The total remuneration paid to Non-executive Directors in FY23 represents approximately 89% (FY22: approximately 86%) of this approved maximum aggregate amount*

7 *The total disclosed in the FY22 Remuneration Report ($2,750,824) includes remuneration of former Non-executive Directors, which are excluded from the above disclosure, comprising Neil Chatfield ($85,213) and Samantha Mostyn ($77,381)*

8 *Balance at the date of this Report is the same as the balance at the end of FY23*

9 *As at 30 June 2023, all of the securities held by Mark Birrell, Terence Bowen, Patricia Cross and Peter Scott were held nominally, and 7,900 of the securities held by Marina Go were held nominally*

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Auditor's Independence Declaration

As lead auditor for the audit of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited and the entities they controlled during the period.

E A Barron
Partner
PricewaterhouseCoopers

Melbourne
16 August 2023

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Financial statements

Canal to Creek art project, WestConnex, Sydney

Contents

Section A: Group financial statements

Transurban Holdings Limited
Consolidated statement of comprehensive income for the year ended 30 June 2023

	Note	2023 $M	2022 $M
Revenue	B5	**4,157**	**3,406**
Expenses			
Employee benefits expense		(347)	(315)
Road operating costs		(392)	(343)
Construction costs		(1,142)	(911)
Transaction and integration costs		(2)	(13)
Corporate and other expenses		(166)	(143)
Total expenses		**(2,049)**	**(1,725)**
Amortisation		(962)	(996)
Depreciation		(149)	(111)
Total depreciation and amortisation		**(1,111)**	**(1,107)**
Net finance costs	B13	(645)	(466)
Share of loss of equity accounted investments, inclusive of impairments	B25	(327)	(368)
Gain on disposal of interest in subsidiary	B24	41	—
Profit/(loss) before income tax		**66**	**(260)**
Income tax benefit	B7	26	276
Profit for the year		**92**	**16**
Profit attributable to:			
Ordinary security holders of the stapled group			
— Attributable to Transurban Holdings Limited (THL)		(381)	(641)
— Attributable to THT/TIL		445	660
Profit attributable to ordinary security holders of the stapled group	B9	**64**	**19**
Non-controlling interests—other	B26	28	(3)
Profit for the year		**92**	**16**
Other comprehensive income			
Gains reclassified on disposal of subsidiary, net of tax	B24	(63)	—
Items that may be reclassified to profit and loss in the future			
Changes in the fair value of cash flow hedges, net of tax		(253)	698
Changes in the fair value of cost of hedging, net of tax		(4)	9
Share of other comprehensive (loss)/income of equity accounted investments, net of tax	B25	(59)	245
Exchange differences on translation of North American operations, net of tax		84	188
Other comprehensive (loss)/income for the year, net of tax		**(295)**	**1,140**
Total comprehensive (loss)/income for the year		**(203)**	**1,156**
Total comprehensive income/(loss) for the year is attributable to:			
Ordinary security holders of the stapled group			
— Attributable to THL		(586)	(442)
— Attributable to THT/TIL		385	1,519
Non-controlling interests—other		(2)	79
Total comprehensive (loss)/income for the year		**(203)**	**1,156**
		Cents	**Cents**
Earnings per security attributable to ordinary security holders of the stapled group	B9	**2.1**	**0.6**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Section A: Group financial statements for the year ended 30 June 2023

Transurban Holdings Limited
Consolidated balance sheet as at 30 June 2023

	Note	2023 $M	2022 $M
Assets			
Current assets			
Cash and cash equivalents	B8	2,081	2,020
Current tax assets		—	10
Trade and other receivables	B8	407	347
Derivative financial instruments	B15	5	25
Total current assets		**2,493**	**2,402**
Non-current assets			
Equity accounted investments	B25	10,677	10,524
Trade and other receivables		3	3
Financial assets at amortised cost	B32	1,980	1,997
Derivative financial instruments	B15	1,253	1,009
Property, plant and equipment		532	557
Concession financial asset	B18	—	339
Deferred tax assets	B7	965	915
Goodwill	B16	466	466
Other intangible assets	B17	19,351	20,753
Total non-current assets		**35,227**	**36,563**
Total assets		**37,720**	**38,965**
Liabilities			
Current liabilities			
Trade and other payables	B8	482	463
Current tax liabilities		35	6
Borrowings	B14	367	1,063
Derivative financial instruments	B15	—	50
Maintenance provision	B19	143	147
Distribution provision	B10	1,004	837
Other provisions		104	79
Construction obligation liability	B20	335	432
Other liabilities	B21	778	417
Total current liabilities		**3,248**	**3,494**
Non-current liabilities			
Borrowings	B14	18,191	16,580
Derivative financial instruments	B15	146	176
Deferred tax liabilities	B7	1,439	1,832
Maintenance provision	B19	971	981
Other provisions		7	7
Construction obligation liability	B20	111	364
Other liabilities	B21	327	303
Total non-current liabilities		**21,192**	**20,243**
Total liabilities		**24,440**	**23,737**
Net assets		**13,280**	**15,228**
Equity			
Contributed equity	B11	3,968	3,939
Reserves	B12	(462)	(258)
Accumulated losses		(5,348)	(4,936)
Equity attributable to other members of the stapled group (THT/TIL)		14,416	15,676
Equity attributable to security holders of the stapled group		**12,574**	**14,421**
Non-controlling interests—other	B26	706	807
Total equity		**13,280**	**15,228**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Section A: Group financial statements for the year ended 30 June 2023

Transurban Holdings Limited
Consolidated statement of changes in equity for the year ended 30 June 2023

	Attributable to security holders of the stapled group							
	Number of securities	**Contributed equity**	**Reserves**	**Accumulated losses**	**Equity attributable to other members—THT & TIL**	**Total**	**Non-controlling interests—other**	**Total equity**
	M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Balance at 1 July 2022	**3,071**	**3,939**	**(258)**	**(4,936)**	**15,676**	**14,421**	**807**	**15,228**
Comprehensive income/(loss)								
Profit/(loss) for the year	—	—	—	(381)	445	64	28	92
Other comprehensive loss	—	—	(205)	—	(60)	(265)	(30)	(295)
Total comprehensive income/(loss)	**—**	**—**	**(205)**	**(381)**	**385**	**(201)**	**(2)**	**(203)**
Transactions with owners in their capacity as owners:								
Employee performance awards issued[1]	1	2	1	—	12	15	—	15
Distributions provided for or paid[2]	—	—	—	(31)	(1,754)	(1,785)	—	(1,785)
Distribution reinvestment plan[3]	9	27	—	—	97	124	—	124
Distributions to non-controlling interests[4]	—	—	—	—	—	—	(99)	(99)
	10	**29**	**1**	**(31)**	**(1,645)**	**(1,646)**	**(99)**	**(1,745)**
Balance at 30 June 2023	**3,081**	**3,968**	**(462)**	**(5,348)**	**14,416**	**12,574**	**706**	**13,280**

1. It is the Group's policy that a portion of all Short-Term Incentives issued to the CEO and other executives are deferred for a period of 2 years. In addition to the Short-Term Incentives, stapled securities were issued to senior executives and other employees under the Group's Long-Term Incentive share based payment plans. These securities are held by the employees but will only vest in accordance with the terms of the plans.

2. Refer to Note B10 for further details of dividends and distributions provided for or paid.

3. Under the Distribution Reinvestment Plan (DRP), holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. The DRP applied for the final distribution for FY22 and the interim distribution for FY23, paid in August 2022 and February 2023, respectively. The DRP applies for the final FY23 distribution.

4. Distributions and dividends were paid during the year to the non-controlling interest partners in the Eastern Distributor and Transurban Queensland.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Section A: Group financial statements for the year ended 30 June 2023

Transurban Holdings Limited
Consolidated statement of changes in equity for the year ended 30 June 2022

	Attributable to security holders of the stapled group							
	Number of securities	**Contributed equity**	**Reserves**	**Accumulated losses**	**Equity attributable to other members—THT & TIL**	**Total**	**Non-controlling interests—other**	**Total equity**
	M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Balance at 1 July 2021	**2,738**	**2,929**	**(457)**	**(4,234)**	**12,097**	**10,335**	**801**	**11,136**
Comprehensive income/(loss)								
Profit/(loss) for the year	—	—	—	(641)	660	19	(3)	16
Other comprehensive income	—	—	199	—	859	1,058	82	1,140
Total comprehensive income/(loss)	**—**	**—**	**199**	**(641)**	**1,519**	**1,077**	**79**	**1,156**
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs[1]	325	983	—	—	3,168	4,151	—	4,151
Employee performance awards issued[2]	1	2	—	—	8	10	—	10
Distributions provided for or paid[3]	—	—	—	(61)	(1,198)	(1,259)	—	(1,259)
Distribution reinvestment plan[4]	7	25	—	—	82	107	—	107
Distributions to non-controlling interests[5]	—	—	—	—	—	—	(73)	(73)
	333	**1,010**	**—**	**(61)**	**2,060**	**3,009**	**(73)**	**2,936**
Balance at 30 June 2022	**3,071**	**3,939**	**(258)**	**(4,936)**	**15,676**	**14,421**	**807**	**15,228**

1. On 13 October 2021, the Group successfully completed the fully underwritten institutional and retail components of its pro-rata accelerated renounceable 1 for 9 entitlement offer. The institutional component raised gross proceeds of $2,898 million at an issue price of $13.00 per security. The retail component raised gross proceeds of $1,068 million at an issue price of $13.00 per security. A further $250 million was raised through a placement to AustralianSuper at an issue price of $13.07 per security. The total gross proceeds of $4,216 million ($4,150 million net of costs and tax) were used to fund the Group's contribution to the acquisition of the remaining 49% equity stake in WestConnex through Sydney Transport Partners Joint Venture (STP JV), which completed on 29 October 2021.

2. It is the Group's policy that a portion of all Short-Term Incentives issued to the CEO and other executives are deferred for a period of 2 years. In addition to the Short-Term Incentives, stapled securities were issued to senior executives and other employees under the Group's Long-Term Incentive share based payment plans. These securities are held by the employees but will only vest in accordance with the terms of the plans.

3. Refer to Note B10 for further details of dividends and distributions provided for or paid.

4. Under the Distribution Reinvestment Plan (DRP), holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. The DRP applied for the final distribution for FY21 and the interim distribution for FY22, paid in August 2021 and February 2022, respectively.

5. Distributions and dividends were paid during FY22 to the non-controlling interest partners in Transurban Queensland.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Section A: Group financial statements for the year ended 30 June 2023

Transurban Holdings Limited
Consolidated statement of cash flows for the year ended 30 June 2023

	Note	2023 $M	2022 $M
Cash flows from operating activities			
Receipts from customers		3,057	2,540
Payments to suppliers and employees		(1,001)	(952)
Payments for maintenance of intangible assets		(134)	(97)
Transaction and integration costs		(9)	(13)
Other cash receipts		199	220
Interest received		49	13
Interest paid		(672)	(700)
Income taxes paid		(30)	(29)
Net cash inflow from operating activities	(a)	**1,459**	**982**
Cash flows from investing activities			
Payments for financial assets at amortised cost		(65)	(716)
Repayment of financial assets at amortised cost		159	215
Capital contribution to equity accounted investments	B25	(201)	(5,132)
Payments for intangible assets		(1,056)	(517)
Payments for property, plant and equipment		(119)	(96)
Distributions received from equity accounted investments	B25	276	492
Proceeds from disposal of subsidiaries, net of cash disposed	B24	330	—
Income taxes refunded/(paid) related to the disposal of subsidiaries		9	(178)
Net cash outflow from investing activities		**(667)**	**(5,932)**
Cash flows from financing activities			
Proceeds from equity issues of stapled securities (net of costs)		—	4,143
Proceeds from borrowings (net of costs)	(b)	1,735	811
Net proceeds from loan facilities	(b)	289	165
Principal repayment of leases	B31	(10)	(10)
Repayment of borrowings	(b)	(1,160)	(1,443)
Dividends and distributions paid to the Group's security holders	B10	(1,489)	(942)
Distributions paid to non-controlling interests	B10	(104)	(73)
Net cash (outflow)/inflow from financing activities		**(739)**	**2,651**
Net increase/(decrease) in cash and cash equivalents		**53**	**(2,299)**
Cash and cash equivalents at the beginning of the year		2,020	4,285
Effects of exchange rate changes on cash and cash equivalents		8	34
Cash and cash equivalents at end of the year	B8	**2,081**	**2,020**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Section A: Group financial statements for the year ended 30 June 2023

Transurban Holdings Limited
Consolidated statement of cash flows for the year ended 30 June 2023 (continued)

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

		2023 $M	2022 $M
Profit for the year		**92**	**16**
Depreciation and amortisation		1,111	1,107
Loss on disposal of interest in subsidiary	B24	(41)	—
Non-cash employee benefit expense—share based payments		12	8
Non-cash net finance costs/(income)		7	(238)
Share of loss of equity accounted investments, inclusive of impairments	B25	327	368
Non-cash road operating costs—Power Purchase Agreements[1]	B15	(10)	(14)
Change in operating assets and liabilities:			
Increase in trade and other receivables		(47)	(11)
Increase in concession and promissory note liability		10	7
Increase in operating creditors and accruals		16	24
Increase/(decrease) in other operating provisions		15	(30)
Movement in deferred and current taxes		(56)	(305)
Increase in maintenance provision		23	50
Net cash inflow from operating activities		**1,459**	**982**

1. Relates to fair value movements in the Group's 'contract for difference' derivative financial instruments relating to its Power Purchase Agreements, which are recorded on the balance sheet at their fair values with movements recorded in the profit and loss (refer to Note B15).

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Transurban Holdings Limited
Consolidated statement of cash flows for the year ended 30 June 2023 (continued)

(b) Reconciliation of liabilities arising from financing activities

	Borrowings current	Borrowings non-current	Debt principal related derivatives (included in assets / liabilities)[1]	Other Loan Facilities (included in other liabilities)	Total debt related financial instruments
	$M	$M	$M	$M	$M
Balance at 1 July 2022	**1,063**	**16,580**	**(1,408)**	**207**	**16,442**
Proceeds from borrowings (net of costs)	10	1,725	—	—	1,735
Repayment of borrowings	(1,083)	(135)	58	—	(1,160)
Proceeds from other loan facilities	—	—	—	512	512
Repayment of other loan facilities	—	—	—	(223)	(223)
Total cash flows	**(1,073)**	**1,590**	**58**	**289**	**864**
Non-cash changes					
Net present value of principal	—	—	145	—	145
Disposals through loss of control of subsidiary[2]	—	(376)	—	—	(376)
Foreign exchange movements	4	755	(391)	—	368
Transfer	373	(373)	—	—	—
Amortisation of borrowing costs	—	15	—	—	15
West Gate Tunnel adjustments[3]	—	—	—	65	65
Total non-cash changes	**377**	**21**	**(246)**	**65**	**217**
Balance at 30 June 2023	**367**	**18,191**	**(1,596)**	**561**	**17,523**

1. *Net derivatives balance as at 30 June 2023 is an asset of $1,112 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above as they do not relate to financing activities.*
2. *Relates to the sale of the Group's controlling interest in A25 upon divestment of 50% ownership interest (refer to Note B24).*
3. *The amount of $65 million relates to advance payments initially funded and paid by the State of Victoria to the West Gate Tunnel Design & Construct (D&C) Subcontractor in FY22 which were offset against the State Loan during the current financial year.*

	Borrowings current	Borrowings non-current	Debt principal related derivatives (included in assets / liabilities)[1]	Other Loan Facilities (included in other liabilities)	Total debt related financial instruments
	$M	$M	$M	$M	$M
Balance at 1 July 2021	**750**	**17,081**	**(856)**	**81**	**17,056**
Proceeds from borrowings (net of costs)	68	743	—	—	811
Repayment of borrowings	(783)	(660)	—	—	(1,443)
Proceeds from other loan facilities	—	—	—	281	281
Repayment of other loan facilities	—	—	—	(116)	(116)
Total cash flows	**(715)**	**83**	**—**	**165**	**(467)**
Non-cash changes					
Foreign exchange movements	32	393	(552)	—	(127)
Transfer	996	(996)	—	—	—
Amortisation of borrowing costs	—	19	—	—	19
West Gate Tunnel settlement adjustments[2]	—	—	—	(39)	(39)
Total non-cash changes	**1,028**	**(584)**	**(552)**	**(39)**	**(147)**
Balance at 30 June 2022	**1,063**	**16,580**	**(1,408)**	**207**	**16,442**

1. *Net derivatives balance as at 30 June 2022 is an asset of $808 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above as they do not relate to financing activities.*
2. *The net amount of $39 million predominantly relates to advance payments initially funded by the State of Victoria and paid by Transurban to the West Gate Tunnel Design & Construct (D&C) Subcontractor in FY21 which were offset against the State Loan during FY22, as part of the West Gate Tunnel settlement finalised on 23 March 2022.*

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Section B: Notes to the Group financial statements

Basis of preparation and significant changes

B1 Corporate information

Transurban Holdings Limited (the Company, the Parent or THL) is a Company incorporated in Australia and limited by shares that are publicly traded on the Australian Securities Exchange. These financial statements have been prepared as a consolidation of the financial statements of THL and its controlled entities (Transurban, Transurban Holdings Limited Group, Transurban Group or the Group). The controlled entities of THL include the other members of the stapled group being Transurban Infrastructure Management Limited (TIML) as the responsible entity of Transurban Holding Trust and its controlled entities (THT) and Transurban International Limited and its controlled entities (TIL). The equity securities of THL, THT and TIL are stapled and cannot be traded separately. The Group is a for-profit entity. Entities within the Group are domiciled and incorporated in Australia, the United States of America and Canada.

The consolidated financial statements of the Transurban Group for the year ended 30 June 2023 (FY23) were authorised for issue in accordance with a resolution of the Directors on 16 August 2023. Directors have the power to amend and reissue the financial statements.

B2 Summary of significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following transactions and events during the reporting period:

Sale of the Group's controlling interest in A25

On 7 February 2023, the Group announced that it had reached an agreement with Caisse de depot et placement du Quebec (CDPQ) to sell 50% of its equity interest in A25 for gross sale proceeds of $389 million. The sale was completed on 28 February 2023 via disposal of the Group's controlling interest in A25. A pre-tax gain on sale of $41 million has been recognised. After the recognition of the related income tax, which predominantly comprises deferred tax (non-cash timing differences) relating to the Group's retained 50% equity accounted investment, a post-tax loss on disposal of $94 million has been recognised.

Refer to Note B24 for further information.

Termination of Maryland Express Lanes Project

On the 10 March 2023, Transurban announced that Accelerate Maryland Partners (AM Partners) decided not to proceed with the Maryland Express Lanes Project and as a result terminated the predevelopment agreement with the Maryland Department of Transportation. The termination triggered an impairment assessment and the carrying amount of the equity accounted investment in AM Partners was impaired to $nil, after recognising the Group's share of equity accounted losses (inclusive of impairment) in AM Partners.

Refer to Note B25 for further information.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B3 Basis of preparation

The Group financial statements are general purpose financial statements which:

- Have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Have adopted all accounting policies in accordance with AASs and, where a standard permits a choice in accounting policy, the policy adopted by the Group has been disclosed in these financial statements;
- Have applied the option under *ASIC Corporations (Stapled Group Reports) Instrument 2015/838* to present the consolidated financial statements in one section (Section A) and all other reporting group members in a separate section (Section C);
- Comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- Have been prepared under the historical cost convention, as modified by the revaluation of other financial assets and liabilities (including derivative financial instruments);
- Are presented in Australian dollars, which is the Group's functional and presentation currency;
- Have been rounded to the nearest million dollars, unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*; and
- Have restated the presentation of comparative amounts, where applicable, to conform to the current period presentation.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal operations, in particular over the next 12 months from the financial statements release date of 16 August 2023. This is notwithstanding that the Group's consolidated balance sheet indicates a net current liability position as at 30 June 2023 of $755 million (2022: $1,092 million).

In determining the appropriateness of the going concern basis of preparation, the Directors have considered the uncertainties related to the macroeconomic environment on the Group's liquidity and operations. The Directors consider near-term interest rate fluctuations to be primarily limited to new debt facilities due to the Group's hedging policy and profile. In addition, a number of the Group's toll roads have toll escalations of CPI or greater which provides revenue protection in an inflationary environment.

The Group has assessed cash flow forecasts and its ability to fund its net current liability position as at 30 June 2023. This assessment indicates that the Group is expected to be able to continue to operate within available liquidity levels and the terms of its debt facilities, and to fund its net current liability position as at 30 June 2023, for the 12 months from the date of this report.

The Group has also forecast that it does not expect to breach any financial covenants within the 12 months from the date of this report. Financial covenant forecasts utilised the same underlying cash flow forecasts as those used in the going concern assessment.

Furthermore, the Directors have also taken the following matters into consideration in forming the view that the Group is a going concern:

- The Group has cash and cash equivalents of $2,081 million as at 30 June 2023;
- The Group has available a total of $2,914 million of undrawn general purpose borrowing facilities across a number of financial providers with a maturity beyond 12 months;
- The Group is expected to have the ability to fund its net current liability position through the generation of free cash and the use of undrawn facilities in the 12 months from the date of this report; and
- Payment of future dividends and distributions remains at the discretion of the Board.

B3 Basis of preparation (continued)

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Foreign operations

The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates throughout the course of the reporting period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are taken to other comprehensive income.

B3 Basis of preparation (continued)

New and amended standards and interpretations

The Group has adopted the following new and amended accounting standards and interpretations which became effective for the annual reporting period commencing 1 July 2022. The Group's assessment of the impact of these new and amended standards and interpretations is set out below.

Reference	Description and impact on the Group
AASB 2020-3 *Amendments to Australian Accounting standards—Annual improvements 2018-2020 and Other Amendments*	The following minor amendments were made to accounting standards: • Annual Improvements 2018-2020 Cycle makes minor amendments to AASB 1 *First-time Adoption of Australian Accounting Standards*, AASB 9 *Financial Instruments* and the Illustrative Examples accompanying AASB 16 *Leases* to clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards; • Amendments to AASB 3 *Business Combinations* update a reference in AASB 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; • Amendments to AASB 116 *Property, Plant and Equipment* require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in the profit and loss, instead of deducting the amounts received from the cost of the asset; and • Amendments to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* clarify which costs a company includes when assessing whether a contract will be onerous. Application of the above amendments has been applied prospectively and has not materially impacted the Group.
AASB 2023-2 *Amendments to Australian Accounting Standards—International Tax Reform—Pillar Two Model Rules*	The standard amends AASB 112 *Income Taxes* and introduces a mandatory temporary exception to the accounting for and disclosure of deferred taxes arising from jurisdictions implementing the new Pillar Two global tax rules. This will help to ensure consistency in the financial statements while transitioning to the implementation of the rules. The application of the above amendments has been applied retrospectively and has not had a material impact on the Group.

New and amended accounting standards and interpretations issued but not yet effective

Certain new and amended accounting standards and interpretations have been published but are not mandatory for the year ended 30 June 2023. The Group's assessment of the expected impact of these new and amended accounting standards and interpretations is set out below.

Reference	Description and impact on the Group	Application of the standard	Application by the Group
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* **AASB 2021-7** *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	The AASB has made limited scope amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in AASB 3 *Business Combinations*). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interest in the associate or joint venture. AASB 2021-7 mainly defers application date of AASB 2024-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2022. Application of the amendments is prospective and is not expected to materially impact the Group.	1 January 2025	1 July 2025
AASB 2020-1 *Amendments to Australian Accounting Standards—Classification of Liabilities as Current or Non-current* **AASB 2020-6** *Amendments to Australian Accounting Standards—Classification of Liabilities as Current or Non-current—Deferral of Effective Date*	AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. AASB 2020-6 defers the application date of AASB 2020-1 by one year. Application of the amendments is not expected to materially impact the Group.	1 January 2023	1 July 2023
AASB 2021-2 *Amendments to Australian Accounting Standards—Disclosure of Accounting Policies and Definition of Accounting Estimates*	The standard amends AASB 7 *Financial Instruments: Disclosures,* AASB 101 *Presentation of Financial Statements,* AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors,* AASB 134 *Interim Financial Reporting* and AASB Practice Statement 2 *Making Materiality Judgements* to: • improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and • distinguish changes in accounting estimates from changes in accounting policies. Application of the amendments is not expected to materially impact the Group.	1 January 2023	1 July 2023

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B3 Basis of preparation (continued)

New and amended accounting standards and interpretations issued but not yet effective (continued)

Reference	Description and impact on the Group	Application of the standard	Application by the Group
AASB 2021-5 *Amendments to Australian Accounting Standards—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	AASB 2021-5 has made amendments to AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 112 *Income Taxes* which require companies in specified circumstances to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Transactions that are expected to be captured by the amendments include leases where the entity is a lessee and decommissioning obligations. Application of the amendments is not expected to materially impact the Group as the Group has already recognised deferred tax on lease arrangements where the Group is a lessee and there are no other transactions expected to be captured within the amendments.	1 January 2023	1 July 2023
AASB 2022-5 *Amendments to Australian Accounting Standards—Lease Liability in a Sale and Leaseback*	The standard amends AASB 16 *Leases* which changes the manner in which the seller-lessee measures its gain or loss based on their proportionate share transferred to the buyer-lessor in the right of use asset from a sale and leaseback transaction. The seller-lessee will be required to further remeasure their lease liability, so that any gain or loss previously recognised will now be removed by way of the lease liability adjustment. Application of the amendments is not expected to have a material impact as the Group has not had any sale and leaseback transactions.	1 January 2024	1 July 2024
AASB 2022-6 *Amendments to Australian Accounting Standards—Non-current Liabilities with Covenants*	The standard amends AASB 101 *Presentation of Financial Statements* and AASB Practice Statement 2 *Making Materiality Judgements.* The amendments specify that covenants to be complied with after reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the entity is required to disclose information about these covenants in the notes to the financial statements. Application of the amendments is not expected to have a material impact and may result in additional disclosures in the financial statements.	1 January 2024	1 July 2024
AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*	This standard makes editorial corrections to various Australian Accounting Standards (AAS) and AASB Practice Statement 2 *Making Materiality Judgements*. The corrections include corrections made by the IASB to IFRS Standards since June 2021. This Standard also repeals AAS that: • have been superseded by either subsequent principal versions of the Standard or by other Standards without being formally repealed at the time; and • that made amendments to other Standards, being amending Standards that have passed their Parliamentary disallowance period and their legal commencement date but have not been formally repealed. The application of the amendments is not expected to materially impact the Group.	1 January 2023	1 July 2023
AASB 2023-2 *Amendments to Australian Accounting Standards—International Tax Reform—Pillar Two Model Rules*	The standard amends AASB 112 *Income Taxes* and introduces targeted disclosure requirements relating to the new Pillar Two global tax rules to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect. Application of the amendments is not expected to have a material impact but will result in additional disclosures in the financial statements.	1 January 2023	1 July 2023
AASB 2023-1 *Amendments to Australian Accounting Standards—Supplier Finance Arrangements*	This Standard amends AASB 107 *Statement of Cash Flows* and AASB 7 *Financial Instruments: Disclosures* and requires additional disclosures addressing supplier finance arrangements. The additional information will enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk. Application of the amendments is not expected to have a material impact on the Group.	1 January 2024	1 July 2024

B3 Basis of preparation (continued)

Key accounting estimates and judgements

Estimates and judgements are regularly made by the Group and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

• Provision for income taxes and utilisation of tax losses;	Note B7
• Fair value of derivatives and other financial instruments;	Note B15
• Recoverability of goodwill, other intangibles assets and equity accounted investments;	Note B16, Note B17 and Note B25
• Determination of CityLink and West Gate Tunnel cash generating unit;	Note B17
• Provision for maintenance expenditure;	Note B19
• Measurement of construction obligation liability;	Note B20
• Measurement of promissory notes and concession notes;	Note B21
• Assessment of control of A25, STP JV and Transurban Chesapeake (TC); and	Note B24 and Note B25
• Contingencies.	Note B28

KEY ESTIMATE AND JUDGEMENT

The Group has made a number of estimates and judgements as at 30 June 2023 as a result of the uncertainties related to the macroeconomic environment. These estimates and judgements are included in the notes to the financial statements as applicable.

KEY ESTIMATE AND JUDGEMENT

The Group continues to progress its assessment of the potential impacts of climate-related risks on its business. As part of this assessment, the Group has considered the potential financial reporting implications of the climate-related risks (threats and opportunities) identified at the date of this report. To date this assessment has been largely qualitative.

Consistent with the Group's strategic climate-related risk themes, while threats and opportunities have been identified, the focus of the financial reporting implications has been on acute and chronic physical risks (threats and opportunities) which may be more impactful over time. Physical climate-related threats include increased incidence of severe weather events, such as extended rainfall and higher temperatures, which may disrupt operations and increase operating and maintenance costs.

In FY23, we commenced development of a methodology to measure the potential quantitative, or financial, impacts of climate-related risks. The first phase involved analysing the actual direct financial impacts of a recent acute weather event, the La Nina flood event in Queensland. This analysis indicated that the direct costs of the event itself were not material to the Group's financial performance or position or cash flows both net and gross of insurance. However, the analysis highlighted that the financial impacts were asset and event specific and therefore do not provide a reliable measure of the potential financial impacts of future events or of chronic impacts on the Group's assets more broadly.

Our assessment to date has indicated that climate-related risks may have a financial impact on the Group particularly over the long term. Certain assets and liabilities (in particular, service concession intangible assets and maintenance provisions) are supported by cash flows that extend into the medium and long-term. With respect to the carrying amount of concession intangible assets, the impacts of climate-related risks on future cash flows are not expected to be significant enough to erode the excess in recoverable amount due to the existing headroom over carrying amount (which is also reducing over time through amortisation).

With respect to the maintenance provision and expense, while the financial impacts analysis performed in FY23 did not identify material impacts, without further quantitative data, and given the uncertainty over insurance cover into the future, it is possible that climate-related risks could impact the maintenance expense or maintenance provision particularly in the medium to long term.

From FY24, this methodology will be progressively applied across the Group's assets to determine the potential financial impacts of climate-related risks. Qualitative risk data from Climate Change Adaptation Plans (CCAPs) which are expected to have been completed for each asset by the end of FY24, potential asset specific financial impacts and science-based climate assumptions relating to the incidence and severity of acute and chronic climate related events will be applied in this analysis.

As the Group continues to progress its assessment of the potential financial impacts of climate-related risks, the identification of additional risks (threats and opportunities), the detailed development of the Group's response, and changes to the Group's climate change strategy may impact the Group's significant judgements and key estimates and result in material changes to financial results and the carrying amounts of certain assets and liabilities in future reporting periods.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

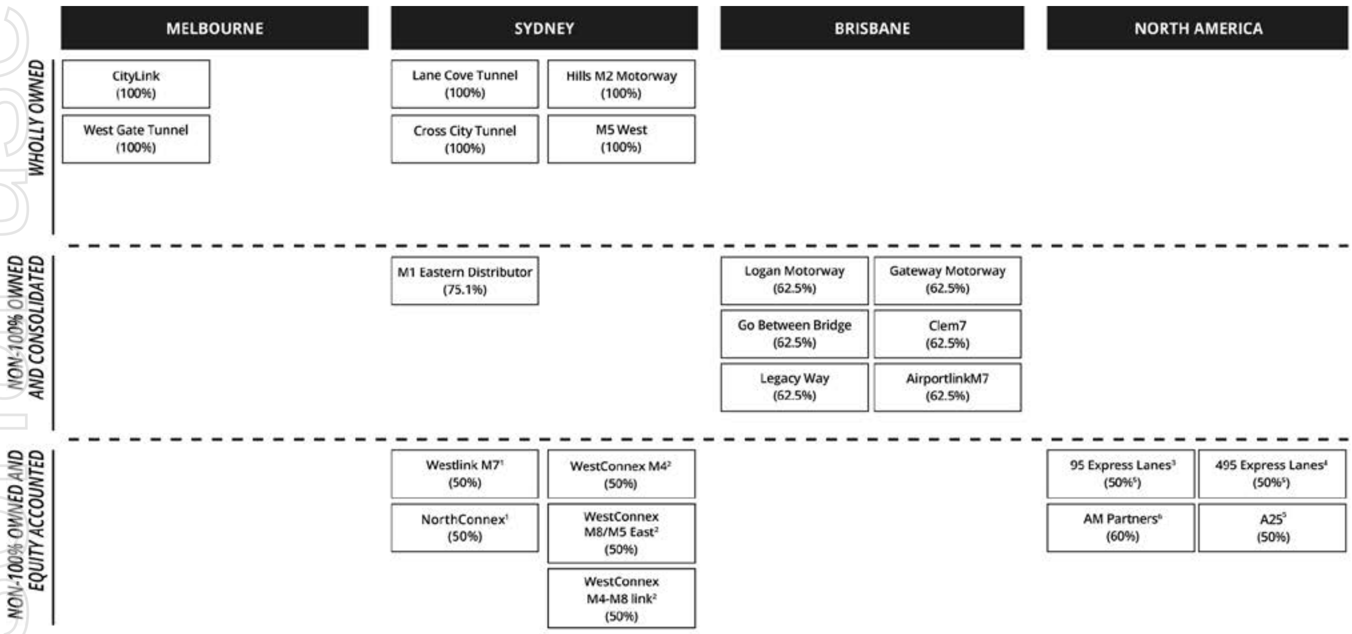
Operating performance

B4 Segment information

In the segment information provided to the Transurban Group Executive Committee (certain members of which act as the chief operating decision maker), segments are defined by the geographical region in which the Group operates being Melbourne, Sydney, Brisbane and North America. The Group's corporate function is not an operating segment under the requirements of AASB 8 *Operating Segments* as its revenue generating activities are only incidental to the business.

The Executive Committee assesses the performance of each region based on a measure of proportional earnings before depreciation, amortisation, net finance costs and income taxes (Proportional EBITDA). This reflects the contribution of each region in the Group in the proportion of Transurban's equity ownership.

The diagram below shows the concession assets included in each geographical region, together with the ownership interests held by the Group as at 30 June 2023:



1. Westlink M7 and NorthConnex (NCX) together form the NorthWestern Roads Group (NWRG).
2. The M4, M8/M5 East and M4-M8 link together form WestConnex. The M8/M5 East includes the M8, the M5 East and will include the M5 West from December 2026. From 29 October 2021, the Group's proportional equity interest in WestConnex increased from 25.5% to 50% through its equity investment in the STP JV.
3. The 95 Express Lanes concession is inclusive of the 395 Express Lanes and the Fredericksburg Extension.
4. The 495 Express Lanes concession is inclusive of the 495 Express Lanes Northern Extension Project and the Capital Beltway Accord Project.
5. During FY23, the Group divested 50% of its equity interest in A25 (refer to Note B24).
6. AM Partners' role was to be the Maryland Department of Transport's long-term partner to build, finance and operate new Express Lanes in Maryland, USA (refer to Note B2).

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B4 Segment information (continued)

Segment information—proportional income statement

2023
$M

	Melbourne	Sydney	Brisbane	North America[1]	Corporate and other	Total
Toll revenue	894	1,668	520	232	—	3,314
Other revenue	25	47	4	34	26	136
Total proportional revenue	**919**	**1,715**	**524**	**266**	**26**	**3,450**
Proportional EBITDA	**756**	**1,328**	**380**	**129**	**(145)**	**2,448**

1. Proportional segment information includes the results of A25 at proportional ownership, being 100% for the period to 28 February 2023 and 50% from 1 March 2023 to 30 June 2023.

2022
$M

	Melbourne	Sydney	Brisbane	North America	Corporate and other	Total
Toll revenue	722	1,264	451	189	—	2,626
Other revenue	22	46	3	36	29	136
Total proportional revenue	**744**	**1,310**	**454**	**225**	**29**	**2,762**
Proportional EBITDA	**594**	**976**	**320**	**120**	**(110)**	**1,900**

Reconciliation of segment information to statutory financial information

The proportional results presented above are different from the statutory financial results of the Group due to the proportional presentation of each asset's contribution to each geographical region and corporate and other.

Segment revenue

Revenue from external customers comprises toll, service and fee revenues earned on toll roads. Segment revenue reconciles to total statutory revenue as follows:

	Note	2023 $M	2022 $M
Total segment revenue (proportional)		**3,450**	**2,762**
Add:			
Revenue attributable to non-controlling interests		356	304
Construction revenue from road development activities		1,142	911
Intragroup elimination[1]		58	58
Less:			
Proportional revenue of non-100% owned equity accounted assets		(829)	(600)
Toll revenue receipts relating to the A25 concession financial asset[2]		(10)	(14)
Other revenue receipts relating to the A25 concession financial asset[2]		(10)	(15)
Total statutory revenue	B5	**4,157**	**3,406**

1. Statutory revenue recognised in relation to arrangements with the equity accounted investments that are eliminated for segment purposes.

2. The Executive Committee members acting as the chief operating decision maker assesses the performance of the Group using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of A25 and are reflective of its underlying performance. Up to the date of sale of the Group's controlling interest in A25 on 28 February 2023 (refer to Note B24), for statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the original controlling interest in A25, which has been disposed of as part of the sale of A25 (refer to Note B18).

B4 Segment information (continued)

Proportional EBITDA

Proportional EBITDA reconciles to statutory profit/(loss) before income tax as follows:

	2023 $M	2022 $M
Proportional EBITDA	**2,448**	**1,900**
Add: EBITDA attributable to non-controlling interests	260	215
Add: Intragroup elimination[1]	11	8
Less: Proportional EBITDA of non-100% owned equity accounted assets	(591)	(413)
Less: Toll and other revenue receipts relating to the A25 concession financial asset[2]	(20)	(29)
Statutory depreciation and amortisation	(1,111)	(1,107)
Statutory net finance costs	(645)	(466)
Share of loss of equity accounted investments, inclusive of impairments	(327)	(368)
Gain on disposal of interest in subsidiary	41	—
Statutory profit/(loss) before income tax	**66**	**(260)**

1. *Earnings before depreciation, amortisation, net finance costs, equity accounted investments, income taxes and gain on disposal of subsidiary recognised in relation to arrangements with equity accounted investments that are eliminated for segment purposes. For statutory purposes an offsetting adjustment is recognised within the share of loss of equity accounted investments.*
2. *The Executive Committee members acting as the chief operating decision maker assesses the performance of the Group using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of A25 and are reflective of its underlying performance. Up to the date of sale of the Group's controlling interest in A25 on 28 February 2023 (refer to Note B24), for statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the original controlling interest in A25, which has been disposed of as part of the sale of A25 (refer to Note B18).*

B5 Revenue

	2023 $M	2022 $M
Toll revenue	2,831	2,324
Construction revenue	1,142	911
Other revenue	184	171
Total revenue from operations	**4,157**	**3,406**

The Group's principal revenue generating activities, being the service concession arrangements, are accounted for in accordance with AASB Interpretation 12 *Service Concession Arrangements* (IFRIC 12) and AASB 15 *Revenue from Contracts with Customers*. These accounting pronouncements specify that operations and maintenance services and construction services provided under the Group's service concession arrangements are two distinct types of services.

The Group's service concession arrangements fall into two types of models, the intangible asset model and the financial asset model as discussed below.

Service concession arrangements—intangible asset model

The revenue streams covered by this model are Toll revenue and Construction revenue. Revenue recognition principles for these revenue streams are discussed below:

Revenue type	Recognition
Toll revenue	The customer of the operations and maintenance services is the user of the infrastructure. Each use made of the toll road by users is considered a performance obligation. The related revenue is recognised at the point in time that the individual service is provided and the amount is determined to be recoverable by the Group. Total toll revenue is net of any revenue share arrangements that the Group has triggered during the reporting period.
Construction revenue	The customer with respect to construction services is the concession grantor. Construction services are accounted for as one performance obligation and revenue is recognised in line with the progress of construction services provided over time. The progress of construction is measured by reference to costs incurred to date. Revenue is measured at fair value by reference to the stand-alone selling price.

Service concession arrangements—financial asset model

The Group's accounting policy for service concession arrangements under the financial asset model is consistent with that disclosed in Note B18. As at 30 June 2023, the Group does not have any concession financial assets, as the Group's only concession financial asset related to A25 which was disposed of as part of the sale of the Group's controlling interest in A25 on 28 February 2023 (refer to Note B24).

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B5 Revenue (continued)

Revenue sharing

Toll revenue is recognised net of revenue share of $16 million (2022: $24 million) to the grantor of A25, Ministry of Transport of Quebec (MTQ), up to the date of sale of the Group's controlling interest in A25 on 28 February 2023 (refer to Note B24).

Other revenue

Other revenue includes management fee revenue, roaming fee revenue and advertising revenue and is recognised at the point in time the service is provided. Additionally, other revenue includes tolling services provided to third parties for which revenue is recognised over the period the service is provided. It also includes compensation received from third parties for a loss of toll revenue, which is recognised when it is reasonably assured it will be collected.

B6 Significant items

During the period, the Group changed its accounting policy so that significant items are no longer presented.

No longer presenting significant items provides users with simplified and more meaningful information in the financial statements, so that the statutory accounting result is presented without highlighting one-time changes or non-recurring events.

There was no impact to the Group financial statements for 30 June 2023 as a result of the change in accounting policy, as it relates to presentation only. There were no items presented as significant items for the prior year ended 30 June 2022.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B7 Income tax

Income tax expense/(benefit)

	2023 $M	2022 $M
Current tax	119	(39)
Deferred tax	(151)	(226)
Under/(over) provision in prior years	6	(11)
Income tax benefit	**(26)**	**(276)**
Deferred income tax expense/(benefit) included in income tax benefit comprises:		
Increase in deferred tax assets	(88)	(61)
Decrease in deferred tax liabilities	(63)	(165)
	(151)	**(226)**

Reconciliation of income tax expense/(benefit) to prima facie tax payable

	2023 $M	2022 $M
Profit/(loss) before income tax	**66**	**(260)**
Tax at the Australian tax rate of 30% (2022: 30%)	20	(78)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Trust income not subject to tax	(243)	(251)
Equity accounted results	83	100
Tax rate differential	5	3
Non-assessable interest	(19)	(25)
Non-deductible depreciation	7	10
Prior year tax losses recognised	—	(25)
Under/(over) provision in prior years	6	(11)
Tax effect on disposal of controlling interest in A25	109	—
Foreign exchange	2	(3)
Non-deductible other expenses	4	4
	(26)	**(276)**
Tax expense/(income) relating to items of other comprehensive income and equity		
Cash flow hedges	(105)	194
Foreign currency translation	(11)	(26)
Cost of hedging	(2)	4
Other equity transactions	—	(7)
	(118)	**165**

Current tax assets and liabilities

As at 30 June 2023, the current tax assets and liabilities of the Group relate to income tax payable for the Airport Motorway Pty Limited (AML) tax consolidated group, Transurban Cardinal Holdings and TU Cardinal Secondary Holdings Ltd as standalone entities.

B7 Income tax (continued)

Deferred tax assets and liabilities

	Assets 2023 $M	Assets 2022 $M	Liabilities 2023 $M	Liabilities 2022 $M
The balance comprises temporary differences attributable to:				
Provisions	436	489	(16)	(15)
Current and prior year losses	668	738	—	—
Fixed assets/intangibles	607	543	(1,050)	(1,536)
Concession fees and promissory notes	—	—	(220)	(274)
Derivatives and foreign exchange	424	237	(358)	(288)
Lease liabilities	9	7	—	—
Equity accounted investments	—	—	(995)	(846)
Other	21	27	—	1
Tax assets/(liabilities)	**2,165**	**2,041**	**(2,639)**	**(2,958)**
Set-off of tax	(1,200)	(1,126)	1,200	1,126
Net tax assets/(liabilities)	**965**	**915**	**(1,439)**	**(1,832)**
Movements:				
Opening balance at 1 July	**2,041**	**1,876**	**(2,958)**	**(2,839)**
Credited to profit or loss	88	61	169	165
Credited/(charged) to equity	174	11	(56)	(176)
Disposed through other comprehensive income[1]	(52)	—	316	—
Acquired[1]	—	—	(106)	—
Foreign exchange movements	2	7	(33)	(87)
Transfer from deferred tax assets/liabilities	(47)	8	47	(8)
Current year losses recognised/(prior year losses utilised) and under/(over) provision in prior years	(41)	78	(18)	(13)
Closing balance at 30 June	**2,165**	**2,041**	**(2,639)**	**(2,958)**
Deferred tax assets/(liabilities) to be recovered/(paid) after more than 12 months	**2,165**	**2,041**	**(2,639)**	**(2,958)**

1. Relates to the net impact of the sale of the Group's controlling interest in A25 and recognition of an equity accounted investment in A25 upon divestment of a 50% ownership interest (refer to Note B24).

The Group has reviewed its deferred tax assets with reference to the potential impact of the macroeconomic environment on forecast taxable income. Management have determined that it is probable that future taxable income will be available to utilise against deferred tax assets recognised as at 30 June 2023.

The Group has no unrecognised tax losses as at 30 June 2023 (2022: $nil).

Accounting policy

The income tax expense/(benefit) for the period is the tax payable or benefit on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Transurban Group comprises two corporate entities (THL and TIL) and a trust (THT). THT operates as a flow-through trust, and is not liable to pay tax. Security holders, therefore, pay tax on the distributions they receive from THT at their individual marginal tax rates. The Group is structured in this way because the initial heavy capital investment and associated debt funding required for infrastructure investments results in accounting losses being generated in the initial years which would otherwise prevent the Group from paying dividends. THT allows distributions to be made to security holders throughout the life of the assets.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B7 Income tax (continued)

Accounting policy (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, joint ventures and associates where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Otherwise, deferred taxes and liabilities are recognised using tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Investment allowances

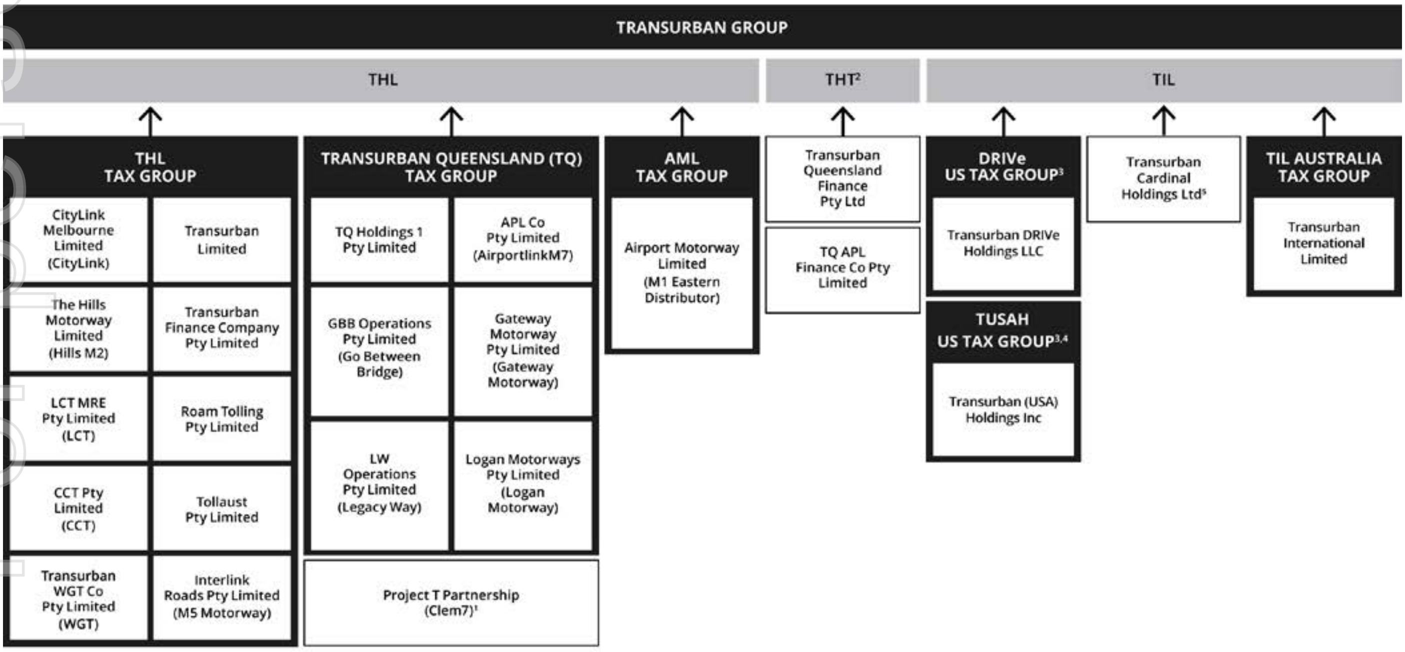
Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as tax losses.

Tax consolidation legislation

The Transurban Group has adopted the Australian tax consolidation legislation across its Australian entities from 1 July 2005.

All entities within the Australian tax consolidated groups continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group is a separate taxpayer within the tax consolidated group.

The tax consolidated groups within the Group are summarised as follows:



1. *Entity is classified as a partnership for tax purposes.*
2. *There are no tax consolidated groups under THT.*
3. *TC is treated as a partnership for US tax purposes and owns all of the membership interests in both 495 Express Lanes and 95 Express Lanes. Taxable income and losses of TC, inclusive of 495 Express Lanes and 95 Express Lanes, flow to the partners of TC for inclusion in their respective US tax returns. The DRIVe and TUSAH tax groups collectively own 50% of the membership interests in TC.*
4. *AM Partners is treated as a partnership for US tax purposes. Taxable income and losses of AM Partners flow to the partners of AM Partners for inclusion in their respective US tax returns. The TUSAH tax consolidated group own 60% of the membership interests in AM Partners.*
5. *Skawanoti Holdings Limited Partnership (LP) is treated as a partnership for Canadian tax purposes and owns all of the membership interests in Concession A25 LP. Taxable income and losses of Skawanoti LP flow to the partners of Skawanoti LP for inclusion in their respective Canadian tax returns. Transurban Cardinal Holdings Ltd owns 50% of the membership interests in Skawanoti LP.*

B7 Income tax (continued)

THL tax consolidated group

The entities in the THL tax consolidated group entered into a tax sharing agreement (TSA) effective from 29 April 2009, with amendments executed on 30 June 2020 to cover various administrative changes in tax legislation.

The entities in the THL tax consolidated group have also entered into a tax funding agreement (TFA) effective from 1 July 2008, with amendments executed on 30 June 2020 to cover various administrative changes in tax legislation. Under the TFA the wholly-owned entities fully compensate THL for any current tax payable assumed and are compensated by THL for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. THL determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Transurban Queensland tax consolidated group

The entities in the Transurban Queensland Holdings 1 Pty Ltd (TQH1) tax consolidated group entered into a TSA effective from 2 July 2014. The entities in the TQH1 tax consolidated group have also entered into a TFA effective from 2 July 2014. APL Hold Co Pty Ltd (AirportlinkM7) and its controlled entities entered the TQH1 tax consolidated group effective from 23 November 2015.

Under the TFA the wholly-owned entities fully compensate TQH1 for any current tax payable assumed and are compensated by TQH1 for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. TQH1 determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Airport Motorway tax consolidated group

The entities in the Airport Motorway Holdings (AMH) tax consolidated group entered into a TSA and TFA effective from 2 July 2009, with amendments executed on 23 May 2022 to cover various administrative changes in the tax legislation.

Under the TFA the wholly-owned entities fully compensate AMH for any current tax payable assumed and are compensated by AMH for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. AMH determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

TIL Australia tax consolidated group

The entities in the TIL Australia tax consolidated group have entered into a TSA effective from 1 July 2018. The entities in the TIL Australia tax consolidated group have also entered into a TFA effective from 1 July 2018.

Under the TFA the wholly-owned entities fully compensate TIL for any current tax payable assumed and are compensated by TIL for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. TIL determines and communicates the amount payable / receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Transurban DRIVe tax group

Transurban DRIVe Holdings LLC (DRIVe) and its 100% owned subsidiaries (which are disregarded from DRIVe for US Federal Income Tax (FIT) purposes) own membership interests in Transurban Chesapeake LLC (TC) which is classified as a partnership for USFIT purposes. DRIVe includes its respective share of the TC partnerships' profits or losses in its US tax return.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B7 Income tax (continued)

Transurban (USA) Holdings tax consolidated group

Transurban (USA) Holdings Inc (TUSAH) is the parent company of the TUSAH tax consolidated group. The TUSAH tax consolidated group includes the affiliated group of US corporations that are responsible for providing management services to the Group's North American operations. The TUSAH tax consolidated group also owns membership interests in TC and AM Partners partnerships which are classified as partnerships for USFIT purposes. The TUSAH tax consolidated group includes its respective share of the TC and AMP partnerships' profits or losses in its US tax return.

Transurban Cardinal Holdings Ltd

Transurban Cardinal Holdings Ltd (TCH) owns membership interests in Skawanoti Holdings LP (SKHLP) which is classified as a partnership for Canadian income tax purposes. TCH includes its respective share of the SKHLP partnerships' profits or losses in its Canadian tax return.

All entities within the Canadian structure are standalone entities for tax purposes.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or other payables in the balance sheet.

Cash flows from operating activities are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

KEY ESTIMATE AND JUDGEMENT

The Group is subject to income taxes in Australia, the United States of America and Canada. Significant judgement is required in determining the provision for income taxes. There are various transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for tax audit issues based on whether it is anticipated that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences relating to the same taxation authority against which the unused tax losses can be utilised.

The utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped, including:

- In Australia, tax losses are generally carried forward indefinitely, subject to satisfaction of loss integrity measures;
- In the United States of America, all tax losses relate to periods post 30 June 2018, and are generally carried forward indefinitely, subject to an 80 per cent utilisation limit on taxable income in any given year; and
- In Canada, tax losses generally expire after a 20 year period.

Management have reviewed forecast taxable profits including the potential impact of the macroeconomic environment and have recognised deferred tax assets in relation to tax losses.

B8 Working capital

The Group's working capital balances are summarised as follows:

	Note	2023 $M	2022 $M
Current assets			
Cash and cash equivalents		2,081	2,020
Trade and other receivables			
Prepayments		31	36
Trade receivables		184	169
Other receivables		148	112
Bank term deposits		44	—
Concession financial asset	B18	—	30
		407	**347**
Current liabilities			
Trade and other payables		(482)	(463)
		(482)	**(463)**
Net working capital		**2,006**	**1,904**

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities. All cash balances are interest bearing.

The amount shown in cash and cash equivalents includes $22 million not available for general use as at 30 June 2023 (2022: $95 million) of which $nil (2022: $28 million) belongs to TIL. This comprises amounts required to be held in a construction account, maintenance and funding reserves and prepaid tolls.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables are generally due for settlement no more than 30 days from revenue recognition.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime of expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of toll revenue over historical periods and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

As at 30 June 2023, the expected loss rates incorporate forward-looking information about the economic uncertainties related to the macroeconomic environment and COVID-19 recovery. Such forward-looking information reflects management's estimate based on the information available as at 30 June 2023.

B8 Working capital (continued)

Trade receivables (continued)

The loss allowance for trade receivables as at 30 June 2023 and 30 June 2022 was determined as follows:

2023

	Current	Up to 90 days past due	More than 90 days past due	Total
Expected loss rate	1%	4%	61%	NA[1]
Gross carrying amount ($M)	135	35	41	211
Loss allowance ($M)	(1)	(1)	(25)	(27)

2022

	Current	Up to 90 days past due	More than 90 days past due	Total
Expected loss rate	2%	4%	65%	NA[1]
Gross carrying amount ($M)	132	28	35	195
Loss allowance ($M)	(2)	(1)	(23)	(26)

1. NA—Not applicable.

The closing loss allowances for trade receivables reconciles to the opening loss allowance as follows:

	2023 $M	2022 $M
Opening loss allowance	**26**	**21**
Increase in loss allowance recognised in the profit and loss during the year	5	6
Receivables written off during the year as uncollectible	(2)	(1)
Disposals through loss of control of subsidiary[1]	(2)	—
Closing loss allowance	**27**	**26**

1. Relates to the sale of the Group's controlling interest in A25 (refer to Note B24).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for an extended period.

Other financial assets at amortised cost

In accordance with AASB 9 *Financial Instruments*, the Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Other financial assets at amortised cost include other receivables and bank term deposits recorded within trade and other receivables.

As at 30 June 2023, having assessed the impact from the economic uncertainties related to the macroeconomic environment and COVID-19 recovery, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of these balances. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for other financial assets continues to be limited to 12 months of expected credit losses. These balances continue to have low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near-term. The loss allowance for other financial assets is $nil (2022: $nil).

Section B: Notes to the Group financial statements for the year ended 30 June 2023

Security holder outcomes

B9 Earnings per stapled security

Reconciliation of earnings used in calculating earnings per security

	2023	2022
Profit attributable to ordinary security holders of the stapled group ($M)	64	19
Weighted average number of securities (M)	3,076	2,991
Basic and diluted earnings per security attributable to the ordinary security holders of the stapled group (cents)	2.1	0.6

B10 Dividends/distributions and free cash

	Total $M	Paid in cash $M	Settled in securities $M	Cents	Date paid/ payable
Dividends/distributions payable by the Group					
Declared 19 June 2023[1]					
Franked THL	31	—	—	1.0	
Partly franked THT	939	—	—	30.5	
	970	**—**	**—**	**31.5**	**21 August 2023**

Dividends/distributions paid by the Group

	Total $M	Paid in cash $M	Settled in securities $M	Cents	Date paid/ payable
2023					
Declared 2 December 2022[1]					
Franked THL	—	—	—	—	
Unfranked THT	815	742	73	26.5	
	815	**742**	**73**	**26.5**	**13 February 2023**
Declared 20 June 2022[2]					
Franked THL	61	58	3	2.0	
Partly franked THT	737	689	48	24.0	
	798	**747**	**51**	**26.0**	**23 August 2022**
Total	**1,613**	**1,489**	**124**	**52.5**	
2022					
Declared 3 December 2021[2]					
Franked THL	—	—	—	—	
Unfranked THT	461	450	11	15.0	
	461	**450**	**11**	**15.0**	**22 February 2022**
Declared 24 June 2021					
Franked THL	27	23	4	1.0	
Partly franked THT	561	469	92	20.5	
	588	**492**	**96**	**21.5**	**23 August 2021**
Total	**1,049**	**942**	**107**	**36.5**	

1. Total declared FY23 was $1,785 million.
2. Total declared FY22 was $1,259 million.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B10 Dividends/distributions and free cash (continued)

Distribution policy and free cash calculation

The Group typically aligns distributions with free cash generated. The Group calculates free cash as follows:

	2023 $M	2022 $M
Cash flows from operating activities	**1,459**	**982**
Add back transaction and integration costs[1]	9	13
Add back payments for maintenance of intangible assets	134	97
Less debt amortisation of 100% owned assets[2]	(10)	(14)
Less cash flow from operating activities related to non-100% owned entities	(518)	(369)
Less allowance for maintenance of intangible assets for 100% owned assets[3]	(60)	(60)
Adjust for distributions and interest received from non-100% owned entities		
M1 Eastern Distributor distributions	47	—
Transurban Queensland distributions and shareholder loan note payments	232	186
NWRG distributions and shareholder loan note payments	212	267
STP JV distributions and shareholder loan note payments	176	364
TC distributions	33	65
A25 distributions	12	—
Free cash[4]	**1,726**	**1,531**
Weighted average securities on issue (millions)[5]	**3,081**	**3,071**
Free cash per security (cents)—weighted average securities	**56.0**	**49.9**

1. For the year ended 30 June 2023, transaction and integration costs include transaction costs related to the sale of the Group's controlling interest in A25. For the year ended 30 June 2022, transaction and integration costs mainly related to the Group's acquisition of an additional proportional equity interest in WestConnex through its equity investment in STP JV of 24.5%.

2. From the date of the initial WestConnex acquisition in 2018, debt amortisation from M5 West has been added back to this figure due to the M5 West concession arrangement being transferred to the WestConnex ownership consortium at the end of the current M5 West concession agreement in 2026. Debt amortisation of 100% owned assets has been adjusted by $98 million (2022: $90 million).

3. Includes tag purchases.

4. Free cash for the year ended 30 June 2023 includes $27 million (2022: $255 million) capital release from STP JV and $nil (2022 $100 million) capital release from NWRG. In the absence of these capital releases, the free cash per security was 55.2 cents.

5. The weighting applied to securities is based on their eligibility for distributions during the year and consequently can be different to weighted average securities calculated in Note B9 Earnings per stapled security.

Franking credits

	2023 $M	2022 $M
Franking credits available for subsequent periods based on a tax rate of 30% (2022: 30%)	128	131

Franking credits available for subsequent periods relate to Airport Motorway Holdings Pty Ltd $112 million (2022: $103 million) and Transurban Holdings Limited $16 million (2022: $28 million).

Distribution provision

A provision for distribution is recognised for any distribution declared and authorised on or before the end of the reporting period, but not distributed by the end of the reporting period. These distributions are provided for once they are approved by the Board, are announced to equity holders and are no longer at the discretion of the entity.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B10 Dividends/distributions and free cash (continued)

Distribution provision (continued)

Movements in distribution provision

Movements in the distribution provision during the financial year are set out below:

	Distribution to security holders	Distributions to non-controlling interest—other	Total
	$M	$M	$M
Balance at 1 July 2022	**798**	**39**	**837**
Additional provision recognised	1,785	99	1,884
Amounts paid	(1,489)	(104)	(1,593)
Amounts reinvested	(124)	—	(124)
Balance at 30 June 2023	**970**	**34**	**1,004**
Balance at 1 July 2021	**588**	**39**	**627**
Additional provision recognised	1,259	73	1,332
Amounts paid	(942)	(73)	(1,015)
Amounts reinvested	(107)	—	(107)
Balance at 30 June 2022	**798**	**39**	**837**

Section B: Notes to the Group financial statements for the year ended 30 June 2023

Capital and borrowings

B11 Contributed equity

	2023 $M	2022 $M
Fully paid stapled securities	3,968	3,939

Stapled securities

Stapled securities are classified as equity and entitle the holder to participate in distributions and share in the proceeds upon winding up of the Group in proportion to the number of securities held. Every holder of a stapled security present at a meeting, in person or by proxy, is entitled to one vote. The issued securities of the Group are made up of a parcel of stapled securities, each parcel comprising one share in THL, one unit in THT and one share in TIL. The individual securities comprising a parcel of stapled securities cannot be traded separately.

Other contributed equity and issued units attributable to security holders of the Group relating to THT and TIL of $19,448 million and $1,042 million, respectively (2022: $19,354 million and $1,030 million respectively) is included within non-controlling interests that relate to THT and TIL. Refer to Note B22.

B12 Reserves

	Cash flow hedges $M	Cost of hedging $M	Share based payments $M	Foreign currency translation $M	Transactions with non-controlling interests $M	Total $M
Balance at 1 July 2022	**93**	**8**	**1**	**(62)**	**(298)**	**(258)**
Revaluation—gross	(258)	(6)	—	(37)	—	(301)
Deferred tax	76	2	—	11	—	89
Gains reclassified on disposal of subsidiary, net of tax	—	—	—	7	—	7
Employee performance awards issued	—	—	1	—	—	1
Balance at 30 June 2023	**(89)**	**4**	**2**	**(81)**	**(298)**	**(462)**
Balance at 1 July 2021	**(163)**	**4**	**1**	**(1)**	**(298)**	**(457)**
Revaluation—gross	367	5	—	(87)	—	285
Deferred tax	(111)	(1)	—	26	—	(86)
Balance at 30 June 2022	**93**	**8**	**1**	**(62)**	**(298)**	**(258)**

Nature of reserves	Purpose of reserves
Cash flow hedges	Used to record gains or losses on cash flow hedging instruments (to the extent these are part of an effective hedge relationship), which are used by the Group to mitigate the risk of movements in exchange rates and interest rates. Amounts are reclassified to the profit and loss when the transaction to which the hedge is linked (such as the recognition of interest expense) affects the profit and loss. Amounts accumulated in the cash flow hedges reserve are reclassified to the profit and loss if hedge accounting is discontinued or when a subsidiary to which the reserve relates to is disposed of.
Cost of hedging	Used to record changes in the fair value of our hedging instruments attributable to movements in currency basis spread (where these elements are excluded from the designated hedge relationship). Amounts accumulated in the cost of hedging reserve are reclassified to the profit and loss if hedge accounting is discontinued.
Share based payments	Used to recognise the grant date fair value of securities issued to employees and deferred securities granted to employees but not yet vested.
Foreign currency translation	Exchange differences, including gains or losses relating to the effective component of net investment hedges, arising on translation of the United States and Canadian operations of the Group are recognised in this reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.
Transactions with non-controlling interests	The Group uses the economic entity approach when accounting for transactions with non-controlling interests.

B13 Net finance costs

	Note	2023 $M	2022 $M
Finance income			
Income from concession financial asset	B18	16	23
Interest income on financial assets at amortised cost		67	37
Interest income on bank deposits held at amortised cost		54	11
Net unrealised remeasurement gain attributable to derivative financial instruments		—	153
Unwind of discount and remeasurement of financial assets at amortised cost	B32	84	117
Unwind of discount and remeasurement of liabilities—promissory and concession notes		—	2
Unwind of discount and remeasurement of liabilities—shareholder loan note commitments	B32	1	—
Total finance income		**222**	**343**
Finance costs			
Interest and finance charges paid/payable		(706)	(727)
Net unrealised remeasurement loss attributable to derivative financial instruments		(56)	—
Unwind of discount and remeasurement of liabilities—maintenance provision	B19	(24)	(33)
Unwind of discount and remeasurement of liabilities—construction obligation liability	B20	(27)	(22)
Unwind of discount and remeasurement of liabilities—promissory and concession notes		(1)	—
Unwind of discount and remeasurement of liabilities—lease liabilities	B31	(6)	(6)
Unwind of discount and remeasurement of liabilities—other liabilities		(9)	(3)
Movement in impairment provisions on financial assets at amortised cost		—	(1)
Net foreign exchange losses		(38)	(17)
Total finance costs		**(867)**	**(809)**
Net finance costs		**(645)**	**(466)**

Interest income on financial assets and bank deposits held at amortised cost

Interest income on financial assets and bank deposits held at amortised cost is recognised using the effective interest method.

Borrowing costs capitalised to assets under construction

In addition to the net finance costs (shown above) that are included in the profit and loss, $92 million (2022: $69 million) of financing costs have been capitalised and included in the carrying value of assets under construction.

Unrealised remeasurement loss attributable to derivative financial instruments

The Group uses derivative financial instruments in the normal course of business to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Group's financial risk management policies. Excluding borrowings held in foreign currencies that hedge the Group's investment in US and Canadian operations, the Group has entered into cross-currency interest rate swaps that hedge 100% of its economic exposure to borrowings raised in foreign currencies. The cross-currency interest rate swap contracts hedge the risk of unfavourable foreign exchange rate movements on borrowings denominated in foreign currencies. Under the swap contracts, the Group receives foreign currency at fixed rates and pays AUD at fixed rates.

At the end of each reporting period the Group remeasures the cross-currency interest rate swap contracts at fair value and applies hedge accounting. The periodic remeasurement of the cross-currency interest rate swap contracts to fair value includes an element of foreign currency basis spread. For those cross-currency interest rate swap contracts that designate the entire fair value of the cross-currency interest swap contract as the hedging instrument (including the foreign currency basis spread component), this can result in ineffectiveness in the hedging relationship that is recognised in the profit and loss.

During the year ended 30 June 2023, the Group observed a downward shift in the AUD basis curve relative to other foreign currencies, which resulted in a change in the fair value of these cross-currency interest rate swaps as outlined at Note B15. While the Group has removed the cash flow risk of unfavourable exchange rate movements through the use of these swaps, hedge accounting ineffectiveness is one of the primary drivers of the net unrealised remeasurement loss attributable to these derivative financial instruments for the year ended 30 June 2023.

The balance of the unrealised remeasurement loss for the reporting period relates to changes in the fair value of interest rate swap contracts that do not qualify for hedge accounting. The Group observed a decrease in the interest rate curve during the period, which resulted in a change in the fair value of these interest rate swap contracts.

Unwind of discount and remeasurement of financial assets at amortised cost

The movement in the unwind of discount and remeasurement of financial assets at amortised cost is primarily due to the revision of the estimated repayment cash flows on the shareholder loan notes (SLNs) with STP JV and NWRG during the financial year, which had the effect of bringing forward the repayment of the SLNs (refer to Note B32).

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B14 Borrowings

	2023 $M	2022 $M
Current		
Capital markets debt	200	304
US private placement	—	224
Term debt	157	535
Bank overdraft	10	—
Total current borrowings	**367**	**1,063**
Non-current		
Capital markets debt	12,463	10,963
US private placement	2,822	2,827
Term debt	2,688	2,534
Shareholder loan notes	218	256
Total non-current borrowings	**18,191**	**16,580**
Total borrowings	**18,558**	**17,643**

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit and loss as finance income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are recognised as expenses in the period in which they are incurred, except to the extent to which they relate to the construction of qualifying assets, in which case specifically identifiable borrowing costs are capitalised into the cost of the asset. Borrowing costs include interest on short-term and long-term borrowings.

Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the effective period of the funding.

Financing arrangements and credit facilities

During FY23, and in the interval between the end of FY23 and the date of this report, Transurban executed the following financing activities:

September 2022

- Transurban reached financial close on three letters of credit facilities of $40 million, $50 million and $60 million, all with a tenor of 3 years.

December 2022

- Transurban Queensland reached financial close on a $480 million syndicated bank facility with a tenor of 2 years.

April 2023

- Transurban reached financial close on €650 million (A$1,060 million) of senior secured notes under its Euro Medium Term Note Programme with a tenor of 10 years.

June 2023

- Transurban refinanced $1,000 million of its existing $2,650 million syndicated bank facilities . The tenor of the new facility is 5 years.

July 2023

- Transurban Queensland reached financial close on a a $500 million Institutional Term Loan (ITL) facility with tenors of 10 and 12 years.

B14 Borrowings (continued)

Financing arrangements and credit facilities (continued)

Credit facilities are provided as part of the overall debt funding structure of the Group. The drawn component of each facility is shown below:

	Maturity	Carrying value 2023 $M	Carrying value 2022 $M
Corporate debt			
Working capital facilities			
AUD 2,650m facility	Jun 2028[2]	—	—
Bank overdraft	On demand	10	—
Capital markets debt			
EMTN EUR 600m	Sep 2024	983	910
EMTN EUR 500m	Aug 2025	820	758
US 144A USD 550m	Feb 2026	830	799
US 144A USD 550m	Mar 2027	830	799
EMTN NOK 750m	Jul 2027	105	110
EMTN EUR 500m	Mar 2028	820	758
EMTN CAD 650m	Nov 2028	740	732
EMTN EUR 600m	May 2029	983	910
EMTN EUR 750m	Apr 2030	1,229	1,138
US 144A USD 900m	Mar 2031	1,358	1,307
EMTN EUR 650m	Apr 2033	1,065	—
EMTN EUR 350m	Jul 2034	574	531
Net capitalised borrowing costs		(68)	(65)
US private placement			
Nov 2006—Tranche D USD 50m (plus accreted interest)[1]	Nov 2026	—	98
Total corporate debt, net of capitalised borrowing costs		**10,279**	**8,785**
Non-recourse debt			
Capital markets debt			
Transurban Queensland Finance—EMTN CHF 200m[1]	Jun 2023	—	304
Transurban Queensland Finance—Domestic bond AUD 200m	Oct 2023	200	200
Transurban Queensland Finance—Domestic bond AUD 200m	Dec 2024	200	200
Transurban Queensland Finance—EMTN CHF 200m	Dec 2025	336	304
Transurban Queensland Finance—EMTN CHF 175m	Nov 2026	294	266
Transurban Queensland Finance—EMTN Reg S USD 500m	Apr 2028	754	726
Transurban Queensland Finance—Domestic bond AUD 300m	Aug 2031	300	300
Transurban Queensland Finance—EMTN CHF 190m	Nov 2031	319	289
Net capitalised borrowing costs		(9)	(9)

1. These facilities were repaid or refinanced during FY23.

2. Maturity date shown is final maturity date. Tranche B ($825 million) matures in November 2024, Tranche D ($825 million) matures in April 2027 and Tranche E ($1,000 million) matures in June 2028.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B14 Borrowings (continued)

Financing arrangements and credit facilities (continued)

		Carrying value	
	Maturity	**2023 $M**	**2022 $M**
Non-recourse debt (continued)			
US private placement			
Transurban Cardinal Holdings—Nov 2018 CAD 200m[1]	Feb 2023	—	225
Transurban Queensland Finance—Sep 2015—Tranche A USD 155m	Sep 2025	234	225
Transurban Queensland Finance—Dec 2016—Tranche A USD 130m	Dec 2026	196	189
Transurban Queensland Finance—Dec 2016—Tranche D AUD 35m	Dec 2026	35	35
Transurban Queensland Finance—Sep 2015—Tranche B USD 230m	Sep 2027	347	334
Transurban Queensland Finance—Dec 2016—Tranche B USD 225m	Dec 2028	339	327
Transurban Queensland Finance—May 2019—Tranche A AUD 30m	May 2029	30	30
Transurban Queensland Finance—May 2019—Tranche C USD 144m	May 2029	217	209
Transurban Queensland Finance—Sep 2015—Tranche C USD 256m	Sep 2030	386	372
Transurban Queensland Finance—Sep 2015—Tranche D AUD 70m	Sep 2030	70	70
Transurban Queensland Finance—May 2019—Tranche D USD 245m	May 2031	370	356
Transurban Queensland Finance—Dec 2016—Tranche C USD 78m	Dec 2031	118	113
Transurban Queensland Finance—Dec 2016—Tranche E AUD 75m	Dec 2031	75	75
Transurban Queensland Finance—May 2019—Tranche B AUD 40m	May 2034	40	40
Transurban Queensland Finance—May 2019—Tranche E USD 180m	May 2034	272	261
Transurban Queensland Finance—Jan 2017—Tranche F AUD 100m	Jan 2035	100	100
Net capitalised borrowing costs		(7)	(8)
Term debt			
Concession A25 LP—Term debt CAD 383m[2]	Feb 2023	—	390
M5 West—Term Debt AUD 96m[1]	Mar 2023	—	73
M5 West—Term Debt AUD 106m[3]	Mar 2024	81	106
Lane Cove Tunnel Trust—Term debt AUD 326m	Oct 2024	326	326
Transurban Queensland Finance - Bridge Facility Limit AUD 480m	Dec 2024	279	—
Transurban Queensland Finance—Capex facility AUD 150m	Apr 2025	62	33
Lane Cove Tunnel Trust—Term debt AUD 60m	May 2025	60	60
M5 West—Term debt AUD 143m[3]	Jun 2025	143	143
Cross City Tunnel Trust—Term debt AUD 282m	Mar 2026	282	282
Lane Cove Tunnel Trust—Term debt AUD 200m	May 2028	200	200
Transurban Queensland Finance—Term debt AUD 200m	Apr 2030	200	200
Hills Motorway Trust—Term debt AUD 475m	Apr 2030	475	475
Airport Motorway Trust—Term debt AUD 434m[3]	Dec 2030	365	412
Lane Cove Tunnel Trust—Term debt AUD 40m	May 2031	40	40
Hills Motorway Trust—Term debt AUD 340m	Apr 2035	340	340
Net capitalised borrowing costs		(8)	(11)
Shareholder loan notes			
Loan from Transurban Queensland consortium partners—AUD 281m[4]	Dec 2048	218	256
Total non-recourse debt, net of capitalised borrowing costs		**8,279**	**8,858**
Total borrowings		**18,558**	**17,643**

1. These facilities were repaid or refinanced during FY23.

2. This facility was deconsolidated as part of the sale of the Group's controlling interest in A25.

3. These facilities require principal repayments throughout their life, with $77 million due within one year of 30 June 2023 (2022: $73 million), classified as current borrowings.

4. A portion of the shareholder loan notes were repaid during FY23.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B14 Borrowings (continued)

Working capital facilities

- The Group's corporate facilities are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited; and
- The Transurban Queensland Finance facility is secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

Capital markets debt

- The Group has a corporate secured EMTN programme with a limit of US$10 billion. Under the programme the Group may from time to time issue notes denominated in any currency. These facilities are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited;
- The Group's corporate US 144A notes are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited;
- The Transurban Queensland Finance domestic bonds are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets; and
- Transurban Queensland Finance has a secured EMTN programme with a limit of US$2 billion. Under the programme, Transurban Queensland Finance may from time to time issue notes denominated in any currency. These notes are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

US private placement

- The Transurban Queensland Finance US private placement facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

Term debt

- The Airport Motorway facility is secured against the respective rights of Airport Motorway Pty Limited, the Airport Motorway Trust and their assets;
- The Hills Motorway Trust facilities are secured against the respective rights of Hills Motorway Limited, Hills Motorway Trust and their assets;
- The Lane Cove Tunnel facility is secured against the respective rights of LCT-MRE Pty Limited, LCT-MRE Trust and their assets;
- The Cross City Tunnel facility is secured against the respective rights of Transurban CCT Pty Limited, Transurban CCT Trust and their assets;
- The M5 West facility is secured against the respective rights of Interlink Roads Pty Limited and their assets; and
- The Transurban Queensland Finance facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

Shareholder loan notes

- The loans to Transurban Queensland from the acquisition consortium partners are unsecured.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B14 Borrowings (continued)

Letters of credit and corporate credit facilities

	Maturity	2023 $M Facility amount	2023 $M Amount issued	2022 $M Facility amount	2022 $M Amount issued
Letter of credit facility	Dec 2022	—	—	4	4
Letter of credit facility	Feb 2023	—	—	13	13
Letter of credit facilities[1]	Aug 2023	—	—	226	218
Letter of credit facility[4]	Jun 2024	74	74	71	71
Letter of credit facility[4]	Dec 2024	226	152	218	132
Working capital facility[2]	Apr 2025	12	12	12	12
Letter of credit facilities[3,4]	Sep 2025	150	28	205	66
General credit facility[3,4]	Dec 2025	6	5	6	5
Letter of credit facility[4]	Jun 2026	113	113	109	109
Total		**581**	**384**	**864**	**630**

1. Facility cancelled in FY23.
2. Transurban Queensland $12 million letter of credit facility was refinanced in FY22. The $12 million drawn amount reflects the letters of credit issued as part of a working capital facility.
3. These facilities were amended or refinanced during FY23.
4. Relates to a corporate credit facility.

There are no claims against any of the issued letters of credit and therefore no liability is recorded as at 30 June 2023 (2022: $nil).

Covenants

A number of the Group's consolidated borrowings include financial covenants, which are listed below. There have been no breaches of any of these covenants during the year.

The Group monitors covenants by applying forecast cash flows to ensure ongoing compliance with its obligations. This allows capital management and management action decisions to be made at the asset level (including distributions) should actual cash flows not perform to budget.

Corporate and non-recourse debt covenants are calculated on a trailing 12 month basis. A trailing 12 month metric also enables management action to be taken swiftly to mitigate the risks of any covenants breaches.

Corporate debt

Covenant	Covenant breach threshold
Senior Interest Coverage Ratio	Less than 1.25 times

Non-recourse debt

Covenant	Covenant breach threshold
M5 West Debt Service Cover Ratio	Less than 1.10 times
Airport Motorway Trust Interest Coverage Ratio	Less than 1.10 times
Hills Motorway Trust Debt Service Coverage Ratio	Less than 1.10 times
Lane Cove Tunnel Trust Interest Coverage Ratio	Less than 1.15 times
Cross City Tunnel Trust Interest Coverage Ratio	Less than 1.10 times
Transurban Queensland Finance Interest Coverage Ratio	Less than 1.20 times

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B15 Derivatives and financial risk management

Derivatives

	2023 $M Current	2023 $M Non-current	2022 $M Current	2022 $M Non-current
Assets				
Interest rate swap contracts	—	263	—	264
Cross-currency interest rate swap contracts	—	971	22	734
Power purchase agreements	5	19	3	11
Total derivative financial instrument assets	**5**	**1,253**	**25**	**1,009**
Liabilities				
Interest rate swap contracts	—	—	50	—
Cross-currency interest rate swap contracts	—	144	—	176
Forward exchange contracts	—	2	—	—
Total derivative financial instrument liabilities	**—**	**146**	**50**	**176**

Accounting policy

Initial recognition and subsequent measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging transaction the Group documents the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in this note. The entire fair value of hedging derivatives and power purchase agreement derivatives is classified as non-current when the remaining maturity of the hedged item is more than 12 months from the reporting date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Amounts accumulated in equity are reclassified to the profit and loss in the periods when the hedged item affects the profit and loss.

When a hedging instrument expires or is sold or terminated, or when a hedging relationship no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss.

The Group excludes currency basis spread from its cash flow hedge relationships where the designated hedging instrument is a cross-currency interest rate swap entered into on or after 1 July 2020. Changes in currency basis spread on swaps entered into from 1 July 2020 are recognised through other comprehensive income in a separate cost of hedging reserve (refer to Note B12).

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Gains and losses accumulated in equity are included in the profit and loss when the foreign operation is partially disposed or sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss.

B15 Derivatives and financial risk management (continued)

Hedging strategy and instruments used by the Group

The Group uses derivative financial instruments in the normal course of business in order to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Group's financial risk management policies. The Group's policies allow derivative transactions to be undertaken for the purpose of reducing risk and do not permit speculative trading. The instruments used by the Group are as follows:

Interest rate swap contracts—cash flow hedges

The Group uses interest rate swap contracts to manage the Group's exposure to variable interest rates related to borrowings. Interest rate swap contracts currently in place cover 89% (2022: 100%) of the variable debt held by the Group (excluding working capital facilities).

Forward exchange contracts—cash flow hedges

The Group currently uses forward exchange contracts to protect against exchange rate movements between the AUD and foreign currencies. The Group has hedged a portion of its USD and CAD interest commitments. The fair value of forward exchange contracts held is not material to the Group in the current year.

Cross-currency interest rate swap contracts—cash flow hedges

The Group has entered into cross-currency interest rate swap contracts to remove the risk of unfavourable exchange rate movements on borrowings held in foreign currencies. Under these contracts, the Group receives foreign currency at fixed rates and pays AUD at a fixed rate.

Offsetting financial assets and financial liabilities

Currently there is no right or basis to present any financial assets or financial liabilities on a net basis, and as such no financial assets or financial liabilities have been presented on a net basis in the Group's balance sheet at the reporting date.

Hedge of net investment in foreign entity

Transurban's investment in its US and Canadian based assets (TC in the US, A25 in Canada) act as a natural hedge against the exposure to foreign currency movements for a portion of the Group's USD denominated borrowings and CAD denominated borrowings. Exchange differences arising on the revaluation of these borrowings are recognised in the profit and loss in the separate financial statements of the relevant subsidiaries. In the Group financial statements these exchange differences are recognised in the foreign currency translation reserve in equity and will be transferred to the profit and loss when the Group disposes of its interest in either the US or Canadian based assets.

During the period, the Group sold its controlling interest in A25 (refer to Note B24). As a result of this transaction, the Group's net investment hedge of the CAD asset was discontinued, with $7 million in cumulative losses related to exchange rate movements on the borrowing hedging instrument, net of tax transferred to the profit and loss as part of the loss on sale from the divestment. Refer to Note B24 for further information.

From the date of the change in control of A25 and the recognition of the Group's remaining 50% interest in A25 as an equity accounted investment, the Group has designated a new net investment hedge of its equity accounted investment in the A25 asset.

As at 30 June 2023, the Group has deferred $84 million in losses (2022: $83 million in losses) related to exchange differences on the revaluation of financial instruments and $nil in gains (2022: $19 million in gains) related to exchange differences on the net assets of its US and Canadian assets.

Power Purchase Agreements

As at 30 June 2023, the Group has entered into four Power Purchase Agreements (PPAs); three Financial PPAs and one Retail PPA. The three Financial PPAs are operational with the Retail PPA set to commence in January 2024.

The Financial PPAs with the Sapphire Wind Farm and Bango Wind Farm are both for 9 years and 9 months and support the NSW and WestConnex operations (excluding WestConnex M4-M8 link) and expire in December 2030. The Bango Wind Farm became operational on 8 June 2022 and on 2 June 2022, the Bango Wind Farm PPA was amended and expanded to include NCX and M5 West operations from July 2022 onwards.

The Financial PPA with the Coopers Gap Wind Farm is for 4 years and 6 months, became operational on 1 January 2022 and supports Transurban Queensland's operations expiring in June 2026.

The Financial PPAs include a contract for difference (CfD) derivatives which are a derivative financial instruments and are recorded on the balance sheet at fair value with movements recorded in the profit and loss.

On 23 December 2021, the Group entered into a Retail PPA to supply renewable energy from January 2024 to December 2030 to support its Victorian operations. The Retail PPA contracts differ to the Financial PPA contracts in that it does not contain a CfD derivative.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The financial risk management function is carried out centrally under the policies approved by the Board. The Group reviews operations actively to identify and monitor all financial risks and to mitigate these risks through the use of hedging instruments where appropriate. The Board is kept informed in a timely manner of any material exposures to financial risks.

The Group continuously monitors risk exposures over time through reviewing cash flow sensitivities, market analysis and ongoing communication within the Group. When measuring financial risk, the Group considers the positive and negative exposures, existing hedges and the ability to offset exposures.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B15 Derivatives and financial risk management (continued)

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk when future transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group has foreign currency risk from borrowings denominated in foreign currencies, investments and operating activities. The Group uses hedging instruments such as cross-currency interest rate swaps, as well as natural hedges such as foreign currency-denominated operating exposures and foreign currency borrowings, to manage these exposures. The Group generally manages exposures from investments in foreign assets using foreign currency debt. The Group's policy is to ensure that, at any time, all known material operating exposures for the following twelve months are hedged using hedging instruments or are offset by drawing on foreign currency funds.

Financial instruments designated as hedging instruments of foreign currency risk are as follows:

	2023 $M	2022 $M
Borrowings hedging net investment in foreign operation—USD		
Carrying amount	754	726
USD carrying amount	500	500
Hedge ratio	1:1	1:1
Increase in carrying amount of loan as a result of foreign currency movements	28	62
Increase in value of hedged item used to determine hedge effectiveness	125	255
Borrowings hedging net investment in foreign operation—CAD[1]		
Carrying amount	421	638
CAD carrying amount	370	567
Hedge ratio	1:1	1:1
Increase in carrying amount of loan as a result of foreign currency movements	16	34
Increase in value of hedged item used to determine hedge effectiveness	17	30

1. During FY23, the Group completed the sale of its controlling interest in A25 which resulted in the derecognition of the existing net investment hedge of foreign operations - CAD. From the date of the change in control of A25 on 1 March 2023, the Group has designated a new net investment hedge of its equity accounted investment in the CAD asset.

	2023 $M	2022 $M
Cross-currency interest rate swaps		
Carrying amount	827	580
Notional amount	12,007	11,320
Maturity dates	September 2024 to July 2034	June 2023 to July 2034
Hedge ratio	1:1	1:1
Increase in fair value of outstanding hedging instruments since 1 July	273	775
Decrease in value of hedged item used to determine hedge effectiveness	(285)	(782)

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Maturity profile—notional value of cross-currency interest rate swaps are as follows:

2023 $M	Less than 12 months	1–5 years	Over 5 years	Total notional amount
Cross-currency interest rate swaps (AUD:USD)[1]	**—**	**1,615**	**2,028**	**3,643**
Average AUD-USD exchange rate	—	0.76	0.74	NA[3]
Average fixed interest rate[2]	—	5.1%	4.2%	NA[3]
Cross-currency interest rate swaps (AUD:EUR)[4]	**—**	**1,600**	**2,350**	**3,950**
Average AUD-EUR exchange rate	—	0.70	0.60	NA[3]
Average fixed interest rate[2]	—	5.1%	4.5%	NA[3]
Cross-currency interest rate swaps (AUD:CHF)[5]	**—**	**375**	**190**	**565**
Average AUD-CHF exchange rate	—	0.74	0.71	NA[3]
Average fixed interest rate[2]	—	4.5%	3.3%	NA[3]
Cross-currency interest rate swaps (AUD:NOK)[6]	**—**	**750**	**—**	**750**
Average AUD-NOK exchange rate	—	6.42	—	NA[3]
Average fixed interest rate[2]	—	4.5%	—	NA[3]

2022 $M	Less than 12 months	1–5 years	Over 5 years	Total notional amount
Cross-currency interest rate swaps (AUD:USD)[1]	**—**	**952**	**2,758**	**3,710**
Average AUD-USD exchange rate	—	0.74	0.74	NA[3]
Average fixed interest rate[2]	—	5.4%	4.5%	NA[3]
Cross-currency interest rate swaps (AUD:EUR)[4]	**—**	**1,100**	**2,200**	**3,300**
Average AUD-EUR exchange rate	—	0.71	0.61	NA[3]
Average fixed interest rate[2]	—	5.3%	4.3%	NA[3]
Cross-currency interest rate swaps (AUD:CHF)[5]	**200**	**375**	**190**	**765**
Average AUD-CHF exchange rate	0.72	0.74	0.71	NA[3]
Average fixed interest rate[2]	4.6%	4.5%	3.3%	NA[3]
Cross-currency interest rate swaps (AUD:NOK)[6]	**—**	**—**	**750**	**750**
Average AUD-NOK exchange rate	—	—	6.42	NA[3]
Average fixed interest rate[2]	—	—	4.5%	NA[3]

1. Balances are presented in USD currency.
2. Based on average fixed rate of cross-currency swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.
3. NA—Not applicable.
4. Balances are presented in EUR currency.
5. Balances are presented in CHF currency.
6. Balances are presented in NOK currency.

Effectiveness of hedging relationships designated are as follows:

2023 $M Foreign currency risk	Hedge (gains)/losses recognised in other comprehensive income	Hedge ineffectiveness losses/(gains) recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Cross-currency interest rate swaps	(283)	36	Net finance costs	2	Net finance costs
Net investment in foreign operation	36	(2)	Net finance costs	10	Losses/(gains) reclassified on disposal of subsidiary, net of tax

2022 $M Foreign currency risk	Hedge (gains)/losses recognised in other comprehensive income	Hedge ineffectiveness losses/(gains) recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Cross-currency interest rate swaps	(861)	(86)	Net finance costs	—	Net finance costs
Net investment in foreign operation	81	3	Net finance costs	—	Net finance costs

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises are as follows:

					2023 Local M					2022 Local M
	USD	EUR	CAD	CHF	NOK	USD	EUR	CAD	CHF	NOK
Cash and cash equivalents	4	—	1	—	—	2	—	1	—	—
Trade payables	5	—	—	—	—	2	—	—	—	—
Net investment in foreign operation	2,232	—	385	—	—	2,073	—	567	—	—
Borrowings	(4,143)	(3,956)	(650)	(565)	(750)	(4,210)	(3,300)	(650)	(765)	(750)
Foreign exchange forwards	2	—	280	—	—	1	—	12	—	—
Cross-currency interest rate swaps	3,643	3,950	—	565	750	3,710	3,300	—	765	750
Net exposure	**1,743**	**(6)**	**16**	**—**	**—**	**1,578**	**—**	**(70)**	**—**	**—**

Sensitivity to exchange rate movements based on the translation of financial instruments held at the end of the year is as follows:

		2023 $M		2022 $M
	Movement in post-tax profit	Increase/ (decrease) in equity	Movement in post-tax profit	Increase/ (decrease) in equity
AUD/USD				
+ 10 cents	(1)	(235)	—	(219)
– 10 cents	2	319	1	293
AUD/EUR				
+ 5 cents	(1)	(2)	—	(193)
– 5 cents	(1)	2	—	303
AUD/CAD				
+ 10 cents[1]	2	(1)	(7)	(1)
– 10 cents[1]	(2)	1	8	1
AUD/CHF				
+ 10 cents	—	1	—	(9)
– 10 cents	—	(2)	—	12
AUD/NOK				
+ 50 cents	—	—	—	—
– 50 cents	—	—	—	—

1. Movement in post-tax profit relates to the ineffective portion of the net investment hedge in Canadian operations where the gain or loss is recognised in the profit and loss.

The Group revalues its foreign currency denominated borrowings each period using market spot rates and, where these borrowings have been appropriately hedged, defers these movements in the cash flow hedge reserve in equity. The volatility in the cash flow hedge reserve is caused mainly by fair value movements of the cross-currency interest rate swaps, which are affected by changes in forward Australian dollar/foreign currency exchange rates as well as movements in market interest rates.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Interest rate risk

The Group's main exposure to interest rate risk arises from our borrowings and cash and cash equivalents. The Group manages the interest rate risk on our borrowings by entering into fixed rate debt facilities or by using interest rate swaps to convert floating rate debt to fixed interest rates.

The Group's policy is to hedge the interest rate exposure on drawn debt to between 80% and 100%, and to ensure compliance with any covenant requirements of our funding facilities. As at 30 June 2023, 89% (2022: 100%) of the Group's interest rate exposure on variable rate borrowings was hedged (excluding working capital facilities).

The effects of the interest rate related hedging instruments on the Group's financial position and performance are as follows:

	2023 $M	2022 $M
Interest rate swaps		
Carrying amount	263	263
Notional amount[1]	2,672	3,225
Maturity dates	July 2024 to January 2035	August 2022 to January 2035
Hedge ratio	1:1	1:1
Increase in fair value of outstanding hedging instruments since 1 July	90	356
Decrease in value of hedged item used to determine hedge effectiveness	(91)	(361)

1. The notional amounts disclosed in the table above exclude $nil (2022: $408 million) relating to interest rate swaps which are not hedge accounted. These notional amounts are however included in the net exposure to interest rate risk table. The notional amounts above also include $nil million (2022: $407 million) of forward starting swaps which are hedging the same underlying interest rate exposures and therefore not included in the net exposure to interest rate risk table. The notional amount of interest rate swaps hedging floating rate interest rate exposures relating to fixed-for-floating cross-currency swaps is also excluded (2023: $nil; 2022: $nil).

Maturity profile—notional value of interest rate swaps are as follows:

2023 $M	Less than 12 months	1–5 years	Over 5 years	Total nominal amount
Interest rate swaps	—	1,252	1,420	2,672
Average fixed interest rate[1]	—	1.9%	1.9%	—

2022 $M				
Interest rate swaps	455	1,143	1,627	3,225
Average fixed interest rate[1]	2.9%	1.8%	1.9%	—

1. Based on average fixed rate of interest rate swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

Effectiveness of hedging relationships designated are as follows:

2023 $M	Hedge gains recognised in other comprehensive income	Hedge ineffectiveness losses/(gains) recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Interest rate risk	—	—	Net finance costs	—	Net finance costs

2022 $M					
Interest rate risk	(333)	—	Net finance costs	(4)	Net finance costs

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

As at the reporting date, the Group had the following cash balances, variable rate borrowings and interest rate swap contracts outstanding:

	2023 $M	2022 $M
Cash and cash equivalents	2,081	2,020
Floating rate borrowings	(3,014)	(3,241)
Interest rate swaps (notional principal amount)	2,672	3,226
Term deposits	44	—
Bank overdraft	(10)	—
Net exposure to interest rate risk	**1,773**	**2,005**

Sensitivity to interest rate movements based on variable rate cash balances, variable rate borrowings and interest rate swap contracts is as follows:

	Movement in post-tax profit	
	2023 $M	2022 $M
Interest rates +100bps	17	20
Interest rates –100bps	(17)	(20)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss. The Group actively monitors concentrations of credit risk from operating activities, and has policies in place to ensure that transactions are made with commercial customers with an appropriate credit history. However, as an operator of large infrastructure assets, the Group is exposed to credit risk with its financial counterparties through entering into financial transactions in the ordinary course of business. These include funds held on deposit, cash investments and the market value of derivative transactions.

The Group assesses the credit strength of potential financial counterparties using objective ratings provided by multiple independent rating agencies. The Board approved policies ensure that higher limits are granted to higher rated counterparties. The Group also seeks to mitigate its total credit exposure to counterparties by only dealing with creditworthy entities, limiting the exposure to any one counterparty, minimising the size of the exposure where possible through netting offsetting exposures, diversifying exposures across counterparties, closely monitoring changes in total credit exposures and changes in credit status, and taking mitigating action when necessary.

Credit exposures and compliance with internal credit limits are monitored daily. An International Swaps and Derivatives Association (ISDA) agreement must be in place between the Transurban dealing entity and the counterparty prior to executing any derivatives and netting provisions are included.

Liquidity risk

The Group maintains sufficient cash and undrawn facilities to maintain short-term flexibility and enable the Group to meet financial commitments in a timely manner. The Group assesses liquidity over the short term (up to 12 months) and medium term (1 to 5 years) by maintaining rolling forecasts of operating expenses, committed capital expenditure, debt maturities and payments to security holders. Long-term liquidity requirements are reviewed as part of the annual strategic planning process.

Short-term liquidity is managed by maintaining a strategic level of liquidity at the corporate level of the Group. This reserve is based on the Group's forecast annual operating costs and certain risk exposure scenarios and is maintained as cash and undrawn facilities. Forecasting is performed frequently to ensure the strategic liquidity reserve is maintained to adequate levels. Medium-term liquidity forecasting is maintained on a rolling five year horizon.

Transurban Finance Company Pty Ltd, Transurban's corporate borrowing entity is currently forecast to maintain all required liquidity buffers for the Group as required under the Group's Treasury Policy.

Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	2023 $M	2022 $M
Floating rate		
Expiring beyond one year	2,962	2,790
	2,962	**2,790**

As at 30 June 2023, the Group has letter of credit facilities and general credit facilities in place with an undrawn capacity of $197 million (2022: $234 million). The facilities are committed for the duration of the facility and the undrawn portion cannot be withdrawn by the lenders.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B15 Derivatives and financial risk management (continued)

Liquidity risk (continued)

Contractual maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted cash flows of the Group's financial liabilities.

2023 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	482	—	—	—	—	—	482	482
Borrowings	1,094	2,329	2,972	1,850	2,681	10,713	21,639	18,558
Interest rate swaps[1,2]	(69)	(54)	(37)	(30)	(31)	(102)	(323)	(263)
Cross-currency interest rate swaps[1,3]	186	186	151	120	108	272	1,023	(827)
Foreign exchange forwards	—	—	—	—	—	2	2	2
Power purchase agreements	(5)	(4)	(6)	(3)	(2)	(7)	(27)	(24)
Concession and promissory notes	—	—	—	—	—	658	658	150
Lease liabilities	17	19	19	19	21	71	166	143
Other liabilities	845	5	5	5	5	135	1,000	638
Total	**2,550**	**2,481**	**3,104**	**1,961**	**2,782**	**11,742**	**24,620**	**18,859**

2022 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	463	—	—	—	—	—	463	463
Borrowings	1,434	893	2,105	2,866	1,827	11,572	20,697	17,643
Interest rate swaps[1,2]	(14)	(49)	(37)	(32)	(28)	(101)	(261)	(214)
Cross-currency interest rate swaps[1,3]	196	186	186	150	118	318	1,154	(580)
Power purchase agreements	(3)	(3)	(2)	(6)	(5)	4	(15)	(14)
Concession and promissory notes	—	—	—	—	—	629	629	140
Lease liabilities	17	17	19	19	20	68	160	131
Other liabilities	213	4	4	5	5	130	361	260
Total	**2,306**	**1,048**	**2,275**	**3,002**	**1,937**	**12,620**	**23,188**	**17,829**

1. The carrying value of the interest rate and cross-currency interest rate swaps are presented on a net basis. The gross position is disclosed in the first table of Note B15.
2. Cash flows have been estimated using forward interest rates at the end of the reporting period.
3. Cash flows have been estimated using spot translation rates at the end of the reporting period.

Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital, so that it can continue to provide returns to security holders and benefits for other stakeholders.

Fair value measurements

The carrying amount of the Group's financial assets and liabilities approximate their fair value. For current borrowings, this is due to the interest payable being close to current market rates or the borrowings being short-term in nature. The fair values of non-current borrowings are determined based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

Fair value is categorised within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's financial instruments measured, recognised and disclosed at fair value are valued using market observable inputs (level 2), except for the Financial PPAs (level 3).

B15 Derivatives and financial risk management (continued)

Fair value measurements (continued)

The Financial PPAs include CfD derivatives which are measured as level 3 financial instruments. This is because the electricity forward spot prices cannot be forecasted (using observable market data) for the duration of the contracts.

The valuation technique applied to the CfDs for the Financial PPAs uses an electricity price forecasting model and inputs consistent with those outlined in the 'Key estimate and judgement' below.

The following table presents the changes in the Financial PPAs level 3 instruments for FY23:

	Level 3 Instruments	
	2023	2022
	$M	$M
Opening balance at 1 July	**14**	**—**
Gains recognised in the profit and loss[1]	10	14
Closing balance at 30 June	**24**	**14**

1. Includes unrealised gains recognised in the profit and loss (road operating costs) attributable to balances held at the end of the reporting period.

The following table summarises the impact of changes to the key unobservable inputs on the fair value of the Financial PPAs level 3 instruments for FY23:

Key unobservable inputs	Range of inputs	Relationship of key unobservable inputs to fair value
Electricity price	+/-10%	A change in the electricity price by 10% would increase/decrease the fair value by $10 million

There has been no change in the valuation techniques applied and there were no transfers between levels within the fair value hierarchy during the reporting period.

KEY ESTIMATE AND JUDGEMENT

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. The fair value of both cross-currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. The fair value of CfDs relating to Financial PPAs is determined using an electricity price forecasting model and inputs used include forecast electricity volumes, the electricity forward spot price, the contract period, the discount rate and the net position of the long-term generation certificates.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

Concession summary

The table below summarises the key balance sheet items of the Group's concession assets by geographical region:

2023 $M	Melbourne	Sydney	Brisbane	North America	Carrying amount
Equity accounted investment carrying amount	—	7,049	—	3,628	10,677
Service concession intangible assets carrying amount	2,571	4,984	7,089	—	14,644
Assets under construction[1,2]	4,641	—	—	—	4,641
Goodwill	1	260	205	—	466
Maintenance provision (current and non-current)	(165)	(264)	(685)	—	(1,114)
Construction obligation liability (current and non-current)	(446)	—	—	—	(446)

2022 $M	Melbourne	Sydney	Brisbane	North America	Carrying amount
Equity accounted investment carrying amount	—	7,487	—	3,037	10,524
Service concession intangible assets carrying amount	2,663	5,426	7,319	1,224	16,632
Concession financial asset (current and non-current)	—	—	—	369	369
Assets under construction[1,2]	4,009	—	—	—	4,009
Other intangibles[3]	52	—	—	—	52
Goodwill	1	260	205	—	466
Maintenance provision (current and non-current)	(170)	(265)	(658)	(35)	(1,128)
Construction obligation liability (current and non-current)	(796)	—	—	—	(796)

1. Assets under construction are included within other intangible assets in the consolidated balance sheet.

2. Includes the component of the West Gate Tunnel Project attributable to CityLink funding contributions, for which funding sources began to be received and amortised from 1 July 2019 (refer to Note B20 for further details).

3. For FY22, includes rights associated with the agreement with the High-Quality Bulla spoil disposal site entered in June 2021. Funding was provided to complete the site activation works on a rights reserved basis to enable the site to be available for the receipt and storage of project spoil in relation to the West Gate Tunnel Project.

KEY ESTIMATE AND JUDGEMENT

The Group makes certain assumptions in calculating the recoverable amount of its goodwill (Note B16), other intangible assets (Note B17) and equity accounted investments (Note B25). These include assumptions around expected traffic performance and forecast operational costs.

In performing the recoverable amount calculations for goodwill, the Group has applied the assumptions noted in Note B16. Management do not consider that any reasonably possible change in the assumptions will result in the carrying amount of a cash generating unit to which goodwill has been allocated exceeding its recoverable amount. The Group does not consider that reasonably possible changes in key assumptions would result in the recoverable amount being lower than the carrying amount of a service concession intangible asset or an equity accounted investment, except for the recently acquired A25 equity accounted investment, for which the carrying amount and fair value were equal at the acquisition date on 28 February 2023 (refer to Note B24).

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B16 Goodwill

	2023 $M	2022 $M
Cost	466	466
Carrying amount	**466**	**466**

Goodwill primarily relates to the Group's Sydney Network cash generating unit (CGU) and Brisbane Network CGU and has arisen from the acquisition of Hills Motorway Group, Tollaust Pty Limited and the Sydney Roads Group in Sydney and the Queensland Motorways Group in Brisbane.

Impairment testing of goodwill

The Group assesses whether there is an indication of impairment at each reporting period and tests goodwill for impairment on an annual basis, regardless of whether an indicator of impairment exists.

Impairment testing is undertaken by calculating the recoverable amount, which is the greater of fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU).

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through the profit and loss. The decrement in the carrying amount is recognised as an expense in the profit and loss in the reporting period in which the impairment occurs.

The recoverable amount of the Group's CGUs has been determined based on value-in-use calculations.

The following table sets out the key assumptions on which management have based their cash flow projections. The calculations use four-year cash flow projections based on financial plans reviewed by the Board which include management's estimate of the impact to cash flows from inflation and to traffic volumes related to the COVID-19 recovery. Cash flows beyond this period are modelled using a consistent set of long-term assumptions up to the end of the applicable concession period:

	Melbourne		Sydney		Brisbane	
	2023	2022	2023	2022	2023	2022
Long-term consumer price index (CPI) (% annual growth)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Long-term average weekly earnings (% annual growth)	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Pre-tax discount rate (%)	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%

Directors have determined the values assigned to each of the below key assumptions as follows:

Assumption	Approach used to determine values
Traffic volume	Forecasts are developed based on historical trends and the Group's long-term forecasting models, inclusive of some expectation of industry changes.
Long-term CPI (% annual growth)	Based on independent external forecasts.
Long-term average weekly earnings (% annual growth)	Based on independent external forecasts.
Pre-tax discount rate	Given the long term nature of the Group's concession intangible assets, a discount rate is determined, considering historical, current and forecast risk free rates. This results in a change to the discount rate when there is a change to long term trends in risk-free rates. A specific rate is selected for each CGU reflecting the term of the asset, the nature and risks inherent in the asset, and where appropriate, the implied discount rate on acquisition. In performing the value-in-use calculations for each CGU, the Group has applied pre-tax discount rates to discount the forecast pre-tax cash flows. The pre-tax discount rates are disclosed in the table above.

The impairment testing indicates the recoverable amount of each Group CGU to which goodwill has been allocated exceeds its carrying amount (after allocating goodwill). Therefore, there is no goodwill that is impaired as at 30 June 2023.

Sensitivity analysis has been performed within each of the CGU valuation models to which goodwill has been allocated to determine whether the recoverable amount of the CGU could fall below its net carrying amount (after allocating goodwill) under reasonably possible scenarios of shifts in key assumptions. The results from the sensitivity analysis show that the recoverable amount of the CGU did not fall below its carrying amount (after allocating goodwill) under any of the sensitivity scenarios.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B17 Other intangible assets

2023 $M	Concession assets	Assets under construction[1,2]	Other intangibles[3]	Total
Cost	23,729	5,141	203	29,073
Accumulated amortisation	(9,085)	(500)	(137)	(9,722)
Net carrying amount	**14,644**	**4,641**	**66**	**19,351**

2022 $M	Concession assets	Assets under construction[1,2]	Other intangibles[3]	Total
Cost	25,165	4,384	181	29,730
Accumulated amortisation	(8,533)	(375)	(69)	(8,977)
Net carrying amount	**16,632**	**4,009**	**112**	**20,753**

Movement in other intangible assets

	Concession assets $M	Assets under construction[1,2] $M	Other intangibles[3] $M	Total $M
Net carrying amount at 1 July 2022	**16,632**	**4,009**	**112**	**20,753**
Additions	—	726	22	748
Disposals through loss of control of subsidiary[4]	(1,154)	—	—	(1,154)
Transfers	35	31	(66)	—
Foreign exchange movements and other adjustments	(34)	—	—	(34)
Amortisation charge	(835)	(125)	(2)	(962)
Net carrying amount at 30 June 2023	**14,644**	**4,641**	**66**	**19,351**
Net carrying amount at 1 July 2021	**17,427**	**3,674**	**76**	**21,177**
Additions	—	464	51	515
Foreign exchange movements	61	(4)	—	57
Amortisation charge	(856)	(125)	(15)	(996)
Net carrying amount at 30 June 2022	**16,632**	**4,009**	**112**	**20,753**

1. Assets under construction are included within other intangible assets in the consolidated balance sheet.

2. Includes amortisation for the component of the West Gate Tunnel Project attributable to CityLink funding contributions, for which funding sources began to be received and amortised from 1 July 2019 (refer to Note B20 for further details).

3. For FY23, includes customer bases and software intangible assets. For FY22, also includes rights associated with the agreement with the High-Quality Bulla spoil disposal site entered in June 2021. Funding was provided to complete the site activation works on a rights reserved basis to enable the site to be available for the receipt and storage of project spoil in relation to the West Gate Tunnel Project.

4. Relates to the sale of the Group's controlling interest in A25 (refer to Note B24).

Concession assets represent the Group's rights to operate roads under Service Concession Arrangements. Service Concession Arrangements are accounted for in accordance with AASB Interpretation 12 *Service Concession Arrangements* (IFRIC 12), which establishes a framework for classification of the assets based on an intangible asset model and a financial asset model (bifurcated arrangements can also exist). Assets under construction are accounted for as contract assets in accordance with AASB 15 *Revenue from Contracts with Customers* until they are available for use. The Group classifies assets under construction based on whether the consideration provides rights to an intangible asset or a financial asset.

Intangible asset model

Concession assets that do not meet the criteria of the financial asset model are classified as intangible assets and are amortised on a straight-line basis over the term of the concession arrangement.

Transurban has the right to toll the concession assets for the concession period. Extensions to the concession period have been granted for a number of individual concessions as a result of road development projects and improvements. At the end of the concession period, all concession assets are to be returned to the respective government. The remaining terms of the right to operate period are reflected below:

	2023 Years	2022 Years
Melbourne—Victorian State Government	22	23
Sydney—New South Wales State Government[1]	3–25	4–26
Brisbane—Queensland State Government and Brisbane City Council	28–42	29–43
North America—MTQ[2]	—	20

1. The concession end date for M5 West is December 2026 at which point it will form part of the WestConnex M8/M5 East concession.

2. Related to the A25 concession. The Group sold its controlling interest in A25 on 28 February 2023 (refer to Note B24).

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B17 Other intangible assets (continued)

Indicators of impairment

At each reporting period the Group assesses whether there is an indication of impairment for each of the Group's service concession intangible assets. Where an indicator of impairment is identified, impairment testing is performed. There were no indicators of impairment for the Group's service concession intangible assets as at 30 June 2023.

KEY ESTIMATE AND JUDGEMENT

The Group makes certain assumptions in calculating the recoverable amount of service concession intangible assets. These include assumptions around expected traffic performance and forecast operational costs.

Management do not consider that reasonably possible changes in key assumptions would result in the recoverable amount being lower than the carrying amount of a service concession intangible asset.

Assets under construction

Assets under construction as at 30 June 2023 includes the construction of the West Gate Tunnel Project in Melbourne.

Construction costs relating to completed works are transferred to the service concession intangible asset upon final completion of the project.

For the purposes of impairment testing, these balances are classified as contract assets and subject to the impairment requirements in AASB 9 *Financial Instruments*. Applying the expected credit loss model to the Group's assets under construction resulted in a $nil loss allowance being recorded (2022: $nil). The expected credit loss model as at 30 June 2023 includes consideration of the impacts from the macroeconomic environment which are limited due to the financial strength of the Group's government counterparties.

Management considers the carrying amount of assets under construction to be appropriate as at 30 June 2023.

B18 Concession financial asset

The Group's only concession financial asset related to A25, which was disposed of as part of the sale of the Group's controlling interest in A25 on 28 February 2023 (refer to Note B24).

	Note	2023 $M	2022 $M
Opening carrying value		**369**	**358**
Additional finance income recognised	B13	16	23
Cash received		(20)	(29)
Disposal through loss of control of subsidiary[1]	B24	(355)	—
Foreign exchange movements and other adjustments		(10)	17
Closing carrying value		**—**	**369**
Including:			
Current asset	B8	—	30
Non-current asset		—	339
Total concession financial asset		**—**	**369**

1. Relates to the sale of the Group's controlling interest in A25 (refer to Note B24).

The financial asset model within IFRIC 12 applies to service concession arrangements whereby the Group has an unconditional contractual right to receive cash or another financial asset as the consideration for the construction services provided to the grantor of the concession. The unconditional contractual right to receive cash or another financial asset arose under two scenarios relating to A25:

- MTQ guarantees to pay the Group specified amounts throughout the term of the concession arrangement (such as availability payments) provided certain asset operating conditions are met; and
- MTQ guarantees to pay the Group any shortfall between amounts received from users of the asset and an amount specified within the concession agreement (guaranteed toll revenue arrangements).

For amounts received under these arrangements the traffic risk was not borne by the Group. The portion of concession arrangements accounted for under the financial asset model in IFRIC 12 were presented as a financial receivable within the Group's consolidated balance sheet. The Group classified its concession financial asset at amortised cost as the objective of the Group's business model was to collect the contractual cash flows and the contractual terms gave rise to cash flows that were solely payments of principal and interest.

Up to the date of the sale of the Group's controlling interest in A25 on 28 February 2023, the concession asset of the A25 asset in Canada was accounted for using a bifurcated model, being:

- financial asset model for the income streams of an unconditional contractual right to receive cash from MTQ, including the availability payments and the minimum guaranteed toll income; and
- intangible asset model for the remaining income streams (refer to Note B17).

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B19 Maintenance provision

Movement in maintenance provision

	Current $M	Non-current $M
Carrying value at 1 July 2022	**147**	**981**
Additional provision recognised	14	123
Amounts paid/utilised	(138)	—
Unwinding of discount	—	24
Transfer	125	(125)
Disposals through loss of control of subsidiary[1]	(5)	(32)
Carrying value at 30 June 2023	**143**	**971**

1. Relates to the sale of the Group's controlling interest in A25 (refer to Note B24).

	Current $M	Non-current $M
Carrying value at 1 July 2021	**144**	**934**
Additional provision recognised	—	121
Amounts paid/utilised	(105)	—
Unwinding of discount	—	33
Transfer	108	(108)
Foreign exchange movements	—	1
Carrying value at 30 June 2022	**147**	**981**

KEY ESTIMATE AND JUDGEMENT

As part of its obligations under the service concession arrangements, the Group assumes responsibility for the maintenance and repair of installations of the publicly owned roads it operates (including associated tolling equipment and systems). The Group records a provision for its present obligation to maintain the roads held under concession deeds. The Group periodically reassesses the estimate of its present obligation, which includes consideration of the results of routine inspections performed over the condition of the roads it operates. Any incremental maintenance and repair activities identified through this process are assessed for whether they are the sole responsibility of the Group or whether they are the responsibility of other parties. To the extent the Group believes other parties are responsible for the maintenance or repair or remediation, the Group may initiate claims on those parties. These assessments inform the timing and extent of planned future maintenance activities, notwithstanding the provision recorded at period end continues to capture the Group's maintenance and repair obligations under the concession deeds.

The provision is included in the financial statements at the present value of expected future payments. The calculations to discount these amounts to their present value are based on the estimated timing and profile of expenditure.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B20 Construction obligation liability

West Gate Tunnel Project

The West Gate Tunnel Project is being funded by additional tolling income from a concession extension of CityLink and the receipt of future tolling income from the West Gate Tunnel Project. The CityLink concession deed was amended in April 2019, requiring the recognition of an incremental asset within other intangible assets and a corresponding liability. The liability represents the Group's obligation to complete construction of the West Gate Tunnel Project, attributable to the remaining CityLink funding sources payments. The liability will reduce as payments are made in connection with the CityLink funding sources.

The estimated nominal value of the remaining funding sources payments attributable to CityLink is $462 million as at 30 June 2023 (2022: $840 million) with $462 million due within three years (2022: $840 million due within five years). The asset under construction attributable to CityLink funding sources began to amortise from 1 July 2019.

	Current	Non-current	
	West Gate Tunnel Project	West Gate Tunnel Project	Total
	$M	$M	$M
Carrying value at 1 July 2022	**432**	**364**	**796**
Amounts paid/utilised	(377)	—	(377)
Unwinding of discount	—	27	27
Transfer	280	(280)	—
Carrying value at 30 June 2023	**335**	**111**	**446**
Carrying value at 1 July 2021	**579**	**646**	**1,225**
Amounts paid/utilised	(451)	—	(451)
Unwinding of discount	—	22	22
Transfer	304	(304)	—
Carrying value at 30 June 2022	**432**	**364**	**796**

KEY ESTIMATE AND JUDGEMENT

The Group has a construction obligation liability for the West Gate Tunnel Project attributable to the CityLink funding sources payments from the CityLink Concession Deed Amendments. The construction obligation liability is measured at the present value of the remaining CityLink funding sources payments. Assumptions are made in determining the timing and profile, based on the expected cash flows to be paid through completion of construction of the West Gate Tunnel Project, which are discounted to their present value.

The current balance represents the payments the Group expects to be made within 12 months from the reporting date, with the non-current portion being the present value of payments beyond 12 months from the reporting date.

B21 Other liabilities

2023	Note	Current $M	Non-current $M
State loans		561	—
Lease liabilities	B31	17	126
M1 Eastern Distributor concession notes		—	64
M2 Motorway promissory notes		—	86
Other liabilities		200	51
Total other liabilities		**778**	**327**

2022	Note	Current $M	Non-current $M
State loans		209	—
Lease liabilities	B31	17	114
M1 Eastern Distributor concession notes		—	60
M2 Motorway promissory notes		—	80
Other liabilities		191	49
Total other liabilities		**417**	**303**

M1 Eastern Distributor

The Eastern Distributor concession deed between Airport Motorway Pty Limited, Airport Motorway Trust and Transport for New South Wales (TfNSW) provides for annual concession fees of $15 million during the construction phase and for the first 24 years after completion of construction of the M1 Eastern Distributor. Until a certain threshold return is achieved, payments of concession fees due under the concession deed will be satisfied by means of the issue of non-interest bearing concession notes.

The face value of concession notes on issue as at 30 June 2023 is $390 million (2022: $375 million).

M2 Motorway

The Hills Motorway Trust has entered into leases with TfNSW. Annual lease liabilities under these leases total $14 million (2022: $13 million), indexed annually to the CPI over the estimated period that the M2 Motorway will be used. Until such time as a threshold return is achieved, payments under these leases can be made at any time at the discretion of the trustee of the Hills Motorway, by means of the issue of non-interest bearing promissory notes to TfNSW.

The face value of promissory notes on issue as at 30 June 2023 is $268 million (2022: $254 million).

State loans

Transurban WGT Co entered into loan agreements with the State of Victoria for the purpose of funding amounts owed by each party under the West Gate Tunnel Project D&C Subcontract, and also for funding advance payments to the West Gate Tunnel Project D&C Subcontractor. Loans are made between the parties on a short-term basis and are non-interest bearing.

The value of the State loans payable to the State as at 30 June 2023 is $561 million (2022: $209 million).

KEY ESTIMATE AND JUDGEMENT

Concession and promissory notes

The Group has non-interest bearing long-term debt, represented by promissory notes and concession notes payable to TfNSW, measured at the present value of expected future payments. The calculations to discount these notes to their present value are based on the estimated timing and profile of the repayments. Assumptions are made in determining the timing and profile, based on expected available equity cash flows of the Group's CGUs. A discount rate is used to value the promissory notes and concession notes to their present value, which is determined through reference to other facilities in the market with similar characteristics. A discount rate of 7.80% (2022: 7.50%) has been used for notes issued during the reporting period, which recognises the subordinated nature of these notes.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

Group structure

B22 Principles of consolidation

Subsidiaries

Subsidiaries are fully consolidated from the date the Group gains control of the subsidiary and are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements of the Group, all inter-entity transactions and balances have been eliminated.

The accounting policies adopted by the individual entities comprising the Group are consistent with the Parent company.

Non-controlling interests

Non-controlling interests consist of two components:

- Non-controlling interest—other: external non-controlling interests relating to the results and equity of Transurban Queensland and Eastern Distributor subsidiaries are shown separately in the Group financial statements; and
- Non-controlling interests that relate to THT and TIL are presented separately, and relate to equity holders of the stapled group.

Associates and joint ventures

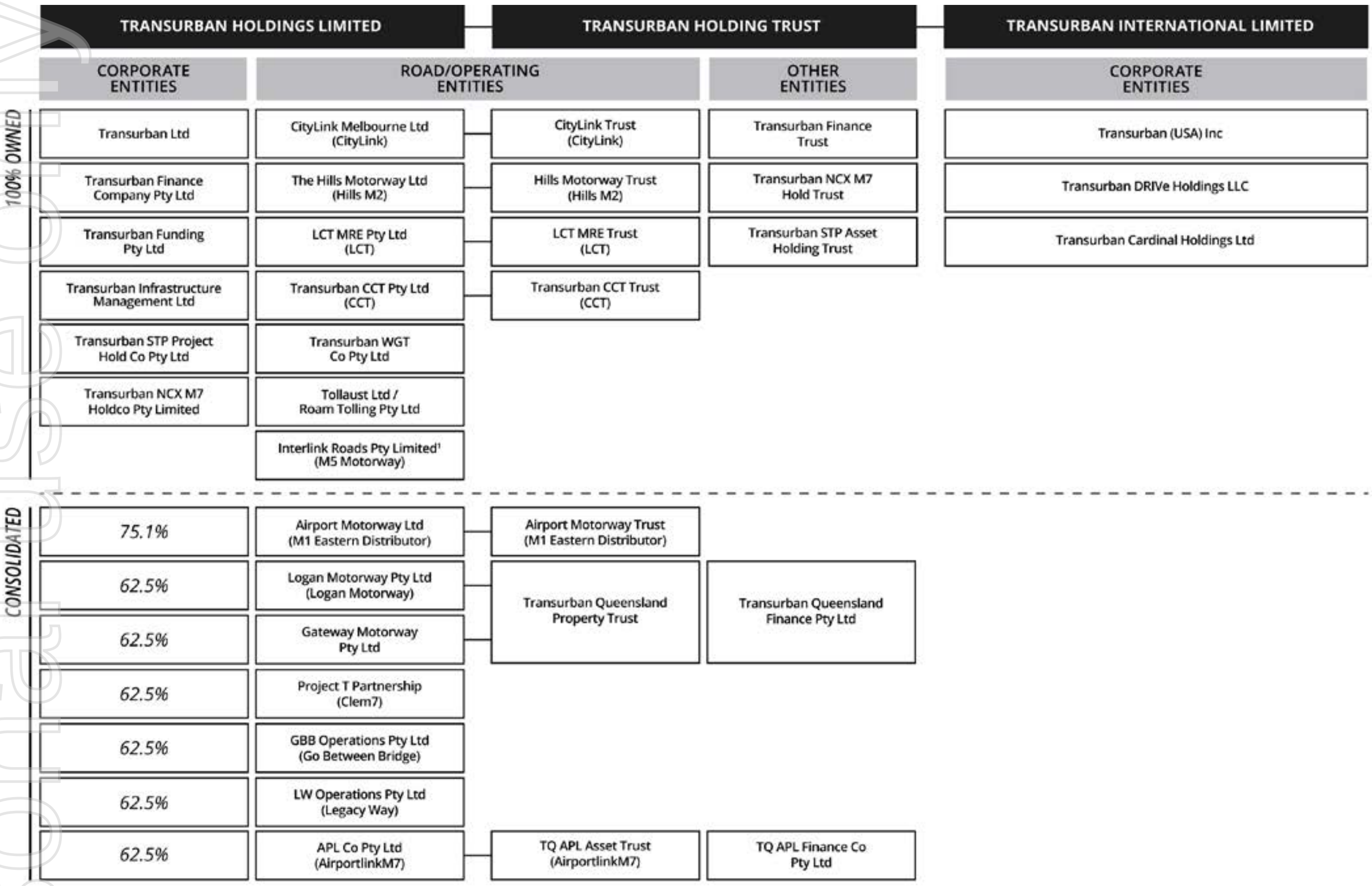
Associates are entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. The Group currently has an interest in one associate being Bluedot. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's investments in joint ventures during the reporting period comprise STP JV, NWRG, TC, A25 and AM Partners.

Interests in the associate and the joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit and loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases. When the Group's cumulative share of losses in an associate or joint venture exceeds its investment in the asset, the Group does not recognise any further losses from this point. Distributions received reduce the carrying amount of the equity accounted investment.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B23 Material subsidiaries

The Group's material subsidiaries as at 30 June 2023 are outlined in the Group structure diagram below. On completion of the sale of the Group's controlling interest in A25 on 28 February 2023, it ceased being a 100% owned subsidiary.



B24 Business combinations and changes in ownership interests

Business combinations

Accounting policy

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the profit and loss as a gain on bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of obtaining control. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the profit and loss.

Changes in ownership interests in controlled subsidiaries

Discontinued operations - Accounting policy

A discontinued operation is a component of the Group's business that represents a separate major line of business or separate major geographical area of operations that has ceased or been disposed of or is held for sale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

Year ended 30 June 2023 changes in ownership interests

Sale of the Group's controlling interest in A25

On 7 February 2023, the Group announced that it had reached an agreement with Caisse de depot et placement du Quebec (CDPQ) to sell 50% of its equity interest in A25 for gross sale proceeds of $389 million. The sale was completed on 28 February 2023 via disposal of the Group's controlling interest in A25. A pre-tax gain on sale of $41 million has been recognised. After the recognition of the related income tax, which predominantly comprises deferred tax (non-cash timing differences) relating to the Group's retained 50% equity accounted investment, a post-tax loss on disposal of $94 million has been recognised.

The Group has assessed that it no longer controls A25 as a result of the sale and has reported the 50% equity interest retained as an equity accounted investment as at 30 June 2023 in Note B25. On completion the Group deconsolidated 100% of the balance sheet of the A25 Group and recorded an equity accounted investment at fair value of $434 million, representing the Group's retained 50% interest in A25. The Group's investment in A25 is equity accounted from 1 March 2023 and the Group's 50% share of the equity accounted investment's net loss after tax has been recorded as part of the Group's operations.

A25 is not considered to meet the criteria for classification as a discontinued operation given its relative size to the Group.

KEY ESTIMATE AND JUDGEMENT

The Group has reported its retained interest in A25 as an equity accounted investment on the basis that control has been lost as a result of the divestment of 50% of the Group's equity interest in A25. The Group's assessment that it does not control A25 has been made by considering the terms of the Unanimous Shareholders' Agreement signed by the A25 partners in February 2023, which requires a majority vote of at least 80% of all shareholders for decisions on significant relevant activities. Considering this, and among other factors, the Group has equity accounted for its interest in A25 following the sale.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B24 Business combinations and changes in ownership interests (continued)

Changes in ownership interests in controlled subsidiaries (continued)

Year ended 30 June 2023 changes in ownership interests (continued)

Sale of the Group's controlling interest in A25 (continued)

Reconciliation of gain recognised on the disposal of 100% interest in A25

	Note	2023 $M
Consideration on disposal		
Cash consideration on disposal		389
Cash and cash equivalents disposed		(54)
Realised FX forward[1]		(5)
Total inflow of cash on disposal		**330**
Fair value of 50% equity accounted investment in A25	B25	434
Fair value of indemnification liability		(1)
Total consideration on disposal		**763**
Assets/(liabilities) at disposal date		
Assets (excluding cash disposed)		1,531
Liabilities		(755)
Carrying amount of net assets disposed		**776**
Reclassification of reserves on disposal (net of income tax)[2]		63
Transaction costs on disposal		(9)
Gain on disposal[3]		**41**
Income tax expense		(135)
Loss on disposal after income tax		**(94)**

1. Includes fair value gains recognised in relation to FX forward contracts to fix the Australian dollar value of the majority of the net CAD dollar proceeds from the sale of the Group's controlling interest in A25.

2. Includes foreign currency translation reserve $49 million plus cash flow hedge reserve $14 million.

3. TIL recognised a pre-tax gain on disposal of $52 million and a loss on disposal after income tax of $80 million presented in discontinued operations of TIL (refer to Note D1). The difference to the Group was due to the realised FX forward and the reclassification of the net investment hedge reserve which are not recognised within TIL.

The assets and liabilities of A25 as at sale completion date on 28 February 2023 were as follows:

	2023 $M
Assets	
Cash and cash equivalents	54
Trade and other receivables	20
Concession financial asset	355
Property, plant and equipment	2
Concession intangible assets	1,154
Total assets	**1,585**
Liabilities	
Trade and other payables	14
Borrowings	376
Provisions	46
Derivative financial liability	44
Deferred tax liabilities	264
Other liabilities	11
Total liabilities	**755**
Net assets	**830**

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B24 Business combinations and changes in ownership interests (continued)

Changes in ownership interests in controlled subsidiaries (continued)

Year ended 30 June 2023 changes in ownership interests (continued)

Sale of the Group's controlling interest in A25 (continued)

The contribution of A25 results included within the Group's consolidated statement of comprehensive income and consolidated statement of cash flows for the eight months ended 28 February 2023 and year ended 30 June 2022 are detailed below:

Income statement – A25

	8 months ended 28 February 2023	Full year ended 30 June 2022
	$M	$M
Toll revenue	**41**	**61**
Total expenses	**(16)**	**(24)**
Total depreciation and amortisation	(36)	(58)
Net finance (costs)/income	(21)	64
Gain on disposal	41	—
Profit before income tax	**9**	**43**
Income tax benefit/(expense)	20	(9)
Income tax expense on gain on disposal	(135)	—
(Loss)/profit for the period[1]	**(106)**	**34**
Profit/(loss) attributable to:		
Ordinary security holders of the stapled group		
— Attributable to THL	(14)	—
— Attributable to THT/TIL	(92)	34
Loss/(profit) attributable to ordinary security holders of the stapled group	**(106)**	**34**
Other comprehensive income		
Changes in the fair value of cash flow hedges, net of tax	14	—
Exchange differences on translation of operations, net of tax	19	11
Gains reclassified on disposal of subsidiary, net of tax	(63)	—
Other comprehensive (loss)/income for the period, net of tax	**(30)**	**11**
Total comprehensive (loss)/income for the period	**(136)**	**45**
Total comprehensive (loss)/income for the period is attributable to:		
Ordinary security holders of the stapled group		
— Attributable to THL	(9)	2
— Attributable to THT/TIL	(127)	43
Total comprehensive (loss)/income attributable to ordinary security holders of the stapled group	**(136)**	**45**

Cash flow statement – A25

	8 months ended 28 February 2023	Full year ended 30 June 2022
	$M	$M
Net operating cash flows	**24**	**16**
Net investing cash flows	**—**	**—**
Net financing cash flows	**(18)**	**(14)**
Effects of exchange rate changes on cash and cash equivalents	(1)	3
Net increase in cash and cash equivalents[2]	5	5

1. *Loss before income tax from discontinued operations for TIL for the year ended 30 June 2023 excluding gain on disposal is $32 million (after tax loss: $12 million), which is recorded within a wholly owned subsidiary of TIL (refer to Note D1).*
2. *The net movement in cash and cash equivalents from discontinued operations for TIL for the year ended 30 June 2023 is a $5 million inflow.*

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B25 Equity accounted investments

Joint Ventures

STP JV (50% ownership interest)

The Group has a 50% ownership interest in the STP JV (including STP Project Trust, STP Asset Trust, STP PT Pty Ltd and STP AT Pty Ltd), which holds 100% of the WestConnex Group.

WestConnex has long-dated concessions through to 2060 and includes 33 kilometres of new or improved motorway linking Sydney's west and southwest with the CBD, and the corridor to Sydney Airport and Port Botany.

The following entities are part of the WestConnex Group:

- WCX Asset Trust (parent of entities responsible for financing and construction of the respective motorways within the WestConnex Group);
- WCX AT Pty Ltd (trustee of WCX Asset Trust);
- WCX Project Trust (parent of entities responsible for operating the motorways within the WestConnex Group); and
- WCX PT Pty Ltd (trustee of WCX Project Trust).

KEY ESTIMATE AND JUDGEMENT

The Group's assessment that it does not control the STP JV has been made by considering the terms of the Investor Agreement signed by the JV partners and the ongoing compliance with the Investor Agreement. This Agreement requires a supermajority vote of at least 91.5% of all investors for the decisions on the significant relevant activities made by the STP JV. Therefore, noting this and other factors, the Group has concluded that it, together with other STP JV partners, jointly controls the STP JV and its controlled entities.

NWRG (50% ownership interest)

The Group has a 50% ownership interest in NWRG (including NorthWestern Roads Group Pty Ltd and NorthWestern Roads Group Trust), which holds 100% of the Westlink M7 Group and the NorthConnex Group. Westlink M7 holds the concession to design, construct, finance and operate the Westlink M7 Motorway in Sydney until June 2048, and NorthConnex holds the concession to design, construct, finance and operate the NorthConnex Tunnel in Sydney until 2048. In February 2023, the NSW Government agreed to an extension of the Westlink M7 Motorway concession by 3.2 years to fund the M7-M12 Integration project. This extension is conditional on the completion of construction works (expected in calendar year 2026).

The following entities are part of the Westlink M7 Group:

- WSO Co Pty Limited (the operator of the motorway);
- Westlink Motorway Limited (the nominee manager of the Westlink Motorway Partnership);
- WSO Finance Pty Limited (the financier of the motorway); and
- Westlink Motorway Partnership (was responsible for the construction of the motorway).

The following entities are part of the NorthConnex Group:

- NorthConnex Company Pty Limited (the operator of the tunnel); and
- NorthConnex Finance Pty Limited (the financier of the tunnel).

TC (50% ownership interest)

The Group has a 50% ownership interest in TC.

The following entities are part of TC:

- Transurban Chesapeake LLC (responsible for corporate operations);
- Capital Beltway Express LLC (the operator of the Capital Beltway Express Lanes); and
- 95 Express Lanes LLC (the operator of the 95 Express Lanes).

KEY ESTIMATE AND JUDGEMENT

The Group's assessment that it does not control TC has been made by considering the terms of the Purchase Agreement signed by the TC partners, which requires a supermajority vote of at least 77.5% of all shareholders for decisions on significant relevant activities. Considering this, and among other factors, the Group has concluded that it, together with the other TC partners, jointly controls TC and its controlled entities.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B25 Equity accounted investments (continued)

Joint Ventures (continued)

A25 (50% ownership interest)

Following the completion of the sale of the Group's controlling interest in A25 (refer to Note B24), as at 30 June 2023, the Group has a 50% ownership interest in Skawanoti Holdings LP which holds 100% of the ownership interest in the A25 Group.

The following entities are part of A25:

- Skawanoti Holdings LP (responsible for corporate operations); and
- Concession A25 LP (the operator of the A25).

AM Partners (60% ownership interest)

The Group has a 60% ownership interest in AM Partners, whose role was to be the Maryland Department of Transport's long-term partner to build, finance and operate new Express Lanes in Maryland, USA. AM Partners is jointly controlled by the Group and Macquarie Infrastructure Developments LLC. Management have assessed that the Group does not control AM Partners considering the ownership and operating agreements, which require unanimous approval by all shareholders for all relevant decisions.

Associate

Bluedot (4.2% ownership interest)

Bluedot is an advanced location services technology company. The Group leverages Bluedot's location services technology for the Group's LinktGo application which allows the use of a smartphone's GPS and other sensors to identify when a driver has entered and exited a toll road. Bluedot's technology continues to be used by the Group as at 30 June 2023.

The carrying value of the Bluedot equity accounted investment is $nil (2022: $nil). Accordingly, summarised financial information, including cumulative losses not recognised, is not disclosed.

Set out below is the reconciliation of the carrying value of equity accounted investments:

	STP JV $M	NWRG $M	TC $M	A25 $M	Other[7] $M	Total $M
Opening carrying value at 1 July 2022	**7,309**	**178**	**3,013**	**—**	**24**	**10,524**
Acquisition[1]	—	—	—	434	—	434
Group's share of (loss)/profit, inclusive of impairment[2,3,4]	(278)	—	(14)	(1)	(34)	(327)
Group's share of other comprehensive loss	(59)	—	—	—	—	(59)
Distributions received	(125)	(106)	(33)	(12)	—	(276)
Foreign exchange movements	—	—	118	17	1	136
Capital contributions[5]	86	—	106	—	9	201
Fair value adjustment on recognition of shareholder loan note (SLN) commitments[6]	—	44	—	—	—	44
Closing carrying value at 30 June 2023	**6,933**	**116**	**3,190**	**438**	**—**	**10,677**
Cumulative losses not recognised[3]	—	33	—	—	—	33
Opening carrying value at 1 July 2021	**2,774**	**263**	**2,714**	**—**	**—**	**5,751**
Group's share of (loss)/profit, inclusive of impairment[2,3,4]	(308)	—	(60)	—	—	(368)
Group's share of other comprehensive income	216	—	29	—	—	245
Distributions received	(342)	(85)	(65)	—	—	(492)
Foreign exchange movements	—	—	255	—	1	256
Capital contributions[5]	4,970	—	139	—	23	5,132
Fair value adjustment on issuance of SLNs and TC loan receivable[6]	(1)	—	1	—	—	—
Closing carrying value at 30 June 2022	**7,309**	**178**	**3,013**	**—**	**24**	**10,524**
Cumulative losses not recognised[3]	—	119	—	—	—	119

1. On 28 February 2023, the Group completed the sale of its controlling interest in A25 (refer to note B24). On completion, the Group deconsolidated 100% of the net assets of the A25 Group and recorded an equity accounted investment at fair value of $434 million, representing the 50% interest in A25.

2. The Group's share of STP JV losses includes losses from STP Project Trust of $119 million (2022: $150 million) and STP Asset Trust of $159 million (2022: $158 million).

3. The Group's share of profits from the investment in the NWRG are currently not recognised until such time as cumulative losses have been fully utilised. Cumulative losses not recognised above are disclosed at 100%.

4. During the year ended 30 June 2023, the Group recorded a $6 million impairment of its investment in AM Partners. Refer below for further details.

5. Capital contributions for AM Partners includes $nil (2022: $6 million) of costs capitalised as part of the cost of the equity accounted investment.

6. During the year, SLN commitments under a new NWRG SLN facility were made. The SLN commitments were recorded at fair value on initial recognition and the difference between the nominal value of the SLN commitments and the fair value was treated as a contribution to the equity accounted investment in NWRG (2022: STP JV SLNs and TC loans were issued).

7. Other equity accounted investments includes AM Partners.

B25 Equity accounted investments (continued)

Summarised financial information of equity accounted investments

Set out below is the summarised financial information for those joint ventures and associates that are material to the Group. The summarised financial information presented below is on a 100 per cent basis for each equity accounted investment.

Summarised balance sheet—100%

	STP JV $M	NWRG $M	TC $M	A25[1] $M	Other[2] $M	Total $M
2023						
Cash and cash equivalents	723	153	420	38	—	1,334
Other current assets	49	149	24	57	6	285
Non-current assets	21,926	2,981	10,182	1,306	—	36,395
Current financial liabilities	(998)	(13)	(9)	—	—	(1,020)
Other current liabilities	(173)	(105)	(190)	(26)	(6)	(500)
Non-current financial liabilities	(12,168)	(3,442)	(3,759)	(499)	—	(19,868)
Other non-current liabilities	(92)	(127)	(291)	(1)	—	(511)
Net assets/(liabilities)	**9,267**	**(404)**	**6,377**	**875**	**—**	**16,115**
2022						
Cash and cash equivalents	716	129	483	—	—	1,328
Other current assets	28	93	18	—	—	139
Non-current assets	22,367	3,036	9,549	—	130	35,082
Current financial liabilities	(1,496)	(1)	—	—	—	(1,497)
Other current liabilities	(166)	(63)	(178)	—	(100)	(507)
Non-current financial liabilities	(11,364)	(3,411)	(3,616)	—	—	(18,391)
Other non-current liabilities	(67)	(108)	(232)	—	—	(407)
Net assets/(liabilities)	**10,018**	**(325)**	**6,024**	**—**	**30**	**15,747**

Summarised statement of comprehensive income—100%

	STP JV $M	NWRG $M	TC $M	A25[1] $M	Other[2] $M	Total $M
2023						
Revenue	654	647	337	20	—	1,658
Construction revenue	144	116	356	—	—	616
Depreciation and amortisation	(531)	(110)	(135)	(17)	—	(793)
Impairment	—	—	—	—	(32)	(32)
Other expenses	(181)	(133)	(150)	(7)	(15)	(486)
Construction costs	(144)	(116)	(356)	—	—	(616)
Net finance income/(costs)[3]	(498)	(237)	(79)	2	—	(812)
Income tax expense	—	(79)	—	—	—	(79)
Profit/(loss)	**(556)**	**88**	**(27)**	**(2)**	**(47)**	**(544)**
Other comprehensive income/(loss)	(118)	12	—	—	—	(106)
Total comprehensive income/(loss)	**(674)**	**100**	**(27)**	**(2)**	**(47)**	**(650)**
2022						
Revenue	510	518	229	—	—	1,257
Construction revenue	298	—	261	—	—	559
Depreciation and amortisation	(499)	(110)	(124)	—	—	(733)
Other expenses	(151)	(134)	(121)	—	—	(406)
Construction costs	(298)	—	(261)	—	—	(559)
Net finance costs[3]	(513)	(210)	(106)	—	—	(829)
Income tax (expense)/benefit	(58)	(60)	—	—	—	(118)
(Loss)/profit	**(711)**	**4**	**(122)**	**—**	**—**	**(829)**
Other comprehensive (loss)/income	566	14	61	—	—	641
Total comprehensive (loss)/income	**(145)**	**18**	**(61)**	**—**	**—**	**(188)**

1. *The summarised statement of comprehensive income is presented from the date of sale of the Group's controlling interest in A25 on 28 February 2023.*
2. *Other equity accounted investments includes AM Partners.*
3. *STP JV includes net finance costs of $167 million (2022: $181 million of costs) that are not recorded at the WestConnex level of the corporate structure, and are only incurred by the STP JV partners. The Group has a 50% equity interest in STP JV. Aside from some inconsequential items, the Group's proportional equity interest in the remaining STP JV comprehensive income is 50%, reflective of Transurban's proportional ownership interest in STP JV.*

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B25 Equity accounted investments (continued)

Summarised financial information of equity accounted investments (continued)

The following table reconciles the above summarised financial information presented on a 100 per cent basis to the proportional amounts recognised by the Group:

	STP JV $M	NWRG $M	TC $M	A25 $M	Other[1] $M	Total $M
2023						
Ownership interest	**50 %**	**50 %**	**50 %**	**50 %**	**60 %**	
Proportional total comprehensive (loss)/income	(337)	50	29	(1)	(28)	(287)
Amortisation of fair value uplift and other adjustments	—	—	(43)	—	—	(43)
Impairment of capitalised costs	—	—	—	—	(6)	(6)
Profits not recognised (excluding other comprehensive income)	—	(44)	—	—	—	(44)
Other comprehensive income not recognised	—	(6)	—	—	—	(6)
Group's share of total comprehensive (loss)/income	**(337)**	**—**	**(14)**	**(1)**	**(34)**	**(386)**
2022						
Ownership interest	**50 %**	**50 %**	**50 %**	**100 %**	**60 %**	
Proportional total comprehensive (loss)/income	(92)	9	(79)	—	—	(162)
Amortisation of fair value uplift and other adjustments	—	—	48	—	—	48
Profits not recognised (excluding other comprehensive income)	—	(2)	—	—	—	(2)
Other comprehensive income not recognised	—	(7)	—	—	—	(7)
Group's share of total comprehensive (loss)/income	**(92)**	**—**	**(31)**	**—**	**—**	**(123)**

1. Other equity accounted investments includes AM Partners.

Indicators of impairment

At each reporting period the Group assesses whether there is an indication of impairment for each of the Group's equity accounted investments. Where an indicator of impairment is identified, impairment testing is performed. During the year ended 30 June 2023, AM Partners decided not to proceed with the Maryland Express Lanes Project and terminated the predevelopment agreement with the Maryland Department of Transportation. The termination triggered an impairment assessment and the carrying amount of the investment was impaired from $6 million to $nil, after recognising the Group's share of equity accounted losses (inclusive of impairment) in AM Partners. There were no other indicators of impairment for the Group's equity accounted investments as at 30 June 2023.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B25 Equity accounted investments (continued)

Financing arrangements and credit facilities

During the reporting period, equity accounted investments executed a number of financing activities including:

August 2022

- WestConnex (STP JV) reached financial close on $1,700 million of bank debt facilities with tenors of 4 and 7 years.

November 2022

- Westlink M7 (NWRG) reached financial close on a $405 million Institutional Term Loan (ITL) facility with tenors of 9 and 10 years.

December 2022

- WestConnex (STP JV) reached financial close on a $425 million ITL facility with a tenor of 10 years.

January 2023

- A25 reached financial close on a C$350 million bank facility and a C$15 million letter of credit facility, both with a tenor of 4 years.

February 2023

- Westlink M7 (NWRG) reached financial close on a $624 million capex facility with tenors of 5 and 6 years as well as a $15 million letter of credit facility with a tenor of 4 years.

April 2023

- WestConnex (STP JV) increased the size of its existing ITL facility, which reached financial closed in December 2022, by $300 million.

June 2023

- WestConnex (STP JV) reached financial close on a $1,355 million syndicated bank facility. The facility consists of two tranches; $300 million with a tenor of 5 years and $1,055 million with a tenor of 2 years.

B26 Non-controlling interests—other

Set out below is the summarised financial information for each material subsidiary (refer to Note B23) that has non-controlling interests (NCI) that are material and external to the Group and the total external NCI. The amounts disclosed are before intercompany eliminations.

	Transurban Queensland		Airport Motorway		Total NCI	
	37.50%	37.50%	24.90%	24.90%		
	2023	2022	2023	2022	2023	2022
	$M	$M	$M	$M	$M	$M
Summarised balance sheet						
Current assets	168	188	14	29	182	217
Non-current assets	8,865	8,958	1,330	1,382	10,195	10,340
Current liabilities	(418)	(537)	(219)	(222)	(637)	(759)
Non-current liabilities	(6,944)	(6,669)	(797)	(863)	(7,741)	(7,532)
Net assets	**1,671**	**1,940**	**328**	**326**	**1,999**	**2,266**
Carrying amount of NCI	**625**	**726**	**81**	**81**	**706**	**807**
Summarised statement of comprehensive income						
Revenue	839	726	169	126	1,008	852
Expenses	(787)	(745)	(123)	(105)	(910)	(850)
Profit/(loss) for the year	**52**	**(19)**	**46**	**21**	**98**	**2**
Other comprehensive income/(loss)	(79)	202	—	26	(79)	228
Total comprehensive income/(loss)	**(27)**	**183**	**46**	**47**	**19**	**230**
Profit/(loss) allocated to NCI	**18**	**(8)**	**10**	**5**	**28**	**(3)**
Other comprehensive income/(loss) allocated to NCI	**(30)**	**76**	**—**	**6**	**(30)**	**82**
Summarised cash flows						
Cash flows from operating activities	334	239	93	58	427	297
Cash flows from investing activities	(28)	(18)	—	—	(28)	(18)
Cash flows from financing activities	(308)	(485)	(110)	(46)	(418)	(531)
Net decreases in cash and cash equivalents	**(2)**	**(264)**	**(17)**	**12**	**(19)**	**(252)**

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B27 Deed of cross and intra-group guarantees

Deed of cross guarantee

Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, Statewide Roads Limited, M4 Holdings No. 1 Pty Limited, M5 Holdings Pty Limited, Devome Pty Limited, Transurban Funding Pty Limited, Transurban STP AHT Pty Limited, Transurban STP AT Pty Limited, Transurban STP Project Hold Co Pty Limited, Transurban STP Project Co Pty Limited, Transurban Sun Holdings Pty Ltd and Transurban Operations Pty Ltd are party to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Instrument 2016/785 issued by the Australian Securities and Investments Commission. The companies represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by THL, they also represent the 'extended closed group'.

Set out below is the summary financial information of the closed group.

	2023 $M	2022 $M
Summarised statement of comprehensive income		
Revenue	**468**	**440**
Operating costs	(468)	(413)
Depreciation and amortisation expense	(116)	(112)
Net finance costs	(312)	(390)
Loss before income tax	**(428)**	**(475)**
Income tax benefit	144	181
Loss for the year	**(284)**	**(294)**
Total comprehensive loss for the year	**(284)**	**(294)**

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B27 Deed of cross and intra-group guarantees (continued)

Deed of cross guarantee (continued)

	2023 $M	2022 $M
Summarised movements in accumulated losses		
Accumulated losses at the beginning of the year	(1,316)	(961)
Loss for the year	(284)	(294)
Dividends provided for or paid	(31)	(61)
Accumulated losses at the end of the year	**(1,631)**	**(1,316)**
Summarised balance sheet		
Current assets		
Cash and cash equivalents	1,188	1,017
Trade and other receivables	681	916
Derivative financial instruments	5	—
Total current assets	**1,874**	**1,933**
Non-current assets		
Other financial assets	7,456	7,365
Equity accounted investments	2,422	2,434
Property, plant and equipment	397	416
Intangible assets	131	127
Deferred tax assets	563	601
Total non-current assets	**10,969**	**10,943**
Total assets	**12,843**	**12,876**
Current liabilities		
Trade and other payables	771	983
Provisions	89	107
Total current liabilities	**860**	**1,090**
Non-current liabilities		
Payables	9,614	9,141
Deferred tax liabilities	26	17
Provisions	5	5
Total non-current liabilities	**9,645**	**9,163**
Total liabilities	**10,505**	**10,253**
Net assets	**2,338**	**2,623**
Equity		
Contributed equity	3,967	3,938
Other reserves	2	1
Accumulated losses	(1,631)	(1,316)
Total equity	**2,338**	**2,623**

Intra-group guarantees

As at 30 June 2023, the Transurban Group comprising Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited, was traded and quoted on the ASX as one triple stapled security. Under the stapling arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Group on a continual basis.

Expected credit loss

As at 30 June 2023, having assessed the impact from the economic uncertainties related to the macroeconomic environment and COVID-19 recovery, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost in the closed group. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected credit losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near-term. As at 30 June 2023, the loss allowance was $8 million (2022: $9 million), reflecting management's updated estimate of the collectability of these balances.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

Items not recognised

B28 Contingencies

Contingent assets are possible recoveries whose existence will only be confirmed by uncertain future events not wholly within the control of the Group. Contingent assets are not recognised on the balance sheet unless they are virtually certain but are disclosed if the inflow of economic resources is probable. Contingent liabilities are possible obligations whose existence will only be confirmed by uncertain future events and present obligations where the transfer of economic resources is not probable or cannot be reliably estimated. Contingent liabilities are not recognised on the balance sheet unless they are probable but are disclosed if the outflow of economic resource is possible but not remote.

As at 30 June 2023, there are no amounts recognised because either the payment of any amounts to third parties is not considered probable of being made or the recovery of any amounts from third parties is not considered virtually certain.

KEY ESTIMATE AND JUDGEMENT

Construction contracts - the Group (including its equity accounted investments) is exposed to direct and indirect construction risk, including remediation on concession intangible assets. In addition, the Group (including its equity accounted investments) has initiated claims on others in connection with its construction projects. In other instances, the Group (including its equity accounted investments) has received claims. Many of these claims have been passed through to third parties. In overseeing construction projects, from time to time payments may be made in excess of contracted amounts to facilitate their continued progression.

Note B19 discusses the accounting for maintenance expenses where the Group has a present obligation to remediate concession intangible assets.

The Group (including its equity accounted investments) assess each claim that they are party to for the purposes of preparing financial statements in accordance with the accounting standards. Contingent assets and liabilities may exist in respect of actual or possible claims and commercial payments and recoveries arising from these matters. Disclosures are made for these matters in accordance with accounting standards, or other legal disclosure obligations.

As at 30 June 2023, any inflow of economic resources associated with these matters is not considered virtually certain and any possible payments relating to actual or potential future claims or possible commercial payments to third parties in excess of, or separate to the amounts stipulated in the D&C subcontracts or other contracts, are not considered probable of being made and are remote.

Other contractual arrangements - the Group has also received claims from other parties, including with respect to the Group's obligations under its services agreements. Any possible payments relating to claims are not considered probable of being made. Further information about these claims has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Parent entity

The Parent entity does not have any contingent liabilities at reporting date.

B29 Commitments

The Group's unrecognised capital commitments as at 30 June 2023 are $783 million (2022: $1,428 million) and relate primarily to the West Gate Tunnel Project.

Share of commitments related to equity accounted investments

	STP JV 50%		TC 50%		AM Partners 60%		Total	
	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M
Capital commitments (at Group's effective ownership interest)	—	86	719	746	—	60	719	892

The Group's share of unrecognised commitments related to equity accounted investments as at 30 June 2023 primarily relate to the Fredericksburg Extension and the 495 Express Lanes Northern Extension in TC (2022: WestConnex M4-M8 link in STP JV, Fredericksburg Extension in TC and Maryland Express Lanes in AM Partners).

B30 Subsequent events

Other than as disclosed elsewhere in this report, there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or Group's state of affairs, in future years.

Other

B31 Leases

Leases as a lessee

The Group leases various office buildings. Rental contracts are typically made for fixed periods of 3 to 13 years but may have extension options. The majority of extension options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option.

Right-of-use Asset

The Group's right-of use assets relate to leased office buildings and are included in property, plant and equipment on the Group's consolidated balance sheet. Right-of-use assets have finite lives, are depreciated on a straight-line basis and are carried at cost less accumulated depreciation and accumulated impairment.

The net carrying amount of right-of-use assets is presented below:

	Office buildings	
	2023	2022
	$M	$M
Carrying amount at 1 July	**108**	**124**
Depreciation charge for the year	(15)	(16)
Additions	30	—
Remeasurement of lease liability	(8)	—
Other movements	(3)	—
Carrying amount at 30 June	**112**	**108**

Lease liability

Lease liabilities are included in other liabilities on the Group's consolidated balance sheet.

	2023	2022
	$M	$M
Current	(17)	(17)
Non-current	(126)	(114)
Total lease liability	**(143)**	**(131)**

Refer to Note B15 for contractual maturities for lease liabilities.

Refer to Note B13 for interest expense on lease liabilities (included in finance costs).

Reconciliation of lease liabilities arising from financing activities

	Lease liabilities	
	2023	2022
	$M	$M
Balance at 1 July	**131**	**141**
Interest paid on leases	(6)	(6)
Principal repayment of leases	(10)	(10)
Total cash flows	**(16)**	**(16)**
Non-cash changes		
Unwinding of discount	6	6
Additions	30	—
Remeasurement of lease liability	(8)	—
Total non-cash changes	**28**	**6**
Balance at 30 June	**143**	**131**

The total cash outflow for leases in the year ended 30 June 2023 was $16 million (2022: $16 million). The Group presents lease payments as 'principal repayments of leases' in 'cash flows from financing activities' and the finance cost as 'interest paid' in 'cash flows from operating activities' within the consolidated statement of cash flows.

The Group's commitments related to leases not yet commenced as at 30 June 2023 are $nil (2022: $30 million).

B32 Related party transactions

	Joint ventures 2023 $'000	Joint ventures 2022 $'000
Transactions with related parties		
Other revenue	136,544	120,926
Finance income	152,297	155,818
	288,841	**276,744**
Outstanding balances with related parties		
Financial assets at amortised cost		
NWRG shareholder loan notes (SLNs)	572,309	606,104
STP JV SLNs	1,407,309	1,388,564
TC loan receivable	—	1,889
Other liabilities		
NWRG payable for acquisition of customer base	(54,837)	(50,268)
NWRG SLN commitments	(21,582)	—
TC other liabilities	—	(7,074)
NWRG other payables	—	(172)
Other assets		
NWRG SLNs interest receivable	—	5
STP JV SLNs interest receivable[1]	18,677	10,104
STP JV other receivables	823	2,789
TC other receivables	44,233	36,988
A25 other receivables	95	—
	1,967,027	**1,988,929**

1. Prior year amounts have been restated to disclose interest receivable on STP JV SLNs issued in FY22.

Transactions with related parties

Other revenue

Other revenue relates to tolling and management services provided to related parties.

Interest income

Interest income relates to the interest recorded on financial assets at amortised costs as noted below.

Financial assets and liabilities at amortised cost

Debt financial assets carried at amortised cost relate to the TC loan receivable and NWRG and STP JV SLNs. The Group intends to hold the assets to maturity and to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. The SLNs are not classified as an investment for equity accounting purposes, and therefore have not been affected by equity accounting losses from the joint ventures. The NWRG and STP JV SLNs are denominated in AUD. The TC loan receivable is denominated in USD.

Financial liabilities carried at amortised cost relate to recognised loan commitments under the NWRG SLN facility that have been recorded within other liabilities (SLN commitments). These SLN commitments and SLNs issued under the same NWRG SLN facility are considered combined financial instruments as the terms of the SLN commitments are integral to the determination of the effective interest rate of the SLNs. These combined financial instruments are presented on a net basis.

B32 Related party transactions (continued)

Transactions with related parties (continued)

The movement of the NWRG and STP JV SLNs, TC loan receivable and NWRG SLN commitments is set out below:

	NWRG 2023 $'000	NWRG 2022 $'000	STP JV 2023 $'000	STP JV 2022 $'000	TC 2023 $'000	TC 2022 $'000	Total 2023 $'000	Total 2022 $'000
Opening balance at 1 July - Financial assets	**606,104**	**724,240**	**1,388,564**	**627,450**	**1,889**	**1,728**	**1,996,557**	**1,353,418**
SLNs and loan issued	—	—	—	699,214	—	16,535	—	715,749
SLNs and loan repaid	(106,122)	(181,654)	(50,799)	(17,058)	(1,962)	(16,707)	(158,883)	(215,419)
Fair value adjustment on issuance of SLNs and TC loan receivable[1]	—	—	—	672	—	(1,406)	—	(734)
Capitalisation of accrued interest	239	3,045	57,531	22,818	—	—	57,770	25,863
Unwind of discount and remeasurement of SLNs[2]	72,455	60,310	12,007	57,093	—	—	84,462	117,403
Change in expected credit losses	(367)	163	6	(1,625)	—	—	(361)	(1,462)
Foreign exchange movements and other adjustments	—	—	—	—	73	1,739	73	1,739
Closing balance at 30 June - Financial assets	**572,309**	**606,104**	**1,407,309**	**1,388,564**	**—**	**1,889**	**1,979,618**	**1,996,557**
Opening balance at 1 July - Financial liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Fair value adjustment on recognition of SLN commitments[1]	(43,946)	—	—	—	—	—	(43,946)	—
SLNs issued	21,250	—	—	—	—	—	21,250	—
Capitalisation of accrued interest	302	—	—	—	—	—	302	—
Unwind of discount and remeasurement of SLN commitments[2]	812	—	—	—	—	—	812	—
Closing balance at 30 June - Financial liabilities	**(21,582)**	**—**	**—**	**—**	**—**	**—**	**(21,582)**	**—**

1. *During the year, SLN commitments under a new NWRG SLNs facility were made. The SLN commitments were recorded at fair value on initial recognition and the difference between the nominal value of the SLN commitments and the fair value was treated as a contribution to the equity accounted investment in NWRG (2022: STP JV SLNs and TC loan were issued).*
2. *Includes adjustments from updating the expected timing of cash repayments from the SLNs.*

Accounting policy

The Group measures the SLNs, SLN commitments and loan receivable at fair value on initial recognition and subsequently they are measured at amortised cost using the effective interest method. Any difference between the nominal value of the SLNs and loan receivable, and their fair value at initial recognition is treated as a contribution to the relevant equity accounted investment.

The SLNs and loan receivable are presented within non-current financial assets in the consolidated balance sheet. The SLN commitments are presented within current other liabilities in the consolidated balance sheet. The SLNs and SLN commitments that are issued under the same SLN facility are presented on a net basis.

NWRG shareholder loan notes

The NWRG SLNs consist of a non-interest bearing facility with a maturity date of June 2048 and an interest-bearing SLN facility with a rate equivalent to the weighted average of the interest rate applicable to NWRG's senior secured debt plus a margin of 50bps with a maturity date of August 2032. The agreement includes a mechanism to capitalise interest should funds not be available to settle accrued interest.

The nominal value of the NWRG SLNs as at 30 June 2023 is $693,027 thousand (2022: $777,358 thousand).

STP JV shareholder loan notes

The STP JV SLNs earn interest at a rate equivalent to the weighted average of the interest rate applicable to WestConnex's senior secured debt plus a margin. The agreements include a mechanism to capitalise interest should funds not be available to settle accrued interest. The SLNs have a maturity date of September 2028. The nominal value of the STP JV SLNs as at 30 June 2023 is $1,433,082 thousand (2022: $1,426,350 thousand).

TC loan receivable

The TC loan receivable consisted of an interest-bearing facility that was repaid during the period (2022: US$1,300 thousand ($1,889 thousand)).

Expected credit loss

As at 30 June 2023, having assessed the impact from the economic uncertainties related to the macroeconomic environment and COVID-19 recovery, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of these balances. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected credit losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near-term. As at 30 June 2023, the loss allowance was $4,163 thousand (2022: $3,802 thousand), reflecting management's updated estimate of the collectability of these balances.

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B33 Key management personnel compensation

	2023	2022
	$	$
Short-term employee benefits	14,212,271	12,370,950
Post-employment benefits	395,148	382,880
Termination benefits	10,502	—
Long-term benefits (long service leave)	(184,568)	117,555
Share-based payments	3,950,953	3,095,156
Deferred short-term incentives	2,995,925	1,897,720
	21,380,231	**17,864,261**

Detailed remuneration disclosures including the key management personnel are made in the remuneration report in the Directors' report.

B34 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group and its related practices.

(a) Amounts received or due and receivable by PricewaterhouseCoopers Australia

	2023	2022
	$	$
Services performed by PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports	3,186,500	3,508,142
Other assurance services	483,846	389,267
	3,670,346	3,897,409
Other consulting services	99,999	600,000
Total remuneration of PricewaterhouseCoopers Australia	**3,770,345**	**4,497,409**

(b) Amounts received or due and receivable by network firms of PricewaterhouseCoopers Australia

	2023	2022
	$	$
Services performed by other PricewaterhouseCoopers network firms		
Audit and other assurance services		
Audit and review of financial reports	129,301	197,441
Total remuneration for other PricewaterhouseCoopers network firms	**129,301**	**197,441**
Total auditors remuneration	**3,899,646**	**4,694,850**

Section B: Notes to the Group financial statements for the year ended 30 June 2023

B35 Parent entity disclosures

The financial information for the Parent entity, Transurban Holdings Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost in the Parent entity financial statements of Transurban Holdings Limited. Dividends received from associates are recognised in the Parent entity's profit and loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

In addition to its own current and deferred tax amounts, Transurban Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Summary financial information

The individual financial statements for the Parent entity report the following aggregate amounts:

	2023 $M	2022 $M
Balance sheet		
Current assets	1,121	1,289
Total assets	10,846	10,727
Current liabilities	5,624	5,617
Total liabilities	6,444	6,409
Net assets	**4,402**	**4,318**
Shareholders' equity		
Contributed equity	3,968	3,939
Reserves	2	1
Retained earnings	432	378
Total equity	**4,402**	**4,318**
Profit/(loss) for the year	85	(22)
Total comprehensive income/(loss)	**85**	**(22)**

Expected credit loss

As at 30 June 2023, having assessed the impact from the economic uncertainties related to the macroeconomic environment and COVID-19 recovery, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost in the Parent entity. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected credit losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near-term. As at 30 June 2023, the loss allowance was $8 million (2022: $8 million), reflecting management's updated estimate of the collectability of these balances.

Guarantees entered into by the Parent entity

There are cross guarantees given by Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, Statewide Roads Limited, M4 Holdings No 1 Pty Limited, M5 Holdings Pty Limited, Devome Pty Limited, Transurban Funding Pty Limited, Transurban STP AHT Pty Limited, Transurban STP AT Pty Limited, Transurban STP Project Hold Co Pty Limited, Transurban STP Project Co Pty Limited, Transurban Sun Holdings Pty Ltd and Transurban Operations Pty Ltd as described in Note B27.

Section C: Transurban Holding Trust (THT) and Transurban International Limited (TIL) financial statements

THT—ARSN 098 807 419 and TIL—ABN 90 121 746 825

Section C: THT and TIL financial statements for the year ended 30 June 2023

Transurban Holding Trust and Transurban International Limited
Consolidated statements of comprehensive income for the year ended 30 June 2023

	Note	Transurban Holding Trust		Transurban International Limited	
		2023 $M	**2022 $M**	**2023 $M**	**2022 $M**
Continuing operations[1]					
Revenue	D4	**1,077**	**996**	**40**	**37**
Expenses					
Employee benefits expense		—	—	(26)	(29)
Road operating costs		—	—	(19)	(12)
Construction costs		(48)	(48)	—	—
Corporate and other expenses		(10)	(10)	(40)	(13)
Total expenses		**(58)**	**(58)**	**(85)**	**(54)**
Amortisation		(330)	(328)	—	—
Depreciation[2]		—	—	(14)	(6)
Total depreciation and amortisation		**(330)**	**(328)**	**(14)**	**(6)**
Net finance income/(costs)	D9	127	251	(16)	(42)
Share of losses of equity accounted investments, inclusive of impairments	D15	(119)	(118)	(49)	(60)
Profit/(loss) before income tax		**697**	**743**	**(124)**	**(125)**
Income tax benefit/(expense)		2	(5)	28	58
Profit/(loss) for the year		**699**	**738**	**(96)**	**(67)**
Discontinued operations					
(Loss)/profit for the year from discontinued operations		**—**	**—**	**(92)**	**34**
Profit/(loss) for the year from continuing and discontinued operations		**699**	**738**	**(188)**	**(33)**
Profit/(loss) is attributable to:					
Ordinary security holders of TIL		—	—	(188)	(33)
Ordinary unit holders of THT		687	737	—	—
Non-controlling interests	D16	12	1	—	—
Profit/(loss) for the year		**699**	**738**	**(188)**	**(33)**
Other comprehensive income					
Gains reclassified on disposal of subsidiary, net of tax	D8	—	—	(70)	—
Items that may be reclassified to profit and loss in the future					
Changes in the fair value of cash flow hedges, net of tax		(85)	442	14	—
Changes in the fair value of cost of hedging, net of tax		—	5	—	—
Share of other comprehensive income/(loss) from equity accounted investments, net of tax	D15	(56)	224	—	29
Exchange differences on translation of North American operations, net of tax		—	—	110	249
Other comprehensive income/(loss) for the year, net of tax		**(141)**	**671**	**54**	**278**
Total comprehensive income/(loss) for the year		**558**	**1,409**	**(134)**	**245**
Total comprehensive income/(loss) for the year is attributable to:					
Ordinary security holders of TIL		—	—	(134)	245
Ordinary unit holders of THT		576	1,326	—	—
Non-controlling interests—other		(18)	83	—	—
Total comprehensive income/(loss) for the year		**558**	**1,409**	**(134)**	**245**
		Cents	**Cents**	**Cents**	**Cents**
Earnings from continuing operations per security attributable to ordinary security holders of the stapled group	D7	**22.3**	**24.6**	**(3.1)**	**(2.2)**
Earnings per security attributable to ordinary security holders of the stapled group	D7	**22.3**	**24.6**	**(6.1)**	**(1.1)**

1. *Unless otherwise stated, statutory financial information in this report has been reclassified to present the results of A25 as discontinued operations in the current period and prior comparative period upon divestment of 50% ownership interest. Refer to Note B24 for further information.*
2. *For TIL, depreciation includes an impairment loss of $9 million.*

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2023

Transurban Holding Trust and Transurban International Limited Consolidated balance sheets as at 30 June 2023

	Note	Transurban Holding Trust 2023 $M	Transurban Holding Trust 2022 $M	Transurban International Limited 2023 $M	Transurban International Limited 2022 $M
Assets					
Current assets					
Cash and cash equivalents		141	116	242	307
Related party receivables[1]	D18	329	717	53	66
Trade and other receivables[1]		7	6	4	56
Derivative financial instruments	D11	—	22	—	—
Current tax assets		—	—	—	10
Concession notes	D18	—	136	—	—
Total current assets		**477**	**997**	**299**	**439**
Non-current assets					
Equity accounted investments	D15	4,982	5,265	3,628	3,037
Derivative financial instruments	D11	770	688	—	—
Related party receivables	D18	8,520	8,513	255	440
Concession notes	D18	1,232	1,006	—	—
Concession financial asset		—	—	—	339
Financial assets at amortised cost	D18	691	665	—	2
Property, plant and equipment		—	—	23	32
Deferred tax assets[2]	D5	5	—	33	33
Other intangible assets	D12	8,665	8,986	—	1,224
Total non-current assets		**24,865**	**25,123**	**3,939**	**5,107**
Total assets		**25,342**	**26,120**	**4,238**	**5,546**
Liabilities					
Current liabilities					
Related party payables	D18	286	315	40	21
Trade and other payables		68	74	16	27
Current tax liabilities		—	—	24	1
Borrowings	D10	249	351	—	614
Maintenance provision		—	—	—	2
Distribution provision	D6	973	776	—	—
Derivative financial instruments	D11	—	—	—	49
Construction obligation liability		26	51	—	—
Other provisions		—	—	12	17
Other liabilities		—	—	—	16
Total current liabilities		**1,602**	**1,567**	**92**	**747**
Non-current liabilities					
Maintenance provision		—	—	—	33
Deferred tax liabilities[2]	D5	—	30	926	1,099
Related party payables	D18	3,939	3,795	121	451
Borrowings	D10	7,588	7,316	—	—
Construction obligation liability		14	33	—	—
Other liabilities		87	80	11	6
Total non-current liabilities		**11,628**	**11,254**	**1,058**	**1,589**
Total liabilities		**13,230**	**12,821**	**1,150**	**2,336**
Net assets		**12,112**	**13,299**	**3,088**	**3,210**
Equity					
Contributed equity		—	—	1,042	1,030
Issued units		19,448	19,354	—	—
Reserves	D8	389	498	76	22
(Accumulated losses)/retained earnings		(8,352)	(7,286)	1,970	2,158
Non-controlling interests	D16	627	733	—	—
Total equity		**12,112**	**13,299**	**3,088**	**3,210**

1. Receivables from and payables to joint ventures have been classified as related party receivables and payables, with comparative amounts restated for consistency.

2. For THT, prior year amounts of deferred tax assets and deferred tax liabilities have been set off by $111 million. Refer to Note D5.

The above consolidated balance sheets should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2023

Transurban Holding Trust and Transurban International Limited
Consolidated statements of changes in equity for the year ended 30 June 2023

THT

	Attributable to security holders of Transurban Holding Trust					
	No of units	**Issued units**	**Reserves**	**Accumulated losses**	**Non-controlling interests**	**Total**
	M	**$M**	**$M**	**$M**	**$M**	**$M**
Balance at 1 July 2022	**3,071**	**19,354**	**498**	**(7,286)**	**733**	**13,299**
Comprehensive income/(loss)						
Profit for the year	—	—	—	687	12	699
Other comprehensive loss	—	—	(111)	—	(30)	(141)
Total comprehensive income/(loss)	**—**	**—**	**(111)**	**687**	**(18)**	**558**
Transactions with owners in their capacity as owners						
Employee performance awards issued	1	8	2	1	—	11
Distributions provided for or paid	—	—	—	(1,754)	—	(1,754)
Distribution reinvestment plan	9	86	—	—	—	86
Distributions to non-controlling interests	—	—	—	—	(88)	(88)
	10	**94**	**2**	**(1,753)**	**(88)**	**(1,745)**
Balance at 30 June 2023	**3,081**	**19,448**	**389**	**(8,352)**	**627**	**12,112**
Balance at 1 July 2021	**2,738**	**16,527**	**(91)**	**(6,825)**	**723**	**10,334**
Comprehensive income/(loss)						
Profit for the year	—	—	—	737	1	738
Other comprehensive income	—	—	589	—	82	671
Total comprehensive income	**—**	**—**	**589**	**737**	**83**	**1,409**
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs[1]	325	2,749	—	—	—	2,749
Employee performance awards issued	1	7	—	—	—	7
Distributions provided for or paid	—	—	—	(1,198)	—	(1,198)
Distribution reinvestment plan	7	71	—	—	—	71
Distributions to non-controlling interests	—	—	—	—	(73)	(73)
	333	**2,827**	**—**	**(1,198)**	**(73)**	**1,556**
Balance at 30 June 2022	**3,071**	**19,354**	**498**	**(7,286)**	**733**	**13,299**

1. Refer to the Group's consolidated statement of changes in equity for further information.

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2023

Transurban Holding Trust and Transurban International Limited
Consolidated statements of changes in equity for the year ended 30 June 2023 (continued)

TIL

	Attributable to security holders of Transurban International Limited				
	No. of securities	Contributed equity	Reserves	Retained earnings	Total equity
	M	$M	$M	$M	$M
Balance at 1 July 2022	**3,071**	**1,030**	**22**	**2,158**	**3,210**
Comprehensive income/(loss)					
Loss for the year	—	—	—	(188)	(188)
Other comprehensive income	—	—	54	—	54
Total comprehensive income/(loss)	**—**	**—**	**54**	**(188)**	**(134)**
Transactions with owners in their capacity as owners					
Employee performance awards issued	1	1	—	—	1
Distribution reinvestment plan	9	11	—	—	11
	10	**12**	**—**	**—**	**12**
Balance at 30 June 2023	**3,081**	**1,042**	**76**	**1,970**	**3,088**
Balance at 1 July 2021	**2,738**	**599**	**(256)**	**2,191**	**2,534**
Comprehensive income/(loss)					
Loss for the year	—	—	—	(33)	(33)
Other comprehensive income	—	—	278	—	278
Total comprehensive income/(loss)	**—**	**—**	**278**	**(33)**	**245**
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs[1]	325	419	—	—	419
Employee performance awards issued	1	1	—	—	1
Distribution reinvestment plan	7	11	—	—	11
	333	**431**	**—**	**—**	**431**
Balance at 30 June 2022	**3,071**	**1,030**	**22**	**2,158**	**3,210**

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2023

Transurban Holding Trust and Transurban International Limited
Consolidated statements of cash flows for the year ended 30 June 2023

	Note	Transurban Holding Trust		Transurban International Limited	
		2023 $M	**2022 $M**	**2023 $M**	**2022 $M**
Cash flows from operating activities					
Receipts from customers		1,025	944	60	85
Payments to suppliers and employees		(54)	(43)	(78)	(91)
Payments for maintenance of intangible assets		—	—	—	(6)
Transaction costs		—	—	(8)	(1)
Other cash receipts		3	—	44	78
Interest received		207	233	8	—
Interest paid		(431)	(433)	(35)	(47)
Income taxes paid		—	—	(2)	—
Net cash inflow/(outflow) from operating activities	(a)	**750**	**701**	**(11)**	**18**
Cash flows from investing activities					
Payments for financial assets at amortised cost		(22)	—	—	(17)
Repayment of financial assets at amortised cost		26	9	—	17
Capital contribution to equity accounted investments	D15	(86)	(3,373)	(115)	(162)
Payments for intangible assets		(58)	(39)	—	—
Payments for property, plant and equipment		—	—	(6)	(7)
Distributions received from equity accounted investments	D15	218	363	45	65
Receipts from concession notes		151	—	—	—
Proceeds from disposal of subsidiaries, net of cash disposed		—	—	335	—
Income taxes refunded/(paid) related to the disposal of subsidiaries		—	—	9	(178)
Net cash inflow/(outflow) from investing activities		**229**	**(3,040)**	**268**	**(282)**
Cash flows from financing activities					
Loans (to)/from related parties	(b)	(2,557)	(5,232)	(3)	(416)
Repayment of loans from/(to) related parties	(b)	3,144	6,082	(105)	(8)
Proceeds from equity issues of stapled securities (net of costs)		—	2,749	—	416
Proceeds from borrowings (net of costs)	(b)	309	474	369	—
Repayment of borrowings	(b)	(326)	(742)	(590)	(14)
Principal repayment of leases		—	—	(1)	(1)
Dividends and distributions paid to the Group's security holders		(1,431)	(919)	—	—
Distributions paid to non-controlling interests		(93)	(73)	—	—
Net cash inflow/(outflow) from financing activities		**(954)**	**2,339**	**(330)**	**(23)**
Net increase/(decrease) in cash and cash equivalents		**25**	**—**	**(73)**	**(287)**
Cash and cash equivalents at the beginning of the year		116	116	307	560
Effects of exchange rate changes on cash and cash equivalents		—	—	8	34
Cash and cash equivalents at end of year		**141**	**116**	**242**	**307**

Refer to Note B24 for cash flows from discontinued operations.

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2023

Transurban Holding Trust and Transurban International Limited
Consolidated statements of cash flows for the year ended 30 June 2023 (continued)

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Transurban Holding Trust		Transurban International Limited	
	2023 $M	**2022 $M**	**2023 $M**	**2022 $M**
Profit/(loss) for the year from continuing and discontinued operations	**699**	**738**	**(188)**	**(33)**
Depreciation and amortisation	330	328	50	64
Loss on disposal of interest in subsidiary, net of tax	—	—	80	—
Non-cash net finance costs/(income)	31	(137)	20	(47)
Capitalised interest income	(220)	(221)	—	—
Non-cash net income on concession notes	(244)	(284)	—	—
Share of losses from equity accounted investments, inclusive of impairments	119	118	49	60
Distribution income from equity accounted investments	(10)	—	—	—
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	(4)	(4)	20	26
Increase in related party operating loans	81	66	2	—
(Decrease)/increase in operating creditors and accruals	(4)	2	1	(4)
Increase/(decrease) in other operating provisions	—	—	5	(4)
(Decrease)/increase in deferred and current taxes	(35)	92	(51)	(48)
Increase in maintenance provision	—	—	1	4
Increase in other liabilities	7	3	—	—
Net cash inflow/(outflow) from operating activities	**750**	**701**	**(11)**	**18**

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2023

Transurban Holding Trust and Transurban International Limited
Consolidated statements of cash flows for the year ended 30 June 2023 (continued)

(b) Reconciliation of liabilities arising from financing activities

THT

	Borrowings current	Borrowings non-current	Debt principal related derivatives (included in assets / liabilities)[1]	Total debt related financial instruments	Net related party receivables[2]
	$M	$M	$M	$M	$M
Balance at 1 July 2022	**351**	**7,316**	**(610)**	**7,057**	**(5,175)**
Proceeds from borrowings (net of costs)	—	309	—	309	—
Repayment of borrowings	(326)	—	—	(326)	—
Loans to related parties	—	—	—	—	(2,557)
Repayment of loans from related parties	—	—	—	—	3,144
Total cash flows	**(326)**	**309**	**—**	**(17)**	**587**
Non-cash changes					
Transfer	249	(249)	—	—	—
Capitalised interest	—	—	—	—	(191)
Amortisation of borrowing costs	—	3	—	3	—
Intercompany non-cash settlements	—	—	—	—	120
Provision for impairment of intercompany loans	—	—	—	—	1
Foreign exchange movements	(25)	209	(25)	159	(2)
Total non-cash changes	**224**	**(37)**	**(25)**	**162**	**(72)**
Balance at 30 June 2023	**249**	**7,588**	**(635)**	**7,202**	**(4,660)**

1. *Total derivatives balance as at 30 June 2023 is an asset of $770 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above as they do not relate to financing activities.*
2. *Total net related party receivables balance as at 30 June 2023 is an asset of $4,624 million. The difference in carrying value to the table above relates to intercompany accruals balances which are excluded from the balances above as they do not relate to financing activities.*

	Borrowings current	Borrowings non-current	Debt principal related derivatives (included in assets / liabilities)[1]	Total debt related financial instruments	Net related party receivables[2]
	$M	$M	$M	$M	$M
Balance at 1 July 2021	**441**	**7,166**	**(205)**	**7,402**	**(5,835)**
Proceeds from borrowings (net of costs)	68	405	1	474	—
Repayment of borrowings	(462)	(279)	(1)	(742)	—
Loans to related parties	—	—	—	—	(5,232)
Repayment of loans from related parties	—	—	—	—	6,082
Total cash flows	**(394)**	**126**	**—**	**(268)**	**850**
Non-cash changes					
Transfer	304	(304)	—	—	—
Capitalised interest	—	—	—	—	(206)
Amortisation of borrowing costs	—	6	—	6	—
Intercompany non-cash settlements	—	—	—	—	24
Provision for impairment of intercompany loans	—	—	—	—	(2)
Foreign exchange movements	—	322	(405)	(83)	(6)
Total non-cash changes	**304**	**24**	**(405)**	**(77)**	**(190)**
Balance at 30 June 2022	**351**	**7,316**	**(610)**	**7,057**	**(5,175)**

1. *Total derivatives balance as at 30 June 2022 is an asset of $710 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above as they do not relate to financing activities.*
2. *Total net related party receivables balance as at 30 June 2022 is an asset of $5,120 million. The difference in carrying value to the table above relates to intercompany accruals balances which are excluded from the balances above as they do not relate to financing activities.*

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Section C: THT and TIL financial statements for the year ended 30 June 2023

Transurban Holding Trust and Transurban International Limited
Consolidated statements of cash flows for the year ended 30 June 2023 (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

TIL

	Borrowings current	Borrowings non-current	Total borrowings	Net related party payables[1]
	$M	$M	$M	$M
Balance at 1 July 2022	**614**	**—**	**614**	**10**
Proceeds from borrowings (net of costs)	—	369	369	—
Repayment of borrowings	(590)	—	(590)	—
Loans to related parties	—	—	—	(3)
Repayment of loans to related parties	—	—	—	(105)
Total cash flows	**(590)**	**369**	**(221)**	**(108)**
Non-cash changes				
Disposals through loss of control of subsidiary[2]	—	(376)	(376)	—
Transfer	—	—	—	—
Capitalised interest	—	—	—	(16)
Intercompany non-cash settlements	—	—	—	(11)
Amortisation of borrowing costs	—	2	2	—
Foreign exchange movements	(24)	5	(19)	(9)
Total non-cash changes	**(24)**	**(369)**	**(393)**	**(36)**
Balance at 30 June 2023	**—**	**—**	**—**	**(134)**

1. Total net related party receivables balance as at 30 June 2023 is an asset of $147 million. The difference in carrying value to the table above relates to intercompany accruals balances which are excluded from the balances above as they do not relate to financing activities.

2. Relates to the sale of the Group's controlling interest in A25 (refer to Note B24).

	Borrowings current	Borrowings non-current	Total borrowings	Net related party payables[1]
	$M	$M	$M	$M
Balance at 1 July 2021	**4**	**594**	**598**	**418**
Repayment of borrowings	(4)	(10)	(14)	—
Loans to related parties	—	—	—	(416)
Repayment of loans to related parties	—	—	—	(8)
Total cash flows	**(4)**	**(10)**	**(14)**	**(424)**
Non-cash changes				
Transfer	594	(594)	—	—
Capitalised interest	—	—	—	17
Intercompany non-cash settlements	—	—	—	(12)
Amortisation of borrowing costs	—	1	1	—
Foreign exchange movements	20	9	29	11
Total non-cash changes	**614**	**(584)**	**30**	**16**
Balance at 30 June 2022	**614**	**—**	**614**	**10**

1. Total net related party receivables balance as at 30 June 2022 is an asset of $34 million. The difference in carrying value to the table above relates to intercompany accruals balances which are excluded from the balances above as they do not relate to financing activities.

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Section D: Notes to the THT and TIL financial statements

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

Basis of preparation and significant changes

D1 Summary of significant changes in the current reporting period

Sale of the Group's controlling interest in A25

On 28 February 2023, TIL completed the sale of 50% of its equity interest in A25. Consequently, TIL's controlling interest in A25 was disposed of and deconsolidated from the TIL Group.

As A25 represents a major component of TIL's revenue and assets, TIL has classified its previous interest in A25 as a discontinued operation up to the date of disposal. Financial information for the current period up to the date of disposal and comparative financial information for A25 has been classified as a discontinued operation in the statement of comprehensive income. Financial information disclosed in relation to discontinued operations includes consolidation adjustments, net finance costs and income tax expense (current tax and taxable temporary differences) that are recorded outside of the legal entities which form the A25 entity, as they are directly related to the performance of A25 and the accounting for the transaction upon financial close.

Refer to Note B24 for further information.

Refer to Note B2 for other significant changes in the current reporting period.

D2 Basis of preparation

The Transurban Holding Trust Group consists of Transurban Holding Trust and the entities it controls (THT) and the Transurban International Limited Group consists of Transurban International Limited and the entities it controls (TIL). THT and TIL form part of the stapled Transurban Group.

THT is registered as a managed investment scheme under Chapter 5C of the *Corporations Act 2001*, and as a result requires a responsible entity. The responsible entity of THT is Transurban Infrastructure Management Limited (TIML). TIML is responsible for performing all functions that are required under the *Corporations Act 2001* of a responsible entity.

The Transurban Holding Trust was established on 15 November 2001 and has no termination date. The Trust was registered as a managed investment scheme by the Australian Securities and Investments Commission on 28 November 2001.

THT is a Trust registered and domiciled in Australia.

TIL is a public company limited by shares and incorporated in Australia.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal operations, in particular over the next 12 months from the financial statement release date on 16 August 2023. This is notwithstanding that the consolidated balance sheet of THT indicates a net current liability position as at 30 June 2023 of $1,125 million. Excluding related party payables, THT is in a net current liability position of $839 million.

In determining the appropriateness of the going concern basis of preparation, the Directors have considered the uncertainties related to the macroeconomic environment on THT's and TIL's liquidity and operations. The Directors consider near-term interest rate fluctuations to be primarily limited to new debt facilities due to the THT and TIL's hedging policy and profile. In addition, a number of THT's toll roads have toll escalations of CPI or greater which provides revenue protection in an inflationary environment.

THT and TIL have assessed cash flow forecasts and the ability of THT to fund its net current liability position as at 30 June 2023. This assessment indicates that THT and TIL are expected to be able to continue to operate within available liquidity levels and the terms of available debt facilities, and for THT to fund its net current liability position as at 30 June 2023 for the 12 months from the date of this report.

THT and TIL have also forecast that they do not expect to breach any financial covenants within the 12 months from the date of this report. Financial covenant forecasts utilised the same underlying cash flow forecasts as those used in the going concern assessment. Non-recourse debt financial covenants are calculated on a trailing 12-month basis.

The Directors have also taken the following matters into consideration in forming the view that THT and TIL are a going concern:

- THT has generated positive cash inflows from operating activities of $750 million for the year ended 30 June 2023;
- THT expects to refinance or repay with available cash all borrowing facilities classified as a current liability as at 30 June 2023. Under the stapled arrangement, each entity of THT and TIL is able to provide direct and/or indirect support to each other entity and its controlled entities within the Transurban Group; and
- Payment of future distributions remains at the discretion of the Board.

Refer to Note B3 for further information on the basis of preparation for the Transurban Group.

Operating performance

D3 Segment information

Refer to Note B4 for further information around the structure of the segments for the Transurban Group.

THT operating segments

Management have determined that THT has one operating segment.

THT operations involve the leasing of assets and the provision of funding to the Transurban Group or associates of the Transurban Group. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of THT are based on this one operating segment.

TIL operating segments

Management have determined that TIL has one operating segment.

TIL's operations involve the development, operation and maintenance of toll roads as well as investment in North America. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of TIL are based on this one operating segment.

Proportional segment information includes the results of discontinued operations, being A25, at proportional ownership of 100% for the period to 28 February 2023 and 50% from 1 March 2023 to 30 June 2023.

Reconciliation of segment information to statutory financial information

Segment information for North America as disclosed in the Transurban Group segment note (Note B4) is reconciled to the TIL statutory financial information below.

Segment revenue

Revenue from external customers is through toll and service and fee revenues earned on toll roads. Segment revenue reconciles to total statutory revenue as follows:

TIL	Note	2023 $M	2022 $M
Total segment revenue (proportional)		**266**	**225**
Add:			
Intragroup elimination[1]		14	17
Less:			
Proportional revenue of non-100% owned equity accounted assets[2]		(179)	(115)
Toll revenue receipts relating to the A25 concession financial asset[3]		(10)	(14)
Other revenue receipts relating to the A25 concession financial asset[3]		(10)	(15)
Revenue attributable to discontinued operations		(41)	(61)
Total statutory revenue from continuing operations	D4	**40**	**37**

1. *Statutory revenue recognised in relation to arrangements with the equity accounted investments that are eliminated for segment purposes.*
2. *Statutory financial information classifies the results of A25 as discontinued operations in the current and prior comparative period.*
3. *The Executive Committee members acting as the chief operating decision maker assesses the performance of TIL using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of A25 and are reflective of its underlying performance. Up to the date of sale of the Group's controlling interest in A25 on 28 February 2023 (refer to Note B24), for statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the original controlling interest in A25, which has been disposed of as part of the sale of A25 (refer to Note B18).*

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

D3 Segment information (continued)

Proportional EBITDA

Proportional EBITDA reconciles to (loss)/profit before income tax as follows:

TIL	2023 $M	2022 $M
Proportional EBITDA	**129**	**120**
Less: EBITDA attributable to TIL corporate activities (disclosed in corporate and other)[1]	(39)	(17)
Less: Toll and other revenue receipts relating to the A25 concession financial asset[2]	(20)	(29)
Less: Proportional EBITDA of non-100% owned equity accounted investments	(91)	(54)
Add: EBITDA from discontinued operations net of transaction costs on disposal[3]	(25)	(37)
Statutory depreciation and amortisation from continuing operations	(14)	(6)
Statutory net finance costs from continuing operations	(16)	(42)
Share of loss from equity accounted investments, inclusive of impairments from continuing operations	(49)	(60)
Statutory loss before income tax from continuing operations	**(125)**	**(125)**

1. *Relates primarily to development activities.*
2. *The Executive Committee members acting as the chief operating decision maker assesses the performance of the Group using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of A25 and are reflective of its underlying performance. Up to the date of sale of the Group's controlling interest in A25 on 28 February 2023 (refer to Note B24), for statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the original controlling interest in A25, which has been disposed of as part of the sale of A25 (refer to Note B18).*
3. *Statutory financial information classifies the results of A25 as discontinued operations. Proportional EBITDA includes $9 million transaction costs on disposal of A25 which are included within the statutory gain on disposal and not within statutory EBITDA.*

D4 Revenue

	THT 2023 $M	THT 2022 $M	TIL 2023 $M	TIL 2022 $M
Toll revenue	—	—	1	1
Rental income	966	902	—	—
Construction revenue	48	48	—	—
Other revenue	14	3	39	36
Concession fees	49	43	—	—
Total revenue from continuing operations	**1,077**	**996**	**40**	**37**

For toll revenue, construction revenue and other revenue accounting policies, refer to Note B5.

Revenue type	Recognition
Rental income	The rental income revenue stream relates to lease payments received from operating leases on the property held by THT. This income is recognised in accordance with the terms of the lease contract.
Concession fees	Other income from concession fees relates to the CityLink concession notes. Pursuant to the Agreement for the Melbourne CityLink concession deed (the Concession Deed), CityLink Melbourne Limited (CityLink) (a member of the Transurban Group), is required to pay annual concession fees for the duration of CityLink's concession period. Until a certain threshold rate of return on the project is achieved, the payment of concession fees due under the Concession Deed can be satisfied by means of non-interest bearing concession notes. Following agreements reached with the State of Victoria, the Group paid a total of $765 million to the State to have all current concession notes issued to the State assigned to Transurban Holding Trust, and the State directed CityLink to pay future concession notes to Transurban Holding Trust. Accordingly, CityLink continues to issue notes semi-annually to Transurban Holding Trust, and Transurban Holding Trust recognises concession note income from the issue of these notes, at the present value of expected future repayments.

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

D5 Income tax

Deferred tax assets and liabilities—THT

	Asset		Liability	
	2023 $M	2022 $M	2023 $M	2022 $M
The balance comprises temporary difference attributable to:				
Provisions	1	1	—	—
Derivatives and foreign exchange	165	110	(161)	(141)
Tax assets/(liabilities)	**166**	**111**	**(161)**	**(141)**
Set off of tax	(161)	(111)	161	111
Net tax assets/(liabilities)[1]	**5**	**—**	**—**	**(30)**
Movements:				
Opening balance at 1 July	**111**	**67**	**(141)**	**(6)**
Credited/(charged) to profit or loss	6	(8)	(4)	3
Credited/(charged) to equity	54	52	(20)	(138)
Transfer from deferred tax assets/liabilities	(5)	—	5	—
Other	—	—	(1)	—
Closing balance at 30 June	**166**	**111**	**(161)**	**(141)**
Deferred tax assets/(liabilities) to be recovered/(paid) after more than 12 months	**166**	**111**	**(161)**	**(141)**

1. Prior year amounts of deferred tax assets and deferred tax liabilities have been set off by $111 million.

Deferred tax assets and liabilities—TIL

	Asset		Liability	
	2023 $M	2022 $M	2023 $M	2022 $M
The balance comprises temporary difference attributable to:				
Accrued expenses	6	1	—	—
Provisions	—	12	—	—
Current and prior year losses	68	82	—	—
Fixed assets/intangibles	20	8	(3)	(350)
Derivatives and foreign exchange	8	21	—	—
Equity accounted investments	—	—	(996)	(846)
Other	4	6	—	—
Tax assets/(liabilities)	**106**	**130**	**(999)**	**(1,196)**
Set off of tax	(73)	(97)	73	97
Net tax assets/(liabilities)	**33**	**33**	**(926)**	**(1,099)**
Movements:				
Opening balance at 1 July	**130**	**77**	**(1,196)**	**(1,108)**
Credited/(charged) to profit or loss	14	17	17	(8)
Credited/(charged) to equity	(5)	2	—	—
Disposed through other comprehensive income[1]	(52)	—	316	—
Acquired[1]	—	—	(106)	—
Foreign exchange movements	2	7	(33)	(87)
Transfer from deferred tax assets/liabilities	(2)	—	2	—
Current year losses recognised/(prior year losses utilised) and under/(over) provision in prior years	19	27	1	7
Closing balance at 30 June	**106**	**130**	**(999)**	**(1,196)**
Deferred tax assets/(liabilities) to be recovered/(paid) after more than 12 months	**106**	**130**	**(999)**	**(1,196)**

1. Relates to the net impact of the sale of the Group's controlling interest in A25 and recognition of an equity accounted investment in A25 upon divestment of a 50% ownership interest (refer to Note B24).

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

Security holder outcomes

D6 Distributions

Refer to Note B10 of the Group financial statements for the dividends/distributions paid and payable by the Group.

Movements in distribution provision—THT

	Distribution to security holders $M	Distributions to non-controlling interest in subsidiaries $M	Total $M
Balance at 1 July 2022	**737**	**39**	**776**
Additional provision recognised	1,754	88	1,842
Amounts paid	(1,431)	(93)	(1,524)
Amounts reinvested	(121)	—	(121)
Balance at 30 June 2023	**939**	**34**	**973**
Balance at 1 July 2021	**561**	**39**	**600**
Additional provision recognised	1,198	73	1,271
Amounts paid	(919)	(73)	(992)
Amounts reinvested	(103)	—	(103)
Balance at 30 June 2022	**737**	**39**	**776**

D7 Earnings per stapled security

Reconciliation of earnings used in calculating earnings per security

		THT		TIL
	2023	2022	2023	2022
Profit/(loss) attributable to ordinary security holders ($M)				
Continuing operations	687	737	(96)	(67)
Discontinued operations	—	—	(92)	34
Total	**687**	**737**	**(188)**	**(33)**
Weighted average number of securities (M)	3,076	2,991	3,076	2,991
Basic and diluted earnings per security attributable to the ordinary security holders (cents)				
Continuing operations	22.3	24.6	(3.1)	(2.2)
Discontinued operations	—	—	(3.0)	1.1
Total	**22.3**	**24.6**	**(6.1)**	**(1.1)**

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

Capital and borrowings

D8 Reserves

Refer to Note B12 for a description of the nature and purpose of each reserve.

THT

	Cash flow hedges $M	Cost of hedging $M	Share based payments $M	Total $M
Balance at 1 July 2022	**493**	**1**	**4**	**498**
Revaluation—gross	(77)	—	—	(77)
Share based payments	—	—	2	2
Deferred tax	22	—	—	22
Share of other comprehensive loss of equity accounted investments, net of tax	(53)	(3)	—	(56)
Balance at 30 June 2023	**385**	**(2)**	**6**	**389**
Balance at 1 July 2021	**(96)**	**1**	**4**	**(91)**
Revaluation—gross	414	5	—	419
Deferred tax	(52)	(2)	—	(54)
Share of other comprehensive income/(loss) of equity accounted investments, net of tax	227	(3)	—	224
Balance at 30 June 2022	**493**	**1**	**4**	**498**

TIL

	Cash flow hedges $M	Share based payments $M	Foreign currency translation $M	Transactions with non-controlling interests $M	Total $M
Balance at 1 July 2022	**28**	**1**	**51**	**(58)**	**22**
Revaluation—gross	19	—	—	—	19
Currency translation differences	—	—	110	—	110
Gains reclassified on disposal of subsidiary, net of tax	(14)	—	(56)	—	(70)
Deferred tax	(5)	—	—	—	(5)
Balance at 30 June 2023	**28**	**1**	**105**	**(58)**	**76**
Balance at 1 July 2021	**(1)**	**1**	**(198)**	**(58)**	**(256)**
Currency translation differences	—	—	249	—	249
Share of other comprehensive income of equity accounted investments, net of tax	29	—	—	—	29
Balance at 30 June 2022	**28**	**1**	**51**	**(58)**	**22**

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

D9 Net finance income/(costs)

	THT 2023 $M	THT 2022 $M	TIL 2023 $M	TIL 2022 $M
Finance income				
Interest income from related parties	388	424	16	14
Interest income on bank deposits held at amortised cost	3	—	7	—
Unrealised remeasurement gain attributable to derivative financial instruments	—	20	—	—
Interest income on financial assets at amortised cost	34	20	—	1
Unwind of discount and remeasurement of financial assets at amortised cost	13	32	—	1
Unwind of discount and remeasurement of concession notes receivable	192	243	—	—
Unwind of discount and remeasurement of liabilities—promissory notes	—	3	—	—
Unwind of discount and remeasurement of liabilities—shareholder loan note commitments	1	—	—	—
Movement in impairment provisions on related party receivables	1	2	1	—
Net foreign exchange gains	2	6	—	—
Total finance income	**634**	**750**	**24**	**16**
Finance costs				
Interest and finance charges paid/payable	(498)	(494)	(29)	(36)
Unrealised remeasurement loss attributable to derivative financial instruments	(5)	—	—	—
Unwind of discount and remeasurement of liabilities—promissory notes	(1)	—	—	—
Unwind of discount and remeasurement of liabilities—construction obligation liability	(3)	(5)	—	—
Net foreign exchange losses	—	—	(11)	(21)
Movement in impairment provisions on related party receivables	—	—	—	(1)
Total finance costs	**(507)**	**(499)**	**(40)**	**(58)**
Net finance income/(costs) from continuing operations	**127**	**251**	**(16)**	**(42)**

Unwind of discount and remeasurement of concession notes receivable

Remeasurement of concession notes represents the discount unwind on these notes and the change in the payment profile of the concession notes.

Unrealised remeasurement (loss)/gain attributable to derivative financial instruments

Refer to Note B13 for further information on the unrealised remeasurement (loss)/gain attributable to derivative financial instruments.

D10 Borrowings

Refer to Note B14 for a description of each facility type.

	THT 2023 $M	THT 2022 $M	TIL 2023 $M	TIL 2022 $M
Current				
Capital markets debt	200	304	—	—
US private placement	—	—	—	225
Term debt	49	47	—	389
Total current borrowings	**249**	**351**	**—**	**614**
Non-current				
Capital markets debt	2,193	2,275	—	—
US private placement	2,822	2,729	—	—
Term debt	2,573	2,312	—	—
Total non-current borrowings	**7,588**	**7,316**	**—**	**—**
Total borrowings	**7,837**	**7,667**	**—**	**614**

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

D11 Derivatives and financial risk management

The instruments used by the Group are described in Note B15.

	2023 $M Current THT	2023 $M Current TIL	2023 $M Non-current THT	2023 $M Non-current TIL	2022 $M Current THT	2022 $M Current TIL	2022 $M Non-current THT	2022 $M Non-current TIL
Assets								
Interest rate swap contracts	—	—	259	—	—	—	262	—
Cross currency interest rate swap contracts	—	—	511	—	22	—	426	—
Total derivative financial instrument assets	**—**	**—**	**770**	**—**	**22**	**—**	**688**	**—**
Liabilities								
Interest rate swap contracts	—	—	—	—	—	49	—	—
Total derivative financial instrument liabilities	**—**	**—**	**—**	**—**	**—**	**49**	**—**	**—**

Market risk

Foreign exchange risk

The effects of the foreign currency related hedging instruments on THT's financial position and performance are as follows:

THT

	2023 $M	2022 $M
Cross-currency interest rate swaps		
Carrying amount	511	448
Notional amount	3,630	3,909
Hedge ratio	1:1	1:1
Increase in fair value of outstanding hedging instruments since inception	123	615
Decrease in value of hedged item used to determine hedge effectiveness	(119)	(636)

Maturity profile—notional value of cross-currency interest rate swaps are as follows:

THT

2023 $M	Less than 12 months	1–5 years	Over 5 years	Total nominal amount
Cross-currency interest rate swaps (AUD:USD)[1]	**—**	**1,015**	**1,128**	**2,143**
Average AUD-USD exchange rate	—	0.77	0.74	NA[3]
Average fixed interest rate[2]	—	5.2%	4.8%	NA[3]
Cross-currency interest rate swaps (AUD:CHF)[4]	**—**	**375**	**190**	**565**
Average AUD-CHF exchange rate	—	0.74	0.71	NA[3]
Average fixed interest rate[2]	—	4.5%	3.3%	NA[3]

2022 $M	Less than 12 months	1–5 years	Over 5 years	Total nominal amount
Cross-currency interest rate swaps (AUD:USD)[1]	**—**	**285**	**1,858**	**2,143**
Average AUD-USD exchange rate	—	0.76	0.75	NA[3]
Average fixed interest rate[2]	—	5.2%	4.9%	NA[3]
Cross-currency interest rate swaps (AUD:CHF)[4]	**200**	**375**	**190**	**765**
Average AUD-CHF exchange rate	0.72	0.74	0.71	NA[3]
Average fixed interest rate[2]	4.6%	4.5%	3.3%	NA[3]

1. Balances are presented in USD currency.

2. Based on average fixed rate of cross currency swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

3. NA—Not applicable.

4. Balances are presented in CHF currency.

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

D11 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Effectiveness of hedging relationships designated are as follows:

THT

2023 $M	Hedge gains recognised in other comprehensive income	Hedge ineffectiveness losses/(gains) recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Foreign currency risk	(65)	2	Net finance costs	—	Net finance costs

2022 $M					
Foreign currency risk	(543)	(20)	Net finance costs	—	Net finance costs

Exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises, was as follows:

		THT		THT		TIL
	2023	2022	2023	2022	2023	2022
	USD	USD	CHF	CHF	AUD	AUD
	$M	$M	$M	$M	$M	$M
Receivables	588	588	—	—	262	449
Payables	(553)	(553)	—	—	(27)	(28)
Borrowings	(2,143)	(2,143)	(565)	(765)	—	—
Cross-currency interest rate swaps	2,143	2,143	565	765	—	—
Net exposure	**35**	**35**	**—**	**—**	**235**	**421**

Sensitivity to exchange rate movements based on the translation of financial instruments held at the end of the period is as follows:

THT	Movement in post-tax profit		Increase/(decrease) in equity	
	2023 $M	2022 $M	2023 $M	2022 $M
AUD/USD				
+ 10 cents	(5)	(5)	(6)	(18)
– 10 cents	7	6	8	25
AUD/CHF				
+ 10 cents	—	—	1	(9)
– 10 cents	—	—	(2)	12

TIL	Movement in post-tax profit		Increase/(decrease) in equity	
	2023 $M	2022 $M	2023 $M	2022 $M
USD/AUD				
+ 10 cents	13	13	—	—
– 10 cents	(15)	(15)	—	—

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

D11 Derivatives and financial risk management (continued)

Interest rate risk

The effects of the interest rate related hedging instruments on THT's financial position and performance are as follows:

THT

	2023 $M	2022 $M
Interest rate swaps		
Carrying amount	259	262
Notional amount[1]	2,448	2,903
Hedge ratio	1:1	1:1
Increase in fair value of outstanding hedging instruments	87	352
Decrease in value of hedged item used to determine hedge effectiveness since 1 July	(89)	(357)
Weighted average hedged rate for the year	100%	100%

1. The notional amounts above include $nil (2022: $407 million) of forward starting swaps which are hedging the same underlying interest rate exposures and therefore not included in the net exposure to interest rate risk table.

Maturity profile—notional value of interest rate swaps are as follows:

THT

2023 $M	Less than 12 months	1-5 years	Over 5 years	Total notional amount
Interest rate swaps	—	1,028	1,420	2,448
Average fixed interest rate[1]	0.0%	1.6%	1.9%	NA[2]
2022 $M				
Interest rate swaps	408	868	1,627	2,903
Average fixed interest rate[1]	2.2%	1.5%	1.9%	NA[2]

1. Based on average fixed rate of interest rate swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

Effectiveness of hedging relationships designated are as follows:

THT

2023 $M	Hedge losses/(gains) recognised in other comprehensive income	Hedge ineffectiveness losses/(gains) recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Interest rate risk	3	—	Net finance costs	—	Net finance costs
2022 $M					
Interest rate risk	(313)	—	Net finance costs	—	Net finance costs

THT and TIL are not materially impacted by movements in interest rates. As at the reporting date, THT and TIL had the following variable rate cash and cash equivalents, borrowings and interest rate swap contracts outstanding:

	THT 2023 $M	2022 $M	TIL 2023 $M	2022 $M
Cash and cash equivalents	141	116	242	307
Floating rate borrowings	(2,790)	(2,528)	—	(390)
Interest rate swaps (notional principal amount)	2,448	2,495	—	408
Net exposure to interest rate risk	**(201)**	**83**	**242**	**325**

D11 Derivatives and financial risk management (continued)

Interest rate risk (continued)

Sensitivity to interest rate movements based on variable rate obligations is as follows:

	THT		TIL	
	2023 $M	2022 $M	2023 $M	2022 $M
Interest rates +100bps	(2)	1	2	3
Interest rates –100bps	2	(1)	(2)	(3)

Liquidity risk

Contractual maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted cash flows of THT and TIL's financial liabilities. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period. For further information refer to Note B15.

THT

2023 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	68	—	—	—	—	—	68	68
Borrowings	845	939	1,053	802	1,566	4,266	9,471	7,837
Related party payables	138	1,121	1,769	69	69	1,546	4,712	4,225
Interest rate swaps[1]	(66)	(53)	(37)	(30)	(31)	(102)	(319)	(259)
Cross-currency interest rate swaps[1]	31	31	23	14	9	27	135	(511)
Concession notes	—	—	—	—	—	268	268	87
Total	**1,016**	**2,038**	**2,808**	**855**	**1,613**	**6,005**	**14,335**	**11,447**

2022 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	74	—	—	—	—	—	74	74
Borrowings	588	542	842	1,089	761	5,690	9,512	7,667
Related party payables	134	134	1,044	1,675	164	1,400	4,551	4,110
Interest rate swaps[1]	(20)	(53)	(42)	(37)	(33)	(133)	(318)	(262)
Cross-currency interest rate swaps[1]	47	36	36	29	19	49	216	(448)
Concession notes	—	—	—	—	—	254	254	80
Total	**823**	**659**	**1,880**	**2,756**	**911**	**7,260**	**14,289**	**11,221**

1. The carrying value of the interest rate and cross-currency swaps are presented on a net basis. The gross position is disclosed in the first table of Note D11.

TIL

2023 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	16	—	—	—	—	—	16	16
Related party payables	8	8	8	8	8	231	271	161
Lease liabilities	—	1	1	1	1	9	13	11
Total	**24**	**9**	**9**	**9**	**9**	**240**	**300**	**188**

2022 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	27	—	—	—	—	—	27	27
Borrowings	634	—	—	—	—	—	634	614
Related party payables	36	29	29	29	29	890	1,042	472
Interest rate swaps	5	6	6	6	5	30	58	49
Lease liabilities	1	1	1	1	1	—	5	6
Total	**703**	**36**	**36**	**36**	**35**	**920**	**1,766**	**1,168**

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

Concession summary

Refer to the Concession summary section of the Group financial statements for the intangible assets, concession note and promissory note accounting policies.

D12 Other intangible assets

2023 $M	Concession assets THT	 TIL	Assets under construction THT	 TIL	Total THT	 TIL
Cost	12,144	—	377	—	12,521	—
Accumulated amortisation	(3,798)	—	(58)	—	(3,856)	—
Net carrying amount	**8,346**	**—**	**319**	**—**	**8,665**	**—**

2022 $M	Concession assets THT	 TIL	Assets under construction THT	 TIL	Total THT	 TIL
Cost	12,141	1,470	371	—	12,512	1,470
Accumulated amortisation	(3,482)	(246)	(44)	—	(3,526)	(246)
Net carrying amount	**8,659**	**1,224**	**327**	**—**	**8,986**	**1,224**

Movement in other intangible assets

	Concession assets THT $M	 TIL $M	Assets under construction THT $M	 TIL $M	Total THT $M	 TIL $M
Opening balance at 1 July 2022	**8,659**	**1,224**	**327**	**—**	**8,986**	**1,224**
Additions	—	—	9	—	9	—
Foreign exchange movements and other adjustments	—	(34)	—	—	—	(34)
Amortisation charge	(315)	(36)	(15)	—	(330)	(36)
Disposals through loss of control of subsidiary[1]	—	(1,154)	—	—	—	(1,154)
Net carrying amount at 30 June 2023	**8,346**	**—**	**319**	**—**	**8,665**	**—**
Opening balance at 1 July 2021	**8,972**	**1,223**	**342**	**2**	**9,314**	**1,225**
Foreign exchange movements and other adjustments	—	59	—	(2)	—	57
Amortisation charge	(313)	(58)	(15)	—	(328)	(58)
Net carrying amount at 30 June 2022	**8,659**	**1,224**	**327**	**—**	**8,986**	**1,224**

1. Relates to the sale of the Group's controlling interest in A25 (refer to Note B24).

D13 Concession financial asset

TIL's only concession financial asset related to A25, which was disposed of as part of the sale of the Group's controlling interest in A25 on 28 February 2023 (refer to Note B24). Refer to Note B18 for a reconciliation of movements in the A25 concession financial asset.

D14 Other liabilities—concession liabilities

Refer to Note B21 for further information on these concession liabilities.

M2 Motorway (THT)

The face value of promissory notes on issue as at 30 June 2023 is $268 million (2022: $254 million). The net present value as at 30 June 2023 of the redemption payments relating to these promissory notes is $86 million (2022: $80 million).

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

Group structure

D15 Equity accounted investments

Set out below is the summarised financial information for those joint ventures and associates that are material to THT and TIL. The summarised financial information presented below is on a 100 per cent basis. Refer to Note B25 for the details of the STP JV, NWRG and TC, A25 and AM Partners equity accounted investments.

Set out below is the reconciliation of the carrying value of equity accounted investments.

	THT STP JV $M	THT NWRG Trust $M	THT Total $M	TIL TC $M	TIL A25 $M	TIL AM Partners $M	TIL Total $M
Opening carrying value at 1 July 2022	**5,226**	**39**	**5,265**	**3,013**	**—**	**24**	**3,037**
Acquisition	—	—	—	—	434	—	434
Group's share of profit/(loss), inclusive of impairment[1]	(159)	40	(119)	(14)	(1)	(34)	(49)
Group's share of other comprehensive income/(loss)	(59)	3	(56)	—	—	—	—
Distributions received[2]	(112)	(96)	(208)	(33)	(12)	—	(45)
Foreign exchange movements	—	—	—	118	17	1	136
Capital contributions[3]	86	—	86	106	—	9	115
Fair value adjustment on recognition of shareholder loan notes (SLN) commitments[4]	—	14	14	—	—	—	—
Closing carrying value at 30 June 2023	**4,982**	**—**	**4,982**	**3,190**	**438**	**—**	**3,628**
Opening carrying value at 1 July 2021	**2,073**	**76**	**2,149**	**2,714**	**—**	**—**	**2,714**
Group's share of profit/(loss), inclusive of impairment	(158)	40	(118)	(60)	—	—	(60)
Group's share of other comprehensive income	216	8	224	29	—	—	29
Distributions received	(278)	(85)	(363)	(65)	—	—	(65)
Foreign exchange movements	—	—	—	255	—	1	256
Capital contributions[2]	3,373	—	3,373	139	—	23	162
Fair value adjustment on issuance of loan receivable	—	—	—	1	—	—	1
Closing carrying value at 30 June 2022	**5,226**	**39**	**5,265**	**3,013**	**—**	**24**	**3,037**

1. During the year ended 30 June 2023, the Group recorded a $6 million impairment of its investment in AM Partners. Refer to Note B25 further details.

2. Total distributions of $106 million paid by NWRG Trust in FY23 exceeds the pre-distribution carrying value of NWRG Trust equity accounted investment balance as at 30 June 2023 by $10 million. As a result, $10 million has been recorded as other revenue in the profit and loss.

3. Capital contributions for AM Partners includes $nil (2022: $6 million) of costs capitalised as part of the cost of the equity accounted investment.

4. During the year, SLN commitments under a new SLN facility were made. The SLN commitments were recorded at fair value on initial recognition and the difference between the nominal value of the SLN commitments and the fair value was treated as a contribution to the equity accounted investment in NWRG (2022: TC loans were issued).

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

D15 Equity accounted investments (continued)

Summarised financial information of equity accounted investments

Set out below is the summarised financial information for those joint ventures and associates that are material to THT and TIL. The summarised financial information presented below is on a 100 per cent basis for each equity accounted investment.

Summarised balance sheet—100%

	THT STP JV $M	THT NWRG Trust $M	THT Total $M	TIL TC $M	TIL A25[1] $M	TIL AM Partners $M	TIL Total $M
2023							
Cash and cash equivalents	562	—	562	420	38	—	458
Other current assets	144	—	144	24	57	6	87
Non-current assets	16,942	1,941	18,883	10,182	1,306	—	11,488
Current financial liabilities	(998)	(23)	(1,021)	(9)	—	—	(9)
Other current liabilities	(92)	—	(92)	(190)	(26)	(6)	(222)
Non-current financial liabilities	(9,350)	(2,050)	(11,400)	(3,759)	(499)	—	(4,258)
Other non-current liabilities	10	—	10	(291)	(1)	—	(292)
Net assets/(liabilities)	**7,218**	**(132)**	**7,086**	**6,377**	**875**	**—**	**7,252**
2022							
Cash and cash equivalents	565	—	565	483	—	—	483
Other current assets	426	—	426	18	—	—	18
Non-current assets	16,903	2,003	18,906	9,549	—	130	9,679
Current financial liabilities	(1,496)	(18)	(1,514)	—	—	—	—
Other current liabilities	(120)	(2)	(122)	(178)	—	(100)	(278)
Non-current financial liabilities	(8,581)	(1,997)	(10,578)	(3,616)	—	—	(3,616)
Other non-current liabilities	9	—	9	(232)	—	—	(232)
Net assets/(liabilities)	**7,706**	**(14)**	**7,692**	**6,024**	**—**	**30**	**6,054**

Summarised statement of comprehensive income—100%

	THT STP JV $M	THT NWRG Trust $M	THT Total $M	TIL TC $M	TIL A25[1] $M	TIL AM Partners $M	TIL Total $M
2023							
Revenue	396	169	565	337	20	—	357
Construction revenue	139	—	139	356	—	—	356
Depreciation and amortisation	(383)	(34)	(417)	(135)	(17)	—	(152)
Impairment	—	—	—	—	—	(32)	(32)
Other expenses	(8)	(5)	(13)	(150)	(7)	(15)	(172)
Construction costs	(139)	—	(139)	(356)	—	—	(356)
Net finance income/(costs)	(322)	(44)	(366)	(79)	2	—	(77)
Income tax expense	—	(6)	(6)	—	—	—	—
Profit/(loss) for the year	**(317)**	**80**	**(237)**	**(27)**	**(2)**	**(47)**	**(76)**
Other comprehensive income/(loss)	(118)	6	(112)	—	—	—	—
Total comprehensive income/(loss)	**(435)**	**86**	**(349)**	**(27)**	**(2)**	**(47)**	**(76)**
2022							
Revenue	293	153	446	229	—	—	229
Construction revenue	288	—	288	261	—	—	261
Depreciation and amortisation	(351)	(34)	(385)	(124)	—	—	(124)
Other expenses	(17)	(1)	(18)	(121)	—	—	(121)
Construction costs	(288)	—	(288)	(261)	—	—	(261)
Net finance costs	(316)	(38)	(354)	(106)	—	—	(106)
Income tax expense	—	(2)	(2)	—	—	—	—
Profit/(loss) for the year	**(391)**	**78**	**(313)**	**(122)**	**—**	**—**	**(122)**
Other comprehensive income	566	15	581	61	—	—	61
Total comprehensive income/(loss)	**175**	**93**	**268**	**(61)**	**—**	**—**	**(61)**

1. The summarised statement of comprehensive income for A25 is presented from the date of sale of the Group's controlling interest in A25 on 28 February 2023.

D15 Equity accounted investments (continued)

The following table reconciles the above summarised financial information presented on a 100 per cent basis to the proportional amounts recognised by THT and TIL:

	THT STP JV $M	THT NWRG Trust $M	THT Total $M	TIL TC $M	TIL A25 $M	TIL AM Partners $M	TIL Total $M
2023							
Ownership interest	**50 %**	**50 %**		**50 %**	**50 %**	**60 %**	
Proportional total comprehensive income/(loss)	(218)	43	(175)	29	(1)	(28)	—
Amortisation of fair value uplift and other adjustments	—	—	—	(43)	—	—	(43)
Impairment of capitalised costs	**—**	**—**	**—**	**—**	**—**	**(6)**	**(6)**
Group's share of total comprehensive income/(loss)	**(218)**	**43**	**(175)**	**(14)**	**(1)**	**(34)**	**(49)**
2022							
Ownership interest	**50 %**	**50 %**		**50 %**	**100 %**	**60 %**	
Proportional total comprehensive income/(loss)	58	48	106	(79)	—	—	(79)
Amortisation of fair value uplift and other adjustments	—	—	—	48	—	—	48
Group's share of total comprehensive income/(loss)	**58**	**48**	**106**	**(31)**	**—**	**—**	**(31)**

D16 Non-controlling interests—other

Set out below is summarised financial information for each material subsidiary that has non-controlling interests that are material and external to THT and the total external NCI. The amounts disclosed for each subsidiary are before cross-staple eliminations.

THT

	Transurban Queensland Invest Trust		Airport Motorway Trust		Total NCI	
	37.50%	37.50%	24.90%	24.90%		
	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M
Summarised balance sheet						
Current assets	74	302	49	51	123	353
Non-current assets	7,452	7,257	658	723	8,110	7,980
Current liabilities	(268)	(359)	(188)	(205)	(456)	(564)
Non-current liabilities	(5,723)	(5,383)	(316)	(365)	(6,039)	(5,748)
Net assets	**1,535**	**1,817**	**203**	**204**	**1,738**	**2,021**
Carrying amount of NCI	**576**	**682**	**51**	**51**	**627**	**733**
Summarised statement of comprehensive income						
Revenue	442	392	12	10	454	402
Profit/(loss) for the year	**32**	**(1)**	**—**	**5**	**32**	**4**
Other comprehensive income/(loss)	(79)	202	—	28	(79)	230
Total comprehensive income/(loss)	**(47)**	**201**	**—**	**33**	**(47)**	**234**
Profit allocated to NCI	**12**	**—**	**—**	**1**	**12**	**1**
Other comprehensive income/(loss) allocated to NCI	**(30)**	**76**	**—**	**6**	**(30)**	**82**
Summarised cash flows						
Cash flows from operating activities	251	188	—	4	251	192
Cash flows from investing activities	(9)	(1)	—	—	(9)	(1)
Cash flows from financing activities	(232)	(189)	(3)	—	(235)	(189)
Net increase/(decrease) in cash and cash equivalents	**10**	**(2)**	**(3)**	**4**	**7**	**2**

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

D17 Deed of cross and intra-group guarantees

Deed of cross guarantee

Transurban International Limited, Transurban International Holdings Pty Ltd, Transurban Maple Holdings Pty Ltd, Transurban Maple Investments Pty Ltd, Transurban Technology Investments Holdings Pty Ltd and Transurban Technology Investments Pty Ltd are party to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Instrument 2016/785 issued by the Australian Securities and Investments Commission. The companies represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by TIL, they also represent the 'extended closed group'.

Set out below is the summary financial information of the closed group.

	2023 $M	2022 $M
Summarised statement of comprehensive income		
Revenue	188	3
Net finance costs	5	(9)
Profit/(loss) before income tax	**193**	**(6)**
Income tax (expense)/benefit	(2)	30
Profit for the year from continuing operations	**191**	**24**
Profit for the year from discontinued operations	**56**	**—**
Profit for the year from continuing and discontinued operations	**247**	**24**
Total comprehensive income for the year	**247**	**24**

D17 Deed of cross and intra-group guarantees (continued)

Deed of cross guarantee (continued)

	2023 $M	2022 $M
Summarised movements in retained earnings		
Retained earnings at the beginning of the year	1,004	980
Profit for the year	247	24
Retained earnings at the end of the year	**1,251**	**1,004**
Summarised balance sheet		
Current assets		
Trade and other receivables	6	8
Total current assets	**6**	**8**
Non-current assets		
Other financial assets	2,710	2,371
Deferred tax assets	32	33
Total non-current assets	**2,742**	**2,404**
Total assets	**2,748**	**2,412**
Current liabilities		
Total current liabilities	**—**	**—**
Non-current liabilities		
Total non-current liabilities	**—**	**—**
Total liabilities	**—**	**—**
Net assets	**2,748**	**2,412**
Equity		
Contributed equity	1,042	1,031
Other reserves	455	377
Retained earnings	1,251	1,004
Total equity	**2,748**	**2,412**

Intra–group guarantees

As at 30 June 2023, the Transurban Group comprises Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited, traded and quoted on the ASX as one triple stapled security. Under the stapling arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Group on a continual basis.

Expected credit loss

As at 30 June 2023, having assessed the impact from the economic uncertainties related to the macroeconomic environment and COVID-19 recovery, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost in the closed group. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected credit losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near-term. As at 30 June 2023, the loss allowance was $1 million (2022: $1 million), reflecting management's updated estimate of the collectability of these balances.

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

Other

D18 Related party transactions

THT	THL[1]		Joint ventures	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Transactions with related parties				
Rental income	966,101	902,420	—	—
Concession fees	49,422	42,951	—	—
Interest income	388,339	423,520	—	—
Intercompany dividends	10,864	—	—	—
Finance income on financial assets at amortised cost	—	—	47,518	51,683
Interest and finance charges paid/payable	(184,217)	(183,481)	—	—
Other expenses	(4,767)	(4,538)	—	—
Outstanding balances with related parties				
Current receivables	329,088	716,620	—	—
Current concession notes	—	135,540	—	—
Non-current receivables	8,519,893	8,513,097	—	—
Non-current financial assets at amortised cost[2]	—	—	690,601	665,200
Non-current concession notes	1,231,652	1,005,550	—	—
Current liabilities	(286,124)	(315,405)	—	—
Non-current liabilities	(3,939,182)	(3,794,727)	—	—

1. Transactions and outstanding balances between THT and THL.

2. During the year, SLN commitments under a new NWRG SLN facility were made. The SLN commitments and SLNs issued under the same NWRG SLN facility are considered combined financial instruments and presented on a net basis. The asset position as at 30 June 2023 reflects the SLNs issued during the year and forecast SLN commitment allocation between THT and THL.

Expected credit loss

As at 30 June 2023, having assessed the impact from the economic uncertainties related to the macroeconomic environment and COVID-19 recovery, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost by THT. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected credit losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near-term. As at 30 June 2023 the loss allowance was $26,000 thousand (2022: $27,000 thousand), reflecting management's updated estimate of the collectability of these balances.

TIL	THL[1]		Joint ventures	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Transactions with related parties				
Revenue from services	—	—	28,469	24,798
Interest income	15,778	14,256	—	—
Interest expense	(21,966)	(27,758)	—	—
Other expenses	(17,333)	(13,244)	—	—
Outstanding balances with related parties				
Current receivables	13,861	28,883	39,581	36,995
Non-current receivables	255,020	439,668	—	—
Non-current financial assets at amortised cost	—	—	—	1,889
Current liabilities	(24,276)	(14,207)	(15,892)	(7,074)
Non-current liabilities	(120,932)	(451,131)	—	—

1. Transactions and outstanding balances between TIL and THL.

Section D: Notes to the THT and TIL financial statements for the year ended 30 June 2023

D19 Parent entity disclosures

Summary financial information

The individual financial statements for the parent entities (THT and TIL) show the following aggregate amounts:

	THT 2023 $M	THT 2022 $M	TIL 2023 $M	TIL 2022 $M
Balance sheet				
Current assets	467	718	315	350
Total assets	19,264	19,680	1,566	1,493
Current liabilities	2,127	1,836	—	—
Total liabilities	3,972	3,683	—	—
Net assets	**15,292**	**15,997**	**1,566**	**1,493**
Shareholder's equity	19,448	19,354	1,042	1,030
Reserves	4	3	228	172
(Accumulated losses)/retained earnings	(4,160)	(3,360)	296	291
Total equity	**15,292**	**15,997**	**1,566**	**1,493**
Profit for the year	954	1,022	5	25
Exchange differences on translation of USD balances, net of tax	—	—	56	109
Total comprehensive income	**954**	**1,022**	**61**	**134**

Expected credit loss

As at 30 June 2023, having assessed the impact from the economic uncertainties related to the macroeconomic environment and COVID-19 recovery, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the financial assets at amortised cost in each respective parent entity. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected credit losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near-term. As at 30 June 2023 the loss allowance was $4 million for THT (2022: $5 million) and $2 million for TIL (2022: $2 million), reflecting management's updated estimate of the collectability of these balances.

Guarantees entered into by the parent entity

There are cross guarantees given by Transurban International Limited, Transurban International Holdings Pty Ltd, Transurban Maple Holdings Pty Ltd, Transurban Maple Investments Pty Ltd, Transurban Technology Investments Holdings Pty Ltd and Transurban Technology Investments Pty Ltd as described in Note D17.

Section E: Signed reports

Directors' Declaration

In accordance with a resolution of the Directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited (as the responsible entity of Transurban Holding Trust) and Transurban International Limited (collectively referred to as 'the Directors'), the Directors declare that:

1) In the opinion of the Directors:

   a) the financial statements and notes of Transurban Holdings Limited and its controlled entities ('Transurban Holdings Limited Group'), including Transurban Holding Trust and its controlled entities ('Transurban Holding Trust Group') and Transurban International Limited and its controlled entities ('Transurban International Limited Group') set out on pages 120 to 213 ('Financial Statements') are in accordance with the *Corporations Act 2001* (Cth), including:

      i. complying with the applicable Accounting Standards and the *Corporations Regulations 2001* (Cth); and

      ii. giving a true and fair view of the financial position of the Transurban Holdings Limited Group, Transurban Holding Trust Group and Transurban International Limited Group as at 30 June 2023 and of their performance for the financial year ended on that date; and

   b) there are reasonable grounds to believe that the Transurban Holdings Limited Group, Transurban Holding Trust Group and Transurban International Limited Group will be able to pay their debts as and when they become due and payable.

2) At the date of this declaration, there are reasonable grounds to believe that the members of each of the extended closed groups described in Notes B27 and D17 will be able to meet any liabilities to which they are, or may become, subject because of the deeds of cross guarantee described in Notes B27 and D17.

3) Note B3 on page 124 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

4) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth) from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors.

Craig Drummond
Director

Scott Charlton
Director

Melbourne
16 August 2023

pwc

Independent auditor's report

To the stapled security holders of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited

Report on the audits of the financial reports

Our opinion

In our opinion:

The accompanying financial reports of Transurban Holdings Limited (THL or the Company) and its controlled entities (together the Transurban Group or the Group), Transurban Holding Trust (the Trust) and its controlled entities (together THT) and Transurban International Limited (the International Company) and its controlled entities (together TIL) are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial positions of Transurban Group, THT and TIL as at 30 June 2023 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial reports (the financial reports) of Transurban Group, THT and TIL comprise:

- the consolidated balance sheet(s) as at 30 June 2023
- the consolidated statement(s) of comprehensive income for the year then ended
- the consolidated statement(s) of changes in equity for the year then ended
- the consolidated statement(s) of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audits in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Transurban Group, THT and TIL in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audits to ensure that we performed enough work to be able to give an opinion on the financial reports as a whole, taking into account the geographic and management structure of the Transurban Group, THT and TIL, their accounting processes and controls and the industry in which they operate.

Group Materiality

- For the purpose of our audit of the Group we used overall Group materiality of $52.7 million, which represents approximately 2.5% of the Group's adjusted earnings before interest, tax, depreciation and amortisation (EBITDA).
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose EBITDA as the benchmark because, in our view, it is the metric against which the performance of the Transurban Group is most commonly measured and is a commonly accepted benchmark. We chose 2.5% based on our professional judgement, noting that it is within the common range relative to EBITDA benchmarks.

Audit Scope

- Our audit focused on where the Transurban Group, THT and TIL made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We conducted audits of the financial reports for each of the Transurban Group, THT and TIL, including substantive audit procedures in respect of the operation of each of the toll road concessions and equity accounted investments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audits of the financial reports for the current period. The key audit matters were addressed in the context of our audits of the financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

pwc

Recording of toll revenue

Group – Note B5	THT	TIL – Note D4
Toll revenue: $2,831m	Toll revenue - not applicable	Toll Revenue: $1m

Key audit matter	How our audit addressed the key audit matter
The Transurban Group operates toll roads in 4 geographic segments: Melbourne, Sydney and Brisbane in Australia and North America. The recording of revenue is reliant on tolling equipment and IT systems. These tolling equipment and IT systems are customised complex systems with automated processes and controls over the identification of vehicle type, calculation of fare and linking the vehicle to the customer's account for billing purposes or obtaining information from local transport authorities for vehicles that have not made a valid billing arrangement. Every toll road operates under a different concession deed which governs the means by which customers are charged. We considered this to be a key audit matter for the Group and TIL (for the 8 month period prior to divestment of the controlling interest in A25) due to the large volume of transactions that were processed in the year, the unique nature of each toll road and the reliance on bespoke information technology systems and controls.	Our procedures included, amongst others: • Together with PwC IT specialists, we developed an understanding and evaluated the IT control environment and transaction processing controls relevant to the recording of toll revenue, including testing of the design and operating effectiveness of relevant controls over revenue adjustments, write offs and image processing. • Testing a sample of Information Technology General Controls (ITGCs) supporting the integrity of the tolling systems' operation, including access, operations and change management controls. • Assessing the design and testing operating effectiveness of review and approval controls of toll price changes for each consolidated toll road during the year. • Testing toll road price changes for each consolidated toll road during the year and, with respect to the A25 in Canada, for the 8 month period prior to divestment of the controlling interest on 28 February 2023 to ensure they are consistent with underlying concession agreements. • Testing of a sample of journals impacting revenue and comparing them to relevant supporting documentation. • Using data analytics to recalculate toll revenue for each toll road in Australia for the full 12 month period and with respect to the A25 in Canada we recalculated toll revenue for the 8 month period prior to divestment of the controlling interest on 28 February 2023. • For all concession agreements, developing an understanding of the key terms of the arrangements, term dates and performance obligations in regard to Australian accounting standards. • Assessing the Group's identification of performance obligations and allocation of prices to the performance obligations for a sample of contracts in accordance with Australian Accounting Standards.

Recoverability of concession assets and equity accounted investments

Group – Notes B17, B25	**THT** – Notes D12, D15	**TIL** – Note D15
Concession assets: $14,644m Assets under construction: $4,641m Equity accounted investment: $10,677m	Concession assets: $8,346m Assets under construction: $319m Equity accounted investment: $4,982m	Concession assets - not applicable Assets under construction – not applicable Equity accounted investment: $3,628m

Key audit matter	How our audit addressed the key audit matter
Each of the concession assets in the Transurban Group's portfolio represents a contractual right under a concession agreement to toll a road in return for the capital and expertise needed to build, maintain, and operate the road. The right to receive future economic benefits is recognised on the consolidated balance sheet(s) as a concession asset. The asset is recognised at the cost of construction or price paid at acquisition. The Group has investments in associates and joint ventures which are accounted for using the equity method. The Group's investments in joint ventures includes Sydney Transport Partners Joint Venture (STP JV), NorthWestern Roads Group (NWRG), Transurban Chesapeake (TC) and the A25. **Concession assets:** Every concession asset is governed by its own concession agreement between the Group and the concession grantor (typically the government or a local transport authority of the region in which the concession is granted). As a result, the Transurban Group is subject to a number of contractual obligations, some of which have a direct impact on the financial statements. Whenever the Group undertakes a new project to construct, acquire or upgrade the asset, its contractual arrangements with concession grantors are altered either through a new concession agreement or an amendment of the existing concession agreement. **Equity accounted investments:** The Group has a 50% ownership interest in each of: the STP JV, NWRG, TC, and following divestment of the Group's controlling interest on 28 February 2023, A25. These investments are held on the consolidated balance sheet(s) and recognised as equity accounted investments.	Our procedures included, amongst others: • Assessing the design and testing operating effectiveness of key controls over a selection of the forecast and budgeting processes impacting the models. • Evaluating the impairment indicator assessment considering the requirements under the Australian Accounting Standards. • With the assistance of PwC valuation experts, assessing whether the discount rates used in the models were appropriate by comparing them to market data and comparable companies. • Assessing the appropriateness of significant assumptions used within the models, for example, expected traffic performance and forecast operational costs. • Assessing the reasonableness of the disclosures in the financial reports having regard to the requirements of Australian Accounting Standards.

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Recoverability of concession assets and equity accounted investments (continued)

Group – Notes B17, B25	**THT** – Notes D12, D15	**TIL** – Note D15
Concession assets: $14,644m Assets under construction: $4,641m Equity accounted investment: $10,677m	Concession assets: $8,346m Assets under construction: $319m Equity accounted investment: $4,982m	Concession assets - not applicable Assets under construction – not applicable Equity accounted investment: $3,628m

Key audit matter	How our audit addressed the key audit matter
Recoverability of concession assets and equity accounted investments: The recoverable amounts of the Group's concession assets and equity accounted investments are calculated by estimating the net present value of future cash flows using discounted cash flow models (the models). This area requires significant judgement by the Group due to a number of assumptions that impact the timing and quantum of future cash flows, specifically assumptions such as expected traffic performance and forecast operational costs. We considered this to be a key audit matter for the Group due to the complexity of the models and judgement exercised in the impairment indicator assessment for concession assets and equity accounted investments.	

Maintenance provisions

Group – Note B19 Maintenance provision: $1,114m	**THT** – not applicable	**TIL** – not applicable

Key audit matter	How our audit addressed the key audit matter
The concession agreements contain clauses that require the Transurban Group to make cash outflows in the future, resulting in the recognition of concession liabilities such as maintenance liabilities. The liabilities recognised are calculated by estimating the net present value of future cash outflows using discounted cash flow models (the models). This area requires significant judgement by the Group due to a number of assumptions that impact the timing and extent of future maintenance cash outflows. We considered this to be a key audit matter for the Group due to the complexity of the concession arrangements and judgement required to estimate the maintenance provisions.	Our procedures included, amongst others: • Considering the relevant obligations in the concession agreements and assessing whether the Group has accounted for its maintenance obligations in accordance with the requirements of Australian Accounting Standards. • Assessing the design and testing the operation of a selection of key controls over the maintenance forecast and budgeting processes impacting the models. • Testing a sample of amounts paid/utilised and comparing them to relevant supporting documentation. • Assessing whether the discount rates used in the models were appropriate by comparing them to market data. • Together with PwC modelling experts, assessing the mathematical accuracy and methodology of the models having regard to the requirements of Australian Accounting Standards. • Assessing the reasonableness of the disclosures in the financial report in respect of contractual arrangements having regard to the requirements of Australian Accounting Standards.

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Other information

The directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited (as the responsible entity of Transurban Holding Trust) and Transurban International Limited (collectively referred to as "the directors") are responsible for the other information. The other information comprises the information included in the Corporate Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial reports

The directors are responsible for the preparation of the financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial reports that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Transurban Group, THT and TIL to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Transurban Group, THT or TIL or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the financial reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audits of the financial reports is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 92 to 112 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Transurban Holdings Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

E A Barron
Partner

Melbourne
16 August 2023

KPMG

Independent Limited Assurance Report to the Directors of Transurban Group

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Information Subject to Assurance, which has been prepared by Transurban Group in accordance with Management Criteria for the year ended 30 June 2023.

Information Subject to Assurance

The Information Subject to Assurance comprise the: Selected Sustainability Data presented in the 2023 Corporate Report and the Transurban Group 2023 Sustainability Data Pack as included in the table below; and the Climate Change disclosures presented in figures 6, 7, 10, 11 & 12 on pages 39 – 48 of the 2023 Corporate Report and the Climate tab of the Transurban Group 2023 Sustainability Data Pack:

Selected Sustainability Data	Reported Value
Total scope 1 greenhouse gas emissions	5,839 $tCO_{2\text{-}e}$
Total scope 2 greenhouse gas emissions ("market-based")	47,829 $tCO_{2\text{-}e}$
Total scope 3 greenhouse gas emissions	461,541 $tCO_{2\text{-}e}$
Renewable energy percentage	80 %
Total energy consumed	999,171 GJ
Total customer travel emissions	1,412,100 $tCO_{2\text{-}e}$
Total customer travel emissions saved per day	2,665 $tCO_{2\text{-}e}$
Average GHG emissions savings for customers using our roads	28 %
NOx emissions (tonnes)	91 t for CityLink 35 t for Lane Cove Tunnel 8 t for Cross City Tunnel
Road injury crash index (RICI)	4.30 injury crashes per 100 million km travelled
Total Employee Recordable Injuries (absolute)	0 (nil)
Contractor Recordable injury frequency rate (RIFR)	2.77 contractor injuries per million hours
Total waste generated	13,344 tonnes
% of waste diverted from landfill	82 %
Achievement of Energy Efficiency Target	13 %

Criteria Used as the Basis of Reporting

The methodologies used by Transurban Group management to measure the Information Subject to Assurance *("the criteria")* are described in the 2023 Corporate Report and the Transurban Group 2023 Sustainability Data Pack.

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Information Subject to Assurance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Transurban Group personnel to understand the internal controls, governance structure and reporting process of the Information Subject to Assurance;
- reviews of relevant documentation including relevant documentation and reporting frameworks;
- analytical procedures over the Information Subject to Assurance;
- agreeing Information Subject to Assurance back to source documentation on a sample basis ;
- evaluating the appropriateness of the criteria with respect to the Information Subject to Assurance; and
- reviewed the 2023 Corporate Report and the Transurban Group 2023 Sustainability Data Pack in their entirety to ensure it is consistent with our overall knowledge of assurance engagement.

How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Transurban Group.

Use of this Assurance Report

This report has been prepared for the Directors of Transurban Group for the purpose of providing an assurance conclusion on the Information Subject to Assurance and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Transurban Group, or for any other purpose than that for which it was prepared.

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Management's responsibility

Management are responsible for:

- determining that the criteria is appropriate to meet their needs and the needs of intended users;
- preparing and presenting the Information Subject to Assurance in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the Information Subject to Assurance that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Information Subject to Assurance for the period end 30 June 2023, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

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16 August 2023

Security holder information

West Gate Tunnel Project, Melbourne

The security holder information set out below was applicable as at 7 July 2023.

Distribution of stapled securities

The total number of holders of stapled securities, which comprise one share in Transurban Holdings Limited, one share in Transurban International Limited and one unit in Transurban Holding Trust, was 129,613. The voting rights are one vote per stapled security. There were 3,080,547,350 stapled securities on issue.

The distribution of security holders was as follows:

Security grouping	Total holders	Stapled securities	Percentage of issued stapled securities
1–1,000	53,833	21,019,218	0.68
1,001–5,000	53,313	130,933,972	4.25
5,001–10,000	13,371	93,675,561	3.04
10,001–100,000	8,827	186,324,400	6.05
100,001 and over	269	2,648,594,199	85.98
Total	**129,613**	**3,080,547,350**	**100.00**

There were 3,248 security holders holding less than a marketable parcel of $500 worth of stapled securities, based on the closing market price on 7 July 2023 of $14.00 per security.

Twenty largest holders of stapled securities

Name	Number of stapled securities held	Percentage of issued stapled securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,099,245,874	35.68
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	575,293,881	18.68
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	354,736,515	11.52
CITICORP NOMINEES PTY LIMITED	224,705,101	7.29
BNP PARIBAS NOMS PTY LTD <DRP>	77,127,929	2.50
NATIONAL NOMINEES LIMITED	72,625,172	2.36
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	25,680,000	0.83
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	21,117,655	0.69
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	19,524,668	0.63
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	14,133,874	0.46
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,196,691	0.43
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	10,634,233	0.35
ARGO INVESTMENTS LIMITED	9,193,040	0.30
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	8,659,587	0.28
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	5,291,282	0.17
MUTUAL TRUST PTY LTD	4,732,808	0.15
AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED	4,670,000	0.15
BNP PARIBAS NOMS (NZ) LTD <DRP>	4,336,678	0.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	4,155,048	0.13
BKI INVESTMENT COMPANY LIMITED	3,485,952	0.11
Total	**2,552,545,988**	**82.86**

Substantial security holders

As at 7 July 2023, Transurban Group has four substantial security holders who, together with their associates, hold 5% or more of the voting rights in Transurban Group, as notified under the *Corporations Act 2001* (Cth).

Name	Number of stapled securities held	Percentage of issued stapled securities
UNISUPER LIMITED (BNP PARIBAS NOMINEES PTY LIMITED)	333,423,165	12.48
STATE STREET CORPORATION	224,420,346	7.29
BLACKROCK GROUP	193,550,348	7.07
THE VANGUARD GROUP	153,517,197	5.001

Glossary

95	95 Express Lanes
395	395 Express Lanes
495	495 Express Lanes
A25	A25 toll road
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ACN	Australian Company Number
ADT	Average Daily Traffic. ADT is calculated by dividing the total number of trips on each asset (transactions on CityLink) by the number of days in the period. For new assets, the count of days begins at the commencement of tolling
AGM	Annual General Meeting
AI	Artificial Intelligence
AMTN	Australian Medium Term Note
ARC	Audit and Risk Committee
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AUD	Australian Dollars
AWE	Average Weekly Earnings
BOARD	The Boards of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited as responsible entity for Transurban Holding Trust have common directors and meet concurrently, and are collectively referred to as the Board
CAD	Canadian Dollars
CAPITAL RELEASES	Capital Releases refer to the injection of debt into Transurban assets, thereby releasing equity
CAVs	Connected and Automated Vehicles
CBD	Central Business District
CCAP	Climate Change Action Plans
CCT	Cross City Tunnel
CDP	Carbon Disclosure Project
CDPQ	Caisse de dépôt et placement du Québec
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHF	Swiss Franc
COO	Chief Operating Officer
COVID-19	Coronavirus-19
CPI	Consumer Price Index. Refers to Australian CPI unless otherwise stated
CPP INVESTMENTS	Canada Pension Plan Investments
CPS	Cents per stapled security
D&C	Design and Construct
DC	District of Columbia, United States of America
DJSI	Dow Jones Sustainability Index
DRP	Distribution Reinvestment Plan
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ED	Eastern Distributor
EMTN	Euro Medium Term Note
EOI	Expressions of interest
EQUILEAP	Gender equality data agency
ESG	Environmental, Social and Governance
EUR	Euros
EV	Electric Vehicle
EXECUTIVE COMMITTEE/ SENIOR EXECUTIVES	Members of the senior management team who together comprise the Executive Committee. The Executive Committee advises and prioritises issues for the Board's consideration
FFO	Funds From Operations
FFO/DEBT	Based on S&P methodology. FFO is calculated as statutory EBITDA (where EBITDA equals revenue minus operating expenses, net of maintenance provision) plus distributions from investments; minus interest paid, tax paid, and stock compensation expense. Debt is calculated as statutory drawn debt net of cash, foreign currency hedging and other liquid investments. FFO/Debt calculation methodologies may be subject to adjustments in future periods
FREDEX	Fredericksburg Extension Project – 95 Express Lanes
FREE CASH/FCF	Free Cash is the primary measure used to assess the cash performance of the Group
FX	Foreign Exchange
FY	Financial year 1 July to 30 June
GHG	Greenhouse Gas
GLIDE	Transurban's tolling back-office system
GOTOLL	GOTOLL is a GPS mobile tolling app
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
GROUP or TRANSURBAN GROUP	Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited as the responsible entity of Transurban Holding Trust and their controlled entities
GWA	Greater Washington Area meaning Northern Virginia, Washington DC, areas of Maryland and the surrounding metropolitan area
HCV	Heavy Commercial Vehicle
HOT	High Occupancy Toll
HOV	High Occupancy Vehicle
HSE	Health, Safety and Environment
ICB	Inner City Bypass
IFRS	International Financial Reporting Standards
IIRF	International Integrated Reporting Framework
IMF	The International Monetary Fund
IS	Infrastructure Sustainability
ISCA	Infrastructure Sustainability Council of Australia
ISSB	International Sustainability Standards Board
JV	Joint Venture
KMP	Key Management Personnel
KPI	Key Performance Indicator
KRI	Key Risk Indicator
LCT	Lane Cove Tunnel
LCV	Light Commercial Vehicle
LEP	Logan Enhancement Project
LINKT	Transurban's retail tolling brand
LINKTGO	LinktGO is a GPS mobile tolling app
LTI	Long Term Incentive
M2	Hills M2 Motorway
M4	M4 Motorway
M4-M8	M4-M8 link tunnels
M5 WEST	M5 West Motorway
M7	Westlink M7
M7-M12	M7-M12 Integration Project
M8	M8 Motorway (previously the New M5)
MD	Maryland, United States of America

MDOT	Maryland Department of Transportation
MECLA	Materials & Embodied Carbon Leaders' Alliance
MTQ	Ministère des Transports et de la Mobilité durable
N.M.	Not meaningful
N/A	Not applicable
NA	North America
NCX	NorthConnex
NEURA	Neuroscience Research Australia
NEXT	Project NEXT – 495 Express Lanes Northern Extension
NOK	Norwegian Krone
NPAT and NPBT	Net Profit After Tax and Net Profit Before Tax
NSW	New South Wales, Australia
NWRG	NorthWestern Roads Group
O&M	Operations and Maintenance
OTHER REVENUE	Other revenue includes management fee revenue, roaming fee revenue and advertising revenue and is recognised at the point in time the service is provided. Additionally, other revenue includes tolling services provided to third parties for which revenue is recognised over the period the service is provided. It also includes compensation received from third parties for a loss of toll revenue due to delays with construction completion, which is recognised when it is reasonably assured it will be collected
OUR VOICE	Internal employee engagement survey
PAB	Private Activity Bond
PPA	Power Purchase Agreement
PPP	Public Private Partnership
PROP/ PROPORTIONAL RESULTS	The proportional results are the aggregation of the results from each asset multiplied by Transurban's percentage ownership as well as the contribution from central Group functions. Proportional EBITDA is one of the primary measures used to assess the operating performance of Transurban, with an aim to maintain a focus on operating results and associated cash generation
QC	Quebec, Canada
QLD	Queensland, Australia
RAP	Reconciliation Action Plan
RICI	The RICI measures the number of serious injury road crashes (when an individual is transported from the scene by ambulance) per 100 million vehicle kilometres travelled on Transurban's roads
RIFR	Contractor RIFR measures the number of contractor recordable injuries (medical treatment, lost time or fatality) per one (1) million hours worked by our contractors
RPCC	Remuneration, People and Culture Committee
RUC	Road user charging
S&P	Standard and Poor's
SAAS	Software as a Service
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
SEQ	South East Queensland
SERVICE AND FEE REVENUE	Service and fee revenue includes customer administration charges and enforcement recoveries
SLN	Shareholder Loan Note
SPV	Special Purpose Vehicle
STATE WORKS CONTRIBUTION	The capital contribution for WestConnex Stage 3A to be provided by TfNSW. This is separate to the NSW Government's 49% share of the equity funding commitment for WestConnex Stage 3A
STEM	Science, technology, engineering and mathematics
STI	Short Term Incentive
STP/STP JV	Sydney Transport Partners Joint Venture
TAWREED	Tawreed Investments Limited. A wholly owned subsidiary of Abu Dhabi Investment Authority
TBM	Tunnel Boring Machine

TC/ TRANSURBAN CHESAPEAKE	Transurban Chesapeake. TC owns 100% of the entities that developed, built, financed and now operate and maintain the 95 Express Lanes (including the Fredericksburg Extension which is under construction), 395 Express Lanes and 495 Express Lanes (including the NEXT extension, which is under construction). Transurban has a 50% interest in Transurban Chesapeake
TCFD	Task Force on Climate-related Financial Disclosures
TFNSW	Transport for New South Wales is the government agency responsible for transport infrastructure and transport services in New South Wales. Roads and Maritime Services (RMS) was dissolved in December 2019 with all functions transferring to TfNSW
THL	Transurban Holdings Limited
THT	Transurban Holding Trust
TIL	Transurban International Limited
TLN	Term Loan Note
TMA	Truck Mounted Attenuator
TNFD	Taskforce on Nature-related Financial Disclosures
TOLL REVENUE	Toll revenue includes revenue from customers, specifically tolls, service and fee revenue
TOLLAUST	Service provider including O&M and retail services to NSW assets
TQ	Transurban Queensland
TSR	Total Shareholder Return
UN SDGs/SDGs	United Nations Sustainable Development Goals
UNDERLYING EBITDA	EBITDA excluding significant items
US/USA	United States of America
USD	US Dollars
USPP	US Private Placement
VA	Virginia, United States of America
VDOT	Virginia Department of Transportation
VIC	Victoria, Australia
VTIB	Virginia Transportation Infrastructure Bank
WCX	WestConnex
WEIGHTED AVERAGE COST OF DEBT	Calculated using proportional drawn debt exclusive of issued letters of credit
WEIGHTED AVERAGE MATURITY	Calculated using proportional drawn debt exclusive of issued letters of credit
WGEA	Workplace Gender Equality Agency (Australia)
WGF	West Gate Freeway
WGT/WGTP	West Gate Tunnel/West Gate Tunnel Project
WHO	World Health Organisation

10-year history

Operational metrics		FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Number of operational assets	#	12	14	15	15	16	17	18	21	21	22
Number of markets	#	4	4	4	4	5	5	5	5	5	5
Average daily traffic[1]											
Group	*thousands*	1,382	1,775	1,911	1,946	2,035	2,217	2,026	2,018	2,008	2,408
Sydney	*thousands*	543	581	622	644	663	814	761	931	802	995
Melbourne	*thousands*	793	816	820	813	824	851	750	566	648	806
Brisbane	*thousands*	–	303	383	394	403	405	383	407	418	457
North America	*thousands*	46	75	85	96	144	147	132	115	140	149

Statutory financials		FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Statutory revenue	*$ millions*	1,150	1,860	2,210	2,732	3,298	4,166	3,169[2]	2,886[2]	3,406	4,157
Statutory NPAT	*$ millions*	252	(373)	22	209	468	170	(153)	3,272	16	92
Statutory cash flows from operating activities	*$ millions*	521	304	910	837	1,053	1,197	1,131	893	982	1,459

Proportional financials		FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Proportional Toll Revenue[3]											
Group	*$ millions*	1,117	1,656	1,946	2,153	2,340	2,581	2,492	2,486	2,626	3,314
Sydney	*$ millions*	551	701	799	872	944	1,042	1,072	1,278	1,264	1,668
Melbourne	*$ millions*	535	615	660	687	780	813	747	616	722	894
Brisbane	*$ millions*	–	265	313	385	393	402	394	425	451	520
North America	*$ millions*	31	75	174	209	223	324	279	167	189	232
Proportional EBITDA (excl. significant items)											
Group	*$ millions*	934	1,289	1,480	1,629	1,796	2,016	1,888	1,836	1,900	2,448
Sydney	*$ millions*	466	558	637	702	763	856	879	1,033	976	1,328
Melbourne	*$ millions*	483	523	564	594	688	716	634	502	594	756
Brisbane	*$ millions*	(6)	185	218	268	279	293	286	314	320	380
North America	*$ millions*	4	33	86	116	130	210	154	72	120	129
Corporate and other	*$ millions*	(13)	(10)	(25)	(51)	(64)	(59)	(65)	(85)	(110)	(145)
Free Cash (including Capital Releases)	*$ millions*	572	768	926	1,220	1,215	1,527	1,476	1,278	1,531	1,726
Proportional drawn debt	*$ millions*	8,015	12,236	12,484	13,639	14,971	19,394	22,118	20,763	23,574	24,007
Gross debt raised[4]	*$ millions*	2,122	7,814	4,707	4,518	5,865	15,112	7,968	10,016	6,715	7,747
Equity raised	*$ millions*	2,742	–	1,025	–	1,900	4,820	812	–	4,220	–

Ratios and rates		FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Group EBITDA margin[5]	*%*	75.8	74.7	73.8	73.9	74.9	75.4	72.3	70.3	68.8	71.0
FFO/Debt	*%*	6.6	7.9	8.0	8.5	8.9	8.7	7.0	9.4[6]	9.1	12.3
Corporate SICR	*x*	2.9	3.5	4.3	3.9	4.9	4.1	3.8	2.8	3.3	4.2
Gearing	*%*	36.4	40.2	33.3	35.3	35.2	32.0	35.8	34.3	34.2	35.0
Weighted average cost of debt											
AUD	*%*	6.3	5.3	5.2	4.9	4.9	4.6	4.4	4.1	3.9	4.1
USD	*%*	4.0	3.8	4.3	4.3	4.4	4.4	4.4	4.5	3.6	3.6
CAD	*%*	–	–	–	–	5.8	4.9	5.0	5.0	5.0	4.9
Weighted average debt maturity[7]	*years*	7.5	7.8	8.7	9.0	8.6	8.3	8.4	7.7	7.1	6.9
Weighted average concession length	*years*	24.3	28.5	29.9	29.7	28.3	30.8	28.8	26.2	29.1	28.7

Corporate information		FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Market capitalisation	*$ billions*	14.01	17.80	24.41	24.32	26.63	39.43	38.65	38.96	44.16	43.90
Total Shareholder Return	*%*	17	32	35	4	6	31	(1)	3	4.9	3.4
Gross distributions	*$ millions*	594	764	901	1,055	1,174	1,577	1,284	999	1,259	1,785
Distributions per security	*cps*	35.0	40.0	45.5	51.5	56.0	59.0	47.0	36.5	41.0	58.0
Securities on issue	*millions*	1,896	1,914	2,036	2,052	2,225	2,675	2,735	2,738	3,071	3,081

1 *CityLink traffic reported as average daily transactions ('000)*

2 *Statutory results for FY20 and FY21 have been reclassified to present Transurban Chesapeake as discontinued operations in the current period*

3 *Definition of Toll Revenue adjusted in FY16 (including restatement of FY15) to include fee revenue. Prior to this was disclosed as toll revenue only, and fee and other revenue*

4 *Calculated at 100% of debt facility size exclusive of letters of credit. Non-AUD denominated debt converted at the hedged rate where cross currency swaps are in place*

5 *FY14 and FY15 EBITDA margins were restated in FY16*

6 *FY21 FFO/Debt previously reported as 8.9% has been restated due to an amendment S&P have made in their calculation methodology*

7 *FY18 to FY21 has been calculated using proportional drawn debt. FY12 to FY17 was calculated on the full value of available debt facilities. Prior to FY19, the previously reported tenor did not reflect the amortisation profile that occurs in the latter years of the USA asset debt facilities*

Forward-looking statements

This report contains certain forward-looking statements. The words "continue", "expect", "forecast", "potential", "estimated", "projected", "likely", "anticipate" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, distributions, capex requirements and performance and interest rate and CPI sensitivity are also forward-looking statements as are statements regarding plans, strategies and objectives of management and internal management estimates and assessments of traffic expectations and market outlook. These statements discuss future expectations concerning the results of asset and/or financial conditions or provide other forward-looking information. The forward-looking statements are based on the information available as at the date of this report and/or the date of Transurban's planning processes or scenario analysis processes.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Transurban Group, its related bodies corporate, or their respective directors, officers, employees, agents and advisors, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements, noting that information in this report is not intended to provide guidance in relation to the future performance of the Transurban Group. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. There can be no assurance that potential opportunities will eventuate on the timetable outlined or at all, or that Transurban will be able to participate in them. Transurban's ability to participate in any future projects or acquisitions will be subject to, among other things, applicable government and other processes and the receipt of relevant regulatory approvals.

Investors should not place undue reliance on forward-looking statements, particularly in light of the current economic climate and significant global volatility, uncertainty and disruption.

To the maximum extent permitted by law, none of the Transurban Group, nor its related bodies corporate or affiliates, and none of their respective directors, officers, employees or agents or any other person: (1) accept any responsibility or liability including, without limitation, any liability arising from fault or negligence for any loss arising from any forward-looking statement; (2) make any representation or warranty, express or implied, as to the likelihood of fulfilment of any forward-looking statements or any event or results expressed or implied in any forward-looking statement; or (3) have any obligation to correct or update any forward-looking statement.

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Find us

Feedback

We welcome feedback on our Corporate Report.
Share your thoughts here: corporate@transurban.com

Transurban

Acknowledgment of Country

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

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

As part of the West Gate Tunnel Project, the design of the new bridges over the Maribyrnong River (pictured) will take inspiration from the rich Aboriginal heritage and maritime history of Naarm's western suburbs – situated on the lands of the Wurundjeri Woi Wurrung and Boon Wurrung people. The architecture on the main bridge will draw on important cultural references and continue to provide important links to local and regional identity.

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

Transurban Group

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