

# Board Charter

## 1. Related documents

- Audit and Risk Committee Charter
- Remuneration and People and Culture Committee Charter
- Nomination Committee Charter
- Policy and Procedure for the Nomination, Selection and Appointment of New Non-Executive Directors and the Re-Election of Incumbent Non-Executive Directors
- Expenditure Delegations Policy
- How We Work @ TU (**Transurban Code of Conduct**)
- Board—Management Protocols
- Board—Major Security Holder Protocols
- Annual Corporate Governance Statement

## 2. Purpose

This Charter sets out the authority, accountabilities and responsibilities, membership and operation of the Board of Transurban Holdings Limited (**THL**), the Board of Transurban Infrastructure Management Limited (**TIML**) as responsible entity of Transurban Holding Trust, and the Board of Transurban International Limited (**TIL**) (together, **Transurban**).

The Boards of THL, TIML and TIL have common directors and meet concurrently. They are collectively referred to as the “Board” for the purpose of this Charter.

## 3. Authority

The powers of the Board and individual directors are set out in the constitutions and at law.

In exercising these powers and discharging the responsibilities set out in this Charter, the Board and individual directors will at all times act in accordance with the law, and will observe the highest standards of ethical behavior, including as set out in the Transurban Code of Conduct.

## 4. Accountabilities and responsibilities

The Board is appointed by security holders and is accountable to those security holders for the performance of Transurban.

The primary role of the Board is to provide overall strategic guidance for Transurban and effective oversight of management. To achieve this role, the Board has reserved for itself the specific responsibilities set out in **Attachment 1**.

The Board delegates responsibility for the day-to-day management of Transurban to the Chief Executive Officer (**CEO**) and through the CEO to other members of executive management. The Board may impose specific limitations on the delegation of authority from time to time. The CEO is accountable to the Board for the exercise of this delegation, with the support of executive management.

## 5. Relationship with management

The Board:

- expects management reporting to be high quality, succinct, timely and candid, and to provide an appropriately comprehensive picture of the performance of Transurban. The Board expects to receive clear, reasoned and concise decision papers and should direct management accordingly if this is not being delivered;
- has unrestricted access to management, usually via the CEO or the Company Secretary. Protocols for interaction between the Board and management have been adopted to facilitate management accountability and co-ordination of communications;
- is accountable to avail itself of any and all information necessary for it to effectively discharge its responsibilities and should put procedures in place to ensure this occurs; and
- adopts appropriate structures and procedures to ensure that it functions independently of management, including the separation of the roles and responsibilities of the Chair and the CEO, and the non-executive directors meeting in the absence of management on a periodic basis.

All directors have access to the Company Secretary, who is directly accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary advises the Board on governance matters, monitors compliance with Board policy and procedures, coordinates the timely completion and despatch of Board agendas and meeting materials, ensures that the business at Board meetings is accurately captured in the minutes, and provides administrative support to the Chair and the other directors.

## 6. Role of the Chair

The Chair, who is appointed by the Board, is to be an independent non-executive director.

The role of the Chair is to provide effective leadership of the Board and Transurban. The Chair is responsible for facilitating the proper briefing of all directors on all matters relevant to their role and responsibilities and facilitating effective and open discussion of matters considered by the Board. The Chair manages the Board's relationship with management and guides and promotes the ongoing effectiveness and development of the Board and individual directors.

## 7. Membership

### 7.1 Size and composition

The Board is to be structured so that its membership provides the mix of qualifications, skills, experience and diversity to enable it to effectively discharge its responsibilities, and its size facilitates effective discussion and efficient decision-making.

The Board determines its size and composition, subject to the terms of the constitutions and the law. Under the constitutions, there must be no less than three and no more than 12 directors.

The Board is to comprise a majority of independent non-executive directors.

### 7.2 Independence

The Board regularly assesses the independence of each non-executive director. Each director is required to provide the Board with all relevant information to enable it to make this assessment.

The Board defines an independent director as a non-executive director (that is, not a member of management) who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Transurban and its security holders generally.

When assessing the independent status of a non-executive director, the Board will consider a range of factors, including whether the director:

- is a substantial Transurban security holder or an officer of, or otherwise associated with, a substantial Transurban security holder;
- has within the previous three years, been employed in an executive capacity by Transurban or a member of the Transurban Group;
- has within the previous three years been a partner, director or senior employee of a provider of material professional services to Transurban or a member of the Transurban Group;
- is, or has been within the last three years, in a material business relationship (eg. as a supplier or customer) with Transurban or a member of the Transurban Group, or an officer of, or otherwise associated with, someone with such a relationship;

- has a material contractual relationship with Transurban or a member of the Transurban Group other than as a director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of Transurban for such a period that his or her independence may have been compromised.

The Board may determine that a non-executive director is independent notwithstanding the existence of a relationship of the kind referred to above. However, the Board will state the reasons for making its determination in such a case.

If there is a change in a non-executive director's interest, positions, associations or relationships that could bear upon his or her independence, the non-executive director should inform the Board at the earliest opportunity.

### 7.3 Selection, appointment and tenure

The Board has established a policy and procedure for the nomination, selection and appointment of new non-executive directors.

A written agreement is to be entered into with each new non-executive director that sets out the key terms and conditions of their appointment, including the director's initial and ongoing obligation to disclose their interests, positions, associations or relationships and any matters that may affect their independence.

A new director appointed by the Board is subject to election at the Annual General Meeting (**AGM**) following their appointment.

The tenure of the CEO as a director is linked to the CEO's executive office. Under the constitutions, no other director may hold office without re-election past the third AGM following their appointment, or 3 years, whichever is longer.

Prior to each AGM, the Board is to determine whether it will recommend to security holders that they vote in favour of the election or re-election (as the case may be) of each non-executive director standing for election or re-election, having regard to any matters the Board considers relevant, including the director's annual performance assessment and length of tenure.

### 7.4 Induction and training

Each director is expected to participate in an induction program on appointment, and to undertake appropriate professional development to develop and maintain the skills and knowledge needed to perform their roles as directors effectively. The Board will be briefed by management on relevant changes in the legislative, regulatory or industry framework.

## 8. Board meetings

### 8.1 Meetings and proceedings

The Board meets as frequently as required to effectively discharge its responsibilities. A meeting schedule is determined annually in advance by the Board. Additional Board meetings may be convened if matters requiring immediate consideration arise between scheduled meetings.

Board meetings and proceedings are governed by the relevant provisions in the constitutions.

Directors are required to be fully prepared for and make every reasonable effort to attend each Board meeting. Meetings may be held by telephone or other electronic means.

Unless the directors decide differently, three directors constitute a quorum. In the absence of the Chair, the directors present will elect one of their number to chair that meeting.

The Chief Financial Officer and the Company Secretary attend Board meetings by standing invitation but may be asked to leave at any time. The Board may invite such other persons to its meetings (or part thereof) as it considers necessary or appropriate.

### 8.2 Agenda, papers and minutes

The agenda for each meeting is determined by the Chair, the CEO and the Company Secretary. Any director may approach the Chair and request that a particular item be added to the agenda.

The agenda and supporting papers are to be distributed to directors a reasonable time in advance of each meeting. Late papers may be submitted with the consent of the Chair.

Every possible effort will be made to ensure that papers tabled at a Board meeting will be made available to all directors attending, regardless of location. If this is not possible, those directors who do not have the documents may abstain from voting, or the Chair may defer the vote until the documents have been made available to all directors.

Minutes of each Board meeting will be prepared. The draft minutes are to be reviewed by the Chair and circulated by the Company Secretary to all directors as soon as practicable.

## 9. Board committees

The Board may from time to time establish committees of directors to assist it in the discharge of its responsibilities and to allow detailed consideration of complex issues.

Each committee operates under a charter, approved by the Board, which sets out the authority, membership and responsibilities of the committee, together with any relevant administrative arrangements and any other matters considered appropriate by the Board.

The Board has sole responsibility for the appointment of directors to committees and expects that, over time, directors may rotate on and off various committees taking into account the needs of the committees and the experience of individual directors.

The role of committees is to advise and make recommendations to the Board. They do not have the power to commit the Board or management to the implementation of their recommendations except as expressly stated in the committee's charter or as authorised by the Board.

The Board periodically reviews the appropriateness of the existing committee structure, as well as the membership and the charter of each committee.

The Board may also delegate specific functions to ad hoc committees on an "as needs" basis. The authority delegated to these committees is set out in Board resolutions.

## 10. Conflicts of interest

All directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests.

Under the constitutions and at law, directors must disclose any conflicts of interest and abstain from participating in any discussion or voting on matters in which they have a material personal interest.

The following procedures are to be followed by a director who believes they may have a conflict of interest or material personal interest:

- the director must disclose to the Board any actual or potential conflict or material personal interest which may exist, or might reasonably be thought to exist, as soon as it arises;
- a determination as to whether or not a conflict exists will be made, and if necessary this determination will be made by a sub-committee of the Board that excludes the potentially conflicted director; and
- an appropriate course of action will be set based on the determination made, and such action may require the conflicted or interested director to absent themselves when the Board discusses and votes on matters to which the conflict or interest relates.

## 11. Access to independent professional advice

The Board has authority to conduct or direct any investigation required to fulfill its responsibilities and has the ability to retain, at Transurban's expense, such independent professional advice as it considers necessary from time to time in the performance of its duties.

Each director has the right to seek independent professional advice at Transurban's expense, subject to prior consultation with, and the consent of, the Chair. The Chair must report the director's request at the following Board meeting.

The advice must be sought from a suitably qualified adviser in the appropriate field, and the engagement of the adviser will usually be facilitated by the Company Secretary. Prior to instructing the adviser, the director must advise the Chair of the fee payable for the advice, which must be reasonable having regard to the nature of the advice sought and fees charged by other similarly qualified advisers.

All instructions to the adviser must be in writing, unless extreme urgency is involved, and must specify the instructing party, the capacity in which they are acting, and the party(ies) to whom the advice should be addressed.

A copy of the advice, the instructions and all accompanying material must be provided to the Board except where this would result in unreasonable prejudice to the director seeking the advice.

## **12. Evaluating performance**

The Board will undertake an annual assessment of its performance, including its performance against the requirements of this Charter, the performance of individual committees and the performance of individual directors. The assessment may be facilitated by an external consultant.

## **13. Review of Charter**

The Board will review and assess the adequacy of this Charter annually and make any appropriate amendments.

# Attachment 1— Board responsibilities

## Strategy

- Providing strategic guidance to Transurban by reviewing and ratifying corporate strategies and monitoring their implementation;
- Decision making in relation to significant matters of a sensitive, extraordinary or strategic nature, including significant acquisitions and disposals, capital management issues and significant internal restructures;
- Providing advice and counsel to management on a periodic and ad hoc basis;

## Governance

- Overseeing the review and update of corporate governance policies, practices and procedures as necessary to support its commitment to good corporate governance;
- Assessing the performance of each individual director and of the Board collectively;
- Driving Board succession planning to ensure membership of the Board is skilled, diverse and appropriate for Transurban's needs;
- Overseeing the work of Board committees and attending to matters referred to it by those committees;
- Approving delegations of authority to the CEO, and overseeing the CEO's delegations of authority to management;
- Determining the remuneration of directors within the limits approved by security holders;
- Keeping security holders and the market informed of Transurban's performance and major developments affecting its state of affairs;
- Monitoring compliance with Transurban's continuous disclosure obligations;

## Oversight

- Overseeing the conduct and performance of Transurban including monitoring performance against strategic plans, budgets and peer organisations;
- Monitoring the progress of strategic initiatives, major capital expenditure programs and projects, capital management, and acquisitions and divestitures;

## Senior executive appointment, performance and remuneration

- Approving Transurban's overall remuneration framework;
- Appointing, evaluating the performance of, determining the remuneration and should it be necessary, terminating the employment of, the CEO;
- Appointing, evaluating the performance of, and should it be necessary, terminating the employment of, the Company Secretary;
- Ratifying the appointment of executives reporting to the CEO and reviewing the CEO's evaluation of their performance;
- Developing and approving succession plans for the CEO and reviewing and approving succession plans for executives reporting to the CEO;

## Financial

- Approving annual operating and capital expenditure budgets;
- Overseeing Transurban's financial position including the quantum, nature and term of its debt facilities and its ability to meet its debts as and when they fall due;
- Approving the annual and half year financial statements, the accounting policies on which the statements are based, the directors' reports and key elements of other related, regulatory lodgements and market releases;

- Overseeing Transurban's financial integrity through overseeing systems of internal control and financial reporting, the establishment and review of financial performance objectives, and approving treasury policies;
- Overseeing Transurban's external audit and internal audit activities;
- Determining Transurban's distribution policy and approving the payment of distributions;
- Approving decisions concerning the capital of Transurban;
- Approving investment or expenditure initiatives above the CEO's expenditure delegations;

### **Risk management compliance, and workplace health and safety**

- Set the risk appetite for Transurban, oversee the risk management framework and satisfy itself that it is sound;
- Monitoring the integrity of risk management controls and reporting systems;
- Monitoring strategic risk management systems, including reviewing of processes for identifying areas of significant business risk, monitoring risk management policies and procedures, the implementation of appropriate systems to manage these risks and oversight of internal controls;
- Satisfying itself that appropriate internal controls, disclosure, reporting and management are in place and effective;
- Overseeing the annual insurance program;
- Overseeing Transurban's sustainability program;
- Overseeing Transurban's workplace health and safety measures and appropriate due diligence to ensure compliance with relevant laws and regulations;
- Requiring appropriate compliance frameworks and controls to be in place and operating effectively for compliance with relevant laws and regulations;
- Monitoring significant litigation in which Transurban is involved;
- Approving environmental and employment policies;

### **Culture**

- Supporting the CEO to deliver strong leadership of Transurban on a continuing basis;
- Supporting diversity in the workplace by monitoring the effectiveness of Transurban's diversity policy and its progress in achieving annual diversity objectives;
- Fostering a culture of compliance with the highest legal, ethical and environmental standards and business practices, including Transurban's Code of Conduct.