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Chairman’s message
Towards a sustainable future

At an investor briefing last year, a Transurban security holder asked me to explain our commitment to sustainability. I gave an answer from the heart – I believe in sustainability because I am the father of twins, aged eight and I want them to grow up in a world that is worth living in.

It was an answer that seemed to satisfy the woman who asked it. But I could have gone on to give her an answer from the head as well. Here’s what I would have said.

Like any business, Transurban has a responsibility to generate returns for the people who own it. Of course we have wider responsibilities to the communities we serve and to society as a whole. It is through our commitment to sustainability and ethical business practices that we reconcile these different responsibilities.

I will try to explain what I mean by examining three questions: What is sustainability? What does a sustainable company look like? And what is the business case for it at Transurban?

The most commonly accepted definition of sustainability is “development that meets the needs of the present without compromising the ability of future generations to meet their needs”.

A sustainable company is one that runs its business in ways that avoid compromising that ability. A company that is committed to understanding its impacts on society and the environment and to enhancing them. A company that is honest and open in its governance, in its relationships with stakeholders and in the way it manages its impacts.

The business case at Transurban lies in the nature of our business. As a toll road operator, Transurban delivers infrastructure and services traditionally provided by the public sector. We charge for something that governments seemingly provide free of charge – or free at the point of use. That is one of the reasons our customers and the communities we serve expect high standards from us.

New road concessions are awarded by governments. And governments are acutely sensitive to what customers and communities say about the companies competing for those concessions. Sustainability makes good business sense because it helps us manage risks in our existing operations and makes us more competitive in winning new concessions.

Another way of thinking about sustainability at Transurban therefore is as a strategy to align our business with the long term interests of our stakeholders. Without their lasting support, we will not have a business.

David Ryan AO

Chairman
Introduction by CEO

A focus on safety and climate change

Welcome to Transurban’s third Sustainability Report which covers Financial Year 2008.

Our sustainability highlights for the year reflect a renewed focus on the safety of our customers and our employees—our number one priority.

Another important focus for the year was climate change. Our aim in this was to complete the development of a formal policy with Group-wide targets for reductions in our Greenhouse Gas (GHG) emissions. That aim proved to be ambitious as we worked to integrate three new assets in Sydney into our toll road investment portfolio and dealt with the significant demands of our growing business in the US.

The formal climate change policy is therefore still a work in progress. However, we do have externally verified figures on our existing emissions. Together with our operational contractors, we will be able to meet the requirements of Australia’s National Greenhouse and Energy Reporting System, known as NGERS. Based on Government announcements, we will not be required to participate in Australia’s planned carbon emission trading scheme as our direct GHG emissions are well below the scheme’s threshold levels.

In our home market of Australia, governments and communities are starting to consider the impact of new road projects on GHG emissions. We believe these concerns are more likely to change the kind of vehicles people drive—particularly the fuel sources they rely on—rather than stop people driving. People value personal mobility and the reality is our cities rely on the motor car.

However, we believe road operators like us and our construction partners need to consider what contribution we can make to reducing GHG emissions. We have outlined a way forward on this, based on the concept of ‘carbon neutral’ toll road development, in our submission to Professor Ross Garnaut’s climate change review commissioned by the Australian Government.

In the past few years, our focus has been on introducing programs and initiatives to drive the sustainability agenda and awareness within the business. Financial Year 2008 was largely about consolidation and strengthening those programs.

In the early months of Financial Year 2009, we have started work on further embedding sustainability in the day-to-day management of the business with the Group’s new Executive Committee, appointed in August, taking a leadership role.

Our basic thinking about sustainability has not changed. We still believe it is right to be a good corporate citizen that treats its customers and employees well, acts to ensure their safety, cares about the environment and has broad community support. We will therefore continue to focus our programs around the ‘four pillars’ of our sustainability agenda:

- Customers
In June 2008, we introduced a new business framework for Transurban, known within the business as ‘The Wheel’. It identifies sustainability as one of the key drivers of the Group’s corporate reputation and total security holder return.

Members of our Executive Committee now have sustainability as one of their five team accountabilities. They will ensure that specific sustainability targets are included in the performance plans of the managers best placed to achieve them. The in-house Sustainability Team will continue to play an important leadership, advice and reporting role.

These changes are designed to further strengthen our performance on sustainability.

Many people across our business—from the employees who keep our roads safe to the Board members who sit on our Sustainability Committee—contribute to the sustainability agenda at Transurban. Their passion and commitment are excellent.

This year we received external validation for our sustainability performance from the Dow Jones Sustainability Indexes and the Carbon Disclosure Project for the third consecutive year. We look forward to building on these efforts in the coming year.

Chris Lynch

CEO
Our new CEO

Chris Lynch became CEO of Transurban in April 2008. He joined the Group from one of the world’s largest resources and mining companies, BHP Billiton. He held a series of senior appointments there, including five years as Chief Financial Officer.

His last position at BHP Billiton was Executive Director and Group President-Carbon Steel Materials. He had responsibility across BHP Billiton for Health, Safety and Environment.

Before joining BHP Billiton, Chris spent most of his career with Alcoa Inc, where he served as Vice President and Chief Information Officer, CFO Europe, Managing Director of KAAL Australia Ltd and in financial leadership roles.

He was a member of the Prime Ministerial Task Group on Emissions Trading, established by the former Australian Prime Minister, Mr John Howard, in December 2006.
About this report

Scope

This is Transurban’s third sustainability report. It covers our community, employee, environmental and customer activities from 1 July 2007 to 30 June 2008, unless otherwise stated.

We intend to continue to report annually on our sustainability progress.

Most of the data and information in this report comes from our Australian roads as they make up 96 per cent of assets worldwide. The report covers Transurban corporate offices in Australia and our 100 per cent owned toll roads—CityLink in Melbourne and Hills M2 in Sydney.

While we are the customer service and tolling operator for Westlink M7 in Sydney, at the time of the report, we owned 47.5 per cent of the road (in August 2008, we increased our stake to 50 per cent). Westlink Motorway Limited has provided information on key aspects of their business, which is not covered by the Sustainability Report's assurer, Net Balance Management Group.

In Sydney, we also have interests in three other motorways—the Eastern Distributor (75.15 per cent stake), the M4 (50.61 per cent) and M5 (50 per cent). In FY08, we started collecting environmental performance data for these roads.

This year, we have started reporting on the environmental and social impacts of Pocahontas 895 in Virginia in the US, which we acquired the right to operate and manage in June 2006. We have also included information on our Capital Beltway HOT Lanes project in Washington DC, which reached financial close in December 2007 and is now under construction.

Some of the reported data is collected by our major road operations contractors—Translink Operations Pty Ltd (TLO) for CityLink and Bilfinger Berger Services (BBS) for Hills M2. We believe that the work they carry out for our assets forms part of our social and environmental footprint.

Target audiences

Our audiences for the Sustainability Report are both internal and external stakeholders. They include employees, customers, community, investors, analysts, governments, non-government organisations and opinion leaders.

Stakeholder feedback

Between April and July 2008 we conducted research with key stakeholders to get feedback on our 2007 Sustainability Report. There were 34 participants.

Overall stakeholders were very positive in their evaluation of last year's report.

More than 70 per cent indicated the report addressed the issues of most concern to them.

They believed the report publicly positioned Transurban as an industry leader by demonstrating awareness of its environmental and community impacts.
Key stakeholder recommendations

- Stakeholders recommended addressing the following issues in future Sustainability Reports:
  - Transurban’s approach to integrated transport solutions and reducing traffic congestion.
  - Carbon footprint monitoring and reporting about carbon trading schemes.
  - Transurban’s sustainability initiatives and how they meet community goals.
  - Noise pollution, water and land management, and recycling.
  - Transurban’s internal workings, including more details on work safety and reporting on Human Resources policies.
  - Clearer definitions of ‘sustainability’, particularly around ‘organisational sustainability’ and ‘social/environmental sustainability’.

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 have rated our report at an A+ level.

For more information on the GRI visit www.globalreporting.org

We also review our reporting against other sustainability performance indicators such as the Dow Jones Sustainability Indexes and FTSE4Good Index.
About Transurban

At a glance

Transurban is an international toll road developer and manager with assets in Australia and the United States. We aim to create innovative and sustainable transport solutions for people and businesses.

Transurban is listed on the Australian Securities Exchange (ASX), where it is ranked within the Top 50 companies.

At the date of this report, Transurban had interests in seven roads in Australia and the US. They are CityLink in Melbourne, Hills M2, Westlink M7, Eastern Distributor, M4 and M5 in Sydney and Pocahontas 895 in Richmond, Virginia.

In December 2007, Transurban reached financial close on a project in Virginia that involves creating High Occupancy Toll (HOT) Lanes on a section of the Capital Beltway (I-495) – the ring road around Washington, DC. It is now under construction.

Transurban manages three customer tolling brands in Australia—CityLink, Roam and Roam Express.

Our head office is in Melbourne, Australia with other offices in Sydney, New York, the Washington DC area, and Richmond, Virginia. In FY08, we opened an office in Atlanta, Georgia, another heavily congested region of the US.

We employ more than 700 people and have more than five million account and non-account customers globally. ¹

The principal entities within Transurban Group are Transurban Holdings Limited, Transurban Holdings Trust and Transurban International Limited. Transurban Limited is a subsidiary of Transurban Holdings Limited.

¹ Account customers represent actual tag and video accounts held with Transurban entities. Non-account customers includes an estimate for tag account customers with RTA, E-way and Cross City Motorway who use Transurban roads plus an estimated number of individual customers who use either cash, video passes, deferred toll notices in NSW or late toll invoices in Victoria.
Economy

Mobility is key to economic development. Businesses need road, rail, shipping and air networks to transport goods and services to markets, while people need them to get to jobs and use basic services. (World Business Council on Sustainable Development)

Our electronic toll roads and innovative technology indirectly aid the flow of commerce by getting people to work and by helping businesses deliver goods and services efficiently.

As one of Australia's Top 50 companies, the direct economic impacts of our business extend to our employees, investors, the community and the government through wages, dividends, sponsorships and donations, and taxes.

<table>
<thead>
<tr>
<th>Key results (proportional)</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toll &amp; fee revenue ($m)</td>
<td>572.6</td>
<td>766.6</td>
</tr>
<tr>
<td>EBITDA ($m)</td>
<td>419.9</td>
<td>498.6</td>
</tr>
<tr>
<td>Free cash from operations ($m)</td>
<td>135.9</td>
<td>316.5</td>
</tr>
</tbody>
</table>

Three key metrics illustrate Transurban’s financial performance in FY08: higher toll and fee revenue, increased EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and improved free cash flows from operations.

Group toll and fee revenue, adjusted to reflect the proportion of Transurban’s ownership in each of its assets, rose 34 per cent to $766.6 million. This included the first full year contribution of the Sydney Roads Group assets acquired in June 2007.

The Group’s net loss after tax was $140.5 million compared to a $152.2 million loss the year before. Transurban will continue to report accounting losses for several years, as we depreciate our assets.

The Group believes it is more relevant to consider earnings metrics before depreciation is taken into account. This is because depreciation is a non-cash item. Transurban has fixed concession lengths on all its assets and all maintenance and repair costs for the life of the concessions are factored into the cash flows of the business.

As such, EBITDA is considered a more appropriate measure of toll road performance.

On a proportional basis, adjusted to reflect the contribution of individual assets in proportion to Transurban’s ownership, EBITDA rose 19 per cent to $498.6 million. Free cash flow is the other important metric on which to gauge the performance of the Group.

In FY08 free cash from operations was $316.5 million, a 133 per cent increase on the previous year.

Transurban has recorded consistent revenue growth on all of its assets over the years it has owned them. For example, CityLink in Melbourne has delivered 7.1 per cent compound annual growth in toll and fee revenue over the past seven years.
Traffic growth on Transurban’s roads has continued despite higher petrol prices. We have been working with Australia’s National Institute of Economic and Industry Research to better understand the relationship between economic factors and toll road patronage. To date our studies indicate that the direct impact of fuel prices in isolation has not been significant in Australia.

**Supplier network**

We contribute to the wider economy through our business relationships with a diverse network of suppliers.

We have contact with over 1500 suppliers of goods and services in Australia and North America. In FY08 our total spend was over $289 million. Almost 95 per cent of our suppliers were based in Australia.

The top five Australian suppliers were:

- Abigroup Contractors Pty Ltd (civil, building and asset maintenance)
- Salesforce Australia (call centre)
- Leighton Contractors P/L (infrastructure investment)
- Transfield Services (infrastructure maintenance and operations)
- Kapsch trafficcom (electronic tolling)

The top five North American suppliers were:

- J.T. Magen & Company (construction management)
- Orrick, Herrington & Sutcliffe (legal services)
- VMS (infrastructure maintenance and operations)
- PriceWaterhouseCoopers (accounting and tax services)
- Sullivan & Cromwell (legal services)

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2 The list excludes payments to the Australian Taxation Office and other government agencies, superannuation contributions, rent for ex-patriate employees, Foreign Tag Operator (FTO) payments, employee reimbursements, petty cash, Transurban’s employee social club and donations.
Capabilities

Transurban is a multi-faceted business. It has key capabilities in a range of areas including:

- Full electronic (open road) tolling
- Road performance and safety
- Traffic modelling
- Financial management
- Concession management
- Project development
- Project delivery
- Stakeholder engagement, and
- Customer service.

Values

Our values drive the way we do business.

In April 2008, new Chief Executive Officer Chris Lynch outlined new company values: honesty, integrity, humility and accountability.

Since the new values were announced, a working group has been set up to develop a communications plan. In FY09, we expect to roll out the plan and hold a range of activities for employees to flesh out the new values and promote them as the basis of our business activities.
Our assets

Transurban has interests in the following toll roads:

- CityLink—100 per cent owned
- Westlink M7—47.5 per cent owned (our stake rose to 50 per cent in August 2008)
- Hills M2—100 per cent owned
- M1 (Eastern Distributor)—75.15 per cent stake as of September 2007
- M4—50.61 per cent stake
- M5—50 per cent stake

Transurban also has a 75 per cent stake in drive, our co-investment vehicle in North America, which wholly owns Pocahontas 895 in Richmond, Virginia and has 90 per cent interest in the Capital Beltway HOT Lanes.

About CityLink

Key facts

- 22-kilometre motorway in Melbourne, Australia
- Connects three major urban freeways—the West Gate, Tullamarine and Monash
- Incorporates two long tunnels (Burnley and Domain Tunnels are 3.4 kilometres and 1.6 kilometres respectively), one major bridge, an elevated roadway and 17 interchanges.
- One of the world’s first fully electronic toll roads
- Tolled by section for account users
- Opened to traffic in August 1999
- 100 per cent owned and managed by Transurban
- Concession until 2034

www.CityLink.com.au
Key events in FY08

- Traffic volume for the year was 247.9 million transactions, and toll and fee revenue was $362.8 million.

- Customer account numbers grew by 7 per cent to 864,000 at 30 June 2008 (customers with non-Transurban accounts also use our roads).

- Construction started on the $1.4 billion Monash-CityLink-West Gate upgrade. The project—a partnership between Transurban and the Victorian Government—will significantly relieve congestion at peak times and is forecast to ultimately lift traffic on CityLink by 7 per cent.

- We completed the CityLink Tunnel Safety Project—an $11.7 million project to enhance safety in the Domain and Burnley tunnels in Melbourne.*

- We committed over $160,000 to local communities in Victoria through a range of partnerships and sponsorships. We also contributed almost $60,000 in toll waivers.

About Hills M2

Key facts

- 21-kilometre motorway in Sydney, Australia
- Links to Westlink M7 and Lane Cove Tunnel
- One 480 metre long tunnel
- Opened to traffic in 1997
- Currently tolled with a combination of electronic toll collection and cash toll plaza lanes
- Previously operated by the ASX listed Hills Motorway Group
- 100 per cent owned and managed by Transurban since June 2005
- Concession until 2042

www.hillsm2.com.au

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* We have referred to this initiative in other collateral as a $12.5 million project as this was the budgeted amount.
Key events in FY08

- Traffic volume for the year was 33.8 million trips, and toll and fee revenue was $120.6 million.
- Talks continued with the New South Wales Government on our proposal to widen and upgrade sections of the road and improve traffic management and safety.
- Roam Express customer account numbers stood at about 76,700 at 30 June 2008 (customers of other tolling providers also use Hills M2). Roam Express is owned by Transurban.
- We committed almost $210,000 to local communities in NSW through a range of partnerships and sponsorships.

About Westlink M7

Key facts

- 40-kilometre motorway in Sydney, Australia
- 47.5 per cent Transurban owned (our stake rose to 50 per cent in August 2008)
- Transurban operated tolling and customer service through Roam
- Opened to traffic in December 2005
- Connects M5, M4 and M2 motorways
- Australia's only distance-based fully electronic toll road
- Concession until 2037
- Key events in FY08

Traffic volume for the year was 41.8 million trips, and toll and fee revenue was $153.2 million.

The tag customer base of Roam—the tolling and customer service provider for M7—grew by 18.8 per cent over the year to 175,201 accounts as at 30 June 2008.

As of August 2008, Transurban owns 50 per cent of Westlink M7. Westlink Motorway Limited, which operates the motorway on behalf of the owners, has in FY08 prepared its first Sustainability Report.

www.westlinkm7.com.au
About M1 (Eastern Distributor)

Key facts

- 6-kilometre motorway in Sydney, Australia
- One 1.7 kilometre tunnel
- 75.15 per cent stake as of September 2007
- Links Sydney's Central Business District, Harbour Tunnel and Harbour Bridge with the city's southern suburbs and Sydney Airport
- Opened to traffic in December 1999
- Interest acquired at the end of FY07 as part of our acquisition of the Sydney Roads Group (SRG)

www.easterndistributor.com

Key events in FY08

- Traffic volume for the year was 17.4 million trips, and toll and fee revenue was $73.7 million.
- An upgrade of the Eastern Distributor’s hybrid tolling system started.
- We held independent safety reviews of the Eastern Distributor’s tunnels and roadways.

About M4

Key facts

- 40-kilometre road in Sydney, Australia
- 50.61 per cent owned by Transurban
- Links Sydney’s western suburbs with the city’s inner west
- Opened to traffic in 1992
- Combination of electronic and cash tolling, with flat rate tolls charged in both directions
- Interest acquired at the end of FY07 as part of our acquisition of the Sydney Roads Group (SRG)

www.m4motorway.com.au
Key events in FY08

- Traffic volume for the year was 40.6 million trips, and toll and fee revenue was $88.5 million.
- A $15 million upgrade to the M4 road surface was completed in March 2008.
- The NRMA—the body representing New South Wales motorists—released a travel time survey in September 2007 showing that a trip on the M4 is more than twice as fast as the free alternative route that runs next to it.

About M5

Key facts

- 22-kilometre motorway in Sydney, Australia
- 50 per cent owned by Transurban
- Combination of electronic and cash tolling, with flat rate tolls charged in both directions
- Opened to traffic in 1992
- Interest acquired at the end of FY07 as part of our acquisition of the Sydney Roads Group (SRG)

www.m5motorway.com.au

Key events in FY08

- Traffic volume for the year was 42.3 million trips, and toll and fee revenue was $163.6 million.
- We are assisting Interlink Roads (M5 developer and operator) to develop plans to widen the road, subject to government approval.

About Pocahontas 895

Key facts

- 14-kilometre/9-mile motorway in Richmond, Virginia, US
- Links Interstates 95 and 295 to create a southern bypass of Richmond
- Fully opened to traffic in September 2002
- Transurban manages operations, maintenance and tolling
- Transurban holds 99-year concession
Transurban will design and construct a 2.5-kilometre road/1.6-mile connecting Pocahontas 895 with Richmond International Airport. Construction will begin in December 2008.

- Acquired in 2006

- Transurban has a 75 per cent stake in drive, our co-investment vehicle in North America, which wholly owns Pocahontas 895.

www.pocahontas895.com

Key events in FY08

Traffic grew strongly during the first half of FY08 but dropped during the second half of the year due to a combination of a toll price increase, record fuel prices and weaker economic conditions in the US.

About Capital Beltway

Key facts

- Reached financial close on the project agreement with the Commonwealth of Virginia in December 2007

- Project involves creating High Occupancy Toll (HOT) Lanes on a section of the Capital Beltway (I-495) – the ring road around Washington, DC.

- Construction of 22 kilometres/14 miles of electronically tolled HOT lanes between the Springfield Interchange and just north of the Dulles Toll Road began in July 2008

- Two new lanes in each direction, increasing the number from eight to 12

- Variable toll pricing based on real-time traffic conditions to manage traffic and maintain free flow conditions at all times

- Transurban to build, operate and maintain the HOT lanes over a 75-year operations contract period, as well as oversight of design and construction by partner Fluor-Lane

- Scheduled to open in 2013

- Transurban has a 75 per cent stake in drive, our co-investment vehicle in North America, which has 90 per cent interest in the Capital Beltway HOT Lanes.

- www.virginiahotlanes.com
Awards and achievements

- Listed for the third time in the Dow Jones Sustainability Indexes (DJSI) World List of high performing companies. (The listing was announced in FY09)

- Included in the Climate Leaders Index (Australia/New Zealand) in the Carbon Disclosure Project (CDP) for the third year running. (We were notified of our inclusion on the index in FY09)

- Jointly awarded Excellence in Virginia Government Public Private Partnership Award with Virginia Department of Transportation.

- The 2007 Sustainability Report full online version was Global Reporting Initiative (GRI) checked and met the content and quality requirements of GRI G3 Application A+.


- Member of FTSE4Good Index, the responsible investment index calculated by global index provider FTSE Group.

Governance

Transurban's corporate governance framework substantially complies with the revised Corporate Governance Principles and Recommendations of the Corporate Governance Council of the ASX.

The relationship between the Board of Directors and management is critical to achieving our objectives.

The directors are responsible to security holders for Transurban's performance. Their key tasks are to enhance the interests of security holders and other key stakeholders and to ensure our business is properly managed.

Transurban's day-to-day management and the implementation of the Board's strategic and policy decisions are the responsibility of the Chief Executive Officer and senior executives.

Transurban Infrastructure Governance Framework

We have introduced the Transurban Infrastructure Governance Framework to support the business as it grows. As our roads have different concessions with individual requirements, the framework offers structure through a standardised approach. It does this by setting and maintaining standards in risk management, governance in road operations and infrastructure service delivery.

The framework processes are being rolled out in stages. An audit is planned in FY09 to ensure the framework is regularly updated and improved.
Sustainability governance

As a long-term investor and manager of toll roads, we are committed to high standards of governance in the interests of all our stakeholders, including government, communities, employees and investors.

Transurban has a formal Board-level Sustainability Committee (previously the Corporate Social Responsibility Committee). The Sustainability Committee provides advice to the Board of Directors and management and oversees the development and implementation of the sustainability program. It is chaired by a Board member and includes two other Board members, three external advisors and senior Transurban employees.

The Sustainability Committee reports its actions and recommendations to the Board after each Committee meeting. Its charter can be found at www.transurban.com

The in-house sustainability team develops and manages the day-to-day operations of the sustainability program, providing strategic advice, delivering programs and reporting on the progress.

Our focus next year will be on further embedding sustainability across the business. This will involve each business unit undertaking sustainability planning and budgeting. Members of our Executive Committee will also ensure that specific sustainability targets are included in the performance plans of the managers best placed to achieve them.

<table>
<thead>
<tr>
<th>Sustainability Committee members (as at 30 June 2008)</th>
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<tr>
<td>Chris Ronwick (Chair)</td>
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<td>Susan Oliver</td>
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<td>Lindsay Maxted</td>
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<td>Elizabeth Mildwater (Secretary)</td>
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<td>Jan Cochrane-Harry</td>
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<td>John Mant</td>
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<td>Chris Ryan</td>
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<td>Danni Ells</td>
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<td>Brendan Bourke</td>
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<td>David Cardiff</td>
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<td>Lisa Hunt</td>
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<td>Zoltan Mindary</td>
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<td>Stewart McGregor</td>
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<tr>
<td>Mike Roberts</td>
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<tr>
<td>Vin Vassallo</td>
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<tr>
<td>Stuart Webb</td>
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<tr>
<td>David Webster</td>
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Embedding sustainability

The cornerstone of Transurban's investment management process is PACE (Project and Capital Expenditure).

The PACE Committee reviews investment proposals which have a strategic focus or require CEO approval to ensure they are evaluated in a consistent and rigorous way.

These proposals can cover anything from new development projects, mergers and acquisitions, to research and development.

The Committee also approves funding for proposals, either itself or for submission to the Board. Its members include the Chief Executive Officer, Chief Financial Officer and General Manager Finance.

During 2008, we introduced a requirement that environmental, social and economic impacts be considered in all project submissions to the PACE Committee at the concept, feasibility and commitment stages.

As the majority of investment proposals are reviewed by PACE, it has been an important step to embed sustainability at this high level of decision making.

To support this process, we have developed a sustainability check list that reflects key sustainability indicators from the GRI and updated specific PACE templates.

Political contributions

We support the democratic process through political contributions in the communities we serve or in new markets. Our aim is to help foster both good government and good opposition.

Political contributions must meet the legal requirements of the relevant jurisdiction, including laws on reporting donations and should be approved by either the Chairman or the Chief Executive Officer.

In FY08 Transurban donated money to political parties and/or candidates in Australia and the US.

<table>
<thead>
<tr>
<th>Australian</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Labor Party</td>
<td>$87,866</td>
</tr>
<tr>
<td>Liberal Party of Australia/National Party of Australia</td>
<td>$32,095</td>
</tr>
</tbody>
</table>

Australian political donations reported to the Australian Electoral Commission (AEC) are listed on its website at www.aec.gov.au

Political donations in the US

Over the last three years, Transurban (USA) Inc—previously known as Transurban (USA) Development Inc—has contributed to a number of political campaigns in the state of Virginia. Corporations are allowed to contribute to Virginia campaigns and many do. Unknown to us at the time, Transurban was not permitted to make those contributions under US election laws.
We inadvertently made two mistakes. The first was that the funds used for the contributions originated from our parent company in Australia rather than from US revenues. Secondly, some of the employees involved in the decisions to make the contributions were not US citizens or permanent residents.

We now understand we weren’t able to do this under US law. When we began earning revenue in the US in June 2006 after taking on the management of Pocahontas 895, we did not use these revenues for our contributions and were not aware of the requirement to do so, so we were in technical breach of these laws.

In February this year we learned that the contributions did not appear to comply with the election regulations. We immediately engaged an independent expert legal team, reporting directly to the CEO, to review our contributions program and ensure we comply fully with the campaign finance laws.

We also took a number of other actions, which we would like to report here although they fall just beyond the scope of the FY08 reporting period. We:

- Voluntarily reported the mistake to the US Federal Election Commission so that it could review the matter to the extent it deemed appropriate
- Informed all the campaigns involved and asked them to return the money. All the money that is returned will be given to the Virginia children’s charity—Court Appointed Special Advocates for Children (CASA), and
- Communicated our mistake to our government partner, the Commonwealth of Virginia, and to the news media.

Overall, we contributed US$172,000 to 90 campaigns in Virginia over the past three years. We have made no other contributions in the US.
Customers

Customer service is a cornerstone of our business. More than five million\(^4\) customers use our roads globally.

In Victoria, we serve our customers through the CityLink brand and in New South Wales (NSW) through our Roam and Roam Express brands. In NSW and Victoria we also consider customers to be people who travel on our roads using non-Transurban brand accounts.

In the US state of Virginia where we operate Pocahontas 895, the customer tolling interface is managed by the Virginia Department of Transportation (VDOT) through the Smart Tag Customer Service Centre.

We take a 'customer-first' approach to managing our motorways to help ensure motorists experience convenient, efficient and seamless travel.

This approach ranges from the tolling and customer service technologies used on our roads, to the quality of our on-road communications and the level of driver safety.

Our customer service values

- Cultivate a customer driven culture which aims to make doing business with us easy.
- Listen and engage with customers to help us meet their needs and understand their concerns.
- Aim to align our products to the needs of our various customers to ensure flexibility and choice.

Tolling Customer Ombudsman

Transurban customers in Australia who are dissatisfied with our internal customer complaint resolution process are able to have their case reviewed by an independent customer ombudsman.

Customer complaints are initially reviewed internally by the Transurban Customer Resolutions Group. Unresolved cases may then be taken to the Ombudsman for further investigation if the customer remains dissatisfied.

\(^4\) These include both account and non-account customers. Account customers represent actual tag and video accounts held with Transurban entities. Non-account customers include an estimate for tag account customers with RTA, E-way and Cross City Motorway who use Transurban roads plus an estimated number of individual customers who use either cash, video passes, deferred toll notices in NSW or late toll invoices in Victoria.
In FY08, the Transurban customer ombudsman model was adopted by Melbourne’s new toll road operator ConnectEast for its Eastlink road.

The Tolling Customer Ombudsman now provides a free and independent alternative dispute process for customers of CityLink, Hills M2, our Roam and Roam Express tolling businesses and Eastlink. The service is currently not available to customers of our partly owned road assets.

The Ombudsman has the power to make a decision regarding a customer’s enquiry or complaint and the decision is binding. However customers dissatisfied with the decision may seek legal advice.

In FY08, Transurban’s Customer Resolutions Group received in the order of 5,300 enquiries, with 154 (or around three per cent) going to the Ombudsman. All of these cases were successfully resolved by the Ombudsman, after consultation with Transurban.

For further details, visit www.tollingombudsman.com.au

Customer safety

Transurban has eight assets and projects in Australia and the US, so safety has to be—and is—our first priority. We have a number of initiatives aimed at maximising customer safety on our roads. These safety measures include:

- Weekly road safety inspections to identify deficiencies in road delineations (line markings and road furniture), sight distances (how far you can safely see ahead on the road), lighting, traffic signs and road marking reflectivity
- Incident inspections that target defects likely to occur to the drainage structures following heavy rain or inspection of footpaths and guard rails after traffic accidents
- Routine asset inspections that target deficiencies in roadside drainage, roadside furniture, roadside amenities and pavement supporting structures
- ‘desktop’ emergency management exercises held in the office every year and field exercises conducted every three years on our roads, and
- In Australia, we conduct an independent road safety audit every five years as well as site-specific audits any time we change the functionality of the road.

We independently review tunnel safety systems and practices. All recommendations made by the independent auditors are formally recorded and managed through Asset Safety Forums. The forums, which include relevant managers and employees, meet to review safety performance and act on recommendations arising from internal and external audits. A detailed tunnel safety review was undertaken in FY08 for Eastern Distributor.
On Pocahontas 895 in the US, our contractor Transfield Services North America Transportation Infrastructure (formerly VMS Inc.) provides routine and preventive maintenance including landscaping, snow and ice control, pavement management services and bridge inspection services.

In Australia our emergency response teams provide 24-hour roadside assistance on CityLink and Hills M2—our fully-owned assets. They are responsible for removing road debris, directing traffic at accident scenes and helping customers who have broken down or are having other difficulties on our roads.

Translink Operations is contracted for traffic control, incident response and environmental management on CityLink in Victoria. In NSW, Bilfinger Berger Services Australia performs incident response and Transroute provides traffic control room operations on Hills M2.

Collision index

We use an internationally recognised index for reporting collision information on our roads. The Collision Index outlines the number of collisions per 100 million vehicle kilometres travelled.

Collisions refer to an impact that damages a motor vehicle or an incident requiring maintenance. The injury accident is when a person is declared injured at the site of an accident and is taken by ambulance for treatment. It also includes fatalities. The CityLink All Accident Index is where there has been third party damage and incident response teams are required to respond.

All = All accidents per 100,000,000 vehicle kilometres travelled

Injury = Injury accidents per 100,000,000 vehicle kilometres travelled
Road fatalities

There was one fatality on CityLink which involved a two-truck collision. There were no fatalities on Hills M2, Eastern Distributor or Pocahontas 895 in FY08.

<table>
<thead>
<tr>
<th>Fatalities on Transurban's Roads</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>CityLink</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Hills M2</td>
<td>1</td>
<td>Nil</td>
</tr>
<tr>
<td>Eastern Distributor M1</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Pocahontas 895</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Safety improvements

We have completed the CityLink Tunnel Safety Project – an $11.7 million project to enhance safety in the Domain and Burnley tunnels in Melbourne. ⁵

In November 2008, the project won the 2008 National Safer Communities Award, sponsored by the Federal Government agency Emergency Management Australia.

The project introduced or improved safety features in the Burnley and Domain tunnels. These features included:

- Life-size green safety symbols of the ‘running man’ to highlight emergency exit doorways
- Improved pedestrian safety rails, directional signs and new lighting to help identify exits, and
- An innovative stencil scheme with distinctive, bright colours for sections of the Burnley and Domain tunnel walls.

A staged evacuation exercise, in FY08, tested the effectiveness of enhancements made to the emergency exits. More than 50 volunteer ‘evacuees’ ranging in age from six to 61 participated in the test. Various measures were used including pedestrian flow rates, time trials and qualitative assessments. The ‘evacuees’ were required to use an exit without enhancements. They then tested a version fitted with the new lighting, signage and protective barriers. Between 80 and 88 per cent of the participants said the changes made them feel safer.

We are now using the benefits and features of the CityLink Tunnel Safety Project to develop safety improvement programs for our assets in New South Wales.

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⁵ We have referred to this initiative in other collateral as a $12.5 million project as this was the budgeted amount.
Case Study: Share the Road campaign

Share the Road campaign

Transurban collaborated with the Victorian State Government and EastLink operator ConnectEast on an advertising campaign that encourages motorists to be more courteous and cautious on Melbourne’s roads and in its tunnels.

The $3 million ‘Share the Road Safety’ campaign, which started in March 2008, included three stages of television, radio, print, online and outdoor advertising. Transurban committed $750,000 to the campaign.

One series of ads focused specifically on safe driving behaviours in CityLink tunnels. Click here and here to view.

‘Share the Road Safety’ was evaluated by interviewing more than 500 motorists in a benchmark survey followed by three more rounds post-campaign. The independent survey analysts found:

- The perceptions of road safety in general remained largely unchanged in the final survey (88 per cent feel ‘safe’). However, a slight fall in those feeling unsafe in tunnels and on freeways may have indicated that the campaign was beginning to influence driver behaviour.
- The majority of drivers agreed extra care and tolerance should be taken in tunnels. The belief that ‘changing lanes in road tunnels is dangerous’ remained high at 79 per cent.
- The TV ads dominated the campaign in terms of visibility. Almost two in three drivers (59 per cent) who viewed the ads said they would be more considerate on the roads as a result. The overall message of ‘drive safely in tunnels’ was again the key message received.
- The print ads were generally seen as a fairly effective way of encouraging drivers to drive safely in the tunnels.

Since the campaign, we have introduced signs to ‘Avoid Lane Changes’ and new lane markings in the two CityLink tunnels to reinforce the campaign safety messages.

Capital Beltway safety features

Once it is open to traffic, the Capital Beltway HOT lanes project in Northern Virginia in the US will have a number of safety features to enhance on-road safety and improve emergency services access, including:

- An advanced Intelligent Transportation System (ITS) incorporating dynamic message signs, traffic sensors, video-based automatic incident detection and CCTV cover to provide for safer operations and traffic management
- Dedicated incident response teams, with fully equipped service vehicles
- A 24-hour, seven-days-a-week Operations Centre, built with backup systems to ensure availability during power outages
Established protocols and coordination with VDOT and emergency services to minimise response timeframes

Dedicated entry and exit points with appropriate signage to enable drivers to make safe decisions to use the HOT Lanes

More consistent travel speeds and travel volumes through the use of dynamic tolling at any time during the day (rather than time-of-day-based) to manage congestions levels

Toll, traffic and driver information signs to provide information to drivers so they can make a decision on whether to use the HOT Lanes before entering, and

Improved road surface, line marking and signage as a result of the replacement of more than US$250 million of aging infrastructure, including more than 50 bridges and overpasses.

**Pocahontas 895 safety update**

We commissioned external consultants to conduct a safety audit on the Pocahontas 895. As a result of the audit, we will start work on several projects in FY09 including:

- Installing a new security system in Pocahontas 895’s toll booth and office areas to improve safety for employees and customers. This system includes cameras throughout the booths and offices, a panic-button alarm and two-way intercom system for all booths, and fire and security systems for the administration and operations buildings.

- Beginning the first phase of a major roadside security camera project on the Pocahontas 895. Cameras are being installed along roughly half of the roadway, from Chippenham Parkway in Chesterfield County to the Laburnum Avenue interchange in Henrico County. This is the most heavily used section of the motorway.

- Enhancing safety signage and roadside cameras on the bridge and ramps.

- Installing new weather monitoring equipment to measure wind velocity, pavement temperatures and surface moisture content.

**Emergency management**

We are committed to testing, evaluating and continually improving our corporate emergency management plans. Emergency management is an ongoing process essential to our response capacity to protect our people, assets and revenue.

The Transurban Emergency Strategy Team participated in a number of exercises in Australia in FY08 to understand the team’s role, identify responsibilities, test procedures and improve the national emergency response process.
These exercises included:

Exercise **EARLY BIRD**, which tested the emergency call-out and notification process in Melbourne. The test objectives were achieved with executive team members participating in a review providing valuable feedback on individual call-out preparation and related business procedures.

Exercise **DOUBLE TROUBLE**, which tested corporate governance procedures and compliance with both the CityLink Concession Deed and Terrorism (Community Protection) Act obligations. This discussion exercise involved Transurban, emergency services and government departments. The Transurban response was assessed and accredited by the Victorian Government’s Department of Infrastructure and Victoria Police Counter Terrorism Unit.

Exercise **NEXUS**, which tested our emergency response notification process during a discussion exercise run by Victorian State Government.

These exercises have brought greater maturity to our emergency response capability through:

- A major revision of the Corporate Emergency Strategy Team Plan
- A move to electronic document distribution, and
- Streamlining the emergency management contacts list and conversion to electronic format.

**Case Study: Hills M2 emergency exercise**

In May 2008, we held a joint field exercise on the Hills M2 motorway with emergency services and the Roads and Traffic Authority (RTA). This was the first field exercise ever held on Hills M2.

The mock incident involved a collision between a tanker carrying a full load of diesel and a few dozen vehicles, an 80-car traffic jam and an unrelated bushfire nearby.

Altogether, about 200 volunteers—many of them employees and their families and friends—and 100 on-duty emergency officers participated.

The exercise was held on the motorway’s westbound section between 6am and 1pm to minimise disruption to motorists and was evaluated by independent observers.

This tested real-time contra-flow measures as a section of the M2 was closed and traffic safely diverted around the exercise collision scene.

A full review, in consultation with the RTA and emergency services, will now be used to evaluate the tested emergency procedures, operational processes and management response.

Field exercises such as this are held at least every two years. In addition, road operations employees regularly participate in training sessions and annual desktop exercises in the office.
Customer service

We aim to provide an efficient, convenient and friendly service.

CityLink conducts monthly Customer Tracking Surveys, which monitor their satisfaction with their experience on the road and in customer service interactions. The June 2008 results show that the percentage of customers who agree that CityLink/Transurban is a dependable company has increased to 79.5 per cent, up from 63 per cent in September 2004.

CityLink also uses an independent company to conduct customer surveys to measure satisfaction with the call centre, customer service centre and customer care (our back office). More than 520 customer surveys are conducted per month and a target of 80 per cent customer satisfaction is set.

In addition, an internal quality assessor monitors 300 random recordings of customer calls each month to check for quality of service. This information is used to set customer service targets and feedback is used to identify issues where training is required. A target of 80 per cent customer satisfaction is set for these surveys and this target is always exceeded. Since introducing the customer surveys in November 2006, customer satisfaction levels have increased from 82 per cent to 86.9 per cent in 2008.

In late 2007, our Roam and Roam Express brands in Sydney surveyed almost 400 toll road users including account holders, pass users, cash toll payers and non-toll road users on their customer service satisfaction. The survey showed that 78 per cent of Roam Express and 80 per cent of Roam account holders believed they were getting a dependable service.

Roam also employs an internal quality assessor to listen to call recordings from the call centre and review customer case notes to ensure all processes are applied. The results are then used to identify issues where further training is required or if there are opportunities for improvement in procedures.

Other FY08 initiatives:

Expanded CityLink Plus so it now operates at Federation Square in Melbourne and also Melbourne International Airport. CityLink Plus is a convenient cashless payment system which allows registered customers in Melbourne to pay for their parking at participating car parks by debiting a nominated credit card.

Roam started participating in a mystery shopper program (anonymous spot checks). This program measures the performance of the Roam call centre over time and in comparison to other tag providers in the NSW and Victorian markets. There were four tag providers surveyed in September 2008, including the RTA (Roads and Traffic Authority in New South Wales), E-way, CityLink and Roam. Roam scored a result of 97 per cent and was rated equal first with E-way.

As a result of customer feedback, the available credit card payment channels for CityLink and Roam were extended to include American Express and Diners Club in mid 2008.
How we performed

To consistently meet community expectations for high levels of service, CityLink and Roam set targets and publish data on their performance. These scorecard targets are based on customer feedback and are reported publicly every six months.

In FY08, CityLink met or exceeded all the benchmarks outlined in its customer charter.

CityLink scorecard

<table>
<thead>
<tr>
<th>Target</th>
<th>FY08 average result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our incident response vehicles will respond to an incident in a traffic lane in less than 10 minutes (on average)</td>
<td>4 min 39 sec (traffic lane) 7 mins 52 secs (emergency lane)</td>
</tr>
<tr>
<td>80% of consumer call centre calls will be answered within 20 seconds</td>
<td>80.8%</td>
</tr>
<tr>
<td>80% of all issues raised with the Independent Customer Resolutions Group will be finalised within 7 days</td>
<td>96.29%</td>
</tr>
<tr>
<td>95% of customer calls will be resolved on the first contact</td>
<td>97.52%</td>
</tr>
<tr>
<td>99% of letters and emails will be responded to or acknowledged within 2 business days</td>
<td>99%</td>
</tr>
<tr>
<td>95% of new e-TAG® requested will be dispatched within 4 business days</td>
<td>99.6%</td>
</tr>
<tr>
<td>100% compliance with EPA Victoria environmental requirements</td>
<td>100%</td>
</tr>
</tbody>
</table>

For more details on CityLink's promises, targets and results, visit www.CityLink.com.au

Roam® scorecard

In FY08, Roam met or exceeded all the benchmarks outlined in its customer charter.

<table>
<thead>
<tr>
<th>Target</th>
<th>FY08 average result</th>
</tr>
</thead>
<tbody>
<tr>
<td>75% of consumer call centre calls will be answered within 20 seconds</td>
<td>80.48%</td>
</tr>
<tr>
<td>90% of customer calls will be resolved on the first contact</td>
<td>97.17%</td>
</tr>
<tr>
<td>80% of issues raised with the Independent Customer Resolutions Group finalised within 7 days</td>
<td>85.47%</td>
</tr>
<tr>
<td>95% of letters and emails will be responded to or acknowledged within 2 business days</td>
<td>99.75%</td>
</tr>
<tr>
<td>95% of new e-TAGs® requested will be dispatched within 4 business days</td>
<td>99.39%</td>
</tr>
</tbody>
</table>

For more details on Roam's promises, targets and results, visit www.roam.com.au
Customer privacy

We are committed to respecting and protecting the personal information of our customers.

All customer information is managed in accordance with the Federal Privacy Act 1988 and privacy-specific sections of applicable toll road legislation. In addition, we have developed privacy codes to regulate our handling of personal information collected from our customers.

We regularly review our compliance with privacy policies. These policies are available in the privacy sections of our retail websites at www.CityLink.com.au, www.roam.com.au and www.roamexpress.com.au

There were no known incidents of internal fraud involving an employee breach of customer privacy in FY08.

Our commitments

Outstanding commitments from FY08

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Completion Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rollout a Customer Charter on Roam Express and report against customer service targets twice a year.</td>
<td>The Charter is available on roamexpress.com.au</td>
</tr>
<tr>
<td>Meet CityLink and Roam customer service targets.</td>
<td>✔️</td>
</tr>
<tr>
<td>Conduct regular customer feedback surveys.</td>
<td>✔️</td>
</tr>
<tr>
<td>Implement a Fraud Incident Register, Fraud Policy and standalone Whistleblower Policy.</td>
<td>In progress</td>
</tr>
<tr>
<td>Review the Eastern Distributor tunnel safety system.</td>
<td>✔️</td>
</tr>
<tr>
<td>Relaunch the Pocahontas 395 website to make customer information more accessible.</td>
<td>✔️</td>
</tr>
</tbody>
</table>

New commitments for FY09

- Introduce interoperable video service for customers to allow casual motorists to travel on all toll roads in Victoria and NSW without tags, and

- Promote the options of using e-statements and e-alerts to our consumer customer base to reduce paper consumption.
Case Study: Customers

Bringing personality to automated service

In November 2007, CityLink introduced a new ‘personality’ to its voice recognition system in an effort to improve customer service.

The Natural Language Speech Recognition (NLSR) system—the voice customers hear when they phone for a CityLink Pass—was reworked so the female voice has clearer diction and scripts.

The reason behind the change was the low success rate for customers trying to buy a pass through the automated system, and the modifications were based on customer feedback.

To get everyone behind the new system, Transurban held a competition for employees and call centre contractors to put a name and face to the new voice.

The winning entry made ‘Penny’—an animated female character named after the James Bond character—the new identity of the system. Penny helps everyone at Transurban remember that the service is supposed to be both professional and personal.

Since her ‘arrival’, Penny has increased the caller success rate from 33 per cent to 55 per cent (as of June 2008). The error rate has reduced from 3.2 to 2 per cent.

CityLink’s ultimate goal is to improve customer satisfaction, reduce recognition errors, increase security (due to automation), reduce the cost of transactions and allow call centre employees to focus on more in-depth customer calls.
Communities

Transurban manages toll roads over concession periods which can span decades—in one instance for 99 years. We are in business for the long term and are committed to understanding our impacts on society by engaging with communities.

Community Relations Framework

Transurban’s Community Relations Framework provides a consistent approach to community relations across all our operations and all stages of our business model—bidding for projects, development and construction, and the operation of our roads. It is designed to allow flexibility in dealing with unique local issues.

The goal of the framework is to contribute to liveability in communities where we operate our roads. Its key principles are to:

- Find common ground with local communities and to identify issues, goals and solutions
- Commit to long-term partnerships to manage our impact
- Earn the trust of local communities by listening and responding to what they say, and
- Be transparent and accountable.

This framework is supported and implemented by community relations advisors in each of our markets.

We are guided by: the Community Relations Framework and the Transurban Sponsorship Policy.
Case Study: Listening to the community

Listening to the community

Transurban works closely with a number of key stakeholders throughout the life of a project. A crucial part of this process is to listen to and engage with the community, which lies at the heart of Transurban’s Community Relations Framework.

The framework helps us understand key community issues, particularly through our Stakeholder 360® research conducted by external consultants.

In FY08, our Stakeholder 360® process involved in-depth interviews with 67 individuals from 57 organisations. Eight of these organisations were from Victoria, with the remainder from NSW. The focus of the research was to engage existing stakeholders for Hill’s M2 and new stakeholders for the Eastern Distributor in NSW. Stakeholders included cyclists, governments, local politicians, emergency services, road user groups and transport bodies.

Our stakeholders indicated they had the following priorities:

- a desire to continue or strengthen their engagement with Transurban
- traffic planning and infrastructure needs and impacts
- road user concerns
- community, environment and liveability matters, and
- action on sustainability and public transport issues.

Frequency of broad level issues

Feedback from our research is used for the ongoing development of local community relations plans for our assets. To read more about our stakeholder research and community engagement, [Click here](#).

©Stakeholder 360 is registered to Synergy Communications, trading as the Australian Centre for Corporate Social Responsibility, 2006.
Stakeholder engagement on Pocahontas 895

Engaging with community stakeholders is central to our Community Relations Framework.

In the US, we have started building relationships with groups that have an interest in Pocahontas 895, which we have been operating and managing since June 2006.

These groups include community organisations, government, local businesses, schools, media and emergency services.

In FY08, the key issues identified and discussed with our stakeholders and partners included the environment and sustainability, highway and driver safety, and community improvement and liveability.

Over the coming year, we plan to work in partnership with stakeholders to start developing initiatives that address these issues.

Stakeholder engagement on the Capital Beltway

The Capital Beltway communications team, comprised of Transurban and our partners Virginia Department of Transportation and Fluor-Lane, engages with local communities to ensure they are informed and have an opportunity to voice their opinion on issues related to the project.

Since the Capital Beltway reached financial close in December 2007, we have held more than 80 information briefings for homeowner associations, major employers, business groups, local government elected officials and community organisations.

The key stakeholder issues identified through this process include:

- Impact of construction traffic
- Noise
- Cut-through traffic in local neighbourhoods
- Long-term impacts to arterial roads, and
- The operation of HOT Lanes

Our community partnerships and sponsorships

In FY08 we contributed almost $600,000 to communities through partnerships and sponsorships. These included:

Charitable donations—toll credits and cash donations to not-for-profit organisations, schools and clubs

In-kind support for community events—including toll waivers, road closures and expenditure on traffic management, promotion and logistics for community events, and
Community sponsorships—financial support for community initiatives

Our initiatives

The most important local issues for stakeholders are air quality, noise, plant conservation, climate change, traffic flow and congestion, and integration of toll roads with other forms of transport.

In FY08, we supported a number of community initiatives that focused on the environment.

Devlin’s Creek project (Hills M2)

We are sponsoring a four-year project in partnership with Hornsby Shire Council at the Beecroft Cheltenham Reserve next to Devlin’s Creek. The project will improve community access to the reserve with improved walking tracks, boardwalks and interpretative signage. The work will include native bushland regeneration and the removal of invasive weed species, which will help preserve endangered ecological communities such as Sydney’s Turpentine Ironbark Forest and Blue Gum High Forest that are found near this area of the motorway. The Reserve is an important habitat for the Glossy Black Cockatoo, Powerful Owl, and Green and Gold Bell Frog. The $90,000 Local Connections – Devlin’s Creek Community and Environment Project was launched in March 2008 and will run until June 2011.

Toongabbie Creek regeneration project (Hills M2)

We are funding a three-year bush care project along the Toongabbie Creek to support local endangered ecological communities. The $50,000 project—a partnership with Parramatta City Council—aims to transform an area of degraded parkland along the creek in the Hills M2 corridor. It will involve planting thousands of native plants, improving walking tracks and installing interpretative signage. The program was launched in April 2008 with the aim of reducing erosion, ensuring water quality and helping to protect bushland and provide habitats for vulnerable native species such as the Green and Golden Bell Frog and Eastern Snake Neck Turtle.

CityLink Creek Connections (CityLink)

We completed funding for a three-year environmental education program along part of the CityLink corridor for groups including schools, the elderly, people from non-English speaking backgrounds and disabled people. The project aimed to develop strong relationships with local groups, raise awareness of the local environment, foster stewardship and improve quality of life for participants. Program evaluation showed an overwhelmingly positive response with people feeling they had developed a connection with, and ownership of, the Moonee Ponds Creek environment. Many of the participants reported changes in the way they behaved in their homes and community as a result of the program. More than 150 activities were undertaken as part of the project including Clean Up Australia day, creek visits, community planting days, school activities and indigenous culture workshops.
James River Association (Pocahontas 895)

Pocahontas 895 and Transurban are supporting the James River Association, a non-profit group working to protect the fragile ecosystem of Virginia’s largest river, the James, which passes under the motorway’s Vietnam Veterans Memorial Bridge. In April 2008, we were one of the sponsors of the association’s signature fundraiser. The $5000 sponsorship helped the association spread its message about protecting the river.

Plant Save project (Capital Beltway)

Transurban, construction partner Fluor-Lane and the Virginia Department of Transportation have partnered with community group Lands and Waters to relocate native plants from areas along the Capital Beltway. The plants are being moved to local primary schools and private conservation sites in the Northern Virginia region. Since May 2008, teams of volunteers have been working to save thousands of native species along a 23-kilometre/14-mile area. The project also helped educate children at the primary schools about the importance of indigenous flora.

Our impacts

One of the key ways we contribute to communities is through ‘community capacity building’. Our preference is to be involved in long-term or continuing partnerships.

In FY08, we supported the following initiatives and events:

Herald Sun-CityLink Run for the Kids

More than 27,000 runners and walkers took to Transurban’s CityLink on 30 March 2008 to raise money for Melbourne’s Royal Children’s Hospital. A record number of our employees also took part in the annual event, with 134 either running or walking and another 23 helping as volunteers. This major event raised $738,941 for the children’s hospital, $200,000 more than last year.

RACV Energy Breakthrough (CityLink)

This annual Victorian event encourages students to creatively reduce the impact of transport on the environment. The project provides opportunities for students, teachers, parents and local industry to work together to design and construct a vehicle, machine or technology innovation that represents an ‘energy breakthrough’. In November 2007, their creations were demonstrated and trialled at an event in rural Victoria.

Virginia Highway Safety Challenge (Pocahontas 895)

In January 2008 Pocahontas 895 became a partner in the Virginia Highway Safety Challenge. The Challenge—an initiative of several state government agencies—aims to reduce highway deaths by reinforcing key safety messages on speed limits and driver behaviour. Pocahontas 895 promoted these messages through its website and signs at its toll booths. Our Capital Beltway HOT Lanes project is now also a partner in the Challenge.
Perrymont Middle School (Pocahontas 895)

Pocahontas 895 employees have built a relationship with a small local middle school which provides special instruction to students who have fallen behind in their studies. Since April 2008, staff members have volunteered at Perrymont Middle School on environmental education activities such as planting flowers for Earth Week or running a booth at the school’s Environmental Field Day.

Napier Street Studios Street Art Project (CityLink)

This program focuses on supporting at-risk youths to promote their health and well-being, and social connectedness. It also provides training to help emerging young artists improve their employment opportunities. Our funding in FY08 enabled participants to create four public art projects in the City of Yarra (see case study below)

Case Study: Napier Street Studios Street Art Project

CityLink’s partnership with the Napier Street Studios StreetArt Project helps disengaged young people to develop their artistic skills and contribute legally to large-scale public art rather than random graffiti.

Participants in the program develop projects, select public sites for the artwork to be displayed and choose guest artists. The younger people in the program also get mentored by older participants.

“It takes these young guys off the streets and into a safe, legal environment where they can access services to encourage their talents and offer a pathway into employment or study,” says Craig Little, CityLink’s Media and Community Relations Adviser.

“It also seems to have had an impact on our road contractors’ cleaning and maintenance costs. In 2005, the year before the program was launched, our average monthly graffiti cleaning costs were around $8700. These costs had dropped to a monthly average of $4800 by 2007.”

While CityLink is the core funding body, the local government authority—the City of Yarra—provides a venue, direct project management and other support.

“I suppose I do illegal graffiti cos it’s such a rush and its so raw, like a survival thing and it helps me with my anger. When I am graffiti I don’t think of anything else, and I forget about the rest of the world.”

—15-year-old participant

“Napier Studios has helped me creatively art-wise. It’s helped me to become more creative by boosting my confidence with creating art. It’s also given me opportunity to work in an industry I want to work in—the arts—and provided me with mentoring and design skills. It also provides me with a place to make legal work so I don’t have to do illegal graffiti. Each public art piece we do is a big experience. Cos the Napier Studios projects are large, not little bits but planned out to the extreme so really big visually I reckon it stops a lot of guys from illegally graffitiing.”

—19-year-old participant
Case Study: Partnering for sustainability

Partnering for sustainability

Transurban is helping put Sydney school students on the road to sustainability by funding a hands-on environmental education program.

The Roads to Sustainability program is a $75,000 three-year partnership with Sydney Olympic Park which pays for about 3,000 students from up to 50 schools to attend curriculum-based field studies at the Park. The participating schools are designated by the NSW Government to qualify for special economic assistance via the Priority Schools Program.

Transurban’s sponsorship means that these students from kindergarten to Year 12 will have an experience they may not otherwise have been able to afford.

Students visit specialist environmental education facilities at the Park such as a solar-powered classroom, wetlands and water recycling facilities. This gives them an opportunity to learn about renewable energy, water conservation and the impact of land use on plants and animals.

The program was launched in August 2007. By June 2008, 1,675 students from 34 schools had taken part.

Feedback has been positive, with participating schools describing the program as “environmental learning in action” and a “top quality excursion” for students with limited access to such opportunities.

Integrated transport solutions

We believe modern cities require integrated transport infrastructure where public transport and roads both have their place.

The integration between our toll roads and other forms of transport and surrounding roads is generally dictated by the governments that award the concessions. They set the agenda, balancing economic development and community amenity issues with environmental, greenhouse and social impacts. We work within the specifications they set.

We believe we have a role to play in advocating for a balanced approach between roads and other alternative forms of transport, partnering with governments to deliver transport solutions that benefit the broader network.
HOT lanes in the US

In the US, we are working with the Virginia Department of Transportation (VDOT), the Department of Rail and Public Transportation (DRPT) and Fluor to develop two High Occupancy Toll (HOT) Lane projects.

These projects will create a 113 kilometre/70-mile network for cars, carpools and buses on two of the most congested freeways in the US—the Capital Beltway and I-95/395 in Northern Virginia. We have finalised our agreement with the Virginia Government on the Capital Beltway HOT Lanes and have started construction. We are still in an exclusive negotiating position on the I-95/395.

HOT lanes operate alongside regular lanes and use variable toll prices to manage traffic in the lanes and keep them congestion free, even during rush hour. When traffic is light, toll prices are low. When congestion increases, toll prices go up to regulate the number of cars using the lanes.

Public transit in Northern Virginia

Both the Virginia HOT Lanes projects will provide more opportunities for public transit in the North Virginia region. The Capital Beltway and I-95/395 projects will:

- Allow carpools, buses, motorcycles and emergency vehicles to travel the HOT Lanes for free while vehicles with only one or two occupants will pay a toll to access the lanes
- Create a regional, free-flowing network for carpools and transit, and
- Provide first-time transit and carpool access to key activity hubs, including the region’s largest and fastest growing employment centre—Tysons Corner.

The Capital Beltway HOT lanes will provide new or expanded bicycle and pedestrian access on every bridge crossing over the Beltway—a critical first-step to connecting communities and activity centres currently divided by the eight-lane highway.

The I-95/395 HOT lanes project will construct new infrastructure to support transit, including additional access ramps, park and ride lots and an in-line bus station. The proposed project also includes a concession payment the Commonwealth can use to fund additional transit improvements in the corridor.

We are working closely with the Virginia Department of Rail and Public Transportation and a committee of local transit operators as they assess the transit needs in the I-95/395 corridor and develop a recommendation to the Commonwealth Transportation Board on how the concession payment could best be used to improve transit.

Initial drafts of the plan have included significant increases in park and ride facilities to support car pooling, funding for new buses and associated operating costs to allow for increased express bus services, and ideas on promoting greater multi-modal access between rail, subway and bus services.
Transport advocacy

Transurban is a member of the Metropolitan Transport Forum (MTF), a multi-stakeholder advocacy group made up of Melbourne metropolitan local governments, transport companies, the State Government and environment groups.

We are also members of Infrastructure Partnerships Australia—its parent organisation Tourism & Transport Forum—and 10,000 Friends of Greater Sydney.

Transurban has played an active role in the transportation debate in the United States. Private sector involvement in the delivery and operation of road assets is still developing in the US, and government and the community are actively discussing the risks and benefits of Public Private Partnerships (PPPs). In late 2007 Transurban joined the America Moving Forward (AMF) coalition as a founding member. AMF advocates the use of innovative financing, including PPPs, to assist with addressing the pressing infrastructure needs in the United States, and has worked with stakeholders and the media across a range of US states to enhance understanding of the benefits delivered by PPPs.

Our commitments

Our performance on outstanding FY07 commitments

<table>
<thead>
<tr>
<th>Action</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopt formal community engagement plans for all our assets and projects</td>
<td>✓</td>
</tr>
<tr>
<td>Embed community relations principles in project decision-making processes</td>
<td>🔗</td>
</tr>
<tr>
<td>Review and update sponsorship/partnership policy and guidelines to address local environmental issues, transport integration and community capacity building</td>
<td>✓</td>
</tr>
</tbody>
</table>

Our performance on FY08 commitments

<table>
<thead>
<tr>
<th>Action</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a formal Group-wide community partnership strategy aligned with the Community Relations Framework</td>
<td>Not completed</td>
</tr>
<tr>
<td>Conduct a stakeholder audit and review on Pocahontas 695 in the US</td>
<td>✓</td>
</tr>
<tr>
<td>Develop an online stakeholder engagement tool to better manage our interactions with key stakeholders, including the improved tracking of community feedback, and</td>
<td>✓</td>
</tr>
<tr>
<td>Develop evaluation protocols for community partnerships and sponsorships for each of our assets</td>
<td>✓</td>
</tr>
</tbody>
</table>
New commitments for FY09

- Review the methodology for the annual stakeholder engagement process in Australia
- Embed our customised software tool turtle (Transurban Relationship Tracker) as the key process for tracking and managing our stakeholder relationships
- Continue to promote bush care activities and public access to urban nature reserves in our NSW asset corridors, and
- Undertake community consultation on a planned project to upgrade and widen the Hills M2 in collaboration with partners.

Additional community data

In-kind support for community events

In-kind support including toll waivers, road closures and expenditure on traffic management, promotion and logistics for community events:

- Run for the Kids
- New Years Eve 2007
- Olympic Dream
- Melbourne Run (formerly known as Run to the G) toll revenue forgone with road closure

Community sponsorships and charitable donations

Sponsorship of community initiatives, toll credits and cash donations to charitable organisations:

- Ascot Vale West Primary School
- Bankstown City Council Youth Forum
- Bankstown Torch - Cancer Council Relay for Life
- Baulkham Hills Shire Business Excellence Awards 2008
- Beecroft Rotary Community Carols By Candlelight
- Bicycle NSW Ride to Work Day Launch
- Blacktown City Community Carols
- Blacktown Council Library Summer Reading Program
- Care flight Movie Mania
- Carlingford Dundas Lions Club Lionheart Dinner
- Chirnside Park Country Club - 'Legacy' charity
- City of Ryde Australia Day 2008
- City of Ryde/Ryde Rotary Carols By Candlelight
- CityLink Creek Connections
- CityLink Crossings (Indigenous Art Program - Moonee Valley)
- Convoy for Kids
- Denise Hancock St Patrick’s Primary School
- Flemington Police Station
- Gladesville Spirit FC Community Event
- Glenroy Primary School Environmental Project
- Hornsby Shire Council Devlins Creek
- Hornsby Shire Council Eco Festival
- IPA Conference
- James River Association Westover Lawn Party
- Kallista Primary School
- Learning Links Charity Ball
- Leukemia Foundation
- Lisa Bird and the Rockin’ Quiz Committee
- Melbourne International Film Festival
- Mick Young Scholarship Dinner
- Monash University Engineering Scholarships
- Moonee Valley Racing Club - Race Sponsorship
- Mothers Against Drunk Driving
- Napier Studios
- One in 5 charity event
- Overnewton Anglican Community College
- Parramatta - Toongabbie Creek Bush care
- RABA Victoria Street Lunar Festival Sponsorship
- RACV Energy Challenge
- Rumbalara Football Club
- RTA Young Professionals Charity Ball
- Ryde Rotary - Circus Quirkus
- Schools Partnership – ‘Roads to Sustainability’
- St Christophers School in Airport West
- St John’s Kindergarten Auction Evening Mt Waverly
- Strathmore Bowls Club Sponsorship
- The Salvation Army - Donation - Red Shield Appeal
- Virginia Highway Safety Challenge
- West Coburg Bowls Club Sponsorship
- Western Chances
- Western Sydney Industry Awards 2008
Environment

Transurban is committed to working towards environmental sustainability in all our activities.

We develop, own and manage toll roads. In doing that, we value solutions that:

- Minimise resource and energy use
- Anticipate environmental issues and manage them at the source
- Improve air and water quality
- Provide protection for local habitats
- Minimise impacts on ambient noise, visual and social amenity
- Meet or go beyond regulatory requirements, and
- Provide added environmental value to road projects through features such as parklands, shared pathways and wetlands.

We recognise that toll roads are only one part of the integrated transport systems required to make modern cities work. The motor vehicle has been a major factor in shaping our cities, and the freedom of personal movement that it offers helps underpin our way of life. But that comes at a price in environmental terms.

Our Environment Strategy

The Transurban Environment Strategy guides our approach and outlines our commitment to key aspects of our environmental performance, which includes meeting or exceeding the environmental regulations that apply to our roads in Australia and the United States.

Climate change

In both Transurban’s major markets, governments are introducing or considering new laws or regulations to reduce greenhouse gas (GHG) emissions linked to climate change.

In FY08, Transurban began work on a Climate Change Strategy to help us keep ahead of changing regulations and community views. The aim of the strategy is to better understand and manage the risks and opportunities associated with climate change.

The Climate Change Strategy identifies the key objectives and initiatives required to manage the impacts of climate change on our business operations across five focus areas:

- Risk management
- Regulation, advocacy and strategic partnerships
- GHG emissions footprint
Revenue generation, and
community and reputation.

In FY09, we will finalise this strategy and develop an implementation plan for initiatives arising from it.

**Our environmental impacts**

Our key impacts are:

- Energy use and GHG emissions
- Water
- Air quality
- Resource use
- Noise and
- Spills, and
- Biodiversity and the natural environment.

The regular stakeholder research we conduct in Australia confirms that our community and government stakeholders agree with this list of identified impacts. They are also interested in climate change, traffic flow and congestion, and the integration of toll roads with other forms of transport.

Through Transurban’s Environmental Management System (EMS) we identify, measure and manage these environmental impacts.

In FY08 we continued to roll out the EMS across our road assets. We undertook a preliminary environment review and started collecting environmental performance data for the Eastern Distributor, M4 and M5 in Sydney.

We continued the rollout of the EMS to our corporate offices by expanding the scope of environmental performance data collected.

We undertook a comprehensive environment review of Pocahontas 895 in Virginia and expanded the scope of environmental performance data collected for this road.

The EMS was rolled out to CityLink in Melbourne and Hills M2 in Sydney in previous years.

**We are guided by:** the Transurban Environment Strategy.
Energy use and greenhouse gas emissions

We are investigating ways to improve resource efficiency and further reduce GHG emissions.

We have a carbon reduction program that is based on developing a comprehensive inventory of GHG emissions from our business operations and then working to reduce these.

The scope of GHG emissions data was expanded in FY08 with the ongoing rollout of the EMS and now includes information on the Eastern Distributor, Hills M2, M4 and M5 in Sydney, CityLink in Melbourne and Pocahontas 895 in Virginia.

Our largest source of GHG emissions comes from the operation of the ventilation systems in the CityLink tunnels, which accounts for 58 per cent of our Group-wide Scope 1 and 2 emissions.

In FY08 we introduced energy saving initiatives for our corporate offices at 505 Little Collins Street in Melbourne where the majority of our employees are accommodated. These initiatives are expected to reduce energy consumption by 8 per cent over 12 months.

We are investigating ways to continue to reduce carbon emissions across our business. Read about our carbon reduction program for some examples of what we’re doing.

Our focus in FY09 will be to continue to work with our road assets to collect a history of data to establish a baseline for our GHG emissions and energy use. From this we will set specific energy and GHG emissions reduction targets.
Energy consumption by primary energy source 2007/2008

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>CityLink</th>
<th>Hills M2</th>
<th>ED</th>
<th>M4</th>
<th>M5</th>
<th>P905</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct energy consumption,</td>
<td>GJ</td>
<td>1,054</td>
<td>60</td>
<td>0</td>
<td>802</td>
<td>1,344</td>
<td>61</td>
<td>49</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas</td>
<td>GJ</td>
<td>920</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fuel (petrol)</td>
<td>GJ</td>
<td>120</td>
<td>60</td>
<td>0</td>
<td>802</td>
<td>1,344</td>
<td>61</td>
<td>49</td>
</tr>
<tr>
<td>Indirect energy consumption</td>
<td>GJ</td>
<td>350,360</td>
<td>34,250</td>
<td>118,827</td>
<td>12,300</td>
<td>17,328</td>
<td>9,145</td>
<td>33,631*</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity (coal)</td>
<td>GJ</td>
<td>350,360</td>
<td>34,250</td>
<td>118,827</td>
<td>12,300</td>
<td>17,328</td>
<td>9,145</td>
<td>33,631*</td>
</tr>
</tbody>
</table>

* This excludes energy used for building elevators, and heating and cooling as our lease agreements currently create difficulties in accurately measuring our total building emissions.
**Total direct and indirect GHG emissions by weight 2007/2008**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>CityLink</th>
<th>Hills M2</th>
<th>ED</th>
<th>M1</th>
<th>M5</th>
<th>P895</th>
<th>Corporate offices</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct and indirect GHG emissions, of which:</td>
<td>tonnes CO2-e</td>
<td>35,057</td>
<td>2,322</td>
<td>9,192</td>
<td>1,000</td>
<td>1,461</td>
<td>429</td>
<td>2,855</td>
<td>52,799</td>
</tr>
<tr>
<td>Scope 1</td>
<td>tonnes CO2-e</td>
<td>56</td>
<td>4</td>
<td>0</td>
<td>64</td>
<td>87</td>
<td>4</td>
<td>3</td>
<td>209</td>
</tr>
<tr>
<td>Scope 2</td>
<td>tonnes CO2-e</td>
<td>32,040</td>
<td>2,205</td>
<td>7,525</td>
<td>791</td>
<td>1,118</td>
<td>343</td>
<td>2,675</td>
<td>47,208</td>
</tr>
<tr>
<td>Scope 3*</td>
<td>tonnes CO2-e</td>
<td>2,466</td>
<td>600</td>
<td>1,567</td>
<td>166</td>
<td>267</td>
<td>02</td>
<td>277</td>
<td>5,303</td>
</tr>
</tbody>
</table>

**Other relevant GHG emissions**

| Customer travel# | tonnes CO2-e | 228,436 | 124,320 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 392,842 |
| Employee air travel | tonnes CO2-e | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 079 | 079 |

* These figures include GHG emissions associated with 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.
# The GHG emissions produced by customer vehicles travelling on Transurban roads.

**Water**

We manage our roads to reduce water use and stormwater pollution.

Over 63 per cent of Transurban’s water use on our road assets is for CityLink where we use potable water to irrigate landscaped areas surrounding the road.

**Transurban’s potable water use FY08**

<table>
<thead>
<tr>
<th>Million Litres</th>
<th>P895</th>
<th>M5</th>
<th>M4</th>
<th>ED</th>
<th>Hills M2</th>
<th>CityLink</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.7</td>
<td>2.0</td>
<td>0.7</td>
<td>5.9</td>
<td>0.6</td>
<td>16.6</td>
</tr>
</tbody>
</table>

In FY08 approximately 276 million litres of water drained into the CityLink tunnels from the underground aquifers that surround them. Transurban collects and treats this water at a $1.5 million recycling plant, which was built in 2002, and recharges the aquifers, but only to their natural summer levels. The rest of the treated water, which is still very salty, is discharged under licence into the Yarra River nearby where it runs into Port Phillip Bay. In FY08 we pumped 85 million litres to the river.
The CityLink water recycling plant has saved 1.2 billion litres of Melbourne water since it began operation in October 2003.

CityLink’s water use from potable and recycled sources

2002/03 to 2007/08

<table>
<thead>
<tr>
<th>Year</th>
<th>Water recycled/reused</th>
<th>Potable water use</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td>20.0</td>
<td>280.0</td>
</tr>
<tr>
<td>2004/05</td>
<td>19.0</td>
<td>270.0</td>
</tr>
<tr>
<td>2005/06</td>
<td>18.0</td>
<td>260.0</td>
</tr>
<tr>
<td>2006/07</td>
<td>17.0</td>
<td>250.0</td>
</tr>
<tr>
<td>2007/08</td>
<td>16.0</td>
<td>240.0</td>
</tr>
</tbody>
</table>

CityLink water withdrawal by source 2007/2008

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water withdrawal, of</td>
<td>mega</td>
<td>637.3</td>
<td>383.4</td>
<td>387.0</td>
<td>347.2</td>
<td>286.9</td>
<td>252.1</td>
</tr>
<tr>
<td>which</td>
<td>litres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groundwater from</td>
<td>mega</td>
<td>300.0</td>
<td>311.3</td>
<td>322.6</td>
<td>311.6</td>
<td>265.7</td>
<td>275.6</td>
</tr>
<tr>
<td>tunnels†</td>
<td>litres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total potable water use,</td>
<td>mega</td>
<td>241.3</td>
<td>72.1</td>
<td>44.4</td>
<td>35.7</td>
<td>21.2</td>
<td>16.6</td>
</tr>
<tr>
<td>of which</td>
<td>litres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deluge testing in</td>
<td>mega</td>
<td>0.8</td>
<td>0.9</td>
<td>0.8</td>
<td>0.3</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>tunnels</td>
<td>litres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groundwater recharge‡</td>
<td>mega</td>
<td>214.5</td>
<td>45.3</td>
<td>17.6</td>
<td>9.5</td>
<td>6.7</td>
<td>9.2</td>
</tr>
<tr>
<td>litres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irrigation</td>
<td>mega</td>
<td>26.0</td>
<td>26.0</td>
<td>26.0</td>
<td>26.1</td>
<td>12.0</td>
<td>7.0</td>
</tr>
<tr>
<td>litres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volume of water</td>
<td>mega</td>
<td>120.4</td>
<td>279.9</td>
<td>230.8</td>
<td>223.5</td>
<td>170.2</td>
<td>190.7</td>
</tr>
<tr>
<td>recycled/reused</td>
<td>litres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of water</td>
<td>%</td>
<td>15.0</td>
<td>73.0</td>
<td>63.0</td>
<td>64.0</td>
<td>59.0</td>
<td>65.0</td>
</tr>
<tr>
<td>recycled/reused</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

†This water is natural leakage that drains into the CityLink tunnels. Most of this water is treated at the water treatment plant and returned to the aquifers.
‡This figure comprises potable water used to clean the filters at the water treatment plant and additional recharge to the aquifers as required.
CityLink water withdrawal by destination 2007/2008

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water discharge</td>
<td>m^3</td>
<td>610.5</td>
<td>356.7</td>
<td>322.5</td>
<td>320.8</td>
<td>278.3</td>
<td>294.7</td>
</tr>
<tr>
<td>Groundwater recharge</td>
<td>m^3</td>
<td>279.3</td>
<td>310.9</td>
<td>230.8</td>
<td>223.5</td>
<td>172.5</td>
<td>194.2</td>
</tr>
<tr>
<td>Groundwater discharge to Yarra River</td>
<td>m^3</td>
<td>275.6</td>
<td>21.4</td>
<td>91.3</td>
<td>89.0</td>
<td>95.6</td>
<td>94.8</td>
</tr>
<tr>
<td>Discharge to sewer</td>
<td>m^3</td>
<td>55.6</td>
<td>14.4</td>
<td>9.9</td>
<td>8.3</td>
<td>8.3</td>
<td>5.7</td>
</tr>
</tbody>
</table>

In FY07 Transurban began investigating ways to upgrade the water recycling facility so that excess groundwater can be further treated and re-used for irrigation rather than discharged to the river.

In FY07 and FY08 we investigated the feasibility of a reverse osmosis plant to desalinate the groundwater so it would be suitable for re-use. This type of plant is energy intensive and would have generated additional greenhouse gas emissions on CityLink. We decided against it for two reasons – the high capital cost of the plant and because it would have increased our greenhouse gas emissions.

In FY08, we undertook another feasibility study. We investigated whether we could use a co-generation system for treating the excess groundwater. This system would have required the installation of a gas fired engine to generate electricity for use on CityLink. The waste heat from this process would have been used to distill the excess groundwater. By using gas to generate electricity, this system would have reduced greenhouse gas emissions for CityLink operations by around a third each year.

However, the project could not be justified on cost grounds. With current and projected water and electricity prices, project costs would not have been recovered over the life of the CityLink concession. In an attempt to make the project viable, we negotiated with potential customers for treated water. However, they were not willing to pay high enough prices to make the project viable. Modelling showed the project would only be financially viable with significant increases in potable water prices and a defined price on carbon. We will continue to monitor changes in these prices.
Case Study: Water use at 505 Little Collins Street

Water use at 505 Little Collins Street

At Transurban’s request, the building owner at our head office in 505 Little Collins Street in Melbourne agreed to water efficiency upgrades to the toilets in April 2008. The building owner covered 50 per cent of the costs of the changes which included:

- dual flush cisterns and matching low volume pans for the male and female toilets, with estimated water savings of 350,000 litres per annum, and
- low flow systems for the urinals in the male toilets with estimated water savings of 300,000 litres per annum.

*The exact water volume savings are difficult to measure as there is no separate metering for Transurban’s tenancy at 505 Little Collins St.

Noise

Noise from vehicle traffic and road construction can impact local communities and residents in motorway corridors.

In March 2008, we engaged external acoustic consultants to conduct a traffic noise monitoring study on Hills M2. The study aimed to collect a comparative sample of traffic noise emissions from the motorway to develop a comprehensive computer model.

The model will enable us to better understand traffic noise impacts, both current and future, along the motorway corridor.

We will continue to engage with the community to respond to traffic noise complaints, and work together with the RTA to minimise disturbances such as compression braking from passing heavy transport in the motorway corridor.

In FY08 we monitored noise from construction works on the Southern Link Upgrade in Melbourne. In order to reduce potential disturbance to the local community and key stakeholders, we rescheduled construction activities to occur during times that minimise disruption. We rescheduled a hydro-blasting program to occur outside normal working hours to avoid the exam timetable at Scotch College, a secondary school close to the construction site. We will continue to monitor construction noise as works on the upgrade progress.

Air emissions

Air emissions result from the operation of the tunnels on our roads. We monitor and manage atmospheric emissions in our tunnels to maintain public health and environmental standards.
We manage CityLink in-tunnel air quality and ventilation stack emissions of carbon monoxide, oxides of nitrogen and particulate matter to meet the requirements of our Waste Discharge Licence. Stack emission data is posted to the CityLink website daily.

**CityLink’s NOx, CO and PM10/2.5 in-tunnel air emissions FY08**

We monitor and manage Hills M2 in-tunnel air quality to ensure emission levels are kept below Road Transport Authority (RTA) and World Health Organisation (WHO) standards. If emission levels exceed these standards, traffic controllers will initiate measures such as jet fans or temporary tunnel closure. However, through continuous monitoring, levels never reach 30 per cent of the RTA-stated maximums (which are considerably less than WHO levels).

We manage Eastern Distributor in-tunnel air quality and ventilation stack emissions of carbon monoxide and oxides of nitrogen to meet the requirements of RTA and WHO standards.

**Waste**

We aim to minimise office and roadside waste from our operations. We are developing a culture of resource conservation incorporating waste avoidance, reuse, recycling and appropriate disposal.

During FY08, a waste audit was conducted at our head office at 505 Little Collins Street in Melbourne, where the majority of our employees are accommodated. The audit involved collecting the general waste produced over one week and separating it into different waste streams—general, organic, paper and co-mingled.

The waste audit showed that employees were not using recycling systems to their full potential. Seventy two per cent of the general waste sent to landfill could have been recycled. The highest contaminant in the general waste stream was paper, followed by organic waste, and mixed waste such as glass and plastic.

In response to the audit, we developed a Waste Management Strategy which outlines initiatives for reducing, re-using and recycling office and roadside waste from our assets. Roadside waste includes scrap metals, liquid waste, sweepings and recycled mulch.
In FY09, we will undertake an internal communications campaign to increase employee awareness about recycling and reducing office waste. We will increase the number of recycling bins available to employees and improve labelling and placement of the bins.

In FY09 we will conduct waste audits for CityLink, Hills M2 and the Eastern Distributor.

**Breakdown of office waste production for 505 Little Collins Street**

<table>
<thead>
<tr>
<th>Tones</th>
<th>Co-mingled recyclables</th>
<th>Organic waste</th>
<th>Recyclable paper</th>
<th>Landfill</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.8</td>
<td></td>
<td>3.6</td>
<td>6.2</td>
<td>4.9</td>
</tr>
</tbody>
</table>

**Case Study: Product responsibility**

**Product responsibility**

For the past three years Transurban has contracted a company to test different ways to recycle the expired batteries in our e-TAG electronic devices.\(^*\)

While the plastic and circuit board components in the tags are dismantled for recycling locally by service provider Chemscal at its Melbourne site, there are no recycling facilities in Australia for the lithium/thionyl chloride batteries we use.

Transurban and Chemscal have been investigating two different processes to make the battery safe for recycling, including high pressure water shearing and diamond-cut sawing to slice open the battery.

Because these particular types of lithium batteries retain a charge which causes sparking on deconstruction, their chemical components are dangerous to recycle.

As none of the trials we have conducted (under Environment Protection Authority guidelines) to date have been successful, we are now investigating offshore recycling options in Canada and Singapore as well as continuing to pursue local alternatives.

Approximately 1.5 million tags have been issued since we began operating in 1996. Since then, 393,084 e-TAGs have been deconstructed and recycled, 98,649 of them in FY08.

\(^*\)Once the battery in the e-TAG device expires, it must be returned and a replacement issued because the battery is hardwired into the device for functional reliability.

**Supply chain management**

Transurban is committed to making purchases from suppliers who share our commitment to the protection and improvement of our environment and community.
Through our business operations, we source a range of products from asphalt to paper, both directly and through our contractors and joint venture partners.

In 2006 we signed up to ECO-Buy, a green purchasing program that offers companies a suite of online tools to develop and implement sustainable purchasing. We also use selected sustainable office products from our supplier, Corporate Express.

In FY08 we developed a draft Sustainable Purchasing Policy to formalise our commitment to:

- Purchasing environmentally preferred products and services
- Increasing the proportionate use of products that provide positive benefits to our communities
- Purchasing from suppliers who share our commitment to sustainability, and
- Where possible, purchasing from suppliers in the local areas in which we work.

From FY09 the policy will be implemented in stages to cover Transurban’s operations.

**Biodiversity and the natural environment**

We aim to identify opportunities for restoring and protecting natural systems and to conserve biological diversity in the environments in which we operate to minimise impacts on flora, fauna and habitats.

Last year, a flora and fauna survey and assessment was completed as part of the Southern Link Upgrade in Melbourne. In FY08, a detailed Offset Management Plan was developed for patches of native vegetation or trees that need to be cleared and disturbed areas that will be revegetated with locally indigenous species. The Offset Management Plan outlines net gain targets for revegetation and includes a ten year maintenance plan for revegetation offset sites which has been approved by the Victorian Department of Sustainability and Environment (DSE). We are continuing to consult with DSE and local councils to identify additional offset sites.

**Spills**

We monitor our roadway for vehicle spills and manage the cleanup to minimise environmental damage.

In FY08, there were 30 spills on CityLink. Fourteen were minor engine or hydraulic oil spills following accidents, nine were fuel spills, three were engine coolants, one was a paint spill, one was contaminated fire water from a truck fire and two were not determined. All spills were contained without environmental damage.

The most significant incident was a petrol spill from a tanker truck. The petrol entered the stormwater drainage system but was successfully controlled by CityLink staff before it reached the nearby Yarra River. The drain was then flushed and the combined petrol and water mixture was
pumped out and taken to a prescribed waste facility. The Environmental Protection Authority has confirmed that no petrol reached the Yarra River.

Oil and fuel spills are cleaned up using biodegradable soaker products which are then collected and disposed of at a prescribed waste facility. In FY08, more than 90 bags of soaker were used to clean up fuel and oil spills.

In FY08 there were five spills on Hills M2. 150 kilograms of soaker were used to clean up the spills.

**Climate change**

We have a responsibility to our investors and stakeholders to better understand and manage the risks and opportunities associated with climate change.

The risks are clear: toll roads generate revenue through motor vehicle use and that travel produces greenhouse gas (GHG) emissions. Public policies and community action designed to cut emissions have the potential to reduce travel and revenue on our roads.

There are potential opportunities: Transurban’s expertise in operating complex electronic tolling systems, intelligent transport systems and traffic modelling puts us in a strong position to help manage vehicle use through solutions such as road pricing. Governments may choose to use our skills in transport planning to reduce the emissions of transport corridors.

An approach such as this could also be used to appeal to consumers wanting to reduce their carbon footprint while driving. Ultimately people could choose toll roads for more of their travel, where possible, because driving on free-flowing roads produces less GHG emissions than stop-start travel on alternative roads.

**Risks**

The impact of changes in climate are a potential risk to Transurban’s business. The risks are:

- Increases in the cost of road maintenance, and
- Extreme weather conditions that reduce travel and therefore revenue on our roads.

The risk of higher road maintenance costs is due predominantly to the effects of rainfall and temperature. Rainfall changes can alter moisture balances and influence pavement deterioration. Temperature can affect the ageing of bitumen, causing road surfaces to crack. This results in potholes and rapid wear and tear. More frequent resealing treatments will overcome the problem, but at a cost. Changes in temperature and rainfall patterns can interact, with hotter conditions compounding the effects of increased rain.

How serious these risks are will depend on how much temperatures increase and how rainfall patterns change. Research by the Australian Commonwealth Scientific and Industrial Research Organisation (CSIRO) Marine and Atmospheric Division published in 2006 estimates that road
maintenance costs in Australia will rise by 17 per cent if the average temperature increases by more than 2 degrees Celsius.

The State of Victoria’s Department of Sustainability and Environment, together with CSIRO, commissioned consultants Maunsell to conduct a risk assessment on climate change impact on Victoria’s infrastructure.

The study found that increased frequency and intensity of extreme rainfall events may cause significant flood damage to bridge and tunnel infrastructure. Bridges are susceptible to extreme wind events and coastal infrastructure is particularly at risk when storm surges combine with rises in sea level. Accelerated degradation of materials, structures and foundations of transport infrastructure may occur through increased ground movement and changes in groundwater. Increased temperature and solar radiation could reduce the life of asphalt on road surfaces. Increased temperature stresses the steel in bridges through expansion and increased movement of concrete joints, protective cladding, coatings and sealants on bridges. The study also found that sea level rises could have an adverse impact on tunnels built close to the coast, causing flooding.

Extreme storms and high wind events will impact the operation of Transurban’s roads as high sided vehicles will be required to slow down in such events to maintain stability. Major bridges and high, exposed areas of the road may be closed to high sided vehicles to prevent exposure to these conditions. This would reduce travel on the road and toll revenue.

How significant these risks are for Transurban’s current road assets depends on when the physical impacts of climate change manifest. As part of our regular maintenance and operations programs, we monitor the condition of our road assets to look for any signs of accelerated wear and tear. We have found no evidence of any increase in required maintenance due to observed temperature increase or other climate changes.

In FY09 we will undertake an assessment of the potential impacts of various climate change scenarios on CityLink in Melbourne.

In new road projects with long concessions, these risks will be more significant and need to be considered in the development and construction process.

Opportunities

Transurban’s expertise will allow us to pursue opportunities arising from climate change in cooperation with governments.

Intelligent Transport Systems (ITS)

Electronic tolling, dynamic lane control systems and other traffic control measures aid efficient traffic flows. These technologies lead to increases in average speeds, reduction of travel times and stop-start travel and therefore significant reductions in vehicle GHG emissions. An example of ITS in action is in the use of HOT lanes.
High Occupancy Toll (HOT) lanes

Transurban is developing a HOT lanes project on the Capital Beltway in the US and is pursuing further such projects. HOT lanes are electronically tolled lanes constructed adjacent to congested motorways so drivers have the choice to pay for travel time savings. Fluctuating toll prices are used to manage traffic in the lanes and keep them congestion free, even during peak periods. When traffic is light, toll prices are low. When congestion increases, toll prices go up to regulate the number of cars using the lanes. HOT lane projects being proposed by Transurban encourage efficient transport solutions through car pooling and transit lanes as HOT lanes are free for vehicles containing multiple passengers. They therefore have the capacity to reduce levels of GHG emissions.

Pricing structures

Governments could consider partnering with the private sector to introduce road pricing systems that encourage motorists to drive more GHG-efficient vehicles. Transurban has the capability to deliver variable tolling of this nature on new road projects.

Our carbon footprint

GHG emissions are divided into Scope 1, Scope 2 and Scope 3.

**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.

**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.

**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.

Transurban currently tracks the following Scope 3 emissions.

**Suppliers**

Transurban outsources the day-to-day operation and maintenance of our road assets. We have calculated the GHG emissions produced by the vehicles our contractors use on our roads for operations, maintenance and incident response purposes.

We have calculated the GHG emissions associated with fuel refining and transport for CityLink and the Hills M2. We have also calculated the emissions associated with electricity transmission and distribution loss for these road assets and our corporate offices. Data for Pocahontas 895 was not available for 2007.

**Customers**

We have calculated the estimated GHG emissions produced by customer vehicles travelling on Transurban roads.
Support services

We have calculated the GHG emissions from all employee air travel undertaken for business purposes.

Total direct and indirect GHG emissions by weight 2007/2008

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>CityLink</th>
<th>Hills M2</th>
<th>ED</th>
<th>M4</th>
<th>M5</th>
<th>P895</th>
<th>Corporate offices</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct and indirect GHG emissions, of which:</td>
<td>tonnes CO2-e</td>
<td>35.057</td>
<td>2.765</td>
<td>9.192</td>
<td>1.000</td>
<td>1.481</td>
<td>429</td>
<td>2,955</td>
<td>52,799</td>
</tr>
<tr>
<td>Scope 1</td>
<td>tonnes CO2-e</td>
<td>56</td>
<td>4</td>
<td>0</td>
<td>54</td>
<td>87</td>
<td>4</td>
<td>3</td>
<td>209</td>
</tr>
<tr>
<td>Scope 2</td>
<td>tonnes CO2-e</td>
<td>32,545</td>
<td>2,112</td>
<td>7,025</td>
<td>781</td>
<td>1,118</td>
<td>343</td>
<td>2,075</td>
<td>47,208</td>
</tr>
<tr>
<td>Scope 3*</td>
<td>tonnes CO2-e</td>
<td>2,466</td>
<td>690</td>
<td>1,667</td>
<td>168</td>
<td>287</td>
<td>82</td>
<td>277</td>
<td>6,383</td>
</tr>
<tr>
<td>Other relevant GHG emissions</td>
<td>tonnes CO2-e</td>
<td>228,436</td>
<td>124,920</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>41,585</td>
<td>N/A</td>
</tr>
<tr>
<td>Customer travel</td>
<td>tonnes CO2-e</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Employee air travel</td>
<td>tonnes CO2-e</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* These figures include GHG emissions associated with 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.

Our carbon reduction approach

Step 1: Understand the GHG emissions produced from our business operations Transurban’s Environmental Management System (EMS) covers our corporate offices in Melbourne and Sydney, our CityLink asset in Melbourne and the Hills M2 in Sydney. We also collect environmental performance data for the Eastern Distributor, M4 and M5 in Sydney and Pocahontas 895 in Virginia. The EMS enables us to more accurately measure and verify GHG emissions by source across the business.

Step 2: Identify our largest sources of emissions and reduce these

More than 58 per cent of our total Scope 1 and 2 GHG emissions are produced from the electricity used to power the ventilation systems in the CityLink tunnels.

In FY08 we worked with the Environment Protection Authority (EPA) Victoria to trial a project to conserve energy by reducing Domain Tunnel ventilation during low-traffic times.

The ventilation system runs 24 hours a day and a significant amount of energy is consumed at night even though there are very few vehicles using the tunnels.

Air quality modelling shows that when there is less traffic late at night and early in the morning, air quality around the Domain Tunnel exit portal would not be adversely affected if we were to reduce
ventilation between 11pm and 2am. This would reduce electricity use by around 620mwh per annum with a corresponding reduction of around 800 tonnes of GHG emissions.

The modelling needs to be verified by undertaking a trial supported by in-situ ambient air monitoring around the Domain Tunnel exit portal. The EPA Victoria has requested that the trial be held between April and June 2009.

**Improving energy use on our existing offices**

This year we introduced an energy saving initiative at our head office in 505 Little Collins in Melbourne.

We installed an energy management system which relies on alternative technology to improve energy efficiency for our light fittings. Lighting accounts for about 20 per cent of total energy use at this site.

We are also in the process of upgrading our automated lighting system to include motion sensors to minimise the amount of time lights are switched on in the building.

When these two projects have been completed, we expect to reduce energy consumption by about eight per cent at our Little Collins office.

The total greenhouse gas emissions savings from these initiatives will be tracked through our Environmental Management System.

**Step 3: Encourage our customers, suppliers and partners to reduce their GHG emissions**

In June 2007 we launched Greenpath, a carbon offset and education program for motorists in Australia.

A partnership with Origin Energy, Greenpath allows motorists and industry to offset the annual greenhouse gas emissions produced by their vehicles by contributing money towards programs that create carbon credits. The programs support the development of renewable energy, energy efficiency, methane destruction and tree planting. Transurban was the first Australian toll road company to develop and launch its own carbon offset product for motorists.

In 2008 Transurban extended Greenpath to include a carbon offset calculator specifically for commercial vehicles and commercial fleet managers. The calculator has been externally verified and is available free of charge.

Transurban does not make a commercial return on Greenpath.

Transurban has set a number of sustainability targets for the Southern Link Upgrade construction project in Melbourne—including reducing GHG emissions, waste and water from construction works.
Case Study: Southern Link Upgrade

Southern Link Upgrade


Transurban is responsible for delivering the project, a key part of the $1.4 billion Monash-CityLink-West Gate upgrade. The project is a partnership with the Victorian Government.

The upgrade includes the construction of an additional operating lane in each direction from the eastern Burnley and Domain tunnel portals, to where CityLink joins the Monash Freeway just east of Glenferrie Road.

Creative design solutions will enable the construction of the additional lanes with minimal structural widening, reducing the impact on the environment and adjoining landowners.

Transurban, along with its alliance partners Abigroup and Maunsell /AECOM, have set ambitious sustainability targets for the project. The most significant of these is to make the construction work carbon neutral. Other initiatives to minimise water use and waste have also been adopted.

The alliance project team is also committed to raising awareness of sustainability issues within the team by developing the following initiatives:

- publishing a fortnightly information sheet 'Green Notes' which is sent to all project team members to update them on local and regional sustainability issues, and
- delivering regular information sessions on environmental management and sustainability issues to update the project team on how the project is tracking against its sustainability KPIs.
Carbon neutrality

During construction the project team will track greenhouse gas (GHG) emissions and reduce these where possible. Remaining emissions will be offset once the project is complete.

The project team has developed a comprehensive GHG emissions tracking program to calculate the emissions associated with the project’s construction activities. Tracking undertaken since construction began shows that the majority of emissions are generated from the manufacture of construction materials such as concrete, asphalt and steel. The full breakdown of GHG emissions by source is shown in the diagram below.

The project team has implemented a number of initiatives to reduce the project’s GHG emissions. These include:

- purchasing construction materials with an increased recycled content such as 100 per cent recycled steel reinforcement and 10 to 30 per cent recycled asphalt pavement
- purchase of green power for the project office, and
- sourcing products and construction materials from facilities close to the project site where possible to reduce GHG emissions from transportation.

Materials reuse and recycling

The project team has is committed to reducing the amount of construction waste going to landfill. The team has developed a program to track construction waste, reuse and recycling rates.

The project team has implemented a number of initiatives to reduce waste. These include:

- recycling demolition materials such as steel, concrete, PVC and asphalt at appropriate facilities
- re-using existing materials and demolition concrete in pavement construction where suitable, and
- re-using asphalt as a stabiliser on vehicle access tracks around the construction site.
Carbon neutral toll roads

Transurban has proposed that governments could design new toll road concessions to reduce the greenhouse gas (GHG) emissions that such roads produce. In April 2008, the Group argued for the introduction of the concept of carbon neutral toll roads in a submission to the Australian Government’s Climate Change Review, headed by Professor Ross Garnaut.

Freeways and freeway style toll roads can reduce the emissions associated with a specific trip. This is because free flow travel produces lower emissions than a comparable trip in the stop-start conditions of major arterial roads.

Governments could use the competitive tender process for new toll road projects to further enhance GHG outcomes. They could require all tender proposals to deliver carbon neutrality in the development, construction and day-to-day operations of the planned road. This would encourage innovation by private sector road developers and operators aimed at reducing carbon emissions.

We recognise that GHG emissions by customers using our roads greatly exceed those from development, construction and operations. While customer emissions are best addressed through investment in new technology and fuel efficient vehicles, governments could also consider giving preference to tolling regimes on new projects that reward low emission vehicles. Customers could also be encouraged to take direct action themselves, investing in independently audited carbon offset products.

Traffic emissions modelling

Last year we developed an in-house traffic model to allow us to more accurately assess the GHG emissions savings from travel on our free flow roads compared with stop-start alternative routes.

This model is based on Australian conditions, including emission factors, travel patterns and fleet mix. The model will help us educate motorists about the emissions benefits of travel on freeflow roads.
Last year we used this model to compare the GHG emissions of vehicles using Transurban roads compared with alternative routes. These comparisons were based on the average speed of vehicles across a trip length.

We simulated trips along CityLink in Melbourne and the Hills M2 in Sydney for both petrol and diesel vehicles. The model found that vehicles using the freeflow route produced between 9 and 29 per cent less GHG emissions per kilometre than vehicles travelling on the alternative route.

In FY08 we expanded the traffic model to the Eastern Distributor in Sydney. We also tested the accuracy of this model by comparing actual vehicle emissions over a set route with the emissions estimated by the model. To do this, we conducted a series of surveys measuring the actual GHG emissions produced from driving along the Hills M2 and Eastern Distributor and similar routes along arterial roads. We then compared this data to the emissions predicted by the traffic model.

The same vehicles were used for all of the survey routes. GHG emissions were calculated using unleaded fuel consumption data collected from the on-board vehicle computers and Australian Greenhouse Office emission factors.

The surveys confirmed that using the freeflow route produced less GHG emissions per kilometre than using an alternative route along arterial roads.

The results demonstrated that our traffic model is robust in estimating emissions per kilometre. The model accurately estimated GHG emissions per kilometre along the freeflow route than the alternative route. However, the model’s estimates are based on average speed and do not take into account the effect of acceleration/deceleration and idling, making the estimates more conservative along arterial routes.
Hills M2

The results of the travel time survey showed that a petrol-engine car travelling from Parklea to Artamon using the Hills M2 produced an estimated 19 per cent fewer GHG emissions per kilometre than using an alternative route. The traffic model estimated that the car would produce 9 per cent fewer emissions per kilometre.
Eastern Distributor

The results of the travel time survey showed that a petrol-engine car travelling from Sydney airport to Chatswood using the Eastern Distributor produced an estimated 32 per cent fewer GHG emissions per kilometre than using an alternative route. The traffic model estimated that the car would produce 11 per cent fewer emissions per kilometre.

Our commitments

Outstanding commitments from FY07

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce direct GHG emissions on our CityLink operations by 5,000 tonnes per annum by 2011.</td>
<td>✓</td>
</tr>
<tr>
<td>Further implement the ECO-Buy program and adopt a green purchasing policy.</td>
<td>In progress</td>
</tr>
<tr>
<td>Incorporate environmental criteria into formal budgeting, reporting and decision-making processes.</td>
<td>✓</td>
</tr>
</tbody>
</table>
Outstanding commitments from FY08

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Progress</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a formal Climate Change Strategy</td>
<td>A draft strategy was complete in FY08. This will be finalised in FY09.</td>
<td>In progress</td>
</tr>
<tr>
<td>Continue to investigate ways to significantly reduce our potable water use on CityLink</td>
<td></td>
<td>✔️</td>
</tr>
<tr>
<td>Scope ways to accurately measure our office and roadside waste</td>
<td>In FY08 we conducted a waste audit to measure our office waste. In FY09 we will conduct an audit of our roadside waste for CityLink, Hills M2 and the Eastern Distributor.</td>
<td>In progress</td>
</tr>
<tr>
<td>Complete rollout of the EMS to Pocahontas 895 in the US</td>
<td>An environmental audit for Pocahontas 895 was completed in April 2008. In FY09, we will develop an action plan based on the report’s recommendations. We have started collecting environmental performance data for Pocahontas 895.</td>
<td>In progress</td>
</tr>
<tr>
<td>Scope EMS rollout to the M1 (Eastern Distributor), M4 and M5</td>
<td>In FY08 we undertook a preliminary environment review and started collecting environmental performance data for those roads.</td>
<td>In progress</td>
</tr>
<tr>
<td>Understand how vulnerable species listed in the biodiversity study are affected by our Hills M2 operations</td>
<td>This activity has been postponed to align with the permanent widening of the Hills M2 motorway. There are plans to complete an Environment Impact Statement in early 2009. This will include a biodiversity assessment.</td>
<td>On hold</td>
</tr>
<tr>
<td>Set GHG emission targets for our corporate offices and full-owned assets in Australia (CityLink and Hills M2)</td>
<td>We have set an 8 per cent GHG target for our office at 505 Little Collins St based on a history of actual electricity use data. In FY09 will continue to work with our road assets to collect a history of data to establish a baseline for our GHG emissions and energy use. From this we will set specific energy and GHG emissions reduction targets.</td>
<td>In progress</td>
</tr>
<tr>
<td>Develop a sustainable purchasing policy to guide our choices for goods and services</td>
<td>The Sustainable Purchasing Policy was drafted in FY08. In FY09 it will be implemented in stages to cover our operations.</td>
<td>✔️</td>
</tr>
<tr>
<td>Investigate adapting our GHG emissions traffic model for the US</td>
<td>Resources for this project were not available in FY08.</td>
<td>Not complete</td>
</tr>
</tbody>
</table>

New commitments for FY09

- Roll out the Sustainable Purchasing Policy to the business

- Set feasible greenhouse gas emissions reduction targets for Australian road assets for which baseline performance data had been established

- Assess the potential physical impacts on CityLink from changes in climate (for example, increased road maintenance costs from higher temperatures)

- Conduct waste audits to measure roadside waste from CityLink, Hills M2 and the Eastern Distributor, and

- Develop an internal communications program to reduce office waste and promote recycling.
Employees

Transurban’s business is built on the skills of its workforce.

We strive to be an employer of choice by:

**Enhancing the workplace experience**—integrating work with family and community through flexible work arrangements, health and wellbeing programs, and the opportunity for community involvement.

**Developing people**—investing in career development, skills, knowledge and leadership to ensure our employees have a fulfilling path and can help our business thrive.

**Rewarding people**—providing incentives for strong employee performance and competitive remuneration for efforts and achievements.

A sustainable workforce is about ensuring our employees are:

- Offered a safe workplace
- Engaged and motivated
- Encouraged to expand their skills and capabilities
- Proud to work for Transurban
- Representative of the diverse communities in which they live, and
- Able to work in an open, trusting and rewarding environment.

**Our workforce profile (as at 30 June 2008)**

- We had a total workforce of 712 people, of whom 589 were permanent and 12
- 3 were either on fixed-term or temporary contracts.
- 93 per cent of our workforce is based in Australia and 7 per cent in the US (total workforce by region).
- The gender breakdown in our workforce is 53 per cent male and 47 per cent female.
- We have grown from a total workforce of 72 in 1999 to 712 in 2008. However, our employee numbers have dropped from 798 in FY07 to 712 in FY08. Click here for more details.
Employee Opinion Survey 2008

Since 2004, we have regularly surveyed our employees to get their feedback on Transurban as an employer. The Employee Opinion Survey measures how engaged our employees are with their job and the company. It also indicates how people feel about Transurban overall as a place to work.

In this year’s survey, the overall scores were strong, but some areas had declined from previous years.

Employee engagement levels dropped from 83 per cent in FY07 to 79 per cent in FY08. Employee engagement is about people’s commitment and active contribution to the organisation that employs them. There was also a drop in the survey return rate from 87 per cent in FY07 to 70 per cent in FY08.

NOTE: Excludes Board of directors and maternity leave employees
We performed well, scoring above international results, in the following areas:

- Communication
- Pay and benefits
- Safety and working conditions, and
- market competitiveness.

The areas highlighted as most needing improvement included:

- Leadership
- Job satisfaction, and
- ethics and values.

The feedback highlighted that our leadership and senior management teams were not making decisions consistent with Transurban’s core values and were not visible enough to employees.

While the results demonstrate we are still performing well against other Australian companies, plans to respond to the survey findings have been developed for each business unit.

Workplace environment

Safety

We have a commitment to our employees, contractors and the community to provide a safe, injury-free and healthy work environment. We believe all injuries are preventable and so we aim for zero injuries and focus on continuous improvement.

This year Transurban adopted a new business framework, and safety is one of its central components. As a result, the management team has undertaken several initiatives designed to embed safety in our company’s culture. Next year our focus will be on:

- Developing a shared KPI for the Executive Committee that aims to minimise lost-time injuries within the business, and
- making safety the first agenda item for all internal and external meetings, which prompts staff and/or stakeholders to discuss any pertinent safety issues or review emergency procedures.
Case Study: Managing emergencies in the US

Managing emergencies in the US

Transurban was forced to evacuate eight employees after a steam pipe exploded near its New York office in Lexington Avenue on 18 July 2007.

The incident occurred just before 6pm (US time). Authorities ruled out any criminal activity, blaming the explosion on the steam pipe’s age.

“Most of us were still in the office when we heard a loud, repetitive rumbling sound,” recalls Annie Scapells, Marketing Manager & Communication Services.

Employees were instructed to evacuate before the building alarm system activated, and began rushing down the 43 flights of stairs.

The incident highlighted the need for formal emergency management plans in Transurban’s corporate offices and operations in the US.

Transurban has since commissioned a gap analysis to advise on comprehensive emergency management planning. Work is underway on a US-specific emergency management plan.

Note: The New York office moved to Fifth Avenue in January 2008.

Lost Time Injury Occurrence Rate

Our Lost Time Injury Occurrence Rate has increased from 1.06 in FY07 to 1.72 in FY08. Muscular-skeletal injuries make up a significant proportion of our lost time injuries.

The occurrence rate is defined as the number of lost time injuries and diseases for each one hundred workers employed. It takes the number of injuries, divided by the number of employees, times 100.

The increase has seen a renewed focus on safety to improve our safety performance. The monitoring of our lost time injury rate and introduction of new safety reporting metrics, such as the Lost Time Injury Frequency Rate, will enable us to focus on targeted prevention and education programs to reduce the number of injuries.

Unplanned absenteeism

Unplanned absenteeism increased from 6.78 days per employee in FY07 to 7.73 days in FY08. We have identified higher than acceptable rates of absenteeism within specific operational units and are developing programs to address this issue.

Health and wellbeing

In FY08, we rebranded the former life@work group to bewell@TU to increase the focus on health and wellbeing for employees. The group also identified the need for a more extensive program, and is seeking an external partner to offer monthly health and wellbeing initiatives such as seminars, literature, health assessments and motivational programs.
We also continued to offer existing health and wellbeing activities including the Corporate Games (an Olympic-style competition for Australian companies), free flu vaccinations and fresh fruit delivered to all our Australian sites.

**Diversity**

We recognise the importance of reflecting diversity in our workforce based on age, gender, disability and race. While we have an overall equal gender balance with 47 per cent female and 53 per cent male employees, we still have challenges ahead. For example, the number of men represented in management and executive tiers far outnumbers women.

Additional leadership activities are being investigated as part of a broader leadership review. A key focus is to develop a new Women in Leadership Program to support the growth in female representation within the two key business leadership teams.

**Employee profile FY08**

![Employee profile chart](chart.png)

**Key**
- Female
- Male

NOTE: Excludes contractor and temporary employees, Directors & employees on maternity leave
Total workforce by age

<table>
<thead>
<tr>
<th>Age groups</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 25 years</td>
<td>7.78%</td>
<td>9.30%</td>
<td>9.13%</td>
<td>8.49%</td>
</tr>
<tr>
<td>26-30 years</td>
<td>22.67%</td>
<td>20.06%</td>
<td>19.13%</td>
<td>18.03%</td>
</tr>
<tr>
<td>31-35 years</td>
<td>18.67%</td>
<td>18.25%</td>
<td>18.84%</td>
<td>18.33%</td>
</tr>
<tr>
<td>36-40 years</td>
<td>10.22%</td>
<td>19.00%</td>
<td>17.39%</td>
<td>16.54%</td>
</tr>
<tr>
<td>41-45 years</td>
<td>10.44%</td>
<td>11.61%</td>
<td>12.61%</td>
<td>13.56%</td>
</tr>
<tr>
<td>46-50 years</td>
<td>9.33%</td>
<td>8.60%</td>
<td>8.84%</td>
<td>9.84%</td>
</tr>
<tr>
<td>51 years +</td>
<td>12.88%</td>
<td>14.16%</td>
<td>14.06%</td>
<td>15.20%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Average age</td>
<td>37.74 years</td>
<td>38.24 years</td>
<td>38 years</td>
<td>38.84 years</td>
</tr>
</tbody>
</table>

NOTE: Excludes contractor and temporary employees (includes all permanents, fixed term and casual employees)

Flexibility

To date, flexible work arrangements have been individually negotiated with managers. We currently have a number of informal work-from-home and job sharing arrangements, as well as flexible working hours in place. Just over 21 per cent of our total workforce is part-time.

We recognise that in the competitive labour market and with increased work-life pressures for employees, we need to increase the ways in which we attract, retain and engage talent. Our focus in FY09 will be to develop a formal program on workplace flexibility to further support our employees in achieving a work-life balance.

Grievances

All employees are covered by the Transurban Code of Conduct, which outlines employee responsibilities. We have a zero tolerance policy towards breaches of our Code of Conduct. Any suggestion or allegation of impropriety or breach of the Code is acknowledged and dealt with in accordance with our Performance Management Procedure. Possible outcomes include official warnings, and, in some cases, termination of employment.

We have the following employee grievance procedures and processes:

- Workplace grievance procedure
- HR Department for resolving complaints
- Employment policies (easily accessed via the company intranet)
- Independent employee and family assistance, and
- Employee career development process.
In FY08 there were four Code of Conduct breaches relating to fraud/theft of Transurban property and employee behaviour. These incidents were handled through our performance management process.

**Developing people**

To prepare the company for the future we need the right people in the right position at the right time to enable us to grow.

**Transurban Leadership Model**

We have a Transurban Leadership Model to help senior managers understand the company’s expectations of them as leaders and how they can help create a workplace to achieve our goals.

We created the model after lengthy consultation with managers from a cross section of the business. Senior managers explored the leadership model and their leadership behaviours within the business during the model’s creation.

In FY08, we developed a four-day Senior Leadership Program to support the Transurban Leadership Model.

The program was designed and facilitated by the Melbourne Business School and piloted by a group of senior managers from our Sydney office. The program was then reviewed and rolled out to all general and senior managers in Australia and the US. Forty-six managers participated in the program.

The program will be reviewed and refined in FY09 and rolled out more broadly across the business. The target audience for this period includes new general and senior managers as well as high potential employees who have been identified through Transurban’s succession planning program.

**Performance and career training**

Our performance management system includes a career development and training requirements component. As part of this system we are able to identify and develop targeted training and development programs for our employees.

During FY08 we delivered an average of 19 hours of training per employee.

**Learning pathways**

We want our employees to be motivated and engaged in their work. As part of our commitment to enriching their learning and education, we have a program to support professional and organisational needs. Our learning program is made up of internal and external courses, study leave support, developmental training, professional qualification updates, technical training and conference attendance.
We provide five core learning pathways for all employees in:

- Leadership
- Financial and commercial skills
- Project management
- Transurban fundamentals, and
- Getting started, which incorporates our induction process.

### Average hours of training per employee by employee category

<table>
<thead>
<tr>
<th>Seniority level</th>
<th>Avg hours per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director</td>
<td>8.00</td>
</tr>
<tr>
<td>Senior executive</td>
<td>18.88</td>
</tr>
<tr>
<td>Senior management</td>
<td>18.38</td>
</tr>
<tr>
<td>Middle management</td>
<td>14.09</td>
</tr>
<tr>
<td>Manager</td>
<td>17.87</td>
</tr>
<tr>
<td>Professional/technical</td>
<td>15.77</td>
</tr>
<tr>
<td>Supervisor/team leader</td>
<td>30.68</td>
</tr>
<tr>
<td>Customer service</td>
<td>12.80</td>
</tr>
<tr>
<td>Administration/support</td>
<td>11.96</td>
</tr>
</tbody>
</table>

**NOTE:** Includes all permanent, fixed term and casual employees

### Rewarding people

Transurban provides a competitive rewards framework with a mix of short, mid and long term incentives. The reward and benefits framework is tailored to meet legislative and market expectations in each geographical area in which we operate.

In the US, we offer our employees a 38-hour working week, instead of the US standard of 40 hours, and paid maternity leave.

We are also committed to helping our US employees prepare for their future by providing retirement savings arrangements. This allows for a company contribution of 9 per cent and the ability for employees to make private contributions.

All Australian permanent employees receive 9 per cent superannuation. Women can take 12 months of maternity leave. These are both legal requirements.

Our Australian employees are also offered additional benefits including:

- Annual performance bonus
- Six weeks of paid maternity leave and one week of paid paternity leave after 12 months of continuous service
Employee share ownership scheme

Death and disability insurance/health plan

Employee assistance program—an independent and confidential counselling service for employees and their family members

Health and wellbeing program, which includes flu shots and health checks

Learning and development programs, and

Discounted public transport scheme.

We offer a competitive remuneration package that is available to permanent employees.

**Case Study: Managing Director’s retirement**

**Managing Director’s retirement**

Kim Edwards was the founding Managing Director of Transurban and held the position for more than 13 years until his retirement in April 2008. His remuneration and benefits totalled $16.6 million in FY08, which was a one-off event.

There were a number of different elements in this remuneration. All amounts were subject to board review and approval. The specific components included:

- amounts payable under his contract with the company
- statutory entitlements such as annual leave and long service leave which had accrued during his lengthy service with the company
- bonuses relating to successful delivery of projects in Australia and North America, in which he played an integral part
- a bonus related to the achievement of major strategic milestones, and
- smooth leadership transition for the business prior to his departure.

Mr Edwards was the Managing Director when Transurban listed on the stock exchange in 1996 with a market capitalisation of $500 million. By the time he retired, Transurban had a market capitalisation of more than $7 billion.

**Community involvement**

**The Good Company Group**

The Good Company Group is an Australian employee-based group which generates ideas and takes action on community and environmental issues to support Transurban’s formal sustainability agenda. Members voluntarily donate time each month.

In April 2008, we extended the Good Company Group to our North American offices. The GCG North America aims to improve and maintain sustainable practices in the office and to encourage employee participation in community outreach programs.

In FY08, Good Company Group initiatives included:
Establishment of a Green Library which includes books, magazines and publications with an environmental theme

Continued support for employees participating in Ride to Work Day, a national initiative that encourages sustainable commuting

A ‘Green Tips’ communications program to remind employees about how they can live and work more sustainably

Mobile phone recycling at the 505 Little Collins St and Gateway offices, and

Participation in the annual Earth Hour event in March 2008. Earth Hour is a global initiative aimed at tackling the global warming issue. During the event, we switched off non-essential lighting on the Bolte Bridge and the Gateway in Melbourne and on the Lighthorse Interchange in Sydney.

Workplace giving

Our TransGiving program allows Australian employees to voluntarily donate to selected charities from their pre-tax pay. In Australia, our charity partners are The Smith Family, Very Special Kids, Redkite, the Peter MacCallum Cancer Centre and WWF Australia.

In FY08, employees donated $45,981.50 to our charity partners and Transurban matched this dollar for dollar. In total, $91,963 was donated to our charity partners. In June 2008, 22 per cent of employees participated in the program.

Every two months, employees also raise money for charities of their choice through Gold Coin Fridays.

Community events

Our employees volunteer at a number of community events including tree plantings, school programs and our annual Herald Sun-CityLink Run for the Kids fun run, which raises money for Melbourne's Royal Children's Hospital.

More than 27,000 runners and walkers took to our roads in this year’s event held in March 2008. A record number of Transurban employees also took part in the event, with 134 either running or walking and another 23 helping as volunteers. The event raised $738,941 for the children’s hospital, $200,000 more than last year.

Business transformation

In June 2008, Transurban announced a plan to remove $20 million a year from the Group’s ongoing cost structure. This was one of a number of initiatives resulting from a review of the business initiated by Chris Lynch when he took over as Chief Executive Officer in April.

By the time Transurban announced its FY08 full year results in August, cost savings of $21.4 million had been implemented or identified.
Chris Lynch reported that the savings were:

- $13.1 million from reduced employee numbers
- $1.4 million from reduced property costs associated with moving out of premium business accommodation in Melbourne and Sydney
- $3 million related to reduced corporate costs in areas such as entertainment, travel and use of consultants, and
- $3.9 million related to reduced operating costs.

In the group’s Security Holder Review, published in September, the Chairman, David Ryan, said more than 60 employees and contractors were leaving the business as a result of the cost reductions. This represented just over 10 per cent of our Australian-based workforce.

“Redundancies are always difficult,” Mr Ryan wrote. “However, employees have generally accepted the need to make cost improvements to the business.”

Change of this scale invariably affects employee morale. Members of the Executive Committee have taken responsibility for implementing programs to improve morale and employee engagement.

**Turnover**

Total employee turnover increased from 22 per cent in FY07 to 26 per cent in FY08. This is against an Australian average of 15.68 per cent for Australian companies in FY08. (Mercer: Human Resource Effectiveness Monitor Survey 2008).

Voluntary turnover was 19 per cent, an increase of 2 per cent on the previous year. This represents 112 employees choosing to leave Transurban. The result highlights the impact of the operational and structural changes within our business and increased competitiveness in the labour market.

The challenge ahead is to continue supporting our employees and to focus on talent management, succession planning and career paths to improve our retention rates.

**Employees leaving Transurban**

![Graph showing employee turnover from 2003/04 to 2007/08](chart.png)

*The breakdown of voluntary and involuntary turnover data from previous years is not available.*
Our commitments

Outstanding commitments from FY08

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Description</th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test the capacity and accuracy of our HR data collection systems.</td>
<td>A full system review was undertaken and a new reporting framework was designed which has significantly improved the accuracy and reliability of data and metrics to the business. A new HR system was implemented in North America which includes online access for managers and employees.</td>
<td>Yes</td>
</tr>
<tr>
<td>Try to seek reliable external benchmark data.</td>
<td>We have sourced and now annually subscribe to a range of external surveys measuring human resources and organisational effectiveness.</td>
<td>Yes</td>
</tr>
</tbody>
</table>
| Develop a set of lead indicators and targets to better measure our performance on sustainable employment. | Developed and reported on a set of lead indicators and targets to key stakeholders including Executive Committee and Board Committee. Indicators and targets under consideration:  
  - employee engagement  
  - turnover  
  - diversity: Women in Leadership  
  - safety: LTIFR (Lost Time Injury Frequency Rate) and LTIOR (Lost Time Injury Occurrence Rate)  
  - talent management  
  - development plans for high-potential employees  
  - turnover of critical and high potential employees  
  - promotions | Yes       |
| Establish Good Company Group representation in the US.                    | Launched the US Good Company Group in April 2008.                                                                                                                                                           | Yes       |

New commitments for FY09

- Continue to review areas for improvement in our Occupational Health & Safety Management Framework
- Continue to review and enhance how we report HR statistics
- Investigate the development of a formal workplace flexibility program
- Roll out the Values communications plan and hold a range of individual and group activities to ensure employees understand and buy into the new values
- Expand bewell@TU, our employee health and well-being program, by working with an external partner to offer new initiatives, and
- Review and refine Transurban leadership programs.
### Additional employee data

#### Total workforce by employment type

<table>
<thead>
<tr>
<th></th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casual</td>
<td>12</td>
<td>65</td>
<td>66</td>
<td>30</td>
</tr>
<tr>
<td>Contractor</td>
<td>27</td>
<td>37</td>
<td>100</td>
<td>41</td>
</tr>
<tr>
<td>Fixed full-time</td>
<td>21</td>
<td>17</td>
<td>9</td>
<td>25</td>
</tr>
<tr>
<td>Fixed part-time</td>
<td>14</td>
<td>20</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>Perm full-time</td>
<td>352</td>
<td>477</td>
<td>487</td>
<td>452</td>
</tr>
<tr>
<td>Perm part-time</td>
<td>51</td>
<td>84</td>
<td>120</td>
<td>127</td>
</tr>
<tr>
<td>Temporary</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>479</td>
<td>706</td>
<td>798</td>
<td>712</td>
</tr>
</tbody>
</table>

#### Total workforce by business unit

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>160</td>
<td>25.20%</td>
</tr>
<tr>
<td>IT</td>
<td>82</td>
<td>11.52%</td>
</tr>
<tr>
<td>Assets NSW</td>
<td>9</td>
<td>1.26%</td>
</tr>
<tr>
<td>Assets VIC</td>
<td>33</td>
<td>4.83%</td>
</tr>
<tr>
<td>TCM National</td>
<td>22</td>
<td>3.00%</td>
</tr>
<tr>
<td>TCM NSW</td>
<td>139</td>
<td>19.52%</td>
</tr>
<tr>
<td>TCM VIC</td>
<td>209</td>
<td>29.35%</td>
</tr>
<tr>
<td>US</td>
<td>38</td>
<td>5.34%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>712</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Business units have changed from previous year  
*Excludes maternity leave & Board of directors

#### Employee turnover by gender

<table>
<thead>
<tr>
<th></th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>37</td>
<td>37</td>
<td>65</td>
<td>74</td>
</tr>
<tr>
<td>Male</td>
<td>31</td>
<td>33</td>
<td>72</td>
<td>84</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>68</td>
<td>70</td>
<td>137</td>
<td>158</td>
</tr>
</tbody>
</table>

* Includes all permanent full-time and part-time employees
Employee turnover by age

<table>
<thead>
<tr>
<th>Age group</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 25 years</td>
<td>6</td>
<td>8</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>26 - 30 years</td>
<td>21</td>
<td>30.38%</td>
<td>28.57%</td>
<td>28.57%</td>
</tr>
<tr>
<td>31 - 35 years</td>
<td>20</td>
<td>29.41%</td>
<td>28.57%</td>
<td>21.17%</td>
</tr>
<tr>
<td>36 - 40 years</td>
<td>10</td>
<td>14.71%</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td>41 - 45 years</td>
<td>3</td>
<td>4.41%</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td>46 - 50 years</td>
<td>4</td>
<td>5.88%</td>
<td>1</td>
<td>1.43%</td>
</tr>
<tr>
<td>51 years +</td>
<td>4</td>
<td>5.88%</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td>Total count of age group</td>
<td>68</td>
<td>100%</td>
<td>70</td>
<td>100%</td>
</tr>
</tbody>
</table>

Composition of governance bodies by gender

<table>
<thead>
<tr>
<th></th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>1</td>
<td>12.5%</td>
<td>1</td>
<td>12.5%</td>
</tr>
<tr>
<td>Male</td>
<td>7</td>
<td>87.5%</td>
<td>7</td>
<td>87.5%</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>100%</td>
<td>8</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Excludes US Advisory Board and Directors of Transurban International Ltd.

Average remuneration of male/female by employee category

<table>
<thead>
<tr>
<th>Employment category</th>
<th>2006/07 F:M Ratio</th>
<th>2007/08 F:M Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director total</td>
<td>0:100</td>
<td>0:100</td>
</tr>
<tr>
<td>Senior executive total</td>
<td>0:100</td>
<td>40:51</td>
</tr>
<tr>
<td>Senior management total</td>
<td>55:45</td>
<td>54:46</td>
</tr>
<tr>
<td>Middle management total</td>
<td>41:59</td>
<td>45:55</td>
</tr>
<tr>
<td>Manager total</td>
<td>44:56</td>
<td>46:54</td>
</tr>
<tr>
<td>Professional/technical total</td>
<td>48:54</td>
<td>44:56</td>
</tr>
<tr>
<td>Supervisor/team leader total</td>
<td>45:55</td>
<td>45:55</td>
</tr>
<tr>
<td>Customer service total</td>
<td>50:50</td>
<td>50:50</td>
</tr>
<tr>
<td>Administration/support total</td>
<td>55:45</td>
<td>55:45</td>
</tr>
</tbody>
</table>

*Includes All Permanent & Fixed Term employees.
Stakeholder engagement

We define our stakeholders as those who influence, or are influenced by, our business.

Our stakeholders are critical to the success of our business. Listening to and understanding their issues help us to develop trust, mutual understanding and shared values.

Our stakeholders span a wide spectrum of people and organisations, and our engagement methods are equally diverse. These can range from individual meetings and electronic communications to formal multi-stakeholder forums and research.

We rely on information sharing between employees throughout the business in order to identify our stakeholders. To support this, we ask our stakeholders to also identify who they perceive our stakeholders to be.

Our key stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Relationship</th>
<th>Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and Federal Government</td>
<td>Award our contracts to build and manage roads</td>
<td>Formal contractual obligations and statutory reporting requirements</td>
</tr>
<tr>
<td></td>
<td>Regulate the management of our roads</td>
<td>Informal engagement</td>
</tr>
<tr>
<td></td>
<td>Regulate our environmental performance</td>
<td>Stakeholder 360 research and engagement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cooperative action on shared interests</td>
</tr>
<tr>
<td>Employees</td>
<td>Operate our business</td>
<td>Roadshows and presentations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employee Opinion Surveys</td>
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<td></td>
<td></td>
<td>Learning and development programs</td>
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<td></td>
<td></td>
<td>Intranet</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Online newsletter</td>
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<tr>
<td></td>
<td></td>
<td>Individual performance reviews</td>
</tr>
<tr>
<td>Unions</td>
<td>Protect employees' rights</td>
<td>Formal negotiations with management</td>
</tr>
<tr>
<td>Customers</td>
<td>Pay to use our roads</td>
<td>Customer billing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer charters and scorecards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transurban Customer Ombudsman</td>
</tr>
<tr>
<td></td>
<td></td>
<td>On-road messaging</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer research and focus groups</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retail websites</td>
</tr>
<tr>
<td>Community and environment groups</td>
<td>Keep us in touch with community and environment issues</td>
<td>Stakeholder 360 research and engagement</td>
</tr>
<tr>
<td></td>
<td>Facilitates our support for the community and environment</td>
<td>Partnerships and sponsorships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Community participation in events</td>
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<tr>
<td></td>
<td></td>
<td>Presentation on CSR governance committees</td>
</tr>
<tr>
<td>Local councils</td>
<td>Keep us in touch with key local issues</td>
<td>Stakeholder 360 research and engagement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Informal consultation</td>
</tr>
<tr>
<td>Business partners</td>
<td>Engage in joint road projects, research trials and initiatives</td>
<td>Commercial contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Alliance contracting</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Provide goods and services</td>
<td>Formal commercial contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stakeholder 360 research and engagement</td>
</tr>
<tr>
<td>Industry groups</td>
<td>Participate in debates on issues affecting our industry and the wider</td>
<td>Stakeholder 360 research and engagement</td>
</tr>
<tr>
<td></td>
<td>business community</td>
<td>Formal participation in forums and submission writing</td>
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<td></td>
<td></td>
<td>Submission of regular articles to industry journals</td>
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<tr>
<td></td>
<td></td>
<td>Industry event sponsorships</td>
</tr>
<tr>
<td>Emergency services</td>
<td>Collaboration to ensure safety on our roads</td>
<td>Joint emergency management exercises and meetings</td>
</tr>
<tr>
<td>Investors</td>
<td>Part owners of the business</td>
<td>Security Holder Review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Annual General Meeting Corporate website</td>
</tr>
</tbody>
</table>
Formal stakeholder engagement and research

Stakeholder 360® research and engagement is our main tool for formally assessing and improving the quality of our relationships with stakeholders.

As well as identifying key stakeholder issues, the research also provides valuable data on 'social capital'—the quality of our relationships with stakeholders.

Between April and July 2008, we again engaged the Australian Centre for Corporate Social Responsibility (ACCSR) to conduct a Stakeholder 360® project. The aim was to track our NSW stakeholders from 2007, cover existing stakeholders for Hills M2 and new stakeholders for the Eastern Distributor, and engage with a small number of special interest stakeholders in Victoria.

At a glance

- 67 people were interviewed from 57 stakeholder organisations.
- 24 of these stakeholder groups had also been surveyed between 2006 and 2008.
- Eight of the stakeholder organisations were from Victoria, with the remainder from NSW.

*Stakeholder 360 is registered to Synergy Communications, trading as the Australian Centre for Corporate Social Responsibility, 2006.

Key findings

A key theme from the research is that while we have built relatively strong stakeholder relationships in previous years, we need to ‘re-energise’ them to ensure we don’t take them for granted.

If we don’t do this, we risk losing the goodwill we’ve established in the past. Tracking results from stakeholders that have participated in multiple research cycles between 2006 and 2008 reveal the quality of some relationships has declined. However, all our NSW stakeholders have said they’re willing to increase their engagement with us and want to maintain good, open lines of communication.

Some of the key recommendations from the research include the need to:

- Re-energise stakeholder relationships across all assets
- Strengthen relationships with Hills M2 stakeholders
- Identify further stakeholders on the Eastern Distributor and develop stronger relationships with existing ones
- Address our impacts on community engagement, natural resource management and noise pollution, and infrastructure development and management—areas identified as crucial for our sustainability profile, and
• Respond to stakeholder interest in improving the sustainability of toll roads by integrating them with public/alternative transport options such as park-and-ride facilities and priority access lanes for public transport.

In FY08, the Stakeholder 360® research found very little change to Transurban’s reputation from last year, with nearly half of our stakeholders believing we have a ‘good’ or ‘very good’ public standing.

Almost 60 per cent of our stakeholders believe that toll roads make a positive contribution to sustainable community development. They recognise the complexities we face in supporting environmental sustainability when our core business is linked to vehicle use.

Toll roads make a positive contribution to sustainable development

GRI Index

<table>
<thead>
<tr>
<th>Profile</th>
<th>Description</th>
<th>Comments</th>
<th>Reporting Level</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Statement from the CEO and Chairperson</td>
<td>Reported</td>
<td>1) CEO’s introduction 2) Chairman’s message</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Key impacts, risks and opportunities</td>
<td>Reported</td>
<td>1) CEO’s introduction 2) Chairman’s message 3) 2008 Stakeholder Review 4) About Transurban &gt; Governance 5) Stakeholder engagement 6) About Transurban &gt; Earnings 7) Our commitments</td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Name of organisation</td>
<td>Reported</td>
<td>1) About Transurban &gt; At a glance</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Primary brands, products, and/or services</td>
<td>Reported</td>
<td>1) About Transurban &gt; At a glance 2) About Transurban &gt; Our streets 3) Financial Statements 2008</td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td>Operational structure of organisation</td>
<td>Reported</td>
<td>1) About Transurban &gt; At a glance</td>
<td></td>
</tr>
<tr>
<td>2.4</td>
<td>Location of organisation’s headquarters</td>
<td>Reported</td>
<td>1) About Transurban &gt; At a glance 2) <a href="http://www.transurban.com">www.transurban.com</a></td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td>Number and name of countries</td>
<td>Reported</td>
<td>1) About Transurban &gt; At a glance 2) <a href="http://www.transurban.com">www.transurban.com</a></td>
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<td>2.6</td>
<td>Nature of ownership and legal form</td>
<td>Reported</td>
<td>1) About Transurban &gt; At a glance</td>
<td></td>
</tr>
<tr>
<td>Section</td>
<td>Description</td>
<td>Reported</td>
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<tr>
<td>2.7</td>
<td>Markets served</td>
<td>1. About Transurban &gt; Al's share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.8</td>
<td>Scale of the reporting organisation</td>
<td>1. About Transurban &gt; Al's share, 2. About Transurban &gt; Our assets, 3. Financial Statements 2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.9</td>
<td>Significant changes during the reporting period</td>
<td>1. CEO's introduction, 2. 2008 Shareholder Report, 3. Financial Statements 2008, p. 11-12</td>
<td></td>
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<tr>
<td>2.10</td>
<td>Awards</td>
<td>1. About Transurban &gt; Awards and achievements</td>
<td></td>
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<tr>
<td>3.1</td>
<td>Reporting period</td>
<td>1. About this report &gt; Scope</td>
<td></td>
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<tr>
<td>3.2</td>
<td>Date of most recent previous report</td>
<td>1. 2007 Sustainability Report</td>
<td></td>
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<tr>
<td>3.3</td>
<td>Reporting odds</td>
<td>1. About this report &gt; Scope</td>
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<tr>
<td>3.4</td>
<td>Contact point</td>
<td>1. Contacts</td>
<td></td>
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<tr>
<td>3.5</td>
<td>Process for defining report content</td>
<td>1. Stakeholder engagement</td>
<td></td>
<td></td>
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<tr>
<td>3.6</td>
<td>Report boundary</td>
<td>1. About this report &gt; Scope</td>
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<tr>
<td>3.7</td>
<td>Limitations on the scope or boundary of the report</td>
<td>1. About this report &gt; Scope</td>
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<tr>
<td>3.8</td>
<td>Reporting on joint-ventures and other entities</td>
<td>1. About this report &gt; Scope</td>
<td></td>
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<tr>
<td>3.9</td>
<td>Data measurement techniques and the bases of calculations</td>
<td>Data measurement techniques and assumptions are described where relevant throughout the report.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.10</td>
<td>Explanation of the effect of any re-statements</td>
<td>We have revised the total greenhouse gas emissions table and chart to show Scope 1 and Scope 2 emissions only. Further information is contained in Environment &gt; Energy Use and GHG Emissions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.12</td>
<td>Table of standard disclosures</td>
<td>1. GRI Index</td>
<td></td>
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<tr>
<td>3.13</td>
<td>Assurance</td>
<td>1. About this report &gt; Assurance statement</td>
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<tr>
<td>4.2</td>
<td>Chair of the highest governance body</td>
<td>1. Financial Statements 2008, p. 3</td>
<td></td>
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<tr>
<td>4.3</td>
<td>Highest governance body</td>
<td>1. Financial Statements 2008, p. 2-5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>Mechanisms to provide recommendations to the board</td>
<td>1. Financial Statements 2008, p. 2-4</td>
<td></td>
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</tr>
<tr>
<td>Indicator</td>
<td>Description</td>
<td>Status</td>
<td>Related Topics</td>
<td></td>
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<tr>
<td>4.12</td>
<td>Externally developed charters, principles, and other initiatives</td>
<td>Reported</td>
<td>1) About Transurban - Awards and achievements 2) About this report - Scope 3) Financial Statements 2008 - p.5-5</td>
<td></td>
</tr>
<tr>
<td>4.13</td>
<td>Memberships in associations</td>
<td>Reported</td>
<td>1) Community - Transport advocacy</td>
<td></td>
</tr>
<tr>
<td>4.14</td>
<td>List of stakeholder groups</td>
<td>Reported</td>
<td>1) Shareholder engagement</td>
<td></td>
</tr>
<tr>
<td>4.15</td>
<td>Basis for identification and selection of stakeholders</td>
<td>Reported</td>
<td>1) Shareholder engagement</td>
<td></td>
</tr>
<tr>
<td>4.16</td>
<td>Approaches to stakeholder engagement</td>
<td>Reported</td>
<td>1) Shareholder engagement</td>
<td></td>
</tr>
<tr>
<td>4.17</td>
<td>Key stakeholder topics and concerns</td>
<td>Reported</td>
<td>1) Shareholder engagement</td>
<td></td>
</tr>
<tr>
<td>Economic</td>
<td>Disclosures on management approach</td>
<td>Reported</td>
<td>1) About Transurban - Supplier network 2) 2008 Security Holder Report 3) About Transurban - Our assets</td>
<td></td>
</tr>
<tr>
<td>EC1</td>
<td>Economic value generated and distributed (Core)</td>
<td>Reported</td>
<td>1) About Transurban - Economy 2) About Transurban - Our assets</td>
<td></td>
</tr>
<tr>
<td>EC2</td>
<td>Climate change risks and opportunities (Core)</td>
<td>Reported</td>
<td>1) Environment - Climate change 2) Transurban's submission to the Carbon Disclosure Project 3) CEO's introduction</td>
<td></td>
</tr>
<tr>
<td>EC3</td>
<td>Organization's defined benefit plan (Core)</td>
<td>Reported</td>
<td>1) Employees</td>
<td></td>
</tr>
<tr>
<td>EC4</td>
<td>Significant financial assistance received from government (Core)</td>
<td>Not reported</td>
<td>No significant financial assistance received from government.</td>
<td></td>
</tr>
<tr>
<td>EC5</td>
<td>Standard entry level wage-local minimum wage (additional)</td>
<td>Not reported</td>
<td>Transurban does not have a policy for preferring locally-based suppliers. However, almost all of our suppliers in FY08 were based in Australia.</td>
<td></td>
</tr>
<tr>
<td>EC6</td>
<td>Locally based suppliers</td>
<td>Reported</td>
<td>1) Employees - Our workforce profile</td>
<td></td>
</tr>
<tr>
<td>EC7</td>
<td>Local hiring (Core)</td>
<td>Reported</td>
<td>Transurban does not have a local hiring policy. However, it is common practice to employ local residents wherever practicable.</td>
<td></td>
</tr>
<tr>
<td>EC8</td>
<td>Infrastructure services providing public benefit (Core)</td>
<td>Reported</td>
<td>1) Communities - Our community partnerships and sponsorships 2) About Transurban - Supplier network</td>
<td></td>
</tr>
<tr>
<td>EC9</td>
<td>Indirect economic impacts (Additional)</td>
<td>Reported</td>
<td>1) Environment</td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>Disclosures on management approach</td>
<td>Reported</td>
<td>1) Environment</td>
<td></td>
</tr>
<tr>
<td>EN1</td>
<td>Materials used by weight or volume (Core)</td>
<td>Not available due to lack of data systems to generate the required information. We will aim to report on this indicator in next report.</td>
<td>Reported</td>
<td></td>
</tr>
<tr>
<td>EN2</td>
<td>Percentage of materials used that are recycled input materials (Core)</td>
<td>Not available due to lack of data systems to generate the required information. We will aim to report on this indicator in next report.</td>
<td>Reported</td>
<td></td>
</tr>
<tr>
<td>EN3</td>
<td>Direct energy consumption by primary energy source (Core)</td>
<td>Reported</td>
<td>1) Environment - Energy use and greenhouse gas emissions</td>
<td></td>
</tr>
<tr>
<td>EN4</td>
<td>Indirect energy consumption by primary source (Core)</td>
<td>Reported</td>
<td>1) Environment - Energy use and greenhouse gas emissions</td>
<td></td>
</tr>
<tr>
<td>EN5</td>
<td>Energy saved due to conservation and efficiency improvements (Additional)</td>
<td>Reported</td>
<td>1) Environment - Our carbon footprint</td>
<td></td>
</tr>
<tr>
<td>EN6</td>
<td>Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives (Additional)</td>
<td>Reported</td>
<td>1) Environment - Traffic emissions modified 2) Environment - HOT lines</td>
<td></td>
</tr>
<tr>
<td>EN7</td>
<td>Not available due to lack of data systems to generate the required information. We will aim to report on this indicator in next report.</td>
<td>Reported</td>
<td>1) Environment - water</td>
<td></td>
</tr>
<tr>
<td>EN8</td>
<td>Total water withdrawal by source (Core)</td>
<td>Reported</td>
<td>1) Environment - water</td>
<td></td>
</tr>
<tr>
<td>EN9</td>
<td>Water sources significantly affected by withdrawal of water (Additional)</td>
<td>Reported</td>
<td>1) Environment - water</td>
<td></td>
</tr>
<tr>
<td>EN10</td>
<td>Percentage of total volume of water recycled and reused (Additional)</td>
<td>Reported</td>
<td>1) Environment - water</td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
<td>Details</td>
<td>Reported In</td>
<td></td>
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</tr>
<tr>
<td>EN11</td>
<td>Location in areas of high biodiversity (Core)</td>
<td></td>
<td>1) Environment &gt; Biodiversity</td>
<td></td>
</tr>
<tr>
<td>EN12</td>
<td>Impacts on biodiversity (Core)</td>
<td></td>
<td>1) Environment &gt; Biodiversity</td>
<td></td>
</tr>
<tr>
<td>EN13</td>
<td>Habitats protected or restored (Additional)</td>
<td></td>
<td>1) Environment &gt; Biodiversity</td>
<td></td>
</tr>
<tr>
<td>EN14</td>
<td>Future plans for managing impacts on biodiversity (Additional)</td>
<td></td>
<td>1) Environment &gt; Biodiversity</td>
<td></td>
</tr>
<tr>
<td>EN15</td>
<td>IUCN Red List species and national conservation list species (Additional)</td>
<td></td>
<td>1) Environment &gt; Biodiversity</td>
<td></td>
</tr>
<tr>
<td>EN16</td>
<td>Total direct and indirect greenhouse gas emissions by weight (Core)</td>
<td></td>
<td>1) Environment &gt; Greenhouse gas emissions</td>
<td></td>
</tr>
<tr>
<td>EN17</td>
<td>Other relevant indirect greenhouse gas emissions by weight (Core)</td>
<td></td>
<td>1) Environment &gt; Greenhouse gas emissions</td>
<td></td>
</tr>
<tr>
<td>EN18</td>
<td>Initiatives to reduce greenhouse gas emissions and reductions achieved (Additional)</td>
<td></td>
<td>1) Environment &gt; Greenhouse gas emissions</td>
<td></td>
</tr>
<tr>
<td>EN19</td>
<td>Emissions of ozone-depleting substances by weight (Core)</td>
<td>Not available due to lack of data systems to generate the required information.</td>
<td>1) Environment &gt; Air emissions</td>
<td></td>
</tr>
<tr>
<td>EN20</td>
<td>NOx, SOx, and other significant air emissions by type and weight (Core)</td>
<td>Emissions from the CityLink tunnel stacks are monitored by a NATA-accredited laboratory. During 2007 the laboratory reviewed the methodology used to calculate annual emissions and subsequently revised the data previously supplied in the 2006 report. It was found that previously average flows and concentrations were used to derive discharge volumes rather than real-time flows. As a result the above figures reflect actual discharge volumes. CityLink tunnel emissions are reported daily on the CityLink website.</td>
<td>1) Environment &gt; Air emissions</td>
<td></td>
</tr>
<tr>
<td>EN21</td>
<td>Total water discharge by quality and destination (Core)</td>
<td></td>
<td>1) Environment &gt; Water</td>
<td></td>
</tr>
<tr>
<td>EN22</td>
<td>Total weight of waste by type and disposal method (Core)</td>
<td></td>
<td>1) Environment &gt; Waste</td>
<td></td>
</tr>
<tr>
<td>EN23</td>
<td>Total number and volume of significant spills (Core)</td>
<td></td>
<td>1) Environment &gt; Spills</td>
<td></td>
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<tr>
<td>EN24</td>
<td>Hazardous waste (Additional)</td>
<td>Not available due to lack of data systems to generate the required information. We will aim to report on this indicator in next report.</td>
<td>1) Environment &gt; Spills</td>
<td></td>
</tr>
<tr>
<td>EN25</td>
<td>Effect of organization’s discharges of water and runoff (Additional)</td>
<td></td>
<td>1) Environment &gt; Water</td>
<td></td>
</tr>
<tr>
<td>EN26</td>
<td>Environmental impact mitigation of products and services (Core)</td>
<td></td>
<td>1) Environment &gt; Product responsibility</td>
<td></td>
</tr>
<tr>
<td>EN27</td>
<td>Percentage of products sold and their packaging materials that are recycled (Core)</td>
<td></td>
<td>1) Environment &gt; Product responsibility</td>
<td></td>
</tr>
<tr>
<td>EN28</td>
<td>Non-compliance with environmental laws and regulations (Core)</td>
<td>There were no incidents of, and fines or non-monetary sanctions for non-compliance with environmental laws and regulations.</td>
<td>1) Environment &gt; Product responsibility</td>
<td></td>
</tr>
<tr>
<td>EN29</td>
<td>Transportation of products and workforce (Additional)</td>
<td>This indicator is deemed not material to our organisation.</td>
<td>1) Environment &gt; Product responsibility</td>
<td></td>
</tr>
<tr>
<td>EN30</td>
<td>Total environmental protection expenditures (Additional)</td>
<td>Not available due to lack of data systems to generate the required information. We will aim to report on this indicator in next report.</td>
<td>1) Environment &gt; Product responsibility</td>
<td></td>
</tr>
<tr>
<td>Human Rights</td>
<td>Disclosures on management approach</td>
<td></td>
<td>1) Employees</td>
<td></td>
</tr>
<tr>
<td>HR1</td>
<td>Human rights abuses in investment agreements</td>
<td>No investment agreements made.</td>
<td>1) Employees</td>
<td></td>
</tr>
<tr>
<td>HR2</td>
<td>Human rights screening for significant suppliers (Core)</td>
<td>Transurban’s Sustainable Purchasing Policy.</td>
<td>1) Environment &gt; Supply Chain Management</td>
<td></td>
</tr>
<tr>
<td>HR3</td>
<td>Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations (Additional)</td>
<td>Our Code of Conduct requires the fair and equitable treatment of all employees, customers and contractors by all Transurban employees. All employees undergo equity training. See Transurban’s Code of Conduct. See Transurban’s Code of Conduct.</td>
<td>1) Employees</td>
<td></td>
</tr>
<tr>
<td>HR4</td>
<td>Total number of incidents of discrimination and actions taken (Core)</td>
<td>There were no known incidents of discrimination and actions taken.</td>
<td>1) Employees</td>
<td></td>
</tr>
<tr>
<td>HR5</td>
<td>Freedom of association and collective bargaining (Core)</td>
<td>All employees are free to join unions and collective bargaining arrangements.</td>
<td>1) Employees</td>
<td></td>
</tr>
<tr>
<td>HR6</td>
<td>Child labor (Core)</td>
<td>This indicator is deemed not applicable to our business because we abide by the laws and labour practices in the two markets where we operate – North America and Australia. These laws prohibit child labor.</td>
<td>1) Employees</td>
<td></td>
</tr>
<tr>
<td>HR7</td>
<td>Forced or compulsory labor (Core)</td>
<td>This indicator is deemed not applicable to our business because we abide by the laws and labour practices in the two markets where we operate – North America and Australia. These laws prohibit forced or compulsory labour.</td>
<td>1) Employees</td>
<td></td>
</tr>
<tr>
<td>HR8</td>
<td>Security personnel training (Additional)</td>
<td>This indicator is deemed not applicable to our business as we do not employ security personnel.</td>
<td>1) Employees</td>
<td></td>
</tr>
<tr>
<td>HR9</td>
<td>Violations involving rights of indigenous peoples (Additional)</td>
<td>This indicator is deemed not material to our business.</td>
<td>1) Employees</td>
<td></td>
</tr>
</tbody>
</table>
| LA1   | Total workforce by employment type, employment contract, and region (Core) | Reported | 1) Employees  
                           | 2) Employees > Workforce profile  
                           | 3) Employees > Diversity  
                           | 4) Employees > Additional data |
|-------|---------------------------------------------------------------------------|----------|--------------------------------|
| LA2   | Total number and rate of employee turnover by age group, gender, and region | Reported | 1) Employees > Business Transformation > Turnover  
                           | 2) Employees > Additional data |
| LA3   | Minimum benefits (Additional)                                             | Reported | 1) Employees > Rewarding people  
                           |                                  |
| LA4   | Collective bargaining agreements (Core)                                    | Reported | 1) Employees > Business Transformation  
                           | 2) Employees > Additional data  
                           |                                  |
| LA5   | Notice period(s) (Core)                                                   | Reported | 1) Employees > Business Transformation  
                           |                                  |
| LA6   | Health and Safety Committees (Additional)                                 | Reported | 1) Employees > Workplace environment > Safety |
| LA7   | Lost Time Injury Frequency Rate (Core)                                    | Reported | 1) Employees > Safety  
                           |                                  |
| LA8   | Communicable diseases (Core)                                               | Reported | 1) Employees > Workplace environment > Safety  
                           |                                  |
| LA9   | Health and safety in trade union agreement (Additional)                   | Reported | 1) Employees > Workplace environment > Safety  
                           |                                  |
| LA10  | Average hours of training per year per employee by employees category (Core) | Reported | 1) Employees > Developing people  
                           | 2) Employees > Business Transformation  
                           |                                  |
| LA11  | Employability and managing career endings (Additional)                    | Reported | 1) Employees > Developing people  
                           |                                  |
| LA12  | Performance and career development (Additional)                           | Reported | 1) Employees > Developing people  
                           |                                  |
| LA13  | Workforce diversity (Core)                                                | Reported | 1) Employees > Workplace environment > Diversity  
                           | 2) Employees > Additional data  
                           |                                  |
| LA14  | Basic salary of male to women (Core)                                      | Reported | 1) Employees > Additional data  
                           |                                  |
| Product Responsibility | Discllusions on management approach                                      | Reported | 1) Environment |
| PR1   | Life cycle stages of products and services (Core)                         | Reported | 1) Customers > Customer safety  
                           | 2) Customers > Customer service > How we performed |
| PR2   | Non-compliance products health and safety information (Additional)        | Reported | 1) Customers > Customer safety  
                           | 2) Customers > Customer service > How we performed |
| PR3   | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements (Core) | Reported | 1) Customers > Customer service > How we performed  
                           |                                              |
| PR4   | Non-compliance of product and service information and labelling (Additional) | Reported | 1) Customers > Customer service > How we performed  
                           |                                              |
| PR5   | Customer satisfaction survey results (Additional)                         | Reported | 1) Customers > How we performed  
                           | 2) Customers > Our initiatives |
| PR6   | Marketing communications (Core)                                           | Transurban complies with relevant industry Codes of Practice, including the Australian Marketing Institute Code of Professional Conduct and the Australian Direct Marketing Association Code of Practice. These laws seek to protect customers and shareholders from inappropriate marketing communications. We also require our advertising suppliers to comply with the Australian Association of National Advertisers Code of Conduct. We comply with the provisions of the Privacy Act and the National Privacy Principles. | Reported |
| PR7   | Non-compliance with regulations and voluntary codes concerning marketing communications (Additional) | Reported |
| PR8   | Breaches of customer privacy and loss of customer data (Additional)        | Reported |
| PR9   | Monetary value of significant fines (Core)                                | Reported | 1) Employees > Business Transformation > Turnover  
                           | 2) Employees > Additional data  
                           |                                  |
### CONTACT US

**Enquiries and information**

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