

Board Project Advisory Committee Charter

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1. Introduction

This Charter sets out the role, responsibilities and composition of the Board Project Advisory Committee (**Committee**). The Committee assists the board of directors (**Board**) of Snowy Hydro Limited (ACN 090 574 431) (**Company**) to fulfil its responsibilities for the Company and its controlled entities (**Snowy Hydro**).

2. Role

The Committee's role is to assist the Board in the effective discharge of its responsibilities in relation to the oversight of the delivery of the Snowy 2.0 pumped hydro-electric project (**Project**), including in relation to:

- (a) Project governance and delivery planning, including the arrangements Snowy Hydro puts in place to oversee the Project contractors;
- (b) Project cost, schedule and quality performance, and the reliability of the information used to measure and report that performance;
- (c) Project risk management;
- (d) contract management, including contractor performance, incentive arrangements, contract adjustments, procurement and payments;
- (e) Project assurance; and
- (f) reporting on the Project to the Board and to the Shareholder Ministers (as defined in the Board Charter).

Where a matter related to the Project also falls within the responsibilities of another Committee, that Committee retains its responsibilities under its charter, and the Committee Chairs will share relevant information.

The Board has delegated authority to the Committee to fulfil the responsibilities set out in the responsibilities section below. The Board may delegate additional responsibilities to the Committee from time to time.

This Charter should be read in conjunction with the Company's Board Charter.

3. Responsibilities

The Committee has the following responsibilities:

- (a) **Board reporting and decisions:** recommend to the Board the form and content of Project reporting required to enable effective Board oversight; review final drafts of each Project report prepared for the Board; and, before any material decision by the Board relating to the Project, review the underlying information, key assumptions, material risks and advice relied on by management and advise the Board whether:

- (1) that information is sufficient to support the proposed decision;
 - (2) the key assumptions have a reasonable basis;
 - (3) the relevant material risks have been adequately identified, assessed and mitigated; and
 - (4) any internal or external advice relied on is sufficiently robust and not unduly qualified or disclaimed to support the decision;
- (b) **Governance and capability:** review the adequacy of the Project governance framework and project management plans, management's assessment of the capability and resourcing of the Snowy Hydro Project team to oversee delivery of the Project, measures of the efficiency and effectiveness of Snowy Hydro's oversight of the Project, and how lessons learned during delivery of the Project are captured for future major projects;
- (c) **Risk:** review and recommend to the Board (after consultation with the Board Audit and Compliance Committee), a risk appetite and tolerance for the Project consistent with the corporate Risk Management Framework, review material Project risks and the effectiveness of controls, and bring any material new or significant risk to the attention of the Board;
- (d) **Delivery performance:** review Project cost (including the forecast cost to complete), schedule (including the critical path and key milestones), the effectiveness of Snowy Hydro's quality assurance over the works (including the outcomes of quality audits), and the reliability of the information on which these are reported, and report to the Board any material changes to Project cost and Project schedule anticipated by the Committee;
- (e) **Contract management:** oversee management's administration of the Project contracts, including how management holds contractors to account for performance and manages the incentive framework, contract adjustments, claims, procurement and payment controls, and review management's recommendations on the exercise of material contractual rights before they are considered by the Board;
- (f) **Probity:** review the arrangements for managing probity and conflict of interest risks in Snowy Hydro's relationships with the Project contractors, and refer any undisclosed or insufficiently disclosed conflicts and any suspected bribery, corruption or fraud to the Board Audit and Compliance Committee;
- (g) **Assurance:** recommend to the Board Audit and Compliance Committee the Project elements of each annual internal audit plan, monitor the findings of internal audits and other assurance reviews of the Project and the implementation of recommendations, and consider whether the level of independent assurance over the Project is adequate;
- (h) **Shareholder reporting:** review material Project reporting to the Shareholder Ministers and advise the Board whether it is complete, balanced and consistent with Project reporting to the Board;

- (i) **Referrals:** investigate and report to the Board on any matter relating to the Project specifically referred to the Committee by the Board or another Board Committee. Where appropriate, refer matters to the Snowy 2.0 Project Director for investigation. Follow up on any recommendations or improvement strategies; and
- (j) **Compliance:** bring to the attention of the Board any actual or potential significant breaches of regulatory compliance and contractual obligations relating to the Project.

4. Conflicts of Interest

Clause 4 (Conflicts of Interest) of the Board Charter applies to the Committee members and proceedings of the Committee.

External Advisers must disclose any actual, potential or perceived conflicts of interest on engagement and at the start of each meeting.

5. Membership and External Advisers

The Board will appoint the Committee members and the Chair of the Committee.

The Committee will comprise at least three Non-Executive Directors, each of whom must be an Independent Director (as defined in the Board Charter), one of whom will be appointed as Chair of the Committee.

The Company will engage a minimum of two external advisers to advise the Committee (**External Advisers**). The External Advisers will have relevant professional expertise, will not be directors, officers or employees of Snowy Hydro and must be independent under clause 5.2 of the Board Charter. The External Advisers must not have held a role with, or had a material relationship with, any Project contractor in the last three years. The External Advisers are not members of the Committee.

Committee members and the External Advisers must have appropriate qualifications, knowledge, skills, or experience to assist the Committee in performing its functions. External Advisers should together bring expertise in major project delivery, engineering, commercial, risk management and/or project assurance.

The Company Secretary or their nominee will act as the Secretary to the Committee. The Secretary will keep minutes of the Committee's proceedings and resolutions, together with copies of supporting papers. These records will be available to any Board member upon request.

6. Engagement of External Advisers

The Company will engage the External Advisers under separate Advisory Consultancy Services Agreements setting out the services, fees, and confidentiality and conflicts obligations. Those agreements will include the following terms:

- (a) **Term:** External Advisers will be appointed for a term of up to three years, which may be renewed by the Company.

- (b) **Status:** External Advisers are not directors of the Company and have no authority to act on behalf of, or bind, Snowy Hydro.
- (c) **Access to information:** External Advisers will receive Committee papers.
- (d) **Removal:** The Company may terminate an External Adviser's engagement at any time.

7. Meetings

The Committee Chair will convene meetings of the Committee as required to facilitate the effective discharge of its duties, and will generally meet at least ten times per year.

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

Board members may attend Committee meetings. The Chief Executive Officer, the Snowy 2.0 Project Director, and the Head of Group Assurance may attend meetings ex officio. Other persons may attend Committee meetings by invitation only, or with prior arrangement with the Committee Chair.

External Advisers must attend meetings unless the Committee Chair considers it appropriate that they do not.

In the absence of the Committee Chair, the Committee members will elect a Committee member who is an Independent Non-Executive Director to act as Chair for that meeting.

A quorum will comprise two Non-Executive Directors who are members of the Committee.

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

External Advisers will advise the Committee in relation to matters before the Committee and its deliberations.

The Committee may meet without ex officio members, management, External Advisers or other persons present if the Committee Chair or the Committee considers it appropriate.

The Committee (and, if requested by the Committee Chair, the External Advisers) must meet with the Head of Group Assurance and any independent project assurance adviser without members of management present at least once each year, and whenever the Committee Chair considers appropriate.

8. Resources and Access

The Committee has unrestricted access to employees, records, the Head of Group Assurance, internal auditors and any independent project assurance adviser engaged by Snowy Hydro in connection with the Project.

The Head of Group Assurance and any independent project assurance adviser engaged by Snowy Hydro in connection with the Project will have direct access to the Committee Chair.

The Committee may seek any information reasonably necessary to discharge its responsibilities from any officer or employee of Snowy Hydro.

The Committee may take advice from external parties at Snowy Hydro's expense as reasonably appropriate to discharge its responsibilities.

The Committee may initiate, after consultation with the Chair of the Board and the Board, any investigation that is reasonably necessary to discharge its responsibilities.

The costs of any such investigation will be borne by Snowy Hydro.

9. Reporting

The Committee Chair, or their nominee, will report to the Board after each meeting of the Committee. Collectively, these reports must contain all matters relevant to the Committee's responsibilities, including:

- (a) the Committee's assessment of Project cost, schedule, quality and risk performance, and of the reliability of the information on which that assessment is based;
- (b) any matter on which the Committee recommends that the Board makes a decision or gives direction, with the Committee's recommendation and the key reasons for it;
- (c) recommendations for changes to management processes supporting Project reporting to the Board and to the Shareholder Ministers;
- (d) matters referred to, or received from, another Board Committee;
- (e) an assessment of the adequacy and independence of assurance over the Project, including internal audit and any independent Project assurance adviser; and
- (f) any professional written or verbal advice received from the External Advisors, as requested by the Committee Chair.

The minutes of each meeting, once approved by the Committee, must be included in the papers for the next scheduled Board meeting.

The Committee may refer matters to another Board Committee where relevant to the discharge of that Committee's responsibilities.

10. Performance and assessment

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

The Committee Chair will review the performance of each External Adviser annually and before any reappointment, and report to the Board.

The Committee must review this Charter annually (by 1 December) to ensure its relevance and effectiveness and make recommendations to the Board in relation to any proposed changes.