

Approach to Corporate Governance

Snowy Hydro benchmarks its approach to corporate governance against the ASX Corporate Governance Principles. In keeping with a commitment to achieve best practice in corporate governance, the Company provides the following information.

Role and Responsibility of the Board

The Board accepts its responsibility for the corporate governance of the Company. A foundation of this is the Board Charter.

Appointments to the Board

The Company's three shareholders each have the right to appoint one director to the Board. Such appointments are undertaken in consultation with the Chairman elected by the Board and consider the relevant skills and experience of the Board as a whole. The Board may appoint additional Directors to fill casual vacancies provided that any such appointees hold office only until the next Annual General Meeting at which they may stand for re-appointment on a vote of the shareholders. Any such appointments must be done after consultation between the Chairman and the shareholders. In addition, at each Annual General Meeting, one third of the Directors must submit themselves for re-appointment by the shareholders.

The Company's Constitution allows for up to nine Directors to be appointed to the Board.

Codes of Conduct

The Company has promulgated a Code of Ethics applicable to all employees and a Code of Conduct for Senior Personnel.

Safeguarding the Integrity of Financial Reporting

The Audit and Compliance Sub-committee is one of four Board sub-committees established to assist the Board in discharging its responsibilities. The Charter of the Sub-committee is subject to annual review and with any changes to be approved by the Board.

The external auditor is appointed after a competitive tender. The performance of the external auditor is reviewed annually by the Audit and Compliance Sub-committee.

Risk Management

In addition to the Audit and Compliance Sub-committee, the Board has established the three other sub-committees to assist the Board to meet its risk management responsibilities. The *Portfolio Risk Sub-committee* provides advice to the Board regarding the discharge of the Board's responsibilities in respect of managing the risk pertaining to the Company's energy trading activities (including credit risk management), treasury functions, trading operations and corporate and strategic activities. The *Safety, Operations and Environment Risk Sub-committee* provides advice to the Board regarding the discharge of the Board's responsibilities in respect of risk pertaining to the operations of the generation, hydraulic and communication assets of the Company, workplace health and safety and environmental practices, including water release obligations. The *Remuneration Sub-committee* provides advice to the Board regarding the discharge of the Board's responsibilities in respect of the Company's human resources. In particular, the Committee will advise the Board on the remuneration and performance measurement policy, organisational development practices, succession planning and the remuneration of the Chief Executive Officer.

Non-executive directors chair each sub-committee and the Board Chairman attends all meetings.

The Company's risk management framework is based upon AS4360 and relies upon an assessment of the potential likelihood and consequence of particular risk events. Responsibility for risk management within their area of responsibility is explicitly stated in each line Executive Officer's position description. Executive Management Committees mirror the responsibilities of the Board Sub-committees for Portfolio Risk and Operational Risk, Safety and Environment.

[Board Charter](#)

[Audit and Compliance Committee Charter](#)

[Portfolio Risk Committee Charter](#)

[Safety, Operations and Environment Risk Committee Charter](#)

[Remuneration Committee Charter](#)

BOARD CHARTER

1. Purpose

The purpose of this charter is to establish an appropriate, practicable and consistent framework of control for Snowy Hydro Limited (**Snowy Hydro**), so as to maximise compliance with statutory and best practice corporate governance requirements.

The framework of control is intended to assist Executive Officers and others to perform their duties and manage risk effectively, whilst enabling the Board to monitor performance and compliance.

2. The Role of the Board

The role of the Board is to provide strategic guidance for Snowy Hydro and effective oversight of management.

The Board always retains ultimate authority over management of Snowy Hydro and its controlled entities.

3. The Responsibilities of the Board

The Board is responsible for optimising the performance of Snowy Hydro and building shareholder wealth having regard (among other things) to its employee, community and water stakeholder interests.

3.1 Collective Responsibilities

In carrying out its principal function, the Board's specific collective responsibilities include:

- (a) providing strategic direction and guidance for Snowy Hydro, including approving the Strategic Plan;
- (b) approving Snowy Hydro's annual budget;
- (c) appointing (and where appropriate) removing the Chief Executive Officer and reviewing the appointments of the Chief Executive Officer's direct reports and reviewing planning for the succession of them;
- (d) determining Snowy Hydro's remuneration policy and practice, including the role of incentives;
- (e) determining and reviewing remuneration for the senior executives of Snowy Hydro;
- (f) determining appropriate performance targets for the senior executives;
- (g) monitoring the performance of the senior executives, against agreed targets and objectives;
- (h) approving the overall treasury policy of Snowy Hydro, including the targeted gearing ratio, interest and foreign exchange rate exposure limits, establishment of debt facilities and appointment of relationship banks;

- (i) approving Snowy Hydros' dividend payout ratio and the payment of any dividends pursuant to that policy;
- (j) approving the base case assumptions pertaining to new investment and major capital expenditure analyses;
- (k) approving any budgeted capital expenditure exceeding \$2 million and approving any non-budgeted capital expenditure exceeding \$200,000;
- (l) monitoring the management of Snowy Hydro's capital, including the progress of any major capital expenditures, acquisitions or divestitures;
- (m) identifying and addressing the principal risks facing Snowy Hydro, including ensuring that a proper system of internal controls and compliance is in place;
- (n) at least annually, reviewing the effectiveness of Snowy Hydro's risk management;
- (o) ensuring that delegations and discretions provided to management by the Board are being exercised appropriately;
- (p) monitoring the operational and financial position and performance of Snowy Hydro;
- (q) establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
- (r) approving and monitoring financial and other reporting;
- (s) adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- (t) approving, and reviewing from time to time, Snowy Hydro's internal compliance procedures, including any codes of conduct and taking all reasonable steps to ensure that the business of Snowy Hydro is conducted in an open and ethical manner;
- (u) reporting to shareholders on their stewardship of Snowy Hydro on a regular and timely basis; and
- (v) reviewing and, to the extent necessary, amending the Board and Committee Charters regularly.

3.2 Individual Responsibilities

In addition to their collective responsibilities, Board members must discharge the following individual responsibilities:

- (a) to act in good faith and in the best interests of Snowy Hydro, having prime regard to the interests of shareholders but also considering the interest of employees, customers and other parties with whom Snowy Hydro is engaged;
- (b) prepare for, and attend, scheduled and extraordinary meetings of the Board and relevant Committees;
- (c) positively contribute to formulating strategy and policy for the guidance and management of Snowy Hydro;
- (d) actively participate in the decision making process of the Board;
- (e) use due care and diligence in the execution of their role and exercise their powers for proper purposes; and

- (f) abide by the Snowy Hydro's Code of Conduct.

4. Composition of the Board

Rule 46(c) of Snowy Hydro's Constitution states that the number of Directors (not including alternate Directors) must be not less than five nor more than nine.

The Board should comprise a majority of non-executive directors and a majority of the non-executive directors should be independent in the manner described in Clause 9.1 of this Charter.

5. Term of Office of Directors

5.1 Snowy Hydro Constitution

Clause 5.2 of this Charter applies in addition to the rules relating to the term of office of Directors in the Snowy Hydro Constitution. However, in the event of any inconsistency, the Constitution will prevail.

5.2 Executive directors

Executive directors must resign from the Board when they cease to occupy their executive position with Snowy Hydro.

6. Review of Directors' Performance

6.1 Process of review

- (a) The Board will meet at least once per year to review the performance of the Board, the Board Committees, the Chief Executive Officer and his or her direct reports, the relationship between the Board and management and matters of general corporate governance.
- (b) At least once per year, the Chairman will conduct a review of the performance and contribution to the Board of each Non-Executive Director.
- (c) The Board as a whole will review the performance of the Managing Director at least once every year.
- (d) The Chairman of the Remuneration and Nominations Committee will facilitate an evaluation by all Directors of the performance of the Chairman. The Remuneration and Nominations Committee will determine the performance criteria (both measurable and qualitative) to be considered in this process.

6.2 Reporting of review

- (a) Snowy Hydro will include in the corporate governance section of its annual report a statement as to whether a performance evaluation for the Board and its members has taken place in the reporting period and how it was conducted.
- (b) A description of the process for performance evaluation of the Board, the Board Committees and individual Directors will be made publicly available and updated as

required, by posting it on Snowy Hydro's website in a clearly marked corporate governance section.

7. Chairman

7.1 Selection of the Chairman

The Chairman of the Board should be an independent director and accordingly should not be the Chief Executive Officer of Snowy Hydro at the same time.

The Board must appoint the Chairman on the basis of the principle that the "most appropriate person" gets the job.

7.2 Deputy Chairman

The Board can decide whether or not to appoint a Deputy Chairman.

If a Deputy Chairman is not appointed, the Board will nominate an independent non-executive director to act in the absence of the Chairman.

7.3 Responsibilities of the Chairman

The Chairman is responsible for the leadership of the Board, including taking all reasonable steps to seek that the Board functions effectively.

In particular, the Chairman is required to:

- (a) approve the agenda for the matters to be considered at meetings of the Board (in consultation with the Chief Executive Officer and having regard to previous Board directions regarding regular agenda items);
- (b) manage the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting Snowy Hydro's business operations, Snowy Hydro's current financial position and performance and any opportunities or risks facing Snowy Hydro; and
- (c) facilitate open and constructive communications between members of the Board and encourage their contribution to Board deliberations.

8. Authority Delegated to Senior Management

8.1 Delegation to the Chief Executive Officer

The Board has delegated to the Chief Executive Officer authority over the day to day management of Snowy Hydro, its subsidiaries and their respective operations. This delegation of authority includes responsibility for:

- (a) developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) operating Snowy Hydro's businesses within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses;

- (c) where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- (d) identifying and managing operational and other risks and, where those risks could have a material impact on Snowy Hydro's businesses, formulating strategies for managing those risks for consideration by the Board;
- (e) managing Snowy Hydro's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis;
- (f) implementing Snowy Hydro's internal controls and procedures for monitoring those controls and ensuring that they are appropriate and effective;
- (g) taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding Snowy Hydro's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to Snowy Hydro's performance (including future performance), financial condition, operating results and prospects and potential risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- (h) implementing all policies, processes and codes of conduct approved by the Board.

8.2 Reserved Powers

Any responsibilities not specifically delegated by the Board to the Chief Executive Officer remain the responsibility of the Board.

8.3 Power to Delegate

The Chief Executive Officer is authorised to delegate any of the powers conferred on him as the Chief Executive Officer deems appropriate.

9. Board Independence

9.1 Criteria for Independence

The Board considers a director to be independent if the director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

Factors that the Board will take into account in making its assessment are those set out in the *ASX Principles of Good Corporate Governance and Best Practice Recommendations* and include consideration of whether the director:

- (a) is a substantial shareholder of Snowy Hydro, or otherwise associated directly or indirectly with a substantial shareholder of Snowy Hydro;
- (b) has been employed in an executive capacity by Snowy Hydro or a related body corporate within the last three years, and did not become a director within three years of being so employed;

- (c) within the last three years, has been a principal of a material professional adviser or material consultant to Snowy Hydro or another group member or an employee materially associated with the service provided;¹
- (d) is a material supplier or material customer, or a partner in or controlling shareholder, or executive officer, of a material supplier or material customer of Snowy Hydro or a related body corporate;²
- (e) has a material contractual relationship with Snowy Hydro or a related body corporate other than as a director or Snowy Hydro;
- (f) has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Snowy Hydro; and
- (g) has any interest or business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Snowy Hydro.

9.2 Review of independence

The Board will undertake an annual review of the extent to which each non-executive director is independent, having regard to the criteria set out in Clause 9.1 and any other relevant relationship that the non-executive director may have.

Whether the Board considers a non-executive director to be independent or not, and the reasons for the Board's opinion, will be described in the corporate governance statement set out in Snowy Hydro's annual report.

¹ A professional adviser or consultant will be considered 'material' if, in the context of a financial year:

- from Snowy Hydro's point of view, the amount typically payable by the Snowy Hydro group to the professional adviser or consultant exceeds 5% of the consolidated expenses of the Snowy Hydro group; or
- from the director's point of view, if the annual amount typically received from the Snowy Hydro group exceeds 5% of the professional adviser's or consultant's consolidated gross revenue.

² A supplier will be considered 'material' if:

- from Snowy Hydro's point of view, the annual amount typically payable by the Snowy Hydro group to the supplier exceeds 5% of the consolidated expenses of the Snowy Hydro group; or
- from the director's point of view, if the annual amount typically received from the Snowy Hydro group exceeds 5% of the supplier's consolidated gross revenue.

A customer of the Snowy Hydro group will be considered 'material' if:

- from the Snowy Hydro's point of view, the annual amount typically received by the Snowy Hydro group from the customer exceeds 5% of the consolidated revenue of the snow Hydro group; or
- from the director's point of view, the annual amount typically paid to the Snowy Hydro group by the customer exceeds 5% of the customer's total expenses.

10. Board Committees

10.1 Establishment of Board Committees

The Board of Snowy Hydro has established four committees to assist it in discharging its responsibilities. They are:

- (a) the Audit and Compliance Committee;
- (b) the Contract Portfolio Risk Management Committee;
- (c) the Operational Risk, Safety and Environment Committee; and
- (d) the Nomination and Remuneration Committee.

10.2 Ad hoc committees

The Board may also delegate specific responsibilities to ad hoc committees from time to time.

10.3 Committee charters

Each committee referred to in clause 10.1 will document and approve a charter setting out the composition of the committee and the powers delegated to it by the Board.

10.4 Composition of committees

- (a) The committees are composed of non-executive directors with the necessary skills and experience.
- (b) Directors, senior managers and other employees may be invited to attend committee meetings.

10.5 Reliance on committee advice

The Board may rely on advice of a committee provided the reliance was made in good faith and after making an independent assessment of the information or advice having regard to the Board's knowledge of Snowy Hydro and its structure and operations.

11. Directors' Right to Seek Professional Advice

11.1 Access to professional advice

A director may seek professional advice to assist the director in carrying out the director's role as a director of Snowy Hydro. Subject to this Charter, this advice may be obtained at Snowy Hydro's expense.

11.2 Chairman's permission

If a director wishes to seek external advice at Snowy Hydro's expense, the director must obtain the permission of the Chairman. When doing so, the director should provide the Chairman with:

- (a) the reason for seeking the advice;
- (b) the name of the person from whom advice will be sought; and
- (c) a estimate from that person for the provision of the advice contemplated.

11.3 Chairman's permission

The Chairman:

- (a) must not unreasonably withhold permission to obtain the advice; and
- (b) must inform the board of the request as soon as practicable.

11.4 Use of advice

Advice obtained at Snowy Hydro's expense under this Charter must be made available to Snowy Hydro.

12. Indemnity and Insurance

Each current director has entered into a deed with Snowy Hydro under which Snowy Hydro has agreed:

- (a) to the extent permitted by law, to indemnify the director against liability arising out of the discharge of the director's duties;
- (b) to maintain an insurance policy for the director against liability incurred in their capacity as a director for the term of the director's appointment and for seven years following cessation of office; and
- (c) to maintain all Board papers and other company documents relating to the director's period of appointment and to make those papers available to the director for a period of seven years following the director's cessation of office.

Unless the Board otherwise determines, it is intended that each new director will enter into a similar deed with Snowy Hydro, prior to that new director commencing office.

13. Meetings

13.1 Notices of Meeting

Where possible and time permits, Board and committee papers should be provided to directors not less than four business days prior to the relevant meeting.

13.2 Non-executive Director Meetings

The non-executive directors of Snowy Hydro shall meet each year as they see fit for private discussions of management issues.

14. Review of this Charter

- (a) A request for the review and/or clarification of this Charter should be made to the Chairman.
- (b) No changes to this Charter may be made without the approval of the Board.
- (c) If changes to this Charter are duly approved then, if appropriate, a transition period should be agreed covering the position of the current Board members.

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AUDIT AND COMPLIANCE COMMITTEE CHARTER

1. Role of the Committee

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to external and internal audit functions, accounting policies, financial reporting, funding, financial risk management, business risk monitoring and certain compliance matters.

The Committee has authority from the Board to review and investigate any matter within the scope of its charter and make recommendations to the Board in relation to the outcomes.

The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

In this Charter the following terms have the following meanings:

“Board” means the Board of Snowy Hydro.

“Director” means a member of the Board of Snowy Hydro.

“Independent Director” means a Director who has been determined by the Board to be independent in accordance with clause 9.1 of the Board Charter.

“Non-Executive Director” means a Director who is not employed in an executive capacity by Snowy Hydro or any of its related bodies corporate.

“Red Board” means the Board of Red Energy Pty Limited

“Snowy Hydro” means Snowy Hydro Limited and its Subsidiaries.

At an operational level, the Red Board has responsibility for discharging duties to enable this Committee to fulfil its role in respect of Red Energy Pty Ltd and for keeping the Board informed of significant issues affecting Red Energy Pty Ltd.

2. Composition

2.1 Structure

- (a) Members of the Committee must be appointed by the Board.
- (b) The Committee will consist of at least three Non-Executive Directors, each of whom must be financially literate and a majority of whom must be independent.
- (c) At least one member of the Committee should have significant expertise in financial reporting, accounting or auditing.
- (d) The Chairman of the Committee should be an Independent Director and must not be the Chairman of the Board.

2.2 Secretary

The Company Secretary or their nominee will act as the Secretary to the Committee.

3. Meetings

3.1 Frequency

- (a) The Committee must meet as often as required and at least four times each year.
- (b) Meetings will be called by the Secretary at the request of the Board or the Committee Chairman.
- (c) Members may request to the Committee Chairman that a meeting be held. Once this request has been made, the Committee Chairman will decide whether to call a meeting.

3.2 Quorum

- (a) A quorum will comprise two members of the Committee.
- (b) In the absence of the Committee Chairman, Committee members will elect a Committee member to act as Chairman for that meeting.

3.3 Attendance

- (a) Members of the Board may attend meetings of the Committee and, subject to paragraphs (b) and (c), the engagement or audit partner of the external auditor of Snowy Hydro, the Chief Executive Officer, the Chief Financial Officer, the General Counsel of Snowy Hydro, and the Chair of the equivalent Management Committee may attend meetings ex officio.
- (b) The Committee will meet with the external auditor without members of management being present at least once each year and whenever considered appropriate by the Chairman of the Committee.
- (c) The Committee may meet without ex officio members present if the Committee Chairman or the Committee considers it appropriate.
- (d) Other persons may attend meetings of the Committee by invitation only, or with prior arrangement with the Committee Chairman.

3.4 Notice of meetings

Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and information papers relevant to such items, must be forwarded to each member of the Committee and any person invited to attend, not less than four business days prior to the date of the meeting.

3.5 Minutes and reporting to the Board

- (a) The Secretary will keep minutes of proceedings and resolutions of the Committee together with copies of supporting papers. These records will be available to any Board member upon request.
- (b) The Committee Chairman, or their nominee, will report to the Board after each meeting of the Committee. These reports will comply with clause 6 of this Charter.
- (c) The minutes of each Committee meeting must be included in the papers for the next scheduled Board meeting.

3.6 Voting

- (a) Each member of the Committee will have one vote and questions will be decided by a majority of votes.
- (b) In the case of an equality of votes, the Chairman of the Committee will have a second or casting vote, provided more than two of the members present are entitled to vote.

4. Access

- (a) The Committee may seek explanations and additional information from the external auditor as and when required.
- (b) The Committee has unrestricted access to employees, records, internal and external auditors, tax and other financial or legal advisers engaged by Snowy Hydro.
- (c) The internal and external auditors will have direct access to the Committee and to the Board via their respective Chairmen.
- (d) The Committee may seek any information reasonably necessary to discharge its responsibilities from any officer or employee of Snowy Hydro.
- (e) The Committee may take advice from external parties at Snowy Hydro's expense as reasonably appropriate to discharge its responsibilities.
- (f) The Committee may initiate, after consultation with the Chairman and the Board, any investigation that is reasonably necessary to discharge its responsibilities. The costs of any such investigation will be borne by Snowy Hydro.

5. Duties

The Committee has the duties set out in this clause.

5.1 External audit

- (a) Regularly evaluate and report to the Board on the performance and independence of the external auditor.
- (b) Review the appointment and selection of the external auditor and the rotation of external audit engagement partners at least every five years and make recommendations to the Board in relation to the proposed fees and terms of engagement of the external auditor and audit engagement partners, and any proposed change of external auditor or audit engagement partners.
- (c) Review and approve the external audit plan for each audit or review of financial statements.
- (d) Review all reports from external auditors, report to the Board on any issues arising out of those reports and ensure that the required disclosures by the external auditors are made to the Committee within the required timeframes.
- (e) Approve in advance any non-audit assignments performed by the external auditors for Snowy Hydro.

5.2 Internal Audit

- (a) Review and approve the internal audit plan each year.
- (b) Review any proposed change to the resources engaged in the internal audit function or the manner in which that function is performed.
- (c) Review the appointment of the internal auditors if the function is outsourced.
- (d) Review recommendations from internal auditors and monitor the implementation of recommendations.
- (e) Report to the board on major issues arising from the internal audit program.
- (f) Direct internal audit to undertake special reviews as required.
- (g) Evaluate the performance of the internal audit function.

5.3 Financial reporting

- (a) Review the accounting policies of Snowy Hydro, including conformance to relevant accounting and reporting standards.
- (b) Review all significant accounting policy changes and, where appropriate, recommend to the Board that the changes be adopted by Snowy Hydro.
- (c) Review in detail and report to the Board on the integrity of Snowy Hydro's half year and annual financial statements, prior to their release to the financial market.
- (d) Review the adequacy of Snowy Hydro's policies relating to financial reporting and controls, including compliance with laws, regulations and ethical guidelines.
- (e) Discuss with management and the external auditor any correspondence with regulatory or government bodies and any published reports which raise material issues regarding Snowy Hydro's financial statements; and recommend to the Board Snowy Hydro's position in respect of any matter of disagreement between management and the External Auditor.

5.4 Funding

- (a) Monitor the ability of Snowy Hydro and its related bodies corporate to fund their activities, having regard to current funding arrangements and Snowy Hydro's cash-flow outlook.
- (b) Monitor the prudence of gearing levels, interest cover and compliance with banking covenants.
- (c) Review all funding strategies of Snowy Hydro and its related bodies corporate.

5.5 Financial risk management

- (a) Review policies relating to financial risk management.
- (b) Recommend an appropriate treasury policy to the board that details parameters for:
 - (i) funding risk;
 - (ii) interest rate risk;
 - (iii) liquidity risk; and

- (iv) foreign exchange risk.
- (c) Review, and where appropriate, recommend to the Board, bank proposals and banking relationship structures.
- (d) Review, and where appropriate, recommend to the Board, procedures for covenant compliance.
- (e) Review major new funding documentation, and where appropriate, recommend its execution to the Board.
- (f) Monitor compliance with the policies outlined in (a) and report to the Board on any relevant issues.
- (g) Review the dividend policy.

5.6 Portfolio

- (a) Review the appropriateness of portfolio operations processes including deal execution, risk management and settlement.

5.7 Business risk monitoring

- (a) Review the appropriateness of base case assumptions used in capital expenditure decisions, including any proposed changes, and consider post completion reviews of major capital expenditures and acquisitions.

5.8 Compliance

- (a) Review Snowy Hydro and its related bodies' corporate policies and practices to facilitate compliance with laws and contractual obligations.
- (b) Review effectiveness of controls for compliance with laws and contractual obligations and report to the Board on any material issues.
- (c) Review the results of any governmental or regulatory audits involving the areas in (a) which have not otherwise been reviewed by the Board or another Committee.

5.9 General

- (a) At least once each year the Committee must review this Charter and make recommendations to the Board in relation to any proposed change to this Charter.

6. Reporting

The Committee must provide regular reports to the Board through its Minutes and such supplementary reports as the Committee deems necessary. These reports must contain all matters relevant to the Committee's responsibilities including:

- (a) An assessment of whether external reporting is consistent with Committee members' information and knowledge, and if this external reporting is adequate for shareholder needs.
- (b) Recommendations for changes to management processes supporting external reporting.

- (c) The Committee's policies and procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.
- (d) Recommendations for the appointment or removal of an external auditor.
- (e) Assessment of the performance and independence of internal and external auditors in relation to matters within the Committee's responsibility.

7. Assessment

- (a) At least once each year the Committee shall report on, and the Board will review, the performance of the Committee.

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PORTFOLIO RISK COMMITTEE CHARTER

1. Role of the Committee

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to managing the risk pertaining to Snowy Hydro's price risk hedging activities including credit risk management, and relevant corporate and strategic activities.

The Committee has authority from the Board to review and investigate any matter within the scope of its charter and make recommendations to the Board in relation to the outcomes.

The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

In this Charter the following terms have the following meanings:

“Board” means the Board of Snowy Hydro.

“Chief Executive Officer” means the Chief Executive Officer of Snowy Hydro.

“Director” means a member of the Board of Snowy Hydro.

“Independent Director” means a Director who has been determined by the Board to be independent in accordance with clause 9.1 of the Board Charter.

“Non-Executive Director” means a Director who is not employed in an executive capacity by Snowy Hydro or its related bodies corporate.

“Snowy Hydro” means Snowy Hydro Limited and its Subsidiaries .

2. Composition

2.1 Structure

- (a) Members of the Committee will be appointed by the Board.
- (b) The Committee must consist of at least three Non-Executive Directors, a majority of whom must be Independent Directors.
- (c) The Chairman of the Committee should be an Independent Director.

2.2 Secretary

The Company Secretary or their nominee will act as the Secretary to the Committee.

3. Meetings

3.1 Frequency

- (a) The Committee must meet as often as required and at least four times each year.
- (b) Meetings will be called by the Secretary at the direction of the Board or the Committee Chairman.

- (c) Members may request to the Committee Chairman that a meeting be held. Once this request has been made, the Committee Chairman will decide whether to call a meeting.

3.2 Quorum

- (a) A quorum will comprise two members of the Committee.
- (b) In the absence of the Committee Chairman, Committee members will elect an Independent Director to act as Chairman for that meeting.

3.3 Attendance

- (a) Members of the Board may attend meetings of the Committee and, subject to paragraph (c), the Chief Executive Officer, Executive Officer, Operational Risk and Internal Control, and the Chair of the equivalent Management Committee may attend meetings ex officio.
- (b) Members of management may attend Committee meetings at the discretion of the Committee Chairman.
- (c) The Committee may meet without ex officio members present if the Committee Chairman or the Committee considers it appropriate.
- (d) Other persons may attend meetings of the Committee by invitation only, or with prior arrangement with the Committee Chairman.

3.4 Notice of Meetings

Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and information papers relevant to such items, must be forwarded to each member of the Committee and any person invited to attend, not less than four business days prior to the date of the meeting.

3.5 Minutes and reporting to the Board

- (a) The Secretary will keep minutes of proceedings and resolutions of the Committee together with copies of supporting papers. These records will be available to any Board member upon request.
- (b) The Committee Chairman, or their nominee, will report to the Board after each meeting of the Committee.
- (c) The minutes of each Meeting must be included in the papers for the next scheduled Board meeting.

3.6 Voting

- (a) Each member of the Committee will have one vote and questions will be decided by a majority of votes.
- (b) In the case of an equality of votes, the Committee Chairman will have a casting vote, provided more than two of the members present are entitled to vote.

4. Access

- (a) The Committee may seek any information reasonably necessary to discharge its responsibilities from any officer or employee of Snowy Hydro.
- (b) The Committee has a right of access to the External Auditor, and will make itself reasonably available to the External Auditor.
- (c) The Committee may take advice from external parties at Snowy Hydro's expense as reasonably appropriate to discharge its responsibilities.
- (d) The Committee may initiate, after consultation with the Chairman and the Board, any investigation that is reasonably necessary to discharge its responsibilities. The costs of any such investigation will be borne by Snowy Hydro.

5. Duties

The Committee has the duties set out in this clause.

5.1 General

- (a) At least once each year the Committee must review this Charter and make recommendations to the Board in relation to any proposed change to this Charter.
- (b) Review the minutes of the Management Portfolio Risk Committee.
- (c) Where appropriate, refer matters to the Management Portfolio Risk Committee for investigation.
- (d) Bring to the attention of the Board any material or potential breaches of any of Snowy Hydro's portfolio risk management policies and procedures.
- (e) To investigate and report to the Board on any matter referred to the Committee by the Board.
- (f) Periodically review portfolio risk performance covering new and existing products, trading authorities, regulatory issues and market rules, new and emerging technologies including renewable energy, gas and energy
- (g) With respect to the risks pertaining to Snowy Hydro's price risk hedging activities (including credit risk management), and relevant corporate and strategic activities:
 - (a) review management's risk management culture;
 - (b) review the appropriateness of processes developed by management to identify, assess and respond to risks; and
 - (c) review the effectiveness of internal control frameworks.

5.2 Portfolio Risk

- (a) Report to the Board on the effectiveness of Snowy Hydro's portfolio risk management policies and procedures, including credit risk.
- (b) Advise the Board on the level of capital necessary to support Snowy Hydro's price risk hedging activities.

- (c) Recommend appropriate risk and credit limits to the Board.
- (d) Periodically review the adequacy of risk and credit limits.

6. Assessment

- (a) At least once each year the Committee shall report on, and the Board will review, the performance of the Committee. This review will incorporate the views of relevant stakeholders.
- (b) At least once a year the Committee will review the skills and expertise of the Management Portfolio Risk Committee members.

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SAFETY, OPERATIONS AND ENVIRONMENT RISK COMMITTEE CHARTER

1. Role of the Committee

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to managing operational risks pertaining to generation, hydraulic and communication assets, water operations, workplace health and safety, and environmental management..

The Committee has authority from the Board to review and investigate any matter within the scope of its charter and make recommendations to the Board in relation to the outcomes.

The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

In this Charter the following terms have the following meanings:

“**Board**” means the Board of Snowy Hydro.

“**Chief Executive Officer**” means the Chief Executive Officer of Snowy Hydro.

“**Director**” means a member of the Board of Snowy Hydro.

“**Independent Director**” means a Director who has been determined by the Board to be independent in accordance with clause 9.1 of the Board Charter.

“**Non-Executive Director**” means a Director who is not employed in an executive capacity by Snowy Hydro or its related bodies corporate.

“**Red Board**” means the Board of Red Energy Pty Limited

“**Snowy Hydro**” means Snowy Hydro Limited and its Subsidiaries.

At an operational level, the Red Board has responsibility for discharging duties to enable this Committee to fulfil its role in respect of Red Energy Pty Ltd and for keeping the Board informed of significant issues affecting Red Energy Pty Ltd.

2. Composition

2.1 Structure

- (a) Members of the Committee will be appointed by the Board.
- (b) The Committee must consist of at least three Non-Executive Directors, a majority of whom must be Independent Directors.
- (c) The Chairman of the Committee should be an Independent Director.

2.2 Secretary

The Company Secretary or their nominee will act as the Secretary to the Committee.

3. Meetings

3.1 Frequency

- (a) The Committee must meet as often as required and at least four times each year.
- (b) Meetings will be called by the Secretary at the direction of the Board or the Committee Chairman.
- (c) Members may request to the Committee Chairman that a meeting be held. Once this request has been made, the Committee Chairman will decide whether to call a meeting.

3.2 Quorum

- (a) A quorum will comprise two members of the Committee.
- (b) In the absence of the Committee Chairman, Committee members will elect an Independent Director to act as Chairman for that meeting.

3.3 Attendance

- (a) Members of the Board may attend meetings of the Committee and, subject to paragraph (c), the Chief Executive Officer and Executive Officer, Operational Risk and Internal Control, and the Chair of the equivalent Management Committee may attend meetings ex officio.
- (b) Members of management may attend Committee meetings at the discretion of the Committee Chairman.
- (c) The Committee may meet without ex officio members present if the Committee Chairman or the Committee considers it appropriate.
- (d) Other persons may attend meetings of the Committee by invitation only, or with prior arrangement with the Committee Chairman.

3.4 Notice of Meetings

Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and information papers relevant to such items, must be forwarded to each member of the Committee and any person invited to attend, not less than four business days prior to the date of the meeting.

3.5 Minutes

- (a) The Secretary will keep minutes of proceedings and resolutions of the Committee together with copies of supporting papers. These records will be available to any Board member upon request.
- (b) The Committee Chairman, or their nominee, will report to the Board after each meeting of the Committee.
- (c) The minutes of each Meeting must be included in the papers for the next scheduled Board meeting.

3.6 Voting

- (a) Each member of the Committee will have one vote and questions will be decided by a majority of votes.
- (b) In the case of an equality of votes, the Committee Chairman will have a casting vote, provided more than two of the members present are entitled to vote.

4. Access

- (a) The Committee may seek any information reasonably necessary to discharge its responsibilities from any officer or employee of Snowy Hydro.
- (b) The Committee may take advice from external parties at Snowy Hydro's expense as reasonably appropriate to discharge its responsibilities.
- (c) The Committee may initiate, after consultation with the Chairman and the Board, any investigation that is reasonably necessary to discharge its responsibilities. The costs of any such investigation will be borne by Snowy Hydro.

5. Duties

The Committee has the following duties:

- (a) At least once each year the Committee will review this Charter and make recommendations to the Board in relation to any proposed change to this Charter.
- (b) Report to the Board on the effectiveness of Snowy Hydro's risk management framework in managing its operational risks. This includes reporting on any issues relating to operational limits which act to constrain the operations of Snowy Hydro and any statutory and legal obligations that impact its day to day activities;
- (c) review the risk management systems associated with Snowy Hydro's:
 - (i) production capability and delivery;
 - (ii) information technology, controls and communication;
 - (iii) occupational health and safety;
 - (iv) environment;

- (v) water operations; and
- (vi) major projects:
- (d) bring to the attention of the Board any material new and significant risks;
- (e) investigate and report upon any matter specifically referred to the Committee by the Board;
- (f) follow up on any recommendations or improvement strategies; and
- (g) for the risks covered by this Charter:
 - (a) review management's risk management culture;
 - (b) review the appropriateness of processes developed by management to identify, assess and respond to risks; and
 - (c) review the effectiveness of internal control frameworks.

6. Assessment

- (a) At least once each year the Committee shall report on, and the Board will review, the performance of the Committee.

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REMUNERATION COMMITTEE CHARTER

1. Role of the Committee

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to remuneration of Non-Executive Directors, the Chief Executive Officer and his or her direct reports.

The Committee has authority from the Board to review and investigate any matter within the scope of its charter and make recommendations to the Board in relation to the outcomes.

The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

In this Charter the following terms have the following meanings:

“**Board**” means the Board of Snowy Hydro.

“**Chief Executive Officer**” means the Chief Executive Officer of Snowy Hydro.

“**Director**” means a member of the Board of Snowy Hydro.

“**Independent Director**” means a Director who has been determined by the Board to be independent in accordance with clause 9.1 of the Board Charter.

“**Non-Executive Director**” means a Director who is not employed in an executive capacity by Snowy Hydro or its related bodies corporate.

“**Snowy Hydro**” means Snowy Hydro Limited.

2. Composition

2.1 Structure

- (a) Members of the Committee will be appointed by the Board.
- (b) The Committee must consist of at least three Non-Executive Directors, a majority of whom must be Independent Directors.
- (c) The Chairman of the Committee should be an independent Director.

2.2 Secretary

The Company Secretary or their nominee will act as the Secretary to the Committee.

3. Meetings

3.1 Frequency

- (a) The Committee must meet as often as required and at least twice each year.
- (b) Meetings will be called by the Secretary at the direction of the Board or the Committee Chairman.

- (c) Members may request to the Committee Chairman that a meeting be held. Once this request has been made, the Committee Chairman will decide whether to call a meeting.

3.2 Quorum

- (a) A quorum will comprise two members of the Committee.
- (b) In the absence of the Committee Chairman, Committee members will elect an Independent Director to act as Chairman for that meeting.

3.3 Attendance

- (a) Members of the Board may attend meetings of the Committee and, subject to paragraphs (c) and (d), the Chief Executive Officer and the Executive Officer, Organisational Development, Safety and Environment will attend meetings ex officio.
- (b) Members of management may attend Committee meetings at the discretion of the Committee Chairman.
- (c) The Committee may meet without either or both of the ex officio members and the Secretary to the Committee present if the Committee Chairman or the Committee considers it appropriate.
- (d) The Chief Executive Officer will not attend while any matter relating to the remuneration or performance of the Chief Executive Officer is under discussion.
- (e) Other persons may attend meetings of the Committee by invitation only, or with prior arrangement with the Committee Chairman.

3.4 Notice of Meetings

Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and information papers relevant to such items, shall be forwarded to each member of the Committee and any person invited to attend, no fewer than four business days prior to the date of the meeting.

3.5 Minutes and reporting to the Board

- (a) The Secretary will keep minutes of proceedings and resolutions of the Committee together with copies of supporting papers. These records will be available to any Board member upon request.
- (b) The Committee Chairman, or their nominee, will report to the Board after each meeting of the Committee.
- (c) The minutes of each Meeting must be included in the papers for the next scheduled Board meeting.

3.6 Voting

- (a) Each member of the Committee will have one vote and questions will be decided by a majority of votes.
- (b) In the case of an equality of votes, the Committee Chairman will have a casting vote, provided more than two of the members present are entitled to vote.

4. Access

- (a) The Committee may seek any information reasonably necessary to discharge its responsibilities from any officer or employee of Snowy Hydro.
- (b) The Committee may take advice from external parties at Snowy Hydro's expense as reasonably appropriate to discharge its responsibilities.
- (c) The Committee may initiate, after consultation with the Chairman and the Board, any investigation that is reasonably necessary to discharge its responsibilities. The costs of any such investigation will be borne by Snowy Hydro.

5. Duties

5.1 Remuneration and performance of executives and Non-Executive Directors

The Committee has the following duties in relation to the remuneration and performance evaluation of executives and non-executive Directors:

- (a) Regularly review the executive remuneration policy of Snowy Hydro to ensure that it motivates management to pursue the long-term growth and success of Snowy Hydro and is clearly linked to performance;
- (b) monitor compliance with Snowy Hydro's executive remuneration policy, oversee the implementation of the policy and consider whether to seek shareholder approval of any aspect of the policy;
- (c) review and approve all aspects of the remuneration and any proposed change to the terms of employment of, the Chief Executive Officer and any executive Director of Snowy Hydro;
- (d) review the proposed remuneration and any proposed change to the terms of employment of the direct reports of the Chief Executive Officer;
- (e) review and approve any proposed termination payment to the Chief Executive Officer or any direct report of the Chief Executive Officer;
- (f) regularly review all executive incentive plans, including equity-based plans, including a consideration of performance thresholds, regulatory and market requirements and whether to seek shareholder approval of any aspect of such plans;
- (g) develop and approve performance hurdles for the Chief Executive Officer and review the proposed performance hurdles for the direct reports of the Chief Executive Officer;
- (h) review the performance of the Chief Executive Officer and his or her direct reports against their pre-determined performance hurdles;
- (i) review appropriate succession plans for the Chief Executive Officer and his or her direct reports;
- (j) review the recruitment, retention and termination policies and procedures for senior management;
- (k) develop and review the policy for superannuation arrangements for Snowy Hydro employees;

- (l) review the policy and any proposed change for the remuneration of Non-Executive Directors; and
- (m) review the systems and processes implemented by management to manage Snowy Hydro's human resources risks.

5.2 General

- (a) At least once each year the Committee must review this Charter and make recommendations to the Board in relation to any proposed change to this Charter;

6. Assessment

- 6.1 At least once each year the Committee and the Board will review the performance of the Committee, including the performance of individual Committee members. This review will incorporate the views of relevant stakeholders.

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