

Voting Intentions – Transurban 2021 AGM

ASX Code	TCL
Meeting Time/Date	10am, Tuesday 15 October 2021
Type of Meeting	Virtual
Monitor	Mike Muntisov
Pre AGM Meeting?	Yes, with Chair Lindsay Maxsted, Company Secretary Fiona Last and Investor Relations Tess Parker

Proposed Voting Summary

2a	Election of Patricia Cross as a Director	For
2b	Election of Craig Drummond as a Director	For
2c	Election of Timothy Reid as a Director	For
2d	Election of Robert Whitfield as a Director	For
2e	Re-election of Mark Birrell as a Director	For
3	Adoption of Remuneration Report	For
4	Approval of LTI grant to CEO Scott Charlton	For

Key Financials

	2021	2020	2019	2018	2017
Statutory NPAT (\$m)	\$3272*	(153)	170	485	239
U'lying Proportional EBITDA (\$m)	\$1836	\$1888	\$2016	\$1796	\$1629
Distribution per Share (cents)	36.5	47	59	54.5	51.5
Share Price at End of FY (\$)	14.23	14.13	14.74	11.97	11.88
Statutory CEO Remuneration (\$)	\$5.5m	\$4.6m	\$7.2m	\$7.1m	\$6.6m
Total Shareholder Return (%)	3%	(1%)	28%	6.3%	3.5%

*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*

Summary of Historical ASA Issues with the Company

The ASA has advocated over the last few years for the adoption of a 4-year performance period for the long term incentive (LTI) plan (rather than Transurban's 3-year period). ASA voted against the LTI grant last year for this reason. Further, ASA voted against the re-election of director Neil Chatfield last year on the grounds that his previous term had been announced to be his last and his tenure will exceed the nominal 12-year independence period.

Transurban adopted a 4-year LTI this year and Neil Chatfield will be resigning from the board at the conclusion of this year's AGM.

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 is raising capital fairly by using a pro-rata renounceable entitlement/rights offer.

Areas for Improvement

- The Board has less than 30% female directors (28%). At the pre-AGM meeting, the chairman indicated that in the transition, they have eleven directors, which will drop to ten next year when he will retire, taking them to 30%.
- The company does not disclose a meaningful skills matrix of the board. The information provided in the Governance Statement is too broad to be helpful for shareholders
- The company does not mail out hard copy proxy forms to shareholders unless requested.

Summary

The board is going through a transition with a number of new directors being appointed.

Items for Voting

Item 2a	Election of Patricia Cross as a Director
ASA Vote	For

Ms Cross was appointed to the board in July 2021. She is independent. Her experience in international capital markets and risk management, including stints at Chase, Banque Nationale de Paris and NAB, is appropriate for the board. Her workload is not excessive.

Therefore, the ASA proposes to support her election.

Item 2b	Election of Craig Drummond as a Director
ASA Vote	For

Mr Drummond, BCom., was appointed to the board in July 2021. He is independent. His experience, including CEO of Medibank, and leadership roles at NAB, Bank of America and Goldman Sachs, is appropriate for the board. His workload is not excessive.

Therefore, the ASA proposes to support his election.

Item 2c	Election of Timothy Reed as a Director
ASA Vote	For

Mr Reed, BCom., MBA, was appointed to the board in November 2020. He is independent. His previous role was as CEO of MYOB and he is currently President of the Business Council of Australia. His experience in technology and digital innovation is relevant for the board. His workload is not excessive.

Therefore, the ASA proposes to support his election.

Item 2d	Election of Robert Whitfield as a Director
ASA Vote	For

Mr Whitfield, with qualifications in finance, was appointed to the board in November 2020. He is independent. He had a thirty-year executive career with Westpac and has served as secretary of NSW Treasury. His experience in finance and the government sector is relevant for the board. His workload is not excessive.

Therefore, the ASA proposes to support his election.

Item 2e	Re-election of Mark Birrell as a Director
ASA Vote	For

Mr Birrell, with qualifications in law and economics, was appointed to the board in May 2018. He is independent. He was previously founding chair of Infrastructure Partnerships Australia and led the infrastructure Group at Minter Ellison. His experience and knowledge of the infrastructure industry is relevant for the board. His security holding is currently at 84% of base fees and is consistent with his three-and-a-half-year tenure to date. His workload is not excessive.

Therefore, the ASA proposes to support his election.

Item 3	Adoption of Remuneration Report
ASA Vote	For

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.

Positives

- CEO’s target and maximum opportunity of each component is clearly disclosed.
- The total quantum of the CEO remuneration package is reasonably within the Godfrey Remuneration Group report benchmarks.
- The quantum of Board fees is 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 (introduced this year for 50% of award, transitioning to 100% of award in FY23).
- LTI hurdles are usually based on at least two hurdles, TSR and Free Cash Flow (FCF). However, this year the Board has decided to use only the TSR measure because of COVID uncertainty.
- Comparator groups 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 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

- Actual take-home remuneration is not reported
- Not all share grants are satisfied by equity purchased on-market, with most being issued.

Conclusion on Remuneration

With the adoption of a 4-year performance period this year Transurban’s remuneration structure meets most of ASA’s guidelines. Therefore, the ASA proposes to support the Remuneration Report.

Item 4	Approval of LTI grant to CEO Scott Charlton
ASA Vote	For

Please refer to assessment under item 3.

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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