

Audit and Risk Committee Charter

1. Related documents

Policies	<ul style="list-style-type: none"> Board Charter Risk Management Policy Anti-Bribery, Corruption and Fraud Policy Conflicts Management Policy Whistleblower Policy Privacy Policy Tax Risk Management Policy Internal Audit Charter
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2. Background

The Boards of Transurban Holdings Limited (**THL**), Transurban International Limited (**TIL**) and Transurban Infrastructure Management Limited (**TIML**), as responsible entity of Transurban Holding Trust, (together, **Transurban**) have established an Audit and Risk Committee (**Committee**).

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

The purpose for which the Committee has been established and the Committee’s powers, duties and responsibilities are set out in this Charter.

3. Purpose

The purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to:

- the integrity of Transurban’s financial reporting;
- the effectiveness of Transurban’s systems of internal control and risk management (for financial and non-financial risks), including the risk management framework;
- the internal and external audit functions; and
- Transurban’s risk profile and risk policy.

The duties and responsibilities of the Committee to fulfill this purpose are described in clause 6.

4. Composition

The Committee will have at least four members. The members will be appointed by the Board.

Each member will be a non-executive director of the Board. A majority of the members will be independent directors.

The Board will appoint the Chair of the Committee from amongst the independent directors. The Chair of the Committee will not also be the Chair of the Board.

Each member will be financially literate (that is, able to read and understand financial statements), have familiarity with financial management and an understanding of the industry in which Transurban operates. At least one member will have relevant qualifications (that is, a qualified accountant or other finance professional with experience in financial and accounting matters).

If a member ceases to be a director of the Board, that member ceases to be a member of the Committee.

5. Administrative matters

5.1 Meetings

The Committee will meet as often as the members deem necessary in order to fulfil their role, although it is intended that the Committee meet no less than once each calendar quarter.

Additional Committee meetings may be convened as the Chair of the Committee considers necessary, taking into account requests from any member, the Chief Executive Officer (**CEO**), the Chief Financial Officer (**CFO**), the internal auditor or the external auditor.

A quorum of the Committee will comprise any two members.

If the Chair of the Committee is unable to attend a Committee meeting, the Chair, or the members present, will appoint another member who is an independent director to act as Chair at that meeting.

Members may attend Committee meetings in person or participate by videoconference or other electronic means. Committee decisions may be made by circular or written resolution. A circular or written resolution signed by all members will be effective as a resolution duly passed at a Committee meeting and may consist of several documents in like form, each signed by one or more members. The expression "written" includes email or other electronic means.

5.2 Attendance

Notice of Committee meetings will be provided to non-executive directors of the Board who are not members and such directors may attend Committee meetings.

Notice of Committee meetings will also be provided to the CEO, the CFO, the internal auditor and the external auditor, who must attend meetings if requested. Other members of management and advisers may be invited to attend meetings, as the Chair of the Committee thinks fit.

The internal auditor and/or the external auditor will be required to meet separately with the Committee, without management, upon the request of the Chair of the Committee.

5.3 Secretary

The Company Secretary (or nominee) will be the Secretary of the Committee (**Secretary**).

5.4 Agenda and documentation

The Secretary will prepare an agenda for each Committee meeting for review by the Chair of the Committee. Any member may require business to be included on the agenda provided the Chair of the Committee and the Secretary have been given prior notice. The internal auditor and/or the external auditor may be asked to contribute to the agenda.

The agenda and supporting documentation for each Committee meeting will be circulated within a reasonable time prior to that meeting to members, other directors, the CEO, the CFO, the internal auditor, the external auditor and other attendees, as appropriate.

5.5 Minutes

Minutes of Committee meetings will be prepared by the Secretary, approved by the Chair of the Committee in draft and circulated to all members.

Minutes of any private sessions of the Committee will be prepared, approved by the Chair of the Committee in draft and circulated to all members.

The minutes of a Committee meeting and of any private session will be confirmed at the next Committee meeting and then signed by the Chair of the Committee.

5.6 Reporting

The minutes of each Committee meeting will be provided to all directors.

The Chair of the Committee will, if requested at the next Board meeting after a Committee meeting, provide a brief oral report as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information of members of the Committee.

5.7 Authority and access

Except where expressly stated in this Charter, the Committee discharges its responsibilities by making recommendations to the Board.

The Committee does not have any executive powers to commit the Board or management to the implementation of its recommendations except where expressly stated in this Charter or as authorised by resolution of the Board.

The Committee is not responsible for supervising the performance of management and does not become involved in day-to-day operations, management functions or decision making.

The Committee will have unrestricted access to management and rights to seek explanations and additional information from management. The Committee will also have unrestricted access to both the internal auditor and the external auditor (with or without the presence of management, at the Committee's discretion).

The Committee has authority to conduct or direct investigations into any matters within its Charter. The Committee is entitled to obtain external, independent legal or professional advice as considered necessary or desirable by the Committee to assist it in any investigation or to carry out its duties. As appropriate, the Committee will inform the Chair of the Board, the CEO, the CFO and the Company Secretary of its decision to authorise such an investigation or obtain such external advice.

6. Duties and responsibilities

The duties and responsibilities of the Committee (and their scope) are as follows:

AUDIT DUTIES AND RESPONSIBILITIES

6.1 Financial reporting and internal controls

- Oversee Transurban's financial reporting processes and internal control framework in the interests of safeguarding the integrity of financial reporting.
- Review Transurban's statutory financial reports to form a view as to whether the financial statements provide a true and fair view of the financial position and performance of Transurban.
- Oversee the formulation and implementation of new material accounting judgements exercised, and estimates determined, by management in preparing the financial statements.
- Review the ongoing appropriateness of material accounting judgements exercised, and estimates determined, by management in preparing the financial statements.
- Review the representations provided by management in relation to Transurban's statutory financial reports and satisfy itself that:
 - accounting records are properly maintained in accordance with statutory requirements; and
 - the CEO and CFO declaration under s.295A of the Corporations Act and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

- Review budget and distribution recommendations from management.
- Make recommendations arising from the above reviews, for consideration by the Board, in connection with the approval and disclosure of Transurban's statutory financial reports.

6.2 Assessment of systems of financial and non-financial risk management and internal control

- Discuss with management, the internal auditor and the external auditor, Transurban's accounting and financial controls, and the policies and procedures to assess, monitor and supervise financial risk, business risk, tax risk, technology and cyber risk, climate-related risk, and legal and ethical compliance programs, for the purpose of forming a view as to their appropriateness and effectiveness.
- Discuss with management and the external auditor, Transurban's accounting policies and methods for the purpose of forming a view as to their appropriateness.
- Review all relevant reports produced by the internal auditor and the external auditor, monitor management's response to the matters raised in those reports, and make any recommendations considered necessary.
- Review and monitor the appropriateness of related party transactions involving Transurban and any associated disclosures in the statutory financial reports.

6.3 Internal audit

- Review and evaluate the internal auditor's objectives, competence, resourcing and objectivity and the overall effectiveness of the internal audit function, taking into account management's views (including determining whether the internal audit function is to be provided by an internal or external party).
- If the internal audit function is to be provided by an external party:
 - recommend to the Board the appointment (and, where appropriate, replacement) of the internal auditor; and
 - review and approve the terms of the engagement of the internal auditor.
- Review and approve the annual internal audit plan and work program and conduct sufficient enquiry to be satisfied as to its adequacy.
- Oversee the co-ordination and progress of the internal audit work program and monitor management's responses to, and implementation of, the recommendations and findings identified.
- Review, in relation to each reporting period, disclosures relating to the structure and operation of the internal audit function.

- Review and approve annually the Internal Audit Charter, noting that the Head of Internal Audit maintains a direct functional reporting line to the Committee.

6.4 External audit

- Recommend to the Board the appointment (and, where appropriate, replacement) of the external auditor and the rotation of the lead external audit engagement partner.
- Review and approve the terms of engagement of the external auditor, including their fees.
- Review and make recommendations regarding the overall scope and adequacy of the external audit, including identified risk areas and any additional procedures considered necessary.
- Approve external audit plans, including changes to those plans, and review progress reports prepared by the external auditor and determine whether all matters raised, including identified key audit matters, are receiving appropriate attention by management.
- Engage with the auditors regarding any disagreements between the external auditor and management in relation to financial reporting.
- Monitor and periodically evaluate the effectiveness of the external auditor.

6.5 Independence of the external auditor and provision of non-audit services

- Periodically assess the independence of the external auditor by considering the relationships and services provided by the external auditor that may lead to an actual or perceived lack of independence.
- Review and approve the External Auditor Independence Policy (Attachment 1), which regulates the provision of services by the external auditor, and oversee compliance with that policy.
- Receive and review a written report from the external auditor stating that the external auditor has complied with all professional and regulatory requirements relating to auditor independence prior to the completion of the statutory financial reports.
- Review and recommend to the Board the appropriate statutory disclosures of the details of fees paid to the external auditor, including an analysis of non-audit services, and provide written advice to the Board as to whether the provision of non-audit services by the external auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and has not compromised that independence, together with reasons upon which that advice is based.

- Require that the lead external audit engagement partner be rotated at least every five years, or more frequently if the Committee considers it desirable to maintain the external auditor's independence.

RISK DUTIES AND RESPONSIBILITIES

6.6 Risk appetite and profile oversight

- Assist the Board in setting the risk appetite for the business, and satisfy itself that Transurban operates with due regard to that risk appetite.
- Form an opinion on the adequacy and effectiveness of Transurban's process of identifying and assessing areas of potential material risk, as well as the monitoring and controlling of identified material risks.
- Review reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management have put in place to manage those risks.
- Compare Transurban's material risk assessment and risk profile with its policies and risk appetite and oversee whether identified material risks are reduced to or managed at levels determined to be acceptable by the Board.
- Review and assess any breaches of risk controls or risk policies and oversee whether these breaches are appropriately mitigated or remedied by management.
- Make recommendations arising from the above reviews, for consideration by the Board, in relation to changes to the risk management framework or risk appetite.

6.7 Effectiveness of the risk management framework

- Review, at least annually, and oversee management's performance against Transurban's risk management framework, to satisfy itself that it continues to be sound and that Transurban is operating with due regard to the risk appetite set by the Board.
- Review, in relation to each reporting period, the disclosure of this review taking place.
- Review and monitor compliance with, Transurban's Privacy Policy, Whistleblower Policy, Anti-Bribery, Corruption and Fraud Policy, and Conflicts Management Policy, and review any material incidents or breaches reported to the Committee under those policies.
- Request and monitor investigations into areas of risk, breaches of risk management policies and procedures and failures in internal control.
- Review and oversee Transurban's tax control framework, including the Tax Risk Management Policy.
- Review and evaluate the structure and adequacy of the Transurban insurance program.

OTHER RESPONSIBILITIES

6.8 Corporate reporting and other disclosures

- Review Transurban's corporate report disclosures, including statutory financial reporting, performance against the risk management framework and reporting on material environmental, social and governance matters, for recommendation to the Board.
- Consider and review the preparation of any report or other disclosures to be included in the corporate report or other communications to security holders relating to the external auditor and to risk and risk management.

7. Review

Once each year, the Committee will undertake an evaluation of its performance and effectiveness, and review this Charter to determine its adequacy for current circumstances, and make recommendations to the Board. When it is considered appropriate, the Committee will review its membership and make recommendations to the Board.

Attachment 1— External Auditor Independence Policy

This External Auditor Independence Policy (**Policy**) is intended to support the independence of the external auditor by regulating the provision of services by the external auditor.

The external auditor will not be engaged to perform any service that may impair or be perceived to impair the external auditor’s judgment or independence.

This Policy is to be interpreted in light of the specific requirements of the Corporations Act 2001 and should be read in conjunction with the Audit and Risk Committee Charter.

Audit services

The external audit engagement encompasses the external auditor’s review of the half-yearly financial statements and the audit of the annual financial statements in accordance with annual external audit plans and the terms of engagement annually approved by the Audit and Risk Committee (**Committee**) pursuant to the Audit and Risk Committee Charter. Any services included in, or necessarily incidental to, the terms of that engagement are to be regarded as Audit Services.

Prohibited services

The external auditor must not provide services that are in conflict with the external auditor’s role as statutory auditor or that would otherwise impair or be perceived to impair the external auditor’s independence (**Prohibited Services**). Generally, these services include services where the external auditor:

- participates in activities that are normally undertaken by management;
- is remunerated through a “success fee” structure;
- acts in an advocacy role for entities within the Transurban Group; or
- may be required to audit or express an opinion on its own work.

Examples of Prohibited Services include:

- management consulting;
- IT systems design or implementation;
- valuation services (except where related solely to tax affairs);
- bookkeeping, accounting and payroll services;
- broker, dealer or investment advisory services;
- litigation or legal advocacy services;
- internal audit services;
- actuarial services;
- acquisition valuations or valuations for purchase price allocations;
- fairness opinions; and
- preparation of sale documentation.

Permissible non-audit services and pre-approval

Permissible Non-Audit Services are services which are not Audit Services or Prohibited Services. Such services may include audit-related services such as letters to banks relating to covenants, comfort letters for debt offerings and the like which require the auditors to make reference to their audit of the financial statements, and other services such as Annual General Meeting scrutineering.

Whilst the external auditor is permitted to provide Permissible Non-Audit Services under applicable laws and regulations, it is intended that the external auditor will only provide a Permissible Non-Audit Service where there is a compelling reason for it to do so. The aim is for the external auditor not to provide any non-audit services.

If it is known in advance that the external auditor will be required to provide particular Permissible Non-Audit Services, the Committee will annually pre-approve a budget of those services.

The external auditor will only be engaged to perform Permissible Non-Audit Services outside of those specified in the abovementioned budget with the prior approval of the Chair of the Committee. If the Chair of the Committee deems it necessary, the matter may be referred to the full Committee for consideration.

In considering whether to grant such approval or endorsement, the CFO and the Chair of the Committee will consider whether such services require a detailed knowledge of Transurban’s activities in order to be efficient.

Reporting to Committee

The CFO will provide a report (verbal or written) to the Committee at each meeting which describes any non-audit services approved by Chair of the Committee since the last Committee meeting.

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