

# BOARD CHARTER

## 1. Purpose

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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

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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

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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**

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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**

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##### **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**

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##### **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 People and Culture Committee will facilitate an evaluation by all Directors of the performance of the Chairman. The People and Culture 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**

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### **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**

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### **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**

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## **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;<sup>1</sup>
- (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;<sup>2</sup>
- (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.

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<sup>1</sup> 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.

<sup>2</sup> 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 Snowy 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**

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### **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 Portfolio Risk Committee;
- (c) the Safety Operations Safety and Environment Risk Committee; and
- (d) the People and Culture 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**

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### **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**

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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**

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### **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**

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- (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. Purpose of the Committee

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The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to Snowy Hydro's:

- (a) external and internal audit functions;
- (b) financial reporting;
- (c) financial management;
- (d) business risk management;
- (e) corporate management frameworks; and
- (f) certain compliance matters.

The Committee has authority from the Board to review and investigate any matter within the scope of this 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.

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

“Snowy Hydro” means Snowy Hydro Limited and its related bodies corporate.

## **2. Composition**

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### **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, 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**

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### **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 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 Chair of the equivalent Management Committee and the Head of Group Assurance may attend meetings ex officio.

- (b) The Committee must meet with both the internal and 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.
- (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 Chairman of the Committee will have a casting vote, provided more than two of the members present are entitled to vote.

## **4. Access**

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- (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**

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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 the effectiveness of the Assurance Strategy.
- (b) Review and approve the internal audit plan each year, taking into consideration internal audit requests from other Committees.
- (c) Review the progress of each annual internal audit plan.
- (d) Review any proposed change to the resources engaged in the internal audit function or the manner in which that function is performed.
- (e) Review the appointment of the internal auditors if the internal audit function is outsourced.
- (f) Review recommendations from internal auditors and monitor the implementation of recommendations.
- (g) Report to the Board on significant issues arising from the internal audit program.
- (h) Direct internal audit to undertake special reviews as required.
- (i) 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.
- (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 Financial Management

- (a) Monitor the ability of Snowy Hydro to fund its activities, having regard to current funding arrangements and Snowy Hydro's cash-flow and financing outlook.
- (b) Monitor gearing levels, interest coverage ratios and compliance with banking covenants.
- (c) Review all funding strategies of Snowy Hydro.
- (d) Review major new funding documentation and, where appropriate, recommend its execution to the Board.
- (e) Review policies relating to financial risk management. Monitor compliance with the policies and report to the Board on any relevant issues.
- (f) 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.
- (g) Review, and where appropriate, recommend to the Board, bank proposals and banking relationship structures.
- (h) Review, and where appropriate, recommend to the Board, procedures for covenant compliance.
- (i) Review the dividend policy, including dividend payout ratio, and any proposed changes.
- (j) Review the insurance program.

- (k) Review the appropriateness of base case assumptions used in capital expenditure decisions, including any proposed changes.
- (l) Review post completion benefits realisation reviews of major capital expenditures and acquisitions.
- (m) Monitor that financial delegations provided to management by the Board are being exercised appropriately.

## **5.5 Business Risk Management**

- (a) Review and approve the corporate risk management policy.
- (b) Review the effectiveness of the corporate Risk Management Framework.

## **5.6 Corporate Management Frameworks**

- (a) Review the effectiveness of Snowy Hydro's corporate management frameworks including for governance, quality and regulatory compliance and any associated policies.

## **5.7 Compliance Matters**

- (a) Review Snowy Hydro's 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.
- (d) For areas within this Charter, bring to the attention of the Board any actual or potential significant breaches of regulatory compliance and contractual obligations.

## **5.8 Management Systems**

- (a) For risks within this Charter:
  - (i) Review management's risk management culture;
  - (ii) Review the appropriateness of systems and processes developed by management to identify, assess and respond to risks;
  - (iii) Review the effectiveness of internal control frameworks;
  - (iv) Review and bring to the attention of the Board any material new and significant risks; and
  - (v) Follow up on any recommendations or improvement strategies.

## **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.
- (b) Review the minutes of the Management Audit and Compliance Committee.
- (c) Investigate and report to the Board on any matter specifically referred to the Committee by the Board. Where appropriate, refer matters to the Management Audit and Compliance Committee for investigation.

## **6. Reporting**

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The Committee must provide regular reports to the Board through its Minutes and such supplementary reports as the Committee deems necessary. Collectively, 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**

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At least once each year the Committee must assess and report on, and the Board will review, the performance of the Committee, and whether it has effectively discharged the responsibilities specified in its charter. This review will incorporate the views of relevant stakeholders.

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# PORTFOLIO RISK COMMITTEE CHARTER

## 1. Purpose of the Committee

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The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to managing the risk in relation to Snowy Hydro's price risk hedging activities.

The Committee has authority from the Board to review and investigate any matter within the scope of this 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 any of its related bodies corporate.

“Snowy Hydro” means Snowy Hydro Limited and its related bodies corporate.

## 2. Composition

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### 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

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### 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 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**

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- (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**

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The Committee has the duties set out in this clause.

### **5.1 Portfolio Risk**

- (a) Report to the Board on the effectiveness of portfolio risk management policies and procedures, including credit risk, market risk and liquidity exposure as arises from futures trading and other sources of risk, including those arising from Anti-money Laundering and Counter Terrorism Financing, Financial Services and other regulatory compliance obligations.
- (b) Periodically review portfolio risk performance covering new and existing products, trading authorities, tradable capacity, transmission, fuel for generation purposes, regulatory issues and market rules, and new and emerging technologies.
- (c) Advise the Board on the current and projected liquidity exposure associated with Snowy Hydro's price risk hedging activities.
- (d) Periodically review the capital requirements of Snowy Hydro's hedging activities and recommend appropriate capital buffers .
- (e) Periodically review the adequacy of risk, credit and liquidity limits and recommend appropriate limits to the Board..

### **5.2 Management Systems**

- (a) For risks within this Charter:
  - (i) Review management's risk management culture;
  - (ii) Review the appropriateness of systems and processes developed by management to identify, assess and respond to risks;
  - (iii) Review and bring to the attention of the Board any material new and significant risks;
  - (iv) Review the effectiveness of internal control frameworks; and
  - (v) Follow up on any recommendations or improvement strategies.



- (b) Bring to the attention of the Board any actual or potential material breaches of any of Snowy Hydro's portfolio risk management policies and procedures.
- (c) For areas within this Charter, bring to the attention of the Board any actual or potential material breaches of regulatory compliance obligations.
- (d) Review and recommend approval of relevant elements of each annual internal audit plan to the Audit and Compliance Committee of the Board.
- (e) For areas within this Charter, review recommendations from internal auditors and monitor the implementation of recommendations.
- (f) Review the effectiveness of portfolio operations procedures and systems.

### **5.3 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) Investigate and report to the Board on any matter specifically referred to the Committee by the Board. Where appropriate, refer matters to the Management Portfolio Risk Committee for investigation. Follow up on any recommendations or improvement strategies.

## **6. Assessment**

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At least once each year the Committee must report on, and the Board will review, the performance of the Committee. This review will incorporate the views of relevant stakeholders.

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# **SAFETY, OPERATIONS AND ENVIRONMENT RISK COMMITTEE CHARTER**

## **1. Purpose of the Committee**

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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 Snowy Hydro's:

- a) production capability and delivery, including generating, hydraulic, controls, information technology and communication assets management;
- b) water operations management;
- c) business continuity and emergency management;
- d) information and physical security management;
- e) major projects management;
- f) workplace health and safety management; and
- g) environmental management.

The Committee has authority from the Board to review and investigate any matter within the scope of this 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 any of its related bodies corporate.

“Snowy Hydro” means Snowy Hydro Limited and its related bodies corporate.

## **2. Composition**

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### **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**

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

### **3. Meetings**

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#### **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 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**

- a) 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**

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- 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

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The Committee has the duties set out in this clause:

- 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) Report to the Board 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 including generating, hydraulic, information technology, controls and communication assets management;
  - (ii) business continuity and emergency management;
  - (iii) physical and information security;
  - (iv) occupational health and safety management;
  - (v) environmental management;
  - (vi) water measurement, accounting and reporting; and
  - (vii) major projects management.
- d) Review and bring to the attention of the Board any material new and significant risks;
- e) Investigate and report to the Board upon any matter specifically referred to the Committee by the Board. Where appropriate, refer matters to the Management Safety Operations and Environment Committee for investigation. Follow up on any recommendations or improvement strategies;
- f) For areas within this Charter:
  - (i) review and recommend approval of relevant elements of each annual internal audit plan to the Audit and Compliance Committee of the Board;
  - (ii) review recommendations from the internal auditors and monitor the implementation of recommendations.
- g) For risks within this Charter:
  - (i) review management's risk management culture;
  - (ii) review the appropriateness of systems and processes developed by management to identify, assess and respond to risks;
  - (iii) review the effectiveness of internal control frameworks; and
  - (iv) follow up on any recommendations or improvement strategies.
- h) For areas within this Charter, bring to the attention of the Board any actual or potential material breaches of regulatory compliance obligations; and
- i) Review post completion project implementation reviews of major projects.
- j) Review the minutes of the Management Safety Operations and Environment Risk Committee.

## 6. Assessment

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- a) At least once each year the Committee must report on, and the Board will review, the performance of the Committee. This review will incorporate the views of relevant stakeholders.

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# People and Culture Committee Charter

The People and Culture Committee (“Committee”) is appointed and delegated power by the Board of Snowy Hydro Limited (SHL) to assist the Board in setting the human resources and remuneration policies and practices that develop and reward our people for high performance.

This charter sets out the objectives, responsibilities and structure of the Committee.

## 1. Objectives of the Committee

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The objective of the Committee is to assist the Board in establishing human resources policies and practices which enable SHL to:

- establish appropriate people strategies and policies in line with business goals and priorities;
- attract and retain executives and directors (executive and non-executive) who will create sustainable value for our shareholders;
- fairly and responsibly reward executives and directors having regard to the performance of SHL, the performance of the executive and the external compensation environment;
- support equal opportunity and promote diversity within SHL; and
- comply with all relevant legislation and regulations including the Corporations Act.

## 2. Responsibilities of the Committee

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The Committee monitors the following activities within the Company, and then recommends and reports to the Board on:

- Management performance and remuneration including:
  - the recruitment, retention and termination practices for the Chief Executive Officer (“CEO”) and executives;
  - alignment of performance objectives and remuneration incentive policies and guidelines for CEO and executives with long term growth and value creation;
  - the remuneration (Fixed, STI and LTI outcomes) of the CEO and executives;
  - assist the Chair of the Board in relation to the annual performance evaluation of the CEO;
  - review the annual performance evaluations of executives;
  - recommend to the Board the parameters to be used in determining salary scales and aggregate annual movements for all employees whose remuneration is not determined through an Enterprise Bargaining agreement; and
  - to perform any other remuneration or human resources related tasks referred to the Committee by the SHL Board.

- Board performance and remuneration including:
  - the terms and conditions of appointment to and retirement from the Board;
  - overseeing induction, education and plans to enhance competencies of the non-executive directors;
  - evaluation of the Board's performance; and
  - the remuneration of non-executive directors, including the non-executive directors' fee cap.
  
- Human Resources, Talent Management and Diversity including:
  - the adequacy of talent pools for CEO and executive succession;
  - the effectiveness of SHL diversity policies and initiatives;
  - management development frameworks and individual development progress for key talent;
  - monitoring surveys conducted by the Company in relation to the culture of the organisation;
  - assessing performance against measurable objectives for achieving diversity on an annual basis, including the relative proportion of women at all levels; and
  - SHL compliance with external reporting requirements.

### **3. Membership**

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The membership of the Committee shall be determined by the Board and shall consist of:

- at least three non-executive directors; and
- any non-executive director can be Chair of the Committee.

The Board will from time to time review the composition and membership of the Committee to ensure that there is a diversity of views, as well as substantial experience within the Committee, whilst some continuity of membership is maintained.

A quorum of the Committee is two members.

The CEO, as well as other management, may attend by invitation.

A member of management will be appointed to act as Secretary of the Committee.

### **4. Meetings and Resources**

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- the Chairman will convene meetings of the Committee as necessary but not less than three times per year;
- the Committee will determine its own procedures;

- the Committee may request the Executive Officer - People & Culture or another SHL employee, to provide any information or carry out any task that may be necessary to enable the Committee to properly carry out its functions and meet its objectives; and
- the Committee may seek advice from external consultants to enable the Committee to properly carry out its functions and meet its objectives, and is authorised to engage consultants, and approve expenditure, as the Committee sees fit.

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