Snowy Hydro Limited and its Controlled Entities

ABN 17 090 574 431

Annual Report

For the financial year ended 30 June 2024

snowy hydro

Acknowledgement of Country

We acknowledge the Traditional Custodians of this land, its waterways and communities.

And pay our respects to their Elders past, present and emerging for they have, are and will leave their footprints behind while continuing to share their history, culture and traditions.

We extend that respect to all Aboriginal and Torres Strait Islander peoples.

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Corporate Directory

Directors in office during the year and the period until the date of this Report

David Knox, Chair
BSc (Hons) Mech Eng, MBA, FIEAust, FTSE, GAICD

Dennis Barnes, CEO and Managing Director
BSc (Hons), MBA, DipM

Scott Mitchell
GAICD

Karen Moses
BEcon, Dip Ed, FAICD

Sandra Dodds
BCom, FCA, GAICD

Leanne Heywood
OAM, B.Bus (Acc), MBA, FCPA, GAICD

Timothy Longstaff
BEc, FCA, GAICD, SF.Fin

Louise Thurgood (appointed 1 July 2024)
MBA, PG Cert (App Fin), BA Econ (Hons), GAICD

Leeanne Bond (retired 30 June 2024)
BE (Chem), MBA, HonFIEAust, FTSE, FAICD

Principal registered office

Monaro Highway
Cooma NSW 2630
Australia

Auditor

Under Section 98 of the *Public Governance, Accountability and Performance Act 2013* (**PGPA Act**), the Auditor-General is responsible for auditing the financial statements of Commonwealth companies. The Australian National Audit Office (**ANAO**) has contracted Deloitte Touche Tohmatsu to audit Snowy Hydro Limited and its Controlled Entities on behalf of the Auditor-General.

The Auditor-General is able to conduct a performance audit of a Commonwealth company, in the circumstances outlined in the *Auditor-General Act 1997*.

Website address

www.snowyhydro.com.au

Chair and Chief Executive Officer's Message

Snowy Hydro is one of the most important contributors to an energy landscape undergoing a fundamental and critical shift on the road to net-zero.

This year, our electricity generating assets – with the Snowy Scheme as the most significant in terms of power generating capacity – continued to underpin this transition by providing the firming power necessary to enable more wind and solar power to come online.

Put simply, Snowy Hydro's portfolio of hydro, gas and diesel generating assets help to keep the lights on in homes and businesses across the National Electricity Market (**NEM**) when there isn't enough wind and sunlight for renewables to do the job alone.

When the generating assets currently under construction come online, the new wind and solar generation Snowy Hydro will enable through its fast-start generating assets will be equivalent to displacing more than 33 million tonnes of CO_2-e per annum. This equates to a 28% reduction in NEM emissions from 2022 levels and approximately 13% of Australia's total emissions reduction target for 2030.[1]

Snowy Hydro also plays an important role mitigating as much pressure on electricity prices as possible. This is through the firming electricity we produce strengthening reliability and smoothing wholesale pricing peaks. In addition, the pricing insurance products we offer to wholesale generators ultimately provide the market with greater certainty and stability, enabling greater competition.

As an integrated generator-retailer, Snowy Hydro has the opportunity to drive competition and deliver value at all stages of the energy supply chain. The market-leading customer service and innovative energy products of our retail brands, Red Energy and Lumo Energy, drive the value proposition that has resulted in strong customer growth that has taken our total number of retail accounts to over 1.4 million.

Our tradition of focusing on delivering a great customer experience continues through Snowy Energy, our newly established commercial and industrial retailing brand. Snowy Energy leverages Snowy Hydro's suite of renewable energy sources to provide a compelling proposition to customers with large-scale electricity requirements that need energy products that support their own decarbonisation objectives.

In late 2023, Snowy Hydro released our first Sustainability Report, committing to an ESG focus that builds on our organisation's roots of generating clean energy through the hydro-electric Snowy Scheme. The report recognises that, while critically important, our sustainability responsibilities reach beyond environmental and climate considerations. We have responsibilities to the social fabric of the communities we are a part of, to our people, and to our Shareholder. The Board and Executive are strongly committed to continuing to mature our sustainability framework and embed it in everything we do across our organisation.

Snowy Hydro supports the local communities where we live, work and serve. Each year, we invest in partnerships and sponsorships with not-for-profit organisations targeted at these communities. This financial year Snowy Hydro was proud to announce a new partnership with the Stars Foundation, an organisation delivering improved health, education and employment outcomes for local Indigenous girls and young women.

In line with our responsibility to the community and to our people, safety remains Snowy Hydro's most important priority. We aim for the highest standards of safety and strive to constantly improve. Our skilled and committed

1 Snowy Hydro Sustainability Report 2023, p19

workforce is supported by a robust safety and wellness strategy that focuses on advancing health and safety outcomes.

Safety performance was stable, however below our high expectations, with our performance indicator for safety just below target. This is despite high levels of employee engagement on safety, including the tripling of hazard reporting when compared to 2023 and strong safety culture feedback from our team in our internal engagement survey. While this indicates a healthy hazard identification culture, we remain focused on supporting the effective management of work health and safety risks, and the continual improvement of our systems.

Just as the original Snowy Scheme is vital to meeting our current energy needs, Snowy 2.0, with its long-duration storage of up to 160 hours, will be critical to the NEM's decarbonisation and reliability targets.

This financial year we announced the significant reset of Snowy 2.0. The move to an incentive-driven target cost model was necessary to provide greater certainty and better risk management to what is the most complex and challenging major project currently being delivered in Australia. The reset provided a revised target cost of $12 billion and a target date of commercial operation of generating units of December 2028.

The updated business case for Snowy 2.0 released in May 2024 shows the value of the project to the NEM has increased significantly since the final investment decision in December 2018, even at the revised cost of $12 billion. This increase in value is driven by a number of factors including a 10 per cent increase in Snowy 2.0's generating capacity to 2,200MW and projected higher usage rates due to increased renewables in the network.

Snowy 2.0 is around 60% complete, with a workforce of more than 3,000 achieving good progress across the construction worksites. Major achievements on the project during the financial year 2024, include:

- Cavern crown excavation was completed for both the Machine and Transformer Halls in the underground power station;
- Tunnel Boring Machine (**TBM**) Lady Eileen Hudson completed 3 kilometres of excavation in the 6 kilometre 'tailrace' tunnel linking the power station to the lower Talbingo Reservoir;
- TBM Kirsten is ready to commence excavation of the inclined pressure shaft (**IPS**) following the installation of 14 trial rings using concrete segments specifically designed for the very high water pressures that will be experienced in the IPS;
- Surface works continued, with significant progress at all major civil structures including the Marica surge shaft, upper and lower water intake structures and upper reservoir gate shaft; and
- Manufacturing and delivery of major electrical and mechanical equipment for the underground power station is underway, with a warehouse leased in Goulburn, NSW, to help manage international supply chain risks.

TBM Florence's excavation of the 'headrace' tunnel that will connect the upper Tantangara reservoir to Snowy 2.0's underground power station restarted in December 2023. This followed NSW Government approval for a planning modification to restart excavation and remediate a sinkhole that formed above the machine. The TBM was stopped for another seven weeks while high pressure water jetting removed very hard rock preventing it from progressing.

We expect the progress of each of our TBMs to continue to vary in line with the variable ground conditions they are likely to encounter.

In addition to the electricity generated by our own power plants, the energy purchased by Snowy Hydro as wind and solar offtakes continues to grow, delivering approximately 2,100 gigawatt hours (**GWh**) in 2024 and increasing to approximately 4,900 GWh per annum from 2030.

It's clear that gas-powered generation is essential to Australia's renewable energy transition. The Hunter Power Project (**HPP**) will be Snowy Hydro's fifth fast-deployment gas power station, providing 660MW of capacity to the network. HPP will enable 1,980MW of new wind and solar generation, equivalent to displacing around 5.8 million tonnes of CO_2 per annum out of the electricity system. Total emissions from HPP generation are estimated to be around 0.14 million tonnes of CO_2 per annum, equating to a significant net benefit to Australia's transition to renewables.[2]

2 Snowy Hydro Sustainability Report 2023, p19

With 650 workers engaged on the project and $499 million spent locally to date, the HPP Project was also reset this financial year. HPP is due to come online in December 2024, with the start of its testing and commissioning phase. Extended periods of inclement weather over the past year and other factors have impacted the project's schedule. In order for HPP to be producing some power for the electricity network as soon as possible, Snowy Hydro has prioritised schedule, which will impact the final cost.

Gas storage is essential to ensure supply to meet peak electricity demand in seasonal markets, to supply gas to fast-start power generators, and to ensure security of supply when disruptions occur. This financial year, Snowy Hydro signed a new 25-year agreement with Lochard Energy for gas storage at the Iona facility in Victoria that will support our gas storage requirements into the future.

Market conditions have driven Snowy Hydro's strong financial performance in the 2024 financial year. When considered against more modest performance in a number of recent years, this year's results highlight the variability of our earning potential. This variability is driven by the fact that our primary role is to help to enable the renewable energy transition, promote competition in the market and support network reliability.

This year Snowy Hydro retained a BBB+ credit rating with a 'Stable' outlook and paid dividends of approximately $236 million in line with our Shareholder's expectations, taking the total over five years to approximately $825 million.

Snowy Hydro also welcomed Louise Thurgood as a Non-Executive Director, bringing 25 years of experience in complex, fast-growing global companies in the banking, finance, and infrastructure sectors. Our thanks to outgoing Director Leanne Bond, whose guidance as a Board member for more than eight years represents a significant contribution.

Finally, it is essential that we acknowledge Snowy Hydro's remarkable people. Living our values, each of our talented and dedicated team members have played an important role in everything we have achieved this year. On behalf of the Board of Directors and Executive, thank you for making Snowy Hydro the organisation it is today.

David Knox

David Knox
Chair

DBarnes

Dennis Barnes
Chief Executive Officer

Our Purpose and Objectives

Snowy Hydro is a public company incorporated under the *Corporations Act 2001* (Cth) (**Corporations Act**), wholly owned by the Commonwealth, and is a Commonwealth Company and Government Business Enterprise subject to the PGPA Act.

Snowy Hydro has been a Commonwealth company under the PGPA Act since 29 June 2018, and a Government Business Enterprise (**GBE**) since 2 July 2018. Snowy Hydro's Shareholder Ministers are Senator The Hon Katy Gallagher, Minister for Finance and The Hon Chris Bowen MP, Minister for Climate Change and Energy.

Snowy Hydro's purpose is to meet the objectives set out in our Shareholder Ministers' Statement of Expectations (**SoE**) to Snowy Hydro (**Purpose**). The SoE states that the Commonwealth acquired 100% of the shares in Snowy Hydro to support the transition of Australia's energy system, and in particular, to support the expansion of pumped-hydro in the Snowy Mountains Hydro-electric Scheme through Snowy 2.0. Accordingly, Snowy Hydro's strengths and future aspirations are to 'deliver Australia's renewable energy future'. This reflects the leading role that Snowy Hydro is playing in underpinning the reliability and stability of east coast Australia's electricity system as it undergoes a clean energy transformation, from predominantly coal fired generation to renewable forms of generation.

Delivering our Purpose is underpinned by the existing and future generating and energy storage capabilities of the Snowy Scheme, and the industry-leading customer experience delivered by Snowy Hydro's retail business under the Red Energy, Lumo Energy and Snowy Energy brands.

Otherwise, the SoE confirms that the Board of Snowy Hydro has ultimate responsibility for the performance of Snowy Hydro and is accountable to the Commonwealth as its sole Shareholder. In accordance with the SoE, Snowy Hydro is a commercial entity and is expected to operate on a commercial basis, with flexibility and discretion in its operational and commercial decisions within the bounds of the legislative and governance framework. Under the SoE, Snowy Hydro is expected to compete in these markets in accordance with the Commonwealth's Competitive Neutrality Policy, and deliver financial returns consistent with commercial operations.

The SoE also states that the objectives of Snowy Hydro are to develop, operate and maintain the Snowy Mountains Hydro-electric Scheme; own and operate other facilities for the generation of electricity; and participate in wholesale and retail markets for the sale and purchase of electricity and gas and markets for related contracts and services.

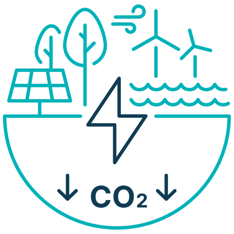
The Shareholder Ministers have not issued any directions to Snowy Hydro under its Constitution, an Act or an instrument during the period, and no government policy orders apply in relation to Snowy Hydro under section 93 of the PGPA Act. Snowy Hydro is not subject to a community service obligation.

Our Strategy

Snowy Hydro plays a crucial and growing role in safeguarding an energy system that is experiencing rapid, profound change. Renewable wind and solar energy is in abundant supply in the NEM, and the industry has the necessary technology and people to reap the benefits of this almost boundless, cost-effective, emission-free energy.

However, wind and solar energy is intermittent and requires reliable back-up when renewable production is running low. Also, to keep consumer prices at a minimum, excess wind and solar that is generated overnight and at the daytime solar peak must be stored. It cannot be wasted because any unused energy still needs an economic return. Deep storage is crucial to minimise wasted electricity and enable wind and solar development. Hydro-electric and gas generating capacity is crucial to keep the lights on across the NEM as renewable penetration increases and coal-fired dispatchable plants are closed.

1. Enabling decarbonisation in the NEM



- Snowy Hydro's portfolio of assets, and the portfolio of derivative contracts and risk controls that have been built to maximise the utility of these assets to the NEM, provide an ideal platform for supporting NEM decarbonisation. Renewable energy sources support NEM decarbonisation. Snowy's continuing Renewable Energy Procurement Program has so far purchased 1,774 MW of solar and wind through power purchase agreements.
- Energy storage will be crucial to support the energy transition. With 2,200 MW generation capacity and 350,000 MWh of storage capability, Snowy 2.0 will provide deep interseasonal storage enabling further renewable energy investment and replace withdrawing thermal generation capacity.

  Snowy Hydro will continue to seek to enable the construction of additional shallow and deep storage by way of batteries and pumped-hydro, wherever this is economic.
- Gas powered generation (**GPG**) will be crucial in enabling the energy transition through its support of variable renewable generation by providing dispatchable capacity at times when demand is high and renewables cannot operate.

  Snowy's investment in the Hunter Power Project (**HPP**) will play an important role by replacing withdrawing generation capacity. With 660 MW of available dispatchable capacity, supported by 70 TJ of gas storage, HPP will be capable of enabling approximately 2 GW of new renewable capacity.

  Snowy Hydro also plans to replace or re-power our 300 MW Valley Power generating plant within the next ten years with next generation efficient units.

Reduce consumer prices through competition

The additional energy and capacity procured through the processes described above will underpin the continued profitable growth in the mass market and commercial & industrial (**C&I**) customer bases. This will also enable Snowy Hydro to continue to supply cost-effective, large-scale hedging capability to wholesale customers, expected to be in the form of long-term capacity and firming products.

Snowy Hydro is pursuing several initiatives that have the aim of boosting competition and thereby contributing to reduced pressure on consumer prices:

- Completing our Retail contact centre transformation by moving our customer management services to the cloud. This is streamlining Snowy Hydro's customer interactions while presenting all relevant information to employees with the assistance of artificial intelligence to help them manage enquiries more effectively and efficiently. Our Corporate Plan assumes this will enable employees to handle over 20% more customers per person, while improving both the customer and employee experience and reducing cost to serve and cost to acquire;
- Refresh of the core retail platform, taking advantage of a new generation of cloud based services so Snowy Hydro can continue to deliver exceptional customer experiences today, while being ready for the emerging product and services opportunities of tomorrow with the growing uptake of Consumer Energy Resources; and
- The application of least-cost billing and trading platforms to enable coordinated battery (**CBS**) storage at the C&I load scale and virtual power plants (**VPP**) and CER at mass market load scale. These will be developed to cater for the evolution of the 2-way grid, noting that CBS is expected to be larger-scale in front of the meter and VPP will be smaller-scale behind the meter.

2. Augment and enable energy security

The renewable energy, capacity, deep storage and firming that Snowy Hydro will enable through our support of NEM asset development will be additional to maintaining the reliability and capability of our existing asset portfolio.

Through this growing base of diversified physical and derivative assets, Snowy Hydro will continue to play a critical role in augmenting energy security. Snowy Hydro's deep energy storage in electricity (by way of the Snowy Scheme water storages), combined with gas storage (including contracted underground storage in the Iona reservoir in Victoria and gas stored in dedicated lateral pipelines at Colongra and Kurri Kurri) constitutes a diversified and large source of energy backup, for a future NEM in which the need for this backup is likely to be regular and material.

The reliable supply of gas is considered to be a major risk to the NEM's energy security, particularly in Victoria. Snowy Hydro will investigate ways to procure cost-effective gas to the southern states.

DIRECTORS' REPORT

Directors’ Report

In accordance with the Corporations Act, the Directors of Snowy Hydro Limited present their report on the consolidated entity consisting of Snowy Hydro Limited and its controlled entities, for the year ended 30 June 2024.

Principal activities

Snowy Hydro is a producer, trader and retailer of energy in the NEM and a leading provider of risk management financial hedge contracts. In addition, Snowy Hydro is a water manager, operating under a stringent water licence. We capture, store, divert and release water for the use of irrigators, town water supplies and the environment.

Snowy Hydro has more than 5,500 MW of generating capacity across NSW, Victoria and South Australia including the iconic Snowy Mountains Hydro-electric Scheme, and gas and diesel generation assets.

To date, Snowy Hydro has committed to buying more than 1,700 MW of new renewable energy, through long-term offtake contracts in place for wind and solar projects across Australia. In 2017, Snowy Hydro established our first offtake agreement for solar generation at Tailem Bend in South Australia, which commenced in April 2019. Since then Snowy Hydro has entered into contracts with 14 wind and solar projects across the NEM.

In 2019, Snowy Hydro commenced construction of the Snowy 2.0 project. This pumped-hydro expansion of the Snowy Scheme will link two existing dams, Tantangara and Talbingo, through 27 km of tunnels and a new underground power station. It is a nation-building mega project that will underpin Australia’s transition to renewable energy.

In 2021, Snowy Hydro reached final investment decision and received shareholder approval for the Hunter Power Project, a 660 MW gas-fired power station at Kurri Kurri in NSW. This project is due to come online in December 2024, with the start of its testing and commissioning phase.

Snowy Hydro is the fourth-largest retailer in the NEM through two award-winning retail energy companies – Red Energy and Lumo Energy. We bring competitive tension to the NEM, which helps achieve the best price outcomes for consumers. Our retail businesses have over 1.4 million customer accounts including households, Small to Medium Enterprises (SMEs) and Commercial and Industrial customers (C&I) across Victoria, NSW, ACT, South Australia and Queensland. Snowy Hydro also operates the utilities connection business, Direct Connect.

Our people

Snowy Hydro employs 2,171 people, with 88.5% of them working on an ongoing basis. 90.9% are full time employees and 9.1% work part time. 41.8% are female, 58% are male and 0.2% are non-binary, intersex or unspecified.

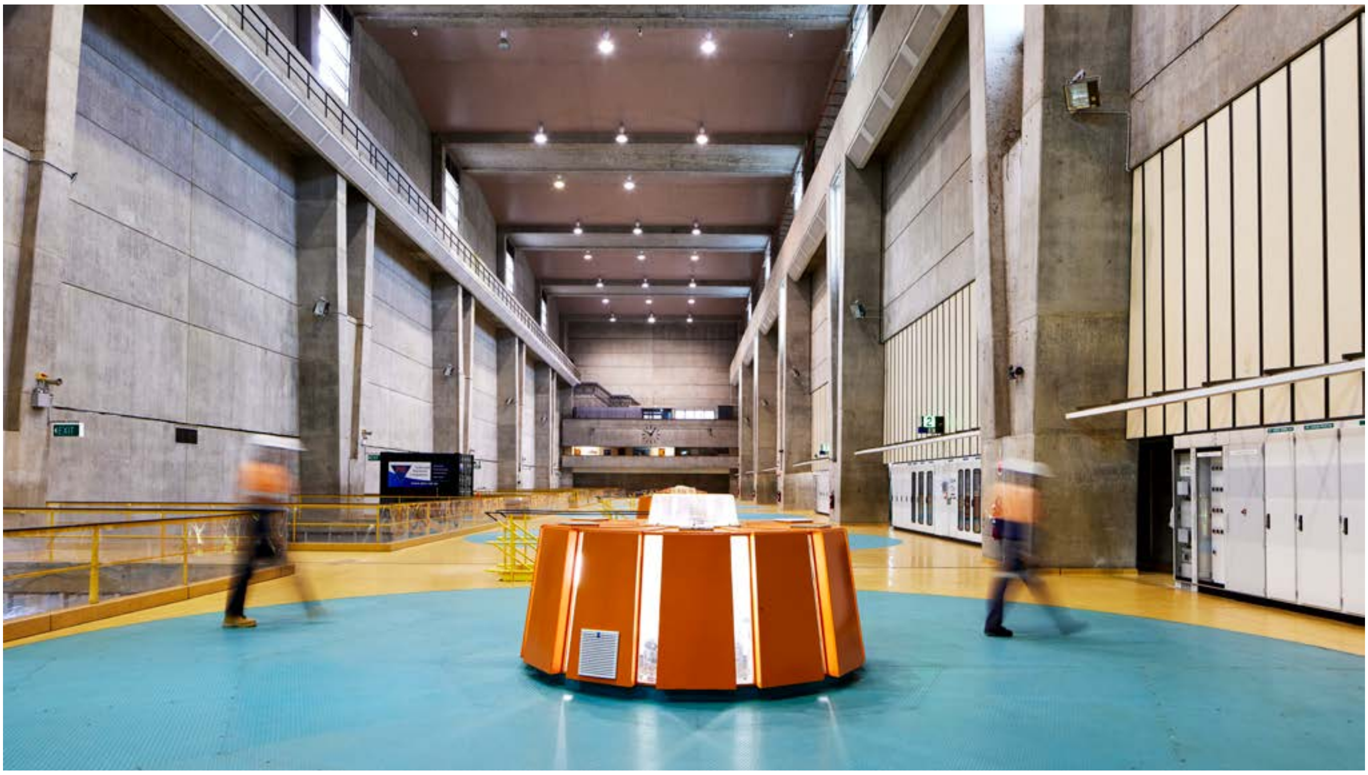
Most of our people are based in Victoria (55.4%) and NSW (38.5%). 3% are based in South Australia and 3.2% in other states or territories. 32.8% of employees are based in the Snowy Mountains and other regional locations across NSW, South Australia and Victoria, with the remaining 67.2% in Melbourne, Sydney and other cities.

Dividends

Dividends paid during the financial year, consistent with Corporate Plan expectations, and declared since 30 June 2024 were as follows:

$million	2024	2023
Recognised amounts		
Preference share dividend		
The preference share dividend of 3.222 and 3.749 cents per share, fully franked at the corporate tax rate of 30%, paid on 27 October 2023 and 26 April 2024, respectively (2023: Preference share dividend of 2.167 per share, unfranked and paid on 28 April 2023)	**97.6**	30.3
Final dividend		
Final dividend for 2023 of 3.601 cents per share, fully franked at the corporate tax rate of 30% and paid on 27 October 2023 (2023: Final dividend for 2022 of 1.556 cents per share, unfranked and paid on 28 April 2023)	**69.7**	28.7
Interim dividend		
Interim dividend for 2024 of 3.173 cents per share, fully franked at the corporate tax rate of 30% and paid on 26 April 2024 (2023: No interim dividend was determined)	**68.9**	-
Special dividend		
No special dividend was determined for 2024 (2023: Special dividend for 2023 of 1.374 cents per share, unfranked and paid on 28 April 2023)	**-**	25.3
Total recognised amounts	**236.2**	84.3

Unrecognised amounts		
Preference share dividend		
The preference share dividend of 3.347 per share, fully franked at the corporate tax rate of 30%, payable on 25 October 2024 (2023: Preference share dividend of 3.222 cents per share, fully franked at the corporate tax rate of 30% and paid on 27 October 2023)	**46.9**	45.1
Final dividend		
Final dividend for 2024 of 7.592 per share, fully franked at the corporate tax of 30%, payable on 25 October 2024 (2023: Final dividend for 2023 of 3.601 cents per share, fully franked at the corporate tax rate of 30% and paid on 27 October 2023)	**165.5**	69.7
Total unrecognised amounts	**212.4**	114.8
Dividend franking account balance	**248.4**	259.2



Review of operations and future developments

A review of the operations and results of Snowy Hydro during the period is set out in the operational and financial review below. Information about likely developments in the operations of Snowy Hydro and the expected results of those operations in the future has been included in this report except to the extent that disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Significant changes in the state of affairs

Contributed equity increased by $277 million following the issue of 277 million fully paid ordinary shares to the Shareholder, the Commonwealth Government. In the opinion of the Directors, there were no significant changes in the state of affairs of Snowy Hydro that occurred during the financial year other than those included in this Directors' Report.

Events subsequent to balance sheet date

On 1 July 2024 Snowy Hydro entered into a 25-year gas storage agreement with Lochard Energy at the Iona underground gas storage facility to support Snowy Hydro in meeting our future gas storage needs to support our retail customers and gas fired generation fleet. The long-term Lochard storage deal will allow Snowy Hydro to utilise stored gas when required to operate our gas fired power stations. Operating expenditure associated with this agreement will run for 25 years from the commencement date in January 2028.

On 4 September 2024, Snowy Hydro entered into an amended Equity Subscription Agreement with its Shareholder, the Commonwealth Government. Under this agreement, the Shareholder intends to contribute $2.6 billion in equity over FY25 and FY26.

The Directors are not aware of any other matters or circumstances that have arisen since 30 June 2024, which have significantly affected, or may significantly affect the operations of Snowy Hydro in future financial years, the results of those operations in future financial years, or the state of affairs of Snowy Hydro in future financial years.

Directors and Company Secretary Information

Particulars of the qualifications, experience and expertise of the Directors at the date of this report, including other directorships, is set out below.

Board of Directors

David Knox

Chair and Non-Executive Director since January 2020.

Experience and expertise

BSc (Hons) Mech Eng, MBA, FIEAust, FTSE, GAICD

Mr Knox is the Chair of The Australian Centre for Social Innovation and Micro-X Ltd. He is a Council Member of the Royal Institute of Australia.

Originally from Scotland, Mr Knox has more than 30 years' experience in the global oil and gas industry. He was previously the Chief Executive Officer (CEO) and Managing Director of Australian Naval Infrastructure, CEO and Managing Director of Santos Ltd, and Managing Director for BP Developments in Australasia. Mr Knox has held management and engineering positions at BP, ARCO and Shell in the United Kingdom, Pakistan, USA, Netherlands, and Norway. He also served as Chair of the Australian Petroleum Production and Exploration Association from 2011 to 2013, Chair of i3 Energy PLC (UK) from 2017 to 2020 and Deputy Chair of the Commonwealth Scientific and Industrial Research Organisation (CSIRO) from 2021–2023

Snowy Hydro Committees

Member of the People & Culture Committee.

Other directorships

Chair of the Australian Centre for Social Innovation (TACSI) and Micro-X Ltd. Council Member of the Royal Institute of Australia.

Dennis Barnes

Managing Director and Chief Executive Officer since February 2023.

Experience and expertise

BSc (Hons), MBA, DipM

Mr Barnes was appointed Snowy Hydro Chief Executive Officer and Managing Director of the Company in February 2023. Mr Barnes has over three decades' experience in the energy sector, with a focus on renewables and retail, and brings a wealth of strategic knowledge and proven capability in delivering strong performance across large energy businesses.

Snowy Hydro Committees

Member of the Safety, Operations & Environment Risk Committee and ex-officio attendee of all other Committees.

Other directorships

Director of Australian Energy Council.

Scott Mitchell

Non-Executive Director since March 2019.

Experience and expertise

GAICD

Mr Mitchell brings a deep knowledge of Federal and State government and a range of skills including public policy, budget management, strategic development and implementation, and stakeholder relations. Mr Mitchell has more than 20 years' experience advising both Federal and State governments, including as Advisor to former Trade Minister, the Hon Mark Vaile AO, Policy Manager at the National Farmers' Federation, and Chief of Staff to the Hon Terry Redman MP, former Western Australian Minister for Agriculture and Food, Forestry and Corrective Services. Mr Mitchell was previously the Federal Director of the National Party of Australia.

Mr Mitchell has been running his own consultancy since February 2017, advising major Australian companies across a range of sectors on government relations strategies, communications and regulatory issues. Mr Mitchell also does pro bono work with a number of organisations.

Snowy Hydro Committees

Chair of the People & Culture Committee and member of the Safety, Operations & Environment Risk Committee.

Other directorships

Executive Director of Scott Mitchell and Partners.

Karen Moses

Non-Executive Director since July 2019.

Experience and expertise

BEcon, Dip Ed, FAICD

Ms Moses is a Non-Executive Director of Orica Ltd, Charter Hall Ltd and Company B Ltd (not-for-profit – the Belvoir Street Theatre). She is a fellow of the Sydney University Senate where she chairs the Finance Committee and Director of the Board of Music in Regions Ltd (not-for-profit).

Ms Moses previously spent over 30 years in the energy industry covering upstream production, generation, supply and retail with Origin Energy, Exxon and BP. She has held senior executive positions including as the Finance & Strategy Director and Chief Operating Officer for Origin Energy. In 2017, Ms Moses was a member of the Future Security of the National Energy Market Finkel Review Panel.

Snowy Hydro Committees

Chair of the Portfolio Risk Committee and member of the People & Culture Committee.

Other directorships

Non-Executive Director of Orica Ltd, Charter Hall Ltd and Company B Ltd (not-for-profit – the Belvoir Street Theatre). Fellow of the Sydney University Senate. Director of the Board of Music in Regions Ltd (not-for-profit).

Sandra Dodds

Non-Executive Director since July 2019.

Experience and expertise

BCom, FCA, GAICD

Ms Dodds is a Non-Executive Director of OceanaGold Ltd, Contact Energy Ltd, Fletcher Building and Fletcher Industries Ltd. Ms Dodds has a broad and diverse industrial background with experience working in highly regulated environments in Australia, New Zealand and Asia. She began her career as a Chartered Accountant at KPMG in New Zealand before transitioning to operational roles.

Prior to her last role as CEO Urban Infrastructure ANZ at Broadspectrum (formerly known as Transfield Services Ltd), Ms Dodds spent 10 years at Downer EDI, where she held a number of senior executive leadership roles which included CEO Downer Asia. Ms Dodds was previously Chair of TW Power Services Ltd and a Director of Sydney Harbour Ferries Ltd.

Snowy Hydro Committees

Chair of the Audit & Compliance Committee and member of the People & Culture Committee.

Other directorships

Non-Executive Director of OceanaGold Ltd, Contact Energy Ltd, Fletcher Building and Fletcher Industries Ltd.

Leanne Heywood

Non-Executive Director since March 2022.

Experience and expertise

OAM, B.Bus(Acc), MBA, FCPA, GAICD

Mrs Heywood is a Non-Executive Director and Audit and Risk Committee Chair for ASX listed companies Arcadium Lithium PLC, Metals Acquisition Ltd and Midway Ltd. She is also a Non-Executive Director of Denison Gas Ltd and a Council Member at Charles Sturt University.

She has over 25 years' experience in the mining sector, most recently in a senior international marketing role with Rio Tinto. She has strong skills in Accounting (FCPA), and extensive international and domestic marketing experience. An experienced leader of transformational change, Mrs Heywood has led organisational restructuring, disposals and acquisitions, and major greenfield and brownfield projects, at both executive and Board level.

Snowy Hydro Committees

Chair of Safety, Operations & Environment Risk Committee and member of Audit & Compliance Committee.

Other directorships

Non-Executive Director of Arcadium Lithium PLC, Metals Acquisition Ltd, Midway Ltd and Denison Gas Ltd. Council member of Charles Sturt University.

Timothy Longstaff

Non-Executive Director since April 2022.

Experience and expertise

BEc, FCA, GAICD, SF.Fin

Mr Longstaff is a Non-Executive Director of Ingham's Group Ltd, Perenti Ltd, Aurizon Holdings Ltd, Aurizon Network Pty Ltd and the George Institute for Global Health. In these roles he chairs an audit and risk committee and two people and remuneration committees. He is also a member of the Takeovers Panel.

Mr Longstaff had a 30 year career in financial services both as a Chartered Accountant and an investment banker with global top tier 1 firms. He brings deep expertise in financial analysis & reporting, strategy development, mergers & acquisitions, financing, capital markets and capital structuring.

Snowy Hydro Committees

Member of Audit & Compliance Committee and Portfolio Risk Committee.

Other directorships

Non-Executive Director of Ingham's Group Ltd, Perenti Ltd, Aurizon Holdings Ltd, Aurizon Network Pty Ltd and George Institute for Global Health. Member of the Takeovers Panel.

Louise Thurgood

Non-Executive Director since July 2024.

Experience and expertise

MBA, PG Cert (App Fin), BA Econ (Hons), GAICD

Mrs Thurgood is an accomplished executive and business leader, with 25 years' experience in complex, fast-growing global companies in the banking, finance, and infrastructure sectors; as well as extensive experience in risk management.

Mrs Thurgood is currently Deputy Chair of Inland Rail Pty Ltd, Non-Executive Director of Silk Logistics Holdings Ltd and Company B Ltd (not-for-profit – the Belvoir Street Theatre) and founder and Director of Orion Mechanical Services Pty Ltd. She is also a member of the National Standing Committee on Energy and the Environment for Global Access Partners (NSCEE).

Previously, Mrs Thurgood was a member of the Heritage Council of New South Wales. Past Non-Executive Director roles have included Sydney Metro and Moorebank Intermodal Company.

Snowy Hydro Committees

Member of Portfolio Risk Committee and Safety, Operations & Environment Risk Committee.

Other directorships

Non-Executive Director of Inland Rail Pty Ltd, Silk Logistics Holdings Ltd and Company B Ltd (not-for-profit – the Belvoir Street Theatre). Director of Orion Mechanical Services Pty Ltd. Member of the National Standing Committee on Energy and the Environment for Global Access Partners (NSCEE)

Former Directors

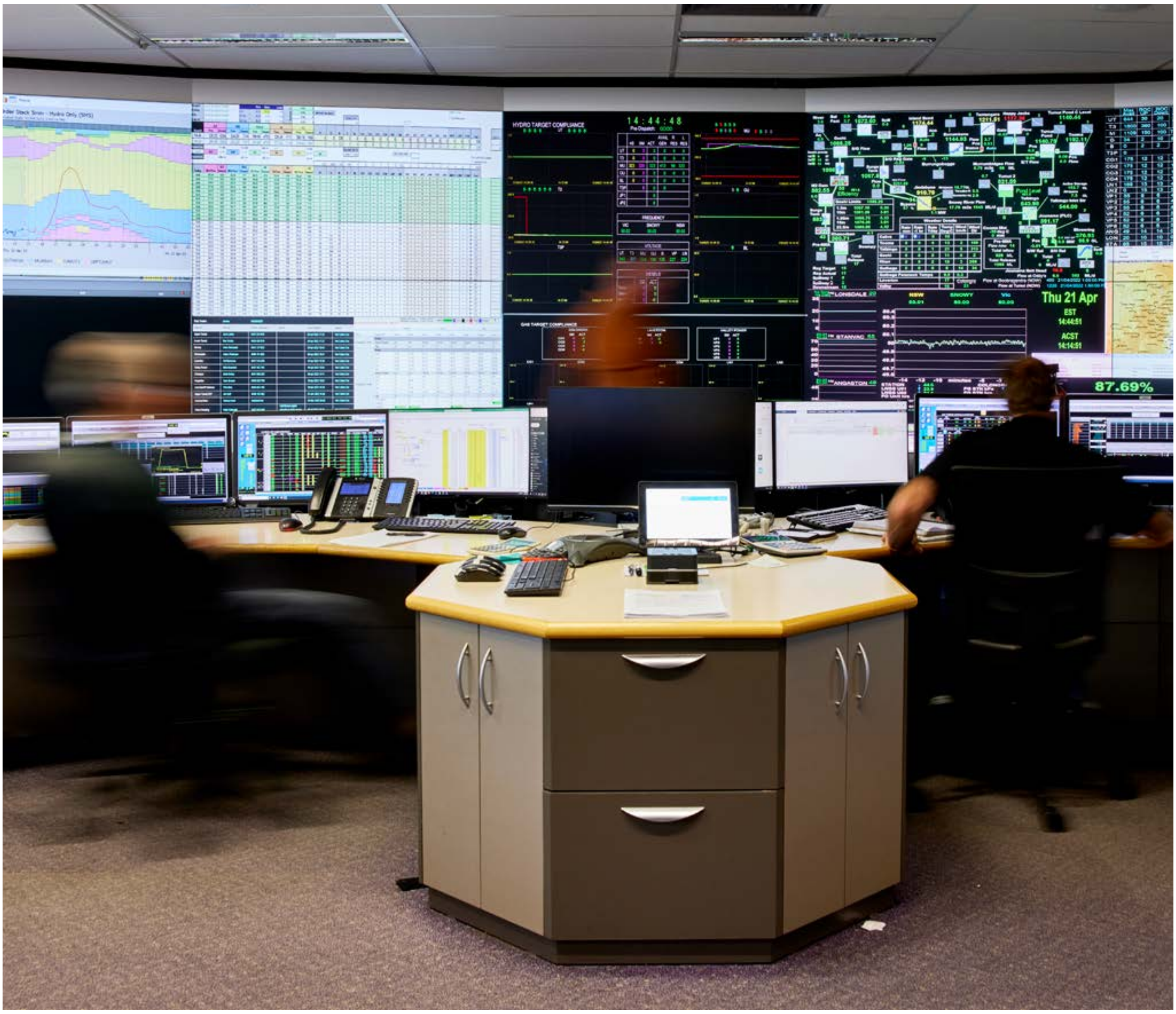
Leeanne Bond, BE (Chem), MBA, HonFIEAust, FTSE, FAICD

Ms Bond was a Non-Executive Director from November 2015 to 30 June 2024.

Company Secretary

Suzannah Fletcher, BA, LLB, LLM, Grad. Dip. Legal Practice, Grad Dip. Corp.Gov, FGIA, GAICD, FCIS

Ms Fletcher was appointed Group Company Secretary on 31 January 2023 and is Snowy Hydro's Group Executive – Governance, Risk and Compliance. Prior to joining Snowy Hydro, Ms Fletcher held senior company secretary and corporate governance roles at Commonwealth Bank of Australia, Westpac Banking Corporation, Allianz Australia Limited and ANZ Wealth Australia Limited.



Directors' Meetings

In FY24, Snowy Hydro's Board of Directors met 11 times (9 scheduled meetings and 2 out-of-cycle meetings).

The number of scheduled meetings of Snowy Hydro's Board of Directors and of each Board Committee held during FY24, and the number of meetings attended by members, is set out below.

All Directors may attend Board Committee meetings even if they are not a member of the relevant Committee. In FY24, Board members attended 27 Committee meetings in addition to those Committee meetings where they were a member. The table below excludes the attendance of those Directors who attended meetings of the Board Committee of which they are not a member.

H Number of scheduled meetings held during the time the Director held office or was a member of the Committee during the year

A Number of scheduled meetings attended

Directors	Scheduled Board meetings (excluding out-of-cycle)		Committee meetings							
			Audit & Compliance		Portfolio Risk		Safety, Operations, Environment Risk		People & Culture	
	H	A	H	A	H	A	H	A	H	A
David Knox	9	9							4	4
Dennis Barnes[1]	9	9					4	4		
Leeanne Bond[2]	9	9			4	4	4	4		
Scott Mitchell	9	9					4	4	4	4
Karen Moses	9	9			4	4			4	4
Sandra Dodds	9	9	4	4					4	4
Leanne Heywood	9	9	4	4	4	4				
Timothy Longstaff	9	9	4	4			4	4		

1 The CEO is a member of the Board Safety, Operations and Environment Risk Committee (BSOERC) and ex-officio attendee of other Board Committees. In addition to the scheduled meetings, there were 2 out-of-cycle meetings.

2 Leeanne Bond retired on 30 June 2024.

Directors also conducted visits of Snowy Hydro's operations at various sites and met with operational management during the year.

Indemnities and insurance for Directors and Officers

Under its Constitution, Snowy Hydro must indemnify current and past Directors and Officers for any liability incurred by them as a Director or Officer of Snowy Hydro or its related bodies corporate to the extent allowed under law. The Constitution also permits Snowy Hydro to purchase and maintain a Directors and Officers' insurance policy.

Snowy Hydro has entered into agreements with current Directors and Officers and certain former Directors and Officers where they are indemnified from any loss, expense or damage in accordance with the terms and subject to the limits set by the Constitution. The agreements stipulate that Snowy Hydro will meet the full amount of any such loss, expense or damage, allowed under the law. Snowy Hydro is not aware of any liability having arisen, and no claim has been made against Snowy Hydro during or since the period ended 30 June 2024 under these agreements.

No indemnity has been granted to an auditor of Snowy Hydro or of any related body corporate against a liability incurred as auditor of Snowy Hydro.

During the year, Snowy Hydro has paid premiums in respect of a contract insuring Directors, Company Secretary and other Officers against liabilities incurred in their capacity as Director or Officer, as the case may be, of the consolidated entity. The contract prohibits disclosure of the nature of the liabilities and the amount of the premium.

Environmental regulation

Snowy Hydro’s operations are subject to particular and significant environmental obligations under the laws and regulations of the Commonwealth and States. For the year ended 30 June 2024:

- There was one breach of Snowy’s Environmental Operating Licence for Laverton North Power Station. There were also two breaches of Snowy’s Environmental Protection Licence for Colongra Power Station and one breach for HEZ Power Station. None of these breaches resulted in harm to the environment and all were responded to promptly;
- HPP did not record any environmental incidents which were reportable to any regulator; and
- In relation to the Snowy 2.0 project, Snowy Hydro:
  - received four penalty notices for outstanding submission of management plans. Two of those plans have since been approved, and the other two have been submitted to the relevant sign-off authority;
  - received one clean up notice for elevated nitrate levels in groundwater at the Lobs Hole spoil site; and
  - entered into an Enforceable Undertaking with the NSW Department of Planning, Housing & Infrastructure in relation to the surface depression above TBM Florence at the Tantangara headrace adit portal.

Amendments to legislation

There were no notable changes to relevant legislation and regulation affecting the operations of Snowy Hydro.

Judicial and administrative decisions

There were no significant judicial or administrative decisions affecting the operations of Snowy Hydro.

Proceedings on behalf of Snowy Hydro

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of Snowy Hydro, or to intervene in any proceedings to which Snowy Hydro is a party, for the purpose of taking responsibility on behalf of Snowy Hydro for all or part of those proceedings. Snowy Hydro was not a party to any such proceedings during the year.

Rounding

Snowy Hydro is a company of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the Financial Report have been rounded off to the nearest one hundred thousand dollars, unless otherwise indicated.

Non-audit services

The Company's auditor is the ANAO who has retained Deloitte Touche Tohmatsu to assist with the assignment. No non-audit services have been provided by the ANAO. Non-audit services provided by the contract auditor, Deloitte Touche Tohmatsu, are detailed in Note 28 to the consolidated financial statements.

The Board of Directors has considered the position, and in accordance with advice received from the Board Audit & Compliance Committee, is satisfied that the provision of the non-audit services during the year by Deloitte Touche Tohmatsu:

- is compatible with the general standard of independence for auditors imposed by the Corporations Act; and
- did not compromise the auditor independence requirements of the Corporations Act in view of the materiality of the amounts, the nature of the services and the processes established to monitor the independence of the auditors.

Auditor's independence declaration

A copy of the external auditor's declaration under section 307C of the Corporations Act in relation to the audit for the financial year is on page 137 of the Financial Report.

Signed in accordance with a resolution of the Directors

David Knox

David Knox
Chair
5 September 2024

DBarnes

Dennis Barnes
Managing Director
5 September 2024

REMUNERATION REPORT

Remuneration Report

30 June 2024

Contents

Message from the Chair of the People and Culture Committee

On behalf of the Board, I am pleased to present Snowy Hydro's Remuneration Report for the 2023/24 financial year (**FY24**).

The purpose of this report is to fully disclose our approach and decisions to key management personnel (**KMP**) remuneration. Our remuneration policies and practices are designed to deliver remuneration outcomes, for all of our workforce, that are fair, equitable, motivational, strategically aligned, and linked to performance.

Remuneration Framework Review Outcomes

Following a comprehensive review of the Remuneration Framework in 2023, Snowy Hydro implemented the new Executive Remuneration framework in FY24. The outcomes of the review and further details are provided in this report.

Performance in FY24

Snowy Hydro has had a successful year with at-target or higher performance achieved across both financial and non-financial outcomes.

Snowy Hydro delivered strong financial performance across both Retail and Generation businesses as evidenced by above budget consolidated EBITDA results. Credit Rating remains at BBB+ (Stable outlook) in line with the Corporate Plan settings.

The strong financial results are coupled with strong non-financial performance outcomes across a balanced set of strategic objectives including reliability, outage compliance of our generation assets and superior customer experience in our Retail operations. Safety performance in Generation was in line with prior year outcomes and included a renewed focus on Major Accident Prevention whilst Retail had a number of injuries which were not systemic. Snowy 2.0's high potential incidents were a significant improvement on prior year and also remain low on the Hunter Power Project (**HPP**).

The delivery of major projects in FY24 continued to progress following the review and reset of the Snowy 2.0 and HPP contracts in September 2023. Both projects have experienced challenges due to a range of factors, including inclement weather, geological challenges and resourcing.

Remuneration Outcomes

The delivery of strong financial and non-financial performance has provided significant benefit to Snowy Hydro's customers, community, our shareholder and the economy.

Considering these performance outcomes, the Board has determined to pay the Managing Director and Chief Executive Officer (MD and CEO) 71.9% of his maximum potential short-term variable remuneration payment; and an average of 74.9% of their maximum potential short-term variable remuneration payment for the other KMP.

Eligible Executives and a small group of Senior Leaders have also received a part payment (29.2% of maximum opportunity) for the last remaining FY22-24 Long-Term Incentive plan which vested on 30 June 2024. Of the three key performance categories, namely Snowy 2.0, HPP and three year EBITDA average, only EBITDA, representing a weighting of 40% met Target and was approved by the Board for payment.

This Remuneration Report provides full and accurate disclosure of our remuneration principles, policies and practices for FY24.

Scott Mitchell
Chair, People & Culture Committee

1. Our organisation and key management personnel

The purpose of the Remuneration Report is to set out the principles, strategy and framework Snowy Hydro applies to remunerate our KMP. The report demonstrates how the remuneration strategy aligns to Snowy Hydro's goals and strategic priorities, enabling performance-based remuneration and supporting the attraction and retention of high calibre Executives.

The framework is designed to attract, motivate and retain high calibre personnel and other executives with the experience and skills to lead a large complex organisation. This framework is robust and consistent with contemporary market practice. Core to Snowy Hydro's remuneration strategy is a clear and direct link between pay, and both the organisation and the individual's performance. This is achieved by:

- A remuneration framework which has a fixed component, as well as 'at risk' variable remuneration components. These variable components are only paid if agreed performance thresholds and Board approved Key Performance Indicators (**KPI**) are met;
- A regular review of the framework by independent advisors, including the specific performance measures under the variable remuneration programs; and
- Benchmarking of the framework against market practice.

Snowy Hydro balances target total remuneration to ensure remuneration is fair and considers shareholder and community expectations. Other factors considered in setting remuneration include reference to the Remuneration Tribunal determination for the MD and CEO, the Australian market and various factors as determined appropriate by the Board. Benchmarking is undertaken regularly by independent advisors, and reviewed by the Snowy Hydro People and Culture Committee.

The report details remuneration information for FY24 as it applies to KMP who are those persons having authority and responsibility for planning, directing and controlling the activities of the Snowy Hydro entity, directly or indirectly. Snowy Hydro has assessed KMP to include Board Directors, the MD and CEO and a number of Executives in accordance with RMG 139 Commonwealth Companies Executive Remuneration Reporting Guide for Annual Reports and AASB124 Related Party Disclosures.

Table 1: FY24 Key Management Personnel (KMP)

Name	Position[1]	KMP Term
Board Directors		
David Knox	Chair	Full Year
Dennis Barnes	Managing Director and Chief Executive Officer (MD and CEO)	Full Year
Leeanne Bond[2]	Non-Executive Director	Full Year
Sandra Dodds	Non-Executive Director	Full Year
Leanne Heywood	Non-Executive Director	Full year
Timothy Longstaff	Non-Executive Director	Full Year
Scott Mitchell	Non-Executive Director	Full Year
Karen Moses	Non-Executive Director	Full Year

1 Position reflects position title at end of financial year or at employment cessation date.

2 Retired as a Non-Executive Director on 30 June 2024.

Name	Position[1]	KMP Term
MD and CEO and KMP Executives		
Dennis Barnes	MD and CEO	Full Year
Iain Graham	CEO Retail	Full Year
Kim Josling	Chief Financial Officer (CFO)	Full Year
Roger Whitby	Chief Operating Officer (COO)	Full Year
Gordon Wymer	Chief Commercial Officer (CCO)	Full Year

1 Position reflects position title at end of financial year or at employment cessation date.

2. Remuneration Framework Summary

The diagram below provides an overview of the FY24 approach to KMP and Executive remuneration (with numbers indicating the relevant section of the report where further information can be found).

Remuneration Governance (section 3)

The People & Culture Committee makes recommendations to the Board on Snowy Hydro's remuneration policies and practices. The Committee seeks advice/feedback regularly from external independent remuneration advisors and from the MD and CEO and other Executives, as required.

Remuneration Principles (section 4)

Our Remuneration Framework is underpinned by five principles:

- Clear accountability;
- Simple and transparent;
- Fair;
- Strategically aligned and performance and values based; and
- Strong remuneration governance.

Remuneration Strategy and Framework (section 4)

Component	MD and CEO	Executives including KMP
Fixed Annual Remune-ration (FAR)	• The Remuneration Tribunal (**RT**) sets the Total Remuneration Reference Rate (**TRRR**) applicable to the Snowy Hydro MD and CEO. • The Board then determines the MD and CEO's Fixed Annual Remuneration (**FAR**) within a range from 10% below to 5% above the Reference Rate. The MD and CEO's FAR may not exceed the Reference Rate within the first 12 months of appointment. • The Board may seek external independent remuneration advice.	• Set with reference to the market and various factors as determined as appropriate by the Board.
At Risk Variable Remune-ration (VR)	• Annual performance-based remuneration aligned to the strategic priorities of Snowy Hydro, individual areas of accountability and corporate values: – 80% Group Balanced Scorecard (quantitative); – 20% Individual Key Performance Indicators (**KPIs**) (qualitative). • VR is dependent on achieving performance scorecard measures over and above threshold performance set by the Board and aligned to the Corporate Plan. • The RT has determined that the Snowy Hydro MD and CEO is eligible for VR up to 40% of FAR. • Realised VR is subject to deferral and malus / in-period adjustments conditions as follows: – 75% paid Year 1 (vesting year); – 15% paid Year 2; and – 10% paid Year 3.	• Annual performance-based remuneration aligned to the strategic priorities of Snowy Hydro, individual areas of accountability and corporate values: – 80% Group Balanced Scorecard (quantitative); and – 20% Individual KPIs (qualitative). • VR is dependent on achieving performance scorecard measures over and above threshold performance set by the Board and aligned to the Corporate Plan. • Eligible for VR up to 40% of FAR. • VR is subject to the malus / in-period adjustments conditions.

Linking Strategy, Performance and Remuneration (section 5)

Remuneration is designed to support Snowy Hydro's strategy to underpin Australia's transition to a carbon neutral future, backed by Snowy Hydro's assets, and exceptional service to customers.

3. Remuneration Governance

3.1. People and Culture (P&C) Committee role

The role of the P&C Committee (**Committee**) is to assist the Board in carrying out its responsibilities under the Commonwealth Government Business Enterprises Governance and Oversight Guidelines. In particular, the Committee is responsible for ensuring Snowy Hydro has coherent policies and practices that fairly and responsibly manage the performance, remuneration and succession arrangements for the MD and CEO and Executives.

The Committee reviews and makes recommendations to the Board on the performance outcomes and remuneration arrangements for the MD and CEO, KMP and other Executives. In addition to its remuneration responsibilities, the Committee's duties entail overseeing the people strategy including culture, leadership and talent management and succession, and Human Resources (**HR**) policies and practices. The Committee is also responsible for overseeing significant employment terms and conditions including in Enterprise Agreements, reviewing any significant complaints and Code of Conduct breaches, and assisting the Board in its oversight of Snowy Hydro's compliance with applicable legal, regulatory and reporting requirements. The Committee's Charter and the performance of the Committee against the Charter is reviewed on an annual basis. The current Committee Charter is available on the Snowy Hydro website: www.snowyhydro.com.au

3.2. Engagement of external advice

During FY24, Snowy Hydro received no external remuneration advice.

3.3. MD and CEO and Executive contract terms

With the exception of the MD and CEO who is on a fixed term contract, KMP and other Executives are on rolling contracts until notice of termination is given by either Snowy Hydro or the Executive.

The notice period is six months for the MD and CEO, and between three and six months for KMP and other Executives. In appropriate circumstances, payment may be made in lieu of notice. Where Snowy Hydro initiates termination, including mutually agreed resignation, the individual may receive a termination payment of up to six months' FAR (including applicable notice).

Where the termination occurs as a result of misconduct or a serious or persistent breach of contract (termination for cause), Snowy Hydro may terminate employment immediately without notice, payment in lieu of notice or any other termination payment.

In cases of termination for cause or resignation / retirement with less than six months notice, all unvested Variable Remuneration 2 allocations lapse. In other circumstances, the Board has the discretion to adjust the vesting conditions. Typically, this discretion is applied as outlined below.

Death or Total and Permanent Disablement	Full vesting of any unvested VR2 awards.
For termination other than for cause or resignation	Unvested VR2 allocations are vested prorated based on service to the date of termination. Any applicable prorated allocations remain subject to the applicable performance conditions over the full performance period.

4. Remuneration Strategy and Framework

Snowy Hydro's Executive remuneration is designed to attract, motivate and retain high calibre personnel who have the requisite experience and skills to lead a large complex organisation. Core to Snowy Hydro's Executive remuneration strategy is providing a clear and direct link between pay and organisation and individual performance. This is achieved through:

- A remuneration framework which has a fixed and an 'at risk' variable remuneration component which are only paid if agreed performance thresholds and Board approved KPIs are met;
- A regular review of the Executive remuneration framework, including the performance measures under the variable remuneration programs;
- Consideration and benchmarking of market remuneration practices to determine any proposed changes to Executive remuneration;
- A balance of corporate and individual KPIs to determine performance outcomes after the minimum performance criteria are met; and
- Linking each Executive's variable remuneration to the achievement of Board approved measurable performance goals, including application of malus provisions to previous awards (if relevant).

4.1 Review of Snowy Hydro's Executive Remuneration Framework

In 2023, the Board undertook a comprehensive review of its Executive Remuneration framework with the assistance of independent consultants.

The purpose of the review was to align Snowy Hydro's strategic objectives to good governance guidelines, including the 2021 Australian Public Service Commission (**APSC**) performance bonus principles and the Remuneration Tribunal's determination of the MD and CEO's remuneration package in December 2022.

In exploring executive remuneration framework alternatives, the following key considerations were factored into the review:

- The new remuneration framework to be aligned with the new MD and CEO's arrangement as determined by the Remuneration Tribunal which included a reduction of short term Variable Remuneration 1 (**VR1**) opportunities and removal of long term Variable Remuneration 2 (**VR2**). This alignment was required to ensure all executives' future remuneration arrangements were consistent with the MD and CEO;
- Consistent with the intent of Snowy Hydro's historical framework, commercial focus, remuneration principles, regulatory and contemporary Government Business Enterprise (**GBE**) practices;
- Adopting an independently assessed conversion rate based on historical performance together with market practice to determine the most appropriate conversion rate for impacted employees;
- Reviewing external benchmarking levels and remuneration to ensure Snowy Hydro's framework is fair but still competitive with respective market levels;
- Other considerations including any change to performance parameters such as performance measures, threshold and performance levels and appropriateness of gateways.

The new remuneration framework became effective from 1 July 2023, with an overview of the key changes outlined below[3]:

Remuneration Component	Overview	Application	Changes effective from 1 July 2023
Fixed Annual Remuneration (**FAR**)	Base salary, employer superannuation contributions, salary-sacrificed benefits and applicable fringe benefits tax.	Positioned using appropriate benchmarks, reflecting size and complexity of role, responsibilities, experience and skills.	FAR was increased to partially compensate for a reduced cash VR1 opportunity and removal of a cash VR2 opportunity.
Cash Variable Remuneration 1 (**VR1**)	'At risk' remuneration intended to remunerate individuals for their contribution to the company's short term performance in line with the Corporate Plan	Remuneration outcomes determined based on performance and contribution against annual objectives.	Reduced Cash VR1 opportunity, with the transfer of part of the maximum VR1 opportunity into FAR at a discounted rate, which had the effect of reducing the total remuneration opportunity for the Executives.
Cash Variable Remuneration 2 (**VR2**)	'At risk' remuneration intended to remunerate individuals for their contribution to the company's long term performance in line with the Corporate Plan	Remuneration outcomes determined based on performance against objectives over a 3 year performance period.	Removal of long term VR2, with the transfer of part of the maximum VR2 opportunity into FAR at a discounted rate, which had the effect of reducing the total remuneration opportunity for the Executives.

The revised remuneration framework continues to be consistent with Snowy Hydro's remuneration principles as follows:

- Strategically aligned, clear accountabilities and performance based;
- Fair;
- Simple and transparent; and
- Strong remuneration governance.

The revised remuneration framework maintains a significant (albeit smaller) part of Executive remuneration at risk, thereby reducing volatility and variability in remuneration outcomes whilst appropriately remunerating Executives for the achievement of strategic and operational measures aligned to the Corporate Plan.

3 The changes did not affect GE GRC who commenced their employment based on the new remuneration framework arrangements or MD and CEO whose remuneration arrangements are governed by the Remuneration Tribunal.

New Variable Remuneration (VR) Targets

A summary of the VR changes is provided below:

Name	Target Opportunity % at 30 June 2023			Maximum Opportunity % at 30 June 2023			Target Opportunity % at 30 June 2024			Maximum Opportunity % at 30 June 2024		
	VR1	VR2	Total	VR1	VR2	Total	VR1	VR2	Total	VR1	VR2	Total
Dennis Barnes	20	-	20	40	-	40	20	-	20	40	-	40
Roger Whitby	60	30	90	90	45	135	20	-	20	40	-	40
Gordon Wymer	60	30	90	90	45	135	20	-	20	40	-	40
Iain Graham	60	30	90	90	45	135	20	-	20	40	-	40
Kim Josling	45	25	70	67.5	37.5	105	20	-	20	40	-	40

The Board has approved the allocation of a 'one off' increase in FAR to the impacted KMP as they have foregone a proportion of the previous 'at risk' component of pay. It is noted that a discounted rate of 65% was applied for the transfer of part of the maximum VR opportunity into FAR, which reduced the total maximum remuneration for the Executives as illustrated in the table below. The rate of 65% was applied based on a 3 year and 5 year view of historical VR awards and a review of market practice. The final remuneration review outcomes shown below include 2.2% to 3.8% post transfer adjustments to the Executive FAR following the standard annual remuneration review process.

Name	Total Maximum Remuneration at 30 June 2023	Total Maximum Remuneration at 30 June 2024	Change %
Dennis Barnes	$2,450,000	$2,450,000	-
Roger Whitby	$1,784,294	$1,582,000	(11.3)
Gordon Wymer	$1,675,675	$1,484,000	(11.4)
Iain Graham	$1,669,878	$1,470,000	(12.0)
Kim Josling#	$1,101,692	$1,120,000	1.7

Remuneration was changed to address broader accountabilities and alignment to the market.

* Total Maximum Remuneration is the sum of FAR and Maximum Variable Remuneration opportunity.

Despite the reduction to variable reward, 'at risk' remuneration continues to be delivered through the VR program and is tied to the achievement of Snowy Hydro and individual performance conditions. Actual remuneration received may vary from the total target and maximum remuneration. Further detail on actual performance outcomes for FY24 has been provided in the Linking Strategy, Performance and Remuneration section of the report.

4.2 Remuneration Framework Components

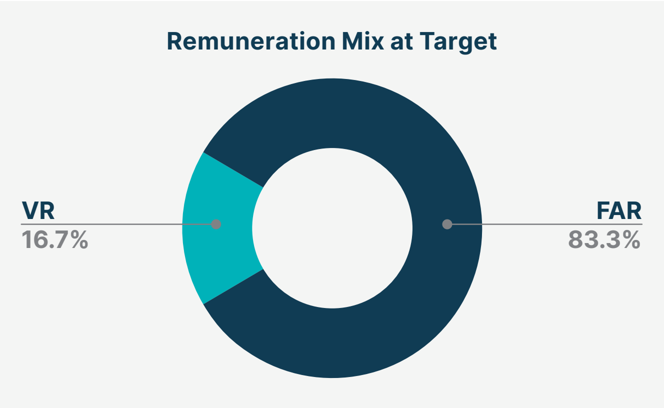
As determined by the Remuneration Tribunal, MD and CEO's annual remuneration arrangements comprise of two components:

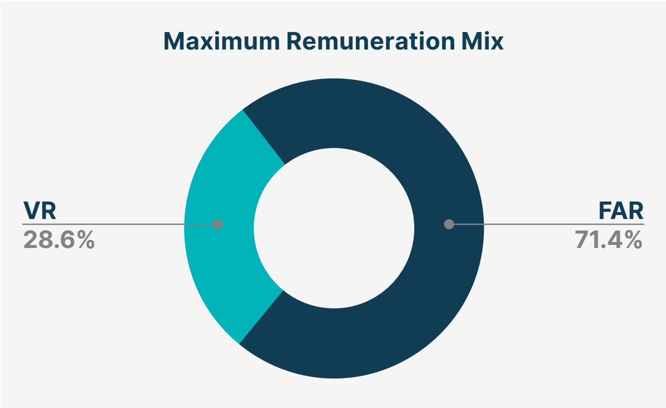
- Fixed Annual Remuneration (**FAR**); and
- Variable Remuneration (**VR**).

The same annual remuneration arrangements apply to all other Executives.

4.3 Remuneration Mix

A moderate portion of the MD and CEO, KMP and other Executives' remuneration is set 'at risk' to ensure alignment with Snowy Hydro's strategic objectives. The MD and CEO and Executive target and maximum remuneration mix as of 30 June 2024 is illustrated below.





The MD and CEO, KMP and other Executives are only remunerated for delivering performance outcomes consistent with Snowy Hydro's Budget and Corporate Plan. As 'at risk' remuneration is tied to the achievement of Snowy Hydro and individual performance objectives, actual remuneration received may vary from the Target Remuneration from year to year.

4.4 Fixed Annual Remuneration

Fixed Annual Remuneration (**FAR**) remunerates the MD and CEO, KMP and other Executives for delivering on the core requirements of their role. Base salary, superannuation contributions and non-cash benefits comprise an Executive's FAR.

MD and CEO FY24 Fixed Annual Remuneration

Snowy Hydro MD and CEO's remuneration is set by the Remuneration Tribunal. This position is classified by the Remuneration Tribunal as a Principal Executive Officer (**PEO**) Band E. The Remuneration Tribunal sets the Total Remuneration Reference Rate (**TRRR**) applicable to the Snowy Hydro MD and CEO. The Board then determines the Snowy Hydro MD and CEO's FAR within a range from 10% below to 5% above the TRRR. The Snowy Hydro MD and CEO FAR may not exceed the TRRR within the first 12 months of appointment.

KMP and other Executives

FAR is positioned at a level to attract, motivate and retain KMP and other Executives and to reflect the individual's responsibilities, skills, performance, qualification and experience. Factors taken into account when setting the appropriate FAR include:

- Market data for comparable roles including other Government Business Enterprises' remuneration positioning;
- Complexity of the role and internal relativities;
- An individual's skills, experience and performance assessments;
- Any changes in role and responsibility;
- Previous salary adjustments; and
- Community expectations.

Once hired, the MD and CEO, KMP and other Executives have no guarantee of FAR increases as per the terms in their contracts. FAR is reviewed annually by the Board to ensure alignment with the above factors.

4.5 Remuneration Benchmarking

Snowy Hydro aims to position target total remuneration fairly yet competitively against comparable organisations.

External market benchmarks are prepared as required by independent remuneration advisors, drawing upon disclosed data from relevant Australian listed and unlisted companies and Government Business Enterprises. The benchmarks applied are aligned with the evolution of Snowy Hydro.

Target total remuneration for each role is informed by the benchmark data and relevant internal relativities.

In alignment with the Committee Charter, remuneration levels are reviewed and approved annually by the Board on the recommendation from the People and Culture Committee. In the case of the MD and CEO the relevant data may be submitted to the Remuneration Tribunal on a periodic basis.

4.6 Variable Remuneration (VR) Program

Snowy Hydro's Variable Remuneration (**VR**) remunerates individuals for their contribution to the company's short term performance in line with the Corporate Plan. The VR Plan is an 'at risk' annual variable pay opportunity where a variable payment can be awarded subject to meeting threshold performance conditions and achievement of relevant Group and individual KPIs.

Snowy Hydro uses a balanced scorecard approach when setting key result areas (**KRA**) for the MD and CEO, KMP and other Executives. The KRAs and the KPIs are aligned to the Corporate Plan's long term goals whilst also providing focus on the key strategic deliverables for the performance year.

The following key result areas are included in the MD and CEO, KMP and other Executives Scorecard:

- 80% based on the Group Scorecard KPIs – to ensure the strongest link and ultimate collective Executive accountability for overall group outcomes; and
- 20% based on the Individual Scorecard – set criteria which are qualitative in nature.

The corporate and individual scorecard is illustrated in the table below:

Type	Key Result Area	Weight
Group Scorecard KPIs (Quantitative) (80%)	Financial	30%
	Safety & Engagement	15%
	Strategic Projects (e.g. Snowy 2.0, HPP) / Operations / Customer	35%
Individual Scorecard KPIs (Qualitative) (20%)	Individual focus component typically includes KPIs as follows: • Major Programs of Work; • Reputation and risk; • Stakeholders; and • Safety, Leadership and Culture.	20%
Total		**100%**

The individual focus component also allows for adjustment of quantitative performance outcomes up or down depending on the circumstances in the external environment, changes in priorities not foreseen at the beginning of the performance period and demonstration of company values and behaviours.

The VR Target Opportunity is expressed as a percentage of FAR and is set at 20% for MD and CEO, KMP and other Executives. The VR Maximum (the maximum potential remuneration available) is set at 40% of FAR for MD and CEO (as determined by the Remuneration Tribunal) and all Executives and only paid at levels in excess of target if Snowy Hydro delivers superior performance above agreed targets.

At the end of the financial year the People & Culture Committee reviews the performance of the MD and CEO, KMP and other Executives. The Committee then recommends to the Board individual VR awards. All VR awards are paid in cash within three months of the end of the financial year, except where deferral conditions apply.

Individual VR plan awards are calculated using the following formula:

FAR **x** ‘Target’ Opportunity **x** MD and CEO and Executive Balanced Scorecard Outcome consisting of Group Scorecard Outcome (80%) **+** Individual Scorecard Outcome (20%)

Notwithstanding the achievement of the agreed KRAs, the Board has absolute discretion to make the final determination of the MD and CEO and Executive variable payouts, including application of malus provisions to previous awards (if relevant).

For MD and CEO only, any realised VR is subject to deferral as follows:

- 75% paid Year 1 (vesting year);
- 15% paid Year 2; and
- 10% paid Year 3.

5. Linking Strategy, Performance and Remuneration

This Table demonstrates the link between Snowy Hydro's strategy and MD and CEO, KMP and other Executive remuneration.

Our Purpose: Snowy Hydro, backed by the mighty Snowy Scheme, enables Australia's transition to the renewable energy future and continues to deliver exceptional service to our customers.

Achieved by delivering on Snowy Hydro's strategic imperatives				
1 We maintain financial credibility for the market	**2** We strive for sustainable business performance	**3** We keep people safe and engaged	**4** Through our strategic projects and operational excellence we underpin the NEM's transition to our renewable energy future	**5** We aim for #1 in customer service
... which are incorporated in Snowy Hydro's short-term and long-term measures				
Corporate KPIs (80%)				
Financial	**Safety & Engagement**		**Strategic Projects/ Operations**	**Customer**
Group EBITDA	Total Reportable Injury Frequency Rate (**TRIFR**) / High Potential Incidents	Safety Leadership and Cultural Improvement	Delivery of Snowy 2.0 and HPP	Net Promoter Score (**NPS**)
... and Snowy Hydro's actual performance				
Snowy Hydro has delivered strong performance across the entire Group, continuing to pay commensurate dividends to the shareholders, invest in major projects and play a key role in maintaining system security as the industry transitions to renewable energy. Snowy Hydro's credit rating remains stable and reaffirmed as BBB+ Negative pledge covenant compliance achieved as set out in the Corporate Plan	Generation achieved at slightly below Target TRIFR performance. Most injuries were minor. S2.0 and HPP performed well on safety, meeting Target on high potential incidents metrics. Effective implementation of the Major Accident Prevention Verifications safety program continued, meeting stretch targets with high levels of engagement on safety and risk management from Snowy employees at all levels.	The delivery of the Safety Leadership program and identified improvements was broadly in line with the Board's expectations. The Employee Engagement survey conducted in June 2024 show close to top quartile results for Employee Engagement Index across both Retail and Generation businesses. Safety Survey results were close to Target.	Snowy 2.0 made progress in line with expectations following the review and reset of the contract whilst Hunter Power Project experienced additional challenges including inclement weather. Our Hydro, Gas and Diesel power stations and teams delivered solid results on all key operational metrics (including start reliability, forced outages, return to service and regulatory compliance).	Our Retail brands (Red and Lumo) have topped the Canstar customer satisfaction tables. Red continues to be #1 Retail brand amongst peers. Red is also recognised as the Most Trusted Brand in the utilities and energy sector as measured by Roy Morgan. We continue to lead the Commercial & Industrial market on customer satisfaction.
Out Performance	**On Target**	**Above Target**	**On Target**	**Out Performance**
Individual KPIs (20%)				
... and impacts on Executive remuneration.				

The Board and the People & Culture Committee determined that Snowy Hydro's performance 'exceeded expectations' for Financial, Generation Operations and Customer KPIs and 'met expectations' for Safety and delivery of major Projects. The People & Culture Committee recommended the Board pay the MD and CEO a VR1 of 71.9% of his maximum potential variable remuneration; and an average of 74.9% of their maximum potential variable remuneration for other KMP.

The FY22–24 VR2 long-term incentive plan vested at 29.2% of maximum potential payment. Of the three KPI categories, namely Snowy 2.0, HPP and three year EBITDA average, only EBITDA, representing a weighting of 40% met Target and was approved by the Board for payment.

6. Executive Remuneration for FY24

Executives received a mix of remuneration during FY24 including fixed and variable remuneration.

The table below summarises the remuneration that was received by KMP in relation to FY24 which includes FAR and any variable remuneration. It is calculated on an accruals basis in accordance with statutory rules and applicable Accounting Standards.

Table 2: Executive KMP statutory disclosures

All figures in $	Short-term benefits			Post employment	Other long-term benefits		Total
Name	Base salary & fees[1]	Short-term variable pay[2]	Other benefits	Super contribution[3]	Long-term variable pay[4]	Long service leave	
Dennis Barnes	1,757,506	503,300	-	27,399	-	9,905	2,298,110
Iain Graham	1,102,303	340,410	-	27,399	35,410	179,827	1,685,349
Kim Josling	786,549	238,080	-	27,399	22,317	65,657	1,140,002
Roger Whitby	964,502	320,468	-	125,735	34,396	329,732	1,774,833
Gordon Wymer	1,126,593	311,216	-	27,399	35,532	50,716	1,551,456
Total	**5,737,453**	**1,713,474**	**-**	**235,331**	**127,655**	**635,837**	**8,449,750**

1 Base salary and fees includes accrued annual leave entitlements and allowances paid in cash.

2 Short-term variable payments are expected to be paid in September 2024.

3 For defined benefit superannuation plan members, this amount represents the notional employer contribution rate, plus the productivity component.

4 Long-term variable remuneration is calculated on an accruals basis. The FY22-24 long term variable pay outcome relates to the legacy VR2 Plan allocation, now closed, which was offered to the Executives, subject to performance hurdles set by the Board) on 1 July 2021 and which vested on 30 June 2024. The Plan's details including performance conditions can be found in Snowy Hydro's 2022 Remuneration Report. This is the last long-term incentive plan on foot.

7. Board Directors' Fees

All Snowy Hydro Board Directors are appointed by the Commonwealth Government by the Shareholder Ministers. Non-Executive Directors' annual fees are set by the Remuneration Tribunal. Snowy Hydro has no role in determining the level of Board Director fees.

The Remuneration Tribunal regularly reviews and sets Board director fees for the roles of Chair and other Non-Executive Directors (excluding statutory superannuation contributions which are paid in addition to the fees set by the Remuneration Tribunal). Non-Executive Director fees cover all activities including Board membership and participation except in the case of the Audit and Compliance Committee where the Chair and members receive additional fees. Snowy Hydro has three other standing Committees, namely the Portfolio Risk Committee, People and Culture Committee, and Safety, Operations and Environment Risk Committee, none of which are paid additional fees.

The following table sets out the Non-Executive Directors' fees (excluding superannuation) as determined by the Tribunal and covers the financial years 2023 and 2024.

Role / Committees		1 July 2023 [1]	1 July 2024 [2]
Chair		$242,510	$251,000
Non-Executive Director		$121,270	$125,520
Audit and Compliance	Chair [3]	$23,980	$24,820
	Member [3]	$12,000	$12,420

1. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2023.
2. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2024.
3. Snowy Hydro Board Chair is not entitled to receive these additional fees.

Table 3: Non-Executive Directors KMP statutory disclosures

All figures in $

Name	Short-term benefits Base salary & fees[1]	Post employment Super contribution	Total
Non-Executive Directors			
David Knox	241,735	26,015	267,750
Sandra Dodds	144,786	15,940	160,726
Scott Mitchell	120,883	13,309	134,192
Karen Moses	120,883	13,309	134,192
Leanne Heywood	132,844	14,626	147,470
Timothy Longstaff	139,869	7,600	147,469
Former Non-Executive Directors			
Leeanne Bond[1]	120,883	13,309	134,192
Total	**1,021,883**	**104,108**	**1,125,991**

1 Retired as a Non-Executive Director on 30 June 2024.

SUSTAINABILITY

Sustainability

As a major contributor to the reshaping of the NEM and supporting the transition to a cleaner, low-carbon economy, sustainability at Snowy Hydro is a reflection of our commitment to environmental responsibility, positive social outcomes and the ongoing pursuit of clean, sustainable energy solutions. The foundation of Snowy Hydro's long-term sustainability intent is supported by our commitment to building our sustainability performance, alongside the evolving needs and expectations of our customers, the communities in which we operate and our shareholders.

Snowy Hydro and its retail brands, Red Energy, Lumo Energy and Snowy Energy help empower the commitment of our workforce to deliver sustainable outcomes. As the third largest generator by capacity, with an important role underpinning network stability, and the fourth largest retailer of energy by customer numbers, Snowy Hydro has a significant positive impact on: powering Australia's economy; supporting the transition to renewable energy; and providing access to affordable, reliable and sustainable energy for our customers.

We are on a sustainability journey because we want to ensure we get the most out of the opportunity for Snowy Hydro to model leading environmental, social and governance practices as we continue to underpin Australia's renewable energy transition and help provide the network stability needed to keep the lights on in homes and businesses across the network. We are refining what sustainability means for our operational brands, and improving how we communicate this in our disclosures and where appropriate, aligning these with international frameworks and expectations. As we continue to assess the impacts, risks and opportunities of climate change on our operations, further measure and report on our carbon footprint, and drive a range of sustainability initiatives across our organisation, this will ensure these complement the success of our strategy and prepare us for the increase in disclosure requirements such as the Australian Sustainability Reporting Standards (**ASRS**).

In FY24, we published our first Sustainability Report, delivering on our ambition to provide transparent information on our sustainability performance with initiatives that support improvement. We will continue to build on this over the coming years as we make further progress in a range of environmental, social, and governance (**ESG**) areas.

Our material sustainability topics

Environmental	• Biodiversity and nature • Water management • Carbon emissions and energy management
Social	• Employee safety, engagement, diversity and inclusion • Customer access to reliable and affordable energy • Authentic community engagement and meaningful social impact
Governance	• Responsible business practices and good governance • Climate change risks and opportunities

Environmental

Biodiversity and nature

Snowy Hydro sets high standards for our environmental performance. Our business operations and assets are in a range of locations from populated urban areas, to a small footprint in the precious National Heritage Listed conservation area of Kosciuszko National Park. We take care and invest time and effort into our environmental management wherever we operate. We maintain constructive working relationships with our neighbours and stakeholders and aim to meet their expectations as we manage our own operations as a critical participant in the energy market.

Our Environmental Policy provides the overarching direction for our performance. It recognises we are stewards of the land and environment where we operate, and it is our responsibility to minimise harm and make a positive contribution where we can. We understand that this is vital to the ongoing sustainability of our business and the well-being of the community.

Snowy Hydro's environmental objectives are implemented through our Environment Strategy and Environmental Management System (**EMS**), which is accredited to ISO 14001. The EMS accreditation is externally audited each year, and there have been no major non-conformances with the Standard in the last five years. The most recent external audit of the EMS in 2023 found that the EMS was effective in managing environmental risk and promoting continual performance improvement.

Our Environmental Policy and EMS are implemented through a suite of operational controls at the site level that keep risks low and support our success in maintaining high levels of compliance with licences and approvals.

Our primary measures of environmental performance are incident, compliance, and assurance data. Within operations, our environmental performance in FY24 reflects consistent efforts to ensure that controls effectively manage our risks and impacts. In FY24, there were zero significant (Level 3 or 4) environmental incidents and four publicly reportable breaches of our licences, none of which resulted in regulatory action.

To support positive environmental outcomes in our communities, in FY24 we supported several ecological improvement initiatives:

- Donating to local community group, Keep It Cool, a local not-for-profit organisation that works with business and communities to help restore and regenerate land through its tree planting program. Planting native trees helps to replace lost habitat and improve ecological connectivity and functionality. Snowy Hydro's donation to Keep It Cool will go towards planting 2,000 native trees and support future tree planting initiatives in the Snowy Mountains region;
- Working with local land rehabilitation group, Upper Snowy Landcare Network, to plant 1,200 mid and understorey native plants in three existing revegetation plots located between Cooma and Berridale from Spring 2024;
- Snowy Hydro also made a donation to a local wildlife rescue charity, LAOKO, to upgrade their koala pre-release enclosure. LAOKO is a volunteer-run organisation that cares for injured native wildlife in the Snowy Mountains Region. Snowy Hydro's donation for the enclosure repairs will ensure that LAOKO is able to continue care for rescue koalas, and allow them to be successfully released back into the local area.

Water management

Water is a critical resource in Australia. Since the completion of the Snowy Scheme in 1974, Snowy Hydro has carefully managed the water that flows through its dams, tunnels, aqueducts and power stations in accordance with our water licence.

Each year, we have to reach certain targets for downstream and environmental water releases. Snowy Hydro has operational flexibility day-to-day to strategically manage our generation and water releases, while at the same time providing long-term security to the downstream users around annual water releases. In the Snowy Scheme, water releases and electricity generation are inseparably linked.

Snowy Hydro operates under the Snowy Water Licence, issued by the NSW Government. The licence has many legally binding and enforceable obligations on us. We have target water releases to the River Murray and Murrumbidgee River catchments, the annual volumes of which are determined according to highly prescriptive formulae set out in the

Snowy Water Licence. We also have target water releases from Jindabyne Dam into the Snowy River for environmental purposes (Snowy River Increased Flows). To facilitate additional natural flows, we release water to nominated rivers for environmental purposes (Snowy Montane Rivers Increased Flows). Further detail is provided in our Annual Water Operating Plan, available on our website.

Carbon emissions and energy management

Snowy Hydro has a unique and important role in supporting the decarbonisation of Australia's national electricity market. Our existing generation capacity of more than 5,500 MW, primarily from stored hydro, but also from on-demand gas and diesel generation, supported by power purchase agreements for other renewable energy, means we importantly provide reliable and secure electricity. In FY24, Snowy Hydro generated over 4,000 GWh of renewable hydroelectricity.

We are growing our ability to support the ongoing transition of the national electricity market by delivering Snowy 2.0, which will provide an additional 2,200 MW of dispatchable, on-demand generating capacity and approximately 350,000 MWh of large-scale storage in the NEM. In addition to this, our Hunter Power Project in NSW will improve energy reliability and security in the national electricity market, and allow for more firming of wind and solar renewable energy, capable of supplying an additional 660 MW of dispatchable and on-demand power from gas and hydrogen generation.

In FY24, Snowy Hydro's retail business offered three renewable energy products for Australian businesses to gradually transition or completely switch to 100% renewable energy. These products are:

- TrueGreen™ is an alternative to the existing GreenPower scheme and provides 100% renewable sourced energy and matched Large Generation Certificates;
- NetZeroMatch™ guarantees 100% renewable sourced energy matched with the mandatory Large Generation Certificates with the remaining in International Renewable Energy Certificates; and
- PowerUp Green allows customers to gradually increase their renewable energy commitment until 100% of their energy use is matched from Snowy Hydro's portfolio of wind, solar and hydro generation. Customers are also provided with an annual carbon displacement calculation.

As an energy generator and retailer, carbon emissions are an important topic for us and we continue to seek ways to reduce our carbon footprint and impact of our scope 1 and 2 emissions. Our total scope 1 and 2 carbon emissions vary significantly annually in line with the amount of electricity we generate in meeting the needs of the NEM and our customers, and we will continue to seek ways to reduce the intensity of our emissions per MWh generated. We are currently calculating our scope 3 carbon footprint for our full value chain in line with the methodology of the Greenhouse Gas Protocol, so that we can then seek ways to meaningfully reduce these carbon emissions.

Social

Employee safety, engagement, diversity and inclusion

Our people are what makes our organisation successful and have been the heart of our organisation since the inception of the Snowy Scheme seventy-five years ago. Between 1949 to 1974 over 100,000 people from more than 30 different countries came together to build one of the greatest engineering marvels of the modern world. Our ambition is to build on this history and contemporary values to build a diverse, inclusive, and engaged workforce.

A diverse workforce brings innovation and creativity, and an inclusive workplace creates a psychologically safe environment. To foster these outcomes, we have a Diversity and Inclusion Strategy with four strategic pillars: Building Understanding, Fostering Inclusion, Connecting with Community and Attracting Diversity.

The Diversity and Inclusion Strategy is aligned to our Sustainability Strategy. It seeks to create an inclusive culture, attract and retain diverse talent and strengthen our commitment to First Nations peoples and communities.

The safety of our people and the communities in which we operate is important to us and one of our six values. To manage the potential of material harm to employees, contractors and members of the public or the natural environment, Snowy Hydro continues to focus on leadership from the top and a relentless focus on identifying and controlling Health, Safety and Environment (**HSE**) risks, combined with incident reporting and investigation and learning. All employees' variable compensation contains safety performance, with outcomes reviewed and approved by our Board, reinforcing a culture of ownership and commitment to safety.

We have a long-standing commitment to the health and wellbeing of our people and their families through programs, health initiatives, injury management and emergency first response in our remote Snowy Mountains sites in conjunction with various agencies and our Employee Assistance Program. We also invest in our long-term capability by maintaining 10% of our workforce in a formal development program, such as graduates, trainees, apprentices and scholarship students.

Customer access to reliable and affordable energy

Access to affordable, sustainable, and reliable energy is important to us and our customers. To minimise upward pressure on prices, we aim to be a driver and enabler of least-cost NEM decarbonisation and provider of least-cost decarbonised energy products.

Electricity is an essential service for daily activities, and we recognise that we have a key role in providing reliable energy for our residential and business customers and the NEM. The stored energy in our hydro electricity generation operations and fast-start generating assets combine to provide firming electricity to the NEM and strengthen its reliability.

Our retail brands offer our residential and business customers a variety of options for green power, carbon-neutral gas for our residential customers, and carbon-neutral products for our business customers using large-scale Generation Certificates or International Renewable Energy Certificates.

To assist customers facing hardship, our retail brands Red Energy and Lumo Energy, provide meaningful support to actively help residential customers anticipating or facing vulnerability, such as payment difficulties or family violence.

We are proud that Red Energy is the only energy retailer to have won a Canstar Blue Award for Most Satisfied Customers 14 years in a row. Our retail business is committed to looking after our customers while ensuring compliance with legal and regulatory obligations. We have processes and policies in place to ensure customers are treated in accordance with our Values as well as all regulatory requirements.

Our Ombudsman complaint numbers increased over the previous year, driven largely by large price increases after the energy crisis which put all industry call centres under pressure. Despite this, our Retail Ombudsman complaint numbers per ten thousand customers were over 22% lower than the industry average.

Community engagement and relations

We actively support the local communities where we live, work and serve. Each year, we invest in partnerships and sponsorships with not-for-profit organisations targeted at the communities in which we operate. We are committed to improving economic outcomes for these communities and investing in partnerships that will improve educational, health and social conditions.

Our retail business has extended our community engagement into one of our products to support Breast Cancer Network Australia (**BCNA**). This support is through the donation of funds, and we also provide staff volunteers. When customers choose the Red Energy BCNA energy product, Red Energy makes monthly contributions to BCNA for as long as the customer remains on the BCNA product. These contributions surpassed an aggregate of $1 million during FY24.

Our Snowy STEM Academy connects students of all ages with practical, project-based learning opportunities. At Snowy Hydro, we recognise that today's students are tomorrow's workforce and through our education programs aim to bridge the gap between education and industry. At an operational level, the Academy's Local School STEM Fund, has provided $380,000 to support over 6,000 students across 45 schools and 18 locations since its inception in 2023. Nationally, the Academy is influencing curriculum through meaningful partnerships and sharing of real-life expertise. In FY24, through the Academy, Snowy Hydro engaged with 7,958 students across 153 schools nationwide through these initiatives.

Governance Of Sustainability

Climate change risks and opportunities

Climate change is a significant risk to our customers, communities and the planet, and Snowy Hydro has a critical role in Australia's pathway to decarbonisation by reducing the NEM's carbon footprint and displacing coal generation with lower-emission electricity sources. We invest in new wind and solar projects and maintain a relatively low carbon intensity compared to Australia's top generators. Our retailers, Red Energy, Lumo Energy and our Direct Connect business, have their business operations certified by Climate Active.

To increase our disclosure on climate change, we are preparing for the Australian Accounting Standards Board's, ASRS S2 – Climate-related Financial Disclosures. Should the climate-related financial disclosures Treasury Bill for these Standards pass Parliament, Snowy Hydro will include these requirements in our FY26 Annual Report.

Responsible business practices and good governance

Snowy Hydro strives to be a sustainable business committed to improving all material environmental, social and governance issues. All parts of our retail and generation business contribute to the delivery of sustainable outcomes. In FY24, we created a dedicated sustainability role to lead our improvement and transparency on our performance.

To increase transparency, we published our first sustainability report in FY24. We also publish annual reports on Diversity and Inclusion, an Annual Water Operating Plan, and a Modern Slavery Statement.

Our Corporate Governance Statement below details our governance framework and principles.

Environment Protection and Biodiversity Act 1999 (EPBC Act)

For the period ended 30 June 2024

As a Commonwealth company, Snowy Hydro reports each year in compliance with s516A EPBC Act on the following matters:

- How the activities of Snowy Hydro accorded with the principles of ecologically sustainable development;
- The effect of Snowy Hydro's activities on the environment;
- The measures Snowy Hydro is taking to minimise the impact of activities by Snowy Hydro on the environment; and
- The mechanisms for reviewing and increasing the effectiveness of those measures.

Section	Subject
Principles of ecologically sustainable development	
Decision making	Snowy Hydro long-term and short-term economic, environmental, social and equitable considerations are guided by the Shareholder Ministers' Statement of Expectations (**SoE**) to Snowy Hydro (**Purpose**). The SoE states that the Commonwealth acquired 100% of the shares in Snowy Hydro to support the transition of Australia's energy system, and in particular, to support the expansion of pumped-hydro in the Snowy Mountains Hydro-electric Scheme through Snowy 2.0. Accordingly, Snowy Hydro's strengths and future aspirations are to 'deliver Australia's renewable energy future'. This reflects the leading role that Snowy Hydro is playing in underpinning the reliability and stability of east coast Australia's electricity system as it undergoes a clean energy transformation, from predominantly coal fired generation to renewable forms of generation.
Threats of serious or irreversible environmental damage	We recognise the risks associated with our operations (e.g. construction on major projects, uncontrolled release of water, or contamination from spills and releases). In accordance with our risk management framework, we have controls in place to manage these. Further information on how we manage risk is available in our Corporate Governance Statement in this Report. Climate change poses a serious threat to the environment and human health. Our business model helps to mitigate the increase in greenhouse gases through our generation of sustainable energy and supporting the capacity for more renewable energy on the NEM.
Inter-generational equity	For 75 years Snowy Hydro has demonstrated our ongoing commitment to environmental stewardship and ecological sustainable development. Our expansion with Snowy 2.0 will continue and expand our commitment to providing sustainable energy well into the future.
Conservation of biological diversity and ecological integrity	Snowy Hydro manages our impacts on nature through our ISO 14001 accredited Environmental Management System, meeting our obligations under the Snowy Water Licence, and other environmental and site-specific licence requirements. We recognise the importance of water in electricity generation, and downstream economic, environmental, cultural and recreation benefits from water releases. We publish an Annual Water Operating Plan on our website to communicate our water management. With our hydro generation located in the listed conservation area of Kosciuszko National Park, we comply with our legal requirements to protect this area, as well as our various licence requirements for operations in other areas We continue to work with government bodies, universities and local communities to support rehabilitation and conservation initiatives to improve the biodiversity values of the different environments in which we operate.

Section	Subject
Effect of activities on the environment	

The Australian Public Service Net Zero Emissions Reporting Framework requires Snowy Hydro to provide scope 1, 2 and selected scope 3 emissions data to the Commonwealth Department of Finance's Climate Action in Government Operations (**CAiGO**) for them to calculate the associated carbon emissions.

Separately, Snowy Hydro reports our scope 1 and 2 emissions data as part of requirements for the National Greenhouse and Energy Reporting (**NGER**) scheme. This data is subject to external assurance review.

Emissions data as provided and calculated by CAiGO for Resource Management Guide (**RMG**) 137 (Annual Reports for Commonwealth Companies) is below. The scope of the emissions reported here are not intended to match other reporting frameworks (e.g. NGER), and discrepancies may be expected.

FY24 greenhouse gas emissions inventory

Emission source	Scope 1 t/CO_2-e	Scope 2 t CO_2-e	Scope 3 t/CO_2-e	Total t/CO_2-e
Electricity (Location based approach)	N/A	399,462.310	32,048.679	431,510.988
Natural gas	142,875.572	N/A	21,715.567	164,591.139
Solid waste	N/A	N/A	53.984	53.984
Refrigerants	237.406	N/A	N/A	237.406
Fleet and other vehicles	1,550.245	N/A	383.897	1,934.142
Domestic commercial flights	N/A	N/A	557.221	557.221
Domestic hire car	N/A	N/A	0.000	0.000
Domestic travel accommodation	N/A	N/A	392.138	392.138
Other energy	15,956.723	N/A	4,057.283	20,014.006
Total t/CO_2-e	**160,619.946**	**399,462.310**	**59,208.768**	**619,291.024**

Emission source	Scope 2 t/CO_2-e	Scope 3 t/CO_2-e	Total t/CO_2-e	Percentage of electricity use
Electricity - location based	399,462.310	32,048.679	431,510.988	100%
Electricity – market based	388,046.087	47,906.924	435,953.012	81.1%
Total renewable electricity	-	-	-	18.9%
Mandatory renewables[1]	-	-	-	18.7%
Voluntary renewables[2]	-	-	-	0.2%

[1] **Mandatory renewables** are the portion of electricity consumed from the grid that is generated by renewable sources. This includes the renewable power percentage.

[2] **Voluntary renewables** reflect the eligible carbon credit units surrendered by the entity. This may include purchased large-scale generation certificates, power purchasing agreements, GreenPower and the jurisdictional renewable power percentage (ACT only).

The electricity emissions reported above show a slight discrepancy to emissions Snowy Hydro have reported under the *National Greenhouse and Energy Reporting Act 2007* (**NGER Act**), due to the emissions factors applied to electricity consumption. The emissions reported for RMG137 purposes use emissions factors sourced from the National Greenhouse Accounts Factors (Department of Climate Change, Energy, the Environment and Water, 2023). Electricity consumption reported under the NGER Act apply emissions factors provided in the National Greenhouse and Energy (Measurement) Determination 2008.

The scope 1 natural gas emissions reported above have been calculated using emissions factors based on gas composition and gas chromatograph meter data supplied to Snowy Hydro by the Australian Electricity Market Operator (**AEMO**) and APA GasNet in Victoria and by Jemena in New South Wales.

Some scope 1 diesel emissions reported under 'Other Energy' have been calculated using emissions factors determined using Method 2 listed in subdivision 2.4.3.1 of the National Greenhouse and Energy Reporting (Measurement) Determination 2008.

Not all solid waste, refrigerants, or domestic hire car data was available for the above emissions calculations. Ongoing business improvement will improve data availability, accuracy and extend to cover all 15 Greenhouse Gas Protocol scope 3 emissions categories.

Section	Subject

Measures to minimise impact on the environment

Snowy Hydro has several governance mechanisms that minimise impacts and any residual risks are managed appropriately. These include:

- Environmental Management System accredited annually to ISO 14001:2015 standard, which sets out the processes for identifying and managing environmental risks, reviewing the effectiveness of controls and processes and identifying opportunities for improvement;
- Environmental Policy, that guides our workforce and contractors on our environmental performance expectations;
- Environmental Strategy (2024 – 2026), which promotes a culture of care and good management tools which enable the proactive prevention of harm to the environment and reduced regulatory risk. This is achieved through a commitment to the care and protection of the environment, effective and user-friendly processes for risk and compliance management, and growing our environmental sustainability capability;
- Operational controls to identify and manage environmental risks, and respond to new or changing significant risks. In FY24 key improvement initiatives were:
    a. A review of water pollution risks and controls across the Hydro scheme was undertaken with key environmental management documents updated and a focused assurance program undertaken on higher risk locations; and
    b. A review of air quality controls with improvement actions around NO_x alarming and trending underway.

Mechanisms for reviewing and increasing the effectiveness of measures

Snowy Hydro's primary measures for environmental performance are audit, incident and compliance data.

Our annual schedule of environmental inspections and audits focus on contractor activities, critical control processes, high risk activities, compliance with the requirements of the EMS and other relevant environmental management plans and procedures.

Throughout FY24, improvement actions were identified, and there were no major non-conformances. Inspection and audit data for FY24 is shown in the table below.

Audit type	Number of audits completed
Project Environmental Compliance Inspections	21
Level 2 Environmental Site Inspections	56
Environmental Management Plan and Critical Process Review	9
EPA Licence Compliance Audits	8
Key Contractor Environmental Audits	8
Level 2 Integrated Clean, Green and Safe (CGS) Assurance Audits	9
Level 3 External Assurance Audits	5
Total	**116**

Section	Subject

Snowy Hydro's monthly incident data is displayed in the graph below. The data shows consistently low numbers of incidents resulting in serious environmental harm with no Level 3 or 4 environmental incidents in FY24.

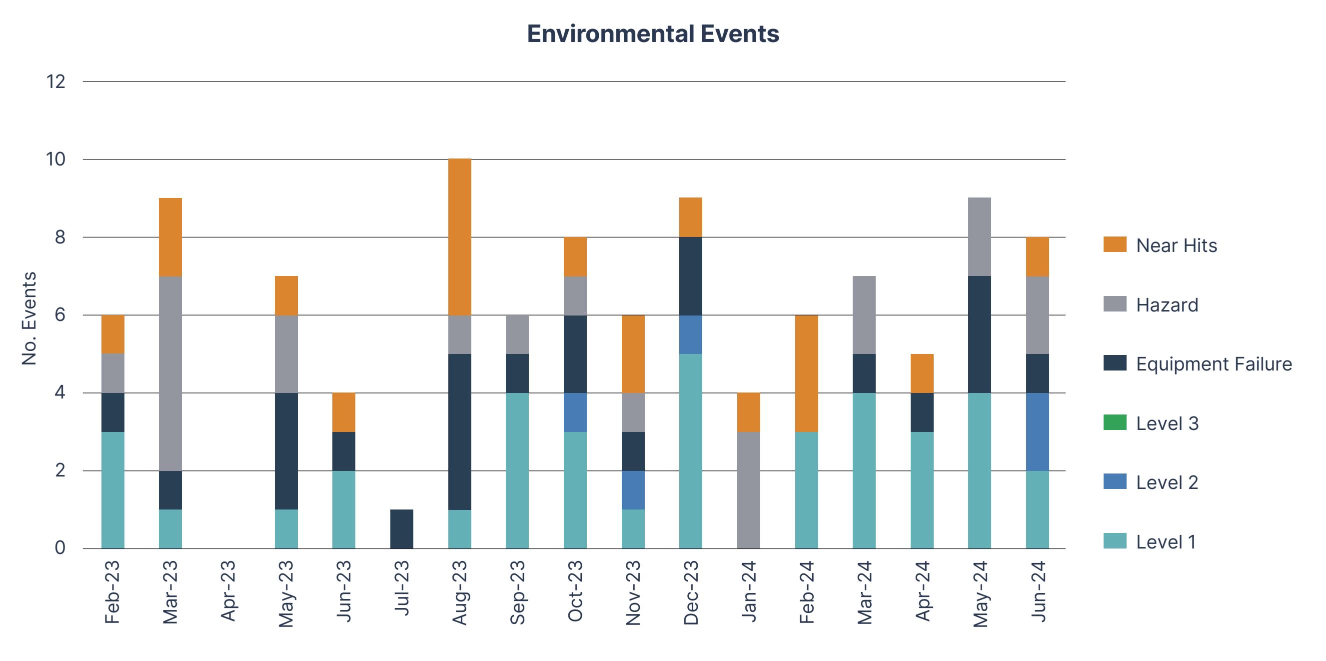


Chart legend:

Events are classified as incidents, equipment failures and hazards.

Incident: an event which resulted in injury, ill-health or damage to the environment or property.

Equipment Failure: an event that resulted in or from the unexpected failure of a piece of equipment.

Hazard: a source, situation, or act with potential to cause injury, ill-health or damage to the environment or property.

Level 1: promptly reversible or trivial impact on air, water quality, soil, flora, fauna, habitat, heritage or ecosystem function.

Level 2: short-term (<3 years) or potential short-term impact on soil, air or water quality, flora, fauna, habitat, heritage or ecosystem function. Administrative non-compliance with Licensing or legislation with no environmental impact.

Level 3: medium to long-term (3–10 years) impact on soil, air or water quality, flora, fauna, habitat, heritage or ecosystem function. Environmental harm resulting in non-compliance with licensing or environmental legislation.

Level 4: permanent, unconfined impacts to soil, air or water quality, flora or fauna populations, habitats, or ecosystem function. Requires a significant and coordinated response with assistance and direction from senior management or external agencies.

Near hit: an event with potential environmental impacts but did not result in actual environmental harm.

DIVERSITY AND INCLUSION

Diversity and Inclusion

At Snowy Hydro, our commitment to diversity and inclusion has been a defining part of our identity for 75 years.

This commitment remains critical. Snowy Hydro aims to create an inclusive and diverse workplace where people work together to deliver strong performance. We are dedicated to embracing everything that makes people unique, including age, cultural background, disability, ethnicity, gender identity, sexual orientation, marital or family status, religious belief and socio-economic background.

Our 2024 engagement survey results reinforce this commitment: 86% of our workforce believe Snowy Hydro values diversity, 81% believe we have a work environment that values different perspectives, and 83% of people are treated equally regardless of differences. While we acknowledge that these are strong results that show we are on the right track, we can't be complacent, as a diverse and inclusive culture requires ongoing effort and commitment.

Meaningful progress starts with a strong foundation. Our approach to achieving our diversity and inclusion objectives is set out in our 2023-27 Diversity and Inclusion (**D&I**) Strategy. Our commitment to our Values, Code of Conduct and the core tenets of health, safety and wellbeing underpins our ambitions in advancing the D&I Strategy.

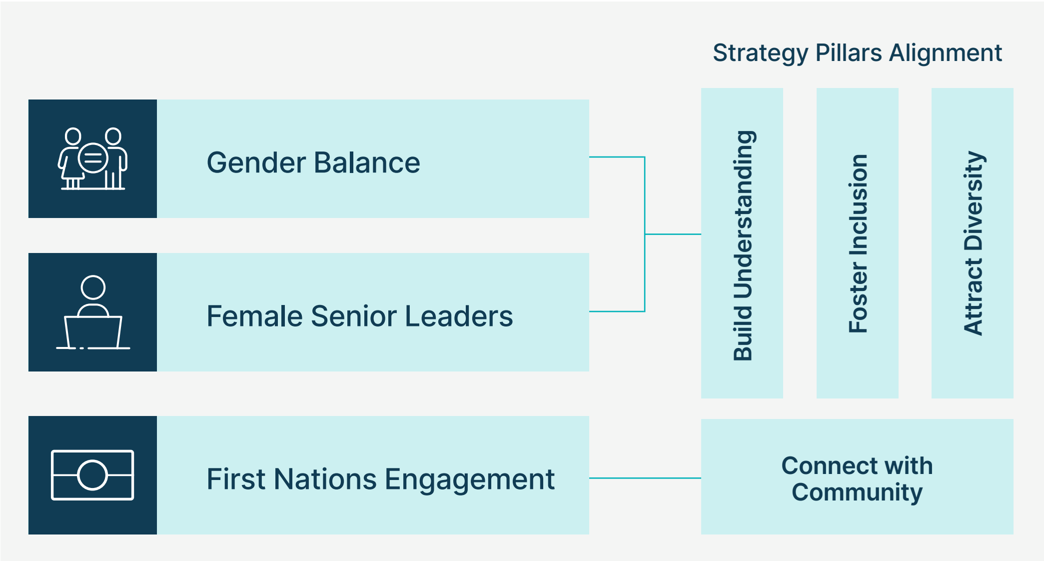
Our Diversity and Inclusion Strategy

The D&I Strategy aims to:

- Leverage a values-led culture that recognises the critical role D&I plays in our current and future success;
- Attract and retain diverse talent supported by capable leaders in an environment that welcomes diversity of thought, innovation, flexibility, and inclusion;
- Sustain our commitment to First Nations peoples to build connections with the Country and communities in our operational and customer footprint.

In FY24, our focus was to deliver foundational initiatives and establish a robust reporting framework.

Our priorities in FY24

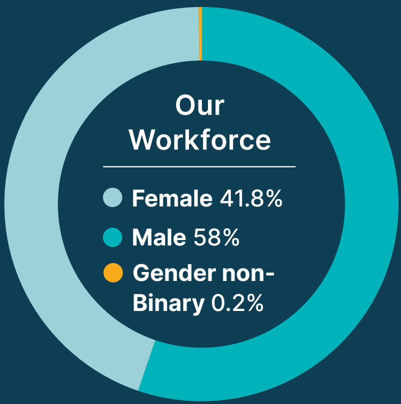


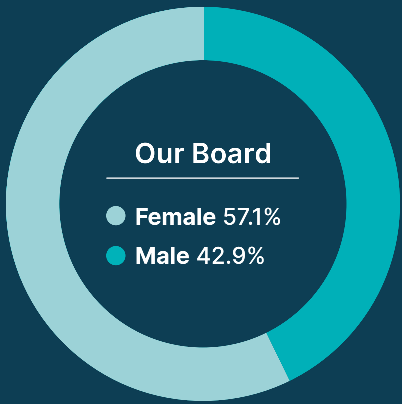
In FY24, we have reinforced our commitment to an inclusive culture by employing dedicated D&I and First Nations resources to build our internal capability, developing a strategic and sustainable action plan to further support and implement our D&I targets, and establishing key D&I partnerships to support us on our journey. These investments in capability support the increase in female representation, including at senior leader levels, identification and leadership support for a new cohort of future female leaders and ongoing positive engagement with our First Nations communities.

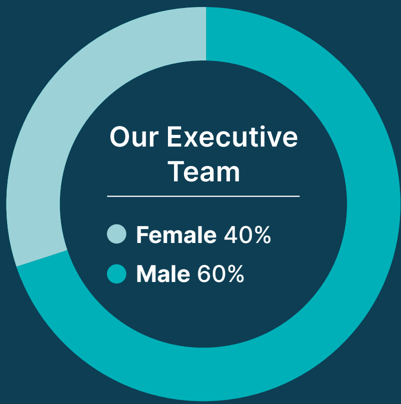
In FY25, we will:

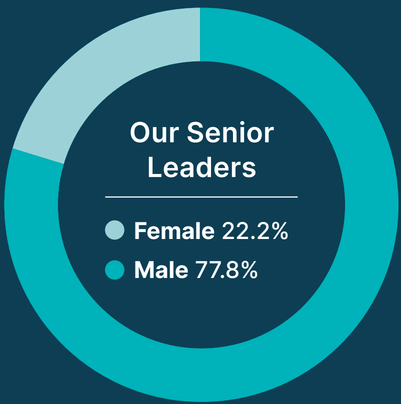
- Deliver the recruitment and retention strategies underlying our aspiration to meet 2030 gender targets for Board, senior leaders, and our workforce and provide transparent reporting;
- Continue to review and improve gender pay equity;
- Proactively support employees subject to family violence and provide supportive and flexible employment options;
- Deliver leader training and education to support our D&I Strategy, including unconscious bias awareness and refined attraction and recruitment processes;
- Explicitly consider D&I in organisational transformation initiatives;
- Refine and launch Snowy Hydro's Employee Value Proposition; and
- Finalise Snowy's Reconciliation Action Plan with submission to Reconciliation Australia.

Our Workforce









WGEA Gender Pay Gap

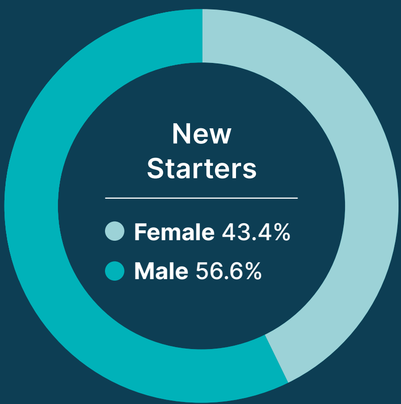
total remuneration calendar year 2023

30.6% average
38.4% median

Like-for-like Gender Pay Equity

(current average base salary)

0.3%



Employees who were born overseas*

Snowy Hydro 34.2%
ABS 30.7%

Identify as Aboriginal and/ or Torres Strait Islander*

Snowy Hydro 1.2%
ABS 3.8%

Identify as living with a disability*

Mental 10.4%
Physical 3.7%
Other 3.3%

Identify as neurodivergent/ diagnosed with a neurodiverse condition*

7%

Identify as member of LGBTIQA+ community*

9.3%

* Collected from periodic employee survey data.

Snowy Hydro employees country of birth

ABS Data

Australia **69.3%**

UK **3.6%**

India **3.2%**

NZ **2.5%**

Philippines **1.4%**

Vietnam **1.1%**

South Africa **0.8%**

Malaysia **0.7%**

Nepal **0.7%**

Italy **0.6%**

Sri Lanka **N/A**

Grouped others **16.1%**

Snowy Hydro

Australia **65.8%**

UK **3.8%**

India **9.2%**

NZ **4.5%**

Philippines **1.0%**

Vietnam **0.6%**

South Africa **1.8%**

Malaysia **0.4%**

Nepal **0.1%**

Italy **0.2%**

Sri Lanka **1.2%**

Grouped others **11.4%**

Our Commitment to Gender Balance

Gender Targets

Data analysis of our gender profile shows that a significant shift is required to meet our D&I objectives and ensure we have the right talent mix for the future. We have committed to achieving a 40:40:20 gender balance by 2030. This includes a baseline target of 30% women within Generation (Operations) and Major Projects and 40% women, 40% men, and 20% of either gender in retail, corporate functions and development programs. This commitment is underpinned by a comprehensive plan to drive achievement of these targets.

Women in Leadership – Accelerating Change

While Snowy Hydro has gender balance across Board and Executive levels, only 22% of our senior leadership cohort are women. Increasing gender representation at senior levels is an ongoing focus over the next five years to 2030.

In FY23 and FY24, we invested in developing senior women through our Rise: Women in Leadership program. This flagship program is designed to accelerate the development and careers of women at Snowy Hydro and develop a pipeline of engaged, capable women leaders.

In FY24, our second cohort of 21 non-executive women from across retail and generation commenced the program, which included self-reflection, skills workshops, external mentoring, and learning opportunities from our executive team and board members.

Positively, women have consistently accounted for over 40% of new hires over the last two years, which will contribute to increasing our long-term gender balance.

Leveraging D&I Partnerships

To support the achievement of our gender targets and our D&I Strategy, Snowy Hydro has entered into partnerships with a diverse range of specialist organisations.

As an inaugural and proactive member of the Champions of Change Coalition - Energy Group, our CEO is working collaboratively with his colleagues in the energy industry to make systemic, structural, and generational change so that the industry becomes an employer of choice for women.

Our Work180 endorsement as a workplace committed to equity marks a key milestone, as we strive toward gender balance. Partnering with the Diversity Council of Australia provides us access to D&I best practices and helps us benchmark our progress. Our work with Parents at Work and FlexCareers further builds on our successes for a family-friendly work environment.

Together, these partnerships enable us to adopt a comprehensive, best practice approach to D&I, ensuring we meet and exceed industry standards. With 86% of our workforce affirming that they have the flexibility needed to balance work and personal commitments and 89% of those who have completed parental leave in the last five years remaining with the organisation, it's clear that our efforts are making tangible impacts. These collaborations reinforce our commitment to being an employer of choice and support our ongoing journey towards achieving true gender balance.

Engaging with First Nations peoples

Aboriginal and Torres Strait Islander culture is integral to modern Australia's social fabric as the world's oldest enduring culture and the first Australians. As a major employer and contributor to social and economic outcomes, Snowy Hydro is mindful of our responsibility to contribute to our nation's reconciliation journey.

In FY24, we continued to build relationships with First Nations peoples from the Ngarigo, Wiradjuri and Walgalu nations, which are the lands on which the Snowy Scheme operates.

As a major generator in the NEM, we are also mindful that our area of influence is broader than our operating locations. We have established additional internal capability to strengthen our engagement with First Nations peoples. Importantly, we appointed Snowy Hydro's first Indigenous Engagement Advisor, who will help develop our First Nations strategy, including our first Reconciliation Action Plan.

We also partnered with Supply Nation to support our First Nations procurement strategy. To continue our commitment to Indigenous education and career development, we partnered with the Stars Foundation and continued our work with the Clontarf Foundation and Careers Trackers.

An important part of our approach will be to:

- focus on our relationships with First Nations communities and stakeholders in our operational footprint more broadly, in line with our retail customer base and the NEM;
- prioritise building our understanding of Aboriginal and Torres Strait Islander cultures across our organisation;
- build our economic participation with Aboriginal and Torres Strait Islander people and businesses; and
- meaningfully contribute to Australia's reconciliation journey.

Our First Nations Approach

We collaborate with

CareerTrackers™

From Little Things Big Things Grow
clontarf foundation

Stars Foundation

Supply Nation

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

Corporate Governance Statement

We are committed to achieving best practice corporate governance. Our corporate governance framework and practices have been developed with regard to the provisions of the Corporations Act, the PGPA Act and the Government Business Enterprise Guidelines (**GBE Guidelines**). Our framework is also guided by the ASX Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Limited's Corporate Governance Council.

The Board of Snowy Hydro is responsible for the corporate governance of Snowy Hydro and its controlled entities, including the adoption of appropriate policies and procedures to ensure Snowy Hydro is managed and controlled to protect and enhance Shareholder value.

The Board monitors the operational and financial position of Snowy Hydro and agrees its business strategy, including considering and approving a strategic corporate plan and annual budget. The Board is committed to maximising performance, generating Shareholder value, and sustaining the growth and success of Snowy Hydro. The Board maintains, and requires that Snowy Hydro management maintain, the highest level of corporate ethics.

Snowy Hydro is led by an independent, highly experienced, skills-based Board supported by Board Committees who assist the Board in discharging their governance responsibilities. Snowy Hydro's corporate governance framework is outlined in the diagram below. Our corporate governance documentation, including this statement and the charters referenced therein, are available on our website at:

https://www.snowyhydro.com.au/our-business/who-we-are/corporate-governance/

This corporate governance statement was approved by the Board on 5 September 2024.

Principle 1: Lay solid foundations for management and oversight

Responsibilities of the Board

The Board is responsible for providing leadership and strategic guidance for Snowy Hydro. The Board Charter outlines the roles and responsibilities of the Board.

Key responsibilities are:

- providing strategic direction, including approving the corporate plan and annual budget;
- oversight of effective management and control of Snowy Hydro, including the composition, performance and remuneration of the Executive team and the appropriateness of people management systems;
- the appointment and removal of the CEO;
- oversight of adequacy of people resources to ensure sufficient depth of resources and appropriate succession planning;
- approving the overall treasury policy of Snowy Hydro, including dividend payout ratio and payments pursuant to that policy;
- approving any capital expenditure exceeding $20 million;
- approving and monitoring the management of Snowy Hydro's base case assumptions pertaining to new investments and capital, including the progress of any major capital expenditures, acquisitions or divestitures; establishing processes and controls to maintain the integrity of financial accounting and reporting;
- oversight and review of the principal risks facing Snowy Hydro, including ensuring that appropriate standards of accountability, risk management and corporate governance are in place;
- monitoring the implementation of strategy, and the operational and financial position and performance of Snowy Hydro;
- reporting to the Shareholder on their stewardship of Snowy Hydro on a regular and timely basis; and
- reviewing and, to the extent necessary, amending the Board and Committee charters.

The Board Charter is available on our website at www.snowyhydro.com.au/about/corporate-governance/.

The Board currently comprises eight Directors, with seven independent Non-executive Directors and the Chief Executive Officer and Managing Director (**CEO**). A profile of each Director is set out in the Directors' Report and available on our website at www.snowyhydro.com.au/about/leadership/.

In FY24 the Board met 11 times (9 scheduled meetings and 2 out-of-cycle meetings) to consider and provide management with guidance on strategic and/or operational matters. Members of the Board also met with representatives of Snowy Hydro's Shareholder on a regular basis and maintained an ongoing dialogue with Snowy Hydro's external auditor. Non-executive Directors routinely meet without management present to discuss matters appropriate to that forum. The CEO attends all Board and Board Committee meetings except where he has a material personal interest in a matter being discussed. Executives and management are invited to participate in Board and Board Committee meetings as appropriate and are available to be contacted by Board members between meetings.

Delegated Authority

The Constitution of the Company and the Board Charter enable the Board to delegate to Board Committees and the CEO subject to the limitations contained in the delegation instruments (including Snowy Hydro's Delegation of Authority Policy and the Board Committee charters).

Role of Board Committees

The Board has four standing Board Committees. The roles, responsibilities and composition requirements of each of the Board Committees are outlined in their respective Charters and summarised below:

Committee	Key responsibilities	Composition requirements	Membership as at 30 June 2024
Board Audit and Compliance Committee	Provides advice to the Board on risks relating to audit, financial reporting, financial and business risk management, corporate management frameworks and certain compliance matters.	At least three Non-Executive Directors. Majority of Committee members must be independent. At least one Committee member should have significant expertise in financial reporting, accounting or auditing. An independent Non-executive Director must be Committee Chair and must not be the Chair of the Board.	• Sandra Dodds (Chair) • Leanne Heywood • Timothy Longstaff
Board Portfolio Risk Committee	Provides advice to the Board on risks relating to Snowy Hydro's energy trading activities (including credit risk management), treasury functions, trading operations and corporate and strategic activities.	At least three Non-executive Directors. Majority of Committee members must be independent. An independent Non-executive Director must be Committee Chair.	• Karen Moses (Chair) • Tim Longstaff • Louise Thurgood[1]
Board Safety, Operations and Environment Risk Committee	Provides advice to the Board on risks relating to the operations of the generation, hydraulic and communication assets of Snowy Hydro, workplace health and safety and environmental practices, including water release obligations and sustainability initiatives.	At least three Non-executive Directors. Majority of Committee members must be independent.	• Leanne Heywood (Chair) • Scott Mitchell • Louise Thurgood[2] • Dennis Barnes
Board People and Culture Committee	Provides advice to the Board on risks relating to Snowy Hydro's human resources. In particular, the Committee will advise the Board on the remuneration and performance measurement policy, organisational development practices, Board Performance, and succession planning and remuneration of the CEO and MD.	At least three Non-Executive Directors. A Non-executive Director as Chair of the Committee.	• Scott Mitchell (Chair) • David Knox • Karen Moses • Sandra Dodds

1. Effective from 5 September 2024
2. Effective from 5 September 2024

The Board Committee charters are available on our website at www.snowyhydro.com.au/about/corporate-governance/. All Board Committees are comprised of independent Non-Executive Directors save that the CEO is a member of the Safety, Operations and Environment Risk Committee and ex-officio member of other Board Committees. Members of Board Committees are chosen for the skills and experience they can contribute to the relevant Board Committee and their qualifications set out in the Directors' Report.

The Chair of each Committee reports to the Board at the Board's next meeting on any matters arising from the Committee's duties and responsibilities. The Board also receives copies of the minutes of all Committee meetings. This seeks to ensure that all Directors have oversight of, as well as the opportunity to discuss, matters being considered by the Committees. Board Committees may also refer to the Board or other Board Committee any matters that have come to their attention that are relevant for the Board or another Board Committee. All Directors receive all Board Committee papers and can attend any Board Committee meeting providing there is no conflict of interest.

The number of meetings of Board Committees for the 2024 financial year, and each Directors' attendance, is set out in the Directors' report in our 2024 Annual Report.

The CEO, and the Executive team through the CEO, is responsible to the Board for the development and implementation of strategy and the overall management and performance of Snowy Hydro. The CEO reports regularly to the Board on the progress being made by Snowy Hydro in all aspects of the business.

Board appointments

In accordance with the Company's Constitution, Directors are appointed by the Commonwealth with the terms of office determined at the time of appointment. A Director is eligible for reappointment at the time of expiry of his or her term of office. The Board assesses forecast vacancies, recruitment needs and continuity as part of its annual Board review, and makes skills-based recommendations to the Shareholder on reappointments and/or new appointments, taking into account the current skills mix and experience of the Board and the strategic needs of Snowy Hydro.

Role of the Company Secretary

The Company Secretary attends Board and Board Committee meetings and holds office on terms and conditions determined by the Board, with his/her appointment or removal to be made or approved by the Board. The Company Secretary is accountable to the Board through the Chair on all matters relating to the proper functioning of the Board and has a management reporting line to the CEO. A profile for the Company Secretary can be found in the Directors' Report in our 2024 Annual Report.

Board evaluation

The Board has a formal process for evaluating the performance and effectiveness of the Board, Board Committees and individual directors. This process is documented in the Annual Board Plan. The Board Chair facilitates this process, with support from the People and Culture Committee, on an annual basis with the outcomes used to inform changes to charters, processes or performance. In accordance with the GBE Governance and Oversight Guidelines, the Board engages an external party every two years to conduct this evaluation.

Diversity and inclusion

Our approach to diversity and inclusion is set out in the Diversity & Inclusion section of our 2024 Annual Report.

Principle 2: Structure the Board to be effective and add value

The Board has in place a robust annual review process to ensure its corporate governance practices remain fit for purpose, effective and aligned with Snowy Hydro's strategic objectives, and complies with GBE Guidelines. This process, which is documented in the Annual Board plan, includes consideration of the ongoing adequacy of the governance structure, an assessment of the effectiveness of Board, Committee and Director performance, and an assessment of Board skills and diversity requirements in the context of Snowy Hydro's strategic objectives.

Establishment of a Nomination Committee

Snowy Hydro has established a Board People and Culture Committee, with responsibility for making recommendations to the Board on performance and remuneration matters, including Board composition, performance and remuneration and management performance and remuneration. The People and Culture Committee assists the Board Chair in the facilitation of the annual review process set out above.

The People and Culture Committee is chaired by an independent Non-Executive Director and comprises four independent Non-Executive Directors including the Board Chair. The responsibilities of the People and Culture Committee are formally documented in its charter, which is available on our website. The People and Culture Committee met four times in the 2024 financial year to consider performance and remuneration matters, including Board and Committee performance and Board renewal related matters.

Maintenance of a Board skills matrix

The Board is committed to ensuring that it continues to attract and retain highly skilled Directors who bring an appropriate mix of skills, experience, expertise, diversity, independence and other qualities to Board decision making in order for the Board to provide the breadth and depth of understanding necessary to create Shareholder value and fulfil the Statement of Expectations; and protect and promote the interests of Snowy Hydro and the Commonwealth.

The Board has developed a matrix of required Board skills and experience, taking into account Snowy Hydro's desire to ensure a diverse range of backgrounds, experience and qualifications. The skills matrix informs the key skills and experience the Board is seeking to achieve in its membership collectively, the areas for continuing education and/or professional development for Directors and where the Board may wish to supplement its experience with that of expert external advisers, and succession planning for Board vacancies and/or reappointments and subsequent recommendations made to the Shareholder in relation to such appointments.

Director independence

Snowy Hydro considers a Director to be independent if he/she is 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 judgment, and is also independent of management. As at the date of this statement, the Board considers all Non-Executive Directors are independent and have remained so throughout the term of their appointment.

The Board Charter sets out the criteria by which the Board assesses the independence of each Director in light of any disclosed interests. An assessment of independence is made at any time a Director discloses any new interest or relationship. The Board, through the Chair, evaluates the materiality of any declared interest or relationship that could be perceived to compromise the independence of a Director on a case-by-case basis having regard to the Director's circumstances. Further, Directors are cognisant of their ongoing obligations to keep the Board and any Committee informed of an interest which could potentially conflict with the interests of Snowy Hydro.

Where a Director has a declared material personal interest and/or may be presented with a potential material conflict of interest in a matter being presented to the Board or a Committee, the Director does not receive copies of Board/Committee reports relating to the matter and generally recuses himself/herself from the Board or Committee meeting at the time the matter is being considered. Consequently, the Director also does not vote on the matter. Any disclosures made by a Director at a meeting are minuted.

Majority independent Board and Chair

As at 30 June 2024, the Board comprised seven independent Non-Executive Directors and the CEO, Dennis Barnes. The Board is chaired by an independent Non-Executive Director, David Knox.

Induction and Ongoing Education and/or professional development for Directors

We maintain a comprehensive induction program for new Directors which includes a program of formal induction sessions with the Board Chair, the CEO, the Board Committee Chairs, each Group Executive, site visits of Snowy Hydro's key operational sites, and an induction pack to allow new Directors to gain an understanding of our corporate plan, financial performance, corporate governance framework, culture and values and current issues before the Board. Ongoing education and/or professional development for Directors is delivered through individual briefings and presentations made by Group Executives, regular site visits to key operational locations and undertaking relevant external education. These activities are planned each year and included in the Board and Board Committees' meeting calendars.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

We expect all Directors, employees and contractors to comply with both the letter and the spirit of the law. We promote and expect high standards of integrity, transparency and professionalism in all of our dealings. Above all, we strive to be a safe, ethical and environmentally responsible company.

Values and Code of Conduct

We actively foster a culture of ethical conduct. Our corporate values of Safety, Decency, Ownership, Agility, Courage and Teamwork (**Values**) underpin our success and provide guidance on our expectations of our Directors and employees.

The Board is committed to the promotion of ethical, honest and responsible decision-making and the observance of their fiduciary duties. Directors are required to act in good faith and in the best interests of Snowy Hydro, having regard to the interests of the Shareholder but also considering the interest of employees, customers and other parties with whom we are engaged; and to abide by our Code of Conduct.

Whistleblower policy

The Code of Conduct is supported by other key policies including the Whistleblower policy, which provides mechanisms to raise concerns regarding actual, unethical, unlawful or undesirable conduct without fear of reprisal and with the support and protection of Snowy Hydro. The Whistleblower program includes an independently operated hotline service to allow for anonymous reporting, and includes coverage of the legislative regimes in the *Corporations Act*, *Taxation Administration Act*, *Public Interest Disclosure Act* and *National Anti-Corruption Commission Act*.

Breaches of the Code of Conduct policy, and a summary of any disclosures received through the Whistleblower program are reported to the Board and/or Board Committee as appropriate. In the event that a Director is the subject of an allegation, the Board Chair (or Board Audit & Compliance Committee Chair if the matter involves the Board Chair) will engage with remaining Directors to appoint an external party to investigate the allegation.

Privacy

Snowy Hydro recognises the importance of privacy and is committed to ensuring that it manages personal information it collects and/or receives in accordance with the *Privacy Act 1988* (Cth), including the Australian Privacy Principles.

Security Group

Snowy Hydro's security framework aligns with the Australian Government's standards and practices. This is to ensure that the reliability and security of supply will remain the central consideration behind how we operate and maintain Snowy Hydro's nationally critical infrastructure.

Principle 4: Safeguard the integrity of corporate reports

We have robust processes and controls in place to verify and maintain the integrity of our corporate reports. These internal controls cover financial, operational and compliance risk, and take the form of appropriate financial delegations, financial planning and reporting, compliance with appropriate procurement standards, and internal audit practices.

Audit and Compliance Committee

The Board has established an Audit and Compliance Committee (**BACC**), with the primary function of assisting the Board through its oversight and review of financial reporting, financial management, frameworks for risk management, compliance and corporate management, and auditor independence and performance. The role and responsibilities of the Audit and Compliance Committee are documented in its Board approved charter which is available on the Snowy Hydro website at www.snowyhydro.com.au/wp-content/uploads/2021/09/Audit-and-Compliance.pdf.

As at 30 June 2024, the BACC comprised three independent Non-Executive Directors all of whom had the appropriate qualifications, skills and/or experience to assist the Committee to perform its functions. The Committee is chaired by Ms Sandra Dodds, an independent Non-Executive Director and former senior executive who has significant expertise in accounting, financial and operational matters in accordance with the Committee composition requirements.

The BACC meets four times a year. The CEO, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer, Group Executive – Governance, Risk and Compliance, Head of Internal Audit, the external auditor and other management representatives attend meetings at the discretion of the Committee. The Committee meets privately with:

- the ANAO and the external auditor on general matters concerning external audit and other related matters, including the half year and full year financial reports; and
- the Head of Internal Audit on an as needed basis on matters concerning the internal audit plan and findings.

The Committee provides regular reports to the Board through its minutes and through verbal updates from the Committee Chair following each meeting. Collectively, these reports address all matters relevant to the Committee's responsibilities including:

- an assessment of whether external reporting is consistent with Committee members' information and knowledge, and if this external reporting is adequate for shareholder needs;
- recommendations for changes to management processes supporting external reporting;
- the Committee's policies and procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- recommendations for the appointment or removal of an external auditor; and
- an assessment of the performance and independence of internal and external auditors in relation to matters within the Committee's responsibility.

CEO and CFO Declarations

Prior to the adoption of the financial reports, the Board received and considered a written statement from the CEO and the Chief Financial Officer to the effect that:

- the financial records of the consolidated entity have been properly maintained;
- the statements comply with accounting standards and any other requirements prescribed by the Corporations Act and PGPA Act, and present fairly the entity's financial position, financial performance and cash flows; and
- the integrity of the financial statements is founded on a sound system of risk management and internal control which is operating effectively.

Principle 5: Make timely and balanced disclosure

We recognise the importance of ensuring our Shareholder is provided with timely and meaningful disclosures of any material information impacting Snowy Hydro. Accordingly, we keep Shareholder Ministers and their Departments informed of any significant developments on an ongoing basis.

Continuous disclosure

Under the PGPA Act, and as a GBE, Snowy Hydro has continuous disclosure obligations to its Shareholder Ministers. Accordingly, on an ongoing basis, we disclose performance against the Corporate Plan, financial outcomes, progress of strategic initiatives such as Snowy 2.0, and any significant issues including through quarterly progress reports, the annual report, the annual corporate planning process, correspondence to Shareholder Ministers on out of cycle developments, and regular meetings between the Board Chair and CEO and Shareholder Departments. We also respond promptly to requests from Shareholder Departments.

Principle 6: Respect the rights of shareholders

As outlined in Principle 5, we engage regularly with our Shareholder and provide information requested or required by the Shareholder to exercise its rights.

Governance information

Our website includes a dedicated corporate governance section setting out Snowy Hydro's governance structure and providing an overview of the responsibilities of the Board, Committees and Executive management. The website also includes details of Snowy Hydro's leadership, being the Board of Directors and the Executive management team, and recent annual reports.

In addition, we have published our Corporate Plan which sets out our corporate purpose, objectives and values, and provides an overview of Snowy Hydro's operations and key performance metrics. The Corporate Plan is reviewed and approved annually by the Board prior to submission to the Shareholder and publication on the website.

Shareholder communication

The Board, Executive team and senior management communicate regularly with the Shareholder to seek to ensure a 'no surprises' approach. In addition to the formal reporting outlined in Principle 5, this includes frequent engagement with Shareholder offices and Departments, and invitations for Shareholder Ministers and Departments to engage with the Board.

Principle 7: Recognise and manage risk

The Board and management are committed to maintaining a robust and effective risk management framework that proactively identifies and manages risks applicable across Snowy Hydro. Snowy Hydro's Risk Management Policy sets out its objectives for maintaining and continuously improving a strategic and consistent enterprise-wide approach to risk management that is integrated into organisational processes and underpinned by a risk-aware culture.

Establishment of risk committees

The Board has ultimate accountability for the management of risks affecting Snowy Hydro and ensuring that effective risk management practices are in place across the business. The Board is assisted in fulfilling these duties by the Audit and Compliance Committee, which monitors the effectiveness of Snowy Hydro's risk identification and management framework. All other Board Committees (comprising the Safety, Operations and Environmental Risk, Portfolio Risk, and People and Culture) support the Board in the management of key risk areas including regulatory compliance, energy trading, safety, environmental, operational and people-related risks.

Review of risk management framework

Management is accountable for the risk management framework and has implemented internal controls to identify, evaluate and manage significant risks in relation to Snowy Hydro's business. Management provides standing reports to each Committee on the risks pertaining to their Charter, including material movements and/or identification of new significant risks. The reports inform activities including the annual internal audit plan, and special reports requested by respective Committees on new or significant sources of risk.

Internal Audit function

The effectiveness of the risk management framework is regularly assessed through management self-reviews as well as via independent and objective assurance provided by Snowy Hydro's Internal Audit function. Internal Audit operates in accordance with an annual internal audit plan that is tailored to address key internal and external risks applicable to the business. This plan is reviewed and approved annually by the Audit and Compliance Committee of the Board, and audit results are incorporated into the continuous improvement of the risk management framework and supporting controls.

Sustainability approach

Our approach to sustainability is set out in the Sustainability section of our 2024 Annual Report.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The Board has established a People and Culture Committee to assist the Board in discharging its responsibilities in relation to appropriate and responsible remuneration, having regard to the performance of Snowy Hydro, individual performance, statutory requirements and current market practice. Further details on the People and Culture Committee, including its composition and Charter requirements are set out under Principle 2.

Directors' remuneration

The Remuneration Tribunal determines the remuneration and travel allowances payable to Directors. Full details of Directors' remuneration are included in the Remuneration report.

Executives' remuneration

The remuneration of the Executives is considered by the Board People and Culture Committee and subject to Board oversight and strong governance controls. Advice is sought every two years from independent specialised remuneration consultants on the structure of remuneration packages applying in the external market and the quantum of increases that have occurred in comparable Australian companies over the previous 12 months. This assists in ensuring that Executive remuneration is in line with market practice, and that we are competitively placed to attract and retain the necessary talent for these roles. The Board believes that remuneration outcomes should reflect the observance of our Values and fulfilment of our Statement of Expectations to create Shareholder Value. Before determining remuneration outcomes, the Board formally reviews individual management performance and risk and leadership behaviours. The Board retains the ultimate discretion in relation to remuneration outcomes. Full details of Key Management Personnel remuneration are included in the Remuneration Report.

OPERATIONAL AND FINANCIAL REVIEW

Operational and Financial Review

For the period ended 30 June 2024

This report is attached to and forms part of the Directors' Report

Contents

Results overview

The operational and financial review includes a number of non-International Financial Reporting Standards (**IFRS**) financial measures. Snowy Hydro management uses these non-IFRS financial measures to assess the performance of the business and make decisions on the allocation of resources. Among these non-IFRS financial measures is underlying profit after tax. This measure is statutory profit after tax adjusted for:

- significant items (which are material items of revenue or expense that are unrelated to the underlying performance of the business); and
- changes in the fair value of financial instruments recognised in the consolidated statement of profit or loss (to remove the volatility caused by mismatches in valuing financial instruments and the underlying asset differently).

Snowy Hydro believes that underlying profit after tax provides a better understanding of its financial performance than statutory profit after tax and allows for a more relevant comparison of financial performance between financial periods. These non-IFRS measures have not been subject to audit or review.

The consolidated statutory profit after tax attributable to the owners of Snowy Hydro was $418.5 million (2023: $441.7 million). The underlying profit after tax was $522.8 million (2023: $211.8 million). The following table reconciles statutory profit after tax to underlying profit after tax, and then to underlying EBITDA.

Reconciliation of statutory profit after tax to underlying profit after tax and underlying EBITDA

$million	2024	2023
Statutory Profit after tax	**418.5**	441.7
Adjust for the following after tax items:		
Changes in fair value of financial instruments	**102.3**	(230.3)
Other	**2.0**	0.4
Underlying Profit after tax	**522.8**	211.8
Depreciation and amortisation	**154.0**	153.1
Net finance income	**(3.0)**	(1.0)
Income tax expense	**225.5**	91.2
Underlying EBITDA	**899.3**	455.1

Snowy Hydro's Underlying EBITDA was $899.3 million, an increase of 98% from $455.1 million in 2023.

Generation

The Generation division continued to perform strongly in 2024 and reports a significant year-on-year improvement. The early part of last year was challenging in the aftermath of the winter 2022 energy crisis, which saw a significant level of thermal generation incurring high fuel costs, after significant hydro usage depleted our Required Annual Release under the Snowy Water Licence. 2024 saw a calmer market although our portfolio was well positioned to support the NEM during times of volatility, such as the market event in Victoria on 13 February 2024, when six transmission towers were lost during a severe storm, which led to a significant loss of baseload power. Snowy Hydro's Victorian assets at Murray, Laverton North, and Valley Power were immediately dispatched to ensure the stability of the grid. In May 2024, a combination of baseload and transmission outages drove extreme market volatility and ultimately triggered the Cumulative Price Threshold in NSW. During both periods, Snowy Hydro's plant provided essential peaker generation to support the market and keep the lights on.

Water inflows were 1,673 GL, which was 60% down on 2023 (4,221 GL) which were the highest recorded volumes since 1975. Despite the dry year, storages remain healthy and Snowy Hydro is not expecting to have to mitigate water scarcity risks in the medium term.

Retail

During 2024 the Retail customer base grew by more than 125,000 (10%) to 1.4 million customer accounts, whilst revenue improved by 21% to $2,971.6 million.

The lift in financial performance of the Retail business in 2024 reflects a combination of strong customer growth over the past two years and retail price increases. All customers experienced higher retail prices as the effects of the energy crisis in winter 2022, which provided a headwind to financial performance in 2023, flowed through into retailers' wholesale electricity costs and prices.

Snowy Hydro's two retail brands Red Energy and Lumo, continue to deliver award winning customer service. This was highlighted by multiple awards from Canstar Blue, Roy Morgan, Finder and Mozo as well as strong brand awareness and market leading Net Promoter Scores (**NPS**). When combined with Australian ownership, renewable credentials and the Qantas partnership, Red Energy remains one of the leading energy brands in Australia.

Other Costs Outside Underlying EBITDA

Other adjustments after tax include the change in fair value of financial instruments loss of $102.3 million, and other net operating expenses of $2.0 million.

Snowy 2.0

The Snowy 2.0 project has been through a significant period of change over the last 12 months. Following the reset of the project, the estimated total cost of Snowy 2.0 has been revised to $12 billion, with a target date for commercial operation of all units of December 2028, and delivery of first power in the second half of 2027.

We have seen significant productivity improvement since the project reset, with construction now approximately 58% complete as of 30 June 2024. We have a workforce of over 3,000 people currently working on the project, of which more than 350 are local employees.

After a period of stoppage, tunnel boring machine (**TBM**) Florence recommenced excavation in July 2024 following an operation using ultra high-pressure water blasting to remove very hard rock preventing the TBM from moving forward. TBM 2.2 Lady Eileen Hudson was relaunched in July 2024 and is now close to 3 km (over 50%) into the tailrace tunnel. TBM 1 Kirsten has been modified and is about to commence excavating the Inclined Pressure Shaft. The 27 m wide surge shaft at Marica has now been excavated to a depth of 93 m. Stage 1 excavation at Tantangara and Talbingo are complete, with Stage 2 excavation of both very close to completion. The cavern crown of the Power Station is now excavated, as well as 3,749 m of underground drill and blast tunnels. Large power station components manufactured by Voith Hydro are starting to be delivered to site, including five out of six 153-ton spiral cases, four draft tube liners and cones, three main inlet valves, and the first turbine runner.

The focus now is on reaching our project milestones, while ensuring safety and environmental outcomes are prioritised. We will continue the work we have undertaken on team culture and a range of activities aimed at creating a more connected and collaborative delivery team.

Hunter Power Project

Snowy Hydro is developing a 660 MW capacity power station at Kurri Kurri in the Hunter Region in New South Wales. The power station will comprise two heavy-duty, open cycle gas turbines. The project is due to come online in December 2024, with the start of its testing and commissioning phase.

The new plant will supplement Snowy Hydro's generation portfolio with dispatchable capacity when energy demand is at its highest. By providing firmed energy, the Hunter Power Project will facilitate an estimated 2 GW of renewables, displacing approximately 5.8 million tons of CO_2 emissions per year out of the electricity system.

Construction has progressed significantly over the past year. The exhaust stacks for both units were mechanically completed. The assembly of the generator and turbine was successfully completed in March 2024, followed by preliminary alignment of the turbine / generator for both GT1 and GT2 in April 2024. In June 2024, all concrete foundations were completed and the four balance of plant tanks passed their hydrostatic tests, completing these components of the project.

Health and safety

Snowy Hydro prides itself on safety always being our first priority. We care deeply about the health, safety and wellbeing of our people, and strive to minimise any health and safety impacts on our people, our customers and communities.

To achieve our Health & Safety intent, our integrated Health & Safety, Environment and Quality (**HSEQ**) Management System, has been established encompassing a set of structured principles and processes focused in the key areas of:

- Leadership & Workforce Capability;
- Identification & Assessment of Risks & Opportunities;
- Management of Risks, Opportunities & Obligations; and
- Review and Continual Improvement.

Our HSEQ Management System maintains certification to ISO 45001, the international occupational health and safety management standard.

To support the effective management of work health and safety risks, and to continually improve the effectiveness of our HSEQ Management System, strategic objectives are established and maintained over a 3 year period through the Health & Safety Strategy (currently FY24 – FY26). The key focus areas for the current strategy are:

- *We care* – we demonstrate that we care about each other, our community, what we do, and how we do it;
- *We look for things that can hurt us and take action* – physical and psychosocial risks and harms are well understood and actively managed;
- *We check our defences rigorously and consistently* – our safety controls allow us to be vigilant at all levels, backed by data, learning, and continuous improvement; and
- *We have simple and effective systems that work* – systems that are easy to use and help people do their work. Changes are proactive, timely, and communicated clearly.

A number of key initiatives are being undertaken, through the current Health & Safety Strategy, focusing on:

- The ongoing role of the All Learn by Promoting Safety program (**ALPS**) encompassing Safety Shares, Safety conversations and Hazard Reporting, with an increasing focus on harnessing and sharing learnings;
- The continuation and embedding of 'Our Story' – our behavioural safety program;
- Increasing focus, understanding and management of Psychosocial Risk;
- Refreshing our Wellness approach to not only support our employees but also encourage them to thrive;
- Engagement of our contractor workforce;
- Ongoing development of our Learning Culture including making our Incident Cause Analysis Method (**ICAM**) / Investigation process more inclusive through adoption of a learning teams approach; and
- The role of Assurance in supporting effective defences.

Health and safety outcomes

Our ALPS in-field safety behaviour program both encourages and captures safety conversations and safety shares as well as hazard reporting. The ALPS program continues to thrive with robust engagement figures. The leading topics of conversation and learning shares include driving, work environment, and fitness for work. These categories were also the top three most discussed subjects in 2023, highlighting their significant impact and ongoing relevance to workers. The reporting of hazards has tripled compared to 2023, indicating a healthy hazard identification culture.

We have similarly observed a year on year increase in the total number of safety incidents being reported. Approximately 36% of incidents resulted in injury (actual consequence – including first aid and report only) with the majority reflecting potential (near hit) impacts. The top three reported mechanisms of injury for incidents relate to the work environment, contractors, and muscular stress. Incident contributing factors are consistent with the previous year, and remain aligned to the improvement objectives of the current Health & Safety Strategy.

Snowy Hydro's consolidated total reportable injury frequency rate (**TRIFR**) for 2024 was 2.7. This is reflective of 11 recordable injuries for the period comprising four medical treatment injuries, three restricted work injuries and five lost time injuries.

Non-financial operational performance measures

The following performance targets are outlined in our Corporate Plan.

Performance Area	Target	Result
Staff and safety		
Fatalities (number of employees and supervised contractors)	0	0
Fatalities – Snowy 2.0 Project (contractor) and HPP (contractor)	0	0
Total reportable injury frequency rate (TRIFR) (number per million hours worked; employees and supervised contractors)	<2.4	2.7
Staff satisfaction (percentage of employees very/extremely satisfied as determined by survey)	Top quartile of Global Benchmark Index	Second quartile of Global Benchmark Index
Retail customer experience		
Net Promoter Score (percentage of promoters minus percentage of detractors)	Industry Leading	Industry Leading
Customer satisfaction (percentage customers very or quite satisfied)	Industry Leading	Industry Leading
Regulatory compliance		
Ombudsman complaints (number of complaints per mass market customer)	Below industry average	Below industry average
Retail Regulatory financial penalties	0	2
Compliance with the Snowy Water Licence requirements (percentage of requirements met)	100%	100%
Publicly reportable environmental licence breaches (number of)	0	4
Generation reliability		
Hydro generator start reliability (%; successful starts / total attempted starts)	>99.5	99.74
Hydro generator forced outage factor (%; MWh of lost capability due to forced outage / annual capability in MWh)	<1.0	0.49
Gas generator start reliability (%; successful starts / total attempted starts)	>99.5	98.46
Gas generator forced outage factor (%; MWh of lost capability due to forced outage / annual capability in MWh)	<1.0	3.18

Snowy Hydro continues to monitor all aspects of the Snowy 2.0 and Hunter Power projects and continues to make safety our number one priority.

The Group engagement score for FY24 was 76%, with the Generation score at 74% and Retail at 77%. This falls short of the top quartile of the Global benchmark index of 78%.

Red Energy paid penalties for two issues involving alleged breaches of the Victorian Energy Retail Code of Practice, with the Essential Services Commission of Victoria issuing penalty notices totalling $254,436.

During FY24, there were four publicly reportable environmental licence breaches, as follows:

- There was one non-compliance with the environmental operating licence for Laverton North Power Station in October 2023 for exceeding air quality limits during annual emission testing on Unit 11. This incident did not result in harm to the environment. The Victorian EPA was notified;
- There was one non-compliance with the environmental protection licence for Colongra Power Station in December 2023 for exceeding air quality limits during commissioning work on Unit C3. This incident did not result in harm to the environment. The New South Wales EPA was notified;
- There was one non-compliance with the environmental protection licence for Hunter Economic Zone Power Station in May 2024 for exceeding air quality limits on all three banks during emissions testing. This incident did not result in harm to the environment. The New South Wales EPA was notified; and
- There was one non-compliance with the environmental protection licence for Colongra Power Station in June 2024 for exceeding air quality limits on Unit C4 during generation. This incident did not result in harm to the environment. The New South Wales EPA was notified.

The gas generator forced outage factor was impacted by a forced outage at Colongra C3. A routine inspection identified loose compressor vanes. Repairs were arranged and the issue was promptly resolved. Inspections of the remaining Colongra units found no evidence of similar issues and unit C3 has since been operating without issue. The gas generator start reliability was impacted by several unrelated failures at Valley Power.

Capital management

Total interest bearing liabilities, net of unamortised borrowing costs, were $4,798.7 million at June 2024, an increase of $2,233.1 million from the June 2023 level of $2,565.6 million.

Snowy Hydro's Standard & Poor's (S&P) credit rating has remained stable at BBB+.

During the year, total loan facilities increased by a net $850 million, from $5,050 million in June 2023 to $5,900 million in June 2024.

Outlook

Snowy Hydro is well positioned for future growth, with our Hunter Power Project due to come online in December 2024 with the start of its testing and commissioning phase, and the Snowy 2.0 development forging ahead after the project reset. While Snowy 2.0 is around 60% complete, our planning appropriately anticipates challenges and variable performance on the path to the December 2028 target date for all generating units to come online, as would be reasonably expected with a megaproject of this scale and complexity.

Looking ahead, climate drivers favour a trend towards average or slightly wetter than average conditions in spring. Overall water availability remains healthy and we are not expecting to have to mitigate water scarcity risks in the medium term.

The outlook for Retail is challenging as the business continues to grow the customer base while minimising the impact on revenue in a market of declining retail prices.

Further detail can be found in Snowy Hydro's Public Corporate Plan.

CONSOLIDATED FINANCIAL REPORT

Consolidated Financial Report

For the period ended 30 June 2024

Contents

Consolidated financial report

Consolidated Statement of Profit or Loss

For the period ended 30 June 2024

$million	Note	2024	2023
Revenue	2	**4,154.8**	3,906.4
Other income		**6.1**	16.9
Direct costs of revenue	2	**(2,674.3)**	(2,960.2)
Consumables and supplies		**(101.0)**	(84.4)
Employee benefits expense		**(316.0)**	(269.0)
Depreciation and amortisation expense		**(154.0)**	(153.1)
Impairment loss recognised on trade receivables	2	**(33.7)**	(25.5)
Other expenses		**(139.6)**	(129.7)
Changes in fair value of financial instruments	16	**(146.2)**	329.0
Profit before net finance income and income tax		**596.1**	630.4
Interest income	3	**11.2**	6.8
Finance costs	3	**(8.2)**	(5.8)
Profit before income tax		**599.1**	631.4
Income tax expense	4	**(180.6)**	(189.7)
Profit for the period attributable to the owners of Snowy Hydro Limited		**418.5**	441.7

The consolidated statement of profit or loss should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the period ended 30 June 2024

$million	Note	2024	2023
Profit for the period		**418.5**	441.7
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations	24	**(0.3)**	0.2
Income tax relating to items that will not be reclassified subsequently to profit or loss		**0.1**	-
		(0.2)	0.2
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of cash flow hedges and foreign exchange contracts	16	**(48.0)**	33.1
Income tax relating to items that may be reclassified subsequently to profit or loss		**14.4**	(10.0)
		(33.6)	23.1
Total other comprehensive income, net of income tax		**(33.8)**	23.3
Total comprehensive income for the period attributable to the owners of Snowy Hydro Limited		**384.7**	465.0

The consolidated statement of comprehensive income should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2024

$million	Note	2024	2023
Current assets			
Cash and cash equivalents		**278.2**	249.0
Trade and other receivables	6	**703.3**	486.8
Inventories		**32.6**	31.2
Other financial assets	7	**635.2**	866.0
Other current assets	8	**290.2**	187.3
Total current assets		**1,939.5**	1,820.3
Non-current assets			
Goodwill and other intangible assets	10	**499.6**	489.6
Property, plant and equipment	9	**10,027.9**	7,166.2
Other financial assets	7	**205.2**	246.3
Other assets	8	**98.6**	54.4
Total non-current assets		**10,831.3**	7,956.5
Total assets		**12,770.8**	9,776.8

Consolidated Statement of Financial Position

As at 30 June 2024

$million	Note	2024	2023
Current liabilities			
Trade and other payables	12	**678.9**	563.3
Interest bearing liabilities	14	**1,189.3**	159.2
Provisions	13	**173.5**	141.5
Other financial liabilities	15	**456.7**	437.7
Income tax payable		**119.4**	24.1
Total current liabilities		**2,617.8**	1,325.8
Non-current liabilities			
Other payables	12	**12.3**	-
Interest bearing liabilities	14	**3,609.4**	2,406.4
Deferred tax liabilities	11	**53.9**	73.4
Provisions	13	**145.6**	54.1
Other financial liabilities	15	**8.7**	19.5
Total non-current liabilities		**3,829.9**	2,553.4
Total liabilities		**6,447.7**	3,879.2
Net assets		**6,323.1**	5,897.6
Equity			
Issued capital	17	**2,796.1**	2,519.1
Preference shares	18	**1,400.0**	1,400.0
Reserves	19	**152.4**	186.0
Retained earnings		**1,974.6**	1,792.5
Total equity attributable to the owners of Snowy Hydro Limited		**6,323.1**	5,897.6

The consolidated statement of financial position should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the period ended 30 June 2024

$million	Issued capital	Preference shares	Hedging reserve	Retained earnings	Total attributable to the owners of Snowy Hydro Limited
Balance as at 1 July 2022	2,215.1	62.0	162.9	1,434.9	3,874.9
Profit for the period	-	-	-	441.7	441.7
Other comprehensive loss for the period, net of tax	-	-	23.1	0.2	23.3
Equity subscription	304.0	1,338.0	-	-	1,642.0
Dividends paid	-	-	-	(84.3)	(84.3)
Balance as at 30 June 2023	**2,519.1**	**1,400.0**	**186.0**	**1,792.5**	**5,897.6**
Profit for the period	**-**	**-**	**-**	**418.5**	**418.5**
Other comprehensive income for the period, net of tax	**-**	**-**	**(33.6)**	**(0.2)**	**(33.8)**
Equity subscription	**277.0**	**-**	**-**	**-**	**277.0**
Dividends paid	**-**	**-**	**-**	**(236.2)**	**(236.2)**
Balance as at 30 June 2024	**2,796.1**	**1,400.0**	**152.4**	**1,974.6**	**6,323.1**

The consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the period ended 30 June 2024

$million	Note	2024	2023
Cash flows from operating activities			
Receipts from customers		**3,912.8**	4,339.8
Payments to suppliers and employees		**(3,003.3)**	(3,585.2)
Cash generated from operations	5	**909.5**	754.6
Interest received		**10.9**	6.8
Interest and other costs of finance paid		**(125.8)**	(98.1)
Income tax paid, net of refunds received		**(90.4)**	(20.8)
Net cash generated from operating activities		**704.2**	642.5
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,877.3)**	(1,828.2)
Proceeds from sale of property, plant and equipment		**24.3**	0.9
Payments for intangible assets		**(58.1)**	(37.0)
(Payments)/proceeds for other investing activities		**(3.3)**	56.9
Net cash used in investing activities		**(2,914.4)**	(1,807.4)
Cash flows from financing activities			
Proceeds from equity subscription		**277.0**	304.0
Proceeds from preference shares agreement		**-**	1,338.0
Drawdown/(repayment) of borrowings		**2,217.0**	(202.0)
Payment of lease liabilities		**(17.1)**	(15.7)
Transaction costs related to loans and borrowings		**(1.3)**	(0.1)
Dividends paid	20	**(236.2)**	(84.3)
Net cash generated from financing activities		**2,239.4**	1,339.9
Net increase in cash		**29.2**	175.0
Cash at beginning of the period		**249.0**	74.0
Cash at end of the period		**278.2**	249.0

The consolidated statement of cash flows should be read in conjunction with the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

1. Basis of preparation

Snowy Hydro Limited (the **Company**) is a for profit entity limited by shares, incorporated and domiciled in Australia. Its shares are privately held by the Commonwealth Government as a Government Business Enterprise and it operates as a Corporations Act company with an independent Board of Directors.

The consolidated financial statements comprise the Company and its controlled entities (together referred to as **Snowy Hydro** or **the Group**). The nature of the operations and principal activities of Snowy Hydro are described in the Directors' Report.

Statement of compliance

The consolidated financial statements are general purpose financial statements and have been prepared in accordance with the Corporations Act, applicable Accounting Standards and Interpretations, and comply with other requirements of the law.

The consolidated financial statements also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Directors on 5 September 2024.

Basis of preparation

These consolidated financial statements have been prepared on the basis of historical cost, except for derivative financial instruments which have been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets.

All amounts are presented in Australian dollars.

Unless otherwise shown in the financial statements, amounts have been rounded to the nearest one hundred thousand dollars and are shown as $million. Snowy Hydro is a company of the kind referred to in the Australian Securities and Investments Commission (**ASIC**) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016.

Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company and its controlled entities as defined in Accounting Standard AASB 10 *Consolidated and Separate Financial Statements*. A list of controlled entities appears in Note 21 to the financial statements. Consistent accounting policies are employed across all controlled entities in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Where the cost of the acquisition exceeded the fair value of the identifiable assets, liabilities and contingent liabilities, acquired goodwill has been recognised in the consolidated statement of financial position. On the acquisition of a business any excess of the fair value of assets and liabilities acquired over the cost of acquisition has been recognised in the consolidated statement of profit or loss as a gain on acquisition.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

1. Basis of preparation (continued)

Adoption of new and revised accounting standards

Snowy Hydro has adopted all of the new and revised Standard and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes.

Deficiency in net current assets

As at 30 June 2024, the Group's current liabilities exceeded its current assets by $678.3 million, largely due to the use of a current bank loan facility of $1,175 million which was selected to achieve the lowest interest rate. The Group can draw on sufficient non-current debt facilities (as outlined in Note 14) to ensure that debts can be settled as they fall due. Additionally, in the May 2024 Budget the Commonwealth Government shareholder committed to provide funding of $7.1 billion to Snowy Hydro over four years from 2024–25 to support the continued construction of Snowy 2.0.

Reporting period

Reporting period has the same meaning as the financial year for the purposes of the Corporations Act 2001 (Cth).

In accordance with the Public Governance, Performance and Accountability Rule 2014 this Annual Report 2024 refers to the period from 1 July 2023 to 30 June 2024. Snowy Hydro's 2023 Annual Report represented the reporting period 1 July 2022 to 30 June 2023.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgement and key assumptions that management has made that have the most significant effect on the amounts recognised in the financial statements are detailed in the notes below:

Note	Judgement/Estimation
2	Revenue recognition
6	Provision for doubtful debts
8 & 13	Environmental certificates
10	Impairment of goodwill
16	Valuation of financial instruments

Notes to the Financial Report

The notes are organised into the following sections:

Financial performance overview

Provides a breakdown of individual line items in the consolidated statement of profit or loss, and other information that is considered most relevant to users of the annual report.

Balance sheet items

Provides a breakdown of individual line items in the consolidated statement of financial position that are considered most relevant to users of the annual report.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

1. Basis of preparation (continued)

Capital structure and risk management

Provides information about the capital management practices of Snowy Hydro and shareholder returns for the year. This section also discusses Snowy Hydro's exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks.

Group structure

Explains aspects of the Snowy Hydro structure and the impact of this structure on the financial position and performance of Snowy Hydro.

Other

Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements and provides information about items that are not recognised in the financial statements but could potentially have a significant impact on Snowy Hydro's financial position and performance.

Financial performance overview

2. Revenue and expenses

$million	2024	2023
Revenue		
Revenue from contracts with customers		
Wholesale	**998.0**	1,246.0
Retail	**2,971.6**	2,462.7
Total revenue from contracts with customers	**3,969.6**	3,708.7
Other revenue	**185.2**	197.7
Total revenue	**4,154.8**	3,906.4
Expenses		
Direct costs of revenue	**(2,674.3)**	(2,960.2)
Impairment loss recognised on trade receivables	**(33.7)**	(25.5)
Amortisation	**(48.1)**	(49.4)
Depreciation	**(105.9)**	(103.7)
Operating lease expenses	**(1.8)**	(2.3)
Superannuation	**(24.9)**	(22.5)
Profit/(loss) on disposal of property, plant and equipment	**23.3**	(1.4)

In March 2024, Snowy Hydro settled on the transaction to dispose of surplus land in Jindabyne, which contributed to a net profit of $13.7 million.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

2. Revenue and expenses (continued)

Recognition and measurement

- **Wholesale revenue:** is recognised at a point in time, being when the Group fulfils its performance obligations in generating energy. The transaction price is dictated by spot market prices and control is deemed to have been passed to Australian Energy Market Operator (**AEMO**) when electricity is generated as it is utilised in the NEM to provide energy to retailers.
- **Retail revenue:** is recognised at a point in time, being when the Group fulfils its performance obligations in providing energy to its customers, whereby the energy is consumed by the customers at the same time it is provided by the Group. The transaction price includes a fixed component (service charge) and a variable component (based on consumption). Control is deemed to have passed to the customer as energy is consumed by the customer (i.e. as they receive the benefit of this good).
- **Other revenue:** is predominantly revenue from environmental certificates which is recognised at a point in time, being when the Group fulfils its performance obligations with customers through the supply of electricity and/or gas; and sale of the environmental certificates. It is measured as a component of the transaction price charged to customers for the provision of electricity and/or gas, and measured at the sale price when sold directly to customers on the wholesale market.

Critical accounting estimate – Unbilled revenue

At the end of each reporting period, the volume of energy supplied since a customer's last bill is estimated in determining unbilled revenue. This estimation requires judgement and is based on historical customer consumption patterns. Related to this are unbilled network expenses of unread electricity and gas meters which are estimated based on historical customer consumption patterns. Note 6 discloses the unbilled revenue balance for the reporting period.

3. Net finance income

$million	2024	2023
Interest income	**11.2**	6.8
Interest expense and funding cost	**(209.8)**	(111.9)
Interest rate hedge income	**65.7**	21.3
Interest expense from leasing arrangements	**(6.4)**	(7.6)
Finance costs capitalised	**142.3**	92.4
Finance costs	**(8.2)**	(5.8)
Net finance income	**3.0**	1.0

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

3. Net finance income (continued)

Recognition and measurement

- **Interest income and expense:** are accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates. Interest costs directly attributable to the acquisition or construction of qualifying assets are added to the cost of those assets. The weighted average capitalisation rate on funds borrowed for finance costs capitalised is 4.2% (2023: 3.9%).
- **Leasing arrangements:** Lease liabilities are measured at commencement date at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

4. Income tax expense

Reconciliation of income tax expense charged to the consolidated statement of profit or loss:

$million	2024	2023
Profit from operations	**599.1**	631.4
Tax expense calculated at 30%	**(179.7)**	(189.4)
Prior year adjustments	**(0.3)**	0.9
Non-deductible expenses	**(0.7)**	(1.4)
Research and development offset	**0.1**	0.2
Total income tax expense on profit	**(180.6)**	(189.7)
Comprising of:		
Current tax expense	**(185.7)**	(69.3)
Deferred tax income/(expense)	**5.1**	(120.4)
Total income tax expense on profit	**(180.6)**	(189.7)

The tax rate used in the above reconciliation is the corporate tax of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Snowy Hydro and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes and elected to be taxed as a single entity from 1 July 2003. The head entity in the tax consolidated group is Snowy Hydro Limited. Entities within the tax consolidated group are listed in Note 21.

Snowy Hydro Limited is a signatory to the Voluntary Tax Transparency Code, and prepares its Tax Report in accordance with the code. The Tax Report for the 30 June 2024 year is available on the Snowy Hydro Limited website.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

4. Income tax expense (continued)

Recognition and measurement

Current and deferred tax is recognised as an expense in the consolidated statement of profit or loss, except when it relates to items credited or debited directly to other comprehensive income or directly to equity, in which case the current and deferred tax is also recognised directly to other comprehensive income or equity, respectively, or where it arises from an initial accounting for a business acquisition, in which case it is taken into account in the determination of goodwill.

5. Reconciliation of profit for the period to net cash generated from operations

$million	2024	2023
Profit before income tax	**599.1**	631.4
Adjustments for:		
(Profit)/loss on sale of non-current assets	**(23.3)**	1.4
Depreciation and amortisation	**154.0**	153.1
Impairment loss recognised on trade receivables	**33.7**	25.5
Impairment write-off on property, plant and equipment	**0.5**	0.3
Changes in fair value of financial instruments	**146.2**	(329.0)
Interest received	**(11.2)**	(6.8)
Finance cost paid	**8.2**	5.8
	907.2	481.7
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(250.5)**	124.4
(Increase)/decrease in inventories	**(1.4)**	39.2
Decrease in other financial assets	**152.3**	378.3
(Increase)/decrease in other assets	**(90.5)**	68.9
Increase/(decrease) in trade and other payables	**226.3**	(354.8)
Increase in provisions	**32.7**	8.6
(Decrease)/increase in other financial liabilities	**(66.6)**	8.3
Net cash generated from operations	**909.5**	754.6

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

Balance Sheet Items

6. Trade and other receivables

$million	2024	2023
Trade receivables	**773.1**	541.7
Allowance for doubtful debts	**(77.6)**	(67.8)
Goods and services tax receivable	**7.8**	12.9
Total trade and other receivables	**703.3**	486.8

Expected credit loss on trade receivables

$million	
Balance as at 1 July 2023	**67.8**
Additional allowance for doubtful debts	**33.7**
Amounts written off, previously provided for	**(23.9)**
Balance as at 30 June 2024	**77.6**

The ageing analysis of trade receivables and expected credit losses is as follows:

	2024			2023	
	Total	Lifetime ECL Rate	Allowance	Total	Allowance
Unbilled revenue	**381.2**	**2.1%**	**8.1**	296.9	7.6
Not past due	**267.6**	**2.0%**	**5.3**	151.4	4.9
Past due 0-30 days	**34.9**	**16.0%**	**5.6**	27.8	4.9
Past due 31-60 days	**25.3**	**16.6%**	**4.2**	12.8	3.6
Past due 61-90 days	**8.8**	**42.0%**	**3.7**	6.0	2.7
Greater than 90 days	**55.3**	**91.7%**	**50.7**	46.8	44.1
	773.1		**77.6**	541.7	67.8

Recognition and measurement

Trade and other receivables are recognised initially at contractual amounts due and are subsequently stated at amortised cost using the effective interest method, less allowances for lifetime expected credit losses.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

6. Trade and other receivables (continued)

Critical accounting estimate – Expected credit loss

In accordance with AASB 9 *Financial Instruments*, the Group applies the 'simplified approach' when measuring expected credit losses. This approach requires the calculation of a lifetime expected loss allowance for trade receivables. Expected credit losses on trade receivables are estimated by using a provision matrix with reference to historical credit loss experience and then applying an adjustment for forward-looking estimates. The Group categorises its trade receivables based on ageing. Loss rates are estimated in each customer segment, including by age category, fuel type and customer status and are based on the probability of a receivable progressing through to a write-off. The impact of economic factors is considered in assessing the likelihood of recovery from customers. Economic factors include the direction of conditions both general and specific to the industry (e.g. customer churn).

7. Other financial assets

$million	2024	2023
Current		
Financial assets carried at fair value		
Energy derivatives - economic hedge	**542.7**	662.3
Commodity swaps and interest rate swaps - cash flow hedge	**59.6**	59.1
Loans and receivables		
Deposits with brokers	**32.9**	144.6
Total current other financial assets	**635.2**	866.0
Non-current		
Financial assets carried at fair value		
Commodity swaps and interest rate swaps - cash flow hedge	**205.2**	246.3
Total non-current other financial assets	**205.2**	246.3

8. Other assets

$million	2024	2023
Current		
Deposits	**63.6**	58.5
Prepayments	**67.8**	26.8
Environmental certificates	**158.8**	102.0
Total current other assets	**290.2**	187.3
Non-current		
Prepayments	**98.6**	54.4
Total non-current other assets	**98.6**	54.4

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

8. Other assets (continued)

Recognition and measurement

Environmental certificates are recognised at the lower of cost and net realisable value in the consolidated statement of financial position.

9. Property, plant and equipment

$million	Land and Buildings	Leasehold Improvements	Plant and Equipment	Construction in Progress	Total
Gross carrying amount					
1 July 2022	209.5	26.7	2,892.0	3,358.3	6,486.5
Additions	3.2	-	-	2,051.5	2,054.7
Capitalised to asset class	9.6	0.1	86.5	(96.2)	-
Disposals	(4.5)	-	(2.8)	-	(7.3)
Impairment charge	-	-	-	(0.3)	(0.3)
30 June 2023	**217.8**	**26.8**	**2,975.7**	**5,313.3**	**8,533.6**
Additions	29.7	-	-	2,951.8	2,981.5
Capitalised to asset class	3.5	1.6	96.0	(101.1)	-
Net restoration movement	-	-	(8.5)	-	(8.5)
Disposals	(1.0)	(0.2)	(2.3)	-	(3.5)
Impairment charge	-	-	(0.5)	-	(0.5)
30 June 2024	**250.0**	**28.2**	**3,060.4**	**8,164.0**	**11,502.6**
Accumulated depreciation					
1 July 2022	(50.1)	(16.5)	(1,197.4)	-	(1,264.0)
Disposals	0.5	-	2.5	-	3.0
Depreciation	(12.6)	(2.3)	(91.5)	-	(106.4)
30 June 2023	**(62.2)**	**(18.8)**	**(1,286.4)**	**-**	**(1,367.4)**
Disposals	0.7	0.1	1.6	-	2.4
Depreciation	(13.7)	(2.4)	(93.6)	-	(109.7)
30 June 2024	**(75.2)**	**(21.1)**	**(1,378.4)**	**-**	**(1,474.7)**
Net book value					
2023	155.6	8.0	1,689.3	5,313.3	7,166.2
2024	**174.8**	**7.1**	**1,682.0**	**8,164.0**	**10,027.9**

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

9. Property, plant and equipment (continued)

Recognition and measurement

- **Property, plant and equipment:** assets are recorded at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset and its estimated costs of decommissioning and rehabilitation. Finance costs directly attributable to the acquisition or construction of qualifying assets are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss as incurred. The gain or loss arising on disposal or retirement is recognised in profit or loss. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if an asset's carrying amount is greater than its estimated recoverable amount.

- **Right-of-use assets:** Right-of-use assets are measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.
  Included within property, plant and equipment are right-of-use assets with a carrying value at 30 June 2024 of $85.7 million (2023: $67.7 million) in the land and buildings class, and $30.1 million (2023: $36.4 million) in the plant and equipment class. Depreciation charged on these assets for the period was $11.7 million (2023: $10.6 million) in the land and buildings class, and $6.3 million (2023: $6.3 million) in the plant and equipment class.

- **Depreciation:** assets are depreciated at rates based upon their expected economic life using the straight-line method. Leasehold improvements are amortised over the period of the relevant lease or estimated useful life, whichever is shorter. Land is not depreciated.

The following estimated useful lives are used in the calculation of depreciation:

- Buildings: 10–50 years
- Electrical and mechanical equipment: 5–60 years
- Civil works: 30–75 years
- Mobile plant: 3–20 years
- Control systems: 5–8 years.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

10. Goodwill and other intangible assets

$million	Goodwill	Cost of customer acquisition	Computer software	Total
Cost				
1 July 2022	383.2	399.4	175.0	957.6
Additions	-	18.0	19.0	37.0
Disposals	-	-	-	-
30 June 2023	**383.2**	**417.4**	**194.0**	**994.6**
Additions	-	33.0	25.1	58.1
Disposals	-	-	-	-
30 June 2024	**383.2**	**450.4**	**219.1**	**1,052.7**
Amortisation				
1 July 2022	-	(327.8)	(127.8)	(455.6)
Amortisation	-	(32.5)	(16.9)	(49.4)
Disposals	-	-	-	-
30 June 2023	**-**	**(360.3)**	**(144.7)**	**(505.0)**
Amortisation	-	(33.4)	(14.7)	(48.1)
Disposals	-	-	-	-
30 June 2024	**-**	**(393.7)**	**(159.4)**	**(553.1)**
Net book value				
2023	383.2	57.1	49.3	489.6
2024	**383.2**	**56.7**	**59.7**	**499.6**

Recognition and measurement

- **Goodwill** represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is not amortised but tested for impairment annually and whenever there is an indicator of impairment.
- **Customer acquisition costs:** Customer contracts acquired in a business combination are carried at cost less accumulated amortisation. The costs incurred in acquiring new customers are recognised based on the directly attributable costs of obtaining the customer contract. Amortisation is recognised as an expense on a straight line basis over the period of the expected benefit.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

10. Goodwill and other intangible assets (continued)

Critical accounting estimate – carrying value assessment

The Group tests goodwill for impairment at least annually to ensure it is not carried above its recoverable amount. This determination requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit (**CGU**) and a suitable discount rate in order to calculate present value.

There are two CGUs in the consolidated entity comprising a gas and electricity retailer and an electricity generator. Notwithstanding this, the retailer and the generator operate in unison and therefore form one operating segment. Indicators of impairment of goodwill are assessed against the two CGUs. During the financial year, the consolidated entity assessed the recoverable amount of the CGUs and determined that no impairment existed. The recoverable amount of the CGUs has been determined based on a value in use calculation of an asset with an indefinite life. The corporate valuation model provides for a 10 year projection of revenue, operating and capital expenditure, financing activities and taxation based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. This projection term reflects the perpetual nature of the Snowy Hydro assets and also provides for a realistic pattern of replacement capital expenditure over the projection term.

In accordance with AASB 136 *Impairment of Assets*, the recoverable amount test discounts pre-tax nominal asset cash flows (including routine maintenance and refurbishment capital expenditure), at a pre-tax nominal WACC of 7.5% (2023: 7.3%). The standard valuation includes a terminal value calculated by assuming the final year's cash flow is maintained in perpetuity (in real terms) and discounted to the valuation date using the same pre-tax nominal WACC noted above. The Snowy 2.0 Project valuation uses a longer-term modelling horizon, negating the need for a terminal value calculation. The recoverable amount is most sensitive to the changes in the following assumptions:

Sensitivity	Management's approach to determining the value	Growth rate
Forward market price projections for spot, contract and option premium revenue	Spot and contract revenue projections are consistent with Snowy Hydro's recent performance and are based on forward market curves for the observable trade period from GFI Group, and internal modelling thereafter. Capacity pricing (i.e. option premium income and difference payments made under the contracts) is based on a blended combination of GFI and Snowy Hydro's assessment of long-term pricing based on new-entrant modelling.	Implied in curves and modelled outcomes
Water inflows	The water inflow sequence underlying the projections reflects the expectation that 2025 inflows will be above average and that future average inflows will thereafter trend back towards past experience. The starting water storage levels are also reflected in the projections.	Not applicable
Capital expenditure	Capital expenditure is derived from Snowy Hydro's long-term capital asset planning model and includes all expenditure relating to existing assets.	Zero real growth in prices
Retail gross margin	The retail operating cost model is sufficiently flexible to respond to customer growth and is modelled as such; customer growth targets drive cost to acquire and cost to serve. The most sensitive valuation assumption is what gross margin the retail businesses charge mass-market customers. This valuation sensitivity exercise is performed in isolation of a corporate response that might ensue (such as reducing customer targets).	Retail gross margin is materially maintained

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

11. Net deferred income tax

$million	Opening balance	Charged to income statement	Charged to OCI	Other/ transfer	Closing balance
2024					
Deferred tax assets					
Property, plant and equipment	59.6	(75.6)	-	16.0	-
Provisions	50.9	33.9	0.1	-	84.9
Non derivative financial instruments	3.0	1.0	-	-	4.0
Total deferred tax assets	**113.5**	**(40.7)**	**0.1**	**16.0**	**88.9**
Deferred tax liabilities					
Property, plant and equipment	-	-	-	16.0	16.0
Derivative financial instruments	169.0	(45.2)	(14.4)	-	109.4
Other	17.9	(0.5)	-	-	17.4
Total deferred tax liabilities	**186.9**	**(45.7)**	**(14.4)**	**16.0**	**142.8**
Net deferred tax liabilities	**(73.4)**				**(53.9)**

2023					
Deferred tax assets					
Property, plant and equipment	91.1	(31.5)	-	-	59.6
Provisions	47.1	3.8	-	-	50.9
Non derivative financial instruments	2.7	0.3	-	-	3.0
Total deferred tax assets	140.9	(27.4)	-	-	113.5
Deferred tax liabilities					
Derivative financial instruments	61.7	97.3	10.0	-	169.0
Other	22.4	(4.5)	-	-	17.9
Total deferred tax liabilities	84.1	92.8	10.0	-	186.9
Net deferred tax assets/(liabilities)	56.8				(73.4)

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

11. Net deferred income tax (continued)

Recognition and measurement

- **Current tax:** The income tax payable/receivable in the statement of financial position represents the amount expected to be paid (or refunded) in relation to taxable income for the financial year measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for the current, and prior periods, is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).
- **Deferred income tax** is provided in full, using the balance sheet method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle the tax assets and liabilities on a net basis.

12. Trade and other payables

$million	2024	2023
Current		
Trade payables	**635.2**	542.9
Other payables	**43.7**	20.4
Total current trade and other payables	**678.9**	563.3
Non-current		
Other payables	**12.3**	-
Total non-current trade and other payables	**12.3**	-

Recognition and measurement

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

13. Provisions

$million	Current				Non-current		
	Employee benefits	Environmental liability	Other provisions	Total current provisions	Employee benefits	Site rehabilitation	Total non-current provisions
2023	47.3	93.7	0.5	141.5	36.8	17.3	54.1
Recognised/ remeasured	54.7	102.2	0.3	157.2	(0.6)	92.1	91.5
Settled/ transferred	(41.9)	(83.3)	-	(125.2)	-	-	-
2024	**60.1**	**112.6**	**0.8**	**173.5**	**36.2**	**109.4**	**145.6**

Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that settlement will be required and the obligation can be reliably estimated. Material provisions which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group.

- **Employee benefits:** provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations when it is probable that settlement will be required and they are capable of being reliably measured. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the current remuneration rate. Material employee provisions expected to be settled after 12 months are measured at their projected remuneration rate, discounted to their present values.
- **Environmental scheme obligation**: is recognised when electricity and gas is purchased from the NEM and simultaneously supplied to customers. Regulatory bodies impose a percentage on the volume of electricity and gas purchased to determine the number of environmental certificates the purchaser is obliged to surrender. The provision is measured at the present value of the cost of certificates required to meet this obligation.
- **Site rehabilitation:** provision is initially recognised at the best estimate of the costs to be incurred in settling the obligation. Where restoration activities are expected to occur more than 12 months from the reporting period the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised in each period as finance cost.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

14. Interest bearing liabilities and credit facilities

i) Interest bearing liabilities – unsecured

$million	2024	2023
Current		
Bank loans	**1,175.0**	150.0
Borrowing costs	**(8.2)**	(8.0)
Lease liability	**22.5**	17.2
Total current interest bearing liabilities	**1,189.3**	159.2
Non-current		
Bank loans	**3,505.0**	2,313.0
Borrowing costs	**(10.7)**	(15.7)
Lease liability	**115.1**	109.1
Total non-current interest bearing liabilities	**3,609.4**	2,406.4

ii) Credit facilities – unsecured

$million	2024	2023
Financing facilities		
Amounts used	**4,680.0**	2,463.0
Amounts unused	**1,220.0**	2,587.0
Total financing facilities	**5,900.0**	5,050.0

These facilities have fixed maturity dates as follows: $1,175 million in 2025, $1,388 million in 2026, $1,025 million in 2027, $1,637 million in 2028, $425 million in 2029 and $250 million in 2030.

$million	2024	2023
Uncommitted short-term money market facilities		
Amounts used	**-**	-
Amounts unused	**30.0**	30.0
Total short-term money market facilities	**30.0**	30.0

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

14. Interest bearing liabilities and credit facilities (continued)

Recognition and measurement

- **Borrowings** are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the consolidated statement of profit or loss over the period of the borrowing, using the effective interest rate method.
- **Lease liabilities** are measured at commencement date at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

15. Other financial liabilities

$million	2024	2023
Current		
Financial liabilities carried at fair value		
Energy derivatives - economic hedge	**438.3**	429.8
Foreign exchange contracts and interest rate swaps - cash flow hedge	**18.4**	6.9
Commodity forwards - cash flow hedge	**-**	1.0
Total current other financial liabilities	**456.7**	437.7

$million	2024	2023
Non-current		
Financial liabilities carried at fair value		
Foreign exchange contracts and interest rate swaps - cash flow hedge	**8.5**	18.7
Commodity forwards - cash flow hedge	**0.2**	0.8
Total non-current other financial liabilities	**8.7**	19.5

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

Capital Structure and Risk Management

16. Financial instruments

1. Capital Management

The Group's objectives in managing capital are to safeguard its ability to operate as a going concern by maintaining sufficient liquidity so that it can continue to provide returns for the shareholder, and to maintain a capital structure commensurate to targeting a strong investment grade corporate credit rating (Standard & Poor's), to minimise the cost of capital and to provide credit transparency to trading and lending counterparties.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 14 offset by cash and cash equivalents) and equity (comprising issued capital, reserves, and retained earnings). The Group's capital structure is reviewed annually by the Board Audit and Compliance Committee which considers the Group's expected operating cash flows, capital expenditure plans, maturity profile of debt facilities, dividend policy and the ability to access funding from banks and other sources.

The Group monitors its capital management objectives by continuously assessing several benchmarks related to debt, cash flows and financial performance.

2. Financial Risk Management

$million	2024	2023
Financial assets		
Amortised cost		
Cash and cash equivalents	**278.2**	249.0
Trade receivables and deposits with brokers	**728.4**	618.5
Fair value through profit or loss		
Energy derivatives	**542.7**	662.3
Derivatives designated and effective as hedging instruments		
Interest, foreign exchange and commodity derivatives	**264.8**	305.4
Financial liabilities		
Amortised cost		
Interest bearing liabilities	**4,798.7**	2,565.6
Trade payables	**635.2**	542.9
Fair value through profit or loss		
Energy derivatives	**438.3**	429.8
Derivatives designated and effective as hedging instruments		
Interest, foreign exchange and commodity derivatives	**27.1**	27.4

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

16. Financial instruments (continued)

The change in fair value of derivatives recognised through profit or loss comprises:

$million	2024	2023
(Loss)/gain recognised on energy derivatives (standard swaps, options and bespoke contracts)	**(128.7)**	327.7
Loss due to interest rate hedge ineffectiveness	**(3.6)**	(6.5)
Movement of cap premium received not yet amortised	**(13.9)**	7.8
Changes in fair value of financial instruments recognised through profit or loss	**(146.2)**	329.0

The change in fair value of derivatives designated and effective as hedging instruments recognised through hedging reserves comprises:

$million	2024	2023
(Losses) or gains recognised on:		
Foreign exchange contracts	**(12.5)**	21.5
Commodity swaps	**0.5**	(11.4)
Interest rate swaps	**(36.0)**	23.0
Changes in fair value of financial instruments recognised through hedging reserves	**(48.0)**	33.1

The Group's Treasury and Portfolio management functions provide services to the business to monitor and manage risks relating to NEM outcomes, commodity prices, foreign exchange and interest rates movement, liquidity and credit exposure as they arise in the normal course of operations of the Group.

Risk exposures are assessed and monitored using a variety of methods including stress modelling and ongoing surveillance, with regular risk reporting to both Executive and Board Risk Committees. The Group uses derivative instruments, physical hedges such as generation capacity, and strict liquidity management to mitigate the exposures while aiming to optimise risk-adjusted financial returns within policies approved by the Board of Directors.

Policy compliance is monitored by a segregated compliance management process and reviewed by the Board on a regular basis.

The Group holds and issues financial instruments as an integral part of conducting its revenue generating and financing activities including:

- Funding: to finance the Group's operating activities. The principal types of instruments include revolving bank loans and bank guarantees;
- Operating: the Group's day to day business activities generate financial instruments such as cash, trade and other receivables and payables; and
- Risk management: to reduce the risks to financial performance that would arise if all generation was subject to spot market outcomes. The Group transacts electricity swaps and options to notionally contract a portion of its generation capacity. Interest rate, foreign exchange contracts and commodity derivatives are transacted to manage cash flow risks associated with financing with floating rate debt instruments, purchasing in foreign currencies, and energy procurement activities.

Key financial risks from utilising the aforementioned financial instruments are explained further in the following sections:

(i) market risk (including electricity and commodity price risk, foreign exchange and interest rate risk)

(ii) liquidity risk

(iii) credit risk

The Group's overall financial risk management strategy remains unchanged from 2023.

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For the period ended 30 June 2024

16. Financial instruments (continued)

(i) Market risk

Electricity and commodity price risk

Fluctuations in electricity and commodity prices will impact the Group's results and cash flows. To manage price risks associated with electricity generation, and sales of electricity and gas to retail customers, the Group has established a risk framework that consists of policies on the overall limits of exposure across spot and energy derivatives markets, delegations and transaction limits for trading activity.

The Group utilises a range of energy derivative instruments to manage electricity price risk, both in futures and over-the-counter markets. These derivative instruments are classified into swaps (standard swaps, load-following swaps and capped swaps) and options (caps, standard options and average rate options). Some over-the-counter caps and related derivative products include features providing the counterparty with the ability to nominate different strike prices and notional megawatt (**MW**) volumes (within limits) for different contract periods. Additionally, in recent years the Group has established a portfolio of Power Purchase Agreements (**PPAs**) sourcing from renewable energy fuel including solar and wind to back our supply to Retail customers. By utilising the standby, fast-start generation capacity from our physical generation assets, Snowy Hydro is able to match the generation and demand profiles to manage potential mismatch risks.

The table below sets out the fair value of derivatives at the reporting date.

$million	2024	2023
Energy derivatives asset - current	**542.7**	662.3
Energy derivatives liability - current	**(438.3)**	(429.8)
Total energy derivatives	**104.4**	232.5

*Snowy has entered into commodity derivatives totalling a fair value of $0.1m at June 2024 (2023: $(0.6)m). The derivatives were in effective hedge relationships. As the balance is immaterial, commodity derivatives are only disclosed in the liquidity risk table and fair valuation hierarchy table.

These derivatives are classified as current because they are held for trading, however management's intent is to hold to maturity. Of the total energy derivatives, $140.1 million (2023: $190.9 million) of the asset and $129.0 million (2023: $162.1 million) of the liability is expected to mature within 12 months, and $402.6 million (2023: $471.4 million) of the asset and $309.3 million (2023: $267.7 million) of the liability is expected to mature beyond 12 months.

Energy derivatives – economic hedge

The Group uses energy derivative instruments to economically hedge electricity price risks within the risk management framework. The economic hedges do not meet the requirements of hedge accounting set out in AASB 9 *Financial Instruments*. Therefore these instruments are categorised as held for trading and changes in fair valuation are recognised immediately as changes in fair value of financial instruments in the consolidated statement of profit or loss.

Energy and commodity price sensitivity analysis

The table below sets out the impact of changes of prices on profit or loss and equity based solely on the Group's exposures at the reporting date (holding all other variables constant and without any mitigating actions that management might take should the price changes occur). A 35% (2023: 40%) price change has been applied to flat, peak and off-peak electricity swaps, a 50% (2023: 60%) price change has been applied to electricity options. These changes are based on the volatility of historical prices of the relevant instruments.

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For the period ended 30 June 2024

16. Financial instruments (continued)

$million	Profit/ (loss) before tax Increase/ (decrease) in fair value		Other comprehensive income Increase/ (decrease) in fair value	
	2024	2023	2024	2023
Electricity swap - price increase	128.3	118.6	-	-
Electricity swap - price decrease	(128.7)	(119.8)	-	-
Electricity options - price increase	(257.5)	(419.7)	-	-
Electricity options - price decrease	256.7	418.1	-	-

Foreign exchange risk

The Group operates wholly within Australia and contracts with suppliers in Australian dollars or other currencies. Contracts in New Zealand dollars are not hedged as historically the New Zealand dollar has maintained a proportional relationship with the Australian dollar, and purchase and contract exposures are immaterial.

Where a purchase or contract is payable in another currency, the Group is exposed to the fluctuation of exchange rates. The Group's Treasury policy is to hedge any aggregate (per contract) foreign exchange exposure which exceeds AUD $500,000 equivalent value.

In April 2019, the Company signed a contract as part of the Snowy 2.0 project which has a component denominated in EURO. Accordingly, the Company has entered into a series of foreign exchange contracts, with €145.4 million outstanding at 30 June 2024 on the Snowy 2.0 project. The purpose of these contracts is to fix the Australian dollar cost of the equipment purchases over the life of the contracts up to January 2026.

Foreign exchange contracts – cash flow hedge

The Group has entered into foreign exchange contracts to hedge the exchange rate risk arising from purchases or contracts that are denominated in foreign currencies, which are designated as cash flow hedges at inception and tested for effectiveness at each reporting date. The economic relationship between the hedged item and hedging instruments is established based on the currency, amount and timing of the respective cash flows. It is the Group's policy to match the key terms of the foreign exchange contract with the underlying transaction and apply a hedge ratio of 1:1 on the base contract. The entire forward rate of the foreign exchange contracts is designated to hedge the base contract currency risk. As at year end, the underlying purchases are assessed to remain highly probable and the amount accumulated in equity will be reclassified to profit or loss or assets when the underlying transaction affects profit and loss or results in acquisition of non-financial assets.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing and notional amount of the hedge transactions.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

16. Financial instruments (continued)

The following tables provide an overview of the foreign exchange hedge in place for the reporting period, detailing hedge exposure at different maturity.

2024 $million	Less than one year	1 - 3 years	More than 3 years	Total
Forward exchange contracts				
Net exposure (in millions of EUR)	100.7	44.7	-	145.4
Average EUR:AUD forward contract rate	0.55	0.54	-	0.55

2023 $million	Less than one year	1 - 3 years	More than 3 years	Total
Forward exchange contracts				
Net exposure (in millions of EUR)	51.7	145.4	-	197.1
Average EUR:AUD forward contract rate	0.57	0.55	-	0.56
Net exposure (in billions of JPY)	0.7	-	-	0.7
Average JPY:AUD forward contract rate	79.55	-	-	79.55

The amounts at the reporting date relating to items designated as hedged items for foreign currency risk were as follows:

Capital expenditure $million	2024	2023
Change in value used for calculating hedge effectiveness	46.7	34.1
Cash flow hedge reserve	46.7	34.1
Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied	-	-

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

16. Financial instruments (continued)

The amounts relating to items designated as foreign exchange hedging instruments and hedge ineffectiveness were as follows:

Forward exchange contracts $million	2024	2023
Assets (carrying amount)		
Other current financial assets	-	-
Other non-current financial assets	-	-
Liabilities (carrying amount)		
Other current financial liabilities	(18.4)	(6.9)
Other non-current financial liabilities	(8.5)	(18.7)
Loss on foreign cash balance designated as a hedging instrument	(19.8)	(8.5)
The change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	(46.7)	(34.1)
Changes in the value of the hedging instrument recognised in OCI	46.7	34.1
Hedge ineffectiveness recognised in other expenses	-	-
Amount from hedging reserve transferred to property, plant and equipment and goodwill and other intangible assets	-	-

Foreign exchange rate sensitivity analysis

The table below sets out the impact on profit or loss and equity, if the foreign exchange forward rate had been higher or lower, based on the foreign exchange forward curve applicable to the Group's financial instruments denominated in a foreign currency at the reporting date. All other variables have been held constant.

The impact of any mitigating actions that management might take if the exchange rate change had occurred has not been taken into account.

	Profit/ (loss) before tax		Other comprehensive income	
$million	2024	2023	2024	2023
EUR +7.15% (2023: +7.93%)	-	-	16.3	24.2
EUR -7.15% (2023: -7.93%)	-	-	(16.3)	(24.2)
JPY n/a% (2023: +11.84%)	-	-	-	1.0
JPY n/a% (2023: -11.84%)	-	-	-	(0.8)

Interest rate risk

The Group is exposed to interest rate risk from floating rate borrowings (excluding finance lease liabilities). The Group manages interest rate risk by fixing the interest rate for a portion of the borrowings with interest rate swaps. The Group adopts a policy of targeting between 50% and 90% of its forecast interest rate risk exposure, at the time of hedge placement, is hedged at a fixed rate.

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For the period ended 30 June 2024

16. Financial instruments (continued)

Interest rate swaps – cash flow hedge

The Group has entered into interest rate swaps to hedge the fluctuation of projected interest payments arising from floating rate borrowings, which are designated as cash flow hedges at inception and tested for effectiveness at each reporting date. The economic relationship between the hedged item and hedging instruments is established based on the reference interest rates, notional amount, repricing dates and maturity of the respective cash flows. It is the Group's policy to match the key terms of the interest rate swaps and projected interest payments and apply a hedge ratio of 1:1, hedging instrument to hedged debt. As at year end, the projected interest payments are assessed to remain highly probable and the amount accumulated in equity will be reclassified to profit and loss when the underlying transaction affects profit and loss.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the interest rate swaps and the floating rate borrowings.
- changes in the timing and notional amount of the projected interest payments.

The Group had the following financial assets and liabilities exposed to floating interest rate risk as at 30 June 2024:

$million	2024	2023
Floating rate instruments		
Financial assets		
Cash and cash equivalents	278.2	249.0
	278.2	249.0
Financial liabilities		
Bank loans	4,680.0	2,463.0
Interest rate swap notional principal	(3,176.8)	(3,076.7)
	1,503.2	(613.7)

The following table summarises the interest rate hedges in place for the reporting period, detailing the notional principal hedge amounts outstanding, the average fixed rate, and the current fair value:

	Average swap fixed interest rate		Notional principal amount	
	2024 %	2023 %	2024 $million	2023 $million
Less than 1 year	2.07	2.15	3,176.8	3,076.7
1 to 2 years	2.07	2.07	3,176.8	3,176.8
2 to 3 years	2.06	2.07	2,876.8	3,176.8
3 to 4 years	2.04	2.06	2,426.4	2,876.8
4 to 5 years	-	2.04	-	2,426.4
Average	**2.06**	2.08	**2,914.2**	2,946.7

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For the period ended 30 June 2024

16. Financial instruments (continued)

The amounts at the reporting date relating to items designated as hedged items for interest rate risk were as follows:

Floating interest payments $million	2024	2023
Change in value used for calculating hedge effectiveness	(264.1)	(300.1)
Cash flow hedge reserve	(264.1)	(300.1)
Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied	-	-

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

Interest Rate Swaps $million	2024	2023
Assets (carrying amount)		
Other current financial assets	59.3	57.9
Other non-current financial assets	205.2	246.3
Liabilities (carrying amount)		
Other current financial liabilities	-	-
Other non-current financial liabilities	-	-
The change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	264.5	304.2
Changes in the value of the hedging instrument recognised in OCI	(264.1)	(300.1)
Hedge ineffectiveness recognised in other expenses	(0.4)	(4.1)
Amount reclassified from hedging reserve to profit or loss	65.7	21.3

Interest rate sensitivity analysis

The table below sets out the impact on profit or loss and equity, if interest rates had been 100 (2023: 150) basis points higher or 100 (2023: 150) basis points lower, based on the interest rate yield curve applicable to the Group's interest bearing assets and liabilities at the reporting date. All other variables have been held constant.

The impact of any mitigating actions that management might take if the interest rate change had occurred has not been taken into account.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

16. Financial instruments (continued)

	Profit/ (loss) before tax		Other comprehensive income	
$million	**2024**	**2023**	**2024**	**2023**
Interest rate + 100 (2023: +150) basis points				
Interest on bank loan	(46.8)	(36.9)	-	-
Interest on interest rate swap	30.8	46.1	-	-
Fair valuation of interest rate swap	-	-	114.1	199.5
Interest rate -100 (2023: -150) basis points				
Interest on bank loan	46.8	36.9	-	-
Interest on interest rate swap	(30.8)	(46.1)	-	-
Fair valuation of interest rate swap	-	-	(119.3)	(216.2)

*2023 sensitivity analysis was based on +150 bps and –150 bps movement of the interest rate curve. The Group assesses the reasonableness of the sensitivity scenario at reporting time to reflect the most up-to-date market environment and determined +100 bps and –100 bps is more appropriate for 2024.

Cash flow hedge reconciliation

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

$millions	2024	2023
Balance at the beginning of the reporting period	186.0	162.9
Cash flow hedges		
Changes in fair value:		
Foreign currency risk	(13.9)	19.7
Interest rate risk	29.6	43.7
Commodity risk	3.4	(4.2)
Amount reclassified to profit or loss:		
Interest rate risk	(65.7)	(21.3)
Commodity risk	(2.8)	(6.6)
Amount included in the cost of non-financial items:		
Foreign currency risk	1.4	1.8
Tax on movements on reserves during the year	14.4	(10.0)
Balance at the end of the reporting period	**152.4**	186.0

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

16. Financial instruments (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due.

Short-term liquidity risk predominantly arises through four sources: the potential for large margin calls on electricity futures contracts in the event of adverse movements in forward electricity prices; prudential calls from AEMO; the risk of settling large payouts on a contract or contracts where the Group's generation fails to cover those contract positions; and monthly payment claims on the Snowy 2.0 Project and the Hunter Power Project.

The Group manages its liquidity risk by continuously monitoring forecast and actual cash flows and prudential exposures, matching the maturity profiles of financial assets and liabilities and maintaining committed stand-by facilities. The Group holds an Australian Financial Services Licence under which it must continuously monitor its forward liquidity ratios and the amount of surplus liquid funds. Any unremedied breach of these conditions would trigger a cessation of trading.

At the reporting date, the Group had committed, undrawn facilities of $1,220.0 million (2023: $2,587.0 million), as detailed in Note 14 Interest bearing liabilities and credit facilities.

The Group manages its market related liquidity risk by maintaining adequate reserves of generation capacity and high levels of plant reliability and availability which allows for the generation of spot income to match contracted outgoing commitments to various NEM counterparties.

The nature of the Group's exposure to liquidity risk and its objectives and processes to manage this risk remain unchanged from the prior financial year.

The table below details the contractual maturity of the financial liabilities of the Group at the end of the reporting period. The amounts are based on the undiscounted cash flows of financial liabilities on the earliest date on which the Group could be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. For derivative instruments that are required to be net settled, the amounts are based on the undiscounted net cash inflows and outflows; for derivative instruments that are required to be gross settled, the amounts are based on undiscounted gross cash inflows and outflows.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

16. Financial instruments (continued)

2024 $million	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Financial liabilities					
Non derivative instruments					
Trade payables	635.2	-	-	-	635.2
Bank loan (facilities)*	1,175.0	1,388.0	3,087.0	250.0	5,900.0
Lease liabilities	29.3	27.1	58.1	84.3	198.8
	1,839.5	**1,415.1**	**3,145.1**	**334.3**	**6,734.0**
Derivative instruments					
Energy and commodity derivatives	130.7	37.2	136.5	327.7	632.1
Foreign exchange contracts	18.9	9.0	-	-	27.9
	149.6	**46.2**	**136.5**	**327.7**	**660.0**

2023 $million	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Financial liabilities					
Non derivative instruments					
Trade payables	542.9	-	-	-	542.9
Bank loan (facilities)*	150.0	1,375.0	3,400.0	125.0	5,050.0
Lease liabilities	23.7	23.3	55.4	86.8	189.2
	716.6	**1,398.3**	**3,455.4**	**211.8**	**5,782.1**
Derivative instruments					
Energy and commodity derivatives	164.2	116.3	120.5	135.1	536.1
Foreign exchange contracts	7.0	13.7	6.8	-	27.5
	171.2	**130.0**	**127.3**	**135.1**	**563.6**

***Bank loans are revolving bank facilities with various maturities. Depending on the business operations, Snowy draws from the facilities and pays back all or part of the outstanding balances periodically. Therefore it is difficult to accurately forecast the contractual cash flows at year end. The amounts shown represent the full limits of facilities, and assumes they would be fully drawn until the maturities of those facilities. The estimates therefore are likely to be higher than the actual, eventual cash flows.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

16. Financial instruments (continued)

(iii) Credit risk

Credit risk is the risk that a counterparty will not fulfil its financial obligations under a contract or other arrangement that may cause a financial loss to the Group.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed under a Board approved policy which includes the use of credit limits allocated based on the overall financial and competitive strength of the counterparty.

Derivative contract counterparties are generally limited to high-credit-quality financial institutions and organisations operating in the NEM, being subject to its prudential obligations, and financial markets. Credit assessment of the counterparty is carried out when the Group deals with it for the first time and reviewed when necessary, or at least annually.

The concentration of credit risk arising from energy derivative trading is significant within a few counterparties at the end of the reporting period. The Group manages the concentration risk by continuously monitoring the credit exposure against the individual assigned credit limit and the Group's aggregate limit. The Group also utilises International Swap and Derivative Association (ISDA) agreements to limit its exposure to credit risk through the netting of amounts receivable from and payable to its counterparties.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. The nature of the Group's exposures to credit risk and its objectives and processes to manage this risk remain unchanged from the prior financial year.

Trade and other receivables consist of up to 1.4 million residential, small and large commercial and industrial customer accounts, in New South Wales, Australian Capital Territory, Victoria, South Australia and Queensland. Refer to Note 6 Trade Receivables for further information.

3. Fair Value of Financial Assets and Financial Liabilities

The following table presents the financial instruments that are measured and recognised at fair value on a recurring basis. Snowy Hydro classifies its financial instruments into the three levels prescribed under the accounting standards. The three levels in the hierarchy reflect the level of independent observable market data used in determining the fair values and are defined as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical financial instruments.
Level 2	Other valuation methods for which all inputs that have a significant impact on fair value are observable, either directly (as prices) or indirectly (derived from prices).
Level 3	One or more key inputs for the instrument are not based on observable market data (unobservable inputs).

There were no material transfers between levels during the period.

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For the period ended 30 June 2024

16. Financial instruments (continued)

2024 $million	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative financial instruments				
Energy derivatives	34.0	12.8	495.9	542.7
Interest rate swaps	-	264.5	-	264.5
Commodity swaps	-	0.3	-	0.3
Total financial assets	**34.0**	**277.6**	**495.9**	**807.5**
Financial liabilities				
Derivative financial instruments				
Energy derivatives	37.5	22.0	378.8	438.3
Foreign exchange contracts	-	26.9	-	26.9
Commodity swaps	-	0.2	-	0.2
Total financial liabilities	**37.5**	**49.1**	**378.8**	**465.4**
Net financial assets/(liabilities)	**(3.5)**	**228.5**	**117.1**	**342.1**

2023 $million	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative financial instruments				
Energy derivatives	22.6	4.3	635.4	662.3
Interest rate swaps	-	304.2	-	304.2
Commodity swaps	-	1.2	-	1.2
Total financial assets	22.6	309.7	635.4	967.7
Financial liabilities				
Derivative financial instruments				
Energy and commodity derivatives	86.2	76.3	267.3	429.8
Foreign exchange contracts	-	25.6	-	25.6
Commodity swaps	-	1.8	-	1.8
Total financial liabilities	86.2	103.7	267.3	457.2
Net financial assets/(liabilities)	**(63.6)**	**206.0**	**368.1**	**510.5**

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16. Financial instruments (continued)

Management has assessed the carrying value of financial assets (excluding derivative financial assets) and financial liabilities (excluding derivative financial liabilities) as a reasonable approximation of fair value in accordance with accounting standards, however management notes that this methodology does not allow for the Company's ability to defend its positions through generation and does not capture the value to the business from selling Snowy Hydro TrueGreen™ and other renewable energy products to its customers.

The following is a summary of the methods that are used to estimate the fair value of Snowy Hydro's financial instruments:

Instrument	Hierarchy	Fair Value Methodology
Electricity and commodity swaps and options regularly traded in active markets	Level 2	Present value of estimated future cash flows relating to the difference between the contract rates and the market forward rate. Cash flows are discounted at a rate that reflects the credit risk of the relevant counterparty or own credit risk, when applicable.
Electricity swaps and options not regularly traded in active markets, with no observable inputs.	Level 3	Generally accepted valuation models which reflect the difference between the contract rates and an internal swap or cap curve based on management's assessment of new-entrant pricing which takes into account capital costs, fixed and variable operating costs, efficiency factors and asset lives, as well as premiums for accepting physical risks or pricings of comparable projects Cash flows are discounted at a rate that reflects the credit risk of the relevant counterparty or own credit risk, when applicable, or the Group's weighted average cost of capital.
Electricity Load Following Swaps	Level 3	Present value of estimated future cash flows relating to the difference between the contract rates and the market forward rate based on forecast energy usage profiles. Market prices are adjusted with a half hourly calibration factor to price the usage profile.
Financial instruments traded in active futures markets	Level 1	Quoted market prices at the end of the reporting period.
Foreign exchange contracts	Level 2	Present value of estimated future cash flows relating to the difference between the contract rates and the quoted forward exchange rates. Cash flows are discounted at a rate that reflects the credit risk of the relevant counterparty or own credit risk, when applicable.
Interest rate swaps	Level 2	Present value of estimated future cash flows. Key variables include market pricing data, discount rates and credit risk of Snowy Hydro or counterparty where relevant. Variables reflect those which would be used by market participants to execute and value the instruments.

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For the period ended 30 June 2024

16. Financial instruments (continued)

4. Level 3 fair value measurement instruments

The following table presents the changes in level 3 instruments for the period ended 30 June 2024:

$million	2024	2023
Opening balance	**368.1**	331.6
Option premium received in cash during the period	**(185.3)**	(187.5)
Total gains and losses in profit or loss		
Settlements during the period	**(159.0)**	28.4
Changes in fair value of financial instruments	**93.3**	195.6
Closing balance	**117.1**	368.1

Gains and losses in profit or loss due to changes in fair value are included within 'Changes in fair value of financial instruments'. All other gains and losses in profit or loss are shown in revenue.

Sensitivity analysis of level 3 instruments

The use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, the sensitivity of the valuation to a 50% (2023: 60%) movement in the price curve for cap instruments, 35% (2023: 40%) movement in the price curve for peak swap capped instruments and 35% (2023: 40%) movement in the price curve for flat and off-peak swap capped and load following swap instruments would have the following effects:

2024		Profit/ (loss) before tax	
$million	Fair value	Increase movement	Decrease movement
Energy derivative assets	495.9	910.1	(910.1)
Energy derivative liabilities	(378.8)	(63.3)	62.6

2023		Profit/ (loss) before tax	
$million	Fair value	Increase movement	Decrease movement
Energy derivative assets	635.4	1,272.7	(1,275.3)
Energy derivative liabilities	(267.3)	(264.4)	264.1

The sensitivity measure is based on the historical analysis of movement in the annual cap prices over the historical period for short-term broker markets (less than 100MW and short duration up to 2 years) and applied to non-standard, long-term large volume contracts.

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For the period ended 30 June 2024

17. Issued capital

$million	2024	2023
2,180,000,000 (2023: 1,903,000,000) fully paid ordinary shares	**2,796.1**	2,519.1

18. Preference shares

$million	2024	2023
1,400,000,000 (2023: 1,400,000,000) fully paid preference shares	**1,400.0**	1,400.0

Any preference shares that are not redeemed prior to the maturity date will convert to ordinary shares.

19. Reserves

$million	2024	2023
Hedging reserves		
Balance at the beginning of the reporting period	**186.0**	162.9
Gains/(losses) recognised:		
Foreign exchange contracts	**(12.5)**	21.5
Interest rate swaps	**(36.0)**	23.0
Commodity forwards	**0.5**	(11.4)
Deferred tax arising on hedges	**14.4**	(10.0)
Balance at the end of the reporting period	**152.4**	186.0

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

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20. Dividends

$million	2024	2023
Recognised amounts		
Preference share dividend		
The preference share dividend of 3.222 and 3.749 cents per share, fully franked at the corporate tax rate of 30%, paid on 27 October 2023 and 26 April 2024, respectively (2023: Preference share dividend of 2.167 per share, unfranked and paid on 28 April 2023)	**97.6**	30.3
Final dividend		
Final dividend for 2023 of 3.601 cents per share, fully franked at the corporate tax rate of 30% and paid on 27 October 2023 (2023: Final dividend for 2022 of 1.556 cents per share, unfranked and paid on 28 April 2023)	**69.7**	28.7
Interim dividend		
Interim dividend for 2024 of 3.173 cents per share, fully franked at the corporate tax rate of 30% and paid on 26 April 2024 (2023: No interim dividend was determined)	**68.9**	-
Special dividend		
No special dividend was determined for 2024 (2023: Special dividend for 2023 of 1.374 cents per share, unfranked and paid on 28 April 2023)	**-**	25.3
Total recognised amounts	**236.2**	84.3

Unrecognised amounts		
Preference share dividend		
The preference share dividend of 3.347 per share, fully franked at the corporate tax rate of 30%, payable on 25 October 2024 (2023: Preference share dividend of 3.222 cents per share, fully franked at the corporate tax rate of 30% and paid on 27 October 2023)	**46.9**	45.1
Final dividend		
Final dividend for 2024 of 7.592 per share, fully franked at the corporate tax of 30%, payable on 25 October 2024 (2023: Final dividend for 2023 of 3.601 cents per share, fully franked at the corporate tax rate of 30% and paid on 27 October 2023)	**165.5**	69.7
Total unrecognised amounts	**212.4**	114.8

Dividend franking account balance	**248.4**	259.2

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

Group Structure

21. Subsidiaries

Name of Entity	Country of Incorporation	% Ownership 2024	% Ownership 2023
Parent Entity			
Snowy Hydro Limited (b)	Australia	**-**	-
Controlled Entities			
Snowy Hydro Trading Pty Ltd (c)	Australia	**100**	100
Red Energy Pty Ltd (a) (c)	Australia	**100**	100
Latrobe Valley BV (c)	Netherlands	**100**	100
Valley Power Pty Ltd (c)	Australia	**100**	100
Contact Peaker Australia Pty Ltd (c)	Australia	**100**	100
Lumo Energy Australia Pty Ltd (a) (c)	Australia	**100**	100
Lumo Energy (NSW) Pty Ltd (a) (c)	Australia	**100**	100
Lumo Energy (Qld) Pty Ltd (a) (c)	Australia	**100**	100
Lumo Energy (SA) Pty Ltd (a) (c)	Australia	**100**	100
Lumo Energy Telecommunications Pty Ltd (a) (c)	Australia	**100**	100
Lumo Generation NSW Pty Ltd (a) (c)	Australia	**100**	100
Lumo Generation SA Pty Ltd (a) (c)	Australia	**100**	100
Emagy Pty Ltd (a) (c)	Australia	**100**	100
TFI Partners Pty Ltd (a) (c)	Australia	**100**	100
Direct Connect Australia Pty Ltd (a) (c)	Australia	**100**	100
Connection Media Pty Ltd (a) (c)	Australia	**100**	100

(a) Entities which have entered into a deed of cross guarantee with Snowy Hydro pursuant to ASIC Class Order 2016/785 and are relieved from the requirement to prepare and lodge audited financial reports.

(b) Snowy Hydro Limited is the head entity within the tax consolidated group.

(c) These companies are members of the tax consolidated group.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

21. Subsidiaries (continued)

The consolidated statement of profit or loss and consolidated statement of financial position of the entities which are party to the deed of cross guarantee are:

Statement of profit or loss

$million	2024	2023
Revenue	**4,141.4**	3,891.5
Interest income	**11.2**	6.8
Other income	**12.4**	22.7
Direct costs of revenue	**(2,669.4)**	(2,941.2)
Consumables and supplies	**(101.0)**	(84.4)
Employee benefits expense	**(316.0)**	(269.0)
Depreciation and amortisation	**(144.3)**	(143.2)
Finance costs	**(8.2)**	(5.8)
Impairment loss recognised on trade receivables	**(33.7)**	(25.5)
Other expenses	**(139.6)**	(129.7)
Changes in fair value of financial instruments	**(146.2)**	329.0
Profit before income tax expense	**606.6**	651.2
Income tax expense	**(182.8)**	(195.6)
Profit attributable to the owners of the parent entity	**423.8**	455.6

Statement of financial position

$million	2024	2023
Current assets		
Cash and cash equivalents	**278.2**	249.0
Trade and other receivables	**703.3**	486.8
Inventories	**32.6**	31.2
Other financial assets	**635.2**	866.0
Other assets	**290.2**	187.3
Total current assets	**1,939.5**	1,820.3
Non-current assets		
Goodwill and other intangible assets	**499.6**	489.6
Property, plant and equipment	**9,986.6**	7,117.6
Other financial assets	**205.2**	246.3
Investments in subsidiaries	**95.1**	95.1
Other assets	**209.8**	167.6
Total non-current assets	**10,996.3**	8,116.2
Total assets	**12,935.8**	9,936.5

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

21. Subsidiaries (continued)

Statement of financial position (continued)

$million	2024	2023
Current liabilities		
Trade and other payables	**677.0**	562.7
Interest bearing liabilities	**1,189.3**	159.2
Provisions	**173.5**	141.5
Other financial liabilities	**456.7**	437.7
Income tax payable	**119.4**	24.1
Total current liabilities	**2,615.9**	1,325.2
Non-current liabilities		
Other payables	**12.3**	-
Interest bearing liabilities	**3,609.4**	2,406.4
Deferred tax liabilities	**64.5**	82.6
Provisions	**145.6**	54.1
Other financial liabilities	**8.7**	19.5
Total non-current liabilities	**3,840.5**	2,562.6
Total liabilities	**6,456.4**	3,887.8
Net assets	**6,479.4**	6,048.7
Equity		
Issued capital	**2,796.1**	2,519.1
Preference shares	**1,400.0**	1,400.0
Reserves	**152.4**	186.0
Retained earnings	**2,130.9**	1,943.6
Total equity	**6,479.4**	6,048.7

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

22. Parent entity disclosures

(a) Summary financial information (Parent)

$million	2024	2023
Assets		
Current assets	**3,393.9**	2,955.2
Total assets	**14,275.2**	10,963.8
Liabilities		
Current liabilities	**4,575.2**	2,873.4
Total liabilities	**8,407.6**	5,429.9
Equity		
Issued capital	**2,796.1**	2,519.1
Preference shares	**1,400.0**	1,400.0
Reserve	**152.4**	186.0
Retained earnings	**1,519.1**	1,428.8

Profit for the period	**326.7**	774.9
Total comprehensive income	**292.9**	798.2

(b) Guarantees entered into by the parent entity in relation to its subsidiaries

$million	2024	2023
Guarantees provided under the deed of cross guarantee as referred to in Note 21	**158.6**	140.4

(c) Contingent liabilities of the parent entity

Contingent liabilities detailed in Note 26 relate to the parent entity.

(d) Capital commitments

$million	2024	2023
Not longer than 1 year	**1,830.4**	1,893.4
Later than 1 year but not later than 5 years	**3,564.8**	355.9
Later than 5 years	**0.8**	8.8
	5,396.0	2,258.1

The above commitments disclosure includes the expected phasing of contractual commitments to the principal contractors for the Snowy 2.0 and Hunter Power Project (HPP) developments.

The 2023 figure for Snowy 2.0 commitment was based on the spend approved at Notice To Proceed (2020) until the revised contracting model came into full effect following shareholder approvals. This approval has since been received, therefore the 2024 commitments disclosure reflects the revised contract model.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

22. Parent entity disclosures (continued)

(e) Lease commitments

$million	2024	2023
Not longer than 1 year	**0.2**	0.2
Total lease commitments	**0.2**	0.2

Lease commitments only reflect short-term and low value leases.

23. Related party disclosures

(a) Equity interests in related parties

Detail of the percentage of ordinary shares held in controlled entities is disclosed in Note 21 to the financial statements.

(b) Key management remuneration

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of Snowy Hydro, including the directors of the parent entity. The aggregate remuneration made to key management personnel is set out below:

$	2024	2023
Short-term employee benefits	**8,472,810**	8,368,630
Post-employment benefits	**339,439**	398,779
Other long-term employee benefits	**763,492**	932,028
Termination benefits	**-**	1,021,347
Total remuneration	**9,575,741**	10,720,784

(c) Directors' and Specified Executive Loans

No loans were made nor are any outstanding between Snowy Hydro and any director or director related entities.

(d) Directors' Equity Holdings

No shares or options of the consolidated entity are held by any director or director related entities.

(e) Other Transactions With Directors

No other transactions, other than in the ordinary course of business on commercial terms, have been entered into between the consolidated entity and any director or director related entities.

(f) Transactions Within the Wholly-Owned Group

The wholly-owned group includes the ultimate parent entity and sixteen wholly-owned controlled entities.

The ultimate parent entity in the wholly-owned group is Snowy Hydro Limited. During the financial year Snowy Hydro provided management, accounting and administrative services to its controlled entities other than Valley Power and Lumo Generation SA on a cost free basis. Snowy Hydro also provides all personnel, operational and management services to Valley Power and Lumo Generation SA on a cost basis. All intercompany balances are at call, but the Directors have declared that they are not expected to be called in the current period. The balance of intercompany loans owed by the parent entity to the controlled entities as at 30 June 2024 was $465.4 million (30 June 2023: $312.8 million owed by the parent entity).

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

Other

24. Defined benefit superannuation plan

Employees of Snowy Hydro are members of a variety of superannuation funds covering both defined contribution and defined benefit plans. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Snowy Hydro's defined benefit plans include:

- Commonwealth Superannuation Scheme (**CSS**);
- Public Sector Superannuation Scheme (**PSSS**);
- Energy Industries Superannuation Scheme (**EISS**);
- State Superannuation Scheme (**SSS**); and
- State Authorities Non-contributory Superannuation Scheme (**SANCS**)

CSS and PSSS are accounted for as defined contribution plans on the basis that these are multi-employer plans and insufficient information is available to apply defined benefit accounting.

The SSS and SANCS schemes are part of the same pooled funds and are therefore treated together for the defined benefit scheme financial statement disclosures below.

For the EISS, SSS and SANCS defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out annually. Remeasurements, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Service cost (including current service cost, past service cost and gains and losses on curtailments and settlement) are recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit in Snowy Hydro's defined benefit plans, calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets.

The defined benefit plans are administered by a separate Fund that is legally separated from the entity.

The defined benefit plans require contributions from employees. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plans.

The EISS, SSS and the SANCS provide defined benefits in the form of lump sum or pension benefits on retirement, death, disability and withdrawal. These schemes are here forth referred to as the 'Schemes'. The Schemes are closed to new members.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

24. Defined benefit superannuation plan (continued)

Description of the regulatory framework

On 12 May 2013, all Pool B assets and liabilities of EISS were transferred to Cbus under a Successor Fund Transfer (**SFT**) agreement.

The Schemes are primarily regulated by the Superannuation Industry (Supervision) Act 1993 (Cth) (the SIS legislation).

SSS and SANCS have received an exemption from detailed annual actuarial valuations and therefore detailed actuarial valuations are only required triennially. The last actuarial valuation of the Schemes was performed as at 30 June 2021. The actuarial valuation for 30 June 2024 is currently underway.

Description of other entities' responsibilities for the governance of the Schemes

The Schemes' Trustees are responsible for the governance of the Scheme according to the Scheme rules and regulations.

Description of the risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk**: The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.
- **Longevity risk**: The risk that pensioners live longer than assumed, resulting in pensions being paid for a longer period and thereby requiring additional contributions.
- **Pension indexation risk**: The risk that pensions will increase at a rate greater than assumed, increasing future pensions and thereby requiring additional contributions.
- **Salary growth risk**: The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk**: The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

Description of significant events

No significant events occurred during the financial year.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

24. Defined benefit superannuation plan (continued)

Reconciliation of the Net Defined Benefit Liability/(Asset)

$million	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ asset ceiling	Net amount
2023	18.1	(17.5)	**0.6**	0.3	**0.9**
Current service cost	-	-	**-**	-	**-**
Interest expense/ (income)	1.0	(0.9)	**0.1**	-	**0.1**
Total amount recognised in profit or loss	1.0	(0.9)	**0.1**	-	**0.1**
Remeasurements:					
Return on plan assets, excluding amounts included in interest expense	-	(0.3)	**(0.3)**	-	**(0.3)**
Actuarial loss from changes in demographic and financial assumptions	0.4	-	**0.4**	-	**0.4**
Actuarial loss from liability experience	0.5	-	**0.5**	-	**0.5**
Change in asset ceiling, excluding amounts included in interest expense	-	-	**-**	(0.3)	**(0.3)**
Total amount recognised in OCI	0.9	(0.3)	**0.6**	(0.3)	**0.3**
Contributions:					
Employers	-	(0.3)	**(0.3)**	-	**(0.3)**
Plan participants	-	-	**-**	-	**-**
Payments from plan:					
Benefit payments	(1.1)	1.1	**-**	-	**-**
2024	**18.9**	**(17.9)**	**1.0**	**-**	**1.0**

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

24. Defined benefit superannuation plan (continued)

Fair value of Fund assets

The major categories of plan assets as a percentage of the fair value of total plan assets at the end of the reporting period are as follows:

As at 30 June 2024	EISS	SSS/SANCS
Australian equities	17%	16%
International equities	22%	40%
Property	11%	6%
Infrastructure	13%	-
Global credit	8%	-
Alternatives	-	28%
Fixed interest	22%	3%
Short-term Securities	-	7%
Cash	7%	-
Total	**100%**	**100%**

All plan assets are held within investment funds which do not have a quoted market price in an active market.

Significant actuarial assumptions at the reporting date

As at 30 June 2024	EISS	SSS/SANCS
Discount rate	5.51%	5.60%
Salary increase rate (excluding promotional increases)	3.5% pa	3.7% - 4.56% pa
Rate of CPI increase	3.5% for 2024/25 then 2.5% pa	2.5% - 4.25%
Pensioner mortality	As per Mercer standard pensioner mortality rates which are based on the mortality experience of Australian Public Sector pensioners over the years 2012 to 2017, including improvement rates based on Australian Life Tables 2015-2017	As per assumptions to be used for the 30 June 2024 triennial valuation of the Scheme

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate for the EISS defined benefit plan is 1% higher/(lower), the defined benefit obligation would decrease by $1.3 million (increase by $1.5 million);
- If the discount rate for the SSS/SANCS defined benefit plan is 0.5% higher/(lower), the defined benefit obligation would decrease by $0.3 million (increase by $0.3 million); and
- If the rate of CPI increase for all plans are 0.5% higher/(lower), the defined benefit obligation would increase by $1.0 million (decrease by $0.9 million).

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

24. Defined benefit superannuation plan (continued)

Asset-Liability matching strategies

The asset-liability risk is monitored in setting the investment strategy; however no explicit asset-liability matching strategy is used. There has been no change in the process used to manage its risks from prior periods.

Funding arrangements

Funding arrangements for SSS/SANCS are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2021. Funding arrangements for EISS are reviewed yearly, with the most recent review as at 30 June 2023, following completion of Cbus' first actuarial investigation of the Fund. Contribution rates are set after discussions between the employer and relevant parties such as the Trustee and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Expected contributions

Expected employer contributions for the financial year ending 30 June 2025 are $0.05 million and $0.2 million for EISS and SANCS/SSS respectively.

Maturity profile of defined benefit obligation

The weighted average duration of Snowy Hydro's defined benefit obligation is 9 years and 12.1 years for EISS and SANCS/SSS respectively.

25. Commitments

$million	2024	2023
Capital expenditure commitments - property, plant and equipment		
Not longer than 1 year	**1,830.4**	1,893.4
Later than 1 year but not later than 5 years	**3,564.8**	355.9
Later than 5 years	**0.8**	8.8
Total capital expenditure commitments - property, plant and equipment	**5,396.0**	2,258.1

Lease commitments		
Not longer than 1 year	**0.2**	0.2
Total lease commitments	**0.2**	0.2

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

25. Commitments (continued)

Lease commitments only reflect short-term and low value leases.

The above commitments disclosure includes the expected phasing of contractual commitments to the principal contractors for the Snowy 2.0 and Hunter Power Project (HPP) developments.

The 2023 figure for Snowy 2.0 commitment was based on the spend approved at Notice To Proceed (2020) until the revised contracting model came into full effect following shareholder approvals. This approval has since been received, therefore the 2024 commitments disclosure reflects the revised contract model.

26. Contingent liabilities

Snowy Hydro is involved in various legal proceedings arising out of the normal course of business. The Directors believe that the outcome of these proceedings will not have a material impact on Snowy Hydro's financial position or results of operations. Contingent liabilities of the consolidated entity as at 30 June 2024 are:

(a) Ongoing contingent liabilities represented by:

Snowy Hydro has entered into a number of bank guarantees in relation to operating within the national electricity and gas markets, network and credit support and for rental properties in Sydney and Melbourne, to the value of $211.7 million (2023: $155.6 million).

(b) Liability for Former Scheme Sites has been extinguished except to the extent of any contaminated former sites. These contaminated sites are being rehabilitated as they are identified. The consolidated entity does not believe that the contingent liability on any sites identified in the future would be material.

27. Subsequent events

On 1 July 2024 Snowy Hydro entered into a 25-year gas storage agreement with Lochard Energy at the Iona underground gas storage facility to support Snowy Hydro in meeting its future gas storage needs to support our retail customers and gas fired generation fleet. The long-term Lochard storage deal will allow Snowy Hydro to utilise stored gas when required to operate its gas fired power stations. Operating expenditure associated with this agreement will run for 25 years from the commencement date in January 2028.

On 4 September 2024, Snowy Hydro entered into an amended Equity Subscription Agreement with its Shareholder, the Commonwealth Government. Under this agreement, the Shareholder intends to contribute $2.6 billion in equity over FY25 and FY26.

Except as otherwise disclosed in this report, no item, transaction or event of a material nature has arisen since 30 June 2024 that would significantly affect the operations of Snowy Hydro, the results of those operations, or the state of affairs, in future financial periods.

Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

28. Remuneration of auditors

Under Section 98 of the PGPA Act, the Auditor-General is responsible for auditing the financial statements of Snowy Hydro Limited and its subsidiaries. In December 2019, the Australian National Audit Office (**ANAO**) retained Deloitte Touche Tohmatsu to assist with the assignment.

Snowy Hydro Limited has engaged Deloitte Touche Tohmatsu on assignments additional to their contract auditor duties and may decide to continue to do so, where their expertise and experience with the Group is important and no potential conflicts of interest exist. Any such engagement with Deloitte Touche Tohmatsu is subject to prior approval by the ANAO and having regard to their independence policies.

The Directors are satisfied that the provision of advisory services by Deloitte Touche Tohmatsu did not compromise auditor independence requirements, having a specific regard to Deloitte Touche Tohmatsu's role as the contractor to the ANAO.

During the year the following fees were paid or payable for services provided by the auditor and Deloitte Touche Tohmatsu:

$	2024	2023
Audit services		
Audit or review of the financial report	**902,400**	929,500
Other audit services	**33,000**	29,000
Other non-audit services		
Commercial advisory services	**-**	241,923
Technology services	**40,478**	61,991
Total remuneration of auditors	**975,878**	1,262,414

Consolidated Entity Disclosure Statement

Entity name	Entity type	Trustee, partner or participant in JV	Country of incorporation	% of share capital held	Australian or foreign tax resident
Snowy Hydro Limited	Body corporate	-	Australia	-	Australian
Snowy Hydro Trading Pty Ltd	Body corporate	-	Australia	100%	Australian
Red Energy Pty Ltd	Body corporate	-	Australia	100%	Australian
Latrobe Valley BV	Body corporate	-	Netherlands	100%	Australian
Valley Power Pty Ltd	Body corporate	-	Australia	100%	Australian
Contact Peaker Australia Pty Ltd	Body corporate	-	Australia	100%	Australian
Lumo Energy Australia Pty Ltd	Body corporate	-	Australia	100%	Australian
Lumo Energy (NSW) Pty Ltd	Body corporate	-	Australia	100%	Australian
Lumo Energy (Qld) Pty Ltd	Body corporate	-	Australia	100%	Australian
Lumo Energy (SA) Pty Ltd	Body corporate	-	Australia	100%	Australian
Lumo Energy Telecommunications Pty Ltd	Body corporate	-	Australia	100%	Australian
Lumo Generation NSW Pty Ltd	Body corporate	-	Australia	100%	Australian
Lumo Generation SA Pty Ltd	Body corporate	-	Australia	100%	Australian
Emagy Pty Ltd	Body corporate	-	Australia	100%	Australian
TFI Partners Pty Ltd	Body corporate	-	Australia	100%	Australian
Direct Connect Australia Pty Ltd	Body corporate	-	Australia	100%	Australian
Connection Media Pty Ltd	Body corporate	-	Australia	100%	Australian

Directors' Declaration

The Directors of Snowy Hydro Limited (the **Company**) declare that, in their opinion:

(a) the attached financial statements and notes thereto are in accordance with the Corporations Act *2001,* including:

  i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  ii. giving a true and fair view of the financial position as at 30 June 2024 and of the performance for the period ended on that date of Snowy Hydro; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) there are reasonable grounds to believe that the Parent Entity and the subsidiaries identified in Note 21 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee between the Parent Entity and those subsidiaries pursuant to ASIC Class Order 2016/785; and

(d) the consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the Directors

David Knox

David Knox
Chair
5 September 2024

DBarnes

Dennis Barnes
Managing Director
5 September 2024

Mr David Knox
Chair
Snowy Hydro Limited
2 Monaro Highway
Cooma NSW 2630

SNOWY HYDRO LIMITED
CONSOLIDATED FINANCIAL REPORT 2023–24
AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of Snowy Hydro Limited (and its controlled entities) for the year ended 30 June 2024, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
(ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

Bradley Medina
Senior Executive Director
Delegate of the Auditor-General

Canberra
5 September 2024

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the members of Snowy Hydro Limited

Opinion

In my opinion, the financial report of Snowy Hydro Limited (the Company) and its subsidiaries (together 'the Group') for the year ended 30 June 2024 is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report of the Group, which I have audited, comprises the following as at 30 June 2024 and for the year then ended:

- Consolidated Statement of Profit or Loss;
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows;
- Notes to the financial statements, comprising material accounting policy information and other explanatory information;
- Consolidated Entity Disclosure Statement; and
- Directors' Declaration.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and their delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

Key audit matter

Valuation, existence and completeness of financial instruments – energy derivatives

Refer to Note 7 'Other financials assets', Note 15 'Other financial liabilities' and Note 16 'Financial Instruments'.

The Group enters into contracts to economically hedge risks arising from exposure to future variability in energy prices. These contracts may contain terms that require recognition by the Group as derivative financial instruments at fair value in accordance with the requirements of AASB 9 *Financial Instruments*.

I consider the valuation of contracts containing energy derivatives to be a key audit matter because of the complexity and judgement applied by the Group in estimating the fair value of the resulting financial instruments. The process for accounting for and estimating a fair value for these financial instruments is inherently complex due to:

- the judgement applied by the Group in understanding and applying terms of such contracts to determine the appropriate accounting treatment to recognise the resulting financial instruments;
- the judgement and level of estimation applied by the Group to determine material inputs into the valuation models for these financial instruments, including: forecast future energy prices and market demand, future generation capacity for solar and wind generators, calculation of discount rates and other market factors. The level of estimation complexity is increased due to the limited observable market data for some contracts that have been entered into by the Group as comparable contracts and market data are not readily available. In these cases, the inputs are based on unobservable data as estimated and prepared by the Group;
- the arithmetical complexity of the valuation models developed by the Group to account for these instruments; and
- the level of complexity related to the preparation and presentation of financial statement disclosures relating to these financial instruments, particularly when the valuation models are based on unobservable market data.

For the year ended 30 June 2024, the Group reported total financial assets relating to energy derivatives of $542.7 million and total financial liabilities relating to energy derivatives of $438.3 million.

How the audit addressed the matter

In relation to the valuation, existence and completeness of financial instruments, I performed the following procedures:

- assessed the design, implementation and operating effectiveness of key controls in the risk management process and systems related to the origination and maintenance of complete and accurate information relating to contracts containing financial instruments;
- tested, on a sample basis, the completeness, existence and valuation of financial instruments recognised by the Group at 30 June 2024. These procedures included:
  - obtaining an understanding of the terms of the contract to assess the appropriateness of the accounting treatment determined by the Group to assess whether it complied with the recognition requirements of AASB 9 and AASB 13 *Fair Value Measurement*;
  - evaluating the integrity of the calculations included in the Group's valuation models;
  - agreeing the financial instrument transactions from the underlying records to the general ledger; testing the accuracy of the incorporation of the terms of each contract into valuation models by substantiating them to the originating contract; and
- evaluating the reasonableness of inputs included in the valuation models. This included:
  - assessing whether observable market data had been considered by the Group to the extent it was available;
  - understanding the Group's process for developing estimates of future price and market assumptions relevant to contracts;
  - and considering the sensitivity of valuations by adjusting key inputs to other outcomes that may be reasonably foreseeable to assess the reasonableness of the valuation range.
- assessed the appropriateness of the disclosures included in Note 7, Note 15 and Note 16 to the financial statements in accordance with the requirements of AASB 7 *Financial Instruments: Disclosures* to assess whether the notes contained sufficient information relating to any significant judgements and the impact of these in relation to the valuation of financial instruments.

Key audit matter	How the audit addressed the matter

Valuation of property, plant and equipment (PPE) – construction in progress
 	
Refer to Note 9 'Property, plant and equipment'.
 	
The Group is undertaking the construction of Snowy 2.0, a pumped hydro electricity generating asset, which will occur over a number of financial years.
 	
I consider this to be a key audit matter due to the level of judgement applied by the Group in relation to determining the appropriateness of costs to be capitalised during the construction of Snowy 2.0.
 	
The complexity of these judgements is increased due to the number and nature of contractual obligations, construction milestones, estimation of costs to complete the construction of the asset and timing involved in delivery of Snowy 2.0. During 2023–24, the Group entered into a revised contract for delivery of Snowy 2.0.
 	
For the year ended 30 June 2024, the Group reported total construction in progress, which included Snowy 2.0, of $8,164.0 million.
	In relation to the valuation of property, plant and equipment – construction in progress, I performed the following procedures:
	
	• evaluated the revised contract for the delivery of Snowy 2.0 to understand the impact of changes in contract terms on forecast payments and construction milestones;
	
	• evaluated the design and operating effectiveness of key controls supporting the approval of costs related to the construction of Snowy 2.0;
	
	• evaluated the Group's accounting policy in relation to the capitalisation of construction costs to assess compliance with the requirements of AASB 116 *Property, Plant and Equipment*;
	
	• evaluated the appropriateness of the recognition of the provision for rehabilitation costs to confirm that it was measured in accordance with the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*;
	
	• assessed the appropriateness of costs capitalised during the period by:
	
	  ○ testing, on a sample basis, capitalised costs to determine whether they were in accordance with the Group's accounting policy; and
	
	  ○ making inquiries of the Group to understand the status of the project, performance against budget and the progress of construction at 30 June 2024, including corroboration to project reporting prepared by construction delivery partners.

Key audit matter	How the audit addressed the matter

Valuation of allowance for doubtful debts
 	
Refer to Note 6 'Trade and other receivables' and Note 16 'Financial instruments'.
 	
At 30 June 2024, the Group recognised trade and other receivables arising mainly from contracts with customers for supply of electricity and gas by the Group's subsidiaries – Red Energy and Lumo Energy.
 	
I consider this to be a key audit matter due to the complexity of the accounting treatment required for the measurement of the allowance for doubtful debts. The measurement of the allowance for doubtful debts involves complex calculations requiring an increased level of judgement to be applied by the Group to estimate Expected Credit Losses ('ECL'). This judgement includes an assessment of the likelihood that trade and other receivables will be recovered from customers in the
	In relation to the valuation of the allowance for doubtful debts, I performed the following procedures:
	
	• obtained an understanding of the process and tested key controls as it relates the ECL;
	
	• assessed the reasonableness of the methodology adopted by the Group to assess trade and other receivables for ECL, including the following:
	
	  ○ validation of the key inputs and underlying data which informed the Group's estimation;
	
	  ○ evaluating the Group's application of forward-looking macroeconomic assumptions and scenario weightings applied in the calculation of ECL; and
	
	  ○ consideration of probable impacts arising due to impacts of the current economic

future. The complexity of these judgements has been impacted by the current economic conditions including the effects of interest rate rises and inflation rates in Australia. The Group has made judgements as to the likely impact on the recoverability of trade and other receivables which involved judgmental forecasts of economic assumptions, consideration of possible alternative economic scenarios and determining their likelihood to determine an estimate of ECL. For the year ended 30 June 2024, the Group reported total trade and other receivables of $703.3 million, net of an allowance for doubtful debts of $77.6 million.	conditions, including the effects of interest rate rises and inflation rates; • evaluated the debtor profiling and ageing categories at period end including an assessment of the quantum of the provision against aged debtor accounts and any adjustments made in accordance with AASB 9 for ECL; • tested the arithmetical accuracy of calculations performed by the Group within the ECL model; and • evaluated the Group's historical ability to accurately estimate the ECL by considering the movement between the ageing categories from prior periods and historical bad debt write offs.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024 but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

(b) the consolidated entity disclosure statement that is true and correct and in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(b) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office

Bradley Medina
Senior Executive Director
Delegate of the Auditor-General

Canberra
5 September 2024

Regulatory Reporting Requirements Index

Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)

For the period ended 30 June 2024

Section	Subject	Location	Pages
28E	**Contents of annual report**		
28E(a)	The purposes of the company as included in the company's corporate plan for the reporting period	Our Purpose and Objectives	6
28E(aa)	The results of a measurement and assessment of the company's performance during the reporting period, including the results of a measurement and assessment of the company's performance against any performance measures and any targets included in the company's corporate plan for the reporting period	Operational and Financial Review	71-80
28E(b)	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Our Purpose and Objectives	6
28E(c)	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period	Our Purpose and Objectives	6
28E(d)	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act	Our Purpose and Objectives	6
28E(e)	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the company during the reporting period under section 93 of the Act	Not applicable – no non-compliances	-
28E(f)	Information on each director of the company during the reporting period	Directors' Report	13-17

Section	Subject	Location	Pages
28E(g)	An outline of the organisational structure of the company (including any subsidiaries of the company)	Note 21 to the Consolidated Financial Statements Consolidated Entity Disclosure Statement	123 135
28E(ga)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location	Directors' Report	10
28E(h)	An outline of the location (whether or not in Australia) of major activities or facilities of the company	Directors' Report	10
28E(i)	Information in relation to the main corporate governance practices used by the company during the reporting period	Corporate Governance Statement	59-70
28E(j), 28E(k)	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than $10,000 (inclusive of GST): (a) the decision making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	Not applicable	-
28E(l)	Any significant activities or changes that affected the operations or structure of the company during the reporting period	Directors' Report	12
28E(m)	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company	Directors' Report	20
28E(n)	Particulars of any reports on the company given by: (a) the Auditor-General, or (b) a Parliamentary Committee, or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner; or (e) the Australian Securities and Investments Commission	Not applicable	-

Section	Subject	Location	Pages
28E(o)	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report	Not applicable	-
28E(oa)	Information about executive remuneration	Remuneration Report	21-38
28E(ob)	The following information about the audit committee for the company: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; (e) the remuneration of each member of the audit committee	(a) Corporate Governance Statement (b) – (d) Directors' Report (e) Remuneration Report	67 13–16 21-38
28F	**Disclosure requirements for government business enterprises**		
28F(1)(a)(i)	An assessment of significant changes in the company's overall financial structure and financial conditions	Directors' Report	12
28F(1)(a)(ii)	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition	Not applicable	-
28F(1)(b)	Information on dividends paid or recommended	Directors' Report Note 20 to the Consolidated Financial Statements	11 122
28F(1)(c)	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations	Not applicable	-
28F(2)	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	Not applicable	-

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