



Voting Intentions – Transurban 2022 AGM

ASX Code	TCL
Meeting Time/Date	11am, Thursday 20 October 2022
Type of Meeting	Hybrid
Monitor	Mike Muntisov assisted by Henry Stephens
Pre AGM Meeting?	Yes, with Chair Lindsay Maxsted, Company Secretary Fiona Last and Investor Relations Jess O'Brien

Summary of Issues for the meeting

Transurban received a first strike on remuneration last year. As a result, they have implemented more transparent reporting of STI performance and realised CEO remuneration. The recovery of traffic volumes from COVID-19 and the progress of key development projects are important issues going forward for the company.

Proposed Voting Summary

2a	Election of Marina Go as a Director	For
2b	Re-election of Peter Scott as a Director	For
3	Adoption of Remuneration Report	For
4	Approval of Performance Awards to CEO Scott Charlton	For
5	Spill Resolution – Conditional Resolution	Against

Key events

The long running dispute on the Westgate Tunnel project was resolved with a settlement involving a cost of \$2billion to Transurban. The revised timing for completion of the project is now the end of 2025.

Key Board or senior management changes

The anticipated retirement of long-term Chairman Lindsay Maxsted will occur at this AGM. He will be replaced by director Craig Drummond who was appointed to the board in June 2021.

Key Financials

	2022	2021	2020	2019	2018
Statutory NPAT (\$m)	\$16	\$3,272*	(153)	170	485
Underlying Proportional EBITDA (\$m)	\$1,900	\$1,836	\$1,888	\$2,016	\$1,796
Statutory EPS (cents) N/A					
Distribution per Share (cents)	41	36.5	47	59	54.5
Share Price at End of FY (\$)	14.38	14.23	14.13	14.74	11.97
Statutory CEO Remuneration (\$)	\$4.3m	\$5.5m	\$4.6m	\$7.2m	\$7.1m
Actual CEO Remuneration (\$)	\$5.7m				
Total Shareholder Return (%)	4%	3%	-1%	28%	6.3%

Statutory NPAT and EPS are the audited figure from the financial accounts. Underlying NPAT is (usually) an unaudited figure used in management presentations or commentary. Total Shareholder Return is calculated as the share price change over the year plus the dividend declared during the year, divided by the share price at end of previous year. This may differ from the figure quoted by the company. * includes sale of Transurban Chesapeake

Review of Board on Governance, Transparency, Fairness to Retail Shareholders

Positives

- The Board has an independent Non-Executive Chair and majority of independent directors.
- It has a policy that Directors and other KMP invest at least one year's worth of fixed remuneration or base cash fees in company shares, within 5 years.
- The company meaningfully discloses ESG issues or risks facing business and the processes to manage them.
- The company has a track record in raising capital fairly by using a pro-rata renounceable entitlement/rights offer approach (PAITREO).
- The company has improved its skills matrix of the board, which is provided in the Governance statement.

Areas for Improvement

- The Board currently has less than 30% female directors (28%). However, after the retirement of the current chairman at the AGM the percentage will increase to 30% (3 of 10).

Summary

The board has gone through a transition with several retirements and new directors being appointed. It is set for a period of consolidation.

Items for Voting

Item 2a Election of Marina Go as a Director

Ms Go was appointed to the board in December 2021. She holds an Arts degree and an MBA. She is independent. Her corporate experience is in media, marketing and customers. She has a workload which nominally exceeds ASA guidelines. ASA raised this issue at the pre-AGM meeting with Transurban and subsequently had a separate meeting with Ms Go. At this meeting, we

reviewed each of her directorships in turn and received assurances on her future plans. Based on this review we are satisfied that Ms Go will be able to devote the necessary time to her Transurban commitments.

Therefore, the ASA proposes to support her election.

Item 2b Re-election of Peter Scott as a Director

Mr Scott with qualifications in engineering, was appointed to the board in March 2016. He is independent. He was previously CEO of MLC and held executive positions in National Australia Bank and Lend Lease. His experience and knowledge of the infrastructure industry is relevant for the board. His security holding is currently more than two times the base fee. His workload is not excessive.

Therefore, the ASA proposes to support his election.

Item 3 Adoption of Remuneration Report

CEO rem. framework	Target* (\$m)	% of Total	Max. Opportunity (\$m)	% of Total
Fixed Remuneration	2.3	37%	2.3	25%
STI - Cash	1.15	18%	1.725	19%
STI - Equity	1.15	18%	1.725	19%
LTI	1.69*	27%	3.38	37%
Total	6.29	100%	9.13	100%

*At threshold vesting.

FY22 outcome

The CEO actual remuneration for FY22 was \$5.7m. The CEO scored 85% on STI performance but this was reduced by half by the Board to take into account the cost of the settlement of the Westgate tunnel dispute. Only 43% of LTI's vested because COVID prevented achievement of the Free Cash Flow measure.

Remuneration Framework Positives

- CEO's target and maximum opportunity of each component is clearly disclosed.
- Actual take home pay for the CEO is reported [newly introduced this year]
- The total quantum of the CEO remuneration package is reasonably within the Godfrey Remuneration Group report benchmarks.
- The quantum of Board fees are reasonably within the Godfrey Remuneration Group report benchmarks.
- More than 50% of CEO's pay is genuinely at risk [63% at target]
- STIs are not more than fixed remuneration (equal at target).
- The majority of STIs are based on quantifiable and disclosed performance metrics.
- 50% of STIs is paid in equity with a 2 year holding lock.
- Clear disclosure is provided for all KMP performance hurdles and the weightings applied for each incentive.
- No retesting of performance hurdles is allowed.
- LTI hurdles are measured a minimum of four years after issue (for 50% of award, transitioning to 100% of award in FY23).

- LTI hurdles have historically been based on at least two hurdles, TSR and Free Cash Flow (FCF). However because of COVID uncertainty, only the TSR measure has been used recently. The FCF measure will be re-introduced in FY23
- Comparator group for the TSR is the ASX1-30.
- No LTI awards based on comparator groups vest unless performance is >50th percentile.
- All share grants are allocated at face value (no discount for dividends) not fair value.
- Termination payments do not exceed 12 months fixed pay.
- Vesting in a takeover or “change of control” events is subject to Board discretion or pro-rata.
- Overall, the Remuneration report is readable, transparent, and understandable with a logical relationship between rewards and financial performance and corporate governance.

Areas for Improvement

- Not all share grants are satisfied by equity purchased on-market, with most being issued.

Conclusion on Remuneration

The company has responded to last year’s first strike with a number of changes. They include clearer STI performance measures including removal of individual measures and a downward discretionary modifier for non-financial measures. With the adoption of a 4-year performance period and disclosure of actual remuneration, Transurban’s remuneration structure meets the key ASA’s guidelines. Therefore the ASA proposes to support the Remuneration Report.

Item 4 Approval of Performance Awards to CEO Scott Charlton

Please refer to assessment under item 3.

Item 5 Spill Resolution – Conditional Resolution

This resolution is conditional on the Remuneration Report resolution receiving a second strike at the meeting.

In the unlikely event that a second strike is received, we do not believe that spilling the board would be in the best interest of the company. Therefore, we propose to vote against this resolution if it is put to the meeting.

Monitor Shareholding

The individual (or their associates) involved in the preparation of this voting intention has no shareholding in this company.

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