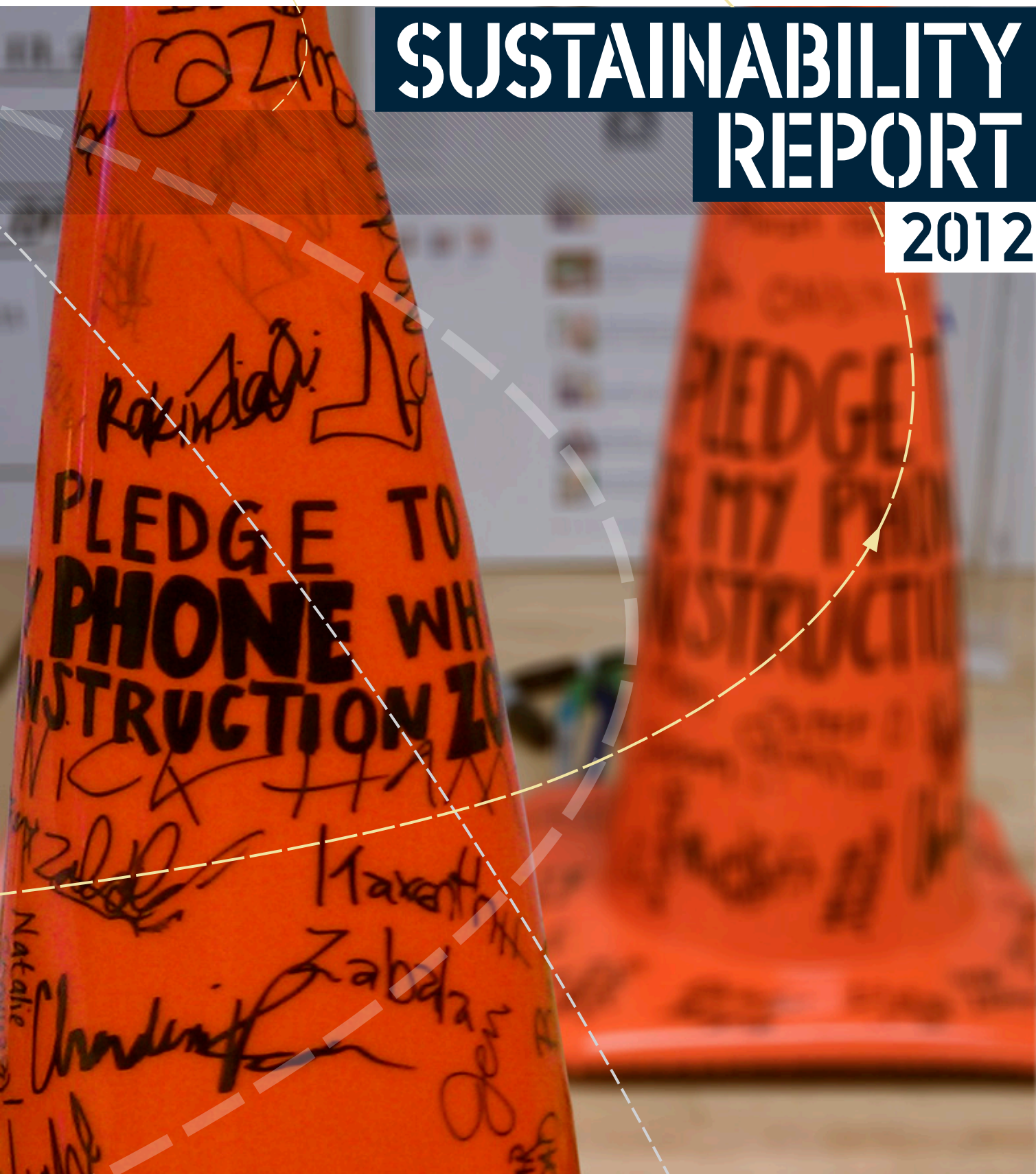


SUSTAINABILITY REPORT

2012



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CONTACT US

Your feedback on this report is valuable, and helps us improve our reporting. For questions or comments contact our sustainability team.

Phone: +61 3 8656 8900

Email: sustainability@transurban.com

GRI INDEX

To view our GRI Index please visit

www.transurban.com/sr12/GRI_Index_2012.pdf

COVER IMAGE

As part of our 'Orange Cones. No Phones.' safety campaign in the US, high school students signed orange traffic cones and pledged to stay off their phones while driving through construction zones. For more information visit: www.orangeconesnophones.com

ABOUT TRANSURBAN

We are a toll road owner and operator with assets and projects in Australia and the United States. Our focus is on partnering with governments to deliver roads that meet community needs over the long term.

OUR ASSETS

AUSTRALIA

Melbourne

→ **CityLink**—100 per cent ownership

Sydney

→ **Hills M2**—100 per cent ownership

→ **Lane Cove Tunnel**—100 per cent ownership

→ **Eastern Distributor**—75.1 per cent ownership

→ **Westlink M7**—50 per cent ownership

→ **M5 South West**—50 per cent ownership

UNITED STATES

Virginia

→ **Pocahontas 895**—75 per cent ownership

→ **495 Express Lanes**—High Occupancy Toll (HOT) lanes project under development—67.5 per cent ownership¹

→ **95 Express Lanes**—an additional HOT lanes project under development on this motorway connecting to I-495—67.5 per cent ownership¹

We have 4.7 million account and non-account customers globally².

OUR VALUES

Our values underpin the way we work at Transurban. They are:

- Honesty
- Integrity
- Humility, and
- Accountability.

OUR BUSINESS FRAMEWORK

Transurban has adopted a business framework that we call 'the wheel'.

At its heart are our values and the adjoining segments represent our areas of focus. They are:

- **Safety**—our first priority is a safe workplace for our employees and contractors and safe roads for our customers.
 - **People**—our employees help us operate and grow our business, so we want to create a workplace where they will thrive.
 - **Excellence**—we are working to continually improve our performance—and we aim to be a leader in our sector.
 - **Financial discipline**—every dollar we spend should deliver a return to investors or the community.
 - **Growth**—we have a disciplined approach to growth. We will only consider new opportunities that meet our strict investment criteria.
 - **Relationships**—the success of our business relies on lasting and meaningful relationships with governments, communities, investors and other stakeholders.
 - **Environment**—we are committed to minimising our environmental impacts.
- Our success in these areas will shape our corporate reputation and the sustainability of our business, and deliver benefits to the community, to governments and to Transurban's investors.

TOTAL SECURITY HOLDER RETURN



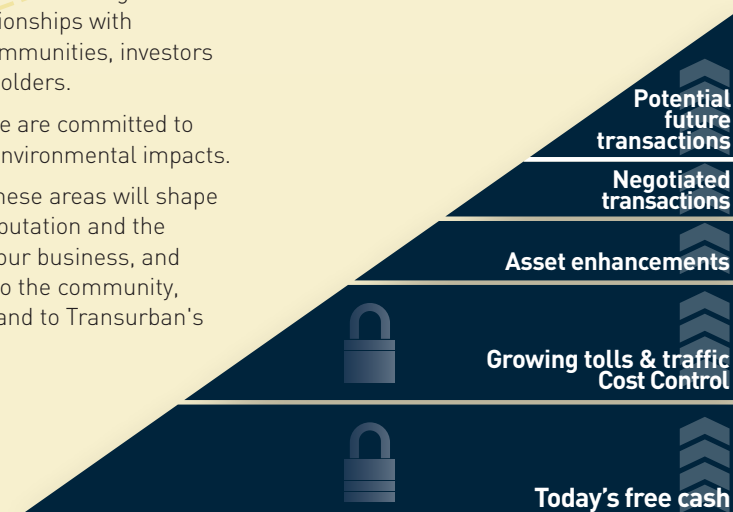
KEY VALUE DRIVERS

Our key value drivers of security holder value are depicted in a diagram known as 'the wedge'.

They are:

- Free cash, which we use to pay distributions to our security holders
- Growing tolls and traffic and cost control
- Asset enhancements such as Sydney's Hills M2 Upgrade and M5 West Widening
- Negotiated transactions with governments such as the 495 and 95 Express Lanes projects, and
- Potential future transactions.

For more information about Transurban please visit our corporate website at www.transurban.com.



¹ DRiVe is Transurban Group's road investment vehicle in the US. The Group holds 75 per cent of DRiVe, which owns 90 per cent of both the 495 and 95 Express Lanes projects. The 67.5 per cent therefore reflects Transurban's proportional ownership.

² Account customers represent actual tag and video accounts held with Transurban entities. Non-account customers include an estimate for tag account customers with EastLink, QML, RTA, FLOW and E-way who use Transurban roads plus an estimated number of individual customers who use either cash or video passes, or receive deferred toll notices, in New South Wales or late toll invoices in Victoria.

THE ROAD TO CREATING BETTER CITIES



CHAIRMAN'S WELCOME

On behalf of the Transurban Board, I am proud to present the 2012 Sustainability Report documenting the company's economic, environmental and social performance for the past year.

This is the seventh such report for Transurban—and my fifth year as a director of the company. In that time, I have seen sustainability become a much bigger part of how Transurban does business. I believe that is reflected in our commitments to improving our performance and the depth and breadth of our reporting.

Every year we review the key issues, risks and opportunities we face and their potential impact on Transurban and our stakeholders. These risks and opportunities ultimately inform our business strategy and underpin how we operate our business.

Transurban's overall sustainability challenges and goals, the key events of the past year and the outlook for the current year are all outlined by our CEO Scott Charlton. The Board will continue to support Scott and the rest of the team at Transurban in their sustainability efforts.

Lindsay Maxsted
Chairman

MESSAGE FROM THE CEO

When I joined Transurban in July this year, one of the things I looked forward to most was the opportunity to make our cities better places to live.

Great cities need great transportation—efficient motorway networks and public transport options. And Transurban, as a toll road owner and operator with a focus on the long term, is in an excellent position to work alongside governments to keep our cities moving.

This is, and has always been, our challenge and our opportunity.

Right now cities in Australia and the US—both markets where we operate—are becoming choked with traffic as the populations grow and current transport networks struggle to keep pace.

It has now reached a stage where action must be taken or we risk lasting impacts on our economy, productivity and our quality of life.

In Melbourne and Sydney, peak periods are getting longer on many major motorways. Experts estimate the productivity cost of this congestion, in dollar terms, at \$5 billion a year. In the US, the story is very similar.

CHALLENGES

Governments have been making great progress in setting out their vision and priority projects with long-term transport plans, but we believe it is time to start delivering. The costs of waiting for a perfect solution are way too high.

Road upgrades to increase capacity—such as those we are undertaking on the Hills M2 and M5 motorways in Sydney—are part of the solution, but we cannot build our way out of congestion forever.

We have to work out ways to use our transport networks more efficiently and to manage the demand. That could mean anything from different types of user charges to high-tech freeway management systems; to tolled



corridors shared with public transport; to integrated transport network pricing to encourage the use of public transportation. It could mean time-of-day road pricing—similar to the demand or peak pricing applied in the utility sector—to help regulate the volume of traffic.

Addressing these issues is a complex process involving government, industry and transport users. These types of discussions are not easy and, in particular, road pricing seems most sensitive—for governments, users and communities.

There are a number of fundamental questions that need to be answered before any such scheme could gain traction. And, of course, there is also the political reality of what governments are prepared to progress.

At Transurban, we are in a strong position. We have the network planning and project delivery expertise to partner with governments on projects that offer long-term benefits to the community.

Our challenge is to take our place in the reform discussion about how we can take action now using pragmatic solutions to manage congestion.

It is our responsibility to do this in a disciplined and ultimately sustainable way for communities, governments and investors.

THE ROAD TO CREATING BETTER CITIES

ACHIEVEMENTS

Over the past year we have made progress on projects that will address congestion and increase capacity on urban motorways.

In Sydney, we achieved financial close for a widening of the M5 South West Motorway, a critical link to Sydney Airport and Port Botany. We also continued construction on the Hills M2 Upgrade, which was about two-thirds complete at the end of FY12.

In addition, Hills M2 and the Eastern Distributor—also in Sydney—were converted to fully electronic (cashless) tolling, which reduces congestion and improves travel times.

In the US we reached in-principle agreement for a high-occupancy vehicle / toll lanes development on the I-95 in Virginia. We reached financial close on 1 August 2012. This new project—the 95 Express Lanes—will connect to our 495 Express Lanes project on the Capital Beltway, which is preparing for opening by the end of 2012.

Finally, we were pleased to get external recognition for our sustainability efforts again this past year.

On the corporate governance front, we were given a “green light” for gender diversity in the 2012 Women on Boards Traffic Light Index. This was significant given we were one of only 10 companies to achieve the rating from a sample of 82 companies in the top 200 on the Australian Securities Exchange (ASX).

In addition, we were included on the Dow Jones Sustainability Indexes (DJSI) Australian SAM list and the Carbon Disclosure Project (CDP) ‘Climate Leaders’ list for Australia / New Zealand, and we are again listed as a member company in the FTSE4Good Index.

AREAS FOR IMPROVEMENT

Like any business, there are things we could do better.

In June we announced we were writing down the value of one of our Virginia assets, Pocahontas 895. This was a disappointing development for our business, but it did not have cash impacts or affect the immediate operation of the road. We took the decision because Pocahontas 895’s future cash flows are expected to be significantly impaired relative to original forecasts. Housing and other development expected in the corridor did not happen due to issues in the local and US economies.

In FY12, we adopted a company-wide safety KPI after having one at the executive level in the previous year. Unfortunately, the Australian business did not meet this target due to an increase in our Recordable Injury Frequency Rate. We will work on improving this in FY13 through further employee education and engagement.

We have increased our focus on supporting diversity within Transurban. Currently, women hold around one-third of the senior leader / executive level positions within the company. In FY13, we have set an objective to increase the representation of women at these levels through initiatives such as mentoring and the establishment of regional diversity committees.

We look forward to working on these areas over the next year as well as the other commitments we have made (refer to page 38) to ensure that our business continues to thrive and deliver long-term benefits for not only our investors, but our customers and the community as a whole.

Scott Charlton
CEO

UNITED NATIONS GLOBAL COMPACT—COMMUNICATION ON PROGRESS

In 2009, Transurban signed the UN Global Compact, a voluntary framework which encourages companies to align their operations to 10 universal principles on human rights, labour practices, the environment and anti-corruption.

Since signing the compact, we have been applying these principles across our business, and we will continue to do this in FY13.

To find out more about the UN Global Compact, visit www.unglobalcompact.org

TRANSURBAN IN FY12

7 JULY 2011 EASTERN DISTRIBUTOR REFINANCING

We completed a refinancing of \$520 million of non-recourse project debt for our 75.1 per cent owned Eastern Distributor (ED) in Sydney. The refinancing lengthened the ED's average debt maturity by two years, reducing debt margins from those achieved in the 2009 refinancing, which was impacted by the global financial crisis.

4 AUGUST 2011 FULL-YEAR RESULTS

We announced our results for the financial year ended 30 June 2011, reporting a net profit of \$58.6 million, a 50 per cent decrease on the prior year. The result was directly impacted by the equity accounting charge associated with the impairment to Pocahontas 895.

OCTOBER 2011 EXPRESS LANES OPERATIONS CENTRE OPENS

Our US team based in Virginia moved into the new Operations Centre in Fairfax County. The centre was designed to be LEED certified. LEED stands for Leadership in Energy and Environmental Design.

25 OCTOBER 2011 ANNUAL GENERAL MEETING

Our investors endorsed all five resolutions voted on at the 2011 AGM. The FY11 Remuneration Report received overwhelming support from the majority of security holders, reflecting strong endorsement of the new executive remuneration framework put in place for FY12. Security holders had previously expressed concern about the way executive remuneration had been structured and measured.

7 DECEMBER 2011 BOARD TRANSITION

Long-term directors Professor Jeremy Davis and Geoff Cosgriff retired from the Board, as announced at our AGM. We also announced that Ian Smith was joining the board, effective 1 January 2012. Mr Smith has more than 30 years of experience in the global mining industry in operational and project management roles.

7 DECEMBER 2011 I-95 PROJECT IN-PRINCIPLE AGREEMENT

We reached an in-principle, non-binding agreement with the Commonwealth of Virginia on the 95 Express Lanes project in Northern Virginia, US.

9 DECEMBER 2011 BANK DEBT REFINANCED

Transurban signed a new syndicated bank facility, with a significantly lower interest cost, to re-finance \$375 million of debt maturing in August 2012.

21 DECEMBER 2011 AGREEMENT ON M5 WEST WIDENING

Interlink Roads (50 per cent owned by Transurban) signed an in-principle agreement with the New South Wales Government for a major upgrade of Sydney's M5 South West Motorway. The approximately \$400 million project will add an extra lane in each direction over 21 kilometres of the 22 kilometre road.

5 JANUARY 2012 SIMPLIFIED STRUCTURE

In January 2012 we repatriated our Bermudian entity to Australia. This change means our stapled group is now Australian based, and it makes us a simpler investment proposition for investors.

9 JANUARY 2012 495 EXPRESS LANES EDUCATION CAMPAIGN

We launched our year-long education campaign to prepare drivers on Virginia's Capital Beltway for the introduction of High Occupancy Toll (HOT) lanes in late 2012. A new website—www.495ExpressLanes.com—was the first stage of the campaign to familiarise drivers with the lanes, now formally known as the 495 Express Lanes.

30 JANUARY 2012 CEO RESIGNATION

CEO Chris Lynch gave notice of his intention to resign as CEO and as a Board director, effective July 2012. Mr Lynch joined Transurban in February 2008.

30 JANUARY 2012 CASHLESS TOLLING FOR HILLS M2, EASTERN DISTRIBUTOR

Sydney's Eastern Distributor and Hills M2 were converted to cashless (fully electronic) toll collection. This removes the need for drivers to queue at cash booths, reduces congestion and improves travel times.

7 FEBRUARY 2012 HALF-YEAR RESULTS

We announced our financial results for the six months ended 31 December 2011. Our proportional EBITDA increased 7.5 per cent on the prior corresponding period to \$390.0 million.

29 FEBRUARY 2012 "MAPLE BOND" ISSUED

Transurban issued \$250 million of Canadian Dollar denominated secured fixed-rate, medium-term notes, referred to as "Maple Bonds". This marked the first time Transurban issued into the Canadian market.

1 APRIL 2012 RUN FOR THE KIDS

Transurban sponsored Melbourne's biggest annual fun run for the seventh straight year. More than 33,000 competitors raised a record \$1.65 million for the Royal Children's Hospital Good Friday Appeal.

3 APRIL 2012 NEW CEO APPOINTED

Transurban appointed Scott Charlton as new Chief Executive Officer, effective July 2012. Mr Charlton had senior appointments across a range of financial and infrastructure organisations, including his most recent role as Chief Operating Officer at Lend Lease.

12 APRIL 2012 NEW BOARD MEMBER

Christine O'Reilly joined the Board as a non-executive director. Ms O'Reilly has significant experience on major infrastructure projects, including in her most recent role as Global Co-Head of Infrastructure Investment Management at Colonial First State Global Asset Management.

TRANSURBAN IN FY12

22 APRIL 2012

HILLS M2 TOLLS FROZEN

Transurban and the New South Wales Government announced an agreement to freeze car and motorcycle tolls at Pennant Hills Road and the Main Toll Plaza at North Ryde while the Hills M2 Upgrade works were completed in the western section of the motorway, and the eastern sections respectively. Due to the size and complexity of the project, there had been some increases in congestion on the motorway during roadworks.

2 MAY 2012

NEW CFO APPOINTED

The Group announced that Samantha Hogg would be Transurban's new Chief Financial Officer (CFO) following the resignation of then CFO Tom Honan. Ms Hogg joined the company in 2008 as Treasurer and had been Group General Manager, Corporate Services since January 2011.

7 MAY 2012

EMPLOYEE OPINION SURVEY

Approximately 80 per cent of employees responded to our Employee Opinion Survey, which showed positive results in teamwork, diversity, work/life balance, ethics and safety. Our overall employee engagement score was 66 per cent, which is in line with the Australian benchmark.

14 MAY 2012

MILESTONE FOR HILLS M2 UPGRADE

The \$550 million Hills M2 Upgrade reached another major milestone in May with the project two-thirds complete. Almost two and a half million hours were worked on the project by over 5,000 employees and contractors since construction started in January 2011.

18 JUNE 2012

FINAL DISTRIBUTION

We announced that a distribution of 15.0 cents per stapled security would be paid for the second half of FY12, bringing the final, full year distribution to 29.5 cents, which was marginally above our guidance of 29 cents.

18 JUNE 2012

POCAHONTAS 895 WRITE DOWN

In June we announced that we were writing down the value of our toll road in Richmond, Virginia, the Pocahontas 895. Development that had been expected did not eventuate due to specific issues in the local area and the continuing difficult macro-economic environment in the US.

26 JUNE 2012

FINANCIAL CLOSE ON M5 WEST WIDENING

Interlink Roads (50 per cent owned by Transurban) achieved financial close on the M5 West Widening project. Construction started in July 2012.

30 JUNE 2012

EXPRESS LANES CONSTRUCTION

We are now in the final construction stages of our largest development, the 495 Express Lanes on the Capital Beltway in the Washington DC region. The first tolls are expected in December. It will be one of the most technologically advanced toll roads in the US.

CITYLINK TUNNEL CLOSURE

On 3 October 2012, CityLink's tunnels were closed for approximately 12 hours after a system failure in CityLink's primary and back-up systems. This meant CityLink was no longer able to operate critical safety systems such as water deluge and smoke extraction in the event of an incident in the tunnels. The tunnel closure caused widespread disruptions for the travelling public of Melbourne.

CityLink's absolute focus is on motorists' safety and in this instance the closure of the tunnels was necessary to ensure safety was not compromised.

All tolls were refunded from 4 am to midnight on the day.

The issue is now the focus of an independent investigation into the root—cause of the incident.

ONGOING

AUSTRALIA

- **Hills M2 Upgrade**—construction is expected to be completed by mid 2013. See Communities. Community Engagement during Construction.
- **M5 West Widening**—Preliminary work started in July 2012 and construction on the motorway widening is expected to be completed in late 2014.

UNITED STATES

- **495 Express Lanes project**—first tolls expected to be in December 2012.
- **95 Express Lanes project**—construction started in August 2012 and is expected to be completed within two and a half years.

AWARDS AND ACHIEVEMENTS

- Received a "green light" for gender diversity in the 2012 Women on Boards Traffic Light Index—one of only 10 companies to achieve the rating from a sample of 82 ASX200 companies.
- Listed as a member company is the FTSE4Good Index for the ninth consecutive year.
- Our Richmond Airport Connector Road received the Mid-Atlantic Region of the Design-Build Institute of America's Design-Build Merit Award for Transportation. The 1.6-mile four-lane divided toll road provides motorists with direct access to Richmond International Airport from Pocahontas 895.
- DJSI—listed on the Australian SAM Sustainability Index for 2012
- CDP—included in the Carbon Disclosure Leaders Index (CDLI) for Australia and New Zealand each year from 2006–2011. (Results for 2012 not released at the time of publication.) To view our submission visit www.transurban.com/sr12/TU_CDP_2012_response.pdf



FTSE4Good

TRANSURBAN'S APPROACH TO REPORTING

Our Sustainability Report is aimed at all internal and external stakeholders with an interest in Transurban's sustainability performance. This includes employees, investors, customers, the community, governments, suppliers, contractors, financial analysts, non-government organisations and industry leaders.

The report addresses issues relevant to Transurban and others in our sector.

DETERMINING PRIORITY ISSUES

Ernst & Young along with a sample of employees have checked the content of this report against the findings of our formal materiality review. The annual review determines the most important and relevant issues for both Transurban and our stakeholders.

Each of our markets—Victoria and New South Wales in Australia and Virginia in the US—and our corporate offices compiled a comprehensive list of issues using the 5 Part Materiality Test³.

The test covers:

- Direct, short-term financial performance
- Transurban's ability to deliver on its strategies and policies
- Best practice norms exhibited by peers
- Stakeholder behaviour and concerns, and/or
- Societal norms, particularly where these are linked to possible future regulation.

Issues were then prioritised through the process outlined in our Stakeholder Engagement Framework, which rates issues on the basis of potential impact on Transurban and the significance to stakeholders. The issues identified through this process form the basis of the content within this report.

In addition, we consulted with subject matter experts across the business to identify, collect and interpret data relevant to this year's report.

SCOPE

The report contains information on activities in FY12 (1 July 2011 to 30 June 2012), unless otherwise stated. We intend to continue to report annually on our sustainability progress.

Most of the information and data presented in this year's report comes from our Australian roads as the majority of our operations are based in Australia. The report also covers Transurban's corporate offices in Australia.

For the roads that Transurban manages—CityLink, Hills M2, Lane Cove Tunnel, Eastern Distributor, Pocahontas 895 and the 495 Express Lanes—we have reported relevant sustainability information. The 95 Express Lanes project in the US is not covered by this report since it reached financial close outside the reporting period.

For the other roads—Westlink M7 and M5 South West—we are still able to report some aspects of sustainability performance.

Some of the reported data is collected by our road operations and maintenance (O&M) contractors and construction project contractors. They include:

- TransLink Operations Pty Ltd (TLO) for CityLink
- Abigroup Contractors Pty Limited for the M1-CityLink Upgrade.
- Lend Lease Pty Ltd and EGIS Australia for Hills M2
- Leighton Contractors Pty Limited for the Hills M2 Upgrade and the Eastern Distributor and
- Transfield Services (Australia) Pty Limited for the Lane Cove Tunnel.

We believe the work they carry out for our assets forms part of our social and environmental footprint.

ACCURACY

Through this report, we aim to present an accurate picture of Transurban's social, economic and environmental performance, and our governance landscape.

To provide stakeholders with a greater level of confidence in the company's sustainability reporting, we appointed Ernst & Young to provide limited assurance over certain information within this report.

After assessing the results of our materiality review, Transurban determined that assurance should focus on five key issues:

- Customer safety
- Diversity
- Pay equity
- Greenhouse Gas (GHG) emissions data, and
- Water data.

Ernst & Young's Limited Assurance Statement can be viewed at www.transurban.com/sr12/assurance.pdf

³ Described in Accountabilities AA1000 Stakeholder Engagement Standard

TRANSURBAN'S APPROACH TO REPORTING

GRI ACCORDANCE

This report is based on G3 guidelines published by the Global Reporting Initiative (GRI). GRI is a multi-stakeholder network that is considered to set the global standard for reporting in sustainability.

The GRI G3 provides us with a comprehensive framework that helps us assess and track our economic, social and environmental performance. It also provides us with a useful benchmark against other global companies.

GRI has rated our report at an A+ level for the sixth consecutive year. The GRI's statement can be viewed at www.transurban.com/sr12/statement.pdf

We also review our reporting against other sustainability performance indicators such as the Dow Jones Sustainability Indexes, Carbon Disclosure Project and FTSE4Good Index.

UN GLOBAL COMPACT

In line with the GRI framework, throughout this report we have communicated our progress against the UN Global Compact's ten principles.

ENVIRONMENTAL DATA

In FY12 environmental data for the period FY06 to FY11 inclusive was reviewed and where necessary, changes were made to figures published in earlier reports. There were no material changes, with the exception of an increase in Scope 3 customer travel GHG emissions for Pocahontas 895 in FY11.

DATA METHODOLOGIES

GHG EMISSIONS

Scope 1 and 2

Transurban uses the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) to draw boundaries around emission sources when quantifying our Scope 1, Scope 2 and Scope 3 GHG emissions.

Emission factors and calculation methodologies outlined in the Australian Government Department of Climate Change—National Greenhouse Accounts (NGA) Factors July 2011 are then applied to each data source.

For our US operations, we calculate Scope 1 GHG emissions using emission factors and calculation methodologies outlined by the US EPA for the calculation of GHG emissions from transportation and mobile sources. The EPA's eGRID2010 Version 1.1 (May 2011) Year 2007 Summary Tables are used to calculate Scope 2 GHG emissions.

Scope 3

Transurban applies the GHG Protocol's air travel method and emission factors to individual flight details to generate our Scope 3 emissions associated with corporate air travel.

Australian Government NGA Factors July 2011 have been used to calculate Transurban's Scope 3 emissions from waste, fuel use (for incident response and operations and maintenance vehicles), fuel refining and transport and electricity transmission and distribution losses. Emission factors for embodied energy in construction materials are sourced from SimaPro and the Australian LCA Dataset 2010.

Customer Travel

We have calculated the Scope 3 emissions produced by customer vehicles travelling on CityLink, Hills M2, Lane Cove Tunnel, Eastern Distributor and the M5 South West Motorway. GHG emissions from these roadways were calculated using our traffic model developed in-house.

The model uses traffic data that is extracted from our tolling system and represents actual trips along the roadway. The tolling system records information such as vehicle class and entry and exit points of vehicles, giving an accurate representation of vehicle types and trip lengths.

Travel speeds are an additional contributing factor to calculating GHG emissions. Our tolling system on some of these roads time stamps each transaction, so it is possible to estimate average travel speeds for each individual trip. For roads with only single toll points—such as the Eastern Distributor—we have used surveyed average travel speeds.

Fuel type is also important in the calculation of GHG emissions. Vehicle fuel type is estimated from information on fleet mix and fuel type for each state and city documented in the 2011 motor vehicle census.

Transurban's in-house traffic model uses the above information and applies emission factors sourced from the University of South Australia that are sensitive to average travel speeds to calculate the GHG emissions from customer vehicles on the specified Australian roads.

We have also calculated the Scope 3 emissions produced by customer vehicles travelling on Pocahontas 895 in the US. Customer vehicle miles travelled and vehicle class are estimated from tolling system information, and relevant emissions factors from US EPA Highway Vehicle Emission Factor Models are applied to calculate the associated Scope 3 emissions.

TRANSURBAN'S APPROACH TO REPORTING

SAFETY

Lost Time Injury Frequency Rate

Lost Time Injury Frequency Rate (LTIFR) is a generally accepted way of measuring the safety performance of many companies in Australia. LTIFR is defined as the number of Lost Time Injuries multiplied by 1 million divided by the number of man hours worked in the reporting period. A Lost Time Injury is a work injury or illness where the injured party has at least one complete day or shift off work.

Recordable Injury Frequency Rate

The Recordable Injury Frequency Rate (RIFR) is the LTIFR plus medical treatment regardless of lost time. It also extends to contractors working under Transurban's safety management system.

Incidence Rate

By comparison, in North America the generally accepted measure is Incidence Rate. The definition of Incidence Rate is the total number of Lost Time Injuries multiplied by 200,000 divided by the number of man hours worked in the reporting period.

Lost Work Day Case

In the US our contractors monitor the number of man hours worked without a Lost Work Day Case. The term Lost Work Day Case means a nonfatal, traumatic injury causing any loss of time from work beyond the day or shift in which it occurred—or a job-related nonfatal, non-traumatic illness/disease that causes disability at any time. Our contractors also track their safety performance against industry peers through the nationally accepted Occupational Safety and Health Administration Recordable Incidence Rate benchmarks.

Collision Index

We use an internationally recognised index⁴ to report collision information on Australian roads where we have management control—CityLink, Hills M2, Eastern Distributor and Lane Cove Tunnel.

The collision index shows the number of collisions per 100 million vehicle kilometres travelled. Collision data is collected by our road operations contractors.

⁴ Our index uses a methodology consistent with the International Traffic Safety Data and Analysis Group, a permanent working group of the Joint Transport Research Centre of the OECD and the International Transport Forum.

HOW WE OPERATE

SUSTAINABILITY GOVERNANCE

Sustainability is governed within Transurban by a set of policies, procedures and frameworks that define our approach. The key documents are:

- Sustainability Framework—articulates the definition of sustainability for Transurban, the sustainability business case, our reporting framework, aspirations and commitments.
 - Climate Change Strategy—explains why climate change is an issue for Transurban, and sets out the potential risks and opportunities climate change poses and our responses.
 - Stakeholder Engagement Framework—outlines our approach to engagement based on global leading practice principles (the AA1000 standard).
 - Sustainable Purchasing Policy and Code of Practice—aligns our purchasing framework to our sustainability framework.
- Transurban sets annual Sustainability Performance Measures which are overseen by the Board at the end of each year. The measures for FY12 include:
- Ensure Transurban is prepared for climate change. (See Environment > [Climate Change](#))
 - Embed sustainability into standard business practice at Transurban. (See How We Operate > [Sustainability Action Plans](#))
 - Ensure Transurban manages its environmental impacts. (See [Environment](#))
 - Improve the quality of sustainability reporting and ensure it aligns with stakeholder needs. (See Transurban's Approach to Reporting > [Determining Priority Issues](#))

TRANSURBAN'S SUSTAINABILITY FRAMEWORK

COMPANY STRATEGY AND GOVERNANCE

Environment The natural environment on which Transurban's operation may have an impact.	Employees Those people who work for Transurban, in a permanent, temporary or contractual capacity.	Marketplace Customers, investors, suppliers, joint venture partners, contractors and government.	Communities Local government, residents, community and civic organisations in areas where we operate.
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REPORTING

SUSTAINABILITY FRAMEWORK

Transurban's Sustainability Framework, developed in 2009, provides our Board, management and employees with a clear articulation of what sustainability means for us.

The framework helps inform our annual sustainability priorities, and it is the foundation for the development of sustainability commitments. It also provides a framework for this report.

Transurban's overall approach to sustainability is formed around 'four pillars' of sustainability—the environment, employees, marketplace, and communities.

Transurban's sustainability pillars both influence and are influenced by our corporate strategy and governance framework. We believe there is a strong link between excellence in governance and business performance.

We choose to publicly report our sustainability performance to our stakeholders in the interests of accountability and transparency. We evaluate our performance against the sustainability goals and targets we set for our programs and projects.

Sustainability reporting is also used as a management tool to assess sustainability performance, benchmark against industry peers and identify significant gaps in our sustainability program. Our sustainability reporting has also helped to drive the agenda for change across the business.

In subsequent sections you will find a review of our performance in each of the four pillars.

HOW WE OPERATE



RISK MANAGEMENT

Managing risk is an essential part of our business. Key risks are regularly reviewed by the Board, the Audit and Risk Committee and our Executive Committee.

Transurban has a business-wide risk framework in place to help create a consistent and rigorous approach to identifying, analysing and evaluating risks. This framework has various policies, standards and guidelines attached to it, including the Risk Management Policy which can be found at www.transurban.com/37.htm

The framework is overseen by the Audit and Risk Committee and is actively managed by the Executive Committee. It is consistent with AS/NZ31000:2009 and is subject to regular review by internal audit. Our Audit and Risk Committee Charter is available at www.transurban.com/37.htm

OPERATING OUR ASSETS

Transurban has implemented a set of standards that gives us a consistent approach to infrastructure management across the business. This includes our approach to project delivery.

In 2010 our Project Delivery System was ISO 9001:2008 accredited. ISO 9001:2008 is part of the family of standards related to quality management systems.

A successful third party surveillance audit was conducted in November 2011 confirming the accreditation.

In 2012 we reviewed these standards to align these to our business model and further tailor them to the operating needs of our assets.

SUSTAINABILITY ACTION PLANS

To further our goal of embedding sustainability into standard business practice at Transurban, teams across the business have developed sustainability action plans over the previous three years.

In the last year we have taken a slightly different approach: We have linked the tracking of our actions to the commitments made in our report. Quarterly Environment and Sustainability forums are held with each of the assets. At these forums, relevant issues and actions are discussed with managers at the corporate level, asset managers and the operation and maintenance providers.

By contributing to the annual commitment statements in the report, each team focuses on those areas where they can have the greatest impact on Transurban's ability to meet our overall sustainability objectives. Each year teams review and update their sustainability commitments as part of the company's annual planning and reporting process.

SAFETY AT TRANSURBAN

Safety is always a high priority for Transurban. We have a range of strategies, systems and policies in place to help us effectively manage safety both in our workplaces and on our roads. These include:

- AS4801 management system—AS4801 is an Australian standard for systematically managing health and safety in the workplace. In FY10 we obtained AS4801 certification for our Australian offices and our majority-owned assets except the Eastern Distributor and Lane Cove Tunnel. In FY11 both of these assets were also certified. In FY12 our certification was confirmed and our US operations made significant progress toward achieving certification against the international standard OHSAS18001.
- Safety KPIs—in FY11 we introduced new health and safety Key Performance Indicators (KPIs) for our executive team. In FY12 safety KPIs were built into the performance planning and review process for all our employees.
- Tunnel, road and customer safety—Transurban conducts forums across our managed assets, consults emergency services after serious incidents and monitors national and international trends to ensure strong safety standards at road assets.

HOW WE OPERATE

EMERGENCY, THREAT AND CRISIS RESPONSE

As part of our commitment to safety, Transurban's majority-owned assets conduct an exercise each year that helps validate and improve existing threat, emergency and business continuity management plans, and provides an opportunity for training.

In FY12, these activities were:

- Eastern Distributor (ED)—The ED conducted a full field exercise during the year. This involved an actual on-road response by emergency service agencies to a simulated car fire in the tunnel. The New South Wales (NSW) Department of Transport Security and Emergency Management Division attended the ED exercise for the first time. The exercise gave us valuable feedback and allowed us to further build on relationships.
- Lane Cove Tunnel (LCT)—LCT has developed a Disaster Recovery Plan for its tolling and backup systems arrangements for the motorway. The first business continuity exercise was held this year to test the plan. In FY12 the LCT also experienced a genuine incident involving a Fire and Control Room Failure. The planning work and training that had already been undertaken during the year helped us make a quick, controlled recovery. Lessons from this incident have been incorporated into our ongoing plans.
- Hills M2—More than 60 personnel from government, emergency services and private motorways attended the Hills M2's annual training simulation and emergency management exercise. The simulated emergency involved a tunnel collision between two heavy vehicles and required response from the police, fire and ambulance services. The scenario helped us improve cooperation and understand how critical our communication is with the community during any interruption to the motorway.

→ CityLink—Each year CityLink is required to run a counter-terrorism exercise under the Terrorism (Community Protection) Act. The exercise is assessed by Victoria's Department of Transport, Security and Emergency Management Division and the Victoria Police Critical Infrastructure Protection Unit. In FY12, instead of a traditional on-road incident, CityLink developed a cyber-security scenario that allowed us to explore new areas of security and training. This exercise was conducted in conjunction with the annual emergency exercise. The scenario—which involved interference with road-side and tolling systems—allowed us to explore the consequences of a critical incident restricting access to the CityLink control room and our ability to run the road. Feedback from this was used in the development of a new business continuity plan for CityLink's Operations and Maintenance Building.

Also in FY12, the Emergency Strategy Teams from our New South Wales and Victorian offices participated in several training sessions. Experts from government and the security and threat management fields, along with other corporate crisis teams, were involved in many of these sessions.

In the US, our 495 Express Lanes team conducted a business impact analysis to identify critical systems that will be used in the daily operation of the roadway, due to open in late 2012. This work was used to create a business continuity plan focused on maintaining or recovering operations in the unlikely event of a major crisis. Emergency Management Plans were also finalised for the 495 Express Lanes during the year and a Crisis Communications Plan is under development, with completion expected in the first half of FY13.

CODE OF CONDUCT

Transurban is committed to maintaining a high standard of corporate governance. In FY12 our corporate governance framework and main governance practices complied with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations.

Over the past year we continued to roll out an education program on equity and Transurban's Code of Conduct for new employees. The program covers issues such as harassment and bullying in the workplace, managing conflicts of interest and how to avoid breaches of the Code. The training also includes our whistleblower and fraud policies.

In addition, 369 employees and 80 managers attended workshops outlining changes to the Equal Opportunity Act and their roles and responsibilities in relation to this.

Any alleged or reported breaches of our Code of Conduct are considered to be a serious matter. These are investigated by Human Resources to determine if a breach has occurred. If it has, the breach and any corrective actions are recorded.

As indicated in the **Breaches of Code of Conduct** table, there was a reduction in the number of incidents in FY12. Eight of the eleven breaches related to equity in the workplace. In FY13 there will be a continued focus on diversity awareness through the Manager and Employee Essentials training programs.

Continuing to reduce the overall number of incidents will remain a focus for us. In FY13 we aim to improve education and communication to employees via online learning modules and programs focused on key policies.

TRANSURBAN'S KEY FIGURES FOR 2012 REPORT (FOR THE YEAR ENDING 30 JUNE 2012)

FINANCIAL

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Statutory							
Toll revenue (\$ million)	384.2	467.3	626.2	678.3	684.4	724.1	765.4
Total Revenue (\$ million)	437.1	506.9	770.5	834.0	817.2	1,036.5	1,154.5
Profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes (\$ million)	266.4	327.4	407.0	479.4	527.5	603.9	636.9
Net profit (\$ million)	(60.9)	(152.2)	(105.3)	(16.1)	59.6	118.2	58.6
Distribution per security (cents)	50.0	54.0	57.0	22.0	24.0	27.0	29.5

ENVIRONMENTAL

	2005-06 ^a	2006-07 ^b	2007-08 ^c	2008-09 ^d	2009-10 ^e	2010-11 ^f	2011-12 ^g
Total direct and indirect GHG emissions (tonnes CO ₂ -e), of which:	35,802	41,081	53,949	54,519	65,631	113,603	160,242
Scope 1 (tonnes CO ₂ -e) ^h	6	117	212	231	201	161	143
Scope 2 (tonnes CO ₂ -e) ⁱ	33,200	36,477	47,301	45,459	45,871	60,726	59,111
Scope 3 (tonnes CO ₂ -e) ^j	2,595	4,487	6,436	8,828	19,559	52,717	100,987
Customer travel emissions (tonnes CO ₂ -e)	N/D	369,735	392,842	412,569	428,467	659,321 ^k	661,280
Transurban's potable water use (million litres)	35.7	24.3	27.3	23.9	23.4	45.4	37.0
CityLink total water withdrawal (million litres), of which:	347.2	286.9	292.9	267.9	263.7	298.3	259.2
Groundwater from tunnels (million litres)	311.5	265.7	275.5	251.9	243.2	258.5	242.4
Potable water use (million litres)	35.7	21.2	17.4	16.0	20.5	39.7	16.8
CityLink volume of water recycled/reused (million litres)	223.5	170.2	190.7	192.5	183.9	183.4	149.5
CityLink percentage of water recycled/reused (%)	64	59	65	72	70	62	58
Compliance with EPA Victoria waste discharge licence for CityLink tunnels (%)	100	100	100	100	100	100	100
e-TAGS issued—CityLink, Roam and Roam Express	N/D	305,487	318,388	327,594	292,179	292,836	290,205
e-TAGS recycled—CityLink, Roam and Roam Express	207,741	86,700	98,649	126,079	97,193 ^l	88,829 ^l	140,233 ^m

a FY06 data for CityLink only.

b FY07 data—GHG includes CityLink, Hills M2, M5 South West Motorway, Pocahontas 895 and Corporate Office; Customer travel emissions includes CityLink, Hills M2 and Pocahontas 895; potable water includes CityLink, Hills M2, M5 South West Motorway and Pocahontas 895.

c FY08 data—GHG includes CityLink, Hills M2, Eastern Distributor, M4 Motorway, M5 South West Motorway, Pocahontas 895 and Corporate Office; Customer travel emissions includes CityLink, Hills M2 and Pocahontas 895; potable water includes CityLink, Hills M2, Eastern Distributor, M4 Motorway, M5 South West Motorway and Pocahontas 895.

d FY09 data—as per FY08 for GHG and potable water. Customer travel emissions includes CityLink, Hills M2, Eastern Distributor and Pocahontas 895.

e FY10 data—as per FY09 for potable water and for customer travel emissions. GHG includes CityLink, Hills M2, Hills M2 Upgrade, Eastern Distributor, M4, M5 South West Motorway, Pocahontas 895, Capital Beltway Upgrade and corporate offices. M4 Motorway data up to Feb 10 only.

f FY11 data—GHG includes CityLink, Hills M2, Hills M2 Upgrade, Eastern Distributor, Lane Cove Tunnel, M5 South West Motorway, Pocahontas 895, Capital Beltway Upgrade and Corporate Offices; Customer Travel emissions include CityLink, Hills M2, Eastern Distributor, Lane Cove Tunnel, M5 South West Motorway and Pocahontas 895; Potable water data includes CityLink, Hills M2, Eastern Distributor, Lane Cove Tunnel, M5 South West Motorway and Pocahontas 895. Lane Cove Tunnel data from August 2010.

g FY12 data—GHG & customer travel as per FY11, except a full year reported for Lane Cove Tunnel. Potable water data includes CityLink, Hills M2, Eastern Distributor, Lane Cove Tunnel, M5 South West Motorway, Pocahontas 895 and Hills M2 Upgrade.

h Scope 1 emissions are direct emissions from sources that are owned or controlled by the business. For Transurban, this includes the fuel used in our maintenance and emergency vehicles.

i Scope 2 emissions are indirect emissions associated with the generation of purchased electricity. For Transurban, this includes electricity used on our roads and tunnels, and in our offices and other facilities.

j Scope 3 emissions are indirect emissions that arise as a consequence of the activities of the business but occur from sources not owned or controlled by the business. For Transurban, these are associated with air travel, fuel refining and transport, electricity transmission and distribution loss and GHG emissions produced by contractor vehicles used on our roads for operations, maintenance and incident response purposes, waste to landfill and embedded energy in construction materials.

k This figure has increased since our FY11 report due to a correction in Pocahontas 895 customer GHG emissions.

l FY10 & FY11—the recycled tag figures did not include ROAM Express tags. The tags were only sent to be recycled in FY12 for the quantity of 30,580.

m This figure includes 15,500 of CML & ROAM tags from FY11 which were not recycled until 1/7/2011.

n Excludes Non-Executive Directors, maternity leave employees and employees on salary continuance for more than 12 months. Non-Executive Directors excluded as they do not fit into defined employee types; this is consistent with reporting in prior years. Maternity leave positions are usually backfilled and are excluded to avoid double counting. Total workforce is a snapshot in time (as at 30 June) rather than the maximum workforce number over the financial year due to system limitations. Contractor total excludes Master Vendor contractors and subcontractors working on site at Transurban.

Transurban definition of 'Position of Leadership' refers to employees within CEO, senior executive and senior management roles. The Seniority Level definitions has been revised for FY11 where middle management category is no longer relevant for Transurban's company size (See matrix below for definitions). The figures for 2010-11 reflect the FY11 classification. By applying the 2009-10 definition to 2010-11 data, the figures are 9 females (27.3%) and 24 males (72.7%).

o Includes all permanent full-time and part-time employees.

p LTIFR = (number of lost time injuries/number of hours worked) x 1,000,00 hours over a 12 month period on a rolling basis.

TRANSURBAN'S KEY FIGURES FOR 2012 REPORT (FOR THE YEAR ENDING 30 JUNE 2012)

EMPLOYEES

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total number of employees ^a	706	798	712	605	640	643	628
Employees leaving Transurban—voluntary (%) ^a	N/A	18	19	12	8	10	10.6
Employees leaving Transurban—involuntary (%) ^a	N/A	5	8	11	3	4	5.3
Australian Employees Lost Time Injury Frequency Rate (LTIFR) ^a	N/A	N/A	7.37	6.94	3.64	1.17	5.63 ^a
Australian Employees and Contractor Recordable Injury Frequency Rate (RIFR) ^r	N/A	N/A	N/A	N/A	N/A	3.96	5.46 ^a
US Employees Incidence Rate ^s	N/D	N/D	N/D	N/D	0	0	0
Employee Fatalities	0	0	0	0	0	0	0
Employee Engagement Score (%)	83	N/A	79	81	80	N/A ^t	66 ^u
Number of unplanned absences (days)	N/D	N/D	7.7	8.1	6.2	7.2 ^v	7.3
Average training hours per employee (hours) ^w	18.8	15.5	16.5	11.1	11.7	10.78	10.1
Women in Leadership (%) ^x	N/D	6	10	22	27	29	33
Employees covered by collective bargaining agreements (%)	N/D	38.7	37.1	37.0	37.2	33.3	29.6
Breaches of Transurban's Code of Conduct (number of incidents) ^y	7	8	4	6	15	12	11

MARKETPLACE

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Transurban Customer Resolution Group—number of enquiries	5,787	6,900	5,300	5,764	4,564	4,984	10,474 ^z
Number of complaints escalated to Ombudsman	81	150	154	178	178	234 ^a	341 ^y
Fatalities on Transurban's roads—CityLink	1	4	1	2	0	2	0
Fatalities on Transurban's roads—Hills M2	0	1	0	0	0	0	0
Fatalities on Transurban's roads—Eastern Distributor	N/A	0	0	1	0	0	0
Fatalities on Transurban's roads—Pocahontas 895	N/D	0	0	0	0	0	0
Fatalities on Transurban's roads—Lane Cove Tunnel	N/D	N/D	N/D	N/D	N/D	0	0
Customer satisfaction—CityLink Service Call Centres (%)	N/D	N/D	86.6	86.1	83.7	85.0	82.6
CityLink Incident Response time—traffic lane (mins:secs)	4:07	4:11	4:39	4:27	4:44	4:46	4:37
CityLink Incident Response time—emergency lane (mins:secs)	6:40	6:55	7:52	7:00	7:46	7:29	7:00

COMMUNITY

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total community contributions (whole \$ approx)	N/D	800,000	600,000	560,000	450,000	750,000	495,260
Total employee contributions through TransGiving (\$)	37,815	41,831	45,982	31,584	26,099	36,432	30,457
Employees participating in TransGiving (% as at June 30)	29	28	22	20	18	18	16

q The LTIFR/ RIFR was slightly higher than the previous year. We recorded two additional injuries in the office environment during the year, compared to FY11.

r In FY12 Transurban adopted Recordable Injury Frequency Rate (RIFR) as its method to record and monitor injuries. RIFR = (number of medical treatment and lost-time injuries / number of hours worked) x 1,000,000 hours shown over a 12 month period on a rolling basis. Hours worked includes Transurban's Australian full-time and part-time permanent and fixed term employees and direct contractors. It excludes US personnel.

s Incidence rate = (total number of lost time injuries x 200,000) / number of hours worked

t Employee Opinion Survey (Engagement Survey) was not conducted in 2010-11. However, we conducted a Pulse survey for CityLink which is discussed in the Employee section of this report.

u Employee Engagement Score is from a new Employee Opinion Survey carried out in FY12 these figures will not be related to previous Employee Engagement Scores.

v In 2010-11, the methodology was changed to 1) accurately calculate standard hours per day and 2) include employees on maternity leave or salary continuance less than 12 months. FY10 methodology applied to FY11 results is 6.86 days.

w These figures represent hours spent on in-house training courses offered by our Learning and Development team. It does not capture hours spent on external training courses.

x Transurban definition of 'Position of Leadership' refers to employees within CEO, senior executive and senior management roles.

The Seniority Level definitions has been revised for FY11 and the figures for 2010-11 reflect the FY11 classification. By applying the 2009-10 definition to 2010-11 data, the figures are 9 females (27.3%) and 24 males (72.7%).

y Represents breaches reported and investigated by Human Resources.

z There has been an increase in the number of CityLink enquiries following the implementation of a new customer management system in mid-December 2011. CityLink experienced a higher than usual volume of enquiries during the initial period post implementation. In addition, the way in which some enquiries are categorised has led to enquiries escalating to the Customer Resolutions Group rather than going to other teams, as they would have in the previous system.

aa Transurban's dispute resolution process continues to be available to all customers. Of note, it appears a larger number of customers are taking their enquiry directly to the Tolling Customer Ombudsman as evidenced by the increase in escalations compared to previous years.

bb The increase in Ombudsman cases reflects the increase in the number of CityLink customers who raised their concerns with the Ombudsman's office post the implementation of CityLink's new system.

ENVIRONMENT

Environmental sustainability is a key consideration for us on our roads and projects and in our offices, and we have further improved our processes in this area in FY12.

ENVIRONMENTAL GOVERNANCE

We use an Environmental Management System (EMS) to continually improve our environmental performance and achieve a consistent standard across assets over which we have management control.

In FY10 sustainability consultants Net Balance recommended we further align our business-wide EMS with the international standard ISO 14001. We have made progress on this in FY12, developing a new register to record environmental issues, risks and opportunities for each asset.

We plan to roll out an enhanced framework in FY13.

In addition, we have done the following governance work on our assets:

- Eastern Distributor—An environmental compliance and sustainability review conducted by consultants SKM in FY11 identified environmental risks, liabilities and sustainability issues for the motorway. All mandatory recommendations were implemented in FY12. The remaining non-mandatory recommendations and an asset Environmental Management Plan will be completed in FY13.
- Lane Cove Tunnel—We did further work to roll out our EMS on this asset in FY12. As part of the Minister's Conditions of Approval in New South Wales (NSW), an Environmental Impact Audit was conducted by consultants GHD, and environmental data for Lane Cove Tunnel is now fully integrated into our performance reporting. An overarching EMP is also in development, and is due to be finalised in FY13. This will improve alignment with the Operating EMP controlled by the operations and maintenance contractor for the motorway.

→ Hills M2—In FY12, we developed an EMP that provides an overarching tracking tool for Tollaust, the operator of Hills M2. In FY13 the operator and the maintenance contractor will review their EMPs to better align the asset and contractor responsibilities.

→ CityLink—A review of CityLink's EMP will be completed in FY13.

→ 495 Express Lanes—We have been capturing environmental construction data for our 495 Express Lanes project in the US, and will expand this reporting in FY13 when the road becomes operational.

CLIMATE CHANGE

In FY11, our Board approved a formal climate change strategy that articulates the risks climate change presents to our business and our strategic response. In FY12 we have:

- Initiated an infrastructure risk assessment on our Sydney assets with majority management control—Hills M2, ED and Lane Cove Tunnel—which will be completed in FY13.
- In addition, we have continued to:
- Review climate change risks to CityLink through our risk register, which will now be reviewed every two years.
- Develop our Greenhouse Gas (GHG) inventory measuring our Scope 1, 2 and 3 emissions.
- Assess options to reduce our emissions within our operations and projects.

CARBON PRICING

In November 2011 Australian Carbon Tax legislation was passed, and the tax came into effect in July 2012. In response, we reviewed our original FY11 analysis of the potential financial impact of increased energy and construction material (e.g. concrete, steel and asphalt) prices. Our model suggests the impact to our business is unlikely to be material.

ENERGY AND GREENHOUSE GASES

In FY12 there was a significant increase in our Scope 3 GHG emissions. The increase was the result of reporting embedded energy in 35,000 tonnes of asphalt used in a major resurfacing of CityLink's Western Link and a full year of construction work on the Hills M2 Upgrade. At Hills M2 Upgrade, our Scope 3 GHG emissions include energy embedded in construction materials, fuel usage by our contractors and emissions associated with waste sent to landfill.

We have also reported more fully on our corporate air travel, including for the first time flights booked by our US operations.

ENERGY REDUCTION

In FY12 Transurban achieved a reduction in our Scope 1/Scope 2 GHG emissions as a result of implementing energy saving initiatives at CityLink and improved efficiency at Hills M2, Eastern Distributor, M5 South West Motorway and in our corporate offices.

An energy audit undertaken on the CityLink tunnels in FY11 and a review in FY12 by our Lane Cove Tunnel operations contractor under the Energy Efficiency Opportunities Program are assisting us to prioritise energy saving opportunities across all our assets.

TUNNEL OPERATIONS

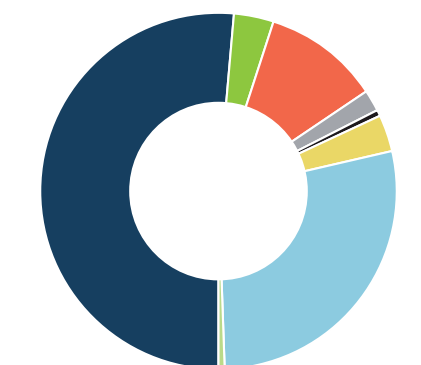
Tunnel ventilation accounts for the majority of Transurban's energy use. As a result, we have been looking at ways to reduce ventilation—and lower our GHG emissions—without impacting surrounding air quality.

In FY11 we reported on new EPA licence conditions allowing tunnel portal emissions for CityLink's Domain Tunnel during low traffic periods (8pm-4am). The previous licence required the tunnels to operate with zero portal emissions 24 hours a day.

Trials—and subsequent operations—have shown that energy savings

ENVIRONMENT

TRANSURBAN SCOPE 1 AND 2
GHG EMISSIONS FY12



CityLink	51.5%	Corporate Offices	3.3%
Hills M2	3.5%	Lane Cove Tunnel	28.3%
Eastern Distributor	10.6%	Hills M2 Upgrade	0.3%
M5 South West	1.9%	Capital Beltway Upgrade	0%
Pocahontas 895	0.6%		

can be achieved by switching off the ventilation system overnight with no adverse effects on air quality around the portals. (See [CityLink's Domain Tunnel Ventilation Case Study](#)) Our monitoring has shown that based on average electricity consumption before and after the ventilation trial, we have achieved an annual reduction of over four per cent in electricity use, saving approximately 900 MWh and over 1,000 tonnes of GHG each year.

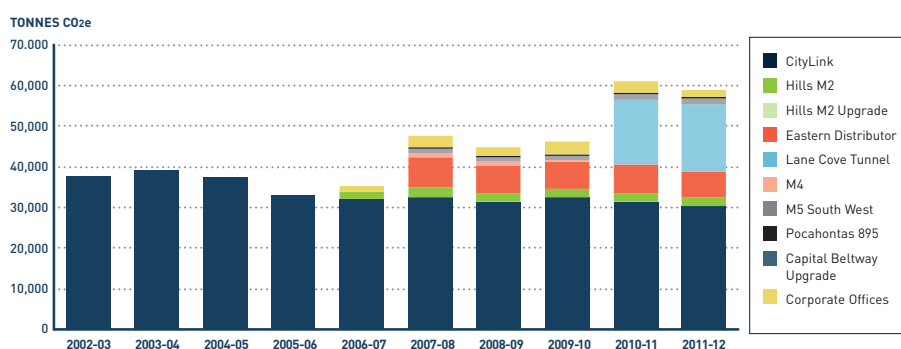
In FY13 we will look at the potential to conduct similar trials in the Burnley Tunnel, ensuring we engage with the EPA and the local community to address any concerns.

We have also approached Roads and Maritime Services in New South Wales about conducting a trial on the most heavily ventilated tunnel in the state, the Lane Cove Tunnel.

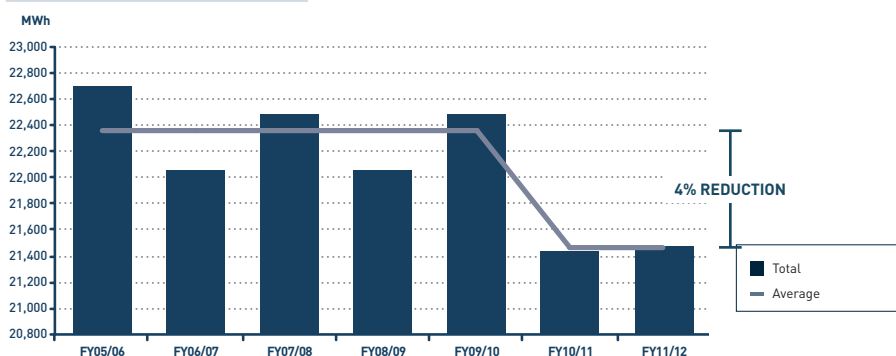
The proposal is to test a range of lower ventilation options to conserve energy during periods of low traffic volume. Our licence conditions at Lane Cove Tunnel require us to maintain zero portal emissions at all times, and we have no intention to seek a change to these conditions.

Discussions are ongoing, and a long-term trial is expected to start in FY13.

TRANSURBAN SCOPE 1 AND 2
GHG EMISSIONS FY03-FY12



ENERGY USE—
CITYLINK TUNNEL VENTILATION



The CityLink tunnel ventilation study commenced during September 2010.

MOTORWAY LIGHTING

Following trials of LED lights for the architectural lighting on CityLink's Bolte Bridge, we decided in FY12 to permanently install LED lighting on the road's International Gateway in early FY13. This is expected to result in a saving of 15.5 MWh or 19 tonnes GHG each year.

Energy controllers added to power circuits in FY12 as part of our Hills M2 Upgrade will reduce the energy consumption and extend the life of new street lighting.

ENERGY CONTRACTS

In FY12 Transurban achieved a significant future energy cost saving by renegotiating and consolidating energy contracts for both Lane Cove Tunnel and Hills M2.

As part of this process Transurban will now procure and directly manage our energy contracts.

The new contracts include performance targets for operators and improve access to smart meter monitoring that will help us to identify any issues and opportunities for improvement.

ENVIRONMENT

BUILDING ENERGY EFFICIENCY

In FY12 we took a number of measures to reduce energy use at our corporate and asset-based offices.

On the M5 South West, sensor lights were installed in the operations building and an opportunity to install solar power is now under review. In FY13 we expect to achieve further savings by introducing more energy-efficient computers and LED lights to the operations and administration buildings.

SUSTAINABLE BUILDING

A state-of-the-art operations centre for our 495 Express Lanes project in Virginia was completed in FY12.

Transurban and project partner Fluor directed our contractors to design the centre to be LEED certified. LEED—or Leadership in Energy and Environmental Design—is an internationally recognised green building certification system.

Our application to achieve LEED ‘Silver’ certification has been submitted for review and is expected to be finalised during FY13.

As part of the centre’s development, 55 per cent of the existing structure was retained and re-used. Energy efficient heating, cooling and lighting and water efficient plumbing and fire suppression systems were also incorporated. In addition, all finishes and furnishings were selected for low or no volatile organic compounds (VOCs) to reduce ‘offgassing’ of organic compounds that can affect indoor air quality and contribute to health issues.

The new building is expected to save over 34 per cent in energy and 35 per cent in water use compared to standard buildings of its type.



WASTE

Transurban is working to achieve a reduction in the amount of waste generated and disposed at landfill through avoidance of unnecessary resource consumption, reuse of materials and recycling.

WASTE REDUCTION

In FY11 we installed long-life fluorescent globes in CityLink’s Domain Tunnel, reducing replacements by approximately 50 per cent. In FY13 CityLink will start installing these globes in the Burnley Tunnel as part of a bulk replacement.

At Hills M2 long-life lamps have been installed in underpasses and at Windsor Road as part of the Hills M2 Upgrade project. The asset is also looking at changing to long-life, sodium high pressure streetlights after the upgrade is complete.

We are now investigating opportunities to use long-life fluorescent and sodium high pressure lights at our other assets.

REUSE AND RECYCLING

Some of our reuse and recycling initiatives over the past year include:

- 50,000 tonnes of excavated sandstone from the Hills M2 Upgrade project was crushed, stored and then reused as layers of material under Hills M2’s new road pavement and in the construction of the new motorway ramps.
- 85 per cent of construction materials purchased for the Hills M2 Upgrade project in FY12 contained recycled input products. For example, reinforcement steel used contains 66-89 per cent recycled content.
- On CityLink’s Western Link, a portion of the asphalt that was removed as part of the FY12 resurfacing is being recycled and reused for works such as footpaths and local roads.

In FY13 we plan to build on our current practice of recycling mercury-containing lights rather than send them to landfill by becoming a signatory to FluoroCycle, an Australian Government initiative.

FluoroCycle is a voluntary scheme, sponsored by the Environment Protection and Heritage Council, to increase recycling of mercury-containing lamps.

ENVIRONMENT

WATER USE

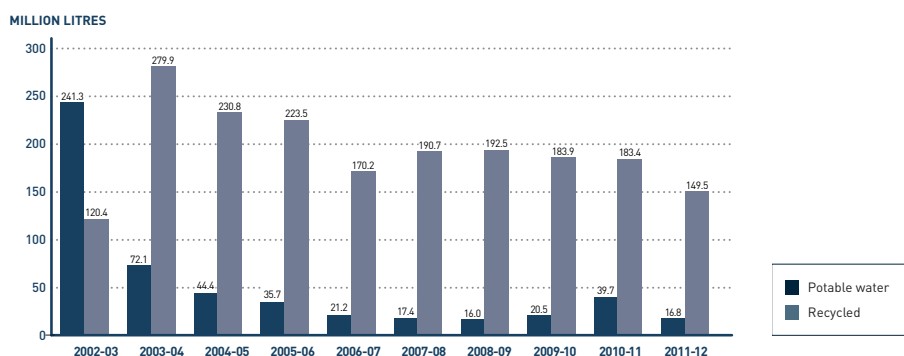
We are working to reduce our water use across our assets and projects.

We have a number of systems in place to help us do this, including treatment and recycling facilities for the water draining from around the CityLink and Lane Cove tunnels.

Our water reduction initiatives include:

- **Lane Cove Tunnel**—The treated groundwater from the tunnel is used to backwash the water treatment plant filters and is supplied to the local Council to irrigate recreation grounds. Water for washing the tunnel walls and testing the deluge system is also recycled for industrial use.
 - **Hills M2**—In FY13, as part of the Hills M2 Upgrade project, a bypass valve will be installed in the Hills M2's Norfolk Tunnel so that water used for deluge testing can be stored in tanks, tested and potentially reused.
 - **CityLink**—In FY12 CityLink water consumption returned to expected levels after an issue with a corroded pipe was resolved in FY11. Treatment and recycling of groundwater has now saved approximately 2.4 billion litres of mains water since it began operation in 2003.
- Our overall water consumption declined in FY12, largely as a result of action taken at CityLink.

CITYLINK WATER USE FROM POTABLE AND RECYCLED SOURCES



PROTECTING LOCAL WATERWAYS

Stormwater

Protecting the quality of local waterways has been a focus for Hills M2 during the Upgrade.

In FY12, we have cleaned and upgraded over 40 stormwater ponds to improve their capacity to capture motorway stormwater during times of high rainfall. As part of this process contaminated sediment was treated using a bioremediation process.

Spill management

In FY12 we have been integrating new reporting requirements under the NSW Protection of the Environment Operations Act into our pollution incident response plans. Training on the use of spill kits and reporting incidents occurs annually at our assets.

New or upgraded bifurcation pits are being installed as part of the upgrade providing an additional measure of protection for downstream waterways from motorway spills.

Overall, spills over the past year have been managed effectively and in the majority of incidents, there were no releases into the environment and local waterways.

However, regrettably, in FY12 our contractor for the M2 Upgrade project received a penalty infringement notice for an incident in which dirty water was spilled from a concrete washout area in July 2011. In response to the incident,

site specific training has been provided to site crews to ensure that concrete washouts are undertaken correctly. This message has been reinforced to the broader project team through weekly toolbox talks to raise general awareness and assist policing.

The project contractor also received an infringement notice for an incident in August 2011 in which untested water was pumped from a motorway basin to a local tributary. Subsequent investigations concluded that the incident did not cause environmental harm. In response to this incident a procedure was developed and implemented to ensure appropriately trained individuals oversee and monitor onsite pumping, with the contractor's environmental officers monitoring compliance.

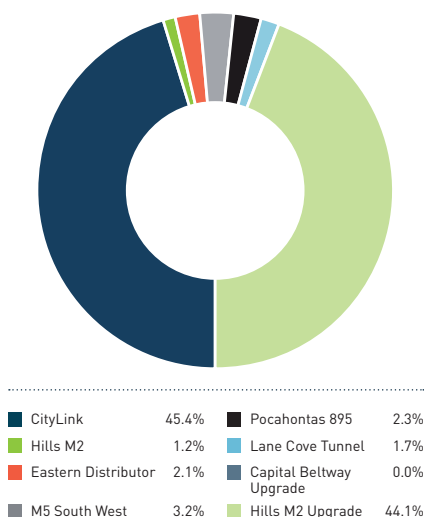
BIODIVERSITY

In FY12 we worked with our Hills M2 contractors to develop a Landscape Management Plan for the motorway.

This process involved both field work and community engagement. One of the outcomes of the plan is that our operators are now reporting any incidents where animals are injured or killed on the road. This will inform future action to reduce these types of incidents.

Since the Hills M2 Upgrade began in FY11, over 110 nest boxes have been installed along the motorway corridor to provide native animals space for nesting

TRANSURBAN POTABLE WATER USE FY12



ENVIRONMENT

and breeding following the vegetation clearing along the motorway. The nest boxes were monitored in spring time and a wide variety of native animals were found using the boxes including brush-tail possums, king parrots, lorikeets, rosellas, sugar gliders and white-throated treecreepers.

In FY12, more than 9,000 plants were planted along CityLink to replace vegetation lost during the drought or as a result of construction work on the Southern Link Upgrade. We have worked with our contractor to prepare a Landscape Master Plan and further planting is scheduled for FY13.

In the US, our 495 Express Lanes Community Grant Program funded a number of local initiatives to protect and enhance the environment in the project corridor. These grants supported landscaping in several direct-impact neighbourhoods, which will supplement a corridor-wide reforestation effort that Transurban's partner, the Virginia Department of Transportation, will implement in FY13.

AIR QUALITY

The two CityLink tunnels in Melbourne and the Lane Cove Tunnel in Sydney are each ventilated via two stacks located towards the exit portals. At Eastern Distributor, ventilation is via tunnel portal emission as well as two ventilation stacks.

Tunnel air quality both inside the tunnel and at the stacks must comply with asset specific limits set by the Planning Minister's Conditions of Approval in each state. Emissions monitored include CO, NO, NO₂, PM₁₀ and PM_{2.5}.

In FY13 we plan to improve benchmarking of our in-tunnel air quality data capture rates for all of our tunnels.

CITYLINK

During FY12, emissions at the CityLink tunnels did not exceed limits, and the annual emissions totals were well below the allowed limit.

We started a phased replacement of all the in-tunnel air monitors for both CityLink tunnels as part of a scheduled upgrade. The final three monitors will be installed in FY13.

LANE COVE TUNNEL

In FY12 we conducted two in-tunnel and in-stack ventilation and air quality audits as part of our regular program.

One exceedance of PM₁₀ emission levels occurred in October 2011. The PM₁₀ exceedance occurred during routine testing of the ventilation system.

We are looking at a trial program to regularly flush the ventilation passages and analyse the particulate material to determine probable causes and appropriate responses for the PM₁₀ exceedance.

EASTERN DISTRIBUTOR

In FY12 consultants Net Balance Management completed a detailed review of the in-tunnel air quality and velocity system on the Eastern Distributor.

Recommendations to improve routine maintenance and monitoring performance are now being addressed in a detailed action plan.

In FY12 we focused on rectifying an instrument error with PM₁₀ reporting that over reported emission levels.

NOISE MANAGEMENT

Noise management is a key challenge for the Hills M2 Upgrade project. A detailed noise and vibration impact study was undertaken as part of the environmental assessment process to predict noise levels both during building and once the upgrade is complete. This influenced the design of noise walls as well as the finished road surface.

Construction activities are conducted during the daytime wherever possible. However, as construction is taking place while the motorway continues to be used, many activities have needed to be scheduled at night during low traffic periods.

We have taken a proactive approach to community consultations for night time noisy works. Communications activities include face-to-face visits with residents and businesses most affected, targeted letterbox deliveries, information on the website and a 24 hour phone line to respond to complaints.

Demolition of the Beecroft Road Bus Ramp was necessary to allow the addition of a third lane to the motorway during the Hills M2 Upgrade.

The demolition was carried out in FY12 over three weekends and included overnight works. More than 100 offers of temporary relocation were made to nearby residents most heavily affected.

New noise walls have been progressively installed along the motorway in FY12 to protect adjoining residents from excessive operational traffic noise. The installation of a new low noise road pavement for the entire length of the motorway (including improved maintenance procedures to limit the cracking of the road surface) will provide traffic noise reducing benefits when the project is complete.

Noise level along the Hills M2 will be remeasured within one year after the upgrade completion to ensure predicted noise levels are not exceeded.

In September 2011 a noise complaint was received in relation to works being carried out for our Hills M2 Upgrade project. This resulted in an infringement notice as the works were being conducted outside of the assessed and approved noise catchment.

At North Rocks residents petitioned the Government for higher noise barriers between Perry Street and Williams Road. This work has been undertaken on behalf of the NSW Government.

In FY11 noise modelling for CityLink's Western Link identified two locations where noise levels may be close to our concession deed (contract) requirements. In FY12 major resurfacing works were completed in these areas, replacing approximately 35,000 tonnes of asphalt. Subsequent monitoring of noise levels has shown a reduction to an acceptable level.

EMPLOYEES

At Transurban we adopt a multi-pronged approach to ensure we offer our employees the best possible workplace experience.

In FY12 we have promoted issues such as gender diversity and worked on programs ranging from safety to leadership. We have also undertaken major change management programs.

EMPLOYEE SAFETY

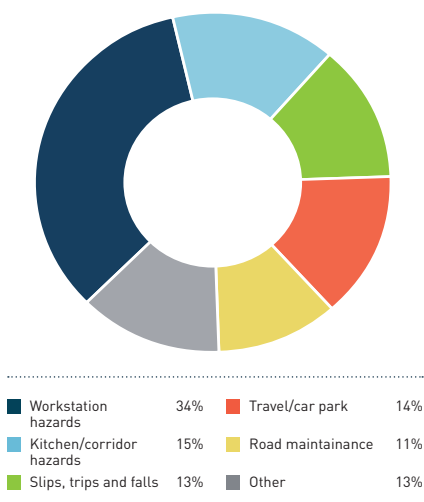
In our 2012 Employee Opinion Survey, 93 per cent of employees gave 'safety overall' a favourable rating, against an Australian norm of 84 per cent. We believe this reflects our positive work in improving our safety culture and the commitment of our employees and contractors to creating a healthy and safe workplace.

Our focus is on continually improving the system, processes and initiatives that create a safe workplace.

The following activities were conducted in FY12.

- **Improving our system**—In FY12 we continued to develop our safety management system, which is accredited to AS/NZS 4801. After feedback from health and safety representatives and managers, we took a number of steps to make the system more user friendly including streamlining processes and reducing the length of forms. The system was also tailored to reflect our particular risks in the areas of roads, transport and construction. New national Work Health and Safety legislation introduced into NSW also allowed us to achieve consistency in procedures with the newer NSW standard applied across our operations. For example, the more specific duties in NSW for Company Officers such as Board members to conduct a 'due diligence' oversight of company safety was applied across the Australian business in March to evaluate performance and identify significantly changing risks.

FY12 INJURY REPORTS



- **Preventing injuries**—In FY12 we significantly altered the way we monitored any injuries at work, changing from the Lost Time Injuries Frequency Rate (LTIFR) to the Recordable Injury Frequency Rate (RIFR). The RIFR sets a higher standard for measuring injuries by including lost-time injuries but also capturing injuries that require medical treatment regardless of lost time. The measure was extended to include contractors working for Transurban.

- **Reporting injuries**—The importance of reporting not only injuries but any "near misses" and hazards is one of the key safety messages to our employees. Our aim is to build on a healthy "reporting" culture so we can better identify any potential risks. In FY12, 156 reports were made in areas including workstation hazards, kitchen/corridor hazards, slips, trips, falls, travel/car park, road maintenance and 'other'. See graph above. During the year, the average time to complete an investigation was reduced to four days, which is consistent with our standard for investigating within five days.

- **Communication**—We continue to communicate safety information to employees through formal training, business update presentations and our internal e-newsletter.

WORK HEALTH AND SAFETY KPI

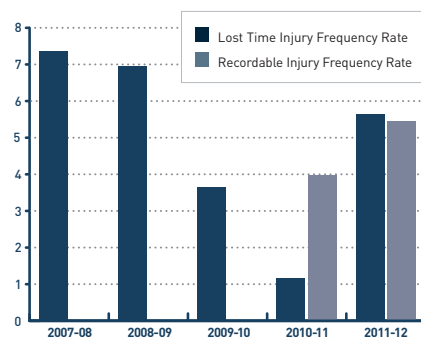
In FY12 a Work Health and Safety (WHS) Key Performance Indicator (KPI) was built into the performance planning and review process for all employees. The KPI for our Australian business included the result of the external safety management system audit and targets for our RIFR⁵.

Our KPIs for the RIFR in FY12 included three targets:

- Minimum target = no more than FY11 (3.96)
- On target = 10 per cent less than FY11 (3.56), and
- Outperform target = 20 per cent less than FY11 (3.16).

In Australia our RIFR for FY12 was 5.46, which was slightly higher than the previous year and meant we did not achieve the target. We recorded two additional injuries in the office environment during the year, compared to FY11.

LTIFR VS RIFR



LTIFR = (number of lost time injuries/number of hours worked) x 1,000,000 hours over a 12 month period on a rolling basis.

RIFR = (number of medical treatment and lost-time injuries / number of hours worked) x 1,000,000 hours shown over a 12 month period on a rolling basis.

The rise in lost time injuries was particularly disappointing given the reduction achieved in previous years. We attribute this to a number of factors including a focus on the importance of ergonomics, coupled with changes in

⁵ Transurban has adopted the Recordable Injury Frequency Rate (RIFR) method. RIFR = (total number of medical and lost-time injuries / number of hours worked) * 1,000,000 shown over a 12 month period on a rolling basis. Hours worked includes Transurban's Australian full-time and part-time permanent and fixed term employees and direct contractors. It excludes US personnel.

EMPLOYEES

work practices in our customer services area. As a result we have engaged an occupational physiotherapist to work one day a week with employees.

The target for FY13 will remain at 3.96, the same as last year's.

In the US, the KPI included incidence rate⁶ with a target for Transurban personnel of 0.00. The incidence rate in the US in the 12 months to 30 June 2012 was 0.00. The other components of the KPI were ensuring a Recordable Case Incidence Rate on the Express Lanes construction project of less than 1.5 and achieving milestones towards accreditation under OHSAS18001, both of which were achieved.

WORKFORCE COMMITMENT

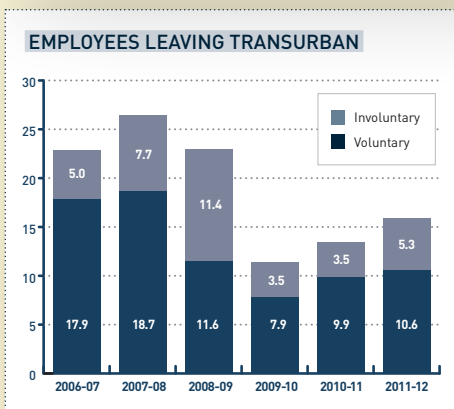
In FY12 employee absenteeism increased by 0.13 of a day per employee on the previous year, as indicated in the **Occupational Health and Safety** table.

Our average of 7.29 days per employee is still below the industry benchmark of 9.7 days. We will monitor this metric in FY13 to determine whether further education about our flexible work arrangements will have a positive impact on absenteeism.

Employee turnover, combined voluntary and involuntary, increased by 2.5 per cent to 15.9 per cent in FY12 (see Employee Turnover table above).

The increase in turnover was mainly due to 25 redundancies at Hills M2 when cash toll booths were removed earlier this year.

As the **Analysis of Employee Turnover by Age** table shows, the age composition of leavers has changed, with a decrease in the portion of employees within the up to 25 years, 26-30 and 51+ age categories departing. Conversely, an increase is apparent in the 31-35, 36-40 and 41-45 age categories.



There has been a change in the gender balance of leavers in FY12, with men and women now departing in equal numbers. Male turnover has increased by approximately 2.8 per cent since FY11.

The most common reasons cited for leaving Transurban were 'a new job opportunity' or 'limited opportunities at Transurban', followed by 'personal/family reasons'.

In FY12 we continue to identify and promote development opportunities for employees, which aims to address those leaving to advance their careers.

GENDER DIVERSITY AND PAY EQUITY

Our diversity objectives for FY12 continued to focus on gender with key areas being gender balance on our Board and in the senior management group. In FY11 specific gender objectives were identified at these levels. In April 2012, Christine O'Reilly joined the Board, bringing the number of female members to two. The percentage of women in senior management positions also increased from 29 per cent to 33.3 per cent.

Over the past 12 months we have continued our Women in Leadership Program as well as implementing the following initiatives to help address gender diversity:

- Introduced a topic "unconscious bias" into all manager-level education programs
- Reviewed pay equity, and
- Reviewed the participation rates of flexible working arrangements and lifestyle leave programs and, as a result, communication about these programs was increased.

⁶ Incidence rate = (total number of lost time injuries X 200,000)/ number of hours worked.

EMPLOYEES

Flexible working arrangements were introduced into Transurban's diversity objectives, which are approved by Board. Research into market practice suggests that an increase the focus on flexible working arrangements positively contributes to gender diversity.

- Following the evaluation of senior roles within Transurban in line with Hay Job Evaluation methodology⁷ a job-mapping exercise was undertaken by Human Resources for remaining roles within Transurban. The Hay methodology uses an objective, rigorous and consistent global framework to assess and compare positions within an organisation. This exercise has allowed us to assess roles and where they fit within the business and source appropriate salary data to determine pay ranges relative to market.

LEARNING AND DEVELOPMENT

In FY12, more than 30 executive and senior managers from the Australian business participated in a Leadership Development Program.

The program included:

- Team effectiveness
- Challenging thinking, assumptions and mindsets
- Feedback and development plans to achieve results, and
- Planning for challenges.

In addition, 360 degree assessments were introduced for the Executive Committee. This tool is now being reviewed as to its suitability for managers.

Employee training for the first half of the year focused on legislative updates and preparation for our new tolling and customer management system, GLiDe.

Almost 450 employees attended workshops outlining changes to the Equal Opportunity Act and their roles and responsibilities.

Spending on training decreased during the year, which can be attributed to internal GLiDe training, which 205 employees attended.

The number of training hours per employee remains consistent with the previous year as reflected in the **Average Hours of Training per Employee by Employee Category table**.

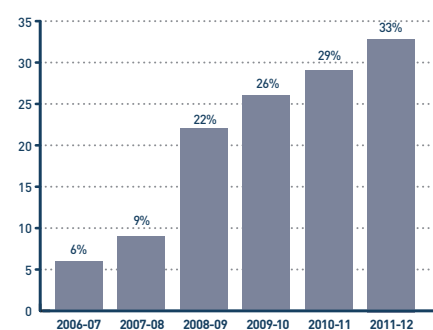
We introduced new modules to our Manager Essentials program this year. They included Recruitment and Selection, Aligning Performance to Success (managing under performance) and Leading Teams module 3. In early FY13 a Coaching and Feedback module will be added.

A new module—Time Management—was also added to the Employee Essentials program. Other modules included Taking Charge of your Career and Effective Working Relationships. Giving and Receiving Feedback will be offered in FY13.

We continue to review and improve our approach to talent management and identifying our high-potential and high-performing people.

We conduct bi-annual succession planning activities across the business where managers of business units are asked to identify their high-performing employees, successors for leadership roles and for critical roles. This information is presented to the Board and used for workforce planning activities and targeted development.

WOMEN IN LEADERSHIP



WOMEN IN LEADERSHIP PROGRAM

Our Women in Leadership program continued into its second year and as of 30 June, 46 women had participated in the program.

The program supports the development of women at Transurban and aims to improve the proportion of women in executive and senior management positions.

Women hold 33 per cent of leadership positions within the senior executive and senior management levels.

The average remuneration ratio at the senior executive level has changed from 32:68 (female:male) in FY10 to 39:61 in FY11 and 45:55 in FY12.

The increased emphasis on the Hay Job Evaluation methodology⁶ at this level has ensured remuneration both at the time of recruitment and at the time of review is aligned to the market.

As indicated in the **Composition of Governance Bodies by Gender** table, a gender imbalance remains within the Board and senior leader/executive level. Our FY13 commitments include an objective to increase the representation of women at these levels. To assist with this, we will establish Diversity Committees for each region and implement a mentoring program for existing employees.

⁷ Hay Job Evaluation is a methodology used to map out job roles in the context of the organisational structure. The general purpose for carrying out job evaluations using this or similar methods is to enable organisations to map all their roles in a manner that

- (i) recognises equivalent levels for the purposes of salary and benefit grading/banding
- (ii) improves succession planning, and
- (iii) assists in the creation of more useful and focussed job descriptions.

EMPLOYEES

FLEXIBLE WORK ARRANGEMENTS

Transurban continues to support flexible work arrangements such as flexible hours, part-time work, job-share arrangements, working from home, phased retirement and lifestyle leave.

At 30 June 2012, 25.5 per cent of our employees were working under a flexible arrangement, which was consistent with previous years. We hope to increase participation and are working on further promoting the opportunities available.

Take up for our additional leave program, which was launched last year, increased slightly to 6.6 per cent.

CHANGE MANAGEMENT

In FY12 we had three major changes, which significantly impacted our employees. These included:

- The merger of our North Ryde and Eastern Creeks sites in Sydney
- The closure of toll booths and move to full electronic tolling on Sydney's Hills M2, and
- The introduction of a new tolling and customer management system, GLIDe, on CityLink in Melbourne.

The **Total Workforce by Business Unit table** illustrates these changes.

SYDNEY WORKPLACE MERGER

In July 2011, ten employees at North Ryde moved to our Eastern Creek premises to form the NSW Tolling and Customer Management team. Their relocation has helped us streamline processes.

The move to full electronic tolling on Hills M2 on 30 January 2012 impacted toll collectors. The 25 affected employees were offered career transition support as well as computer training in addition to the redundancy packages. No Airport Motorways employees were directly affected by the change to electronic tolling on that road. However, we worked with our contractor, Leighton Contractors, to assist in the transition process for their affected employees.

NEW TOLLING AND CUSTOMER MANAGEMENT SYSTEM

The implementation of a new tolling and customer management system in Melbourne involved many employees and multiple business units. This project presented a number of challenges from an employee perspective.

We employed a number of staff in IT and the Customer Service area under fixed term and contractor arrangements. Most of these positions remain but in FY13 we anticipate the number of fixed-term employees will be reduced as we move towards a more permanent workforce within Customer Service.

The introduction of the system required various changes to working arrangements including overtime and shift work. Peak workload issues have now stabilized resulting in a more balanced workload.

An extensive change management plan was implemented to assist with a smooth transition to the new system. Activities included:

- A short film festival—GLIDeFest—which involved groups working together to produce films relating to the new system
- Tailored training
- A “sandpit” environment to practise on the system
- Post-implementation “floor” support—a roving support service for teams that needed extra help, and
- GLIDe champions, which was an eight-week program recognising and rewarding outstanding achievements relating to the implementation of GLIDe, with a weekly prize on offer and major prize of an iPad.

During a two-day transition to “go live”, employees who worked on the system were involved in an activity day and, on the second day, given a choice of annual leave or to work for a charity group.

CODE OF CONDUCT

As indicated in the **Breaches of Code of Conduct** table, the number of incidents in FY12 remains consistent with the previous year. Our analysis of the incidents revealed that more than half were related to Equal Employment Opportunity (EEO). In FY12 we ran tailored EEO education for all employees, focusing specifically on changes to the Equal Opportunity Act (VIC) and the roles and responsibilities of employees and managers. In addition, we highlight diversity in our ‘Manager Essentials’ program sessions. We continue to aim to reduce these incidents.

EMPLOYEES

EMPLOYEE SURVEY

We launched a new Employee Opinion Survey in February 2012, which attracted an 80 per cent participation rate.

Our areas of strength included: teamwork, diversity, work/life balance, ethics and safety. The survey showed that employees were willing to speak highly of Transurban as a place to work, and had strong relationships with their immediate manager and team.

The results also highlighted opportunities for senior leaders regarding the importance of rewarding and recognising employees, communicating a clear vision and the need for strong change management.

The Executive team communicated the results across the business and teams have developed action plans in response to the findings.

In FY13, the emphasis is on managers ensuring action items are completed. A business-wide "pulse" survey will also be conducted in October 2012 followed by another full survey in FY14.

HUMAN RESOURCES INFORMATION SYSTEM

HR's satellite information systems including payroll are currently being integrated into our wider business system, increasing security, providing greater accuracy, reducing duplication and providing more flexible reporting. Implementation will continue during FY13.



SOCIAL MEDIA IN THE WORKPLACE POLICY

In FY12 we introduced the Social Media in the Workplace Policy to ensure employees who use social media either as part of their role, or in a personal capacity, have guidance as to our expectations when the content is about Transurban.

The policy reminds employees and contractors that they are personally and legally responsible for the content of the commentary they post online.

NEW INTRANET

In July 2012 the Transurban Executive Committee approved the creation of a new company-wide intranet, which will be implemented in FY13.

Key features will include:

- Group-wide news and announcements
- People and content search
- An employee service centre
- Team sites for collaboration and projects, and
- A new look and branding.

Consultation workshops about the new system—its look and features—will commence in early August 2012 working towards implementation in December/January.

MARKETPLACE

In our Marketplace section, we look at the key activities that involve our external stakeholders. This includes our customers, suppliers, contactors and joint venture partners, government, industry and investors.

CUSTOMER SAFETY

Our vision is to ensure every customer who uses our roads does so safely. It is a top priority for us and a critical part of our business framework.

We regularly monitor our safety performance on our majority-owned roads to give us a picture of how we are faring and where there may be areas for improvement.

There were no fatalities on any of Transurban's roads during FY12.

We maintain a collision index that tracks the number of collisions on a three-year rolling average for our 100 per cent owned roads—CityLink, Hills M2, Lane Cove Tunnel and the Eastern Distributor (75.1 per cent owned).

The index shows the all collision and injury collisions for those roads.

CITYLINK SAFETY

During FY12 CityLink saw an increase in collisions at lower speeds due to congestion / stopped traffic on Bolte Bridge and the Burnley Tunnel. The number of lanes entering the tunnel changed from two to three as part of an upgrade of the road.

We have undertaken a number of improvements—including line marking and increased electronic signage—to reduce late lane changes. This in turn helps reduce stopping distances and nose-to-tail accidents.

Variable speed limit signs are planned to be installed in October 2012.

We also ran a media and public education campaign to educate motorists about the importance of obeying the overhead "Red X" traffic signs on CityLink and its adjoining freeways. Part of the Freeway Management System, the Red X alerts motorists to any incident that occurs or when lanes are closed for safety reasons.

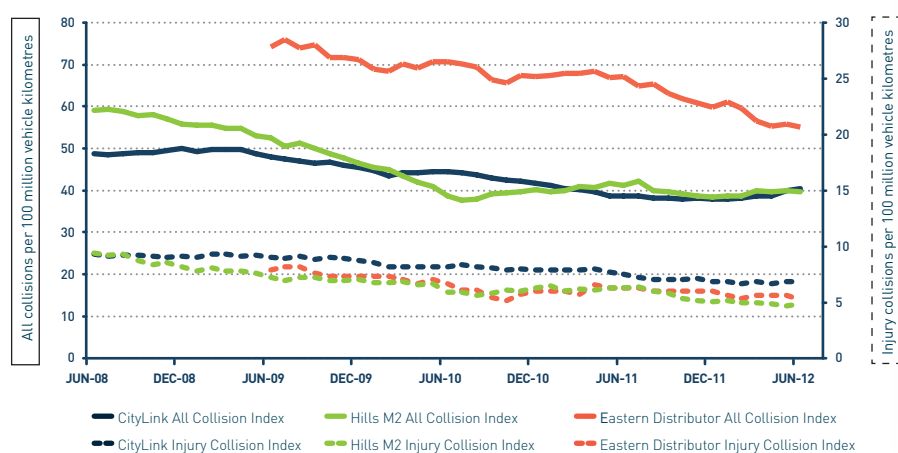
In May, roadside workers were put at risk when motorists disobeyed overhead signs and drove through the closed lanes narrowly avoiding two stationary CityLink vehicles.

Letters have also been sent to customers who have been observed driving under "Red X's", and an enforcement program has been co-ordinated by the emergency services. Drivers who disobey the signs face penalties similar to going through a red traffic light. In FY13, a similar campaign is being considered for our NSW roads.

We also ran an awareness campaign for the livestock industry about the dangers of unsecured animals after three incidents on CityLink in FY12.

Unsecured livestock being transported on the road are at risk of being severely injured or killed. They can also shift during the journey and hit overhead equipment and signs in the tunnels, creating hazards for motorists.

TRANSURBAN'S COLLISION INDEXES—CITYLINK^a, HILLS M2^b AND EASTERN DISTRIBUTOR^b



a A three-year rolling average is used given the variability in collision occurrences.

b A two-year rolling average is used. Our aim is to report a three year rolling average in the future when we have a longer history of collision data.

LANE COVE TUNNEL¹—COLLISION INDEX²

ALL COLLISIONS PER 100 MILLION KMS

Jul 2010	N/A ³	Jul 2011	0
Aug 2010	32	Aug 2011	31
Sep 2010	64	Sep 2011	0
Oct 2010	16	Oct 2011	0
Nov 2010	61	Nov 2011	0
Dec 2010	49	Dec 2011	17
Jan 2011	0	Jan 2012	0
Feb 2011	17	Feb 2012	0
Mar 2011	60	Mar 2012	0
Apr 2011	18	Apr 2012	0
May 2011	0	May 2012	31
Jun 2011	0	Jun 2012	0

¹ Transurban acquired the Lane Cove Tunnel in August 2010. This is the second year of reporting the collision index. Our aim is to report a rolling average in the future when we have a longer history of collision reporting data for the Lane Cove Tunnel.

² Collision data based on collisions occurring within the tunnel only Transurban acquired the Lane Cove Tunnel August 2010.

³ Transurban acquired the Lane Cove Tunnel August 2010.

MARKETPLACE

HILLS M2 SAFETY

On Hills M2 in Sydney, the number of collisions resulting in injury reduced from 28 in FY11 to 17 in FY12. Construction on the road has meant lower speed limits, more congestion and collisions with less severity.

Over the past year, we have focused on ensuring motorists are aware of the changing traffic conditions, while also increasing our capacity to respond to any incidents.

Hills M2 operations team respond to approximately 1,500 incidents or breakdowns a year.

The temporary use of the motorway breakdown lanes for construction can potentially lead to additional congestion during any incidents on the motorway. Over the past year, we have focused on ensuring motorists are aware of the changing traffic conditions, while also increasing our capacity to respond to any incident.

We have increased our incident response capacity from two Surveillance and Incident Officers to four during peak periods as well as three tow trucks. During periods of intense work, a heavy-haul tow truck is also available to respond to heavy vehicle breakdowns, which can cause prolonged delays.

Transurban developed a roadwork safety campaign which highlights safety and breakdown specific information. Information has been delivered to more than 11,000 households and featured on the Hills M2 motorway and Upgrade websites as well as on the Transurban project team vehicles.

The removal of cash collection booths in January from Hills M2 also improved safety by reducing traffic merging and weaving.

EASTERN DISTRIBUTOR, LANE COVE TUNNEL SAFETY

The Eastern Distributor has seen a steady decline in collisions over the past 12 months, mostly due to lower speeds, improved signage and line marking.

The transition to electronic tolling on 30 January also improved safety by reducing traffic merging and weaving.

In the Lane Cove Tunnel (LCT), the rate of traffic incidents for FY12 is a major improvement, down by about 30 per cent.

While traffic volumes have been down slightly due to construction on the neighbouring Hills M2, it does not account for such a significant change.

The improvement may relate to changed demographics in the drivers, with occasional drivers deterred by construction works and a higher proportion of regular drivers using the LCT.

SAFETY IN THE US

In FY12 we moved to next stage of our major safety campaign in the US to raise public awareness of the dangers of distracted driving in construction zones with law enforcement officers joining the campaign.

The message behind the campaign—'Orange Cones. No Phones.'—was reinforced in a survey of Northern Virginia law enforcement officers. They considered texting while driving as the most dangerous driver behaviour in construction zones—topping speeding and aggressive driving. The law enforcement-focused research followed a Distracted Driving Report issued in 2011, which revealed that distracted driving still was a major problem in Northern Virginia, despite drivers' claims that they were significantly improving their driving behaviors.

The 2012 'Orange Cones. No Phones.' Law Enforcement Program attracted widespread media attention across the region, reaching approximately 4.5 million. Total audience reach for the ongoing campaign now totals approximately 26 million with social media continuing to play a role.

Transurban and its partners, Fluor and AAA Mid-Atlantic launched the 'Orange Cones. No Phones.' campaign in 2009 in a bid to improve safety along the construction zone of our 495 Express Lanes project.

MARKETPLACE

CONTRACTOR SAFETY

Our major construction project in the US—the 495 Express Lanes in Northern Virginia—continues to far exceed national industry safety standards achieving 4.8 million safe work hours by 30 June 2012 without a lost-time incident.

In August 2011, a construction crane used on the 495 Express Lanes Project collapsed on a busy arterial road (Route 7) in Tysons Corner. The incident caused major traffic delays during the evening rush hour, however there were no injuries.

On the Hills M2 Upgrade, we reached more than 1.8 million construction hours in FY12, with three lost-time injuries—a frequency rate of 1.64. This compares with 595,000 construction hours in FY11 and one lost time injury—a frequency rate of 1.68.

Since the project started in January 2011 and 30 June 2012, approximately 5,400 members of the project workforce and suppliers have received the project's safety induction. We have also recorded more than 14,000 pre-start briefings and 460 toolbox briefings. These face-to-face sessions reinforce project safety requirements. Our lead contractor, Leighton Contractors' Safety Committee has also undertaken more than 40 inspections.

CONTRACTOR SAFETY

PROJECT	FY12 CONSTRUCTION HOURS	LOST TIME INJURIES	LTIFR ¹	RIFR ²
Capital Beltway	2,547,215	0	0	0.17
Southern Link Upgrade	49,708	0	0	20.12
Hills M2 Upgrade	1,805,902	3	1.64	15.32
Total	4,402,825	3		

¹ LTIFR—Lost Time Injury Frequency Rate (per million hours worked)

² RIFR—Recordable Injury Frequency Rate (per million hours worked)

CUSTOMER SERVICE

Transurban has three tolling brands in Australia—CityLink in Victoria and Roam and Roam Express in NSW.

Our three Australian tolling brands set customer service targets and results and in FY12 met or exceeded these. The targets included call response times and issue resolution.

For full-year customer scorecard results visit www.transurban.com/sr12/scorecards.htm

Further information regarding targets and results for CityLink, Roam and Roam Express are available on their websites:

www.citylink.com.au
www.roam.com.au or
www.roamexpress.com.au

In the US, we have launched the E-ZPass in May, which will be the toll pass required for travel on our 495 Express Lanes in the US.

IMPROVING OUR SYSTEMS

Our next generation tolling and customer management system, GLiDe, was successfully implemented on CityLink in December 2011.

As part of the system upgrade, we launched a new CityLink website to give customers greater self-service options including online eStatements.

From late March 2012 CityLink started advising customers who were receiving paper statements that future statements would be available via the CityLink website. Customers can opt to have statements sent via post.

The move to electronic statements not only increases traffic to the CityLink website but reduces paper usage and distribution costs. We expect approximately two million fewer paper statements will be sent to customers annually. We are looking at a number of other initiatives over the next year including SMS notifications.

We have also been running one-on-one tutorials for our commercial customers to familiarise them with the new self-service facilities, with overwhelmingly positive feedback.

MOBILE SITES

We launched a mobile site for Hills M2 to give drivers easy access on their mobile phones to pay tolls and get information about the motorway. Over the year the number of people using their mobile telephone to access the Hills M2 website has more than tripled. The mobile site reminds motorists not to use the site while driving.

MARKETPLACE

WORKING WITH GOVERNMENT

CITYLINK

We are continuing to work closely with all levels of government in Victoria to ensure we remain a part of any plan to expand existing roads or develop new roads. As has been reported in the media this year, the Victorian Government has outlined its plans for an East West Link, with a timetable that would see works starting in 2015. Transurban has been part of Linking Melbourne Authority's market-sounding process.

In addition, we have been working with the transport industry to review the impact that driver behaviour can have on traffic congestion. In a taskforce that includes government and relevant stakeholders, the focus has been on ways to reduce the number of 'avoidable breakdowns', such as running out of fuel, mechanical failure, flat tyres and dropped debris. With a road network that is already at capacity in many places, Melbourne traffic is severely disrupted by these types of incidents on a daily basis. Driver education and incentives to do the right thing on our roads are some of the initiatives the group is investigating to change behaviour.

HILLS M2 UPGRADE

Work on a major upgrade of Sydney's Hills M2 is more than 75 per cent complete and scheduled for completion mid-2013. Construction on this scale has meant a number of changes to traffic conditions and community concern about the impacts of roadwork speed limits.

In April, Transurban and the NSW Government announced that car and motorcycle toll increases on the Hills M2 motorway would be deferred until the widening work is complete on associated sections of motorway.

The completion of the upgrade will improve access to the motorway and travel times during peak periods. As part of the project the tunnel safety system will be substantially upgraded with boom gates, video automatic incident detection and improved control systems and deluge sprinkler systems.

M5 WEST WIDENING

In FY12, the NSW Government and Interlink Roads (50 per cent Transurban owned) reached in-principle agreement for a major upgrade of the M5 South West Motorway. The \$400 million project, of which the NSW Government will fund approximately \$50 million, will add an extra lane in each direction over the 21 kilometres of the motorway. The M5 is a key route between the city centre and Sydney's south-western suburbs, and is currently heavily impacted by congestion.

95 EXPRESS LANES PROJECT

In December, we reached an in-principle, non-binding agreement with the Virginia Department of Transportation in the US on key commercial terms for a major project on the I-95 in Virginia. The project involves building new or improving existing High Occupancy Vehicle Lanes to complete a 29-mile (46-kilometre) High Occupancy Toll lane facility. We reached financial close on the project in August.



In the US, we have also been working with local and state law enforcement to develop strategies to help keep traffic moving effectively during the construction of both the 495 and 95 Express Lanes.

We have been working with the Fairfax County Department of Transportation as they develop new transit routes to run buses on the 495 Express Lanes.

We have also worked together on various public outreach opportunities.

We are also partnering with Fairfax County to launch a new employer toolkit to help educate employees throughout the county on 495 Express Lanes and other travel/commuter options.

MARKETPLACE

ADVOCACY/LOBBYING

In the US, lobbying at the state level helped reduce financing-related fees associated with private activity bonds for the 95 Express Lanes project and defeat proposals that would have put new restrictions on operating HOT lanes, such as imposing stricter minimum speed requirements.

At the federal level, we successfully advocated for more funding and flexibility for the Transportation Finance and Innovation Act, a federal credit assistance program, and increased options for tolling interstate highways. We also helped defeat proposals that would prohibit private activity bonds for some kinds of public-private partnerships and reduce states' options in pursuing these partnerships.

In Australia, we have responded to Infrastructure Australia's Infrastructure Finance Working Group's consultation on financing reform and ways to encourage private investment in infrastructure.

We also responded to the Australian Government's Department of Infrastructure and Transport Consultation Paper, Addressing Issues in Patronage Forecasting for PPP/Toll Roads.

In NSW we made a submission to the NSW Long Term Transport Master Plan.

POLITICAL DONATIONS

Strong partnerships with governments are the cornerstone of our business.

Our relationships are at both a political and bureaucratic level and we participate in public policy debate on issues that may impact our business.

We have separate policies for political donations in the US and Australia in line with jurisdictional laws and we report our contributions accordingly.

In line with our policies we do not make donations either directly or via fundraising organisations.

In the US, we paid US\$56,000 in FY12 to attend political events. In Australia Transurban paid \$300 to attend political fundraising events through the year.

WORKING WITH OUR SUPPLIERS

SUPPLIER DIVERSITY

In June 2011 Transurban engaged Ability Works, which provides employment and training opportunities for people with disabilities, to provide us with mailroom services. It was an excellent opportunity for us to support diversity while also providing a service to our Victorian locations. We recently extended our relationship with Ability Works to include our return e-TAGs process.

In June 2012, Transurban joined the Australian Indigenous Minority Supplier Council (AIMSC). AIMSC works to close the gap between Indigenous and non Indigenous Australians by ensuring small to medium Indigenous businesses have the opportunity to be integrated into the supply chains of Australian companies and Government agencies. In FY13 we will look for opportunities within our supply chain and use AIMSC where possible in the business.

www.aimsc.org.au

ENGAGING WITH OUR INVESTORS

EXECUTIVE REMUNERATION

Over 90 per cent of security holders supported our Remuneration Report at our 2011 Annual General Meeting (AGM) giving strong endorsement to the new executive remuneration framework we put in place for FY12.

Transurban conducted an extensive engagement program with investors to understand their concerns and to outline the changes we had made to our remuneration framework.

Security holders had previously voiced concern about the way executive remuneration was structured and measured. In response to the feedback, Transurban engaged independent advisors Ernst & Young to undertake a major review of the remuneration framework for senior executives and managers.

Executive remuneration continued to be a high-profile issue in the media with the Federal Government passing the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill, which became effective on 1 July 2011. Under the Bill, a Board would face a "spill" if investors voted against its Remuneration Report for two consecutive years.

MARKETPLACE

BOARD COMPOSITION

Our Board underwent further changes in FY12 with two long-serving members retiring and two new appointments. Professor Jeremy Davis and Geoff Cosgriff both retired as Non-Executive Directors in December 2011. Professor Davis had been a Board member since 1997 and Mr Cosgriff since 2000.

Ian Smith, who is Chief Executive Officer of mining services company Orica Limited, joined the Board in January 2012, while Christine O'Reilly joined the Board in April. Ms O'Reilly has more than 20 years of infrastructure and financial experience, most recently as Global Co-Head of Infrastructure Investment Management at Colonial First State.

Our Board composition received a "green light" in the Women on Boards assessment of ASX200 companies, recognising that we had "good" representation of women on boards and in senior management and had been seeking to improve gender diversity at all levels for some years.

EXECUTIVE TEAM

There were major changes to our Executive Committee in FY12. Our CEO Chris Lynch announced his resignation in January, effective July 2012. Mr Lynch joined Transurban in February 2008 and has been widely recognised for instilling a culture of accountability, safety, cost consciousness and disciplined investment at the company.

In April we announced Scott Charlton would succeed Mr Lynch as Chief Executive Officer, taking up his appointment in July. Mr Charlton's most recent role has been as Lend Lease Chief Operating Officer.



Our Board from left Neil Chatfield, Robert Edgar, Scott Charlton, Christine O'Reilly, Lindsay Maxsted, Sam Mostyn and Ian Smith. Inset Rodney Slater.

In May, Samantha Hogg was appointed Chief Financial Officer (CFO), replacing Tom Honan who had resigned. Ms Hogg joined Transurban in 2008 as Treasurer and was most recently our Group General Manager, Corporate Services. Ms Hogg's appointment brings the tally of women CFOs in ASX top 50 companies to four.

INDUSTRY INVOLVEMENT

In Australia, we continue to be involved with groups in the transport and infrastructure sector.

We are members of Infrastructure peak body Infrastructure Partnerships Australia where our former CEO Chris Lynch was a board member. New CEO Scott Charlton has now joined the Board.

We are also a member of the Business Council of Australia, Roads Australia and CEDA (Committee for Economic Development of Australia), the Transport Reform Network and the Tourism and Transport Forum.

In NSW, we are members of the Sydney Business Chamber and Sydney First, while in Victoria, we are members of the Victorian Transport Association.

Our team in the US belongs to a number of industry bodies. They are included in our Stakeholder Engagement section.

In FY11 we joined the Australian Green Infrastructure Council (AGIC). In early FY12 CityLink was chosen to participate in the pilot trial of the Council's Infrastructure Sustainability (IS) Rating Tool. CityLink was the only operating asset in the pilot trial and we worked closely with AGIC to work through how their Rating Tool can be retrospectively applied to an operating asset. AGIC have since launched the IS Rating Tool nationally. We are proposing to trial the IS Rating Tool in FY13.

COMMUNITIES

Transurban is committed to establishing and maintaining connections with the communities in which we operate.

COMMUNITY INVESTMENT

Transurban is a member of the London Benchmarking Group (LBG), which has an internationally recognised method for measuring and reporting a company's community contributions. For Transurban, these contributions totalled \$495,260 in FY12. This figure includes donations, sponsorships, in-kind support, management costs and volunteering.

Since joining LBG in FY11, we have recognised the need for a formal, company-wide Community Investment Strategy. In FY12 we started work on this, and we expect to finalise the strategy in FY13.



495 EXPRESS LANES GRANT PROGRAM

Transurban and our construction partner Fluor are partners in the 495 Express Lanes Community Grant Program. Through the program, we support non-profit and grassroots organisations that sustain, enhance or protect the local environment and neighbourhoods in the project's corridor—a 14 mile / 22 kilometre section of the Capital Beltway, the ring road around Washington, DC.

The grants are up to US\$5,000, and, on average, between five and 10 are awarded each quarter. In FY12, the program provided 28 grants totalling US\$86,500. In all, Transurban and Fluor have awarded 76 grants worth US\$211,750 since the program started.



Transurban employees and representatives spent approximately 10 hours volunteering for activities funded by the grant program during the year.

Some of the FY12 grant recipients were:

→ Annandale Chamber of Commerce Fall Festival and Parade

This Northern Virginia regional business chamber received a grant of \$1,000 to support its annual festival and parade. The event, which has been running since 1950, is one of the largest community gatherings in the Annandale area.

→ Transportation Association of Greater Springfield (TAGS)—Friends of TAGS Program

TAGS is a non-profit public transportation provider and advocacy group that supports transport improvements in the city of Springfield. They were awarded a \$2,500 grant to support their program engaging with area residents who use the association's local shuttle bus. Transurban employees helped plan the event and participated in outreach activities with members.

→ Friends of the W&OD Trail—Trail Improvement Program

This non-profit citizens group works to preserve and promote the Washington & Old Dominion trail—a 45 mile / 72 kilometre multi-use rail trail in Northern Virginia. The trail is popular for activities such as jogging, walking and cycling. The grant program awarded the 'friends' group \$2,500 to fund the construction of new benches and tables along the trail.

COMMUNITIES

EMPLOYEES GIVING BACK

Transurban has had a workplace giving program in place since 2005. Since that time, our Australian employees have raised more than \$250,000 for our charity partners, with Transurban matching these donations.

This year, we raised a total of \$60,915 for our charities through employee and matching company donations, and employees volunteered 164 hours of time toward the program in FY12.

At 30 June 2012 participation in our program was 16 per cent—down two per cent from the previous year. This slight drop was primarily the result of changes in our employee numbers. We are still well above the industry average for workplace giving participation, which is 10 per cent, according to the Australian Charities Foundation. However, in late FY12 we started looking at ways to restore—or exceed—our previous participation levels. We will be implementing some of these initiatives in FY13.

US BIKE TO WORK DAY SPONSORSHIP

In May 2012, the 495 Express Lanes project hosted a pit stop as part of the annual Bike to Work Day for the Washington, DC area. It was our third year of involvement in the event, which is run by the Washington Area Bicyclist Association and Commuter Connections.

More than 12,000 cyclists registered for the day, which incorporated 58 'pit stops' throughout the DC region. Overall, attendance was up by about 2,000 cyclists compared to the previous year.

The 495 Express Lanes-sponsored pit stop was again positioned near the popular W & OD Trail and just a short distance from the Express Lanes construction zone.

SEVEN YEARS OF RUN FOR THE KIDS SUPPORT

CityLink has co-sponsored the annual Run for the Kids with the Herald Sun newspaper every year since the event's launch in 2006. The largest annual fun run in Melbourne, Run for the Kids raises funds for the Royal Children's Hospital.

About 33,000 people participated in this year's race on 1 April 2012. A total of 401 Transurban employees or their families and friends were involved either as runners, walkers or volunteers—up from 385 the prior year. The company contributed \$97,549 through employee time, promotional activities and foregone revenue due to CityLink's closure for the event.

Run for the Kids raised \$1.6 million for the hospital this year—up from \$1.4 million in 2011. The event has now raised more than \$6.7 million since its inception.

PARTNERS WITH POLICE

CityLink sponsored the Victoria Police Blue Ribbon Day for the first time in FY12.

The annual event honours the memory of Victoria Police officers killed in the line of duty by supporting worthwhile community projects around the state.

As sponsors of Blue Ribbon Day—which helps strengthen our close working relationship with the police—we promoted the event through on-road advertising.

CityLink will be supporting the program again in FY13.

NEIGHBOURHOOD CONNECTIONS CLEANUP

Through our Neighbourhood Connections program, CityLink coordinated two sites in Victoria for the 2012 Cleanup Australia Day. It was the sixth year we have been associated with the event.

The two sites—the Moonee Ponds Creek at Kensington and Debney Meadows Primary School in Flemington—are both situated just below an elevated section of CityLink.

In total, 115 bags of rubbish were collected by more than 120 volunteers on the day.

MENTORING EMERGING LEADERS

Transurban is providing a mentor to some of the 2012 scholarship recipients in the University of Wollongong's Sydney Business School Community Leadership and Development Program (CLDP).

The CLDP gives emerging leaders in the not-for-profit and community sector a chance to expand their skills by receiving guidance from industry leaders while also doing university study.

COMMUNITIES

COMMUNITY EDUCATION

SUPPORTING YOUNGER DRIVERS

In FY12, CityLink became a sponsor of the P Drivers Project—one of the largest research studies ever undertaken in the area of driver education.

The project is aimed at encouraging new P plate (provisional plate) drivers aged 17 to 22 in Victoria and New South Wales to change their driving behaviour and ultimately save lives. P plate drivers are three times more likely to be involved in a casualty crash than more experienced drivers, and they are most at risk in the first six to 12 months after getting their plates.

The program is aiming to change the way young people are taught to drive in Australia, with participants involved in group discussions and on-road coaching sessions to influence their driving behaviour.

More information on the project can be found at www.pdriversproject.com

PROMOTING SAFETY ON CITYLINK

In February 2012 CityLink was a principal sponsor of the annual community festival for the City of Moonee Valley, one of the localities bordering our road in Melbourne.

The event attracted over 20,000 people, making it a prime opportunity for CityLink to promote road safety. It also gave us a chance to tell the local community about our Neighbourhood Connections program.

On the day of the event, CityLink employees staffed our information marquee and our family-friendly road model and radio-controlled cars. The car game helps reinforce the need to obey the electronic signs associated with the M1 Upgrade's Freeway Management System, one of the most sophisticated systems in use on any Australian motorway.

SAFE DRIVING IN WORK ZONES

In FY12 the Hill M2 Upgrade team ran a community campaign to promote safe driving in the project's construction zone. The campaign also explained the importance of following road work signage and the instructions of traffic controllers.

These safety messages have been included in a range of community outreach materials for the project, including quarterly newsletters, road work alerts, websites and public statements.

INCREASING AWARENESS OF DISTRACTED DRIVING

Transurban and key stakeholders held a major media event in April 2012 to promote our 'Orange Cones. No Phones.' campaign in the US.

The nationally-recognised safety program reminds motorists of the dangers of distracted driving in the busy Express Lanes construction zone on the Capital Beltway (I-495).

The nation's most senior safety official—Chairman of the National Transportation Safety Board—was involved in the event, along with Virginia's Transportation Secretary, our construction partner Fluor, motoring groups and police.

On the day, Transurban also released a new distracted driving survey of Northern Virginia law enforcement, which showed that texting while driving tops speeding and aggressive driving as the most dangerous driving behaviour in construction zones.

For more information, refer to the report's Marketplace > **Customer Safety** or visit www.orangeconesnophones.com

PREPARING FOR EXPRESS LANES OPENING

In FY12, our US public affairs team was increasingly focused on helping the community prepare for the opening of the 495 Express Lanes, which are in the final stages of construction.

The lanes—due to open in December 2012—will be electronically tolled and feature dynamic pricing, a new concept for the DC region.

The complexity of the project has therefore required a well-organised and sustained campaign to explain the new system to motorists. This is being undertaken through a wide range of activities, including:

- Broad-based advertising and earned media
- On-road signage
- Social media
- Engagement with area employers
- Briefings for elected officials
- Special events for specific user groups, and
- Incentive programs.

For more information, visit www.495ExpressLanes.com

COMMUNITIES



MINIMISING COMMUNITY IMPACTS

HILLS M2 TOLLING

In FY12 Transurban and the New South Wales Government reached an agreement to freeze car and motorcycle tolls on the Hills M2 at the Main Toll Plaza and Pennant Hills Road during our major upgrade of the motorway.

In addition to the freeze on tolls, the motorway will transition to cent-by-cent toll variations following the project's completion in respective sections of the motorway.

Transurban and our contractors have programmed Hills M2 Upgrade works to minimise disruption to motorists. However, the scale and complexity of the construction—along with adverse weather conditions—have contributed to delays for motorists using Hills M2.

HILLS M2 UPGRADE OUTREACH

Since Hills M2 Upgrade construction started in FY11, our project team has regularly engaged with communities impacted by construction.

As at 30 June 2012—approximately 18 months since work started—the team has:

- Delivered 94,000 community updates
- Circulated more than 176,000 work notifications
- Placed 187 advertisements in 11 papers
- Booked 404 radio advertisement slots across seven stations, and
- Hosted nine community information sessions attended by over 170 people.

The demolition of the Hills M2's Beecroft Road bus ramp—to allow construction of the third motorway lane—took place over three weeks in February 2012.

This work occurred around the clock during the period and required up to six excavators and around 30 employees on site at any time.

Due to the intensity of the demolition, the project team made more than 100 offers of alternative accommodation, and 72 of these accepted. During the three-week period, 16 complaints were received and managed by the project team.

HILLS M2 NOISE WALLS

Recognising the community's interest in vegetation management and the aesthetics of the motorway, the draft Urban Design and Landscape Management Plan for the Hills M2 Upgrade was put on public display for one month in August–September 2011. This included plans for landscaping and noise wall design for the upgraded motorway.

The plan is on the project website (www.hillsm2upgrade.com.au), along with details of the consultation process, public comments and the project's response. The public comments informed the selection of noise wall colours, with a number of minor variations following the submissions.

LANE COVE TUNNEL INSPECTION

In March 2012, a residence within the vicinity of Lane Cove Tunnel experienced localised subsidence, which resulted in the Lane Cove Council declaring the building unfit for habitation.

Specialist employees from Transurban and the tunnel operations and maintenance contractor attended the property on the day the claims came to light to investigate any potential connection to the tunnel. Independent expert investigations confirmed no link could be made between the subsidence and the construction or operation of the tunnel.

To minimise the impact of the investigation on the affected residents, Transurban met the costs of two weeks of alternative accommodation for them.

ENGAGING WITH OUR STAKEHOLDERS

With nine assets in two countries, Transurban has a wide range of stakeholders—with a wide range of interests. Our success in understanding and responding to these interests can influence our ability to do business, our reputation and, ultimately, our long-term sustainability.

OUR APPROACH

OUR STAKEHOLDER ENGAGEMENT

Framework helps ensure a consistent approach across all of our markets and business activities. It has tools that support the development of stakeholder engagement processes at a corporate level and on our operating assets and development projects.

The Stakeholder Engagement Framework also has a step-by-step process for determining and prioritising material issues for our business. We go through this process each year to ensure we have a clear understanding of the issues that are important to stakeholders such as customers, communities and governments.

The materiality process is linked to our Risk Management framework, which helps us identify opportunities and risks stemming from engagement activities.

Each year we also ‘map’ all our stakeholders. This occurs as part of the formal business planning process and feeds into the corporate and asset stakeholder engagement plans. Mapping also happens during any planning for new projects.

A list of our stakeholders, their main issues and our response to those issues can be found in the **Key Issues and Engagement Activities in FY12**.

STAKEHOLDER ENGAGEMENT STAGES



KEY ACTIVITIES IN FY12

In FY12 we updated stakeholder engagement plans in all our markets—New South Wales and Victoria in Australia, and Virginia in the US. These plans align with leading global principles (Accountability’s AA1000 Stakeholder Engagement Standard) our Stakeholder Engagement Framework.

In addition, stakeholder engagement work started on our two latest projects—the M5 West Widening in Sydney and the 95 Express Lanes in Virginia. Engagement activities took place during planning for these projects, and will continue during their construction phases. More information can be found on the project websites: www.m5westwidening.com.au and www.95ExpressLanes.com

ENGAGING WITH OUR STAKEHOLDERS

MEMBERSHIPS

Transurban participates in the following sustainability-related initiatives:

- Carbon Disclosure Project
- Dow Jones Sustainability Index
- Global Reporting Initiative
- United Nations Global Compact, and
- London Benchmarking Group.
- AGIC (Australian Green Infrastructure Council)

AUSTRALIA

In Australia we are corporate members of the following industry, business, transport and other groups:

- Tourism and Transport Forum
- Infrastructure Partnerships Australia
- Roads Australia
- ITS [Intelligent Transport Systems]
- Victorian Transport Association
- Committee for Economic Development of Australia, and
- Sydney First / Sydney Chamber of Commerce.

US

In the US we are members of the following industry, business, transport and other groups:

- Intelligent Transportation Society of Virginia
- Jefferson Davis Association
- Fairfax County Chamber of Commerce
- Greater Springfield Chamber of Commerce
- Prince William Regional Chamber of Commerce
- Greater Richmond Chamber of Commerce
- Chesterfield County Chamber of Commerce
- Eastern Henrico Business Association
- Greater Washington Board of Trade
- Quantico/Belvoir Regional Business Alliance
- Northern Virginia Transportation Alliance
- Virginia Chamber of Commerce
- Greater McLean Chamber of Commerce
- Greater Reston Chamber of Commerce
- Dulles Regional Chamber of Commerce
- Metropolitan Washington Road and Transportation Builders Association
- Women's Transportation Society
- Better Business Bureau, and
- The Reason Foundation.



ENGAGING WITH OUR STAKEHOLDERS

KEY ISSUES AND ENGAGEMENT ACTIVITIES IN FY12

ISSUE	STAKEHOLDER	KEY ENGAGEMENT ACTIVITIES IN FY12	FREQUENCY OF ENGAGEMENT
Congestion and traffic management	Customers Government Alliance partners/ Contractors	→ Transitioned to fully cashless tolling operations on both Eastern Distributor and Hills M2 in Sydney	Ad hoc
		→ Communicated regularly with communities and motorists via on-road Variable Message Signs, direct mail, print and radio advertisements, meetings and websites to help deliver a safe, efficient travel environment during construction activities	Ongoing
		→ Working with government and alliance partners on upgrade projects to reduce congestion on existing freeways including Hills M2 and the Capital Beltway (I-495)	Ongoing
		→ Announced an agreement in conjunction with the New South Wales Government to freeze tolls for cars and motorcycles at the Main Toll Plaza and Pennant Hills during the Hills M2 Upgrade	Ad hoc
Road safety and emergency response	Customers Industry Contractors	→ Conducted a Hills M2 Upgrade education and communications campaign—through messages on the motorway, website updates and brochures—to inform motorists about safe driving in work zones and breakdown safety	Ongoing
		→ Enhanced safety on Hills M2 with additional surveillance and response vehicles along the motorway during the upgrade	Ongoing
		→ Ran safety campaigns on obeying 'Red X' signs (part of the Freeway Management System) and securing livestock loads on CityLink	Ongoing
		→ Raised public-safety awareness of M1 Upgrade's Freeway Management System at annual community festival for the City of Mooney Valley in Victoria.	Ad hoc
		→ Sponsored the P Drivers Project, which aims to change the way young people are taught to drive in Australia	Ad hoc
		→ Conducted a year-long education campaign to prepare drivers for the opening of the 495 Express Lanes	Ongoing
Contributing to communities along our corridors	Communities	→ Co-sponsored Run for the Kids event in Melbourne for seventh consecutive year, helping to raise A\$1.65 million for the Royal Children's Hospital	Ongoing
		→ Provided 28 community grants totalling US\$86,500 under the 495 Express Lanes Grant Program	As needed
		→ CityLink sponsored the Victoria Police Blue Ribbon Day for the first time in FY12	Ongoing
		→ Continued to work with local communities on projects such as CityLink Neighbourhood Connections (Melbourne) and Devlins Creek Community and Environment Project (Sydney)	Ongoing

ENGAGING WITH OUR STAKEHOLDERS

KEY ISSUES AND ENGAGEMENT ACTIVITIES IN FY12

ISSUE	STAKEHOLDER	KEY ENGAGEMENT ACTIVITIES IN FY12	FREQUENCY OF ENGAGEMENT
Noise, visual and traffic impacts on local residents during construction	Communities Government	→ Installed temporary noise walls on a section of Hills M2 to protect local residents	Ad hoc
		→ Made more than 100 offers of alternate accommodation for local residents during the demolition of the Hills M2's Beecroft Road Bus Ramp during February 2012	Ad hoc
		→ Provided an additional public consultation process to facilitate community feedback on the permanent motorway urban design and landscape management	Ad hoc
Employee engagement	Employees	→ Achieved an 80 per cent participation rate for our Employee Opinion Survey in FY12	Ongoing
		→ Launched new learning and development program tailored for managers and employees	Ongoing
		→ Continued our Women in Leadership Program	Ongoing
Workplace safety	Employees	→ Introduced a Work Health and Safety (WHS) Key Performance Indicator (KPI) into the performance planning and review process for all employees	Ongoing
		→ Streamlined the safety management process, making it more user friendly for employees	Ongoing
		→ Changed the measure we use to record workplace injuries and extended it to include contractors working for Transurban	Ad hoc
Environmental impacts from construction	Communities Government Contractors/ partners	→ Employed best practice construction methods on the Hills M2 upgrade to minimise impacts on the community and environment, including the use of tower cranes to reduce vegetation clearing and innovative technology that sprays superfine water mist into the air to suppress dust	Ongoing
		→ Integrated new reporting requirements under the NSW Protection of the Environment Operations Act into our pollution incident response plans	Ongoing
		→ Worked with our Hills M2 contractors to develop a landscape management plan for the motorway	Ongoing
Reducing energy use and waste in operations	Government Customers Employees Communities	→ Transitioned CityLink customers over to electronic statements, with an estimated saving of two million fewer paper statements annually	Ongoing
		→ Holding one-on-one sessions to educate CityLink commercial customers to use new self-service facilities	Ongoing

TRANSURBAN'S COMMITMENTS

PROGRESS ON COMMITMENTS FROM FY12

In FY12 we completed 58 per cent of the commitments that we set in FY11 (which includes ongoing commitments). 26 per cent are currently in progress and 16 per cent were not started but are planned for FY13

2011-12 COMMITMENT STATUS

COMMITMENT	LOCATION	SUSTAINABILITY PILLAR	STATUS	COMMENTS
Run a portal emissions trial on CityLink's Domain Tunnel to evaluate the potential to reduce ventilation during low traffic periods to save energy and reduce carbon emissions.	Australia	Environment	Completed	Trial and implementation successfully completed. Agreed licence changes to allow portal emissions during low traffic periods. 4% energy saving achieved.
Develop action plan on CityLink to deliver a 10% reduction in energy use as measured in 2010 by 2014.	Australia	Environment	On hold	Target under review as part of CityLink's annual review of Environmental Management Plan and renegotiation of energy contract for FY15.
Install LED lighting on Western Link of CityLink.	Australia	Environment	In progress	Business case completed and fittings will be installed on International Gateway in early FY13. Expected to save 15.5MWh or 19 tonnes GHG each year.
Achieve further potable water savings at CityLink's groundwater recycling facility by re-using treated groundwater to backwash the facility's filters.	Australia	Environment	On hold	Business case for this initiative was completed, but project put on hold pending further information on future water prices.
To conduct infrastructure climate change risk assessment for NSW assets (Hills M2, Eastern Distributor and Lane Cove Tunnel).	Australia	Environment	In progress	We initiated this during FY12 and will complete in FY13.
Relocation of Transurban server room from 505 Little Collins St corporate offices in city to suburb of Port Melbourne.	Australia	Marketplace	Completed	
Continue the process of virtualising servers to save energy and equipment.	Global	Marketplace	Ongoing	This continues to be a focus across all sites.
Conduct a road safety education campaign promoting the importance of the Freeway Management System (FMS) on CityLink and penalties associated with non-compliance.	Australia	Marketplace	Ongoing	A media and public education campaign highlighted the importance of complying with FMS. Letters sent to customers who were observed incorrectly using system, and an enforcement program has been co-ordinated by the emergency services.
Develop and oversee a crisis communications plan to support the incident response plans.	US	Marketplace	In progress	Crisis communication plan has been drafted and circulated to employees and partners. A desktop exercise will be conducted during FY13, before the opening of the Express Lanes.
Educate customers surrounding the opening of the Express lanes - how to use them, location of entrances and exits and safety, among other things.	US	Marketplace	In progress	Education campaign launched in January and website and social media updates, stakeholder briefings and community meetings all under way. The program will intensify before, during, and just after opening the 495 Express Lanes in FY13.

TRANSURBAN'S COMMITMENTS


2011-12 COMMITMENT STATUS

COMMITMENT	LOCATION	SUSTAINABILITY PILLAR	STATUS	COMMENTS
Develop Corporate Occupational Health and Safety Management System in preparation for OSHAS 18001:2007 certification.	US	Marketplace	Completed	Program has been developed and communicated to employees. Certification is expected to be achieved during FY13.
Implement a company-wide safety KPI.	Australia	Employees	Completed	
Engage with key stakeholders about the potential impacts of climate change on driver behaviour.	Australia	Marketplace/ Environment	Completed	See Environment section.
Develop an education program for customers about eco-driving and fuel efficiency.	Australia	Marketplace/ Environment	Not progressing	Due to changes in business priorities, this will not go ahead.
Implement the Hay Job Evaluation methodology throughout the remaining management levels of the business.	Australia	Employees	Completed	
Implement targeted Equal Employment Opportunity training for all employees and managers in the business.	Australia	Employees	Completed	449 participants (369 employees and 80 managers) attended workshops outlining changes to the Equal Opportunity Act and their roles and responsibilities.
Review FY11 Diversity objective outcomes and set objectives for FY12, including the completion of a gender pay equity review.	Australia	Employees	Completed	
Identify and promote development opportunities for employees.	Australia	Employees	Ongoing	Business has focused on helping employees expand their skills through opportunities such as internal appointments and secondments.
Continue to roll out the Manager Essentials training program aimed at developing leadership capabilities.	Australia	Employees	Ongoing	New learning and development modules were introduced as part of this program. Education will continue throughout FY13.
Implement a company-wide Community Investment Strategy.	Global	Community	In progress	Draft strategy completed. Guidelines are being developed and will be rolled out during FY13.
Develop and implement a new state-wide public affairs strategy, supported by asset specific strategies for the Hills M2, Lane Cove Tunnel and Eastern Distributor.	Australia	Community	Ongoing	A new strategy has been developed that will be updated in line with new priorities annually.
Measure, monitor and assess our stakeholder engagement performance in line with the AccountAbility AA1000 Stakeholder Engagement Standard.	Global	Community	On hold	Due to changes in business priorities, this commitment is being reassessed.

TRANSURBAN'S COMMITMENTS

NEW COMMITMENTS FOR FY13

COMMITMENT	LOCATION	SUSTAINABILITY PILLAR
Review Transurban Environmental Management System to improve alignment with ISO14001.	Australia	Environment
Conduct infrastructure climate change risk assessment for NSW assets (Hills M2, Eastern Distributor and Lane Cove Tunnel).	Australia	Environment
Introduce new IT hardware with enhanced energy efficiency into corporate offices.	Global	Environment
Install a bypass valve in Hills M2's Norfolk Tunnel so water used for deluge testing can be stored in tanks and potentially reused.	Australia	Environment
Initiate a trial on CityLink's Burnley Tunnel to evaluate potential to reduce ventilation during low usage periods to save energy and reduce carbon emissions.	Australia	Environment
Complete LEED certification process for Express Lanes Operations Centre.	US	Environment
Implement an integrated Human Resource Information System to replace Transurban's existing payroll, HR and other satellite systems.	Global	Employees
Implement a new company-wide Intranet.	Global	Employees
As part of our diversity objectives, establish a Diversity Committee, implement a mentoring program and provide further education for managers on importance and benefits of diversity.	Global	Employees
Continue to roll out the Manager's Essentials training program for Transurban managers to develop future leadership capabilities.	Global	Employees
Conduct a Group-wide 'pulse' survey of employees in FY12 followed by another full employee opinion survey in FY14.	Global	Employees
Introduce new variable speed limit signs on CityLink Bolte Bridge to improve safety.	Australia	Marketplace
Expand email notification system for CityLink customers to include low balance and account alerts.	Australia	Marketplace
Extend 'Orange Cones. No Phones.' and community grant program from the 495 Express Lanes to our 95 Express Lanes project.	US	Marketplace / Communities
Finalise and roll out company-wide Community Investment Strategy.	Global	Communities
Implement initiatives to increase employee participation in our workplace giving program, TransGiving.	Australia	Communities

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