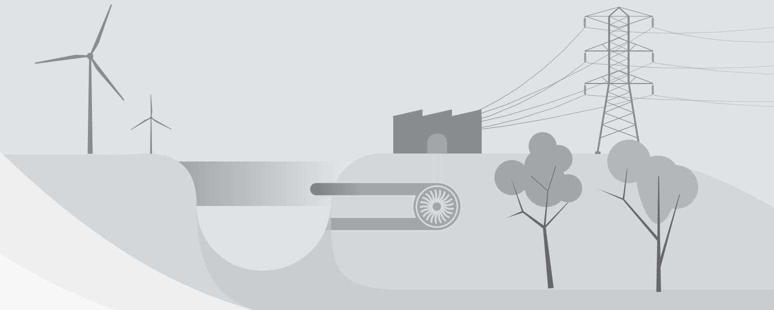
We provide the spark for a **bright future**

Annual Report 2022/23

stanwell

About **this report**



This report provides an overview of the major initiatives and achievements of Stanwell Corporation Limited (Stanwell), as well as the business' financial and non-financial performance for the year ended 30 June 2023.

Each year, we document the nature and scope of our strategy, objectives and actions in our Statement of Corporate Intent, which represents our performance agreement with our shareholding Ministers. Our performance against our 2022/23 Statement of Corporate Intent is summarised on pages 20 to 24.

Electronic versions of this and previous years' annual reports are available online at www.stanwell.com

Acknowledgement of Country

Stanwell acknowledges the Traditional Custodians of the land on which we live and work and extend that respect to all Traditional Owners of Country throughout Australia.

We recognise Aboriginal and Torres Strait Islander peoples' continuing connection to land, sea and community, and pay our respects to Elders, both past and present.

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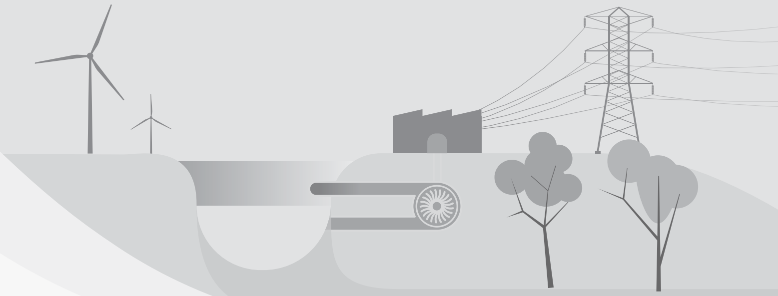
About **Stanwell**



Our purpose

We are powering change across Queensland, by providing the spark for a bright future.

We are a major provider of electricity and energy solutions to the Queensland component of the National Electricity Market and large energy users throughout Australia.

We are creating a new, lower carbon generation portfolio that is complemented by firming solutions, we are driving the development of a renewable hydrogen industry in Central Queensland, and we are providing an essential service by powering the State.

Our current portfolio includes nine new wind and solar farm projects, in which Stanwell has either an equity interest or an offtake agreement, and two battery storage projects which are under development. We have more than 3,000 MW of renewable generation projects and firming capacity either under operation, under construction or under development in the regions surrounding our Stanwell and Tarong power stations. We will continue to grow and deliver that pipeline of projects and within the coming 10 to 12 years, it is our aim to have 9 to 10 GW of renewable energy and between 3 and 3.5 GW of energy storage in place.

Our thermal assets are two of the most efficient and reliable coal-fired power stations in Australia - the Stanwell Power Station west of Rockhampton, and the Tarong power stations near Kingaroy. We also own Meandu Mine, adjacent to our Tarong power stations, to provide low-cost fuel for that station.

In keeping with the Queensland Government's Queensland Energy and Jobs Plan, we are working to gradually repurpose our coal-fired power stations to clean energy hubs. They are well located to provide a connection point for the renewable assets that will be located adjacent, making them ideal to serve as a base from which our people will operate and maintain both our renewable portfolio and other generation assets.

In the meantime, as the energy industry transforms and transitions away from coal-fired generation, our Stanwell and Tarong power stations will continue to play a critical role in the National Electricity Market, helping to ensure the reliability and affordability of electricity.

At its heart, the energy transformation is about people working together to find solutions that bring the greatest mutual benefit. Our approach to the energy transition is underpinned by our commitment to create a bright future for our people, communities and the state of Queensland.

Our values

Stanwell's values – we care, we adapt and we deliver – are integral to our culture and influence how we engage with customers, suppliers, partners and our local communities as well as each other. Together, they guide how we think, make decisions and act.

At Stanwell, we value an equitable, diverse and inclusive culture where we attract, employ and develop people who share our values. As at 30 June 2023, we employed 759 direct employees across our sites. Our aim is to create a workplace where everyone is included, treated fairly, respected and given the opportunity to develop and contribute to our success.

Our values and behaviours are:

We care by

- focusing on our health, safety and wellbeing
- looking after each other, the environment and our communities
- being inclusive and communicating openly
- respecting and helping each other grow and succeed.

We adapt by

- embracing change and new ideas
- working together and sharing learnings
- encouraging questions and different perspectives.

We deliver by

- keeping our commitments and trusting each other
- making responsible commercial decisions
- owning our actions and outcomes.

Our performance highlights 2022/23

No actual serious injury or fatality

events at our sites during 2022/23, indicating that critical controls across Stanwell's sites were effective.

Decrease in total recordable injury frequency rate

of 5.28 compared to 7.09 in 2021/22.

Maintained the reliability of our plant, with Stanwell's assets achieving a reliability factor of

98.0 per cent.

Provided a secure supply of electricity with

19,423 GWh sent out.

Invested $157.3 million

in our operational assets to ensure they were available to provide a reliable and secure supply of energy when the market needed them most.

The Queensland Government announced

$776.1 million

towards our ownership of the proposed Tarong West Wind Farm through the Queensland Renewable Energy Hydrogen and Jobs Fund.

Completed the feasibility study and commenced the front end engineering and design phase of the

Central Queensland Hydrogen Project.

Generated our first renewable energy certificates

from our pipeline of projects through our power purchase agreement with X-Elio, as the Blue Grass Solar Farm (the first renewable generation project in our new portfolio) officially commenced commercial operations.

Celebrated significant milestones in our transformation to renewable energy

as we turned the first sod for Wambo Wind Farm (stage one), signed a power purchase agreement for Mount Hopeful Wind Farm and made significant progress on the acquisition of the proposed Tarong West Wind Farm.

Finalised our Sustainability Strategy

pushing us to challenge and adapt the way we do business to achieve better outcomes for our people, communities, stakeholders and the environment.

Helped our customers to meet their decarbonisation ambitions, entering into three long-term agreements to supply up to

100 per cent renewable energy

from our pipeline of renewable projects.

Reached an important milestone in our reconciliation journey,

launching our Reflect Reconciliation Action Plan

and commencing its implementation across the business.

Provided $471,180 in social investment funding,

including significant support for 90 community organisations and groups in the South Burnett and Central Queensland in the areas of health and wellbeing, community safety, economic capacity, social connectedness and education.

Made significant progress in developing our

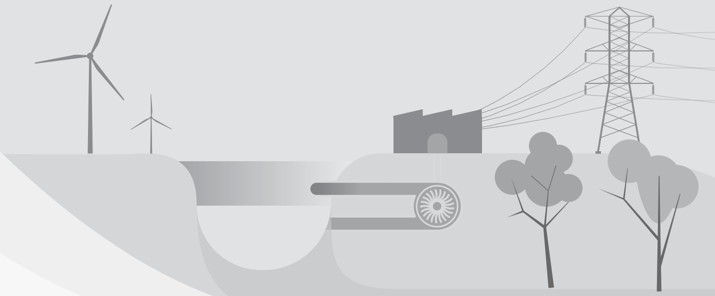
Future Energy Innovation and Training Hub (FEITH),

which is one of the ways we are equipping our people with skills for the future.

Continued to invest in the workforce of the future,

welcoming 17 new apprentices, trainees and graduates across our sites. In 2023, we also extended our graduate program from two years to three years.

Our **portfolio**

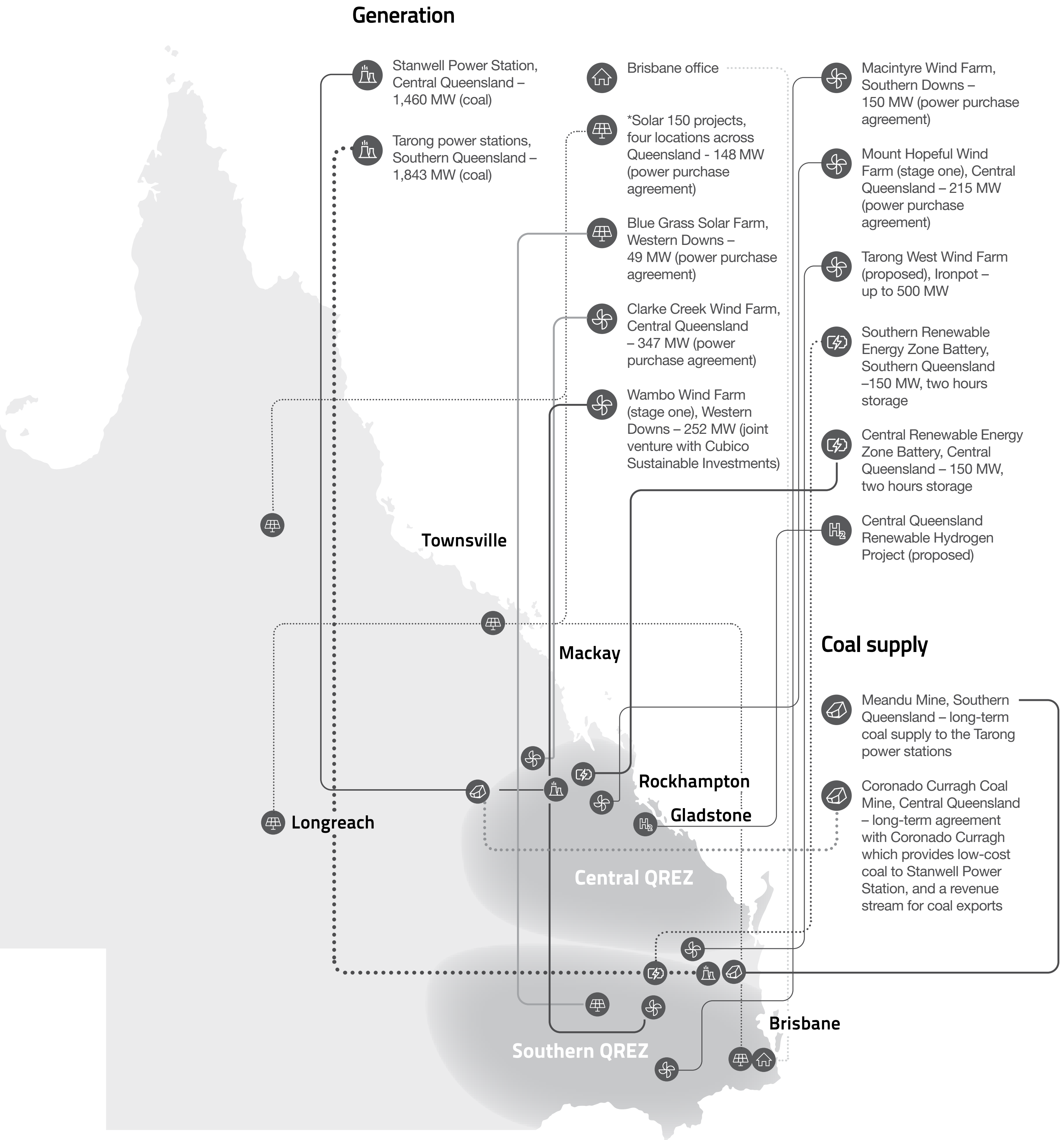


As the energy sector continues to transform, so too does our business.

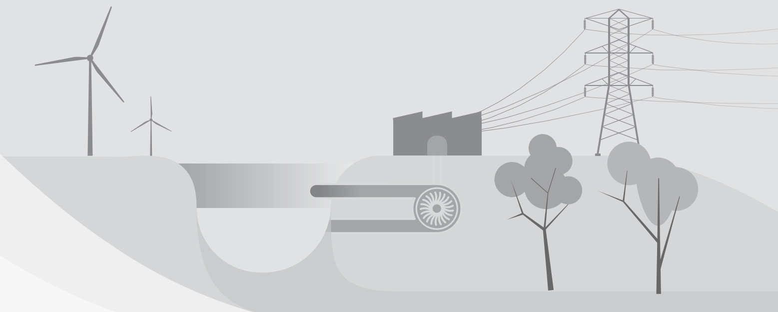
As Queensland's largest provider of electricity and energy solutions, we are working hard on growing our renewable energy and storage portfolio, so we can play a key role in delivering the Queensland Energy and Jobs Plan. We are putting our energy into finding better, more sustainable ways to generate and dispatch electricity for the State and our customers.

While this transformation is undertaken, our Stanwell and Tarong power stations continue to generate to keep downward pressure on prices, as well as provide essential system security services to the National Electricity Market.

Our new energy assets will be located in Queensland's Central and Southern Renewable Energy Zones (REZs). As our renewable energy production increases to meet demand, we will gradually repurpose our power stations into clean energy hubs, in line with the Queensland Energy and Jobs Plan.



*Solar 150 projects – During the year, we were successful in transferring the Solar 150 projects (and the marketing rights to those projects) to Stanwell's portfolio for another eight years.



Chair's **statement**

Four years ago, I had the privilege of joining the Board of Stanwell Corporation. I am constantly inspired by the ambition and humility of our people to adapt to change and deliver on the opportunities presented by the transformation of Queensland's energy system, all while providing reliable and secure energy to the State.

Our people have much to be proud of from 2022/23. The past 12 months have been some of the most exciting in Stanwell's 26-year history, as we continued making significant progress in reshaping our portfolio. We have taken great strides in developing our future clean energy portfolio, maintained our strong operating performance, continued to support our communities, and finished the year in a stable financial position.

There is no doubt that global and domestic events continue to create a challenging environment for energy industry participants. Despite these challenges, we look back on the 2022/23 financial year as a transformational time for our business as we continued to deliver on our strategy.

We welcomed the delivery of the Queensland Energy and Jobs Plan announced by the Premier of Queensland and Minister for the Olympic and Paralympic Games, the Honourable Annastacia Palaszczuk MP, on 28 September 2022. This far-reaching and comprehensive plan outlines the State's pathway to a clean, reliable and affordable energy system.

The Queensland Energy and Jobs Plan will ensure the orderly transformation of the energy industry, and deliver benefits for the Queensland economy, as well as workers, industries, households, businesses, and communities. Stanwell is supporting the delivery of the Queensland Energy and Jobs Plan by creating a new, renewable energy portfolio, while continuing to meet the needs of the market, our people, our communities and our customers.

For Stanwell, it is both a challenge and a privilege to be playing a central role in transforming Queensland's energy market to a low emissions future.

Market overview

As international and Australian economies transition to a low carbon future, several factors have created extremely challenging market conditions. The uncertainty and volatility, as a result of geopolitical circumstances and supply chain disruptions, is expected to see pressures continue across the energy industry in the short to medium term.

A number of domestic factors added to the challenging conditions, with other coal-fired power stations across the National Electricity Market experiencing unplanned outages and wet weather affecting both renewables output and coal supply. This, in turn, caused an acute tightening of electricity and gas supply, leading to escalated wholesale prices.

In response to these global and domestic shocks, in December 2022, the Federal Government announced price caps on gas and coal. More recently, prices have declined from the highs seen in the past year, but they remain above long-term average levels.

Stanwell remains extremely cognisant of the ongoing need to put downward pressure on electricity pricing. As other coal and gas generators exit the market or go offline, and as gas prices increase, we are - through our high plant availability and reliability - able and willing to fill generation gaps, increasing our market share in the National Electricity Market.

Stanwell's strategy for a bright future

In early 2023, Stanwell refreshed its Corporate Strategy, to ensure we are in the best possible position to support the Queensland Energy and Jobs Plan, as well as responding to changes that have occurred in our external environment over the past 12 months.

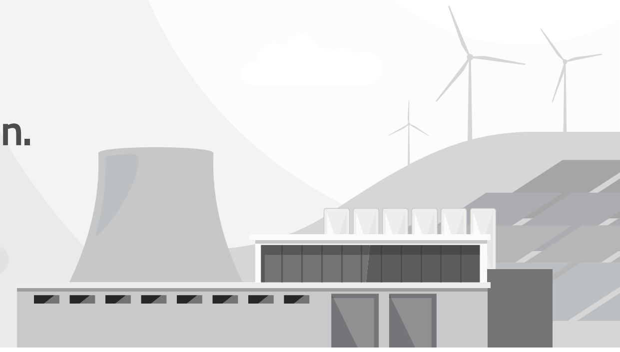
Our strategy is a long-term plan which sets out the work we need to do between now and 2035, to create a new, clean energy portfolio, help achieve Queensland's renewable energy targets and create future opportunities for our people, our communities and the State of Queensland.

It sets out our roadmap for the future, outlining Stanwell's purpose, the goals we are focused on achieving by 2035 and our priorities for the next five years.

Our strategic goals are:

- Build a renewable portfolio;
- Operate our current portfolio reliably and repurpose it for the future;

> **Stanwell is a values-based organisation.** Our people, their families and the communities they live in sit at the heart of everything we do."



- Drive the development of Queensland's hydrogen industry and the use of other new technologies; and
- Create future pathways for our people.

You can read more about our strategic achievements on pages 20 to 24.

Transforming our business

Against the backdrop of a challenging operating environment, we made meaningful gains in the transformation of our business with the completion of a number of transactions and project announcements.

With more than 3,000 MW of renewable generation projects and firming capacity either under operation, under construction, or under development, we have an extensive clean energy pipeline in the regions surrounding our Stanwell and Tarong power stations. We will continue to grow and deliver that pipeline of projects and within the coming 10 to 12 years and aim to have 9 to 10 GW of renewable energy and between 3 and 3.5 GW of energy storage in place.

Stanwell will also provide service and maintenance support for these new-build renewable energy projects to create opportunities for our people and the regions that surround our assets.

As we transition our business and the broader energy sector in Queensland, we are working closely with our people, delivering on our commitments under the Queensland Energy Workers' Charter (the Charter).

The Charter was developed to provide support and confidence for workers and communities through the energy transformation in Queensland. Stanwell is well-positioned to deliver on its commitments under the charter through our long-term investments in training and development and the establishment of our renewable maintenance services business (SAMCo).

Our approach to sustainability

Stanwell's first Sustainability Report (pages 26 to 50) reflects the collective efforts of our people during the 2022/23 financial year, and identifies the aspects of sustainability that matter most to our stakeholders, as well as being areas of strategic focus for the business.

To reflect the importance of sustainability to our business, and acknowledging that accountability is key to driving progress, in 2022/23, our executive and employee incentive scheme included a sustainability gateway. More information is provided on page 18.

While we are proud of our accomplishments, we also know there is room to do so much more. Our teams continue to work hard to find ways to capitalise on environmental, social and governance opportunities and enhance our policies, processes and practices. We believe in our collective responsibility to achieve our sustainability commitments and create positive change for Queensland.

We expect to finalise our sustainability roadmap in late 2023 and look forward to sharing this with our people, suppliers, business partners, communities and customers.

Our business performance

We continue to operate our Stanwell and Tarong power stations at high capacity factors, and we are maintaining each of our generation units to a high reliability standard to ensure robust levels of reliability. By doing this, we put downward pressure on pricing.

Stanwell's assets achieved a reliability factor of 98.0 per cent (2021/22: 98.1 per cent), and availability of 90.1 per cent in 2022/23 (2021/22: 92.1 per cent).

In the short to medium term, our power stations will need to generate at a high capacity to ensure a reliable supply of energy, while both Queensland and Stanwell move to lower carbon generation.

In 2022/23 Stanwell sent out 19,423 GWh of energy (2021/22: 18,237 GWh).

To be an industry leader for best practice safety management, we recognise that we must continue to improve our safety performance. It is a key focus for the Board, Executive Leadership Team and our entire business.

Our people take a proactive approach to the management of safety across all out sites. Our stringent focus on ensuring effective critical controls were in place for all activities, meant there were no actual serious injury or fatality events. However, there was one potential event at our sites in 2022/23.

Our strong safety culture and leadership throughout the business has underpinned this result.

Stanwell recorded a decrease in its total recordable injury frequency rate of 5.28 compared to 7.09 in 2021/22, and our lost time injury frequency rate increased to 1.86 in 2022/23 compared to 1.06 in 2021/22. Significant analysis and ongoing reviews of these events have found no critical trends or critical control failings.

Financial results

Our financial performance improved in 2022/23, as Stanwell ended the financial year with a Net Profit After Tax of $175.2 million (2021/22: $148.4 million).

Stanwell delivered an Operating Profit of $213.2 million compared to $430.6 million in the prior year.

Stanwell's 2022/23 results were impacted by a challenging operating environment, as well as critical business decisions that were made to ensure we could continue providing secure and reliable generation to the market, to put downward pressure on prices.

Stanwell remains financially strong and able to meet all its obligations, and our financial results in 2022/23 demonstrate that the fundamentals of our business are robust and will support our investment in our new energy portfolio.

Changes to our Board

In January 2023, we welcomed Adrian Noon to Stanwell's Board as an Independent non-executive Director. Adrian brings more than 40 years' experience across public policy and economics to Stanwell.

I would also like to acknowledge Adam Aspinall, who resigned from Stanwell's Board in December 2023. Adam made a major contribution to Stanwell, particularly through his guidance on engineering excellence and innovation, leaning on his extensive experience in the energy industry. I'd like to thank Adam for all he has done for Stanwell, and I wish him well in his role as Chair of CS Energy.

Acknowledgements

On behalf of the Board, I would like to thank our Chief Executive Officer, Michael O'Rourke, for the leadership he has provided to Stanwell.

Michael and his Executive Leadership Team have responded to the many operational and strategic challenges that have arisen throughout the year, maintaining focus on the long-term value Stanwell provides to the State.

I would like to thank our people for their contribution to our success in 2022/23. Their incredible efforts have meant Stanwell could accelerate the development of our renewable and storage pipeline, deliver secure and reliable generation to the market, progress our hydrogen project and create opportunities for our people.

Together with Michael and the Executive Leadership Team, their ambition ensures Stanwell is leading Queensland's energy transformation.

All our stakeholders from our customers, suppliers, business partners to our local communities play a critical role in enabling Stanwell to deliver electricity today and into the future. I would sincerely like the thank them for their continued support of Stanwell.

I would also like to thank our shareholding Ministers, the Honourable Cameron Dick MP, Treasurer and Minister for Trade and Investment, and the Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement, for their leadership in developing the Queensland Energy and Jobs Plan. I also thank them their support for our renewable energy investments both by way of funding from the Queensland Renewable Energy Hydrogen and Jobs Fund and for allowing Stanwell to retain its earnings for 2022/23 to support investment in future energy projects.

It is a privilege to be leading Stanwell at such a pivotal time in Australia's energy history, and I look forward to continuing to work with our people, customers, communities, business partners and shareholders as we deliver Queensland's clean energy future.

P.A. Binsted

Paul Binsted
Independent Non-executive Chair and Director

Chief Executive Officer's review

It has been another year of change in the energy industry with major network events and extreme volatility unfolding across the market – and indeed around the globe. At a time when global energy markets have been truly tested, Stanwell, through the exceptional work of our people, continued to supply secure and reliable power to our customers and the National Electricity Market.

Amidst a range of challenges, the past 12 months also produced many positive advancements for the State's energy transformation. Most notably, in September 2022, we welcomed the announcement of the Queensland Energy and Jobs Plan and its pathway to a renewable, reliable and affordable energy system for Queensland.

For a number of years, Stanwell has been planning for the transformation of our portfolio. In the past 12 months we signficantly increased the ambition and scale of our renewable energy project pipeline.

Positioning our business for the future

We have continued to grow our portfolio of renewable energy and firming projects, driving our new energy solutions and offerings for our customers. In November 2022, we began generating renewable energy certificates from our pipeline of projects through our 49 MW power purchase agreement (PPA) with renewable energy developer, X-Elio, as the Blue Grass Solar Farm officially achieved commercial operation status.

Another highlight was helping our customers meet their decarbonisation ambitions, entering into three long-term agreements, with Brisbane Airport Corporation, the Arnott's Group and Anglo American, to supply up to 100 per cent renewable energy from Stanwell's pipeline of renewable projects.

You can read more about our renewable energy and storage projects and pipeline on pages 20 to 24.

To continue this momentum and build on the work we have achieved to date, in the upcoming five-year budget period we will continue to invest in sustaining capital to meet the reliability and generation levels of the National Electricity Market. In this same period, we will invest in new build renewable energy and storage, and development of the Central Queensland Hydrogen Project (CQ-H_2), as we work to transform our business and the State's energy system.

Driving the development of Queensland's hydrogen industry

We continued to drive the development of a renewable hydrogen industry in Queensland, progressing the proposed CQ-H_2 Project. Building on the project feasibility study that was completed in June 2022, we had the honour of bringing together our consortium partners in May 2023 to officially sign the participation agreement for the front end engineering and design (FEED) study for the project.

As we move towards planned commercial operations in 2028, it is my hope that this project creates an example of what is possible for other organisations and countries seeking to embrace the clean energy transformation.

You can read more about our CQ-H_2 Project on page 23.

Our strategy for a bright future

As the Chair mentioned in his statement, during the year the Board worked with our Executive Leadership Team and Broader Leadership Group to refresh our Corporate Strategy. It is important that we carefully monitor the many social, technical, environmental, economic, political and regulatory changes affecting our business and the broader energy market, so that we can adapt our Corporate Strategy to ensure that it continues to put Stanwell in a strong position to navigate the energy transition and create value for our stakeholders.

You can read more about our strategic direction on page 19.

A commitment to our people and their future

In October 2022, I was proud to join representatives from the Queensland Government, energy sector unions and other government-owned energy corporations to sign the Queensland Energy Workers' Charter. The signing of the Charter and the establishment of an interim Energy Industry Council is a commitment to put people first and to support workers, their families, and the communities in which we operate. It is about providing job security for our people and I look forward to working together with industry colleagues on a collective approach to the energy transformation.

We will deliver on our commitments under the Charter, to ensure our people realise opportunities from the energy transition. The work we are undertaking to equip our people with skills for the future continues to grow, as do our long-term investments in training and development.

> **For a number of years, we have been planning for the transformation of our portfolio** and during 2022/23 we have made significant progress in increasing the ambition and scale of our renewable energy projects and pipeline, positioning Queensland and our business for the future."

In the past year, we progressed our Future Energy Innovation and Training Hub (FEITH), including master planning and the exploration of foundational storage and electrolyser opportunities. We also progressed the establishment of Stanwell's renewable maintenance services business, SAMCo, as we work to create future opportunities for our people.

Both of these projects support the gradual repurposing of our existing power stations into clean energy hubs, which will capitalise on our existing skilled workforce, strong network connections and existing infrastructure. Over time, the hubs will serve as a base from which our people will operate and maintain the surrounding renewable generation, energy storage and dispatchable assets through SAMCo.

Everyone has the right to feel safe

As we transform our business, advancing our safety culture and striving to be a leader in industry best practice safety management remains essential. In 2022/23, we commenced a review of our Zero Harm Today vision and safeguards through our health, safety and environment committees.

We continue to ensure our safety vision and culture remains relevant and strong in its function to protect the health, safety and wellbeing of our people, while providing valuable direction for behaviour and decision-making.

We take a proactive approach to the management of safety across our sites. In the past 12 months, we focussed on ensuring that critical controls are in place for all of our activities, noting that safety is not the absence of injuries or events, but is in fact the presence of effective controls.

During 2022/23, there were no serious injury or fatality events, indicating that our critical controls were effective. This is underpinned by the ongoing visible leadership in our workplace, supported by values interactions and critical control verification processes. Stanwell also recorded a decrease in its total recordable injury frequency rate of 5.28 compared to 7.09 in 2021/22.

Our focus on driving proative safety initiatives and supporting our people in advancing a strong safety culture, resulted in the Tarong North Power Station overhaul being successfully delivered without a single recordable injury in 2023.

For us, creating a safe and respectful environment for our people so that they can thrive and contribute to their greatest potential is imperative. During the year, we strengthened the cultural initiatives and learning and development opportunities that underpin our Respect Framework, which was developed in 2021 to prevent and manage discrimination, harassment and bullying in our workplace. In September 2022, we asked our people to share their workplace experiences in a respect review.

The feedback we gained from the review continues to shape our Respect Framework and the actions we are taking to create a more inclusive workplace. As a result of the review we revised our code of conduct, *The way we work at Stanwell*, and our Respectful Workplace policy and procedure.

Key actions we are progressing as a result of the review of our Respect Framework are detailed on page 39.

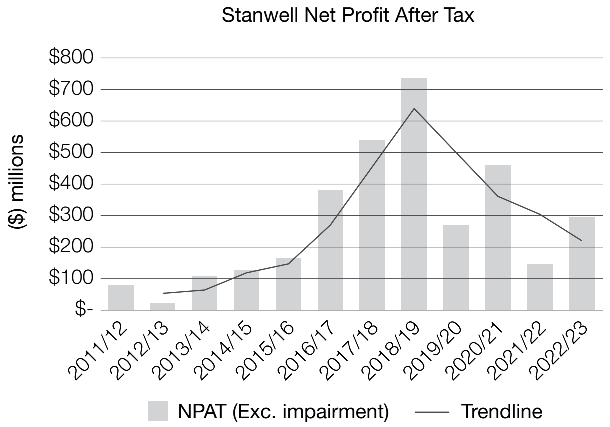
The role our power stations play

Our continued investment in our plant meant that we achieved a reliability factor of 98.0 per cent in 2022/23 (2021/22: 98.1 per cent). This investment of $157.3 million, as well as the exceptional effort and expertise of our people, resulted in our plant operating both efficiently and reliably in response to a testing market.

We remain acutely aware of the ongoing need to put downward pressure on prices. In 2022/23, we proactively procured additional coal outside our normal supply arrangements to ensure that we were able to operate our power stations when the market needed us. We also continued to operate our Stanwell and Tarong power stations at high levels, with an availability factor of more than 90.1 per cent (2021/22: 92.1 per cent) putting downward pressure on prices.

Financial results

Despite the impact of plant outages, including the Tarong North Power Station in the second quarter of 2023 and the global and domestic events that created extreme volatility in the market, our financial performance improved in 2022/23, as Stanwell ended the financial year with a Net Profit After Tax of $175.2 million (2021/22: $148.4 million).



Stanwell delivered an Operating Profit of $213.2 million for 2022/23 (2021/22: $430.6 million). Our Operating Profit result was impacted by the increased cost of unbudgeted fuel that was purchased at net-back export market pricing to rebuild the Stanwell Power Station stockpile.

These purchases were made to ensure that the Stanwell Power Station could continue to provide secure, safe and reliable generation to the market, to put downward pressure on prices, and to ensure that our stockpile was rebuilt ahead of the peak summer period in 2022/23.

How we do business

While sustainability has been a long-standing focus for our business and a key element of our strategy and values, it is important that we continually challenge and adapt our approach to achieve better outcomes. In the past financial year, we finalised our Sustainability Strategy and began the development of our Sustainability Roadmap.

The development of our Sustainability Strategy is an important milestone for our business. It sets out pragmatic commitments that will create value for our stakeholders, and ensures we continue to be transparent about where we are excelling, and where we must improve.

In late 2023, we will finalise our roadmap, setting out the sustainability targets we will set ourselves and the flagship initiatives we will implement to achieve those targets. These will be reported against in our 2023/24 Annual Report.

For the first time, we have integrated a Sustainability Report into our Annual Report (pages 26 to 50). Our Sustainability Report reflects the collective efforts of our people during the 2022/23 financial year and identifies the aspects of sustainability that matter most to our stakeholders, as well as being areas of strategic focus for Stanwell.

Changes to our Executive Leadership Team

In August 2022, we welcomed the announcement of two executive appointments. Glenn Smith was permanently appointed as Executive General Manager Business Services after acting in the role since February 2021, and Catherine Cook commenced as Chief Financial Officer, bringing extensive experience in major capital allocation and funding strategies to Stanwell.

In February 2023, Stanwell's General Manager Commercial Strategy, Richard Jeffery, joined the Executive Leadership Team as Acting Executive General Manager, Strategic Partnerships. The newly established Strategic Partneships division is composed of a diverse group of existing teams, responsible for Stanwell's corporate and sustainability strategies, stakeholder engagement, corporate affairs, land and property, and future pathways.

The creation of this division sets us up well to provide value across a range of areas in the energy transition, including the development of Stanwell's corporate and sustainability strategies, and the fostering of key internal and external stakeholder relationships to support the delivery of those strategies.

Acknowledgements

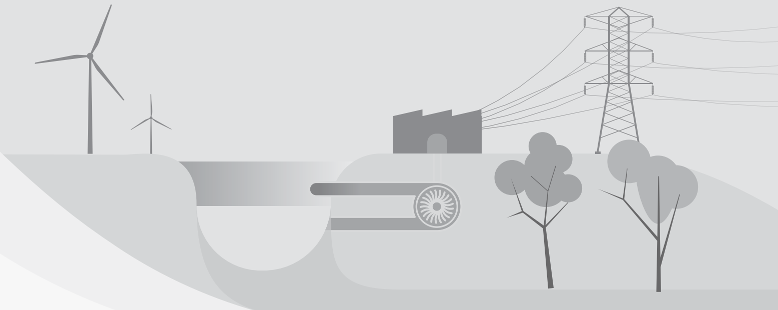
I would like to thank our Chair, Paul Binsted, and our Directors for their leadership and advice throughout the year. I would also like to thank our shareholding Ministers, the Honourable Cameron Dick MP, Treasurer and Minister for Trade and Investment, and the Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement, for their continued support.

Finally, my thanks go to our people. It is as a result of their inspiration, motivation and expertise that we have generated reliably, secured new renewable energy and storage projects, helped major customers achieve their decarbonisation aspirations and met key milestones in the transformation of our business.

Our people have always been pivotal in Stanwell's success, and as we begin a new chapter in Stanwell's story, I am confident that they will continue to deliver, just as they have done so for the past 26 years. While the challenges of the past three decades may look vastly different to the challenges of tomorrow, their ambition, enthusiasm and capabilities will ensure Stanwell is well placed to expand our capability and continue delivering value for Queensland well into the future.

Michael O'Rourke
Chief Executive Officer

Performance **indicators**



In 2022/23, Stanwell committed to achieving the following financial and non-financial targets.

Measure	2022/23 actual	2022/23 target	2021/22 actual
Earnings before interest and tax (EBIT) ($M)	292.4	767.0	215.3
Earnings before interest, tax, depreciation, amortisation, impairment and fair value movements (EBITDAIF) ($M)	438.5	832.4	567.1
Net profit after tax ($M)	175.2	536.4	148.4
Operating cash flow ($M)	284.5	770.5	(778.9)
Capital expenditure ($M)	324.7	613.4	144.2
Return on equity (%)	16.5	39.1	12.2
Total recordable injury frequency rate	5.28	3.49	7.09
Environmental enforcement actions	0	0	0
Carbon emissions[1] (Kt CO_2-e)	18,172	18,063*	17,226
Energy sent out (GWh)	19,423	19,070	18,237

Note: These financial targets are non-IFRS measures used by management to assess Stanwell's financial performance. These amounts are not subject to audit or review.

[1]*Includes carbon emissions from Stanwell, Tarong and Tarong North power stations.*
**Carbon emissions budget based on generation forecast.*

Asset performance

Year	Energy sent out (GWh)*	Capacity factor (%)	Targeted availability (%)	Actual availability (%)	Planned[1] outage factor (%)	Forced outage factor (%)
Tarong power stations – coal – 1,843 MW						
2022/23	10,751	71.9	89.2	87.1	10.1	2.8
2021/22	10,284	68.7	91.4	93.2	5.4	1.4
Stanwell Power Station – coal – 1,460 MW						
2022/23	8,672	73.3	91.6	94.1	5.0	0.9
2021/22	7,953	67.4	91.5	91.0	6.5	2.5
Total						
2022/23	19,423	72.5	90.2	90.1	7.9	2.0
2021/22	18,237	68.0	91.4	92.1	6.0	1.9

[1]*Includes planned and maintenance outage factors.*
**Energy sent out is the amount of energy supplied to the transmission network.*

Health, safety and environment performance

We are focused on providing a reliable and secure supply of energy for Queensland, while ensuring our health, safety and environment (HSE) focus is never compromised in the pursuit of commercial outcomes.

Leading indicators:

Eight out of nine of Stanwell's leading indicator targets were achieved.

Values interactions target -

exceeded by 17 per cent.

Critical control verification target -

exceeded by 40 per cent.

Lagging indicators:

Decrease in our total recordable injury

frequency rate of 5.28 compared to 7.09 in 2021/22.

No actual serious injury

or fatality events at our sites.

50 per cent

(five out of ten) of our lagging indicators were met.

Zero recordable injuries

during the Tarong North Power Station overhaul that was undertaken between April and June 2023.

Supported our peoples' wellbeing

through Stanwell's mental health service program, providing access to Benestar (Employee Assistance Program), Bunyarra Wellbeing Co. and Mates in Energy (MIE).

50 employees completed MIE's general awareness training

and three people became MIE connectors, providing them with the skills to assist others in times of crisis and connect them to professional help.

Industry safety leaders

Were active leaders and participants in several regulator and industry driven health and safety forums, including the Queensland Generator Safety Forum, the Australian Energy Council's health and wellbeing forum, battery, sustainability and environmental working groups.

Meandu rehabilitation

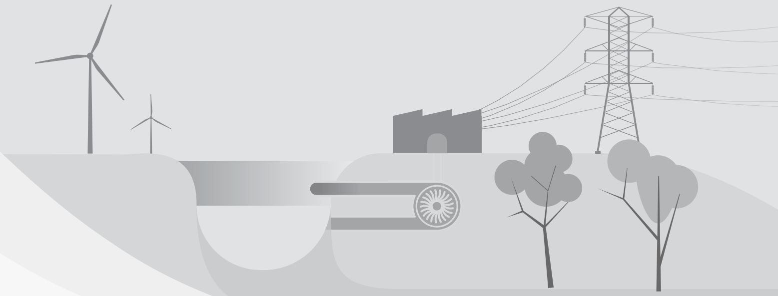
The Progressive Rehabilitation and Closure Plan (PRCP) and associated rehabilitation activities at our Meandu Mine are a critical part of managing our environmental obligations.

In 2022/23, 28 hectares of rehabilitation was completed, taking the total land rehabilitated to 665 hectares.

Submitted our final PRCP

to the Queensland Department of Environment and Science in January 2023, meeting our obligations to provide an end of life plan for Meandu Mine.

Performance **indicators**



Corporate incentive target - sustainability threshold

Our corporate incentive target is structured around a sustainability threshold which acts as a gateway for the payment of corporate incentives to our people, and a business performance target, which reflects the profitability of the business.

In 2022/23, the health, safety and environment threshold which was previously in place was expanded to form a new sustainability threshold. This threshold has been designed to reflect the range of work we do to ensure our business creates long-term economic, environmental and social value. It sets an expectation of the way we do business, and encourages our people to include sustainability considerations in their everyday work.

The sustainability threshold contains three focus areas:

- **Health, safety and environment (HSE)**: The HSE focus is designed to be meaningful at every level of the business and to focus Stanwell on continuing to improve our HSE performance and culture.
- **Equity, diversity and inclusion (EDI)**: This draws on Stanwell's EDI Strategy and provides additional opportunities for Stanwell to engage with our people about the ways they can contribute to building an inclusive and diverse workforce.
- **Balanced portfolio transition**: This focus area reflects the progress made in a range of activities which support the development of Stanwell's renewable energy and firming portfolio, as well as our ongoing role in keeping the lights on as the energy sector transforms.

2022/23 sustainability threshold results

Focus area	2022/23 result
Health, safety and environment (HSE):	✓
Equity, diversity and inclusion (EDI):	→
Balanced portfolio transition:	✓

X Target not met

✓ Met or exceeded target

→ Progress made toward meeting target

Strategic **direction**

Each year Stanwell's Board, Executive Leadership Team and members of the Broader Leadership Group work together to consider the changes that have taken place in our external environment over the past 12 months and to refresh our Corporate Strategy in response. We analyse future markets, taking into account economic, technological, political, customer, community, policy, regulatory and social drivers.

In late 2022, when we went through this refresh process, we paid particular attention to the important role we play in implementing the State Government's Queensland Energy and Jobs Plan.

Our Corporate Strategy is the blueprint for our future. It is a long-term plan which sets out the work we need to do to create a new, renewable energy portfolio, help achieve Queensland's emissions reduction targets and create future opportunities for our people, our communities and the State.

Our strategy is centred around four strategic goals, which describe the most important things we need to achieve between now and 2035. Our goals help us focus our efforts on the things that matter most, including how we will deliver on our commitments under the Queensland Energy and Jobs Plan.

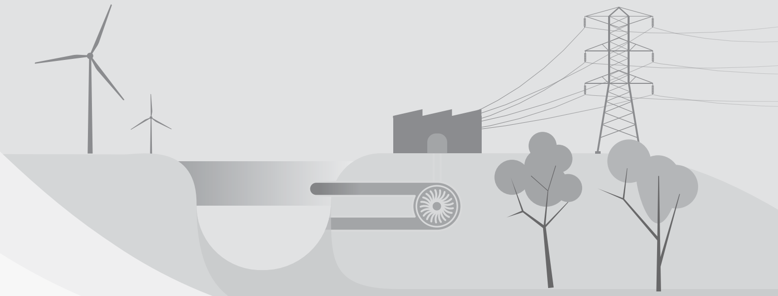
Our strategic goals

- **Build a renewable portfolio**: We will establish our portfolio of renewable generation and firming capacity in keeping with the Queensland Energy and Jobs Plan.
- **Operate our current portfolio reliably and repurpose it for the future**: We will continue investing in and operating our Stanwell and Tarong power stations to provide flexible and reliable generation. We will adapt our operations to support synchronous condenser services or seasonal storage, and by 2035, we will gradually repurpose our power stations into clean energy hubs.
- **Drive the development of Queensland's hydrogen industry and the use of other new technologies**: We will drive the development and operation of Queensland's hydrogen industry. We will also investigate, pilot, commercialise and use new technologies that help ensure the stability of Queensland's future new energy portfolio.
- **Create future pathways for our people**: We will work alongside our people to ensure they realise opportunities from the energy transition. We will also create a respectful, inclusive and diverse working environment for our people.

Watch our strategy video on www.stanwell.com

In 2022/23 we achieved several important milestones in relation to our Corporate Strategy, and these are outlined in detail on pages 20 to 24.

Our 2022/23 **performance**



Build a renewable portfolio

Delivering our pipeline of renewable generation and energy storage projects

In 2022/23, we accelerated the development of our pipeline of renewable energy and storage projects and, in keeping with the Queensland Energy and Jobs Plan, it is our aim to have 9 to 10 GW of renewable energy and between 3 and 3.5 GW of energy storage in place by 2035.

Building out a comprehensive renewable portfolio is essential to the decarbonisation of our business, and is a key theme addressed in our Sustainability Strategy. Further detail on the projects and partnerships we have progressed in the past financial year are included in our 2022/23 Sustainability Report on page 26.

Our transformation is designed to meet our customers' needs

Our customers are seeking renewable energy to power their business. In the past financial year, we continued to help our customers meet their decarbonisation ambitions, entering into three long-term agreements to supply up to 100 per cent renewable energy from Stanwell's pipeline of renewable projects.

This included:

- an eight-year agreement with The Arnott's Group[1], to progressively provide renewable electricity from Stanwell's pipeline of renewable projects each year for its biscuit factory in Virginia, Queensland;
- a ten-year deal with Anglo American[2] to power its steelmaking coal business in Australia with 100 per cent renewable energy from 2025, effectively removing all scope 2 emissions from Anglo American's steelmaking coal business in Australia from 2025; and
- a six-year agreement with Brisbane Airport Corporation[3] (BAC) to supply renewable energy each year, allowing BAC to meet its net zero emissions commitment by 2025, 25 years earlier than planned.

We also sold 71 per cent of Stanwell's sent out energy to our commercial and industrial customers, securing long-term revenue for our existing portfolio of operating assets.

During 2022/23 our retail business, Stanwell Energy, continued to progress its five-year strategy.

In the past 12 months we:

- developed our progressive purchasing portal which allows customers to self-manage their energy purchases;
- upgraded our standard portal with additional insights for customers on their bills and consumption;
- launched a new time of use tariff to help our customers save money by shifting load to the middle of the day;
- created monthly market update videos to provide customers with information relevant to their business; and
- surveyed our customers and brokers to better understand how we can improve our retail offering.

We are also investing more than $22.6 million in the coming five years, in our retail, trading and settlements systems to deliver our renewable energy capability.

We are proud of our sizeable retail position, which enables Stanwell to assist customers to meet their sustainability goals. Our retail position is reflective of the expertise of our energy and environmental trading desks, our tailored energy solutions, and our dedicated and responsive management of customer accounts.

1 www.stanwell.com/our-news/media/an-aussie-icon-partners-with-stanwell-to-accelerate-net-zero-target/
2 www.stanwell.com/our-news/stanwell-reaches-100-green-energy-deal-with-anglo-american/
3 www.stanwell.com/our-news/news/brisbane-airport-soars-on-stanwells-first-green-energy-contract/

Operate our current portfolio reliably and repurpose it for the future

Investing in our assets to maintain high levels of performance

With some of the youngest and most reliable plant in the market, Stanwell has a unique and important role to play in providing electricity and putting downward pressure on prices, while also continuing to support the market as it moves towards lower carbon generation.

Amidst the challenges in the energy market during the past 12 months, we continued to run our Stanwell and Tarong power stations at high capacity factors, ensuring we were generating when the market needed us. In 2022/23, Stanwell sent out 19,423 GWh of energy (2021/22: 18,237 GWh), supplying at times more than 40 per cent of the State's total energy demand.

Stanwell's assets also achieved market leading reliability of 98.0 per cent (2021/22: 98.1 per cent) and availability of 90.1 per cent (2021/22: 92.1 per cent).

In 2022/23, we invested more than $157.3 million in capital projects at our Tarong power stations, Stanwell Power Station and Meandu Mine. The major overhauls delivered at Stanwell Power Station Unit 4, Tarong Power Station Unit 4 and Tarong North Power Station, were important in ensuring our power stations could run safely, efficiently, and at a high capacity while putting downward pressure on energy prices.

Recognising 30 years of operations at Stanwell Power Station

In March 2023, we celebrated 30 years since the first commercial load at Stanwell Power Station. We were pleased to be joined by the Premier of Queensland and Minister for the Olympic and Paralympic Games, the Honourable Annastacia Palaszczuk MP and Queensland Treasurer and Minister for Trade and Investment, the Honourable Cameron Dick MP, as we recognised this significant milestone with our people, as well as key community leaders.

Image: Stanwell Power Station celebrates 30 years of operation

Transitioning our sites to clean energy hubs

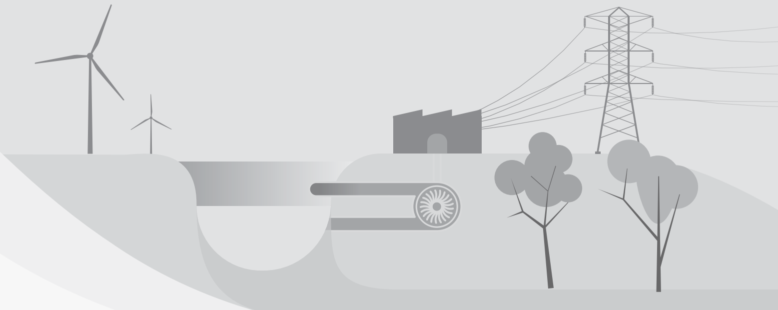
Under the Queensland Energy and Jobs Plan, Stanwell will gradually repurpose its coal-fired power stations to clean energy hubs as replacement generation and energy storage are built and transmission infrastructure is upgraded. In this way, energy reliability will be assured as the transition takes place.

Our coal-fired power stations will be converted to clean energy hubs by 2035, when there is sufficient energy storage and network infrastructure in place across the Queensland Government's energy portfolio. The final decision as to when our coal fired power stations will be repurposed will rest with our shareholding Ministers.

After the release of the Queensland Energy and Jobs Plan in September 2022, Stanwell undertook a detailed review of existing asset strategies. Several areas of targeted improvement were identified to enable us to deliver on our commitments. As part of this, we have undertaken preliminary work to understand the best future proposition for our coal-fired units, which may include conversion to synchronous condensers, seasonal storage or other repurposing that would support the Queensland Energy and Jobs Plan. Synchronous condensers do not generate electricity, but provide system strength and inertia for the network allowing the transition to renewables. Subject to market requirements and in consultation with the Queensland Energy System Advisory Board, Stanwell will build capability to support the site repurposing activities of our generating units.

Throughout the transition process, we will keep providing local employment, procurement and contracting opportunities to encourage economic development and growth. We will also continue to be a responsive, accessible and engaged neighbour, community member and business partner.

Our 2022/23 **performance**



Drive development of Queensland's hydrogen industry and the use of other new technologies

Driving the development of hydrogen in Central Queensland

The past 12 months have been a significant period for the Central Queensland Hydrogen Project[4] (CQ-H_2).

Stanwell is proud to be driving the development of a renewable hydrogen industry that will bring long-term economic prosperity and jobs to Queensland.

We are working with domestic and international partners from across the hydrogen supply chain to develop the State's largest renewable hydrogen project in Central Queensland. Once operational, Stanwell will export renewable hydrogen via different carriers to Japan and Singapore, as well as supplying large domestic industrial customers in the region.

The proposed project involves the development of a hydrogen production facility, hydrogen gas pipeline and hydrogen liquefaction facility, as well as supply of hydrogen to an ammonia production facility. Commercial operations are planned to commence from 2028.

During 2022/23, the consortium reached several key milestones, including:

- Following the successful completion of a feasibility study in June 2022, in November 2022, Stanwell signed a Memorandum of Understanding to jointly fund a pre-front end engineering and design (FEED) stage to complete the planning required, before commencing the FEED stage.
- In May 2023, Keppel Infrastructure Trust Pty Ltd, a Singapore-based energy and water company, joined the consortium as a potential hydrogen offtaker and investor.
- In May 2023, the Australian Renewable Energy Agency (ARENA) announced a funding contribution of $20.0 million for the FEED stage.
- In May 2023, senior representatives from the Japanese and Singaporean consortium members visited Queensland, and joined Stanwell in signing a participation agreement to jointly fund the FEED stage. This marked the formal commencement of the FEED study.

A commitment of $117.0 million (Australian dollars) has been made by Government and consortium partners to undertake the FEED study for the project. The FEED study represents the largest investment in an Australian renewable hydrogen project of its kind to date.

Stanwell is working with Japanese companies Iwatani Corporation, Kansai Electric Power Company, Marubeni Corporation, and Singapore headquartered Keppel Infrastructure to undertake the project's FEED study. Its purpose is to develop the technical, commercial, and social requirements to enable a final investment decision on the project to be made in late 2024.

The project has secured FEED funding from all consortium members ($81.8 million), as well as $20.0 million from ARENA, and $15.0 million from the Queensland Government's Queensland Renewable Energy and Hydrogen Jobs Fund.

Over its 30-year life the proposed project is expected to deliver $17.2 billion in hydrogen exports and $12.4 billion to Queensland's Gross State Product. It will also benefit construction, utilities, heavy manufacturing, and a range of local service industries. At its peak, it will support more than 8,900 new jobs.

We are working closely with our project partners and proponents, all levels of government and the Gladstone community to ensure a collaborative and coordinated approach to the planning and development of the hydrogen industry in Central Queensland.

[4] www.stanwell.com/energy-assets/new-energy-initiatives/stanwell-hydrogen-project/stanwell-hydrogen-project/

Emerging dispatchable capacity and alternative firming solutions

During the past financial year, we continued investigating new technologies that will provide firming solutions and system strength, helping ensure the stability of Queensland's future energy portfolio.

Investment in firming generation, such as lithium ion, medium duration batteries, pumped hydro and hydrogen-ready gas is critical to complement Queensland's growing fleet of weather-dependent renewable generation, to ensure that we can continue to provide reliable electricity supply as dispatchable coal generation is gradually transitioned into clean energy hubs.

In 2022/23, we also began developing a strategy to define and deploy the firming portfolio required to support the integration of Stanwell's rapidly growing renewable energy generation portfolio with our existing thermal portfolio. Importantly, the strategy will ensure we can continue to provide reliable electricity supply to our customers as coal fired assets transition, in line with the Queensland Energy and Jobs Plan.

Creating a reliable firming portfolio will require a diverse mix of firming options, such as hydrogen-ready gas. Stanwell is also investigating alternate firming options including retail load curtailment products, customer on-site generation and future supply flexibility within Stanwell's hydrogen business.

Stanwell's next step in 2023/24 will be investigating medium and longer duration storage and other dispatchable energy technology to understand how we might use it to benefit the Queensland market.

Stanwell's Future Energy Innovation and Training Hub

Our Future Energy Innovation and Training Hub (FEITH) is a demonstration-scale technology testing, validation and training precinct to be located within Stanwell Power Station's current buffer zone footprint.

In the past 12 months, we have made substantial progress in developing the FEITH, which will be a catalyst for driving new technologies, and skills, for our clean energy hubs.

The FEITH will provide facilities to test and develop new technologies that may then be scaled and commercialised. Technologies that eventuate from the FEITH may be deployed to one of Stanwell's clean energy hubs, firm our renewable energy assets, support the development of our hydrogen business or be utilised in other specialised applications.

The FEITH will also provide skills training and education, to drive better outcomes for energy workers and communities as the industry transforms.

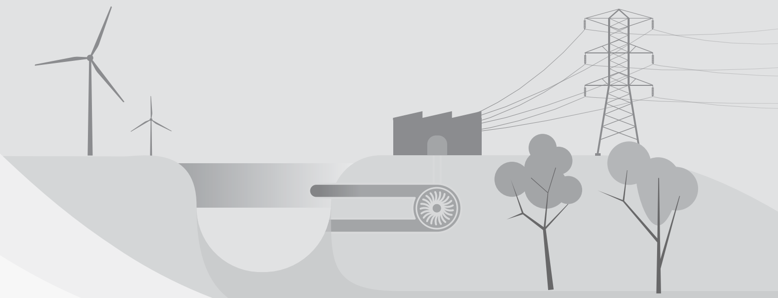
In its ultimate form, the FEITH may feature:

- a hub to demonstrate to the community our hydrogen applications, their safety, and the benefits to local and regional areas;
- testing of medium-long duration battery storage, transmission and renewable energy integration technologies for the National Electricity Market;
- workforce skills and technical training for trade, higher education and research;
- research and testing precinct for innovation and technology validation; and
- a servicing and maintenance workshop.

In May 2023, Stanwell's Board approved the FEITH's masterplan which outlined the individual buildings and facilities within the hub, based on the overall concept and functional requirements.

Stanwell is continuing to progress a pipeline of opportunities for inclusion in FEITH, including the installation of next generation electrolysers and flow batteries, and energy skills training in collaboration with registered training providers.

Our 2022/23 **performance**



Create future pathways for our people

Future pathways

As we transform our business and the broader energy sector in Queensland, maintaining job security for our people is critical. Throughout 2022/23, we progressed our Future Pathways plan, and are finalising the establishment of our renewable energy services and maintenance business, SAMCo.

> **Ensuring future opportunities for our people**
>
> We are working to ensure that there are future opportunities for our workforce as our business transforms, in line with the Queensland Energy and Jobs Plan. When operational, it is intended that our people, under SAMCo, will operate and maintain the renewable and dispatchable assets in the regions surrounding our Stanwell and Tarong power stations.
>
> In 2022/23, we secured the first asset maintenance contract under SAMCo. The Wambo Wind Farm will be the first project our people will provide asset maintenance services for when the site becomes operational in 2025.

In October 2022, Stanwell, along with the Queensland Government, energy sector unions and other government-owned energy corporations, became a signatory to the Queensland Energy and Workers' Charter (the Charter).

The signing of the Charter and the establishment of an interim Energy Industry Council is a commitment to support workers, their families, and the communities in which Stanwell operates. Stanwell will deliver on our commitments under the Charter, to ensure our people realise opportunities from the energy transition. The work we are undertaking to equip our people with skills for the future continues to grow, as do our long-term investments in training and development.

The Government's Queensland Energy and Jobs Plan and Charter supports a $62.0 billion investment into the State's energy transformation and job security for energy industry workers.

Further detail on how we are working closely with our people, delivering on our commitments under the Queensland Energy Workers' Charter and equipping our people with skills for the future are included in our 2022/23 Sustainability Report on page 38.

A thriving work environment for our people

The transformation of our energy system also requires us to broaden our talent pool to make sure we have the workforce in place to meet the needs of Queensland's new renewable energy sector. To do this it is essential that we create a respectful, inclusive and diverse working environment, ensuring we continue to attract, retain and develop existing and new talent.

Take a look at page 39 of our 2022/23 Sustainability Report to see how we continued to adapt our processes and procedures throughout the past year to ensure our workplace is safe, inclusive and diverse.

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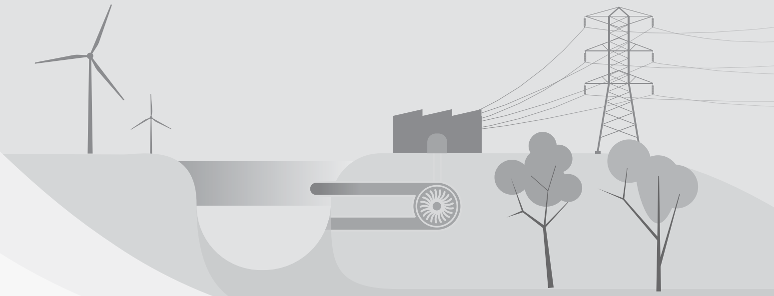
Sustainability **Report**



Our approach to sustainability

While sustainability has been a long-standing focus for Stanwell and a key element of our strategy and values, it is important that we continually challenge and adapt our approach to achieve better outcomes for our people, communities, stakeholders and the environment.

In the past financial year, we put a formal Sustainability Strategy in place and began the development of our Sustainability Roadmap. Our strategy, which was approved by our Board in March 2023, sets out five commitments which sit at the heart of everything we do.

Information on our five commitments is on page 29.

Our Sustainability Strategy provides a framework for all of our sustainability and climate-related work, including the initiatives we put in place and the resources we dedicate, our analysis and management of climate-related risk and our annual sustainability disclosures. It addresses the environmental and social risks and opportunities inherent in our Corporate Strategy.

In the coming years, we will continue implementing and adapting this strategy, ensuring it reflects the expectations of our people, communities, customers, neighbours, business partners and insurers as well as being consistent with the objectives of the Queensland Government.

The approach used to develop Stanwell's Sustainability Strategy, including the process to assess materiality, is aligned with the Global Reporting Initiative (GRI).

The Taskforce on Climate-Related Financial Disclosures (TCFD) was used to guide disclosure on Stanwell's sustainability and climate-related risks and opportunities on pages 43 to 50.

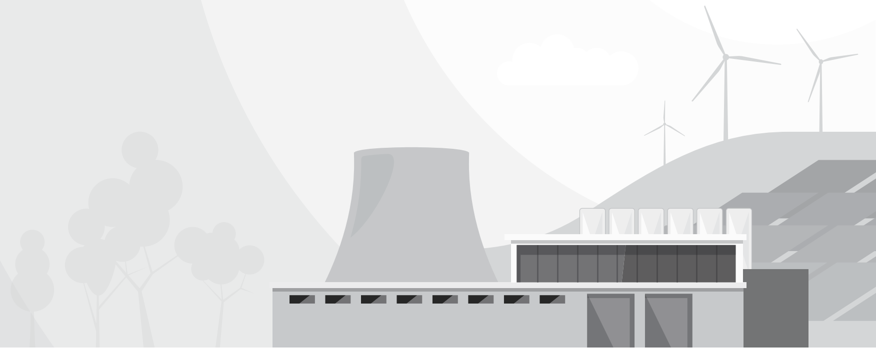
Our Sustainability Roadmap

We are developing a roadmap to support our Sustainability Strategy. Our roadmap will set out the targets to which we will hold ourselves to account and the flagship initiatives we will implement to achieve our sustainability commitments.

The roadmap consists of projects, activities, and initiatives that will be the plan for how to realise the Sustainability Strategy.

We anticipate that we will complete our roadmap in late 2023, and will report against the targets in future Annual Reports.

Our **material issues**



Understanding our material sustainability issues

In 2022, we conducted our first materiality assessment to understand the highest-priority sustainability issues for our stakeholders.

A sustainability issue is material to Stanwell if it:

- has the potential to significantly impact our business or performance; and
- is of significant importance to our stakeholders.

We gathered insights from our customers, shareholders, insurers, suppliers, unions, other key stakeholders and our people to gain a deeper understanding of their expectations of us, in relation to emissions reduction and sustainability more broadly.

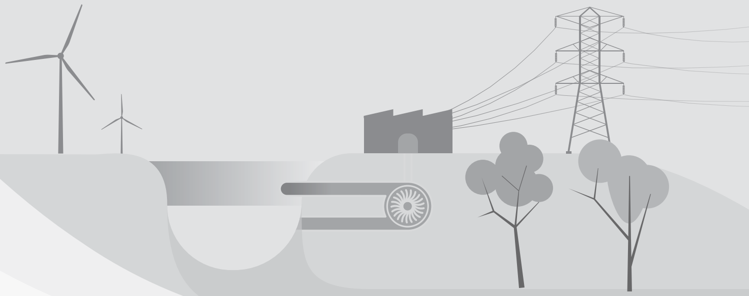
Our stakeholders were clear about their expectations that we provide our decarbonisation roadmap, including how Stanwell will transition to renewables while looking after our people and communities. The broader perspectives our stakeholders shared with us provided valuable insights that we will use to grow our business in ways that are mutually beneficial.

By understanding what matters to them, and what is most important to our business, we are able to identify opportunities where we can have the greatest impact.

We have used the issues identified in our 2022 materiality assessment to inform our Sustainability Strategy and roadmap and will use these isues to prioritise our activities in the coming years. We will also review our material issues annually and use them to evolve our Sustainability Strategy as well as to shape the disclosures in our sustainability reports.

Our 2022 materiality process was aligned with the requirements of the GRI standards.

Our **material issues**



Material topic	Location of disclosure in Sustainability Report	Relevant United Nations Sustainable Development Goals
Commitment one: Reduce the emissions intensity of our portfolio		
Energy transformation: renewables, storage and hydrogen	Pages 30 to 32	7 Affordable and clean energy; 9 Industry, innovation and infrastructure
Energy transformation: technology viability		
Carbon emissions reduction		
Air pollution		
Commitment two: Safeguard the flora and fauna, land and waterways around our sites		
Water management	Pages 32 to 35	12 Responsible consumption and production; 15 Life on land; 6 Clean water and sanitation; 14 Life below water
Land and biodiversity management		
Circular economy and waste management		
Commitment three: Work with suppliers who help achieve our sustainability commitments		
Responsible procurement	Pages 34 to 36	12 Responsible consumption and production
Supply chain dependency		
Human rights and modern slavery		
Commitment four: Create transformative economic and social opportunity for our host communities as well as First Nations people		
Energy transformation: community and regional impacts	Pages 36 to 38	11 Sustainable cities and communities; 10 Reduced inequalities; 8 Decent work and economic growth
Social investment and community engagement		
Regional economic growth		
Landholders engagement		
Relationships with First Nations people		
Commitment five: Ensure our people realise opportunities from the energy transition. Ensure our workplace is safe, inclusive and diverse		
Workforce transition	Pages 38 to 40	8 Decent work and economic growth; 10 Reduced inequalities; 4 Quality education; 3 Good health and well-being
Employee attraction and development		
Health, safety and wellbeing		
Equity, diversity and inclusion		
Material topics addressed through Stanwell's business as usual activities and Corporate Strategy		
Climate resilience	Pages 43 to 50	
Affordability	Page 22	
Reliability	Page 22	
Government policy and regulation	Page 58	
Corporate governance and risk management	Page 51 to 61	
Transparency	Throughout document	
Cyber security	Page 61	

Our **sustainability commitments**

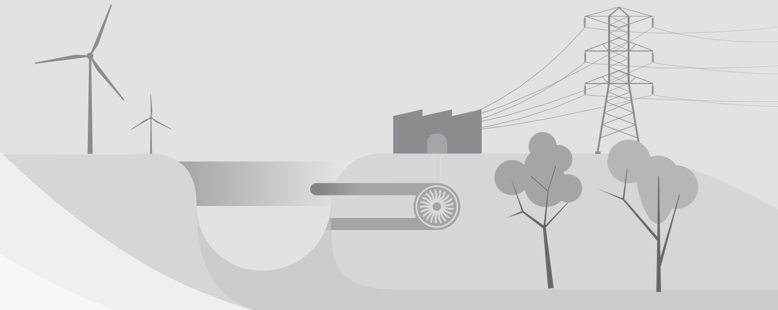
Our Sustainability Strategy incorporates five environmental and social commitments that sit at the heart of how we work at Stanwell:

- Reduce the emissions intensity of our portfolio;
- Safeguard the flora and fauna, land and waterways around our sites;
- Work with suppliers who help achieve our sustainability commitments;
- Create transformative economic and social opportunity for our host communities, as well as First Nations people; and
- Ensure our people realise opportunities from the energy transition and that our workplace is safe, inclusive and diverse.

The five commitments we have made reflect the most material environmental, social and governance issues affecting our stakeholders and our business, as identified in our 2022 materiality assessment.

They also address the environmental and social risks and opportunities that flow from Stanwell's Corporate Strategy and set a framework for how we do business at Stanwell.

Our **sustainability commitments**



Commitment one: Reduce the emissions intensity of our portfolio

Stanwell is growing its portfolio of renewable and storage projects, driving our new energy solutions and offerings for our customers, and contributing to the Queensland Government's appropriately ambitious renewable generation and electricity emissions reduction targets. We are significantly increasing our pipeline of projects over the coming years and, in keeping with the Queensland Energy and Jobs Plan, we will aim to have 9 to 10 GW of renewable energy and between 3 and 3.4 GW of energy storage in place.

The State Government has committed to net zero emissions by 2050 with an interim target of 30 per cent emissions reduction below 2005 levels by 2030. Our new renewable generation and energy storage portfolio, along with the gradual repurposing of our power stations to clean energy hubs, will play a key role in helping achieve Queensland's electricity emissions reduction targets.

Powering towards Queensland's renewable energy targets

In a show of support for the growth of our portfolio, this year we welcomed the Queensland Government's announcement of $776.1 million towards our ownership of the proposed Tarong West Wind Farm through the Queensland Renewable Energy Hydrogen and Jobs Fund (QREHJF) (total announced QREHJF funding to date: $983.6 million).

Stanwell is working with global renewable energy developer RES to develop the proposed Tarong West Wind Farm which, when operating, will generate up to 500 MW. Once built, Stanwell proposes to take 100 per cent ownership and operation of the wind farm which is located south-west of Kingaroy.

We expect to make a final investment decision on the Tarong West Wind Farm in quarter three 2024. Construction of the wind farm is expected to commence in 2024, with anticipated commercial operations from 2026.

In November 2022, we began generating renewable energy certificates from our pipeline of projects through our power purchase agreements with X-Elio, as the Blue Grass Solar Farm officially achieved commercial operation status. The renewable energy from Blue Grass Solar will be on-sold to our commercial and industrial customers, through our retail arm, Stanwell Energy.

Construction of the Clarke Creek Wind Farm in Central Queensland is progressing, with the 800 MW project set to become one of the largest wind farms in the southern hemisphere upon completion. The first stage of the project is planned to export 450 MW of electricity into the NEM in 2024. Stanwell's 346.5 MW long-term offtake agreement from stage one of the project will be on-sold to our commercial and industrial customers.

We also announced a landmark investment in February 2023, with Stanwell purchasing a 50 per cent ownership share of the Wambo Wind Farm in the Western Downs. Stage one of the 252 MW wind farm is being developed in a joint venture with Cubico Sustainable Investment. Under the joint venture arrangements, Stanwell will also dispatch the other 50 per cent of the power generated under a power purchase agreement with Cubico.

In June 2023, we reached another significant milestone for stage one of the project, turning the first sod, to mark the official commencement of construction.

Wambo is also the first project in which SAMCo, Stanwell's newly-formed asset maintenance and services company, has secured an asset maintenance contract. SAMCo will be a sub-contractor to Vestas, which is manufacturing the turbines and blades. Once the site becomes operational in 2025, this asset maintenance contract will offer our people new job opportunities.

We also continued to build strategic partnerships to help deliver low cost, new energy projects, signing a 15-year deal with renewable energy producer, Neoen[5], for a 215 MW offtake from the Mount Hopeful Wind Farm in Central Queensland. The project is one of a number of strategic partnerships Stanwell is pursuing to support the diversification of our portfolio and contribute to the objectives of the Queensland Energy and Jobs Plan.

Integrating energy storage into our portfolio

As Queensland's renewable energy projects come online, the energy system will require short, medium and deep duration storage to provide firming alongside dispatchable technologies.

Large-scale battery energy storage systems will play an increasingly important role in the National Electricity Market as it moves to a predominantly renewable-based energy system.

In 2022/23, we continued the development of 300 MW of batteries with two hours storage that will be co-located with our existing assets. Site preparation works progressed during the past year and are expected to be operational in 2024.

[5] www.stanwell.com/our-news/media/new-partnership-with-neoen-drives-the-winds-of-mount-hopeful/

In order to manage medium duration storage requirements, Stanwell is considering a range of options, including pumped hydro energy storage and flow batteries. Stanwell has commenced a pilot iron-flow battery project (1 MW, eight hours storage) with Energy Storage Industries Asia Pacific Pty Ltd. This will form part of the Future Energy Innovation and Training Hub (FEITH) adjacent to the Stanwell Power Station.

Our role as the market transforms

As the energy industry transforms away from coal-fired generation, our Stanwell and Tarong stations are continuing to play a critical role in the National Electricity Market, helping to ensure the reliability and affordability of electricity.

To support the electricity market as other coal generators exit the market or go offline, we are generating more energy from our coal-fired power stations and therefore greater emissions, both in absolute and relative terms. As a result it is likely that Stanwell will remain one of Australia's largest emitters (as ranked under the National Greenhouse and Energy Reporting Scheme (NGERS) in the short to medium term.

Our aim is to gradually transition our sites to clean energy hubs by 2035, as our pipeline of renewable energy projects progressively comes online and in keeping with the Queensland Energy and Jobs Plan.

Monitoring our emissions

Air emissions at our power stations and mine are monitored to ensure they stay within environmental authority limits. Emissions are tracked on a monthly basis and are reported to the Department of Environment and Science annually through the National Pollutant Inventory (NPI), and to the Clean Energy Regulator through the NGERS.

In 2022/23, we continued to implement processes to ensure that we meet our licence conditions and minimise the impact of our operations on surrounding communities. This included:

- continuous emission monitoring from our power stations' stacks;
- ongoing equipment performance optimisation to improve efficiency, reduce coal consumption and reduce emissions intensity; and
- ongoing coal quality monitoring.

Stanwell's operations (carbon emissions from Stanwell, Tarong and Tarong North power stations) produced a total of 18,172 kt CO2-e (scope 1) during the 2022/23 financial year (2021/22: 17,226 kt CO_2-e).

Carbon emissions from Stanwell generation assets* - 2022/23	
Site	**Carbon emissions (kt CO_2-e)**
Stanwell Power Station	8,077
Tarong power stations	10,095
Total	**18,172**

* Stanwell assets includes emissions from Stanwell generation assets (e.g. our coal fired power stations and renewable energy assets. Where Stanwell has less than 100 per cent equity in the asset, the calculations are proportionate to Stanwell's equity). Stanwell's total scope 1 emissions are reported annually via the National Greenhouse and Energy Reporting Scheme in October each year.

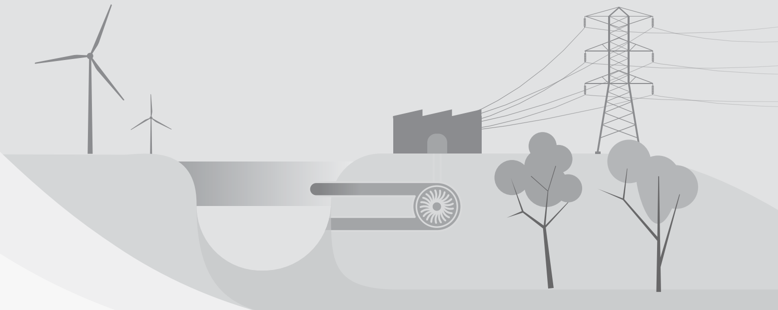
Meandu Mine: The operator of Meandu Mine, BUMA Australia, has overall control of mining operations and is responsible for emissions generated. Stanwell Corporation Limited reports these emissions on behalf of BUMA Australia via a reporting transfer certificate as agreed with the Clean Energy Regulator. Meandu Mine's total scope 1 emissions are reported annually via the National Greenhouse and Energy Reporting Scheme in October each year.

Carbon emissions linked to assets under power purchase agreements - 2022/23	
Blue Grass Solar Farm**	0

** 49 MW power purchase agreement.

Total emissions of both Stanwell generation assets and assets under power purchase agreements	**18,172**

Our **sustainability commitments**



Emissions intensity of Stanwell generation assets (Kg CO_2-e per MWh)	
2021/22	**2022/23**
945	936

Emissions intensity of both Stanwell generation assets and assets under power purchase agreements (Kg CO_2-e per MWh)	
2021/22	**2022/23**
945	931

Emissions intensity refers to the kilograms of carbon dioxide released per megawatt hour of energy sent out.

Commitment two: Safeguard the flora and fauna, land and waterways around our sites

Stanwell recognises the various challenges related to the environment, biodiversity and conservation across the areas in which we operate. We prioritise undertaking meaningful and sustainable initiatives that will safeguard and, wherever possible, improve the quality of flora and fauna, land and waterways in the regions that surround our sites.

Our Health, Safety and Environment Policy[6] is supported by standards related to water, land use and disturbance, biodiversity, waste and hazardous materials.

Our environmental management systems at each site are based on our internal standards, aligned with the principles of ISO 45001:2018 and ISO 14001:2016 and Stanwell's Health, Safety and Environmental Management System.

Water management at our sites

When it comes to making decisions about our water use, we take a balanced approach, considering the needs and priorities of other users, the community and our operations, as well as National Electricity Market conditions.

Water is a valuable resource that we all share and a critical input for electricity generation. In the regions where we operate, water can be scarce, so we carefully manage our use to avoid negative impacts on its availability and quality.

We are investigating further water saving initiatives, and engaging with our neighbours, downstream water users, host communities and the Queensland Government to ensure our responsible and sustainable use of water.

Waste management

Our approach to waste management is guided by the National Waste Policy Action Plan, Queensland's Waste Management and Resource Recovery Strategy, the Queensland New Industry Development Strategy and associated legislation.

Our two most significant waste-generating activities are electricity generation and overhauls.

The main by-product from burning coal at our sites is coal combustion products[7] (fly ash, bottom ash and cenospheres). The coal combustion products we produce are either reused or deposited in site storages.

The regular overhauls we carry out on our plant involve significant work across our sites, generating large amounts of scrap metal. In 2022/23, we produced 467 tonnes of scrap metal waste (2021/22: 738 tonnes), approximately 467 tonnes (2021/22: 731 tonnes) of scrap metal was recycled.

Other sustainable waste management initiatives implemented across our sites include:

- diversion of organic waste to onsite vermicomposting;
- installation of permanent weighbridges which accurately capture data on the types of waste and the total waste leaving site;
- donation of untreated timber to local community groups;
- the reuse and recycling of intermediate bulk containers (IBCs); and
- the reuse and recycling of cooking oil from the canteens at our sites.

We continue to proactively engage with the Department of Environment and Science to explore alternative processes

[6] www.stanwell.com/wp-content/uploads/HSE-POL-01-Health-Safety-and-Environment-Policy.pdf
[7] www.stanwell.com/energy-assets/new-energy-initiatives/coal-combustion-products/

that increase recycling options for waste generated across our sites.

Once we have finalised our sustainability roadmap, in late 2023, it is intended our future sustainability reports will include relevant metrics to report our waste management performance against specific targets.

Coal combustion products

Coal combustion products[8] (CCPs) include fly ash, furnace bottom ash and cenospheres resulting from the burning of coal at our power stations. CCPs are a resource widely used in concrete, construction and building products, instead of natural quarry materials. The use of CCPs reduces our waste legacy, the use of natural resources and emissions traditionally associated with concrete production, as well as the use of heavy machinery to quarry and transport natural materials.

In 2022/23, we continued to collaborate with industry to identify innovative and sustainable ways to increase CCP utilisation as follows:

- In March 2023, we officially opened the new weighbridge at Stanwell Power Station in partnership with Cement Australia. The weighbridge has streamlined CCP offtake and provided the ability to monitor and weigh other loads, such as waste material.
- In June 2022, Stanwell and Cement Australia signed a new, five-year offtake agreement for fly ash, consolidating Cement Australia's ability to manufacture cement and concrete using Stanwell's ash.
- Continued working in partnership with the Ash Development Association of Australia (ADAA) to identify and facilitate increased CCP utilisation in major infrastructure projects.
- Stanwell and Boral are working together to ensure full-scale utilisation of the new fly ash offtake facility at Tarong Power Station.

In 2022/23, 14.29 per cent of our ash by-product was reused (compared to 10.81 per cent in 2021/22).

Rehabilitation at our Meandu Mine

Rehabilitation is an essential part of responsible mining and ensures a positive legacy remains for the community and a range of stakeholders after mining activities are finished.

At Meandu Mine, located adjacent to our Tarong power stations in the South Burnett, our approach involves rehabilitating and restoring mined land progressively and in accordance with the life-of-mine plan. Rehabilitation is an integral part of planning and production operations at the mine, minimising the active area of our mining operations at any point in time. It also ensures that land can be effectively returned to a sustainable post-mining land use, such as native ecosystem, beef cattle grazing or water storage.

In 2022/23, more than 28 hectares of native ecosystem rehabilitation was completed, taking the total land area rehabilitated to 665 ha since the 1980s. This is 41 per cent of the land area intended to be returned to native ecosystem over the life-of-mine, and more than 26 per cent of the total rehabilitation area required for the life-of-mine mining disturbance.

Stanwell's environmental team works closely with regulators to restore a native ecosystem consisting of species such as ironbark, spotted gum, acacia and casuarina. The rehabilitation seed mix that is planted is made up of 25 native tree, shrub and groundcover species, and 10 native grass species which are best suited to Meandu's climate and conditions. More than 64 per cent of the total rehabilitation area will be native ecosystem post-mining.

Meandu Mine's Progressive Rehabilitation and Closure Plan (PRCP)

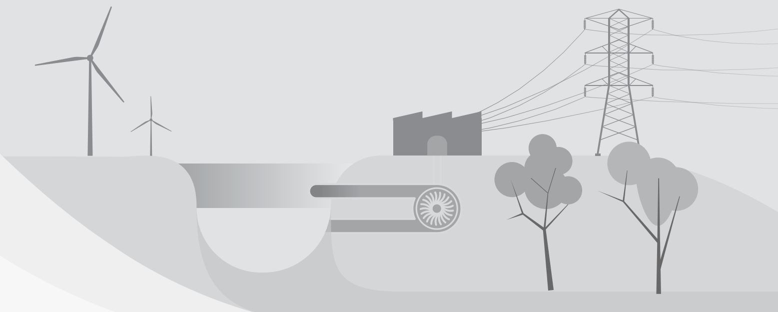
Community and landholder consultation is a large part of our rehabilitation process because it is important that future uses of the land provide ongoing benefits to the region.

After three years of completing supporting sampling, test work and studies, liaising with internal and external stakeholders, consulting the administrating authority and specialist environmental consultants, Stanwell's final PRCP was submitted to Queensland's Department of Environment (DES) and Science in May 2022.

Following an information request from DES, a revised PRCP was submitted in January 2023. Our Meandu Mine PRCP is in the DES decision phase and is expected to be approved in 2023/24.

[8] www.stanwell.com/energy-assets/new-energy-initiatives/coal-combustion-products/

Our **sustainability commitments**



Opportunities for carbon neutrality and income diversification for Central Queensland farmers

In late 2022, a study examining silvopastoral systems (systems incorporating trees and livestock grazing) in sub-tropical and tropical systems, and opportunities for the farming industry to achieve carbon neutrality commenced at Stanwell Power Station.

Stanwell has provided land within our 100 ha hardwood tree plantation for the project team to use. The five-year project is being led by the Queensland Department of Agriculture and Fisheries (DAF) and co-funded by Meat and Livestock Australia (MLA).

The project's objective is to quantify the productivity and ecosystems services of silvopastoral systems, as a potential pathway for emissions reduction for livestock and farming businesses.

We have set up different trial plots on our land, so that the research team can understand the optimum density of trees and pasture in the central Queensland bioregion.

The project is providing data that will be used to develop decision-making and support tools for local cattle farmers on the species, numbers, configurations and locations of trees on farming land to deliver carbon and other benefits.

Farming and specifically cattle grazing is the most prominent land use activity in the region surrounding our Stanwell Power Station, so we are pleased to be able to support this study. As results from the five-year study emerge, an open day will take place in 2024, to enable surrounding landowners to come and see the trial sites, speak to DAF forestry scientists, and benefit from the shared learnings of the project.

Development of our sustainability framework

In mid-2023, Stanwell began development of a sustainability framework which will set out our practices and decision-making processes in relation to the environmental and social aspects of new energy projects. The framework will refer to established external frameworks (such as the Clean Energy Council Best Practice Charter[9]) to which Stanwell is a signatory. We expect to finalise this framework by the end of the calendar year.

Kilotonnes per annum of coal combustion products which were reused	293 kt
Hectares of land rehabilitated to date at Meandu Mine	666.6 ha
Number of environmental compliance breaches/incidents (formal notification)	2

Commitment three: Work with suppliers who help achieve our sustainability commitments

Commitment to the Queensland Procurement Policy

Stanwell confirms its commitment to comply with the Queensland Procurement Policy 2023 (QPP) and conducts its procurement arrangements accordingly.

Stanwell requires all of its suppliers to comply with its Supplier Code of Conduct, which closely reflects the obligations contained in the Queensland Government Supplier Code of Conduct.

With respect to Best Practice Principles (BPP), as Stanwell transforms its asset portfolio with the development of new renewable energy assets and firming technology, it will have projects which may be over the value of $100 million for which BPPs will be required to be implemented.

Where applicable, Stanwell includes terms and conditions in its contracts with project proponents that require those proponents to comply with the QPP and BPP.

Responsible procurement practices

Stanwell places a high priority on working with suppliers whose sustainability frameworks and commitments support ours.

Our procurement activities are conducted transparently, ethically, honestly and with fairness to all parties. They are based on standards that align with the QPP 2023.

We prioritise working with Queensland businesses, support local jobs in regional Queensland, and invest where possible in local economies. We transact with approximately 1,500 suppliers on an annual basis, with 98 per cent of these suppliers located within Australia.

We are working with our suppliers to better understand their sustainability footprint, with an onboarding program that captures this information.

[9] https://assets.cleanenergycouncil.org.au/documents/advocacy-initiatives/community-engagement/best-practice-charter.pdf

We apply local benefits tests for specified tenders and seek opportunities through our tendering process to benefit Queensland businesses, particularly in our host communities.

When evaluating tenders and new business ventures or partners, our standard screening and evaluation criteria considers responsible procurement practices. This ensures the businesses we work with are also ethical, socially, and environmentally responsible, operate safely and prioritise a Queensland workforce.

For our major project procurement, we have developed specific criteria which requires tenderers to submit detailed information about how they meet environmental, social and governance requirements. This includes topics such as contributing toward local communities, modern slavery, environmental management, sustainability frameworks or policies and scope one and two emissions. This ensures that we work with suppliers whose approach to sustainability supports our own.

Where possible, we support small and medium-sized enterprises and Indigenous business.

In 2023/24, we intend to further align our procurement activities to the commitments outlined in our Reconciliation Action Plan, by expanding our partnerships with Indigenous and diverse vendor groups and supporting emerging Indigenous vendors.

Securing a key link in the local supply chain

In late 2022, Stanwell put out an open market tender for a new supplier of the ball and ring castings that are used inside the coal pulverisers at our power stations. In keeping with Stanwell's local procurement policy, local manufacturers were sought out and invited to participate in the process.

White Industries, a family-run business in Dalby, Queensland was successful in the tender process, and is now responsible for manufacturing the castings, which play a key role in pulverising the coal.

Securing these components locally eliminates risk at a time when the global supply chain continues to experience unprecedented disruptions and delays.

White Industries recently acquired the Ipswich foundry that was used by a previous Stanwell supplier to manufacture both cast ball and ring castings, before it took its manufacturing operation offshore.

Having re-established the manufacturing process to produce the balls and rings for Stanwell, White Industries has now begun to offer the product to the broader market. At a time when many regional foundries are closing, it has been able to grow and employ more staff. White Industries' relationship with Stanwell also includes recycling opportunities in the form of a buy-back scheme for decommissioned castings. Once castings have been used at Stanwell and Tarong power stations, they are loaded onto White Industries' trucks and sent to the Ipswich foundry to be melted down. That material is then used for the next batch of castings.

Read more about Stanwell and White Industries partnership on our website[10].

Circularity and reusability

Our portfolio category plans, (which document how a range of commodities or services are procured across different areas of the business), consider circularity and reusability. Both circularity and reusability are incorporated into our works program as "business as usual".

In 2022/23 we continued to drive reusability and circular practices throughout the business. Some examples include:

- reprocessing of waste oil into an oil substitute for blasting services at our Meandu Mine;
- the recycling of our hard hats in collaboration with Recycling Solutions Australia (nominated for the 2022 Buy Queensland Awards); and
- preparing a proposal to commence site recycling from Meandu Mine and Tarong power stations (including cardboard, plastics, and glass) in partnership with the Cherbourg Material Recovery Facility.

Other projects currently being scoped include recycling of uniforms and PPE and elimination of all single use plastics across Stanwell sites.

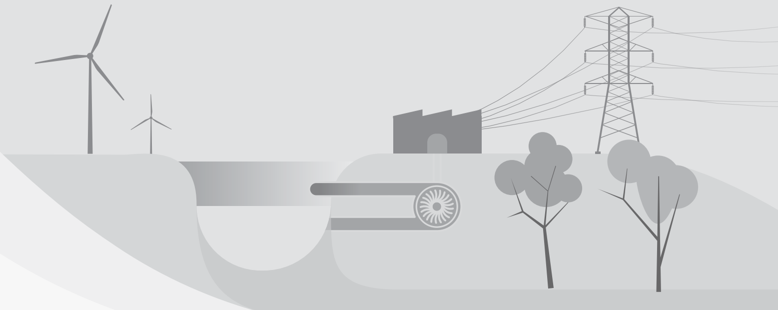
Modern slavery

The Australian Government's *Modern Slavery Act 2018 (Cth)* highlights the reality that modern slavery can occur in any industry. We recognise that the way we do business has the potential to impact not only our people, but also our customers and communities.

As a corporation registered under the *Corporations Act (Cth)* with an annual consolidated revenue exceeding $100 million, the modern slavery reporting obligations under the Act apply to Stanwell.

10 www.stanwell.com/our-news/stanwell-secures-a-key-link-in-the-local-supply-chain/

Our **sustainability commitments**



In 2023, we extended our supply chain mapping process, with approximately 2,000 suppliers fully mapped for modern slavery risks screening. This included undertaking deeper analysis on risks for identified high risk strategic suppliers.

We continued rolling out specialised modern slavery training to contract managers and site representatives. We also completed a three year review of all policies which traversed modern slavery, with modifications made to our existing policies and practices to reflect current approaches to curb modern slavery.

To read more about the actions we have taken to identify and mitigate modern slavery within our operations, take a look at our 2021/22 Modern Slavery Statement[11].

Ethical Supplier Mandate

In early 2023, Stanwell implemented all requirements of the Queensland Government's Ethical Supplier Mandate. These requirements are now part of business as usual processes within Stanwell, and this work supports the responsible procurement approach outlined in the Queensland Procurement Policy 2023.

> To date, we have statements from 663 suppliers affirming that they comply with the Ethical Supplier Mandate requirements. Stanwell does not contract with any supplier that does not pass the Ethical Supplier Threshold and Mandate requirements.

Commitment four: Create transformative economic and social opportunity for our host communities as well as First Nations people

We advocate for the development of our regions and work closely with community leaders, near neighbours and other stakeholders in our communities to build a long-term future together. We make it our business to understand their priorities.

As we transition our business and the broader energy sector in Queensland, it is also important to us that we continue to strengthen our relationships with First Nations peoples and Traditional Owners through listening, learning and responding to their diverse perspectives and priorities.

Our engagement activities are designed to align with identified community priorities and support existing regional strategies, such as local government economic roadmaps.

This approach, which includes participation on various advisory committees, active promotion of supply chain opportunities at our operational sites, and targeted social investment programs, works to enhance the economic, environmental and social values of the areas in which we operate, or seek to operate.

Supporting communities to thrive in the future

In 2022/23, we continued our involvement in and supported the long-term economic planning of our host communities, particularly in relation to the economic impacts and opportunities of the energy transformation.

In November 2022, the Queensland Government released the draft Regional Energy Transformation Partnerships Framework. Since its release, we have used the principles of the draft framework to guide and inform our social performance in the South Burnett and Rockhampton regions.

Throughout 2022/23, we continued working with the Toowoomba and Surat Basin Enterprise to support our communities to attract new business, industry and investment to the South Burnett region. This included providing sponsorship to the 2022 Surat Basin Energy Summit and the local content category at the 2023 Surat Basin Energy Awards. Both of these events focused on highlighting local supplier capacity and the emerging opportunities for local businesses in Queensland's energy industry transformation.

In April 2023, we were a major sponsor of the inaugural Horizon Educational Hydrogen Grand Prix (H2GP) in Gladstone. H2GP is a school-based STEM program that saw 20 teams (17 from Queensland) from across Australia design, build, and race hydrogen powered remote controlled cars.

Supporting the development of a renewable energy and hydrogen industry talent pipeline is important to the success of the State's energy transformation, and also supports our ambition to drive the development of the hydrogen industry in Queensland, and we look forward to continuing our support of the event in 2024 and 2025.

It is important that we continue to play an active role in the planning which will ensure our host communities thrive in the future. Alongside other regional contributors, Stanwell will participate in stakeholder advisory groups which are currently being established to help deliver the Department of State Development, Infrastructure, local Government and Planning's Regional Economic Futures Fund.

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[11] www.stanwell.com/wp-content/uploads/ARMC-22-11-4.1-Modern-Slavery-Statement-attachment-1.pdf

Increasing First Nations participation in our supply chain

In line with the Queensland Procurement Policy 2023, and in support of Advance Queensland's Deadly Innovation Strategy, Stanwell is working to understand the opportunities that exist to increase First Nations participation in our supply chain.

In 2022/23, we hosted and attended local events that provide an opportunity for Indigenous-owned business to showcase their products and services.

In March 2023, Stanwell hosted the first Capricornia Chamber of Commerce and Waka Gubulgan (Indigenous business network) coffee catch-up event. This initiative saw both Indigenous and non-Indigenous business owners from across the Rockhampton region meet at our Stanwell Power Station for an informal business networking event.

In March and May 2023, we co-hosted two events in partnership with Black Coffee to further develop our understanding of how we can benefit from the breath and experience of Indigenous business in Queensland.

During May 2023, Stanwell provided sponsorship for, attended, and spoke at the inaugural First Nations Chamber of Commerce and Industry (FNCCI) event in Gladstone. The FNCCI was established in 2022, and aims to improve First Nations peoples' engagement with major economic development activity through government and industry supply chain participation. As part of the work we are undertaking in the Gladstone region with the CQ-H_2 Project, we have created a Development Officer role for Indigenous participation that will be responsible for developing and implementing place-based strategies to ensure Traditional Owners and First Nations community members are actively engaged in shaping the development, operations and benefits of the project.

> Over the past financial year, through the employment and engagement of First Nations groups, we continued to evolve our pest management practices. Stanwell Power Station engaged Trackers Traps, a 100 per cent Indigenous-owned family business from Central Queensland, to assist with feral pig management on Stanwell-owned land.

Reconciliation Action Plan

In September 2022, our Reflect Reconciliation Action Plan (RAP) received formal endorsement by Reconciliation Australia and Stanwell was officially recognised as a member of its RAP network.

Our Reflect RAP provides a framework to realise our organisation's vision for reconciliation and continue strengthening our relationships with Traditional Owners. It focuses on the actions Stanwell will commit to undertaking to establish foundations for sustainable change, including:

- maintaining an effective RAP Working Group to drive governance of Stanwell's RAP;
- increasing the understanding, value and recognition of First Nations' cultures, histories, knowledge and rights through cultural learning;
- creating opportunities to engage Aboriginal and Torres Strait Islander employees, suppliers and contractors; and
- continuing to strengthen and expand mutually beneficial relationships with First Nations stakeholders and organisations.

In early-2023, we launched our Reflect RAP across the business. Since the launch, we have worked to progress the key actions and deliverables under the RAP. We expect to finalise our Reflect RAP in August 2023 and will then register to undertake a second Reflect RAP.

Energising our communities

Whilst we are working hard to develop our renewable energy portfolio throughout Queensland, we recognise the importance of contributing to the economic and social advancement of our current communities, as well as those that will host our new renewable energy projects.

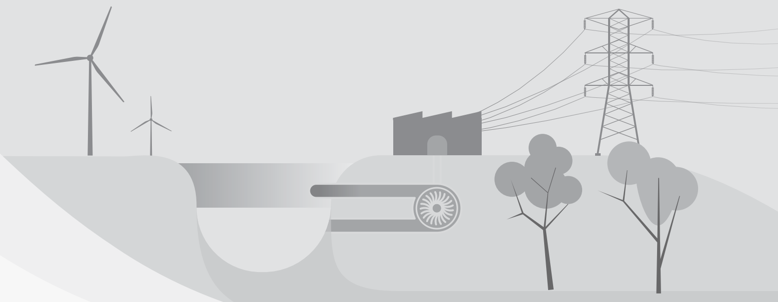
In 2022/23, we continued to support long-term and impactful projects in our host communities. This included providing $471,180 (2021/22: $429,999) in social investment funding, including significant support for 90 (2021/22: 76) community groups in the South Burnett and Central Queensland in the areas of health and wellbeing, community resilience, First Nations engagement, education and training, arts and culture, and sport.

We work closely with community leaders to understand the needs of our host communities and provide funding for the things that are most important to them. We prioritise projects that make a genuine quality of life contribution to our communities in the South Burnett and Central Queensland.

Three examples from the past financial year include:

- The Bunya Mountains Association Inc was provided funding for its 'Dinner under the stars' event. The event brought local communities together to raise funds to develop a community information centre that will be used by the local community for socialising, educational activities and support services.

Our **sustainability commitments**



- Benarkin State School received funding for its 2022 science, technology, engineering and math (STEM) Small Schools Challenge. The initiative provides students interested in STEM subjects with opportunities to develop their skills and support their future career ambitions.
- The Fitzroy Community Hospice – a not-for-profit organisation establishing a hospice in Rockhampton to provide paliative care and support services for Central Queenslanders with an incurable illness - received funding from the Stanwell Power Station Community Partnership Fund to purchase commercial grade kitchen equipment.

Commitment five: Ensure our people realise opportunities from the energy transition. Ensure our workplace is safe, inclusive and diverse.

Creating pathways to a bright future

As the energy transformation progresses, our Future Pathways plan provides us with a blueprint for ensuring our people are positioned to take advantage of new opportunities as they become available, both inside our business and – where it is their preference – outside the business, in the regions where they live.

As we transform our business, we are identifying skills gaps and levering the strengths of our people. In line with the directions of Queensland's Energy Industry Council, we will ensure we have processes in place to develop individual transition plans ahead of operational changes to our existing assets. This will include engagement with employees to understand their capabilities and skills (outside what is already captured in our systems) and importantly, understand their career aspirations and identifying how we can support them to achieve their goals.

We are equipping our people with skills for the future through long-term investments in training and development. In August 2022, we facilitated a number of processes inviting our people to express their interest in developing new technical skills on renewable projects, including windfarm training. In January 2023, five of our tradespeople began a 12-18 month wind farm development pathways program, traveling to six wind farm sites across four states, working on approximately 200 turbines.

We also progressed the establishment of Stanwell's renewable maintenance services business (SAMCo) as we work to ensure future opportunities for our workforce, in line with the Queensland Energy and Jobs Plan. When operational, it is intended that our people, under SAMCo, will operate and maintain the renewable and dispatchable assets in the regions surrounding our Stanwell and Tarong power stations.

Developing future energy industry talent

Creating opportunities for our people is key to future-proofing our business and ensuring we have the workforce in place to meet the needs of the energy transition.The recruitment of apprentices, trainees and graduates through our Early Career Program allows us to continue to bring new and innovative minds into to business.

Through our Early Career Programs, in February 2023, we welcomed 10 new apprentices, trainees and seven graduates to our business – investing in the workforce of the future and creating new employment opportunities in the communities where we operate. In 2022/23 Stanwell's Executive Leadership Team endorsed the expansion of Stanwell's Early Career Programs. This included an increase of graduate full time equivalent positions from 13 to 20 as well as an increase in apprentice and trainee full time equivalent positions from 48 to 50.

Throughout 2022/23, we provided industry feedback and support to skills and workforce programs including the Future Energy Workforce Roadmap for the Department of Enterprise, Small Business and Training, Energy Skills Queensland's hydrogen awareness training, Inglis Training, and hydrogen programs for schools through Central Queensland University.

The health and safety of our people

While we are bringing about important and necessary changes in our business, our focus on health and safety remains the same. As we transition our business, we will maintain a thriving work environment for our people by upholding and promoting the highest standards of health, safety and wellbeing in everything we do.

Our holistic approach to the management of health and safety is about ensuring we are identifying, considering and managing the hazards and risks associated with physical and psychosocial safety. We take a proactive approach to health and wellbeing through the application of our Health and Wellbeing Strategy.

In 2022/23, we did this by:

- providing access to Stanwell's Employee Assistance Program (Benestar) and by championing the proactive education and engagement programs of Bunyarra Wellbeing Co. and Mates in Energy through our mental health services program.

- in 2022/23, 50 people completed Mates in Energy's (MIE) general awareness training and three people became MIE connectors, providing them with the skills to assist others in times of crisis and connect them to professional help;
- working to ensure Stanwell aligns with Queensland's new Code of Practice (the code) – *Managing the risk of psychosocial hazards at work* through the completion of a gap analysis, risk assessment and development of an action plan to ensure alignment with the requirements of the code; and
- participating in several regulator and industry driven health and safety forums to ensure that we are staying informed and involved in relevant issues and strategies. These forums included chairing and hosting the Queensland Generator Safety Forum, chairing the Australian Energy Council (AEC) Health and Wellbeing Forum, and attending the AEC's battery and environmental working groups;
- continuing to work with our contract business partners to improve safety processes, and a specific focus on identifying and learning from events that have the potential to cause injury; and
- continuing to target the key health risks of our people through the implementation of proactive health initiatives such as body composition scans, skin checks, recognition of national health days and improving our mental health services.

For an overview of Stanwell's HSE performance metrics, see page 17.

Our Respect Framework

Stanwell created a Respect Framework for the prevention and management of discrimination, harassment and bullying in 2021. Since then, we have held a number of workshops to introduce the Respect Framework to our people and increase understanding of psychological safety principles.

To strengthen and improve our policies and procedures, cultural initiatives and learning and development opportunities that underpin the Respect Framework, in October 2022 we undertook a review of the framework. We asked our people to share their workplace experiences in the Respect Review. The feedback we gained from the review continues to shape the Respect Framework and the actions we are taking to create a more inclusive workplace.

Reviewing our suite of conduct policies and training forms the foundation of our respect review response. These changes, along with the work we are doing to strengthen our approach to governance, leadership accountability, our complaints framework and our response to psychosocial hazards, supports our ability to continue building a work environment where our people feel safe, respected and included.

We identified five key actions from the review of our Respect Framework in:

- demonstrate courageous, authentic and accountable leadership;
- have a common understanding of disrespectful behaviours across our business;
- build a human centred approach in our processes;
- establish controls that build safe and respectful work environments for our people; and
- deliver our Equity, Diversity and Inclusion Strategy.

We have progressed the delivery of these key actions in 2022/23 by:

- defining cultural metrics to drive leader accountability and identify teams or departments that need support;
- progressing the development of a revised code of conduct that is clearer and emphasises that our values are the cornerstone to the way that we work at Stanwell;
- commencing the develop of a Respectful Workplace Policy and Procedure (still in progress); and
- launching our Equity, Diversity and Inclusion Strategy in February 2023.

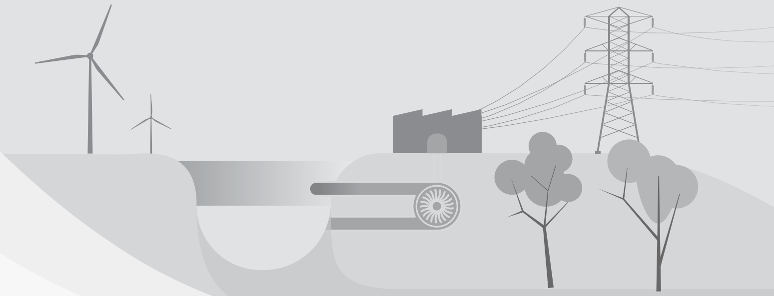
Equity, diversity and inclusion

We believe in the inherent strength of a diverse and inclusive workforce in which the backgrounds, perspectives and life experiences of our people help us to forge stronger connections with our customers, communities, business partners and regulators and to make better decisions for our business.

In February 2023 we launched our new Equity, Diversity and Inclusion Strategy for 2023 to 2025, with reconciliation, age diversity, gender equity, respect and an inclusive and diverse culture as Stanwell's five main focus areas.

As part of the development of the new strategy, we engaged with external research and advisory partners, consulted our people, and gained insights from the Office of the Special Commissioner, Equity and Diversity work plan and the Australian Government's Respect@Work Council. We also reflected learnings from industry reports including the Queensland Public Sector Inclusion and Diversity Strategy (2021 to 2025) and the Minerals Council of Australia Respect@Work Industry Toolkit.

Our **sustainability commitments**



The aspirational targets in our 2017 to 2022 strategy were based on public sector diversity data (including the health and education sectors) which have different operating environments to the energy and utilities industry. It was important that we changed our targets to align with similar industries for a more meaningful comparison and to enable diversity in the composition of our board, senior executives and workforce generally.

The metrics that were developed for our 2023 to 2025 strategy underpin each of our five focus areas and were designed to demonstrate both quantitative and qualitative improvements in each area. One of the gender equity metrics we have changed is the percentage of women in senior roles.

Stanwell's new strategy instead seeks improvement to the percentage of female employees in leadership roles. This metric allows us to measure a wider group of employees, identify the pipeline for senior leader roles and provide opportunities to further develop women via our talent review and succession planning process.

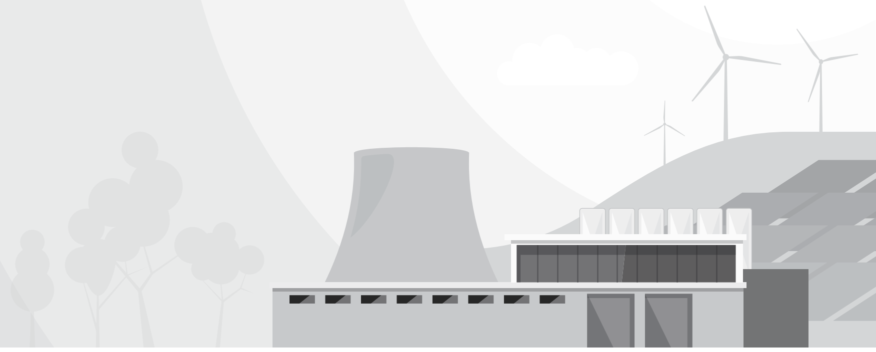
Our quarterly progress against the targets in our new Equity, Diversity and Inclusion Strategy is provided below.

Metric	December 2022 (baseline) (%)	March 2023 (%)	As at June 30 2023 (%)	2022/23 target (%)
Percentage of Aboriginal and/or Torres Strait Islander employees	0.99	0.95	1.05	1.38
Gender pay gap*	5.30	NA	3.05	6.20
Percentage of female employees in technical roles**	3.09	4.15	5.31	4.12
Percentage of female employees in trade roles***	6.72	7.03	7.14	8.40
Percentage of female employees in leadership roles****	23.68	24.38	24.36	27.40
Percentage of female employees in individual contributor roles*****	26.96	27.32	28.36	28.09
Percentage of employees aged 25 and under	8.73	9.42	8.70	9.70
Progress towards a respectful culture			We identified five key actions from the review of our Respect Framework in October 2022. More information on how we have progressed the delivery of these key actions in 2022/23 is available on page 39.	Qualitative

*Gender pay gap is reported on a six monthly basis (as at June and December each year).
**Technical roles include roles with 'technical' or 'engineer' in title. There are 205 technician roles at Stanwell.
***Trade roles includes roles with 'trade' or 'apprentice' in title. These roles require a Certificate III or IV trade certificate. There are 128 trade roles at Stanwell.
****Leadership roles include all leadership roles with direct reports (includes senior leadership).
*****Individual contributor roles include all employees that are not in a leadership role.

In May 2023, Stanwell participated in the first meeting of the implementation leads for the Champions of Change (CCC) Energy Group. CCC is part of a broad national coalition of industry-based Chief Executive Officer forums, built to pursue and promote gender equity, as well as share learnings across organisations. The CCC includes a CEO group and an implementation leads group, and Stanwell is involved in both.

Governance



Delivering on our sustainability commitments

In early-2023, we developed a governance framework to define key roles and accountabilities in relation to the integration of the Sustainability Strategy across Stanwell. Our governance framework defines the accountabilities and responsibilities for implementing our sustainability commitments and initiatives and is a key part of Stanwell's ongoing maturity in its approach to sustainability.

The following information discloses how Stanwell's governance enables oversight, assessment and management of sustainability, particularly climate risks and opportunities, and is aligned to the Taskforce on Climate-Related Financial Disclosures (TCFD).

Oversight

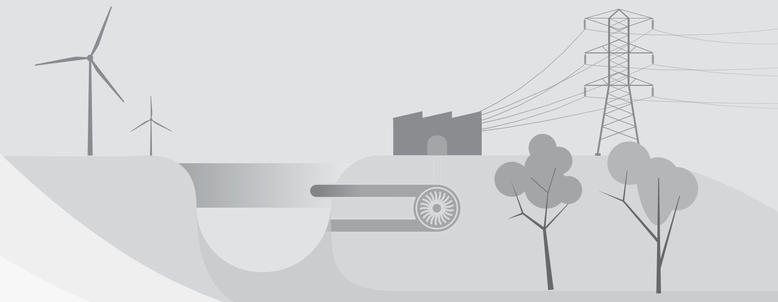
While many teams across Stanwell have responsibilities with respect to climate-related risk and opportunity, the key governance and decision making responsibilities to enable oversight, assessment and management of Stanwell's sustainability commitments and initiatives, particularly climate-related risks and opportunities, lie with the groups outlined below.

<table>
<tr><th colspan="2">Board oversight</th></tr>
<tr><td colspan="2">Stanwell's Board, with the support of the Board committees, is ultimately responsible for the oversight of Stanwell's Sustainability Strategy (and eventual roadmap), and its treatment of climate-related risks and opportunities. Input and approval of the annual review of Stanwell's Sustainability Strategy, annual disclosure statement and corporate incentive targets also falls under the Stanwell Board's responsibility.</td></tr>
<tr><th>Audit and Risk Management Committee</th><th>People and Safety Committee</th></tr>
<tr><td>Oversight and assessment of Stanwell's sustainability progress from a climate and risk management perspective.</td><td>Review and approval of sustainability reporting and relative metrics and targets (which will be finalised in the 2023/24 financial year).</td></tr>
<tr><th colspan="2">Executive Leadership Team</th></tr>
<tr><td colspan="2">Initial review and endorsement of all sustainability submissions to Board and Board committees.</td></tr>
</table>

Embedding sustainability across Stanwell

While the development and management of Stanwell's Sustainability Strategy is the responsibility of management, it is also integrated throughout our business, so that a sustainability lens can be applied to all decision-making. This includes meaningful engagement with employees, business partners, our customers and communities, and other stakeholders to help embed sustainability within our day-to-day activities.

We hold our people accountable for aligning our business practices with our sustainability commitments. The sustainability measures within our corporate incentive target encourage our people to consider the positive influence they can have in contributing to areas of health, safety and wellbeing, inclusion and diversity and Stanwell's renewable energy development.



Strategy

Stanwell understands the need for bold action on climate change, and we are delivering our Corporate Strategy.

Our Corporate Strategy is the blueprint for our future. It is a long-term plan which sets out the work we need to do between now and 2035, to create a new, clean energy portfolio, help the State to achieve Queensland's emissions reduction targets and create future opportunities for our people, our communities and the State of Queensland.

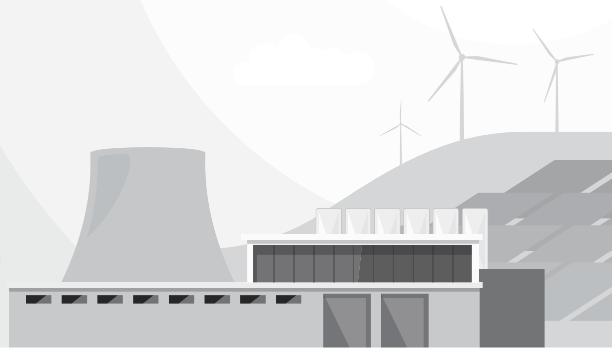
Our strategy is centred around four strategic goals, which describe the most important things we need to achieve between now and 2035. Our goals help us focus our efforts on the things that matter most, including how we will deliver on our commitments under the Queensland Energy and Jobs Plan.

In keeping with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) we will undertake scenario analysis work to understand the physical and transitional climate-related risks and opportunities that may impact our operations in the future.

We will 'stress test' our (current and future) assets, as well as our strategy, against various medium to long term climate scenarios.

Learn more about Stanwell's strategic direction on page 19 of the Annual Report.

Risk and opportunity management



Risk management is fundamental to maximising the value of our business and informing its strategic direction.

Stanwell embeds risk management principles and practices into its strategy development and day-to-day business processes to achieve robust and responsible commercial outcomes. Our enterprise risk management framework includes climate change risks.

The climate-related risk and opportunity analysis which we have carried out will be reviewed and updated annually and will form the basis of more comprehensive reporting in future years.

Stanwell is working to ensure we are prepared to include an analysis of the financial impact of climate-related risks, in line with future International Sustainability Standards Board (ISSB) requirements that are likely to become mandatory in the coming years.

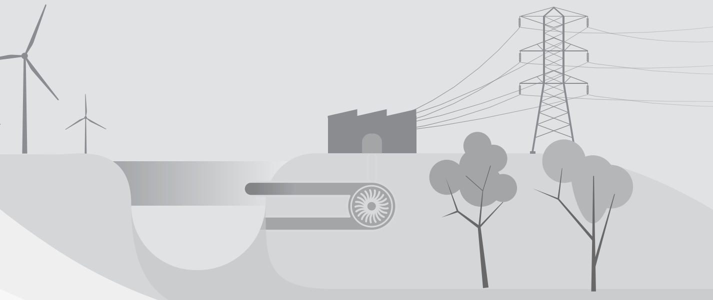
Stanwell's climate-related risk profile (both physical and transitional) will change over time as we transition our portfolio away from coal and towards renewable energy sources. Outputs from this work will be reported in future sustainability reports.

Specific climate-related risks and opportunities for Stanwell's business operations are detailed below.

Transition risks

TCFD transition risk category	Risk	Timeframe	Description	Mitigation activities
Policy and legal Technology Market	New backbone transmission and firming infrastructure	Medium-to-long term	Unexpected changes in market conditions in Queensland could slow down the energy transition, creating uncertainty in the allocation of Stanwell's resources.	• Continue to evolve our strategy and business planning in response to our external environment and to implement the Queensland Energy and Jobs Plan. • Ongoing consultation with relevant stakeholders to understand the timing and availability of new energy infrastructure. • The Queensland Energy System Advisory Board will advise on the transition process for the State's energy portfolio, and provide updates to the Infrastructure Blueprint every two years from 2025. Stanwell will monitor the outcomes of this process and engage with the Advisory Board. • Planning for clean energy hubs at Stanwell's coal fired power station sites.

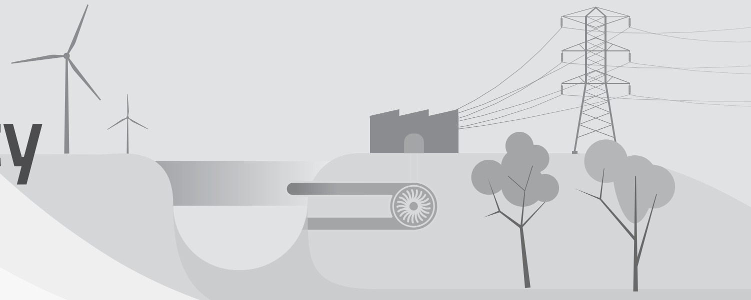
Risk and opportunity management



Transition risks				
TCFD transition risk category	**Risk**	**Timeframe**	**Description**	**Mitigation activities**
Policy and Legal Market Technology	Availability of dispatchable energy provided by existing thermal facilities, until renewable storage is in place	Short-to-medium term	Generation from Stanwell's thermal plant may continue to be required as the energy mix shifts towards renewables, in order to maintain dispatchability within the Queensland grid.	• Investigate emerging dispatchable capacity and alternative firming solutions, including concentrated solar thermal and hydrogen-ready gas peaking plant. • Actively seek learnings from other coal generation businesses (both national and international) to understand what commercially viable technologies or approaches might exist to reduce emissions intensity at coal power stations, whilst maintaining generation (including technical and engineered solutions to optimise generating assets). • Continue to progress the development of Stanwell's battery projects. • Pilot medium duration storage technologies, with a view to incorporating them in our portfolio in order to increase our dispatchable capacity. • Continue to focus on the flexible, secure and reliable operation of our power stations and mine, adapting our approach in response to the rapid and dynamic changes that occur in the market. • Continue running thermal units efficiently by optimising boiler combustion. • Utilising low NOx burners which are installed in all nine of Stanwell's coal-fired operating units. • Provide input into regulatory processes relating to energy reliability and security initiatives. • Ongoing consultation with the Queensland Government to understand the timing and availability of firming infrastructure.

Transition risks				
TCFD transition risk category	**Risk**	**Timeframe**	**Description**	**Mitigation activities**
Market	Workforce continuity and skills readiness	Short, medium and long term	A lack of effective workforce planning could lead to capability risks, with flow on effects to operations.	• Adherence to the Queensland Energy Workers' Charter (the Charter) and associated Jobs Security Guarantee. • Commence a skills mapping process aligned with our strategic workforce plan and the directions of the Queensland Energy Industry Council. This will include an action plan detailing training requirements, delivery methods and internal opportunities. • Develop plans to work with our people to create individual learning pathways and employee transition plans (in line with the Charter). Encourage and support employees to make their own choices, and provide the platforms for them to do so during the energy transition (in line with the Charter). • Continue implementing programs that help employees explore the opportunities of the energy transition and ensure knowledge sharing. • Engage and retain younger talent (25 years and under) through our Early Career Program (graduates, apprentices and trainees). • Continue supporting pathways for those transitioning to retirement (55 years and over). • Continue creating a respectful, inclusive and diverse working environment that ensures we attract, retain and develop existing and new talent.

Risk and opportunity management



Transition risks				
TCFD transition risk category	**Risk**	**Timeframe**	**Description**	**Mitigation activities**
Reputation	Reputational	Short, medium and long term	Failure to respond appropriately to changing stakeholder expectations could lead to costs associated with reputational risk.	• Implement Stanwell's Sustainability Strategy in consultation with shareholders. • Continue demonstrating our progress on our transformation to renewable energy, as well as progress on sustainability commitments to manage risk and opportunity for investors and other key stakeholders. • Ensure consistent employee engagement and communication with our workforce, as well as key contractors to attract and maintain employees. • Stanwell's strong focus on local relationships will extend to new energy communities once our ownership, power purchase agreement and/ or service and maintenance of a project is publicly announced (tailored engagement approaches will be designed to support projects where Stanwell has partial ownership or a power purchase agreement). This approach will allow Stanwell to have stronger and more direct communication with its communities.

Physical risks

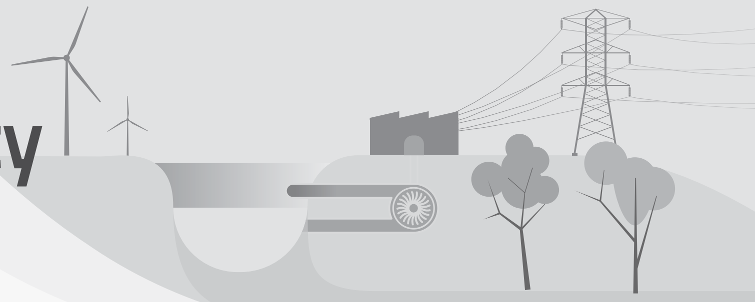
Note: Timeframes have not been allocated to physical risks, as this will be determined through climate scenario analysis work, which Stanwell will undertake in line with relevant, internationally recognised scenarios.

Physical risk category (defined by TCFD)	Risk	Impact of risk to Stanwell	Adaption activities
Acute	Increased rainfall	Stanwell's operations may be impacted by significant rain events as wet weather frequency and severity increases.	• Business continuity plans are in place for Stanwell's critical functions and plant. • Natural hazards management plans and business continuity plans are in place with key service providers with quarterly performance meetings and frequent management meetings. • Summer readiness asset planning is undertaken ahead of high demand periods. • Stanwell's risk management framework is reviewed on an annual basis and/or after the occurrence of a trigger event. • Asset strategies and maintenance plans were updated in 2020 to increase focus on asset reliability. • Continue to complete additional mitigation activities in preparation for summer/storm seasons as appropriate. • Stanwell's pipeline of new renewable assets will be geographically-decentralised, reducing the impact of location-specific extreme weather.
Acute	Increased rainfall	Stanwell's operations may be impacted by significant rain events as wet weather frequency and severity increases.	
Acute	Drought conditions	Prolonged heat waves or drought conditions can cause operational impact for Stanwell.	
Acute	Cyclones/ major storms	Cyclones and severe storms pose safety and operational threats to Stanwell.	
Chronic**	Increased temperatures	Increase in average temperatures over the long term has the potential to cause ongoing impact to operations.	

* Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.

** Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

Risk and **opportunity management**

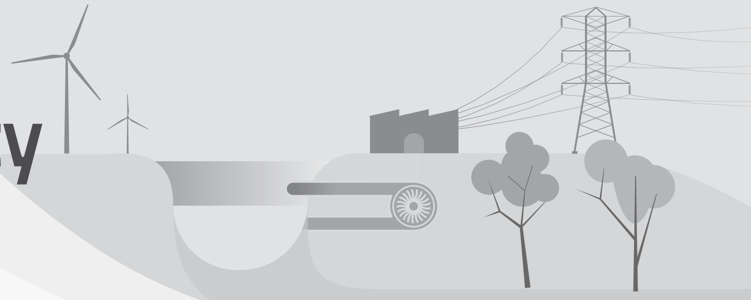


Stanwell climate-related opportunities

TCFD opportunity category	Opportunity	Timeframe	Description	Strategic planning activities
Products and Services Markets	Build a renewable portfolio	Short, medium and long term	Opportunity to provide affordable, reliable and low emissions energy to our customers and the NEM. Stanwell will help enable an orderly transition by developing renewable energy projects and reducing the emissions intensity of our portfolio, while ensuring energy generation meets Queensland's demand.	• Deliver our pipeline of renewable generation and energy storage projects. • Build strategic partnerships to help deliver low cost, new energy projects. • Work with our customers to help them achieve their business and sustainability goals. • Invest in our plant, to generate reliable energy through our Stanwell and Tarong power stations while Queensland's clean energy portfolio is developed. • Develop repurposing plans and projects for Stanwell and Tarong power stations to clean energy hubs in line with the Queensland Energy and Jobs Plan. • Contribute to the establishment of a market for essential system services. • Work alongside our people to ensure they realise opportunities from the energy transition. • Establish and grow our renewable energy services and maintenance business to operate and maintain renewable and dispatchable assets in the regions surrounding our Stanwell and Tarong power stations. • Deliver on our Queensland Energy Workers' Charter commitments. • Implement Stanwell's Sustainability Strategy. Develop and implement our Sustainability Roadmap in consultation with shareholders.

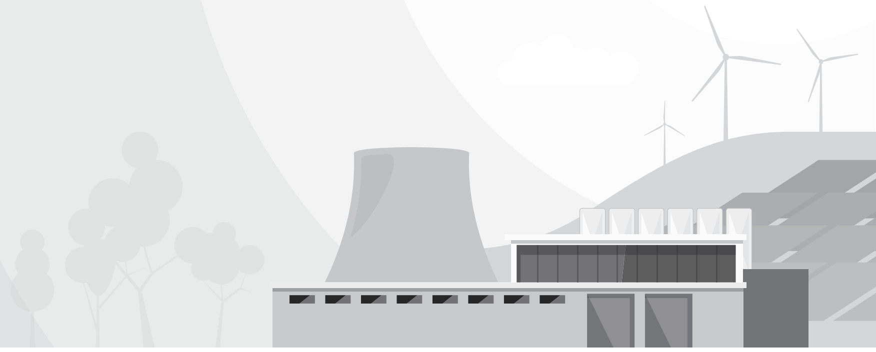
TCFD opportunity category	Opportunity	Timeframe	Description	Strategic planning activities
Markets Resilience	Realise long-term shared value with our communities	Medium-to-long term	Opportunity to enhance long-term shared value through effective landholder, community and First Nations engagement, while transitioning our sites to clean energy hubs that deliver social and economic benefits to our current and future communities.	• Play an active role in the long-term social and economic planning that will enable our host regions to seize opportunities from the energy transition. • Ensure both our current operations and new projects meet the environmental and social expectations of our customers, communities, neighbours, and key stakeholders. • Engage with communities that will host new energy projects, to maximise regional benefits and address any concerns. • Deliver on commitments made in Stanwell's Reconciliation Action Plan. • Implement Stanwell's Sustainability Strategy in consultation with shareholders. • Introduce a targeted local content procurement plan, negotiated with the business on an annual basis.
Resource efficiency	Develop a circular economy strategy	Medium-to-long term	Opportunity to create circular economies where one organisation's waste and by-products are another's resources as we transition to clean energy hubs (low embodied carbon materials, minimal waste and recycling solutions, local procurement).	• Develop a responsible sourcing framework focusing on stronger tender requirements, circular economy creation, carbon reduction and identified inclusive groups. • Investigate opportunities to recycle or repurpose materials from coal assets as we transform them into clean energy hubs.
Markets	Drive the development of Queensland's hydrogen industry and the use of other new technologies	Medium-to-long term	Opportunity to drive the commercialisation of hydrogen and other new technologies through partnerships and research and development.	• Drive the development of Queensland's renewable hydrogen industry by working with our partners to access hydrogen opportunities (e.g. undertake the Central Queensland Hydrogen project subject to approval and funding). • Investigate emerging dispatchable capacity and alternative firming solutions, including concentrated solar thermal and hydrogen-ready gas peaking plant. • Pilot new energy technologies at our Future Energy Innovation and Training Hub (FEITH) adjacent to Stanwell Power Station.

Risk and opportunity management



TCFD opportunity category	Opportunity	Timeframe	Description	Strategic planning activities
Resilience Energy Source	Build a climate resilient business	Medium-to-long term	Opportunity to enhance climate resilience through development of a diversified portfolio, increasing business resilience and leveraging new technology.	• Deliver our pipeline of renewable generation and energy storage projects. • Build strategic partnerships to help deliver low cost, new energy projects. • Continue offering resilience training, as well as other health and wellbeing offerings to all employees to support our employees through ongoing change. • Stanwell's pipeline of new renewable assets will be geographically-decentralised, reducing the impact of location-specific extreme weather. • Undertake climate scenario analysis work in line with Government requirements and relevant, internationally-recognised scenarios.

Corporate **governance**



Key areas of governance focus and achievement in 2022/23

The Board, with assistance from its Committees, engaged in key strategic governance and oversight activities in 2023, including:

- conducting a Board strategy workshop focused on the long-term success of the company;
- regularly discussing the risks and opportunities arising from the significant structural change occurring within the National Electricity Market and the business impact on, and involvement of, Stanwell;
- discussing emerging technologies and how Stanwell could respond to threats and capitalise on opportunities;
- regularly discussing Stanwell's strategic goals, including the refinement and implementation of each priority with the Chief Executive Officer (CEO);
- reviewing and approving Stanwell's financial and strategic plans;
- establishing Stanwell's Sustainability Strategy comprising of five environmental and social commitments that reflect the material environmental, social and governance issues affecting our business and stakeholders,
- setting the *tone at the top* and influencing Stanwell's culture, values and ethical standards. This includes the Board satisfying itself that the desired culture is being lived in practice and is reflective of the behaviours associated with Stanwell's values, having oversight of Stanwell's employee engagement, and equity, diversity and inclusion strategies and plans;
- monitoring the implementation of the enhancement opportunities identified during the externally facilitated evaluation of the Board's performance and establishing a Board Composition Matrix;
- regularly discussing and having oversight of Stanwell's response to regulatory changes;
- reviewing Stanwell's governance processes for the preparation of the financial statements; and
- participating in the detailed examinations of Stanwell's key strategic risks.

Approach to corporate governance

Stanwell defines governance as '*the system by which the Corporation is directed, managed and held to account*'. It incorporates culture, structure and processes for decision-making, accountability, control and behaviour.

It provides the framework within which the Board is accountable to shareholding Ministers for:

- the successful operation of Stanwell;
- the establishment and agreement of Stanwell's strategies and goals;
- the identification and management of key risks; and
- the promotion through a fair and just culture ethical values and behaviours and responsible decision-making.

Stanwell's Board, with the support of the Board committees, is responsible for the oversight of Stanwell's Governance framework. The framework seeks to provide effective and responsible decision making to assist with the delivery of Stanwell's strategic goals.

This statement outlines the key areas of the framework which includes:

- an experienced and independent Board, supported by a Board Committee structure which is regularly reviewed to ensure it continues to operate effectively and add value;
- clear delineation of the respective roles of the Board and senior management; and
- a risk management framework which is regularly reviewed.

The below diagram shows Stanwell's current governance framework, including the committees of the Board.

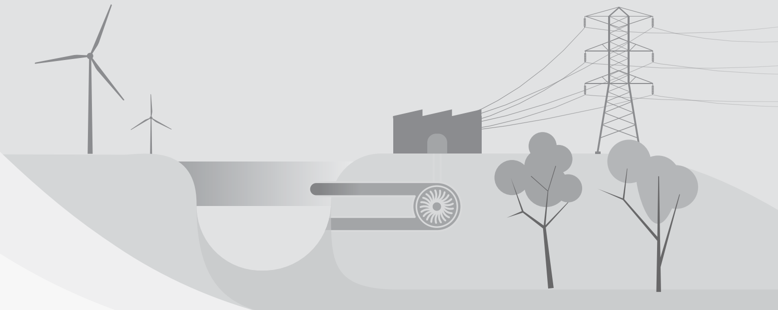
From time to time, the Board may participate (either directly or through representatives) in due diligence type working groups in relation to strategic decisions or funding activities.

Stanwell also has several formally established management committees, each of which assists the CEO to implement Board-approved strategies, policies and manage risks across the organisation within defined decision-making authority.

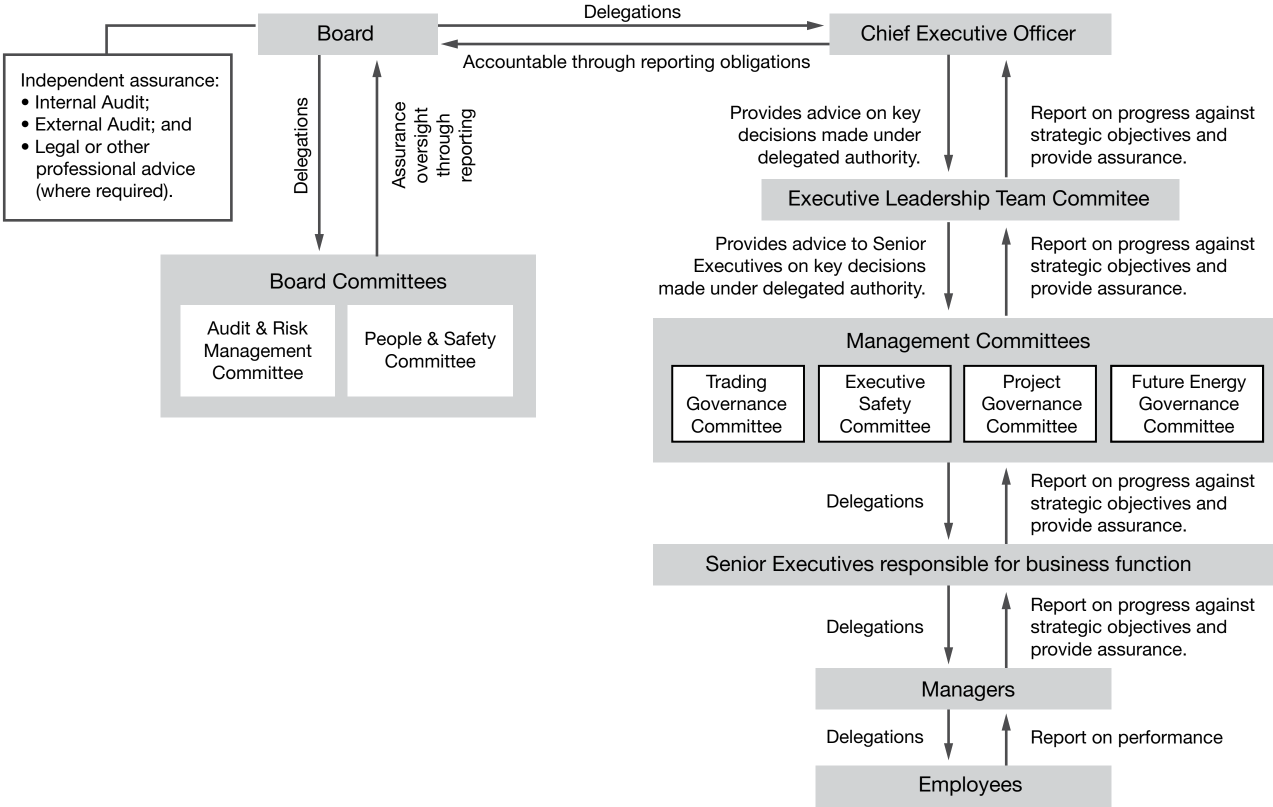
Further information on Stanwell's corporate governance practices, including key policies and copies of the Board and Board Committee Charters, are available on the Stanwell website (www.stanwell.com).

This Corporate Governance Statement sets out how Stanwell adopts each of the principles outlined in the Corporate Governance Guidelines for Government Owned Corporations.

Corporate **governance**



Stanwell's Governance Framework



Principle 1 - Foundations of management and oversight

Role and function of the Board

The Board's primary function is to ensure that Stanwell and its controlled entities have an appropriate corporate governance structure which creates and protects shareholder value.

The Board derives its authority to act from Stanwell's Constitution. The Board's responsibilities are set out in a formal charter which the Board reviews annually. These responsibilities include but are not limited to:

- monitor the progress of Stanwell's commitment to the elimination of work-related injuries and occupational illnesses;
- review and approve the corporate strategy and financial plans;
- oversee and monitor organisational performance and the achievement of Stanwell's strategic goals and objectives;
- ensure the adequacy and effectiveness of key aspects of Stanwell's financial management, reporting and accounting practices;
- oversee the review and update of corporate governance arrangements and processes as necessary to support Stanwell's commitment to best practice corporate governance;
- monitor and influence Stanwell's culture, values, reputation and ethical standards;
- appoint and assess the performance of the CEO and senior executives;
- approve, review and oversee systems of risk management, internal control and regulatory compliance; and
- report to and communicate with Stanwell's shareholding Ministers and other stakeholders.

Delegation of authority

Stanwell's Constitution allows the Board to delegate any of their powers as Directors (as permitted by the *Corporations Act 2001 (Cth*) and the *Government Owned Corporations Act 1993 (Qld)*), including delegation to a committee of Directors or any other person on the terms and subject to any restrictions that the Board may decide.

The delegation of the Board's specific standing powers and limits of authority are documented in the Board Delegations of Authority Policy, the Audit and Risk Management Committee Charter and the People and Safety Committee Charter.

The general approach adopted by the Board to the delegation of its powers and authorities is that:

- decisions related to specific matters are reserved for the Board;
- certain powers and limits of authority are delegated to specific persons; and
- subject to the above, the Board delegates its power and authority to manage and supervise the management of the day-to-day operations of Stanwell to the CEO and, through the CEO, to other senior executives and employees.

The principles by which the CEO sub-delegates the power and authority vested by the Board are documented in the Stanwell CEO Manual of Authorities.

These principles govern decision-making and ensure that the financial transactions of Stanwell are executed within the scope of delegated authorities and balance effective oversight by the Board with appropriate empowerment and accountability of Stanwell's senior executives and employees.

Committees of the Board

The Board has established two committees: the People and Safety Committee and the Audit and Risk Management Committee. These committees assist in the execution of the Board's role and allow detailed consideration of complex issues. Committee members are chosen for their skills and experience.

The roles, responsibilities and delegated authorities of each committee are set out in their respective committee charters. Each year, the charters are reviewed and, where necessary, updated to take account of changes and other developments in the committees' areas of responsibility.

Each committee meets several times a year, depending on committee workload requirements. The role and membership of each committee are described in more detail below.

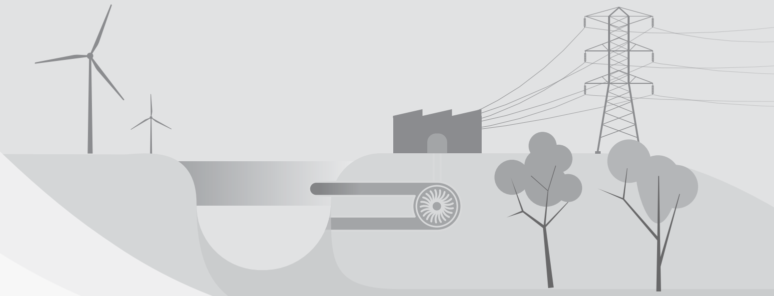
People and Safety Committee

As at 30 June 2023, the People and Safety Committee comprised the following directors:

- Jacqueline King (Chair)
- Paul Binsted
- Marianna O'Gorman
- Karen Smith-Pomeroy

Other directors who are not members of the committee and senior executives attend meetings by invitation.

Corporate **governance**



The committee's primary function is to assist the Board to oversee the development and monitoring of policies and practices which relate to:

- health, wellbeing and safety of Stanwell's employees, contractors and visitors;
- the Board's performance of its governance of Stanwell;
- the work environment, employee relations and cultural strategies; and
- relationships with external stakeholders.

Audit and Risk Management Committee

As at 30 June 2023, the Audit and Risk Management

Committee comprised the following directors:

- Karen Smith-Pomeroy (Chair)
- Paul Binsted
- Adrian Noon
- Marianna O'Gorman

The committee's primary function is to assist the Board to:

- review and monitor Stanwell's financial management and reporting processes;
- review and oversee systems for risk management, internal control and legal compliance;
- oversee the process for:
  - o identifying and managing material business risks; and
  - o implementing appropriate and adequate control, monitoring and reporting mechanisms;
  - o reviewing the performance of the internal and external audit functions (to the extent relevant); and
- monitor and assess new technologies, and systems of cyber security, data governance and model integrity.

Executive remuneration and performance review

Each year, the Board, with the assistance of the People and Safety Committee, undertakes a formal process of reviewing the performance of the CEO and senior executives.

The rate of remuneration increases for the CEO and senior executives is determined with regard to market salary movements and individual performance.

At-risk performance incentive payments for the CEO and senior executives are capped at 15 per cent of total fixed remuneration, with the amount payable tied to the achievement of pre-determined Board-approved organisation wide, business division and individual performance targets. The CEO is not present at the Board meeting or People and Safety Committee meeting when the CEO's own remuneration and performance are being considered.

Further details about the CEO and senior executive remuneration are disclosed in the Key management personnel note on page 122.

Principle 2 - Structure the board to add value

At the date of this report, the Board consisted of five independent, non-executive directors and an independent non-executive Chair.

The names, qualifications and relevant skills, experience and expertise of the directors who held office during the financial year and up to the date of this report, along with their terms of appointment, are set out on page 68 to 70.

The Board considers that, individually and collectively, the directors bring a level of skill, knowledge and experience that enables the Board to discharge its role and responsibilities effectively.

Directors are appointed by the Governor-in-Council. Appointments are for a specific period.

The Board held 10 meetings between 1 July 2022 and 30 June 2023. The table on page 73 of this report details the number of Board and Board committee meetings held during the year that each director was eligible to attend, and the number of meetings attended by each director.

Director induction and continuing education

Stanwell has a comprehensive director induction program in place, which includes the provision of key corporate documents, facilitation of site visits and meetings with senior executives.

The induction program is modified as required to ensure that it is appropriate for the new director's qualifications and experience.

Stanwell provides continuing education to the Board through a combination of internal and external briefings, workshops with management and site visits.

These educational activities assist directors to gain a broader understanding of Stanwell's business. Directors are also encouraged to keep up to date on topical issues and to participate in professional and self-development activities. Activities undertaken by directors that assist their responsibilities to Stanwell are paid for by the Corporation.

Director independence

The Board has considered the associations of each of the directors and is of the view that all directors are independent. The basis for this decision is that all directors are independent of management or any material business or other interest that could interfere with:

- the exercise of objective, unfettered or independent judgement; and
- the director acting in the best interests of Stanwell.

The materiality of any relationship between a director and Stanwell or any other interest which may impact a director's independence will be judged according to the significance of the relationship to the director in the context of their activities as a whole. The Board applies a conservative assessment of the significance of any relationship when determining materiality.

Access to independent professional advice

Directors are entitled to seek independent professional advice at Stanwell's expense. The process for obtaining such advice requires the relevant director to consult with the Chair, or the Company Secretary where the Chair is conflicted, to facilitate the advice.

The Board can conduct or direct any investigation to fulfil its responsibilities and can retain, at the Corporation's expense, any legal, accounting, or other services it considers necessary to perform its duties.

Access to management

Each director has access to the CEO if they require additional information. Each director is encouraged to contact the Chair, CEO or Company Secretary prior to a Board meeting to discuss any matters that require clarification.

Board evaluation

The Board evaluates its performance, the performance of individual directors, the Chair and the Board committees at regular periods. The People and Safety Committee is responsible for assessing the framework and the processes used for conducting the performance evaluations.

During 2022, the Stanwell Board undertook an externally facilitated evaluation of its performance. The evaluation methodology comprised of:

- initial discussions with the Chair;
- a review of key governance and Board documentation;
- a survey of each of the directors and collation of survey responses to assist in identifying areas for further follow up;
- analysis of data and information to enable the drawing of observations; and
- a facilitated Board workshop discussion regarding the evaluation observations.

Monitoring of the implementation of the roadmap of Board evaluation enhancement opportunities occurred at each Board meeting until they were completed.

Performance evaluations of the Board's committees were also undertaken with the results returned to the Board for discussion.

As part of the Board's commitment to continuously improving its governance practices, the last agenda item of every Board meeting is a critique of the Board's performance.

The Board has established a Composition Matrix which outlines the range of knowledge, skills and cultural attributes which have been assessed as ideal for the Stanwell Board to hold to drive Stanwell's strategic direction as well as to effectively govern the organisation.

Principle 3 - Promote ethical and responsible decision-making

Stanwell's core Values of *We care*; *We adapt*; and *We deliver* are integral to Stanwell's culture and influence the way we engage with our customers, suppliers, partners, and our local communities as well as each other.

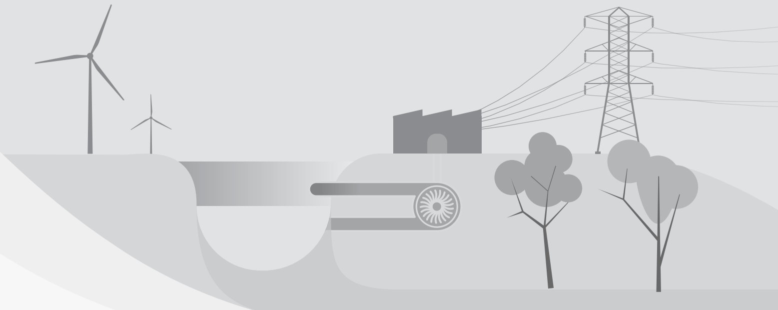
Our Values provide the foundation to the **Way We Work** at Stanwell – Code of Conduct.

The Code applies to our directors, employees and contractors (our people) and promotes ethical and responsible decision making and high standards or integrity, fairness and equity is all aspects of employment with Stanwell.

In applying the Code of Conduct, our people are expected to:

- demonstrate our Values of *We care*, *We adapt* and *We deliver* through their behaviours;
- set an example for and recognise others who also demonstrate these behaviours;
- act in accordance with our guiding principles; and
- speak-up when they believe the Way we Work at Stanwell is being compromised.

Corporate **governance**



The guiding principles underlying the Code of Conduct are:

- We contribute to a safe and healthy work environment, which safeguards our environmental and social right to operate;
- We act ethically at all times;
- We treat others with fairness and respect and value equity, diversity and inclusion;
- We identify conflicts of interest and manage them responsibly;
- We respect and maintain privacy and confidentiality; and
- We comply with this code, the law, Stanwell's contractual commitments and Stanwell's policies and procedures.

The Code of Conduct is supported by the following detailed policies that together form the Stanwell Code of Conduct Policy Framework:

- Board Delegations of Authority Policy
- CEO Manual of Authorities
- Confidential Information Policy;
- Conflicts of Interest Policy;
- Respectful Workplace Policy;
- Equity, Diversity and Inclusion Policy
- Fraud and Corruption Prevention Policy;
- Gifts and Benefits Policy;
- Health, Safety and Environment Policy;
- Information Systems Usage Policy;
- Compliance and Regulatory Management Policy;
- Privacy Policy;
- Trading in Securities Policy; and
- Whistleblower Protection Policy.

When commencing work with Stanwell and thereafter on a biennial basis, our people are required to complete a training course that takes them through the six guiding principles of the Code of Conduct and a summary of their obligations under each of the policies in the Code of Conduct Policy Framework.

Whistleblower Protection Policy

Stanwell's Whistleblower Protection Policy is designed to encourage employees, contractors, service providers (such as consultants) and suppliers to raise concerns about activities or behaviour that may be unlawful or unethical. The policy formalises Stanwell's commitment to protecting the confidentiality, dignity and career of anyone who raises serious concerns that affect the integrity of Stanwell.

Stanwell investigates reported concerns in a manner that is confidential, fair and objective. If the investigation shows that wrongdoing has occurred, Stanwell is committed to taking action against those parties who have not met its standards of behaviour.

The Board through the Audit and Risk Management Committee monitors the progress of all investigations into concerns raised by whistleblowers.

Avoidance of conflicts of interest

The Board is conscious of its obligation to ensure that directors avoid conflicts of interest (that is, actual, potential or perceived conflicts of interest) between their duties as directors of Stanwell and their other interests and duties.

All directors are required to provide written disclosure on appointment of any business or other relationship that he or she has directly, or as a partner, shareholder or officer of a company or other entity that has an interest in Stanwell or another related entity. At least annually, or when relevant changes occur, directors are required to update these disclosures. The Company Secretary ensures that copies of all disclosures, including updated disclosures, are provided to each director.

Any director with a conflict of interest in a matter being considered by the Board must declare their interest and, unless the Board resolves otherwise, they may not participate in boardroom discussions or vote on matters in respect of which they have a conflict.

Equity, Diversity and Inclusion

Stanwell believes in the inherent strength of a vibrant, diverse and inclusive workforce in which the backgrounds, perspectives and life experiences of its people help Stanwell to forge stronger connections with its stakeholders and make better decisions for its business.

For Stanwell, equity, diversity and inclusion covers both the visible and invisible differences that make its employees unique, whether that be gender, gender identity, age, ethnicity, accessibility requirements, cultural background, sexual orientation or religious beliefs and the differences they have based on their experiences, insights, and perspectives.

Stanwell has established a comprehensive and integrated equity, diversity and inclusion strategy that articulates its objectives and demonstrates its care, commitment and imperative to valuing, and achieving value from, a more diverse workforce. Comprising of five focus areas (reconciliation, age diversity, gender equity, respect and an inclusive and diverse culture), the 2023 to 2025 Equity, Diversity and Inclusion Strategy has been formulated to complement Stanwell's values and strategic goals.

Monitoring of the performance of the strategy occurs through measurement and reporting on specific metrics underpinning each of the five focus areas and is overseen by the Board's People and Safety Committee.

Further reporting on Stanwell's Equity, Diversity and Inclusion Strategy and progress against Stanwell's aspirational targets can be found in page 40 of this report.

Trading in securities

The Trading in Securities Policy deals with the manner in which Stanwell's directors and employees can trade in securities. This policy is specifically designed to raise awareness of the prohibitions on insider trading contained within the *Corporations Act 2001 (Cth)*, to ensure Stanwell personnel understand these requirements and the restrictions on trading while in possession of price-sensitive information.

Principle 4 - Safeguard integrity in financial reporting

The Audit and Risk Management Committee assists the Board in overseeing the reliability and integrity of financial reporting practices, accounting policies, auditing and external reporting. The Committee provides advice to the Board on Stanwell's financial statements, financial systems integrity and material risks. It also oversees compliance with applicable laws, regulations and corporate policies.

The internal audit function is established by the Stanwell Board and its responsibilities are defined by the Audit and Risk Management Committee. The Audit and Risk Management Committee is responsible for assessing whether the internal audit function is independent of management and is adequately resourced and funded.

The overall objective of Stanwell's internal audit function is to assist the Stanwell Board and all levels of management to discharge their responsibilities in maintaining Stanwell as a well-controlled, economic, efficient and effective organisation that complies with its statutory obligations.

The internal audit function operates under the terms of the Internal Audit Charter. The charter is reviewed annually by the Audit and Risk Management Committee and formalises and communicates the purpose, role, authority, responsibilities, scope and operational framework of the internal audit function.

Authority has been granted to the internal audit function for full, free and unrestricted access to any and all of Stanwell's records, physical properties and personnel relevant to any function under review.

To provide for the independence of the internal audit function, its personnel report to the Group Manager Internal Audit, who reports functionally to the Audit and Risk Management Committee and administratively to the Chief Financial Officer (CFO).

Following the conclusion of audits, the Group Manager Internal Audit prepares and issues to management a formal Internal Audit Report of findings and recommendations.

A summary of the final report, together with management's agreed actions and implementation dates, is presented to the Audit and Risk Management Committee for consideration. The Group Manager Internal Audit monitors the implementation of audit recommendations and maintains the Audit Issues Register, which is presented to the Audit and Risk Management Committee for approval.

As a Government Owned Corporation, Stanwell's external audit is performed by or on behalf of, the Queensland Auditor-General. The external auditor's role is to provide an independent opinion that Stanwell's financial reports are true and fair and comply with applicable regulations. The Auditor General has unfettered access and can examine and report to Parliament on the efficiency and effectiveness of any aspect of public sector finances and administration.

Internal audit and external audit operate, perform and report as separate, independent functions. The Group Manager Internal Audit and representatives of the Queensland Auditor-General meet periodically with the Audit and Risk Management Committee without management present.

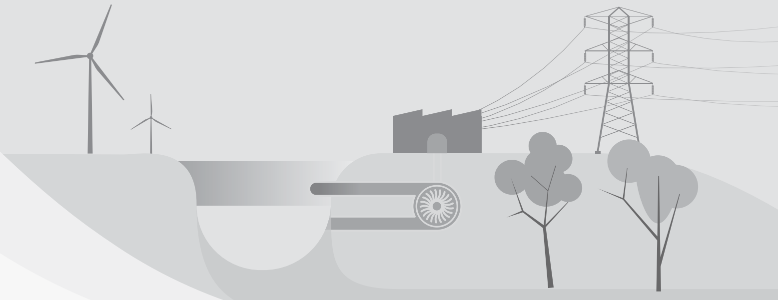
In accordance with the *Corporations Act 2001 (Cth)*, when presenting financial statements for approval, the CEO and the CFO provide a written statement to the Board to the effect that:

- the financial records of Stanwell for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001 (Cth)*; and
- Stanwell's financial statements and notes to the financial statements comply in all material respects with the Australian Accounting Standards, the *Corporations Act 2001*, and other prescribed requirements, and present a true and fair view of the company's financial position and performance.

In addition, the CEO and CFO state to the Board in writing that:

- the assurances given above and the integrity of Stanwell's financial statements are founded on a sound system of risk management, compliance and internal control which implements, in all material respects, the policies and processes adopted by the Board; and

Corporate **governance**



- to the extent that they relate to financial reporting, the risk management, compliance and internal control systems are operating effectively in all material respects and that nothing has occurred since 1 July 2022 that would materially change the above statements.

Principle 5 - Make timely and balanced disclosures

In line with the requirements of the *Government Owned Corporations Act 1993 (Qld)*, shareholding Ministers are advised in a timely manner of all issues likely to have a significant financial, operational, employee, community or environmental impact.

Stanwell also regularly assesses the key information requirements of its stakeholders.

Release of Information Publication Scheme

Stanwell is committed to providing the public with information about Stanwell in a timely and open manner.

As a Queensland Government Owned Corporation, Stanwell has adopted the Queensland Government's 'push' model for the routine and proactive release of information into the public domain via Stanwell's Release of Information Publication Scheme, which can be viewed at www.stanwell.com.

Principle 6 - Respect the rights of shareholders

Stanwell is committed to ensuring that its shareholding Ministers are continually and appropriately informed of its performance and activities.

Communication is undertaken through a number of forums. These include:

- Statement of Corporate Intent, Corporate Plan and Quarterly Reports. The Statement of Corporate Intent and Corporate Plan provide a transparent set of agreed performance criteria and strategic objectives on which to report to shareholding Ministers and their representatives via the Quarterly Report. The Statement of Corporate Intent (with commercially sensitive information deleted) is tabled in Parliament and published on Stanwell's website;
- an Annual Report (containing those matters outlined in section 120 of the *Government Owned Corporations Act 1993 (Qld)* is prepared and issued to shareholders and interested stakeholders and is published on Stanwell's website; and
- briefings to shareholding Ministers and their representatives are conducted on a regular basis for the purpose of disclosing business activities and performance against agreed targets.

Principle 7 - Recognise and manage risk

Risk management originates at the Board level and cascades throughout Stanwell via policies, delegated authorities and committee structures. The Board establishes the foundation for risk management through its Risk Appetite Statement. It is also responsible for overseeing the establishment of systems for risk management including the key frameworks and policy components.

The Board has adopted the Enterprise Risk and Business Resilience Policy, Enterprise Risk Management Framework, Risk Appetite Statement and Risk Evaluation Matrix which are consistent with ISO 31000:2018 Risk Management Principles and Guidelines and COSO: Enterprise Risk Management Integrating with Strategy and Performance (2017).

Stanwell recognises that managing risk is fundamentally about creating and protecting value.

Stanwell's risk management approach is characterised by the following principles:

- the objective of Stanwell's risk management practices is not necessarily to eliminate risk but to understand and to take a measured level of risk commensurate to the value that is being protected or created;
- Stanwell applies a structured and comprehensive approach to risk management to ensure that it achieves consistent and measurable results;
- the risk environment is not static; therefore, our people should be aware of and respond to internal or external changes and events in an appropriate and timely manner;
- risk management should be integrated into day-to-day decision-making and leverage existing frameworks and processes wherever possible;
- the quality of Stanwell's decision-making will be further enhanced by ensuring that the appropriate stakeholders are involved to leverage their knowledge, views and perceptions;
- decisions should be made using the best available information that considers both internal and external factors; and
- appropriate behaviour and culture are fundamental to the effectiveness of Stanwell's risk management practices and decision-making and our key decision makers are expected to familiarise themselves with Stanwell's Enterprise Risk Management Framework and always apply its principles.

Stanwell's enterprise risk management model is based on the 'three lines of defence' and is illustrated in the diagram below:

Board	
Audit and Risk Management Committee	People and Safety Committee

Executive Leadership Team
• Set risk appetite. • Ensure risk taking is aligned with strategic plan and direction. • Ensure a strong oversight and control structures are in place. • Ensure clear accountability and ownership of risk and control across the organisation.

1st Line of Defence Identity and control		**2nd Line of Defence** Set standard and challenge	**3rd Line of Defence** Independent assurance
A. Divisional, Site and Corporate Teams *(front line)*	B. Support Teams *(within Divisional and Corporate Teams)*	Risk, Compliance, Business Continuity, Financial Control, Security, Health, Safety and Wellbeing, and Information Security	Internal Audit External Audit Regulator
• Identify, take and manage risks in day-to-day activities. • Execute risk and control procedures on a day-to-day basis. • Ensure risks are within the organisation's risk appetite, risk management and control policies.	• Monitor and test risk management activities formed by A. • Monitor compliance with organisation's risk appetite, risk management and control policies. • Provide input for risk reporting.	• Develop and facilitate effective risk management and control policies. • Independently challenge and oversee the 1st line of defence. • Monitor and report risk exposure (including internal control) status. • Provide training, tools, advice and support to the 1st line.	• Provide independent assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the other lines of defence achieve risk management and control objectives

The Board, its committees and the Executive Leadership Team collectively have the responsibility and accountability to set Stanwell's objectives and supporting strategies and to ensure that the 'three lines of defence' are effectively and continually interacting with each other so that risks are being managed.

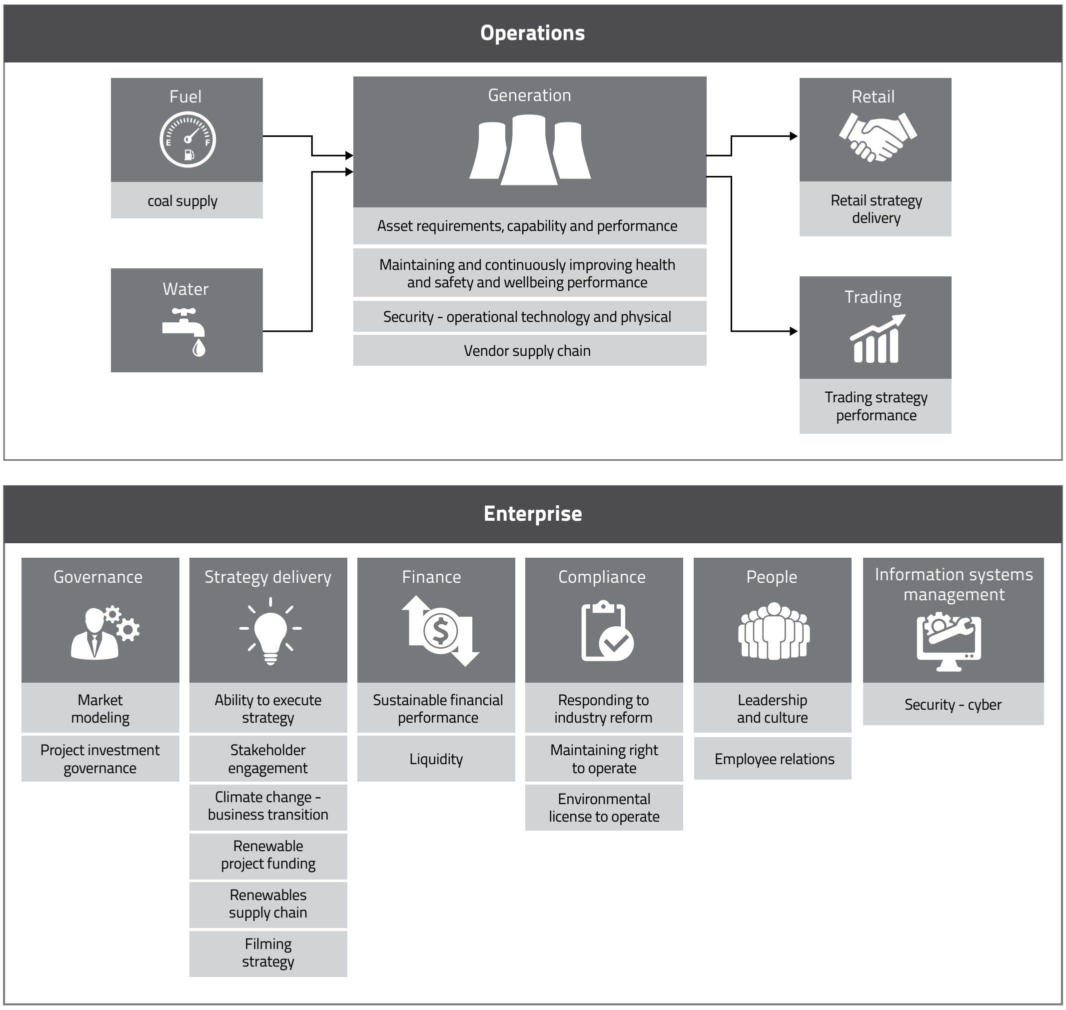
Stanwell's Board approved Risk Appetite Statement details the level of risk the Board is willing to accept in pursuit of Stanwell's strategic objectives. It influences Stanwell's strategy formulation, the response to Stanwell's current and emerging risk environment, and informs business decisions at all levels about how to respond to emerging risks and how much control is expected.

The Board monitors Stanwell's performance against its stated risk appetite via the Risk Appetite Dashboard Report. The Report assigns leading indicator metrics to each qualitative Appetite category. These provide an early warning of rising risk levels and enable the Board and Management to act early to avoid breaching a particular risk tolerance.

Stanwell seeks to embed risk management principles and practices into strategy development and day-to-day business processes to achieve robust and responsible commercial outcomes. Stanwell faces a variety of risks due to the nature of its operations.

Corporate **governance**

The material strategic risks faced by Stanwell's operation are illustrated in the diagram below:



Specific 'climate related' risks that have implications for Stanwell's business operations are detailed below:

- **Transitional risks**: Transitional risks comprise risks to end-of-life planning and rehabilitation of Stanwell's coal assets, with the misalignment of these future scenarios leading to possible stranded assets and revenue loss.

It also includes renewable supply chain constraints, skills shortages, the timely development of firming technologies and delays in transmission infrastructure that are required to support Stanwell's transition to a lower emission's intensity generation portfolio.

The risk of unfavourable societal attitude towards Stanwell's coal assets may also lead to reduced support from a variety of stakeholders, including customers, community, suppliers, financiers and insurers; and

- **Physical risks**: Physical risks include increased frequency and severity of extreme weather events resulting in operational disruption, droughts impacting water supply, higher average temperatures causing increases to the frequency and magnitude of peak electricity demand and the derating of thermal plant.

Stanwell's climate-related risk profile (both physical and transitional) will change over time as it transitions its portfolio of assets away from coal and towards renewable sources.

Refer to Stanwell's Sustainability Report detailed on pages 26 to 50 for our response to these risks.

The Audit and Risk Management Committee receives presentations from management at each meeting on Stanwell's material strategic risks (both financial and non-financial), the controls in place to manage those risks

and actions to reduce the risk to the target level within a prescribed timeframe.

Stanwell has implemented a number of other policies that directly or indirectly serve to mitigate and manage risk, including the Trading Risk Management Policy which provides the governance framework that ensures that electricity market and credit risk exposures are measured, managed and controlled within the parameters of Stanwell's risk appetite.

Stanwell conducts reviews of its business interruption risks and implements appropriate planning to mitigate those risks. These plans are tested by periodic business continuity and disaster recovery exercises that are designed to provide a sound degree of resilience should Stanwell need to respond to, and recover from, an adverse event while continuing to maintain business critical functions.

Stanwell manages cyber security as a material strategic risk. Our cyber security program is designed to improve our cyber security maturity which leverages and aligns with the Australian Energy Sector Cyber Security Framework. The five security functions of 'Identify', 'Protect', 'Detect', 'Respond' and 'Recover' are the foundation of our cyber security framework.

Stanwell's response to the risk of fraud is consistent with the Crime and Corruption Commission's guide to best practice in fraud and corruption control and includes regular fraud risk assessments, the annual review of the fraud control plan and the effective operation of fraud prevention and detection controls. In addition, the internal audit function performs forensic data analysis, unannounced audits and a rolling program of audits focusing on the effectiveness of fraud prevention and detection controls.

Stanwell's Compliance and Regulatory Management System is based upon the International Standard ISO 19600:2014 Compliance management systems – Guidelines. The Board approved Compliance and Regulatory Management Policy outlines Stanwell's commitment to ensuring that Stanwell is able to meet all of its compliance obligations and appropriately respond to any compliance and/or regulatory issues.

Any compliance issue and/ or breach is recorded, monitored and escalated using an organisation- wide information technology tool, which ensures prompt attention and analysis.

Principle 8 - Remunerate fairly and responsibly

The fees paid to directors for serving on the Board and on the committees of the Board are determined by shareholding Ministers and advised to Stanwell.

The People and Safety Committee oversee and provide advice to the Board on employment strategies and frameworks. The Committee makes recommendations to the Board on Enterprise Agreement (EA) frameworks as well as remuneration settings for non-EA employees and the remuneration and other terms of employment for senior executives. When increasing senior executive remuneration or awarding incentive payments, the Board must comply with the *Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements Version 2*.

Details of the remuneration paid to directors and senior executives are set out in note 21 on pages 124 to 126 of this report.

Government Owned Corporations Act requirements

Government directions and notifications

Section 120(e) of the *Government Owned Corporations Act 1993 (Qld)* requires Stanwell to provide in its Annual Report particulars of any directions and notifications provided to Stanwell by shareholding Ministers that relate to the relevant financial year.

During the 2022/23 financial year, Stanwell acted in compliance with a shareholding Minister direction under section 257 of the *Electricity Act 1994 (Qld)* requiring Stanwell to manage the State's contractual rights and obligations relating to the Solar 150 program until 30 June 2023.

In December 2022, Stanwell was directed under section 257 of the *Electricity Act 1994 (Qld)* to make offers to AEMO to dispatch Thermal Capacity from its portfolio during the direction period, in price bands consistent with a Coal Cost not exceeding AU$125 per tonne. The price bands are to be measured at the Queensland reference node (South Pine).

Dividend Policy

For the 2022/23 financial year, shareholding Ministers have approved that any dividend payable is retained by Stanwell to prioritise debt repayment and support investment in Stanwell's growth and future energy projects.

Corporate entertainment and hospitality (individual events over $5,000).

During the 2022/23 financial year, there were no individual entertainment or hospitality events that cost more than $5,000.

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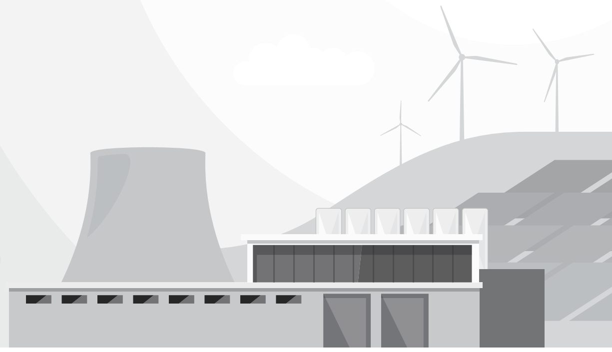
Financial results

Stanwell Corporation Limited ABN 37 078 848 674 30 June 2023



General information

The financial statements cover the consolidated entity consisting of Stanwell Corporation Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Stanwell Corporation Limited's functional and presentation currency.

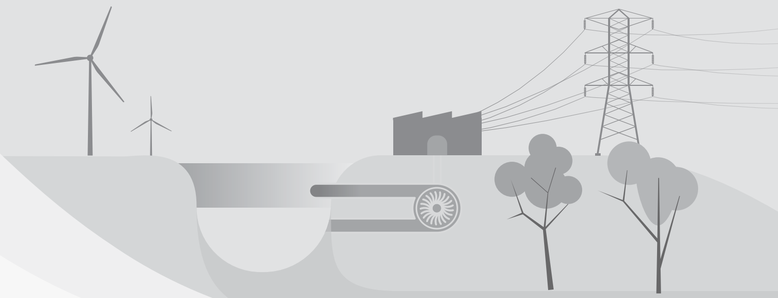
Stanwell Corporation Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Stanwell Corporation Limited
L2, 180 Ann Street
Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2023. The directors have the power to amend and reissue the financial statements.

Directors' report



The directors present their report on the consolidated entity consisting of Stanwell Corporation Limited and its subsidiaries (together, referred to as the 'Group') as at the end of the 2022/23 financial year.

Principal activities

The Group's principal activities during lhe 2022/23 financial year were the operation of its energy portfolio which includes the origination, generation, trading and retail of electricity and electricity-related products.

Financial results

		2023 $M	2022 $M
Profit/(Loss)	Before income tax	253.3	208.1
Profit/(Loss)	After income tax	175.2	148.4
Profit/(Loss)	Attributable to members of the Group	175.2	148.4

Dividends - Stanwell Corporation Limited

Shareholding Ministers have approved the Stanwell Board's recommendation not to pay a dividend for 2022/23 to prioritise debt repayment and support investment in Stanwell's growth and future energy projects.

Year in review

Financial performance

The Group delivered a Net Profit After Tax of $175.2 million (2021/22: $148.4 million). This was achieved against a backdrop of long duration planned and unplanned outages at other Queensland plant, and the global and domestic events that created extreme volatility in the energy market. As a consequence of the extreme volatility, Stanwell sent out 19,423 GWh (2021/22: 18,237 GWh) of energy from its power stations in 2022/23, which is an increase of 6.5 per cent compared to the previous year.

Stanwell recorded an underlying Operating Profit[1] of $213.2 million (2021/22: $430.6 million). The Group's Operating Profit result was impacted by increased cost of unbudgeted fuel that was purchased at net-back export market pricing to rebuild the Stanwell Power Station stockpile. These purchases were made early within the financial year to ensure that the Stanwell Power Station could continue to provide secure, safe and reliable generation to the market, to put downward pressure on prices, and to ensure that the stockpile was rebuilt ahead of the peak summer period in 2022/23.

Notwithstanding the strong performance, the year-end valuation assessment of the Group's generation assets resulted in an impairment of $160.0 million (before tax). In accordance with Queensland SuperGrid Infrastructure Blueprint, the power stations will shift to seasonal operation from 2027 and units will transition to "reserve" back up generation capacity or be repurposed as synchronous condensers during the period to 2035.

The Group remains financially strong and able to meet all of its obligations, and its financial results demonstrate that the fundamentals of the business are robust and will support investment in its new energy portfolio.

National Electricity Market

Australia's energy markets are undergoing a significant and unparalleled transformation. The National Electricity Market (NEM) is moving from a centralised system of large fossil fuel (coal and gas) generation towards an array of smaller scale, widely dispersed wind and solar generators, pumped storage, grid-scale batteries and demand response.

The key challenge for Australia is to have the existing system continue to operate reliably until new renewable infrastructure is built.

Internationally, the energy crisis, which started in Europe, has been impacting commodity prices around the world, including in Australia. Since the Ukraine war, Europe has had to quickly move away from Russian energy (which traditionally supplies around 30 per cent of European energy needs), at a considerable financial cost with European consumers facing energy poverty and financial difficulties.

The energy crisis, especially in Europe, is not a transitory shock. Replacing Russian coal, oil and gas, and its impact on commodity prices, is a multi-year challenge.

[1] *Operating Profit is non-IFRS information, and a measure used by management to assess the financial performance of the Group excluding certain items such as gains and losses from non-hedge accounted derivatives, impairment and coal rebate revenue. It has not been subject to audit or review.*

In response to these global and domestic shocks, in mid-December 2022, the Federal Government announced price caps on gas and coal. Prices have since declined from the highs seen in the past year, but they remain above long-term average levels.

The Group remains extremely cognisant of the ongoing need to put downward pressure on electricity pricing. Through Stanwell's high plant availability (90.1 per cent) and reliability (98.0 per cent), it was able to fill generation gaps, increasing its market share (where needed) in the NEM during the 2022/23 financial year.

Queensland SuperGrid Infrastructure Blueprint

On 28 September 2022, Premier of Queensland and Minister for the Olympic and Paralympic Games, the Honourable Annastacia Palaszczuk MP, announced the release of the Queensland SuperGrid Infrastructure Blueprint. The comprehensive plan outlines the State's pathway to a clean, reliable and affordable energy system. The Queensland SuperGrid Infrastructure Blueprint will ensure the orderly transformation of the energy industry, and deliver benefits for the Queensland economy, as well as workers, industries, households, businesses, and communities.

Stanwell is supporting the delivery of the Queensland SuperGrid Infrastructure Blueprint by creating a new, renewable energy portfolio, while continuing to meet the needs of the market, its people, communities and customers.

In October 2022, Stanwell's CEO, Michael O'Rourke, joined representatives from the Queensland Government, energy sector unions and other government-owned energy corporations to sign the Queensland Energy Workers' Charter. The signing of the Charter and the establishment of an interim Energy Industry Council is a commitment to put people first and to support workers, their families, and the communities in which the Group operates as the energy industry transitions.

Strategy

In early-2023, the Board and senior leaders refreshed Stanwell's Corporate Strategy, to ensure that it positions the Group to successfully support Queensland SuperGrid Infrastructure Blueprint, as well as respond to changes that have occurred in the external environment.

The Group has designed its strategy to meet the future requirements of the energy market, retain value in the business and deliver lasting benefits to the people of Queensland.

The strategy provides the blueprint to:

- **Build a renewable portfolio:** We will establish our portfolio of renewable generation and firming capacity in keeping with the Queensland SuperGrid Infrastructure Blueprint.
- **Operate our current portfolio reliably and repurpose it for the future:** We will continue investing in and operating our Stanwell and Tarong power stations to provide flexible and reliable generation. We will adapt our operations to support synchronous condenser services or seasonal storage, and by 2035, we will gradually repurpose our power stations into clean energy hubs.
- **Drive the development of Queensland's hydrogen industry and the use of other new technologies:** We will drive the development and operation of Queensland's hydrogen industry. We will also investigate, pilot, commercialise and use new technologies that help ensure the stability of Queensland's future new energy portfolio.
- **Create future pathways for our people:** We will work alongside our people to ensure they realise opportunities from the energy transition. We will also create a respectful, inclusive and diverse working environment for our people.

Positioning the business for the future

In 2022/23, the Group achieved several important milestones in relation to its Corporate Strategy.

With more than 3,000 MW of renewable generation projects and firming capacity either under operation, under construction or under development, the Group has an extensive clean energy pipeline in the regions surrounding its Tarong and Stanwell power stations.

The Group continued to grow its portfolio of renewable energy and firming projects, providing new energy solutions and offerings for its customers. Key strategic achievements in the 2022/23 financial year include:

- Progressing the proposed Central Queensland Hydrogen Project (CQ-H_2). Building on the project feasibility study that was completed in June 2022, alongside the consortium partners in May 2023, Stanwell officially signed the participation agreement for the front end engineering and design (FEED) study for the project.
- Generated the first renewable energy certificates from the Group's pipeline of projects, through the power purchase agreement with X-Elio, as the Blue Grass Solar Farm officially commenced commercial operations.

Directors' report

- Turned the first sod for Wambo Wind Farm (stage one), signed a power purchase agreement for Mount Hopeful Wind Farm and made significant progress on the acquisition of the Tarong West Wind Farm.
- Finalised the Sustainability Strategy which sets out pragmatic commitments that will create value for stakeholders, and ensures the Group is transparent about where it is excelling, and where it must improve.
- Entered into three long-term agreements to supply up to 100 per cent renewable energy from its pipeline of renewable projects, helping customers achieve their decarbonisation ambitions.
- The Queensland Government announced $776.1 million towards the Group's ownership of the proposed Tarong West Wind Farm through the Queensland Renewable Energy Hydrogen and Jobs Fund.

Review of Operations

Safety

In 2022/23, the Group commenced a review of its Zero Harm Today vision and safeguards through Stanwell's health, safety and environment committees. This process is to ensure the Group's safety vision and culture remains relevant, and strong in its function to protect the health, safety and wellbeing of employees and visitors to Stanwell's sites, while providing valuable direction for behaviour and decision-making.

The Group's safety performance is driven by a focus on behaviour and culture, with the goal of achieving a year-on-year improvement across a range of leading and lagging safety indicators.

Eight out of nine of Stanwell's leading health, safety and environment (HSE) indicator targets were achieved, and 50 per cent (five out of ten) of its lagging HSE indicators were met during the 2022/23 financial year.

During 2022/23, there were no actual serious injury or fatality events, and one potential serious injury or fatality event at our sites, indicating that critical controls across Stanwell's sites were effective. Stanwell recorded a decrease in its total recordable injury frequency rate of 5.28 compared to 7.09 in 2021/22. Stanwell's lost time injury frequency rate increased to 1.86 in 2022/23 compared to 1.06 in 2021/22. Significant analysis and ongoing reviews of these events have found no critical trends or critical control failings.

Environment

In 2022/23, more than 28 hectares of native ecosystem rehabilitation was completed at Stanwell's Meandu Mine, taking the total land area rehabilitated to 665 ha since 1989. This is 41 per cent of the land area intended to be returned to native ecosystem over the life-of-mine, and more than 26 per cent of the total rehabilitation area required for the life-of-mine mining disturbance.

Stanwell submitted its final Progressive Rehabilitation and Closure Plan (PRCP) to the Queensland Department of Environment and Science in January 2023, meeting our obligations to provide an end of life plan for Meandu Mine. The Meandu Mine PRCP is in the Department of Environment and Science, decision phase and is expected to be approved in 2023/24.

Plant

During the 2022/23 financial year, the Tarong and Stanwell power stations achieved average availability and capacity factors of 90.1 per cent and 72.5 per cent respectively. Combined, they sent out 19,423 GWh of energy and provided the electricity system with critical inertia and system strength services.

Stanwell invested more than $324.7 million in its portfolio of assets to improve efficiency or maintain their performance, ensuring that our assets can respond when required by the market. As part of this, major overhauls were delivered at Stanwell Power Station Unit 4, Tarong Power Station Unit 4 and Tarong North Power Station.

Fuel

Coal for the Tarong Power Station is supplied by the Group's Meandu Mine. Coal for the Stanwell Power Station is supplied by the Curragh Coal Mine under an agreement with Coronado Curragh Pty Ltd. This agreement also provides Stanwell with a revenue stream based on coking coal exported from the Curragh Mine. During the 2022/23 financial year, this contributed $256.9 million to the Group's revenue.

As stated earlier, in 2022/23, the Group proactively procured additional coal outside its normal supply arrangements. These purchases were made to ensure that the Stanwell Power Station could continue to provide secure, safe and reliable generation to the market, to put downward pressure on prices, and to ensure that the station's stockpile was rebuilt ahead of the peak summer period in 2022/23.

Stanwell Energy

During 2022/23, the Group's retail arm, Stanwell Energy, continued to progress its five-year strategy. Central to this strategy is responding to the energy needs of our customers, establishing our value proposition and developing tailored products based on the requirements of customers. Achievements include:

- developed a progressive purchasing portal which allows customers to self-manage their energy purchases;
- upgraded the standard portal with additional insights for customers on their bills and consumption;
- launched a new time of use tariff to help our customers save money by shifting load to the middle of the day;
- created monthly market update videos to provide customers with information relevant to their business; and
- surveyed our customers and brokers to better understand how Stanwell can improve its retail offering.

Culture and Community

Equity, diversity and inclusion

In February 2023, Stanwell launched its new Equity, Diversity and Inclusion Strategy for the period of 2023 to 2025, with reconciliation, age diversity, gender equity, respect and an inclusive and diverse culture as Stanwell's five main focus areas. Stanwell measures the percentage of its workforce that identifies as Aboriginal and Torres Strait Islander as well as the proportion of women in our workforce, in the key occupational groups of leadership, technical roles (e.g. engineering) and trades roles. In 2022/23 Stanwell increased representation across these metrics.

The Group has continued to review its gender pay equity position on a biannual basis, with both gender pay gap and gender pay equity measured. Gender pay gap is the difference in average full-time equivalent wages for women compared to men. The gender pay gap results from various factors, including men being over-represented in higher paid roles. Gender pay equity measures pay gaps in like-for-like roles. Gender pay equity gaps result from subjective evaluations of factors including experience, merit and performance. Both the gender pay gap and gender pay equity at Stanwell continue to trend downward.

Respect Framework

The Group strengthened the cultural initiatives, and learning and development opportunities that underpin its Respect Framework, which was developed in 2021 to prevent and manage discrimination, harassment and bullying in our workplace.

In September 2022, Stanwell's people were asked to share their workplace experiences in a respect review. The feedback gained from the review continues to shape the Group's Respect Framework and the actions that are being taken to create a more inclusive workplace. As a result of the review, the Group revised its code of conduct, *The way we work at Stanwell*, and the Respectful Workplace policy and procedure.

Building a pipeline of future talent

Building a pipeline of talent to support Stanwell now and into the future remains a core priority. During the 2022/23 financial year, the Group commenced 17 apprentices, trainees, and graduates. In total, Stanwell has 50 apprentices and trainees (inclusive of two adult apprentices) and 20 graduates across its operating sites and corporate office.

Reconciliation Action Plan

Through the Group's Reconciliation Action Plan (RAP), Stanwell seeks to realise its vision for reconciliation and the strengthening of relationships with Traditional Owners and First Nations people.

In September 2022, the Group's Reflect RAP received formal endorsement by Reconciliation Australia and Stanwell was officially recognised as a member of its RAP network.

The Group launched its first Reflect RAP across the business in early-2023, which focuses on the actions it is undertaking to establish foundations for sustainable change. The Group expects to finalise its first Reflect RAP in August 2023.

Communities

During the 2022/23 financial year, Stanwell's social investment programs distributed more than $471,180 in our asset communities on initiatives that support health and well-being; arts; community safety; economic resilience and capacity; social connectiveness and education.

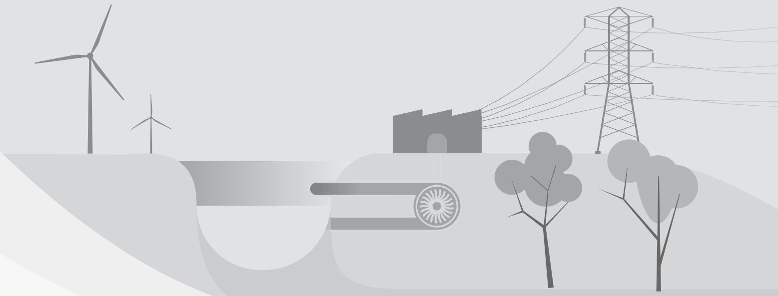
Other Matters

Sustainability

In the 2022/23 financial year, Stanwell finalised its Sustainability Strategy. It sets out commitments that will create value for the Group's stakeholders, and ensures it continues to be transparent about where it is excelling, and where it must improve.

The Sustainability Strategy provides a framework for all of the Group's sustainability and climate-related work, including the initiatives Stanwell puts in place, its analysis and management of climate-related risk and its annual sustainability disclosures.

Directors’ report



Climate-related risks and opportunities

Stanwell seeks to embed risk management principles and practices into strategy development and day-to-day business processes to achieve robust and responsible commercial outcomes.

Recognising the requirement for affordable, reliable and sustainable energy, the Group is managing the transition to a lower emission future in a safe, orderly and sustainable manner.

Matters subsequent to the end of the financial year

Nil.

Queensland energy class action

On 20 January 2021, law firm Piper Alderman, supported by litigation funder, Litigation Capital Management, commenced a class action in the Federal Court against Stanwell and CS Energy alleging a misuse of market power in relation to electricity trading in the period 1 January 2013 to 6 June 2017. The National Electricity Market is heavily monitored and scrutinised by a range of independent regulatory agencies, including the Australian Energy Regulator and the Australian Energy Market Commission. Stanwell strongly refutes the allegations made in relation to the Class Action andis defending them through the court system.

Environmental regulation

The Group is subject to a broad range of environmental regulation under both Commonwealth and State legislation. The primary environmental State legislation governing the Group’s activities in Queensland is the *Environmental Protection Act1994 (Qld)* and the *Mineral Resources Act 1989 (Qld)*.

The Group operates under an Environmental Management System and a Compliance and a Regulatory Management System. Together, these systems provide the framework and guidance for the management of environmental activities, enabling the effective and efficient provision of environmental advice, and ensure that the appropriate monitoring and reporting of environmental compliance occurs.

As a result, during the period covered by the report, the directors have remained fully informed of any breaches of environmental regulation that required notification to a regulator.

The Group is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007 (Cth)* (NGER Act). The NGER Act requires the Group to report its annual greenhouse gas emissions and energy production and use. The Group began reporting under the NGER Act during the 2009 financial year and is now in its thirteenth reporting year. The Group has implemented systems and processes for the collection and calculation of the data required, and submits annual reports to the Clean Energy Regulator.

The Group is also subject to the reporting requirements of the National Pollutant Inventory (NPI) as implemented by the Environmental Protection Regulation 2008. The NPI requires the Group to report on emissions and transfers of toxic substances to air, land and water each financial year. The Group has implemented systems and processes for the collection and review of the data required, and submits its reports via a third party.

Directors

The following persons were directors of the Group during the 2022/23 financial year and up to the date of this report:

- Paul Binsted;
- Jacqueline King;
- Adrian Noon from 15 December 2022;
- Marianna O’Gorman;
- Karen Smith-Pomeroy;
- The Hon. Wayne Swan; and
- Adam Aspinall to 14 December 2022.

Paul Binsted
BEc, LLB
Independent Non-executive Chair and Director

Mr Binsted was initially appointed a director and Chair of Stanwell on 7 May 2020 and is a member of the Audit and Risk Management, and People and Safety committees.

Mr Binsted has had an extensive career in corporate finance and has an interest in macro and micro economics. From 1982 to 2007, he held senior positions at Lloyds Corporate Advisory Services, Schroders, Salomon Smith Barney (now Citigroup) and was the Managing Director and Joint CEO of Lazard.

Mr Binsted is currently a non-executive director of Gladstone Ports Corporation Limited.

He has held directorship positions across the energy, renewables, sea ports, mining and rail sectors, including Director of the Clean Energy Finance Corporation and Chair of its Audit Committee; Council Member of the Australian National Maritime Museum and Chair of its Audit Committee; Chair of Sydney Ports Corporation and the State Rail Authority of NSW; and Deputy Chair of Donaldson Coal Holdings Limited and Paringa Mining and Exploration Company PLC.

He was also a member of the Financial Sector Advisory Council which provided advice to the Government on policies to facilitate the growth of a strong and competitive financial sector; and was a Chief Adviser to the Australian Federal Treasury.

Mr Binsted is a member of the Economics Society of Australia and a Solicitor of the Supreme Court of New South Wales.

Jacqueline King

LLB (Honours) First Class Honours, MBA, WHS, TDD, GAICD
Independent Non-executive Director

Ms King was initially appointed a director of Stanwell on 1 October 2015 and is Chair of the People and Safety Committee.

Ms King has worked across the energy, power and construction sectors of industry for over twenty years, with an extensive background in industrial relations, work health and safety, and skills and training. She is currently the General Secretary of the Queensland Council of Unions with specific responsibility for work health and safety matters.

Ms King is also the Deputy Chair of WorkCover Queensland and a director of MRN Co Pty Ltd.

Adrian Noon

MPP, B.Econ (Honours), B.Bus (Comms.), GAICD
Independent Non-Executive Director

Mr Noon was appointed a director of Stanwell on 15 December 2022 and is a member of the Audit and Risk Management committee.

Mr Noon brings over 40 years' experience and a broad range of skills to the Stanwell Board including economic, policy, corporate strategy, governance, crisis management, sustainable development, corporate Social Responsibility, project advisory and business planning advice.

Mr Noon has previously held roles as Executive Director in the Queensland Government Office of Government Owned Corporations, Director of Fiscal Policy in Queensland Treasury, Special Advisor in the Office of the Queensland Treasurer and Deputy Premier, Deputy Chief of Staff in the Office of the Premier, and Chief of Staff in Ministerial Offices. Mr Noon has run his own economic advisory business for over 10 years focusing on economic regulation, policy advisory, commercial analysis and strategy, and project analysis.

His expertise covers many sectors of infrastructure, including transport, energy, and water as well as the public sector. He has been involved at both the Queensland and Commonwealth Government levels with fiscal policy, intergovernmental relations, GOCs, infrastructure, planning, commercial negotiations, and project development.

Mr Noon has published a number of academic papers related to economic issues and is heavily involved in Queensland softball. He is a Member of the Australian Institute of Export Management, Graduate of the Australian Institute of Company Directors, and the Economic Society of Australia - Queensland Branch.

Marianna O'Gorman

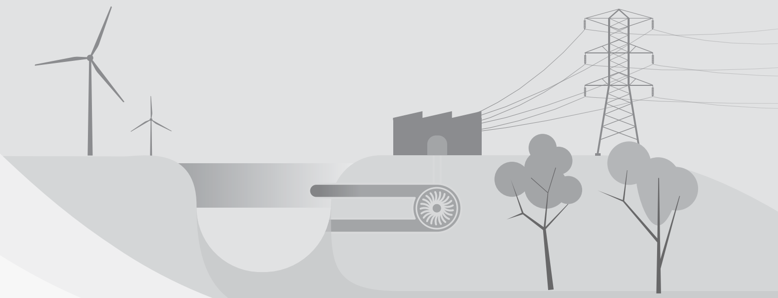
LLB (Hon), MClimChange, GAICD, GAIST, GDLP
Independent Non-executive Director

Ms O'Gorman was appointed a director of Stanwell on 1 October 2021 and is a member of the Audit and Risk Management and People and Safety committees. Ms O'Gorman brings governance expertise in the areas of environmental, social, governance (ESG), clean energy technology and public policy.

Her career includes time with the Australian Government in Canberra, at the Clean Energy Finance Corporation and at the World Bank in Washington. She has worked on national climate change policy and on governmental and international climate change negotiations. She has also undertaken research on decarbonisation as a Fellow at the Australian National University's Centre for Climate and Energy Policy.

Ms O'Gorman is currently a non-executive director of the Australian Renewable Energy Agency (ARENA) and mentors founders of early-stage clean technology with Energylab. Ms O'Gorman serves on the board of the McKell Institute in Queensland and the Chief Executive Women Policy and Advocacy Committee in Queensland.

Directors' report



Karen Smith-Pomeroy

FIPA, SFFin, GIA(Cert), GAICD

Independent Non-executive Director

Ms Smith-Pomeroy was appointed a director of Stanwell on 1 October 2015 and is Chair of the Audit and Risk Management Committee and a member of the People and Safety Committee.

Ms Smith-Pomeroy has more than 30 years' experience in the financial services sector and is a specialist in risk management and governance, with significant experience across a number of industry sectors.

Ms Smith-Pomeroy is currently Chair of Regional Investment Corporation and National Affordable Housing Consortium Limited, and a non-executive director of the National Reconstruction Fund, Queensland Treasury Corporation Capital Markets Board and Kina Securities Limited (ASX: KSL).

In addition, Ms Smith-Pomeroy is the independent audit committee Chair of the Queensland Department of State Development, Infrastructure, Local Government and Planning and an independent audit committee member of the Queensland Department of Premier and Cabinet, Public Sector Commission, and Southbank Corporation.

The Hon. Wayne Swan

BA Hons

Independent Non-executive Director

Mr Swan was initially appointed a non-executive director of Stanwell on 12 December 2019.

Mr Swan enjoyed a lengthy career in Australian Federal politics, serving as Treasurer of Australia from 2007 to 2013 and Deputy Prime Minister from 2010 to 2013.

Mr Swan was awarded Euromoney Finance Minister of the Year in 2011 for his 'careful stewardship of Australia's finances and economic performance' during the global financial crisis. He was only the second Australian to receive this accolade and the first for almost 30 years.

During his parliamentary career, Mr Swan was committed to tackling climate change by supporting innovation in clean and renewable energy and creating economic incentives for businesses to invest in low and zero emissions technology, leading to new economic opportunities for workers, as the economy transitions to a clean energy future.

Mr Swan is currently the Chair of Diatreme Resources (ASX: DRX), Chair of Cbus Super, a director of Industry Super Australia, trustee member of IFM Advisory ShareholderAdvisory Board, and a member of the Independent Commission for the Reform of Corporate Taxation, Downer Defence Advisory Board and Treasurer's Investor Roundtable.

Mr Swan is also the President of the Australian Labour Party.

He is the author of Postcode: The Splintering of a Nation (2005) and The Good Fight: Six Years, Two Prime Ministers and Staring Down the Great Recession (2014).

Mr Swan has co-authored the Report of the Commission on Inclusive Prosperity, commissioned by the Centre for American Progress and authored a paper on Financing Sustainable Development - What can we learn from the Australian experience of reform? for the United Nations Social and Economic Commission in the Asia Pacific (UN-ESCAP).

Adam Aspinall

B.ENG (Mech), MIEAust, GAICD

Non-independent Non-executive Director

Mr Aspinall was appointed a director of Stanwell on 15 November 2016 and resigned on 14 December 2022. Mr Aspinall was a member of the Audit and Risk Management and People and Safety committees.

Information on Officers

The following persons were officers of the Group during the 2022/23 financial year and up to the date of this report:

- MichaelO'Rourke - Chief Executive Officer;
- Catherine Cook - Chief Financial Officer from 29 August 2022;
- Richard Jeffery - Acting Executive General Manager Growth and Future Energy to 'Il September 2022
- Richard Jeffery[2] - Acting Executive General Manager Strategic Partnerships from 6 February 2023:
- Sophie Naughton - Executive General Manager Energy Trading;
- James Oliver - Chief Operating Officer;
- Steve Quilter[3] - Executive General Manager Growth and Future Energy

[2] *To ensure that Stanwell has the capacity to deliver on the key elements of the Queensland Energy and Job Plan, the Energy Workers' Charter and our Corporate Strategy, a new division – Strategic Partnerships, was established by the Board in December 2022. Mr Jeffery was appointed Acting Executive General Manager Strategic Partnerships in February 2023.*

[3] *From January 2022 to 28 August 2022, Mr Quilter was seconded to the Queensland Department of Energy and Public Works as part of the team developing the Queensland Energy and Jobs Plan.*

- Glenn Smith - Acting Executive General Manager Business Services to 31 July 2022; and
- Glenn Smith - Executive General Manager Business Services from 1 August 2022.
- Darren Wiltshire - Acting Chief Financial Officer to 31 August 2022.

Michael O’Rourke

LLB, BCom, GDip AppFin, GDip CSA
Chief Executive Officer

Mr O’Rourke has more than 25 years’ experience as a senior leader in the energy industry. He was appointed Chief Executive Officer of Stanwell Corporation in November 2021.

Mr O’Rourke joined Stanwell in 1998 and has held several executive roles in the business, including Chief Financial Officer, where he was responsible for overseeing the financial services, legal, procurement and insurance portfolios. Prior to this, Mr O’Rourke held Executive General Manager roles in the Trading, Strategy and Corporate Services functions, and as General Counsel.

As Chief Executive Officer, Mr O’Rourke leads the Stanwell team to use its existing portfolio to play a key role in maintaining the security and stability of electricity supply, while transitioning to a cleaner energy future.

Having been closely involved in the planning and development of renewable and energy storage assets, Michael has a deep understanding of the energy industry, combined with a strong commercial and safety focus.

Mr O’Rourke holds a Bachelor of Commerce and a Bachelor of Laws from the University of Queensland. He also holds post graduate qualifications in leadership, governance and finance.

Catherine Cook

BBus (ProfAcc), MCommlaw, CPA
Chief Financial Officer

Ms Cook joined Stanwell in August 2022 and was appointed as Chief Financial Officer.

As Chief Financial Officer, Catherine leads the corporate finance function for Stanwell. This includes group finance and insurance; tax, treasury and settlements; procurement and supply; quantitative risk and analytics; internal audit; financial strategy, joint ventures and portfolio investments.

Prior to Stanwell, Catherine was Deputy Chief Financial Officer at Thiess, a global mining services provider. Catherine’s an experienced and inclusive leader that is recognised for partnering with operational and functional leaders to develop and execute strategic business outcomes.

Catherine holds a Bachelor of Business (Professional Accounting), Masters of Commercial Law and is a Certified Practicing Accountant.

Richard Jeffery

ACMA, GCMA, Bachelor of Arts (Economics & French)
Acting Executive General Manager Strategic Partnerships

Mr Jeffery is an experienced commercial manager and people leader, with significant experience across the energy, resources, and heavy industry sectors.

Having previously held leadership roles within Stanwell’s financial, commercial and future energy teams, Mr Jeffery now leads Stanwell’s Strategic Partnerships division, which collaborates with the broader business to develop Stanwell’s commercial and sustainability strategies, develop and foster key partnerships to support delivery of those strategies, and ensure that those strategies are effectively communicated to our people, our owners and the communities in which we operate.

From January to September 2022, Mr Jeffery was acting Executive General Manager Growth and Future Energy. In this role, Mr Jeffery was responsible for the execution of Stanwell’s commercial strategy, including decarbonisation projects, energy storage activities and hydrogen development.

Mr Jeffery has a Bachelor of Arts degree in French and Economics from the University of Reading in the United Kingdom. He is a qualified accountant, holding the Chartered Institute of Management Accountants designation.

Sophie Naughton

BA/LLB, GradDipEd, GAICD
Executive General Manager Energy Markets

From February 2021, Ms Naughton has held the role of Stanwell’s Executive General Manager Energy Markets. In this role, Ms Naughton is responsible for Stanwell’s trading and market interfaces, Stanwell Energy’s retailing to Commercial and Industrial customers, and the regulation strategy, analytics and modelling functions.

In December 2019, Ms Naughton was appointed Executive General Manager Business Services. As Executive General Manager Business Services, Ms Naughton was responsible for Stanwell’s business strategy development, community and stakeholder engagement, information and business systems, human resources management and organisational development.

Directors' report

Since joining Stanwell in 2011, Ms Naughton has also held management roles across human resources and industrial relations and completed a teaching degree.

Ms Naughton holds a Bachelor of Laws and a Bachelor of Arts from the University of Queensland. Prior to joining Stanwell, she worked as a lawyer, then in leadership roles across a range of industries in both the public and private sector.

James Oliver
MBA, BE (Mech) Hons 1, MIEAust, CPEng, NER, RPEQ, IntPE (Aus), GAICD
Chief Operating Officer

Mr Oliver was appointed to the position of Chief Operating Officer in May 2019. He is an experienced senior business manager, with strong project management experience, and a Master of Business Administration, focusing on organisational leadership.

In his role as Chief Operating Officer, he oversees Stanwell's operations and provides leadership and direction for both the Operations Leadership Team and wider business. Mr Oliver's responsibilities also include delivering asset strategies, policies, systems and operational risk management controls to facilitate the achievement of Stanwell's short and long-term business objectives.

Mr Oliver joined Stanwell in 2003 and has held a number of operational roles throughout the business, including General Manager Operational Excellence, Stanwell Power Station Site Manager, Stanwell Power Station Production Manager and Stanwell Power Station Engineering Manager.

Stephen Quilter
BEng (Mech), MBA
Executive General Manager Growth and Future Energy

Mr Quilter was appointed Executive General Manager Growth and Future Energy at Stanwell in December 2021. Prior to this he held the role of Executive General Manager Energy Trading and Commercial Strategy since 2016.

In a career spanning 30 years in the energy industry in both Queensland and New South Wales, Mr Quilter has worked in various operational roles including senior engineering and management positions.

In his current role, he is accountable for the origination and oversight of the growth of Stanwell's diversified renewable generation and energy storage portfolio and the development of Queensland's premier renewable hydrogen export project - the CQ-H_2 project. He is passionate about innovation in the energy industry and the opportunities that the energy transition presents for Stanwell's team members and our customers and partners.

From January 2022, for a period of eight months, Mr Quilter was seconded to the Queensland Department of Energy and Public Works to work on the development of the Queensland Energy and Jobs Plan and Infrastructure Blueprint.

Mr Quilter joined Stanwell in February 2012 as Swanbank Power Station Manager and was appointed General Manager of Stanwell's gas and hydro generation portfolio in May 2013.

Glenn Smith
ADip Business Management
Executive General Manager Business Services

Mr Smith joined Stanwell as General Manager People and Culture in early 2020 and was appointed Executive General Manager on 30 July 2022.

As Executive General Manager Business Services, Mr Smith is responsible for Stanwell's information and business systems, legal services, Human Resources management and organisational development.

Mr Smith is an experienced executive in human resources, employee relations and external affairs. His industry experience is broad, covering both publicly listed, private companies and the public sector across a range of industries in the resources, contracting, manufacturing, service and utilities sectors.

Darren Wiltshire
BBus (Acc), LLB, CA, GAICD
Acting Chief Financial Officer

Mr Wiltshire joined Stanwell as Financial Controller in 2013 and was appointed Acting Chief Financial Officer in December 2021 until 31 August 2022.

As Acting Chief Financial Officer, Mr Wiltshire led Stanwell's key corporate functions of finance, tax, treasury and settlements, procurement and supply, quantitative risk and analytics and internal audit.

Karen Buckley
BA, GDip Law, FGIA, FCIS, GAICD
Company Secretary

Ms Buckley was appointed as Company Secretary on 1 July 2011. Ms Buckley has extensive governance experience in both listed companies and Government owned corporation environments including regulatory compliance, enterprise risk management and business resilience.

Meetings of Directors

The numbers of meetings of the Company's Board of directors and of each Board committee held during the 2023 financial year, and the numbers of meetings attended by each director were:

	Board		People & Safety Committee		Audit & Risk Committee Management	
	A	B	A	B	A	B
Paul Binsted	10	10	3	3	4	4
Jacqueline King	10	7	3	3	N/A	N/A
Karen Smith-Pomeroy	10	10	3	3	4	4
Adam Aspinall[4]	6	4	2	1	2	2
The Hon. Wayne Swan	10	9	N/A	N/A	N/A	N/A
Marianna O'Gorman	10	10	3	3	3	3
Adrian Noon[5]	4	4	N/A	N/A	2	2

A = Number of meetings held during the time the director held office or was a member of the committee during the year
B = Number of meetings attended.

[4] *Adam Aspinall resigned on 14 December 2022.*

[5] *Adrian Noon was appointed on 15 December 2022.*

In addition to the above, during the 2022/23 financial year, the Board held a strategy workshop focused on the long-term success of the Group and received seven briefings on various topics including direct current electricity systems, cyber security incident management, electrofuels and on the wind farm original equipment manufacturer business model.

The Board also attended Stanwell's operating sites to undertake due diligence on Stanwell's safety systems and processes. This included meetings with the site-based Health and Safety committees and discussions with Health and Safety Representatives.

Indemnification and insurance of Officers Indemnification and insurance

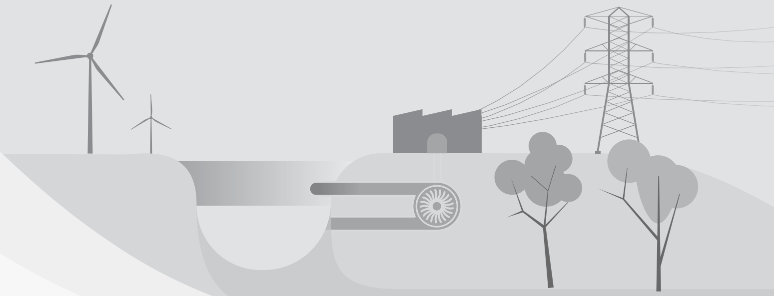
In accordance with its Constitution, the Group has entered into a standard form Deed of Access, Insurance and Indemnity with the current directors of the Group to indemnify them to the maximum extent permitted by law against all liabilities which they may incur in the performance of their duties as directors of the Group, except for a liability for a pecuniary penalty order or a compensation order under the *Corporations Act* 2001. The indemnity is made available to current and former directors of the Group for a period of seven years from the date of their resignation.

To the extent permitted by law, the indemnity covers liability for legal costs. In accordance with the standard form Deed of Access, Insurance and Indemnity referred to above, the Group has, during lhe2022 financial year, paid an insurance premium in respect of the directors and executive officer of the Group. In accordance with normal commercial practice, the insurance contract prohibits disclosure of the nature or the liability covered by, or the amount payable under, the contract of insurance. No claims have been made by any director or officer of the Group pursuant to these indemnities.

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act* 2001, is set out on page 75.

Directors' report



Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off, in accordance with that Instrument, to the nearest thousand dollars or, in certain cases, to the nearest dollar. This report is made in accordance with a resolution of directors.

P.A. Binsted

Paul Binsted
Chairman

Karen Smith-Pomeroy
Director

25 August 2023

Auditor’s independence declaration

Queensland Audit Office
Better public services

AUDITOR’S INDEPENDENCE DECLARATION

To the Directors of Stanwell Corporation Limited

This auditor’s independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Stanwell Corporation Limited for the financial year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Stanwell Corporation Limited and the entities it controlled during the period.

IAsim

25 August 2023

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Consolidated statement of **profit or loss and other comprehensive income**

For the year ended 30 June 2023

	Note	Consolidated 2023 $'000	2022 $'000
Revenue and other income	2	3,775,790	3,914,200
Finance income	2	49,650	39,881
Expenses			
Electricity and energy services expense		(2,205,823)	(2,813,793)
Fuel costs		(490,552)	(331,691)
Raw materials and consumables used		(74,562)	(66,397)
Employee benefits expense		(143,379)	(132,893)
Depreciation and amortisation expense	3	(148,437)	(144,278)
Other expenses		(133,583)	(97,834)
Finance costs	3	(88,765)	(47,079)
Impairment	3	(159,986)	-
Non hedge accounted change in fair value of derivative instruments		(127,078)	(111,994)
Profit before income tax equivalent expense		**253,275**	**208,122**
Income tax equivalent expense	20	(78,059)	(59,715)
Profit after income tax equivalent expense for the year		**175,216**	**148,407**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligation		111	9,230
Income tax equivalent relating to these items	20	(33)	(2,769)
Items that may be reclassified to profit or loss			
Net change in fair value of cash flow hedges		2,279,850	(2,888,160)
Income tax equivalent relating to these items	20	(683,955)	866,448
Other comprehensive income for the year, net of tax		1,595,973	(2,015,251)
Total comprehensive income for the year		**1,771,189**	**(1,866,844)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated **balance sheet**

As at 30 June 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Assets			
Current assets			
Cash and cash equivalents	4	132,640	60,164
Current receivables	5	353,018	566,286
Inventories	6	180,627	121,803
Other current assets	7	916,320	1,307,063
Derivative financial instruments	12	2,439,311	6,258,668
Total current assets		**4,021,916**	**8,313,984**
Non-current assets			
Non-current receivables	8	369,648	330,244
Derivative financial instruments	12	1,088,797	2,378,912
Property, plant and equipment	9	1,657,654	1,549,153
Intangibles	10	68,549	32,516
Exploration and evaluation		6,263	6,388
Deferred tax equivalent assets	20	393,263	980,965
Retirement benefit surplus	11	18,800	19,116
Other non-current assets		290	290
Total non-current assets		**3,603,264**	**5,297,584**
Total assets		**7,625,180**	**13,611,568**
Liabilities			
Current liabilities			
Trade and other payables	13	244,837	551,608
Current borrowings	16	38,412	762,073
Derivative financial instruments	12	2,909,423	8,519,139
Current tax liabilities	20	4,514	4,966
Current provisions	14	63,407	75,931
Other current liabilities		12,232	6,331
Total current liabilities		**3,272,825**	**9,920,048**
Non-current liabilities			
Non-current borrowings	17	1,542,700	767,584
Derivative financial instruments	12	1,298,863	3,443,172
Non-current provisions	15	453,759	384,887
Total non-current liabilities		**3,295,322**	**4,595,643**
Total liabilities		**6,568,147**	**14,515,691**
Net assets/(liabilities)		**1,057,033**	**(904,123)**
Equity			
Contributed equity	18	1,166,746	977,619
Transactions with owners		(13,084)	(13,084)
Cash flow hedge reserve	12	(605,648)	(2,202,383)
Retained earnings		509,019	333,725
Total equity/(deficiency)		**1,057,033**	**(904,123)**

The above consolidated balance sheet should be read in conjunction with the accompanying notes

Consolidated statement of **changes in equity**

For the year ended 30 June 2023

Consolidated	**Contributed equity $'000**	**Transactions with owners $'000**	**Cash flow hedge reserve $'000**	**Retained profits $'000**	**Total deficiency in equity $'000**
Balance at 1 July 2021	977,619	(13,084)	(181,021)	178,863	962,377
Profit after income tax equivalent expense for the year	-	-	-	148,407	148,407
Other comprehensive income for the year, net of tax	-	-	(2,021,712)	6,461	(2,015,251)
Total comprehensive income for the year	-	-	(2,021,712)	154,868	(1,866,844)
Transfer of cash flow hedge reserve to property, plant and equipment, net of tax	-	-	350	(6)	344
Balance at 30 June 2022	977,619	(13,084)	(2,202,383)	333,725	(904,123)

Consolidated	**Contributed equity $'000**	**Transactions with owners $'000**	**Cash flow hedge reserve $'000**	**Retained profits $'000**	**Total equity $'000**
Balance at 1 July 2022	**977,619**	**(13,084)**	**(2,202,383)**	**333,725**	**(904,123)**
Profit after income tax equivalent expense for the year	-	-	-	175,216	175,216
Other comprehensive income for the year, net of tax	-	-	1,595,895	78	1,595,973
Total comprehensive income for the year	-	-	1,595,895	175,294	1,771,189
Transfer of cash flow hedge reserve to property, plant and equipment, net of tax	-	-	840	-	840
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 18)	189,127	-	-	-	189,127
Balance at 30 June 2023	**1,166,746**	**(13,084)**	**(605,648)**	**509,019**	**1,057,033**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated statement of **cash flows**

For the year ended 30 June 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,979,488	5,225,729
Payments to suppliers and employees (inclusive of GST)		(5,835,000)	(4,694,424)
Returns/(payments)/ of collateral		379,467	(1,164,233)
Interest received		5,774	1,053
Interest paid		(77,996)	(38,513)
Income tax equivalents paid		(167,283)	(108,474)
Net cash inflow/(outflow) from operating activities	27	**284,450**	**(778,862)**
Cash flows from investing activities			
Cash transfers (to)/from advances facility		(80,530)	310,076
Payments for property, plant and equipment		(326,741)	(115,200)
Mica Creek surrender payment		-	(32,500)
Payments for intangibles		(46,989)	(28,430)
Proceeds from sale of property, plant and equipment		12	1,468
Net cash (used in)/from investing activities		**(454,248)**	**135,414**
Cash flows from financing activities			
Proceeds from equity contributions	18	207,500	-
Repayment of borrowings		(432,499)	(27,739)
Proceeds from borrowings		469,931	728,069
Dividends paid	19	-	(107,800)
Payment of lease liabilities		(2,658)	(3,264)
Net cash from financing activities		**242,274**	**589,266**
Net increase/(decrease) in cash and cash equivalents		72,476	(54,182)
Cash and cash equivalents at the beginning of the financial year		**60,164**	**114,346**
Cash and cash equivalents at the end of the financial year	4	**132,640**	**60,164**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the consolidated financial statements

30 June 2023

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the *Corporations Act 2001* and the Queensland Government *Owned Corporations Act 1993* (GOC Act).

Stanwell Corporation Limited is a for-profit entity for the purpose of preparing the financial statements.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss. Inventory (environmental certificates) is also held at fair value.

Going Concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The financial statements as at 30 June 2023 reflect a net asset position for the Group of $1,057,033,000 (2022: $904,123,000 net liability position) and $7,060,000 net liability position (2022: $1,687,509,000 net liability position) for the Parent.

Cash and Cash Equivalents have increased by $72,476,000 and there was been net cash inflow from operations of $284,450,000 (2022: $778,862,000 net cash outflow), primarily because there was a return of cash collateral in respect of Stanwell's electricity futures positions on the ASX and restructuring of debts held with QTC on 1 July 2022.

Equity has increased by $1,961,156,000 since 30 June 2022. This significant movement relates to hedge reserve balances associated with the electricity derivatives held by Stanwell and equity injection during the financial year.

The Directors have prepared cash flow forecasts and revenue projections for a period of not less than thirteen months from the date of this report. These cash flow projections show that Stanwell can pay its debts as and when they fall due.

To assist Stanwell managing its going concern assumption, on 5 June 2023, QTC provided Stanwell with a limited waiver letter in respect of both performance ratios (Adjusted EBITDA Debt Service Coverage Ratio of greater than or equal to 1.5 times and Total Debt not exceeding 45 per cent of Total Capital). This waiver will remain in place until 1 October 2024 unless otherwise agreed to in writing between the parties.

The ability of Stanwell to continue as a going concern is fundamentally dependent on:

- Stanwell's continued shareholder support and existing debt financing;
- Stanwell generating the forecast revenues as included in the cashflow forecasts; and
- Stanwell's ability to control the expenditure as included in the cashflow forecasts.

On the basis of the information available, the Directors consider that there are reasonable grounds to believe that Stanwell will be able to pay its debts as and when they fall due.

1. Significant accounting policies (continued)

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the Parent entity is disclosed in note 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Stanwell Corporation Limited ('Company' or 'Parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Stanwell Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Parent has control. The Parent entity controls an entity when the Parent entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Intercompany transactions, balances and unrealised gains on transactions between entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Interests in Subsidiaries

Stanwell Corporation Limited had 100% (2022: 100%) ordinary equity holding in the following subsidiaries. All of them were incorporated in Australia.

Mica Creek Pty Ltd*
SCL North West Pty Ltd*
Stanwell Asset Maintenance Company Pty Ltd* (formerly Energy Portfolio 1 Pty Ltd)
Glen Wilga Coal Pty Ltd
Goondi Energy Pty Ltd
Tarong Energy Corporation Pty Ltd
Tarong Fuel Pty Ltd*
Tarong North Pty Ltd
TEC Coal Pty Ltd*
TN Power Pty Ltd*
Stanwell Renewable Energy Pty Ltd*
Wambo 2 Hold Co Pty Ltd*
Wambo 2 Project Co Pty Ltd as trustee for Wambo 2 Project Trust*

In addition, Stanwell Corporation Limited had 25% (2022: 0%) ordinary equity holding in Wambo Common Asset Co Pty Ltd. This company was incorporated in Australia.

**These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.*

Both Tarong Fuel Pty Ltd and Wambo 2 Hold Co Pty Ltd are holding companies.

Glen Wilga Coal Pty Ltd, Goondi Energy Pty Ltd and Tarong Energy Corporation Pty Ltd are dormant.

Deed of Cross-Guarantee

The Company has entered into a Deed of Cross Guarantee with its subsidiaries under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission. The companies listed above represent a 'Closed Group' for the purposes of the Corporations Instrument, and, as there are no other parties to the Deed of Cross Guarantee that are controlled by the Company, they also represent the 'Extended Closed Group'.

1. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when:

- it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle;
- it is expected to be realised within 12 months after the reporting period; or
- the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is either expected to be settled in the consolidated entity's normal operating cycle;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax equivalent assets and deferred tax equivalent liabilities are always classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred using the effective interest method.

Finance income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

1. Significant accounting policies (continued)

Presentation of comparative amounts

Comparative information has been reclassified on the face of Consolidated Statement of Cash flows in between repayment of borrowings and proceeds from borrowings.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Judgements and estimates that are material to the financial statements are provided throughout the notes to the financial statements.

2. Revenue and other income

	Consolidated	
	2023 $'000	2022 $'000
Revenue from contracts with customers		
Sale of electricity - wholesale	2,879,111	3,089,752
Sale of electricity - retail	1,236,045	1,290,879
Energy services revenue	447,928	552,159
Coal on-sale	-	7,072
	4,563,084	**4,939,862**
Other revenue		
Hedging (loss)/gain	(1,072,751)	(1,255,044)
Coal revenue sharing arrangements	256,869	110,660
Ancillary services revenue	16,077	103,920
Environmental certificate revenue	-	4
Grant income	-	2,168
Services revenue	7,304	2,397
Other revenue	5,207	10,233
	(787,294)	**(1,025,662)**
Revenue and other income	**3,775,790**	**3,914,200**
Finance income		
Interest Income	5,774	1,053
Unwinding of discount on financial asset (refer note 8)	43,876	38,828
Finance income	**49,650**	**39,881**

2. Revenue and other income (continued)

Application of accounting policies

Revenue from Contracts with Customers

Most of the revenue recognised by the Group arises from contracts for the supply of electricity to the National Electricity Market (NEM) and business customers in Australia. In accounting for these contracts, the Group recognises revenue to depict the transfer to the customer of the goods or services promised in the contract in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. *Revenue from contracts with customers* is recognised using the five step model in AASB 15 Revenue from Contracts with Customers and generally occurs when control of the goods or service is transferred to the customer.

Revenue stream	Description	Revenue recognition under AASB 15
Sale of electricity - wholesale	Represents revenue from the sale of electricity generated by the Group and dispatched to the NEM.	Revenue is recognised when electricity is dispatched to the NEM and measured using the output method. Stanwell measures the output using the electricity meterage on a daily basis.
Sale of electricity - retail	Represents revenue from contracts with business customers for the supply of electricity. These contracts can be longer term in nature.	Stanwell recognises revenue over time where there are a series of performance obligations in a contract with the customer. The progress is measured based on units of electricity delivered (output method) over the contract towards the satisfaction of the performance obligation. Any non-cash consideration received from the customer as fulfilment of the contract is accounted for as revenue and measured at fair value. Stanwell recognises revenue at a point in time where there are distinct performance obligations in a contract with a customer. The performance obligation is satisfied at a point in time, that is on delivery of electricity to the customer.
Energy services revenue	Represents revenue in relation to the recharge of transmission, network charges and other operating costs directly attributable to delivery of electricity to retail customers.	The Group recognises revenue when performance obligations are satisfied over time which is generally when energy services are delivered.
Coal revenue sharing arrangements	Represents revenue from coal revenue sharing arrangements.	Stanwell recognises revenue from coal sharing arrangements in accordance with the terms of the contract which is the point in time when the ownership of the coal being exported is legally transferred to the buyer. Typically the transfer of ownership and the recognition of revenue occurs when the coal passes the ship rail when loading at the port.

Finance income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Finance income includes interest income on the non-current receivable disclosed in note 8 for the termination of Stanwell's reversionary rights at the Curragh mine.

3. Expenses

	Consolidated 2023 $'000	Consolidated 2022 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leased assets- right-of-use assets	(1,988)	(1,519)
Land and buildings	(2,201)	(2,247)
Generation assets	(114,234)	(107,022)
Operational mining assets	(13,719)	(17,710)
Other plant and equipment	(6,485)	(5,804)
Total depreciation	**(138,627)**	**(134,302)**
Amortisation		
Software	(9,409)	(9,580)
Exploration and evaluation	(125)	(125)
Mining information	(276)	(271)
Total amortisation	**(9,810)**	**(9,976)**
Total depreciation and amortisation	**(148,437)**	**(144,278)**
Impairment		
Land and buildings	(10,962)	-
Generation assets	(65,325)	-
Operational mining assets	(66,487)	-
Other plant and equipment	(1,378)	-
Capital work in progress	(15,141)	-
Leased assets- right-of-use assets	(43)	-
Mining information	(589)	-
Software	(61)	-
Total impairment	**(159,986)**	-
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	(77,590)	(39,636)
Unwinding of the discount on provisions	(11,175)	(7,443)
Finance costs expensed	**(88,765)**	**(47,079)**
Amounts included in other expenses		
Services and consultants	(64,836)	(58,374)
Amounts included in employee benefits expense		
Defined contribution superannuation expense	(14,909)	(11,250)
Defined benefit plan expense	(427)	(1,626)

During the financial year $469,900 (2022: $495,200) was paid/payable to the Queensland Audit Office, for the audit of the financial statements and Australian Financial Services Licence (AFSL). In addition, $16,250 was paid to other auditors in relation to other assurance services.

4. Cash and cash equivalents

	Consolidated	
	2023 $'000	2022 $'000
Cash at bank and in hand	132,640	60,164

Cash at bank is bearing an interest rate of 3.0% (2022: 0.1%). The carrying amount for cash and cash equivalents reasonably equates to their fair value. Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Credit risk

Cash and cash equivalent balances are held with Queensland Treasury Corporation (QTC) and other bank and financial institution counterparties which are rated AA- to AA+. An impairment assessment was performed at 30 June 2023 and no allowance for expected credit loss has been recognised as the amount was not material.

5. Current receivables

Financial assets at amortised cost

	Consolidated	
	2023 $'000	2022 $'000
Trade receivables:		
Retail customers	142,601	293,818
Other trade receivables	128,256	264,720
Advances facility	81,359	829
Other receivables	921	7,187
Less: Allowance for expected credit losses	(119)	(268)
	353,018	**566,286**

Trade receivables

Trade receivables primarily comprise amounts owing to Stanwell by retail customers. Other trade receivables include amounts owing by the Australian Energy Market Operator (AEMO), as well as amounts owing under coal rebate sharing arrangements, power purchase agreements, and over-the-counter (OTC) electricity contracts. Transactions with AEMO and OTC counterparties are settled net on a consolidated basis.

Advances facility

Under the Queensland Government's cash management regime, Government Owned Corporations (GOCs) advance surplus cash to Queensland Treasury. GOC access to the advances is generally subject to notification periods of 24 to 48 hours. The deposits at call yielded floating interest rates between 1.92% to 4.17% during the year ended 30 June 2023 (2022: 0.29% to 0.90%). Refer to note 17 for further information on interest rate risk.

Because of the short-term nature of the advances, their carrying amount is assumed to be a reasonable approximation of fair value.

5. Current receivables (continued)

Application of accounting policies

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 to 90 days depending on the nature of the agreement. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group has applied the simplified approach to measuring expected credit losses on current receivables, which uses a lifetime expected loss allowance. The amount of the allowance for expected credit losses is recognised in profit or loss within other expenses. When a trade receivable is assessed as impaired, it is written off within other expenses. Subsequent recoveries of amounts previously written off are credited against the same line item in profit or loss.

Application of accounting estimates and judgements

The allowance for expected credit losses is based on management's estimate of the prospect of recovering the debt.

Financial risk management objective

Credit risk

Credit risk exposure refers to the situation where the Group may incur financial loss as a result of another party to a financial instrument failing to fulfil their contractual obligation.

The Group has a strict credit policy for all customers trading on credit terms and assesses counterparty creditworthiness using a range of quantitative and qualitative measures. Credit ratings determined by a recognised rating agency are considered where available. Unrated entities have ongoing credit evaluations performed on their financial condition and other qualitative measures to ensure all counterparty credit exposures remain within acceptable levels. Particularly in instances where counterparties are not rated, the Group lowers the potential net credit impact by requiring credit support provision as appropriate.

The carrying amount of financial assets best represent the Group's maximum exposure to credit risk at the reporting date. At 30 June 2023, $3,671,804 of the Group's financial assets were past due but not impaired (2022: $348,184).

The Group transacts spot electricity and ancillary services with AEMO, which is a company limited by guarantee. AEMO was incorporated under the *Corporations Act 2001* and is owned by the Governments of the six jurisdictions who are members of the Australian Energy Market – Queensland, Victoria, South Australia, New South Wales, Australian Capital Territory and Tasmania. AEMO is self-funding and has an ability to recover its costs from fees that participants are required to pay. As effective power system operations are of great importance to the Governments involved, support from all owners is assumed. As a result, credit risk with AEMO is not considered significant.

Retail customers are generally from the commercial and industrial sector and vary in credit rating or are unrated. These customers have ongoing credit evaluations performed on their financial condition and other qualitative measures to ensure credit exposures remain within acceptable levels.

The Advances facility is held with QTC. No expected credit loss has been recognised in relation to this balance.

The expected credit losses on trade receivables are estimated using externally and internally sourced credit ratings and expected loss rates, taking into account historical and forward looking metrics. An impairment assessment was performed at 30 June 2023 and an allowance for expected credit losses of $119,171 has been recognised (2022: $267,585).

5. Current receivables (continued)

A summary of the credit quality of the current receivable counterparties as assessed by reference to external credit ratings (Standard & Poor's or equivalent) as reflected in the following table:

	Consolidated 2023 $'000	Consolidated 2022 $'000
AA+ to AA-	98,736	8,278
A+ to A-	11,662	3,111
BBB+ to BBB-	105,947	169,786
Other and non-rated	73,138	166,737
AEMO	63,653	218,642
	353,136	**566,554**

6. Inventories

	Consolidated 2023 $'000	Consolidated 2022 $'000
Stores - at cost	71,565	61,891
Less: Provision for obsolescence	(15,990)	(16,633)
	55,575	**45,258**
Fuel	67,811	45,821
Environmental certificates at fair market value	57,241	30,724
	180,627	**121,803**

Application of accounting policies

Environmental certificates

The Group is subject to various regulatory environmental schemes and as such accrues environmental liabilities as part of its general business operations. To meet these liabilities, the Group acquires environmental certificates through derivative contracts and surrenders these to the scheme administrators periodically.

Environmental certificates are recognised in the financial statements at fair market value where fair value is determined by reference to observable market prices at reporting date.

Fuel and stores

Fuel and stores are carried at the lower of weighted average cost per individual item of inventory and net realisable value. Cost for stores and fuel is their purchase price and for partly processed and saleable products is generally the cost of production. For this purpose, the cost of production includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of inventory are determined after deducting associated rebates and discounts.

6. Inventories (continued)

Provision for obsolescence

The Group provides for inventory obsolescence based on the ageing of stock items held and changes in technology that would render parts obsolete.

Application of critical accounting estimates and judgements

Environmental certificates

As per AASB 13 *Fair Value Measurement*, the environmental certificates are classified as Level 1 as these instruments are traded in active markets and the valuation is based on quoted market prices at the end of the reporting period.

7. Other current assets

	Consolidated	
	2023 $'000	2022 $'000
Prepayments	10,109	21,447
Cash collateral	906,361	1,285,828
Less: Allowance for expected credit losses	(150)	(212)
	916,320	**1,307,063**

Application of accounting policies

Cash collateral

Cash collateral is provided to support the margin requirements that are required to be held to cover positions traded on the Australian Securities Exchange. The margin requirement comprises an initial margin which is designed to reduce systemic risk and ensure that market/counterparty obligations are met even if a clearing participant was to default, and a variation margin which is equal to the fair value of the Company's exchange-traded derivative positions, refer Note 12 Derivative financial instruments. The existing positions will unwind over the next three years, while new positions will be taken in the ordinary course of business.

An impairment assessment was performed at 30 June 2023 and an allowance for expected credit losses of $149,515 has been recognised (2022: $212,162).

8. Non-current receivables

In August 2018, Stanwell exchanged its reversionary right to coal resources in the Stanwell Reserved Area (SRA) at the Curragh mine as part of negotiating a new long-term coal supply agreement for Stanwell Power Station from 2027 to 2038 with Coronado Curragh Pty Limited (Coronado). The value of the consideration for Stanwell's rights over the SRA was $210,000,000 and is expected to be received over the term of the new coal supply agreement as an offset amount against amounts payable to Coronado for coal delivered. If the new coal supply agreement is terminated, any unpaid portion of the SRA value is repayable by Coronado in cash. Under the terms of the agreement, the SRA value receivable of $210,000,000 accretes at a rate of 13% per annum until it has been paid in full. The accretion is recognised as interest income within finance income.

8. Non-current receivables (continued)

	Consolidated 2023 $'000	Consolidated 2022 $'000
Receivables	381,380	337,505
Less: Allowance for expected credit losses	(11,732)	(7,261)
	369,648	**330,244**

Application of critical estimates and judgements

Credit risk

The financial asset counterparty has a credit rating in the B ratings range. An allowance provision equal to the 12 month expected credit loss has been recognised on the basis that the Group does not consider that there has been a significant increase in credit risk since initial recognition of the financial asset.

9. Property, plant and equipment

	Consolidated 2023 $'000	Consolidated 2022 $'000
Land and Buildings - cost	185,161	183,325
Less: Accumulated depreciation and impairment	(109,899)	(96,567)
	75,262	**86,758**
Generation assets - cost	3,821,084	3,670,375
Less: Accumulated depreciation and impairment	(2,909,446)	(2,732,155)
	911,638	**938,220**
Operational mining assets - cost	2,521,611	2,259,668
Less: Accumulated depreciation	(2,150,007)	(1,881,686)
	371,604	**377,982**
Other plant & equipment - cost	112,175	102,503
Less: Accumulated depreciation and impairment	(90,588)	(82,777)
	21,587	**19,726**
Capital work in progress - cost	256,435	119,484
Right-of-use assets	29,136	12,960
Less: Accumulated depreciation and impairment	(8,008)	(5,977)
	21,128	**6,983**
	1,657,654	**1,549,153**

9. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and Buildings $'000	Generation assets $'000	Operational mining assets $'000	Other plant and equipment $'000	Capital work in progress $'000	Right-of-use assets $'000	Total $'000
Balance at 1 July 2021	**88,054**	**935,441**	**300,168**	**13,323**	**179,767**	**6,285**	**1,523,038**
Additions			18,737		115,200	2,468	136,405
Disposals	(98)	(356)	(263)	(18)	-	(251)	(986)
Project write-off	-	-	-	-	(3,970)	-	(3,970)
Rehabilitation Asset Adjustment	-	(4,587)	31,190	-	-	-	26,603
Reclass WIP impairment	(441)	(12,358)	(7,583)	(1,257)	24,004	-	2,365
Transfers between classes	1,490	127,102	53,443	13,482	(195,517)	-	-
Depreciation expense	(2,247)	(107,022)	(17,710)	(5,804)	-	(1,519)	(134,302)
Balance at 30 June 2022	**86,758**	**938,220**	**377,982**	**19,726**	**119,484**	**6,983**	**1,549,153**
Additions	-	-	8,658	-	326,741	16,176	351,575
Disposals	-	(8)	-	(5)	-	-	(13)
Project write-off	-	-	-	-	(1,655)	-	(1,655)
Rehabilitation Asset Adjustment	-	6,101	50,403	-	-	-	56,504
Impairment of assets	(10,962)	(65,325)	(66,487)	(1,378)	(15,141)	(43)	(159,336)
Reclass WIP impairment	(173)	(5,242)	(128)	(199)	5,795	-	53
Transfers between classes	1,840	152,126	14,895	9,928	(178,789)	-	-
Depreciation expense	(2,201)	(114,234)	(13,719)	(6,485)	-	(1,988)	(138,627)
Balance at 30 June 2023	**75,262**	**911,638**	**371,604**	**21,587**	**256,435**	**21,128**	**1,657,654**

Application of accounting policies

Property, plant and equipment are stated at historical cost less accumulated depreciation/amortisation and accumulated impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include the costs of dismantling and removing the items and restoring the site on which they are located, capitalised borrowing costs and transfers from other comprehensive income of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment, refer to note 12 Derivative financial instruments.

Subsequent costs of replacing part of an item of property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. The carrying amount of the replaced asset is derecognised. The costs of day to day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

The Group has established a program of major overhauls providing cyclical maintenance works on the generation and operating assets. Capitalised overhaul expenditure is depreciated over the period in which the Group expects to derive the benefits of the overhaul.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss.

9. Property, plant and equipment (continued)

Stripping costs

(i) Pre production stripping costs

Overburden and other mine waste materials are often removed during the initial development of a mine in order to access the mineral deposit. This activity is referred to as development stripping and the directly attributable costs, inclusive of an allocation of relevant overhead expenditure, are capitalised as development costs. Capitalisation of development stripping costs ceases and amortisation of those capitalised costs commences upon commercial extraction of ore. Amortisation of capitalised development stripping costs is determined on a unit of production basis for each area of interest. Development stripping costs are considered in combination with other assets of an operation for the purpose of undertaking impairment assessments.

(ii) Post production stripping costs

Overburden and other mine waste materials continue to be removed throughout the production phase of the mine. This activity is referred to as production stripping, with the associated costs charged to profit and loss, as operating cost, except when all three criteria below are met:

- Production stripping activity provides improved access to the specific component of the ore body, and it is probable that economic benefit arising from the improved access will be realised in future periods;
- The Group can identify the component of the ore body for which access has been improved; and
- The costs relating to the production stripping activity associated with that component can be measured reliably.

If all of the above criteria are met, production stripping costs resulting in improved access to the identified component of the ore body are capitalised as part of post production stripping costs and are amortised over the life of the component of the ore body. The determination of components of the ore body is individual for each pit. The allocation of costs between production stripping activity and the costs of ore produced is performed using relevant production measures, typically strip ratios. Changes to the mine design, technical and economic parameters affecting life of the components and strip ratios, are accounted for prospectively.

9. Property, plant and equipment (continued)

Depreciation

Depreciation is recorded over the useful life of the asset, or over the remaining life of the mine or power station if shorter. Assets are depreciated from the date they become available for use. Land is not depreciated. Operational mining assets are depreciated on either a units of use or straight-line basis. Other major categories of property, plant and equipment are depreciated on a straight-line basis.

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Physical, economic, environmental and climate risk factors are taken into consideration in assessing useful lives of assets, including but not limited to asset condition and obsolescence, technology changes, commercial contract lives and renewals, regional electricity supply-and-demand, and environmental policy changes. Any reassessment of useful lives in a particular year will affect the depreciation expense.

Change in estimated useful lives

At 30 June 2023, the Group revised the useful lives of its Property, Plant, and Equipment due to the impacts of the State Government's Queensland Energy and Jobs Plan and Queensland SuperGrid Infrastructure Blueprint announced in September 2022.

The plan is a key supporting document that outlines major electricity infrastructure investments required to transform the energy sector to achieve the Queensland Government's target of 50 per cent renewable energy by 2030, support emissions reduction outcomes, and support continued renewable energy growth, while maintaining, reliable electricity supply of its power generation facilities.

As a result of this plan, the Group has revised the estimated useful lives of its thermal power generation facilities from 2043 to 2035 for Stanwell Power Station and 2037 to 2035 for Tarong Power Station. As the revision to the useful lives is a change in estimate, it will be accounted for prospectively from 1 July 2023 resulting in an estimated increase of $10,858,000 in depreciation expense in 2024 and a similar amount in future years. The Group will continue to reassess the useful lives of its thermal generation assets in future years as guidance is provided by the Queensland Energy Supply Advisory Board.

Units of use basis

Where operational mining assets are depreciated on a units of use basis, depreciation is normally calculated using the equipment hours extracted from the mine in the period as a percentage of the total equipment hours for the relevant asset.

Development expenditure which is capitalised represents initial or up front development mining costs that create future benefits, by providing access to coal in new pits. These are proportionally depreciated over the Run of Mine tonnes for the life of the pit as the coal is mined.

Straight-line basis[1]

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	15 - 50 years
Generation assets (including overhauls)	2 - 30 years
Operational mining assets	2 - 24 years
Other plant and equipment	2 - 30 years

1 The useful lives are for current and prior years. Refer to *Change in estimated useful lives above* for prospective changes.

9. Property, plant and equipment (continued)

Impairment

Year ended 30 June 2023

In 2023, the impairment loss of $160.0 million (before tax) represents the write-down to the recoverable amount for Tarong Precinct (comprising of the Tarong Power Station, Tarong North Power Station and the Meandu Mine) Cash Generating Unit (CGU).

The Group assessed the recoverable amount of its CGUs using the value in use method incorporating best estimate of the range of economic conditions that may exist in the foreseeable future in relation to climate change and energy transition.

Assumptions such as electricity demand, forecast spot prices, generation expenditure and life of plant used for the valuation of the assets in the impairment test take account of the commitments to decarbonize the economy as outlined in the Queensland SuperGrid Infrastructure Blueprint and, therefore, assume restrictions on the use of fossil fuels and the development of new alternative technologies to drive the energy transition, which will lead to the transition of thermal generations in the long term.

As part of energy transformation and accelerating progress, the Group's coal-fired power stations will progressively become clean-energy hubs from 2027 to assist in achieving the Queensland Governments zero net emissions by 2050.

In determining recoverable amounts of the Group's CGUs at 30 June 2023, forecast cash flows have been based on the principles outlines in the Queensland SuperGrid Infrastructure Blueprint with the power stations shifting to seasonal operation from 2027 and units transitioning to "reserve" back up generation capacity or repurposed as synchronous condensers during the period to 2035.

Year ended 30 June 2022

In 2022, an impairment assessment was conducted on multiple sensitivities. Management's selected scenario represents a base case that is consistent with Stanwell's market expectations and reflects recent changes to market conditions, specifically higher generation, increased spot prices, fuel supply and retirement of assets.

In determining the CGU's recoverable amount at 30 June 2022, Stanwell used the value in use method based on the traditional cash flow approach. Under this approach, cash flow projections determined that the recoverable amount for the cash generating units was greater than its carrying amount.

No reversal of prior year impairments have been recognised as the directors consider that given the volatile and uncertain outlook for conditions in the energy sector, there is not yet sufficient evidence to support there has been a sustainable improvement in each CGU's performance.

9. Property, plant and equipment (continued)

The following table outlines the key inputs and assumptions and their relationships to value in use considered in the discounted cash flow methodology to determine each CGU's recoverable amount under the value in use approach:

Unobservable inputs	Nature of inputs	Relationship of unobservable inputs and value in use
Revenue cash flows	Prevailing electricity demand and supply conditions determine physical dispatch of electricity and spot price outcomes. The scenario under which the cash flows were modelled take into account the transition of coal fired plants and investments for renewable energy all of which would have an impact on demand and supply of electricity.	A higher expected electricity generation or an increase in the electricity prices through increased demand or decreased supply of electricity would increase the value in use. An increase in generation from renewables over and above the decrease in coal fired plants will decrease the value in use.
Operating expenditure	Operating expenditures for the electricity generation have been determined based on the most recent management forecasts available at the time of the valuation.	An increase in operating expenditure decreases the value in use.
Capital expenditure	Future capital expenditure required to ensure the security and reliability of electricity generation has been determined based on the most recent management forecasts available at the time of the valuation.	An increase in future capital expenditure decreases the value in use.
Life of plant	Cash flows have been projected based on the expected life of the plant. In 2023, the cash flows incorporate the change in operating profile of the power stations from 2027 in line with the Infrastructure Blueprint	Any increases in the projected volume of generation of the operating plant, under certain scenarios, increases the value in use. A bringing forward of the expected closure dates may decrease the value in use. Useful lives are amended prospectively when a change in operating life is determined. The estimated useful lives of our assets align with our climate change strategy commitments.
Weighted Average Cost of Capital (WACC) discount rate	A nominal post-tax WACC of 7.5% (2022: 6.5%) has been employed in the valuation. The WACC discount rate has been determined in consultation with independent experts based on a long-term view of the market cost of capital. The WACC equates to a pre-tax discount rate of approximately10.7% (2022: 9.3%).	The higher the nominal WACC, the lower the value in use.

Application of critical accounting estimates and judgements

Stripping costs

These assets form part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

9. Property, plant and equipment (continued)

Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is calculated based on either the fair value of the asset less costs to dispose or value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The value in use calculation is determined using the expected future cash flows from the continuing use of the assets, discounted to a present value using an appropriate market based pre-tax discount rate. The discount rate reflects the current market assessment of the time value of money and asset specific risks for which the cash flow estimates have not been adjusted.

Assets that have previously been impaired are assessed annually to determine if there has been a reversal in impairment. Where this exists, the impairment is reversed through the profit or loss only to the extent that the carrying value does not exceed the original carrying value net of depreciation and amortisation should the asset not have been impaired.

Reviews are undertaken on an asset-by-asset basis except where these assets do not generate cash flows independent of other assets. Where assets do not generate cash flows independent of each other the impairment assessment is based on the cash generating unit.

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to it that may lead to indicators of impairment of assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Key estimates and assumptions are made in determining the recoverable amount of assets including, but not limited to, electricity demand, wholesale electricity prices, a discount rate, cost of fuel and achievable market values for asset disposal. Given the nature of the Group's operations, it is exposed to climate related risks and these are considered in determining the recoverable amounts of the CGUs.

Sources for the key estimates and assumptions in the impairment testing include:

- Market pricing and dispatch are based on the most recent management endorsed forecast. Longer term modelling is developed on a portfolio approach, based around recent observable peak/energy demand forecasts provided by AEMO and other sources, available at the time of evaluation, combined with internally developed assumptions around forecast coal and gas prices, new entrants and retirements and the impact of renewable energy targets as announced in the Infrastructure Blueprint.
- All other costs are based on the most recent management endorsed forecast incorporating renewable energy targets from Infrastructure Blueprint.
- Capital expenditure required over the CGU's remaining life and transition to clean energy hubs.
- Escalation, taxation and discounting were applied in accordance with the Group's assumptions at the time of evaluation.
- The Group assumed a discount rate in order to calculate the present value of its projected cash flows. The discount rate represented a WACC for comparable companies operating in similar industries. Determination of the WACC requires separate analysis of the cost of equity and debt, and considers a risk premium based on an assessment of the risks related to the projected cash flows. Given coal-based generation is a non-renewable energy source, the risk premium incorporates the long-term viability of coal in the NEM. It incorporates assumption from Infrastructure Blueprint.
- Selection of assumptions used to model the projected cash flows using the traditional approach to develop the base case scenario.
- The Group continues to develop its assessment of the potential impacts of climate change and the transition to a low-carbon economy and this has been considered in the assumptions used as part of the recoverable amount assessment. Specifically, the Group incorporated the projected new renewable energy entrants into the market and their impact on early transition of thermal power station into clean energy hubs in accordance with the Infrastructure Blueprint.

Changes to the key estimates and assumptions outlined above in future years may have a material impact of the recoverable amounts of the Group's CGUs. The Group will continue to reassess the assumptions used in impairment testing of its thermal generation assets in future years as guidance is provided by the Queensland Energy Supply Advisory Board.

9. Property, plant and equipment (continued)

Right-of-use assets

The Group leases offices, motor vehicles, land, plant and equipment. Rental contracts for offices are typically made for fixed periods of 10 years, but may have extension options as described below. Motor vehicle leases have an average term of 3 years with no renewal option included in the contract.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line-basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

10. Intangibles

	Consolidated	
	2023 $'000	**2022 $'000**
Development right - at cost	44,352	-
Mining Information - at cost	83,569	83,569
Less: Accumulated amortisation and impairment	(79,676)	(79,400)
	3,893	**4,169**
Software - at cost	155,700	153,905
Less: Accumulated amortisation and impairment	(135,396)	(125,558)
	20,304	**28,347**
	68,549	**32,516**

10. Intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Mining information $'000	Software $'000	Development right $'000	Total $'000
Balance at 1 July 2021	5,010	13,581	-	18,591
Additions	-	28,351	-	28,351
Disposals	-	(2,211)	-	(2,211)
Impairment on assets capitalised from FY21 WIP and reallocation	(570)	(1,794)	-	(2,364)
Amortisation expense	(271)	(9,580)	-	(9,851)
Balance at 30 June 2022	**4,169**	**28,347**	-	**32,516**
Additions	-	2,069	44,352	46,421
Impairment on assets capitalised from FY21 WIP and reallocation	-	(53)	-	(53)
Impairment of FY23 assets	(589)	(61)	-	(650)
Amortisation expense	(276)	(9,409)	-	(9,685)
Balance at 30 June 2023	**3,304**	**20,893**	**44,352**	**68,549**

Application of accounting policies

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the profit or loss in the year in which the expenditure is incurred.

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of managed services as well as direct payroll and payroll related costs of employees' time spent on the project.

In addition, Stanwell has various software-as-a-service cloud computing arrangements in place. The Group does not have possession of the underlying software, rather, the Group has non-exclusive access and use of the software, over the contract period.

The accounting treatment of costs incurred in relation to these arrangements is to recognise contract fees for use of the application and customisation costs as an operating expense over the term of the service contract. Configuration costs, data conversion and migration costs, testing costs and training costs are recognised as an operating expense as the service is received.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets*.

Development right

Development right represents approval to develop renewable assets and includes intellectual property. Development right has a finite useful economic life and amortisation shall begin when the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

10. Intangibles (continued)

Mining lease and information

Mining information and mining leases acquired are carried at the net fair value at date of acquisition less amortisation and impairment losses. Mining lease represents right to extract coal and also gives the owner control over the resources.

Application of critical accounting estimates and judgements

Estimates of useful lives are reassessed annually, and any change in estimate is taken into account in the determination of future amortisation charges. Adjustments to useful life are made when considered necessary.

Impairment of intangible assets is considered along with property, plant and equipment. Refer to note 9 Property, plant and equipment.

11. Retirement benefit surplus

	Consolidated	
	2023 $'000	2022 $'000
Present value of the defined benefit obligation	(45,271)	(48,666)
Fair value of defined benefit plan assets	64,071	67,782
Net asset in the balance sheet	**18,800**	**19,116**

Superannuation plan

The Group contributes on behalf of its employees to a number of defined contribution funds as well as participating in the industry multiple employer superannuation fund, LGIAsuper (the 'Fund') trading as Brighter Super, which consists of a defined contribution section and a defined benefit section. The defined contribution section receives fixed contributions from the Group, which are recognised as an expense as they become payable. The Group's legal or constructive obligation is limited to these contributions. The defined benefit section, which is closed to new members, provides lump sum benefits based on years of service and average salary.

The Fund is managed by a trustee company, LGIAsuper Trustee (the 'Trustee'). The Trustee is responsible for managing the Fund for the benefit of all members, in accordance with the trust deed and relevant legislation. The Fund is regulated by the Australian Prudential Regulation Authority under the *Superannuation Industry (Supervision) Act 1993*.

Application of accounting policies

The present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past service costs, is recognised as a liability or asset in the balance sheet.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the Fund to the reporting date, calculated annually by an independent actuary using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted at the reporting date using market yields of high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income, in the period in which they occur. Future taxes that are funded by the Group and are part of the provision of the existing benefit obligation (e.g. taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

11. Retirement benefit surplus (continued)

Employer contributions and risk exposure

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made at no more than three yearly intervals, and the last such assessment was made during the year ended 30 June 2022 on the Fund Position as at 1 July 2021 by Towers Watson Australia Pty Ltd.

The method used to determine the employer contribution recommendations at the last actuarial review was the aggregate method. Under the aggregate method, the future contribution rates are determined, and are expected to be sufficient to fund the difference between the value of future benefits for existing defined benefit members and the value of the plan assets attributable to defined benefit members, over the future working lifetime of the existing defined benefit members.

Based on the actuary's recommendations in the actuarial review as at 1 July 2021, a contribution rate of nil in 2023 (2022: nil) of defined benefit members' salaries has been adopted. In the event that further funding is required, the Group will immediately contribute that funding as required.

The Fund does not impose a legal liability on the Group to cover any deficit that exists in the Fund. If the Fund were wound up, there would be no legal obligation on the Group to make good any shortfall. The Trust Deed of the Fund states that if the Fund winds up, after the payment of all costs and the payment of all member benefits in respect of the period up to the date of termination, any remaining assets are to be distributed by the Trustee of the Fund, acting on the advice of an actuary, to the participating employers.

12. Derivative financial instruments

Financial assets and liabilities at fair value

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Electricity contracts - cash flow hedges	453,091	1,247,451
Electricity contracts - fair value through profit or loss	1,920,305	4,956,369
Foreign currency contracts - cash flow hedges	2,717	4
Environmental contracts - fair value through profit or loss	63,198	43,211
Oil contracts - fair value through profit or loss	-	11,633
	2,439,311	**6,258,668**
Non-current assets		
Electricity contracts - cash flow hedges	155,112	370,252
Electricity contracts - fair value through profit or loss	724,071	1,780,524
Foreign currency contracts - cash flow hedges	3,252	-
Environmental contracts - fair value through profit or loss	205,594	226,978
Oil contracts - fair value through profit or loss	768	1,158
	1,088,797	**2,378,912**
Current liabilities		
Electricity contracts - cash flow hedges	(974,769)	(3,609,019)
Electricity contracts - fair value through profit or loss	(1,907,163)	(4,893,411)
Foreign currency contracts - cash flow hedges	(48)	(334)
Environmental contracts - fair value through profit or loss	(25,342)	(16,326)
Oil contracts - fair value through profit or loss	(2,101)	(49)
	(2,909,423)	**(8,519,139)**
Non-current liabilities		
Electricity contracts - cash flow hedges	(358,679)	(1,248,708)
Electricity contracts - fair value through profit or loss	(860,756)	(2,163,533)
Foreign currency contracts - cash flow hedges	(37)	(23)
Environmental contracts - fair value through profit or loss	(79,180)	(29,277)
Oil contracts - fair value through profit or loss	(211)	(1,631)
	(1,298,863)	**(3,443,172)**
Net derivative financial instrument assets/(liabilities)	**(680,178)**	**(3,324,731)**

Application of accounting policies

Derivatives and hedging activities

Derivative financial instruments include exchange traded and over-the-counter swaps, caps and option contracts for electricity, environmental certificate, oil and foreign currency price risk. Power purchase agreements are assessed to determine if they are a derivative financial instrument or contain an embedded derivative. When a power purchase agreement is assessed as a derivative it is split into its electricity and environmental certificate price risk components and included in the respective categories as fair valued through profit or loss.

Derivatives are classified as fair valued through profit or loss unless they are designated as hedges of a particular risk associated with highly probable forecast transactions (cash flow hedges). Certain derivatives do not qualify for hedge accounting or are not designated as hedges but have been entered into for the risk management objective of economically hedging a risk. These derivatives are classified as fair valued through profit or loss.

12. Derivative financial instruments (continued)

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is classified as fair valued through profit or loss or is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivative financial instruments spanning both current and non-current periods are split into their current and non-current components prior to valuation. The fair value of these components is then classified as a current asset or liability when the maturity profile is less than 12 months, and classified as a non-current asset or liability when the maturity profile is greater than 12 months.

Change in fair value recognised in the profit or loss

Gains and losses that are recognised in the statement of profit or loss and other comprehensive income from remeasuring the fair value of derivatives that do not qualify as effective hedging instruments are classified as “non hedge accounted change in fair value of derivative instruments”.

Hedge accounted change in fair value of derivative instruments

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity reserves. An ineffective portion is recognised immediately in profit or loss within “non hedge accounted change in fair value of derivative instruments”.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss is recognised in profit or loss as other revenue.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria. This includes when a hedging instrument expires or is sold or terminated. The discontinuance is accounted for prospectively. Any gain or loss accumulated in equity reserves at that time remains in equity and is reclassified to profit or loss, as other revenue, when the forecast transaction occurs.

Application of critical accounting estimates and judgements

The fair value of derivative financial instruments must be estimated for recognition, measurement and disclosure purposes. Valuation policies and procedures are developed by Quantitative Risk and Analytics, reviewed by Modelling Analytics and approved by the General Manager Quantitative Risk and Analytics. Changes in fair values of financial instruments are reported to management weekly and the Board monthly.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards, being:

Level 1: The fair value of derivative financial instruments traded in active markets (publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for these derivatives is the last settled price.

Level 2: The fair value of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. All significant inputs required to fair value an instrument are observable.

Level 3: One or more of the significant inputs is not based on observable market data.

The following tables present the fair value of the Group’s financial derivative instruments classified into the three levels:

12. Derivative financial instruments (continued)

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurement				
Assets				
Current derivative financial instrument assets	2,047,174	307,751	84,386	2,439,311
Non-current derivative financial instrument assets	432,189	155,440	501,168	1,088,797
Total assets	**2,479,363**	**463,191**	**585,554**	**3,528,108**
Liabilities				
Current derivative financial instrument liabilities	(2,440,247)	(434,742)	(34,434)	(2,909,423)
Non-current derivative financial instrument liabilities	(944,101)	(229,848)	(124,914)	(1,298,863)
Total liabilities	**(3,384,348)**	**(664,590)**	**(159,348)**	**(4,208,286)**
Net derivative financial instrument assets/(liabilities)	**(904,985)**	**(201,399)**	**426,206**	**(680,178)**

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurement				
Assets				
Current derivative financial instrument assets	5,949,047	272,350	37,271	6,258,668
Non-current derivative financial instrument assets	1,942,943	171,492	264,477	2,378,912
Total assets	**7,891,990**	**443,842**	**301,748**	**8,637,580**
Liabilities				
Current derivative financial instrument liabilities	(6,222,942)	(1,976,513)	(319,684)	(8,519,139)
Non-current derivative financial instrument liabilities	(2,949,347)	(447,386)	(46,439)	(3,443,172)
Total liabilities	**(9,172,289)**	**(2,423,899)**	**(366,123)**	**(11,962,311)**
Net derivative financial instrument assets/(liabilities)	**(1,280,299)**	**(1,980,057)**	**(64,375)**	**(3,324,731)**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for derivative financial instrument fair value measurements during the year. Transfers out of level 2 were into level 3 as a result of the increased significance of entity-specific estimates. Transfers out of level 3 were into level 2 as a result of the availability of additional observable forward prices.

The following table presents the changes in level 3 derivative financial instruments for the years ended 30 June 2022 and 30 June 2023.

Level 3 Net assets/(liabilities)	2023 $'000	2022 $'000
Balance at the beginning of the year	**(64,375)**	**(19,967)**
Gains/(losses) recognised in profit or loss	229,311	222,602
Gains/(losses) recognised in other comprehensive income	156,192	(101,582)
Solar 150 Program (refer note 18)	(26,247)	-
Purchases	52	-
Sales	(2,460)	-
Settlements	128,856	73,807
Transfers out of level 2 into level 3	-	(237,070)
Transfers out of level 3 into level 2	4,877	(2,165)
Balance at the end of the year	**426,206**	**(64,375)**
Total unrealised gains/(losses) for the year included in profit or loss that relate to level 3 derivative financial instruments held at the end of the year	**161,883**	**260,867**

12. Derivative financial instruments (continued)

The significant valuation techniques and processes used to value derivative financial instruments categorised within level 2 and level 3 are:

- Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
- Adjusted market comparison technique: Broker quotes are adjusted using a number of long-term forward curve scenarios sourced from Intelligent Energy Systems Pty Ltd (IES), which are weighted by the strike prices of existing long-term deals in the portfolio to determine the fair value where a product does not have an observable market price.
- Option valuation model using implied volatility where terms are not identical to market quoted prices.
- Credit risk factors applied to adjust fair values for non-performance risk.
- Forward curve decomposition methodology using historic electricity settled prices and independently sourced modelled scenarios to interpolate over-the-counter forward prices to a greater level of granularity.
- Market prices for long term power purchase agreements are determined using the “adjusted market comparison technique” and the “forward curve decomposition methodology”. The expected generation profile of each project is determined using site specific data.
- Where power purchase agreements have an LGC component, the market price of LGCs is determined by a process of linear interpolation from the last observable market price to a value of zero at the end of the LGC scheme, unless an observable price is present. The expected quantity of generated LGCs is determined using site specific data.

The significant inputs used in these valuation techniques are:

- Published over-the-counter forward prices;
- Exchange traded market prices;
- IES long-term forward curve scenarios;
- Market volatilities;
- Discount factors;
- Credit risk factors;
- Forecast generation; and
- Electricity settled prices.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements of derivative financial instruments. The analysis was prepared by changing the significant unobservable input to a reasonably possible alternative, while holding other inputs (including discount factors and credit value adjustments) constant.

12. Derivative financial instruments (continued)

2023

Class of derivative financial instrument	Fair value included in level 3 $'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Electricity contracts - fair value through profit or loss	292,624	Adjustment of broker quotes using a number of IES long-term forward curve scenarios, weighted by the strike prices of existing long-term deals in the portfolio to determine the fair value where a product does not have an observable market price.	An increase in the unobservable forward price to the IES high case (equating to an average price increase of $10.24/MWh) would increase fair value by $113,086,000. A decrease in the unobservable forward price to the IES low case (equating to an average price decrease of $73.43/MWh) would decrease fair value by $668,383,000.
		Power purchase agreements classified as derivatives are valued using forecast generation.	A 20% increase or decrease in the generation forecasts used in the contract valuations would result in a $78,475,000 increase or decrease in fair value.
Environmental contracts - fair value through profit or loss	157,841	Power purchase agreements classified as derivatives are valued using forecast generation.	A 20% increase or decrease in the generation forecasts used in the contract valuations would result in a $39,794,000 increase or decrease in fair value.

2022

Class of derivative financial instrument	Fair value included in level 3 $'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Electricity contracts - fair value through profit or loss	87,365	Power purchase agreements classified as derivatives are valued using forecast generation	A 20% increase or decrease in the generation forecasts used in the contract valuations would result in a $7,620,000 increase or decrease in fair value.
		Floor valuations utilise option volatilities which are inferred from other traded instruments.	A 30% increase or decrease in volatilities would result in a $1,171,517 decrease or $738,424 increase respectively in fair value.
Environmental contracts - fair value through profit or loss	208,814	Power purchase agreements classified as derivatives are valued using forecast generation.	A 20% increase or decrease in the generation forecasts used in the contract valuations would result in a $39,270,000 increase or decrease in fair value.

Master netting arrangements - not currently enforceable

Agreements with wholesale electricity derivative counterparties are based on an International Swaps and Derivatives Association (ISDA) Master Agreement and similar agreements. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the following tables. The net amount of financial assets summarised in the following tables best represent the Group's maximum exposure to credit risk on those derivatives at the reporting date.

12. Derivative financial instruments (continued)

2023	Amounts presented in the balance sheet $'000	Amounts subject to master netting agreements $'000	Financial instrument collateral $'000	Net amount $'000
Financial assets				
Derivative financial instrument assets	3,528,108	(2,839,679)	-	688,429
Cash collateral	906,212	-	(904,984)	1,228
Total	**4,434,320**	**(2,839,679)**	**(904,984)**	**689,657**
Financial liabilities				
Derivative financial instrument liabilities	(4,208,286)	2,839,679	904,984	(463,623)
Total	**(4,208,286)**	**2,839,679**	**904,984**	**(463,623)**

2022	Amounts presented in the balance sheet $'000	Amounts subject to master netting agreements $'000	Financial instrument collateral $'000	Net amount $'000
Financial assets				
Derivative financial instrument assets	8,637,580	(8,176,822)	(6,126)	454,632
Cash collateral	1,285,616	-	(1,280,299)	5,317
Total	**9,923,196**	**(8,176,822)**	**(1,286,425)**	**459,949**
Financial liabilities				
Derivative financial instrument liabilities	(11,962,311)	8,176,822	1,280,299	(2,505,190)
Other current liabilities	(6,331)	-	6,126	(205)
Total	**(11,968,642)**	**8,176,822**	**1,286,425**	**(2,505,395)**

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including commodity price risks and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses mainly on the unpredictability of the electricity and financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and electricity commodity price risks, a counterparty credit ratings analysis for credit risk and a contracts aging analysis for liquidity risk.

Financial risk management is carried out by the Finance and Commercial division under policies approved by the Board. The Energy Markets division identifies, evaluates and hedges market risks. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating interest rate and credit risk, use of derivative financial instruments and investment of surplus funds.

Commodity price risk

The Group uses derivative financial instruments to hedge certain risk exposures, primarily exposure to fluctuations in the prices of wholesale electricity and environmental certificates.

12. Derivative financial instruments (continued)

Electricity contracts

The Group is exposed to electricity price movements in the NEM. To manage this electricity price risk, the Group has entered into electricity sales contracts and a number of electricity derivatives (including over-the-counter and exchange traded swaps, caps and option contracts) in accordance with the Board approved Trading Risk Management Policy. The derivatives are timed to settle contemporaneous with the cash flows of the economically hedged electricity sales and purchases. Electricity price risk exposures are measured weekly through the review of the Group's mark-to-market exposure of the net derivative asset and liability position and relevant at-risk simulation methods.

Environmental contracts

The Group is exposed to environmental certificate price movements through their requirement to comply with various regulatory environmental schemes as part of their normal business operations.

To manage its environmental certificate price risk, the Group contracts the acquisition of environmental certificates under power purchase agreements and buys and sells certificates in both the spot and forward markets. These certificates are classified as inventory. To derive additional income from environmental certificates, the Group trades in environmental derivative contracts, such as forward contracts and options.

Sensitivity analysis

The following table summarises the sensitivity of the Group's derivative financial instruments to electricity and environmental price risk. The analysis is performed on a pre-tax basis using similar information to that which would be provided to management and reflects the impact on the Group's financial position at balance date should upward and downward movements of electricity forward prices of 50% or environmental certificate forward prices of 20% occur.

	Average price increase			Average price decrease		
	% change	Effect on profit before tax $'000	Effect on equity $'000	% change	Effect on profit before tax $'000	Effect on equity $'000
Electricity price - 2023	50%	1,041,996	(1,590,227)	(50%)	(1,049,246)	1,583,717
Electricity price - 2022	50%	764,450	(2,738,052)	(50%)	(796,345)	2,737,672
Environmental price - 2023	20%	99,310	-	(20%)	(99,296)	-
Environmental price - 2022	20%	60,852	-	(20%)	(60,816)	-

Credit risk

Credit risk exposure refers to the situation where the Group may incur financial loss as a result of another party to a financial instrument failing to fulfil their contractual obligation. Concentrations of credit risk exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Derivative counterparty credit risk exposures are predominantly to financial institutions and energy market participants.

The Group utilises industry practice credit review processes and security instruments to manage its credit risks. The Group's credit risk exposure for derivatives is managed by trading with energy industry counterparties under ISDA agreements. The credit exposure of derivatives is calculated utilising a value at risk methodology which takes into account the current market value, duration of exposure, diversification of the counterparty's market operations, likelihood of default of the counterparty, the expected loss given default, credit collateral and the volatility of market prices. The Group manages its exposure to credit risk for certain derivatives on a net position basis for each of the counterparties. Those net positions are provided in the preceding section "master netting arrangements not currently enforceable". The fair values of derivatives include adjustment for credit risk factors.

12. Derivative financial instruments (continued)

A summary of the credit quality of derivative financial assets is assessed by reference to external credit ratings as reflected in the following table:

	Consolidated	
	2023 $'000	2022 $'000
AA+ to AA-	101,662	68,078
A+ to A-	2,502,182	7,950,788
BBB+ to BBB-	157,906	65,419
Other and non-rated	766,358	553,295
	3,528,108	**8,637,580**

Credit risk incorporates the risks associated with the Group transacting with customers and counterparties who could be impacted by climate change or by changes to laws, regulations or other policies adopted by governments or regulatory authorities including carbon pricing and climate change adaptation or mitigation policies.

Liquidity risk

The Group is subject to cash flow volatility and manages a substantial portion of that risk by entering into derivatives. To the extent that volatility still arises, the Group manages liquidity risk by maintaining sufficient cash and undrawn facilities to meet unexpected volatility, refer note 17 Non-current borrowings.

The following table analyses the Group's remaining contractual maturity for its derivative financial instrument liabilities. The table is based on the undiscounted cash flows and the earliest date on which they are required to be paid.

	1 year or less $'000	Between 1 and 5 years $'000	Greater than 5 years $'000	Remaining contractual maturities $'000
Derivative financial instrument liabilities - 2023	2,919,572	1,307,858	25,454	4,252,884
Derivative financial instrument liabilities - 2022	8,547,334	3,470,397	-	12,017,731

Hedge accounting activities - cash flow hedges

The electricity derivatives designated as cash flow hedges of electricity sales are a net cash flow of receive fixed price and pay variable observed NEM price per megawatt hour. The electricity derivatives designated as cash flow hedges of electricity purchases are a net cash flow of receive variable observed NEM price and pay fixed price per megawatt hour. These derivatives are entered into as part of the economic hedging strategies in accordance with the Trading Risk Management Policy.

The cash flows of the hedged electricity sales and purchases are expected to occur over the next 4 years (2022: 5 years), with the hedge reserve reclassifications to the profit or loss within the same financial years as the cash flows.

The Group documents at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the electricity swaps closely match the nominal amount and expected settlement date of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the contracts are identical to the hedged risk component (electricity price). To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

12. Derivative financial instruments (continued)

The hedge ineffectiveness can arise from:

- Differences in the periodic volumes of the hedging instruments and hedged items;
- Different indexes (forward electricity prices) linked to the hedged risk of the hedged items and hedging instruments;
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items; and
- Changes to forecast timing of the cash flows of the hedged items and the hedging instruments.

The impact of the electricity swap hedging instruments on the balance sheet is, as follows:

As at 30 June 2023	**Highly probable forecast electricity sales $'000**	**Highly probable forecast electricity purchases $'000**	**Total $'000**
Current assets	80,294	372,797	453,091
Non-current assets	93,142	61,970	155,112
Current liabilities	(964,720)	(10,049)	(974,769)
Non-current liabilities	(351,349)	(7,330)	(358,679)
Nominal amount of electricity swap hedging instruments	**36,130,002 MWH**	**7,223,136 MWH**	
The fixed cash flows are for prices per MWh of:	**$32 to $496**	**$32 to $265**	

As at 30 June 2022	**Highly probable forecast electricity sales $'000**	**Highly probable forecast electricity purchases $'000**	**Total $'000**
Current assets	-	1,247,451	1,247,451
Non-current assets	38,472	331,780	370,252
Current liabilities	(3,608,953)	(66)	(3,609,019)
Non-current liabilities	(1,248,676)	(32)	(1,248,708)
Nominal amount of electricity swap hedging instruments	**43,367,139 MWh**	**10,053,567 MWh**	
The fixed cash flows are for prices per MWh of:	**$31 to $235**	**$30 to $334**	

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is as follows:

	Effective gain/(loss) recognised in OCI $'000	**Ineffective gain/(loss) recognised in profit or loss $'000**	**Change in fair value of hedging instrument $'000**	**Change in fair value of the hedged item attributable to the hedged risk $'000**	**Gain/(loss) reclassified from OCI to profit or loss $'000**
Year ended 30 June 2023					
Highly probable forecast electricity sales	2,002,210	101,548	2,103,758	(2,000,386)	(1,423,594)
Highly probable forecast electricity purchases	(800,112)	(24,929)	(825,041)	801,709	350,843
	1,202,098	**76,619**	**1,278,717**	**(1,198,677)**	**(1,072,751)**

12. Derivative financial instruments (continued)

Year ended 30 June 2022					
Highly probable forecast electricity sales	(6,030,789)	(138,473)	(6,169,262)	5,632,478	(1,781,204)
Highly probable forecast electricity purchases	1,888,230	41,746	1,929,976	(1,889,631)	526,160
	(4,142,559)	**(96,727)**	**(4,239,286)**	**3,742,847**	**(1,255,044)**

Ineffectiveness recognised in profit or loss is included in “non hedge accounted change in fair value of derivative instruments”.

	2023 $'000	**2022 $'000**
Cash flow hedge reserve movements		
Balance at the beginning of the year	**(2,202,383)**	**(181,021)**
Effective portion of changes in fair value of cash flow hedges of electricity swaps	1,202,098	(4,142,559)
Effective portion of changes in fair value of cash flow hedges of currency forwards	5,001	(645)
Net change in fair value of cash flow hedges of electricity swaps transferred to other revenue	1,072,751	1,255,044
Net change in fair value of cash flow hedges of currency forwards transferred to property, plant and equipment	1,200	500
Income tax equivalent relating to these items	(684,315)	866,298
Balance at the end of the year	**(605,648)**	**(2,202,383)**
Represented by:		
Balances for continuing hedges		
Highly probable forecast electricity sales	(773,511)	(3,199,265)
Highly probable forecast electricity purchases	194,369	996,537
Highly probable forecast foreign currency purchases	4,118	(247)
Balances remaining for which hedge accounting is no longer applied		
Highly probable forecast electricity sales	(30,662)	(2,975)
Highly probable forecast electricity purchases	108	3,613
Highly probable forecast foreign currency purchases	(70)	(46)
	(605,648)	**(2,202,383)**

13. Trade and other payables

	Consolidated	
	2023 $'000	**2022 $'000**
Trade payables	75,031	383,462
Accrued expenses	169,806	168,146
	244,837	**551,608**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting date.

Application of accounting policies

The Group recognises an amount payable where contractually obliged or where there is a past practice that has created a constructive obligation. The Group accrues an expense for bonuses based on a formula that takes into consideration, amongst other factors, the profit attributable to the Company’s shareholders after certain adjustments.

14. Current provisions

	Consolidated 2023 $'000	2022 $'000
Employee benefits	51,988	49,534
Restoration, rehabilitation and decommissioning	7,025	9,145
Other	4,394	16,675
Restructuring costs	-	577
	63,407	**75,931**

Dividends

Refer to note 19 Dividends for further information.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes annual and long service leave. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months:

	Consolidated 2023 $'000	2022 $'000
Employee benefits obligation expected to be settled after 12 months	17,649	17,940

Application of accounting policies

A provision is recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

15. Non-current provisions

	Consolidated 2023 $'000	2022 $'000
Employee benefits - long service leave	1,254	992
Restoration, rehabilitation and decommissioning	434,126	367,915
Other provisions	18,379	15,980
	453,759	**384,887**

15. Non-current provisions (continued)

Consolidated - 2023	Total Restoration $'000
Carrying amount at the start of the year	**377,060**
Payments	(3,601)
Movement in estimates	56,517
Unwinding of discount	11,175
Unused provision	-
Carrying amount at the end of the year	**441,151**

Long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted at the end of the reporting period using appropriate market based pre-tax discount rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Superannuation

A defined contribution plan receives fixed contributions from the Group and the Group's legal or constructive obligation is limited to these contributions. The contributions are recognised as an expense as they become payable.

Restoration, rehabilitation and decommissioning

Future costs associated with the rehabilitation of power station sites, close down and restoration of coal mines, and the make good of corporate office space are estimated and provided for. In relation to mining activities, restoration and rehabilitation costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the site development or during the production phase, based on the net present value of estimated future costs. Provisions for restoration and rehabilitation costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to formal review at regular intervals.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost is amortised over the estimated economic life of the operation. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense which is recognised as a finance cost. The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the profit or loss in each accounting period. The amortisation of the discount is shown as a financing cost, rather than as an operating cost.

Application of accounting estimates and judgements

Employee benefits

Provisions for employee benefits are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

15. Non-current provisions (continued)

Restoration, rehabilitation and decommissioning

The costs for the restoration of site damage which arises during production are provided at their net present values and charged against operating profits as the extraction progresses. This calculation requires the use of key assumptions including the timing of restoration work, legal requirements, potential changes in climate conditions and a discount rate.

Provisions for Restoration, rehabilitation and decommissioning obligations are based on risk adjusted cash flows. These estimates have been discounted to their present value at a pre-tax risk free rate, based on an estimate of the long-term, risk free, pre-tax cost of borrowing. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. As at 30 June 2023, the Group reassessed its estimate of the pre-tax discount rate from a range of 2.95% to 3.05% to a discount rate of 3.45% resulting in a decrease to the provision of $23,216,759.

Future climate-related conditions, legislation and policies may have an impact on these estimates and will continue to be monitored.

These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision at each site is reviewed periodically and based on the facts and circumstances available at the time.

The closing balance includes amounts relating to the restoration of the Tarong Power Station, Tarong North Power Station, Meandu Mine and Stanwell Power Station locations. The estimated timing of restoration activities and associated cashflows for the Tarong Power Station, Tarong North Power Station, Meandu Mine and Stanwell Power Station site remediation work has been brought forward, reflecting progressive repurposing of the power stations as outlined in the Queensland SuperGrid Infrastructure Blueprint. The impact of the change in timing has been included in the measurement of the provision at 30 June 2023.

16. Current borrowings

	Consolidated	
	2023 $'000	2022 $'000
Unsecured borrowings	35,863	760,562
Lease liability	2,549	1,511
	38,412	**762,073**

Unsecured borrowings are provided by QTC (principal due in the next 12 months). Additional information about the long term debt facility is included in note 17 Non-current borrowings.

Application of accounting policies

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of liability.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk free interest rate adjusted for credit risk for leases held, which does not have recent third party financing; and
- Makes adjustments specific to the lease (e.g. term and security).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments

Property leases contain variable payment terms relating to outgoings. Outgoings means all expenses paid or payable by the Landlord and legally recoverable from the Tenant for a financial year in connection with the Land and Building including for example all levies, taxes, rates, water, refuse collection, fire services levies, insurance premiums, cleaning and maintenance expenditure. The Company treats outgoings as a non-lease component and recognises as an operating expense in the profit or loss as incurred.

Extension and termination options

Extension options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

16. Current borrowings (continued)

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option.

Extension options are only included in the lease term if the lease is reasonably certain to be extended. Extension options for office leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

As at 30 June 2023, potential future cash outflows of $12,203,359 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The lease term is reassessed if an option is actually exercised or the Group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and it is within control of the lessee.

17. Non-current borrowings

Financial liabilities at amortised cost

	Consolidated	
	2023 $'000	2022 $'000
Unsecured borrowings	1,523,113	760,981
Lease liability	19,587	6,603
	1,542,700	**767,584**

Unsecured borrowings

Unsecured long-term borrowings of $1,558,975,743 are provided by QTC and include $35,862,666 of current borrowings, refer note 16 Current borrowings and $1,523,113,077 of non-current borrowings.

Lease liabilities

Refer to note 16 Current borrowings for further information on lease liabilities.

Fair value

The fair value of unsecured borrowings for the Group at 30 June 2023 was $1,508,193,960 (2022: $760,117,663) compared to a carrying amount of $1,558,975,743 (2022: $793,474,381). Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. This is classified as level 2 in the fair value movements hierarchy.

Application of accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of borrowing facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

17. Non-current borrowings (continued)

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Where the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period, these are classified as non-current liabilities.

Financial risk management objective

Interest rate risk

Interest rates on the unsecured borrowings are at book rate which is reviewed and updated as necessary once per year to reflect the evolving market rate of interest that the QTC pays to investors to service the underlying bond funding. The total interest rate payable includes a Competitive Neutrality Fee payable to Queensland Treasury, representing the difference between the cost at which QTC is able to source debt and the estimated cost of debt for the Company were it to be a stand-alone entity not owned by the Queensland Government. The Competitive Neutrality Fee can be adjusted up or down according to changes in credit quality of the Company and market changes to the relative cost of debt compared with a highly-rated government issuer.

An increase/decrease in interest rates of 100 basis points (2022: range between 10 and 100 basis points) would have an adverse/favourable effect as described in the following tables. The percentage change is based on the expected volatility of interest rates using QTC forecasts.

		Basis points increase			Basis points decrease	
	%	Effect on profit before tax $'000	Effect on equity $'000	%	Effect on profit before tax $'000	Effect on equity $'000
2023						
Cash and cash equivalents	1.00%	1,326	-	(1.00%)	(1,326)	-
Advances facility	1.00%	814	-	(1.00%)	(814)	-
Borrowings	1.00%	(8,086)	-	(1.00%)	8,125	-
		(5,946)	-		**5,985**	-

		Basis points increase			Basis points decrease	
	%	Effect on profit before tax $'000	Effect on equity $'000	%	Effect on profit before tax $'000	Effect on equity
2022						
Cash and cash equivalents	1.00%	602	-	(1.00%)	(602)	-
Advances facility	1.00%	8	-	(1.00%)	(8)	-
Borrowings	1.00%	(144)	-	(1.00%)	180	-
		466	-		**(430)**	-

17. Non-current borrowings (continued)

Liquidity risk

The Group is subject to cash flow volatility and manages a substantial portion of that risk by entering into derivatives. To the extent that volatility still arises, the Group manages liquidity risk by maintaining sufficient cash and undrawn facilities to meet unexpected volatility. The Group uses stress testing to measure extreme cash flow risk. The Group has access to QTC funds as required once shareholding Ministers' annual approval for the borrowing purpose has been received. Ongoing credit criteria and reporting requirements must be met and the facility is assessed by QTC annually.

Capital management

The Group sources all long-term borrowings from QTC and QTC manages debt financing, including new debt raising and the re-financing of existing borrowings, on behalf of the Group in accordance with agreed benchmarks. The Group monitors capital on the basis of agreed financial covenants (EBITDA Debt Service Coverage Ratio and Total Debt to Total Capital Ratio). QTC has provided Stanwell with a limited waiver in respect of these ratios until 1 October 2024.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2023 $'000	2022 $'000
Expiring within one year (bank overdraft and working capital facility)	402,000	1,202,000

The overdraft facility is with the Australia and New Zealand Banking Group Ltd and has an approved limit of $2,000,000 (2022: $2,000,000). The working capital facility is with QTC and has an approved limit of $400,000,000 (2022: $1,200,000,000). The working capital facility will increase to $600,000,000 on 1 July 2023.

As at 30 June 2023, the Group had drawn down $nil against the working capital facility (2022: $728,069,332). Additional information about this facility is included in note 16 Current borrowings.

Remaining contractual maturities

The following table analyses the Group's remaining contractual maturity for its borrowings. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The table includes both interest and principal cash flows.

	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Borrowings - 2023	96,475	1,071,296	781,564	1,949,335
Borrowings - 2022	59,647	238,869	826,124	1,124,640

18. Contributed equity

	Consolidated			
	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares (A class) - fully paid *	4	4	-	-
Ordinary shares (B class) - fully paid *	924,568,658	924,568,658	1,166,746	977,619
	924,568,662	**924,568,662**	**1,166,746**	**977,619**

* Balance of Ordinary shares comprises Share Capital and Transactions with owners

18. Contributed equity (continued)

Movements in ordinary share capital

Details	Date	$'000
Balance	1 July 2021	977,619
Balance	30 June 2022	977,619
Equity injection from Queensland Renewable Energy and Hydrogen Jobs Fund relating to Wambo Wind Farm	21 December 2022	192,500
Solar 150 Program	30 June 2023	(18,373)
Equity injection from Queensland Renewable Energy and Hydrogen Jobs Fund relating to the CQ-H2 Project	19 June 2023	15,000
Balance	30 June 2023	1,166,746

Solar 150 Program

On 30 June 2023, under section 257 of the Electricity Act, the State's obligations under the Solar 150 Program until 30 June 2030 were transferred to Stanwell Corporation Ltd.

The fair value at the date of transfer of $18,373,000 (loss) (net of tax) has been recognised in equity. Subsequent to initial recognition, the arrangement will be accounted for as a derivative financial instrument at fair value through profit and loss.

Ordinary shares

The Company is wholly owned by the State of Queensland.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and holders of A class shares are entitled to one vote per share at a shareholders' meeting. B class shares have non-voting rights at a shareholders' meeting. The shares have no par value.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

19. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

20. Income tax

	Consolidated 2023 $'000	Consolidated 2022 $'000
Income tax equivalent expense/(benefit)		
Current tax equivalent	150,689	106,660
Deferred tax equivalent	(72,544)	(49,530)
Adjustments for current tax equivalent of prior periods	16,142	(16)
Adjustments for deferred tax equivalent of prior periods	(16,228)	2,601
Aggregate income tax equivalent expense	**78,059**	**59,715**
Deferred tax included in income tax equivalent expense comprises:		
(Increase)/decrease in deferred tax equivalent assets	1,075,913	(3,374,757)
Increase/(decrease) in deferred tax equivalent liabilities	(1,148,457)	3,325,227
Deferred tax equivalent	**(72,544)**	**(49,530)**
Numerical reconciliation of income tax equivalent expense/(benefit) and tax at the statutory rate		
Profit before income tax equivalent expense	253,275	208,122
Tax at the statutory tax rate of 30%	**75,983**	**62,437**
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Derecognition of deferred tax balances	2,141	(2,783)
Non-deductible expenses	21	77
	78,145	59,731
Adjustments for tax equivalent of prior periods	(86)	(16)
Income tax equivalent expense	**78,059**	**59,715**

	Consolidated 2023 $'000	Consolidated 2022 $'000
Tax equivalent benefit/(expense) relating to items of other comprehensive income and recognised directly in equity		
Cash flow hedges recognised in other comprehensive income	(683,955)	866,448
Cash flow hedges recognised in reserves	(360)	(150)
Transfer through equity- Solar 150 Program	7,874	-
Actuarial (gains) on defined benefit plans	(33)	(2,769)
	(676,474)	**863,529**

The Company and its wholly owned Australian controlled entities form a tax consolidated group.

The Company as head entity in the tax consolidated group is required to make income tax equivalent payments to the State Government and is not liable to pay Commonwealth tax that would be payable if it were not a Government Owned Corporation.

These payments are made pursuant to section 129(4) of the GOC Act and are based upon rulings set out in the Treasurer's Tax Equivalents Manual. The National Tax Equivalents Regime gives rise to obligations which reflect in all material respects those obligations for taxation which would be imposed by the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*.

20. Income tax (continued)

Income tax equivalent expense is made up of current tax equivalent expense and deferred tax equivalent expense. Current tax equivalent expense represents the expected tax payable on the taxable income for the year, using current tax rates and any adjustment to the tax payable in respect of previous years. Deferred tax equivalent expense represents change in temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Deferred tax asset/(liability)		
Net deferred tax equivalent asset/(liability) comprises temporary differences attributable to:		
Employee benefits	15,973	15,158
Derivatives	1,305,058	3,591,018
Provisions	142,225	125,977
Other liabilities	18,603	14,537
Property, plant and equipment	(115,245)	(140,197)
Defined benefits plan	(5,640)	(5,735)
Derivatives	(922,475)	(2,574,448)
Inventories	(43,557)	(34,220)
Other assets	(1,679)	(11,125)
Deferred tax liability	**393,263**	**980,965**
Movements:		
Opening balance	**980,965**	**67,906**
Charged to profit or loss	88,772	49,530
Cash flow hedges charged to equity	(683,955)	866,448
Cash flow hedges recognised in reserves	(360)	(150)
Actuarial (gains)/losses on defined benefit plans	(33)	(2,769)
Transfer through equity - Solar 150 Program	7,874	-
Closing balance	**393,263**	**980,965**

Tax effect accounting

The Group adopts the balance sheet approach to accounting for income tax equivalent payments.

Deferred tax equivalent balances arise when there are temporary differences between carrying amounts and the tax bases of assets and liabilities, other than for the following:

- Where the difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit nor taxable profit or loss;
- Where the temporary difference relates to investments in subsidiaries, associates and interests in joint arrangements to the extent the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Where the temporary difference arises on the initial recognition of goodwill.

Deferred tax equivalent assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax equivalent assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.

Tax equivalent assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

20. Income tax (continued)

Current and deferred tax equivalent balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

	Consolidated	
	2023 $'000	2022 $'000
Income tax payment due	4,514	4,966

Tax consolidation

As a consequence of the establishment of the tax consolidated group, the current and deferred tax equivalent amounts for the tax consolidated group are allocated among the entities in the Group using a stand-alone taxpayer approach whereby each entity in the tax consolidated group measures its current and deferred taxes as if it continued to be a separate taxable entity in its own right. Deferred tax equivalent assets and deferred tax equivalent liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values under consolidation.

The tax consolidated group has entered into a tax sharing agreement and tax funding agreement. The tax funding agreement requires each wholly owned controlled entity to pay to the Company the current tax equivalent liability (or asset) and any unused tax losses assumed by the Company. The tax sharing agreement sets out the allocation of income tax equivalent liabilities amongst the entities should the Company default on its tax obligations and the treatment of entities exiting the tax consolidated group.

In accordance with the tax funding agreement and *Interpretation 1052 Tax Consolidation Accounting*, any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses from the wholly owned controlled entities in the tax consolidated group are recognised by the Company. To the extent that the amounts recognised by the Company and its wholly owned entities are equivalent, amounts payable to (receivable by) the Company are accounted for through inter-company loan accounts.
Any differences between these amounts are recognised by the Company as an equity contribution to or distribution from the wholly owned controlled entities. Distributions firstly reduce the carrying amount of the investment in the wholly owned controlled entities and are then recognised as revenue.

21. Key Management Personnel

(a) Directors

The following persons were Directors of the Company and its subsidiaries during the financial year.

Directors
Paul Binsted - *Chair*
Adam Aspinall (From 1 July 2022 to 14 December 2022)
Adrian Noon (From 15 December 2022)
Jacqueline King
Karen Smith-Pomeroy
Marianna O'Gorman
The Hon. Wayne Swan

(b) Other key management personnel

The following management personnel, all of whom were employed by the Company, had the authority and responsibility for planning, directing and controlling the activities of the Group during the financial year:

Chief Executive Officer - Michael O'Rourke
Chief Financial Officer - Catherine Cook (From 29 August 2022)
Acting Chief Financial Officer - Darren Wiltshire (From 1 July 2022 to 31 August 2022)
Chief Operating Officer - James Oliver
Executive General Manager Energy Markets - Sophie Naughton
Executive General Manager Business Services - Glenn Smith(1)
Executive General Manager Growth & Future Energy - Stephen Quilter(2)
Acting Executive General Manager Growth & Future Energy - Richard Jeffery (From 1 July 2022 to 11 September 2022)
Acting Executive General Manager Strategic Partnerships - Richard Jeffery (From 6 February 2023)

(1) Appointed Executive General Manager Business Services on 1 August 2022, prior to this acted in the role for nine months.

(2) In January 2022, the Executive General Manager Growth & Future Energy was seconded to Department of Energy and Public Works until 28 August 2022.

(c) Remuneration of key management personnel

Directors

Directors' remuneration is determined by the shareholding Ministers. In addition, the shareholding Ministers have determined remuneration payable to Directors who are members of various Board committees. Directors' remuneration comprises Directors' fees, committee fees and superannuation contributions. Directors are reimbursed for reasonable expenses incurred whilst conducting business on behalf of the Company.

Directors' compensation does not include insurance premiums paid by the Company or related parties in respect of Directors' and officers' liabilities and legal expenses, as the insurance policies do not specify premiums paid in respect of individual directors.

Other key management personnel
Remuneration policy

The Company's Board approved *Senior Executive - Recruitment, Appointment and Remuneration Policy* provides that:

- recruitment and appointment of Senior Executives will be based on the principles of merit and equity;
- remuneration of Senior Executives will be aligned to the Company's Corporate Plan and organisational objectives and reviewed regularly to ensure that strategic business requirements are supported; and
- remuneration arrangements will be consistent with the Queensland Government's Policy for Government Owned Corporations Chief and Senior Executive Arrangements Version 2.

21. Key Management Personnel (continued)

Remuneration packages for the Chief Executive Officer and other key management personnel comprise the following components:

- base salary, which is payable in cash and based on an applicable market rate, as assessed by independent remuneration consultants;
- retirement benefits delivered under defined contribution superannuation funds nominated by the key management personnel;
- at-risk performance incentives, which are payable annually in cash or superannuation, or a combination of both, depending upon the satisfaction of key criteria; and
- other benefits, which may include private health insurance, access to a pool car park, airline club membership or equivalent, mobile device and associated costs and residential internet connection for remote access.

Link between remuneration paid and performance of the Group

Directors' remuneration is not directly linked to the performance of the Group, with any remuneration increases being determined by the shareholding Ministers in accordance with section 84 of the GOC Act. Directors do not receive any performance related remuneration.

In accordance with the *Senior Executive - Recruitment, Appointment and Remuneration Policy*, remuneration increases for the Chief Executive Officer and other key management personnel are determined on an annual basis taking into account:

- the outcome of individual performance reviews;
- movement in market rates;
- government policy;
- the Company's capacity to pay; and
- advice from shareholding Ministers.

Where the Chief Executive Officer and other key management personnel are not currently remunerated at the market median for their role, increases may be awarded up to 10% of their total fixed remuneration. If a Senior Executive is remunerated at the market median, the Board may increase their remuneration by either the All Groups Brisbane Consumer Price Index or the Australian Bureau of Statistics Wages Price Index (Queensland – All Sectors – excluding bonuses), for the March quarter each year.

Where shareholding Ministers have approved remuneration above the market median, the Board can approve annual increases up to this revised market median plus the approved above market percentage, based on performance.

At-risk performance incentive payments of the Chief Executive Officer and other key management personnel are capped at 15% of total fixed remuneration (base salary and superannuation). The amounts payable are based on achievement of pre-determined corporate, divisional, individual performance targets and a values assessment as approved by the Board.

Service agreements

Service agreements are not in place for Directors.

The Chief Executive Officer's appointment is approved by the shareholding Ministers upon recommendation of the Board. The remuneration and other terms of employment for the Chief Executive Officer are specified in an employment contract.

The Chief Executive Officer is employed on an ongoing (tenured) basis commencing in November 2021. Where the Chief Executive Officer terminates employment at the initiative of the Executive (including resignation, retirement, or notification they do not wish to continue employment with Stanwell), the Chief Executive Officer is not entitled to a termination payment.

The termination benefits applicable to the Chief Executive Officer include:

- payment of termination benefit on early termination by the Group, except for serious misconduct, bankruptcy, serious offence, unsatisfactory performance or incapacity is equal to six months salary.

21. Key Management Personnel (continued)

Senior Executive appointments are approved by the Board. The remuneration and other terms of employment for these roles are specified in employment contracts. Senior Executive appointments continue to be made in accordance with the *Queensland Government's Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements Version 2* unless otherwise determined by shareholding Ministers.

Contract dates for the Senior Executive roles are as follows:

- Chief Financial Officer - commenced employment with Stanwell on an ongoing (tenured) basis in August 2022.
- Chief Operating Officer - commenced employment with Stanwell on an ongoing (tenured) basis in June 2019.
- Executive General Manager Energy Markets - commenced employment with Stanwell on an ongoing (tenured) basis in December 2019.
- Executive General Manager Growth & Future Energy - commenced employment with Stanwell on an ongoing (tenured) basis in July 2016.
- Executive General Manager Business Services - commenced employment with Stanwell on an ongoing (tenured) basis in February 2021 under a Common Law Employment Contract underpinned by the *Queensland Government's Policy for Government Owned Corporation Wages and Industrial Relations Policy 2015*.
- Acting Executive General Manager Strategic Partnerships - commenced employment with Stanwell on an ongoing (tenured) basis in July 2007.

(d) Details of remuneration

Details of the remuneration of each Director of the Company and each of the other key management personnel of the Group are set out in the following tables:

Directors of Stanwell Corporation Limited

Name 2023	Short-term benefits Cash salary $'000	Committee Fees $'000	Post employment Superannuation $'000	Total $'000
Paul Binsted	79	9	11	99
Adam Aspinall	14	4	2	20
Jacqueline King	30	6	5	41
Karen Smith-Pomeroy	31	10	5	46
Marianna O'Gorman	31	8	5	44
The Hon. Wayne Swan	30	-	4	34
Adrian Noon	17	2	3	22
Total	**232**	**39**	**35**	**306**

2022	Short-term benefits Cash salary $'000	Committee Fees $'000	Post employment Superannuation $'000	Total $'000
Paul Binsted	79	9	9	97
Adam Aspinall	18	5	2	25
Jacqueline King	31	6	4	41
Karen Smith-Pomeroy	31	10	4	45
Marianna O'Gorman	11	2	1	14
The Hon. Wayne Swan	31	-	3	34
Total	**201**	**32**	**23**	**256**

21. Key Management Personnel (continued)

Other key management personnel of the Group

	Short-term employee benefits			Post employment	Long-term benefits	
2023	**Cash Salary $'000**	**Bonus $'000**	**Non monetary benefits $'000**	**Superannuation $'000**	**Long service leave $'000**	**Total $'000**
Chief Executive Officer	715	88	27	102	18	950
Chief Financial Officer (1)	296	-	24	38	7	365
Acting Chief Financial Officer (2)	56	-	2	6	1	65
Chief Operating Officer	408	60	30	60	10	568
Executive General Manager Business Services (3)	354	47	11	51	9	472
Executive General Manager Energy Markets	378	58	22	57	10	525
Executive General Manager Growth & Future Energy (4)	396	60	20	58	10	544
Acting Executive General Manager Growth & Future Energy (5)	67	-	2	7	1	77
Acting Executive General Manager Strategic Partnerships (6)	141	-	4	23	3	171
Total	**2,811**	**313**	**142**	**402**	**69**	**3,737**

(1) Catherine Cook performed the role of Chief Financial Officer from 29 August 2022.

(2) Darren Wiltshire performed the role of Acting Chief Financial Officer from 1 July 2022 to 28 August 2022.

(3) Glenn Smith performed the role of Executive General Manager Business Services from 30 July 2022. Prior to this, Glenn Smith acted in this role for nine months.

(4) Stephen Quilter was seconded to Department of Energy and Public Works until 28 August 2022.

(5) Richard Jeffery performed the role of Acting Executive General Manager Growth & Future Energy between 1 July 2022 to 27 August 2022.

(6) Richard Jeffery performed the role of Acting Executive General Manager Strategic Partnerships from 6 February 2023.

21. Key Management Personnel (continued)

Position	Short-term employee		benefits	Post employment	Long-term benefits	
2022	**Cash Salary $'000**	**Bonus* $'000**	**Non monetary benefits $'000**	**Superannuation $'000**	**Long service leave $'000**	**Total $'000**
Chief Executive Officer (7)	391	-	21	39	10	461
Acting Chief Executive Officer (8)	227	-	3	23	5	258
Chief Financial Officer (9)	151	-	4	15	4	174
Acting Chief Financial Officer (10)	180	-	5	18	3	206
Chief Operating Officer	378	-	25	38	9	450
Executive General Manager Energy Markets (11)	363	14	21	38	9	445
Acting Executive General Manager Business Services	318	49	6	37	8	418
Executive General Manager Growth & Future Energy (12)	379	-	16	38	9	442
Acting Executive General Manager Growth & Future Energy (13)	141	-	4	14	3	162
Total	**2,528**	**63**	**105**	**260**	**60**	**3,016**

* Represents the bonus paid during the financial year for the performance of the previous financial years earned in non-key Management roles. No bonus or salary increase was paid in Financial Year 2021/22 (earned for Financial Year 2020/21), in accordance with the temporary Addendum to the Policy for *Government Owned Corporations Chief and Senior Executive Officer Employment* Contracts.

(7) Michael O'Rourke performed the role of Chief Executive Officer from 24 November 2021.

(8) Adam Aspinall performed the role of Acting Chief Executive Officer between 17 May 2021 to 23 November 2021.

(9) Michael O'Rourke performed the role of Chief Financial Officer between 1 July 2021 to 23 November 2021.

(10) Darren Wiltshire performed the role of Acting Chief Financial Officer from 8 December 2021.

(11) Sophie Naughton performed the role of Executive General Manager Energy Markets from 8 December 2021. Prior to this, Sophie Naughton acted in this role for six months.

(12) Stephen Quilter performed the role of Executive General Manager Growth & Future Energy from 8 December 2021. Prior to this, Stephen Quilter acted in this role for six months. In January 2022, Stephen Quilter was seconded to Department of Energy and Public Works until 28 August 2022.

(13) Richard Jeffery performed the role of Acting Executive General Manager Growth & Future Energy between 17 January 2022 and 30 June 2022.

(e) Other transactions with key management personnel

A number of key management personnel of the Group are or were also Directors of other organisations which have or had transactions with the Group. All transactions in the years ended 30 June 2022 and 30 June 2023 between the Group and Directors or other key management personnel, including their related parties, were on normal commercial terms and conditions.

The Company's shareholding Ministers are identified as part of the Company's key management personnel. During the year, these Ministers were:

- The Treasurer, Minister for Trade and Investment, The Honourable Cameron Dick MP; and
- The Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement, The Honourable Michael (Mick) de Brenni MP.

21. Key Management Personnel (continued)

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Company does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by the Ministerial Services Branch within the Department of Premier and Cabinet. As all Ministers are reported as key management personnel of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements for the 2023 financial year, which are published as part of Queensland Treasury's Report on State Finances.

22. Contingencies and commitments

(a) Guarantees

All guarantees are provided in the form of unconditional undertakings provided by QTC and all except for one are secured through indemnity agreements.

These guarantees may give rise to liabilities in the Parent entity if the Parent or subsidiaries do not meet their obligations under the terms of the agreements or other liabilities subject to the guarantees.

The fair value of the above guarantees is $Nil (2022: $Nil).

Application of accounting policies

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, which is determined as the present value of the amount that would be payable to a third party for assuming the obligation, and subsequently at the higher of the amount of the obligation under the contract, as determined under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

Class action and Corporation Act (Litigation Funding) declaration

On 20 January 2021, law firm Piper Alderman, supported by litigation funder, Litigation Capital Management, commenced a class action in the Federal Court against Stanwell and CS Energy alleging a misuse of market power in relation to electricity trading in the period 1 January 2013 to 6 June 2017.

An amended statement of claim was delivered in December 2022. Stanwell lodged an amended defence in March 2023. The claim remains ongoing at the time of signing these accounts and Stanwell continues to defend the claim.

The Court has ordered an Initial Trial of certain common legal issues commencing 3 June 2024.

(b) Capital commitments

Capital expenditure committed at the end of the reporting period but not recognised as liabilities is as follows:

COMMITMENTS - CAPITAL PROPERTY, PLANT AND EQUIPMENT	2023 $'000	2022 $'000
Within one year	63,360	170,167
Later than one year but no later than five years	1,178,267	1,185,203
Greater than five years	-	1,383
TOTAL - PROPERTY, PLANT AND EQUIPMENT	1,241,627	1,356,753

23. Related party transactions

Parent entity

Ultimate control of the Group resides with the State of Queensland. The ultimate Parent entity within the Group is Stanwell Corporation Limited.

Joint operations

Interests in joint operations are set out in note 26.

Key management personnel

Disclosures relating to key management personnel are set out in note 21 Key management personnel.

Other State of Queensland controlled entities and post employment benefit plans

All State of Queensland controlled entities meet the definition of a related party in AASB 124 *Related Parties*. The Group transacts with other State of Queensland controlled entities as part of its normal operations on terms equivalent to those that prevail in arms length transactions.

The following transactions occurred with related parties:

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Sales of electricity - retail	44,346	61,609
Hedging gain/(loss)	(269,210)	(400,953)
Other revenue	5,262	1,008
Fuel costs	(19,240)	(14,953)
Employee benefits expense	(7,944)	(6,883)
Other expenses	(5,332)	(6,698)
Raw materials and consumables	(167,699)	(182,994)
Finance costs	(76,349)	(38,625)
Non hedge accounted change in fair value of derivative instruments	178,110	(68,762)
Income tax equivalent expense	(78,059)	(59,715)

Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Cash and cash equivalents	90,446	-
Trade and other receivables	85,602	6,782
Derivative financial instrument assets	113,582	74,446
Trade and other payables	(9,331)	(122,809)
Derivative financial instrument liabilities	(209,270)	(834,289)
Deferred tax equivalent balances	393,263	980,965
Current tax equivalent liabilities	(4,514)	(4,966)
Borrowings	(1,558,976)	(1,521,544)

23. Related party transactions (continued)

Key management personnel

Disclosures relating to key management personnel are set out in note 21. A Director, Karen Smith-Pomeroy is currently a non-executive director of the Queensland Treasury Corporation Board. The outstanding balance reported for Borrowings relates solely to QTC. Finance costs totalling $76,349,059 were paid to QTC during the year and interest revenue of $5,261,954 was earned from QTC. Transactions between the Group and QTC were on normal commercial terms and conditions.

All other transactions between the Group and Directors or other key management personnel, including their related parties, were immaterial in nature.

24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 $'000	**2022 $'000**
Loss after income tax	(105,413)	(185,497)
Total comprehensive income	**(105,413)**	**(185,497)**

Balance sheet

	Parent	
	2023 $'000	**2022 $'000**
Total current assets	4,013,541	8,305,048
Total assets	**6,273,128**	**12,571,741**
Total current liabilities	3,229,291	9,848,134
Total liabilities	**6,280,188**	**14,259,250**
Equity		
Contributed equity	1,166,746	977,619
Transactions with owners	(13,084)	(13,084)
Cash flow hedge reserve	(605,648)	(2,202,383)
Accumulated losses	(555,074)	(449,661)
Total deficiency in equity	**(7,060)**	**(1,687,509)**

25. Parent entity information (continued)

Guarantees entered into by the Parent entity in relation to the debts of its subsidiaries

The Company has entered into a Deed of Cross Guarantee with its subsidiaries under which each company guarantees the debts of the others.

Contingent liabilities

The Parent entity had no contingent liabilities as at 30 June 2023.

Capital commitments - Property, plant and equipment

The Parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 (2022: Nil).

Application of accounting policies

The accounting policies of the Parent entity are consistent with those of the consolidated entity, as disclosed in note 1 Significant accounting policies, except for investments in subsidiaries which are accounted for at cost, less any impairment in the Parent entity.

26. Joint Operations

The Group acquired a 50% interest in the Wambo Wind Farm Joint Operation on 15 December 2022, with Cubico Sustainable Investments (Cubico) holding the remaining interest. The Joint Operation is a staged, large-scale renewable energy development located near Jandowae in the Western Downs region of Queensland. Stanwell has acquired a 50 per cent ownership stake (126 MW) in Stage 1 of the Wambo Wind Farm, currently being developed by Cubico. Stanwell will also secure off-take for the remaining 50 per cent (126 MW) of the Project through a power purchase agreement (PPA) with Cubico and has entered into a 30-year maintenance services contract with the original equipment manufacturer (OEM), Vestas, for the operations phase.

Stanwell's investment has been and will continue to be financed through the Queensland Renewable Energy and Hydrogen Jobs Fund (equity) and Queensland Treasury Corporation (debt).

Summarised financial information for joint operations

Stanwell's interest in net assets employed in the Wambo Joint Venture Operation is detailed below. The amounts are included in the consolidated financial statements under their respective asset categories.

	2023 $'000
Assets	
Current assets	
Other current assets	915
Total current assets	**915**
Non-current assets	
Property, plant and equipment	86,052
Total non-current assets	**86,052**
Total assets	**86,967**
Liabilities	
Current liabilities	
Trade and other payables	(3,848)
Current borrowings	(724)
Total current liabilities	**(4,572)**
Non-current liabilities	
Non-current borrowings	(13,385)
Deferred tax equivalent liabilities	(32)
Total non-current liabilities	**(13,417)**
Total liabilities	**(17,989)**
Net assets/(liabilities)	**68,978**

Application of accounting policies

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Stanwell Corporation Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

27. Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

	Consolidated 2023 $'000	Consolidated 2022 $'000
Profit after income tax equivalent expense for the year	175,216	148,407
Adjustments for:		
Depreciation and amortisation	148,437	144,278
Impairment of non-current assets	159,986	-
Net loss on disposal of property, plant and equipment	1	137
Unwinding of discount on provision	11,175	7,443
Non-cash rehabilitation provision	13	(132)
Non-cash retirement benefits expense	4,387	3,200
Stock obsolescence provision	107	652
Non-cash interest unwind on lease liabilities	1,145	-
Non-cash finance income	(43,876)	(38,828)
Non-cash expected credit losses	4,260	(6,014)
Fair value loss/(gain) on financial instruments at fair value through profit and loss	1,216,128	1,355,345
Fair value (gain)/loss on environmental certificates and Surrender Liability	(16,299)	11,693
Non-cash other provision	1,525	888
Inventory fuel stockpile adjustment	85	-
Change in operating assets and liabilities:		
Decrease/(increase) in current receivables	287,681	(219,047)
Increase in inventories	(32,499)	(20,000)
Decrease/(increase) in other current assets	397,071	(1,187,057)
Increase in current financial assets	(1,606,676)	(1,139,567)
Decrease/(increase) in other non-current assets	576,223	(925,433)
(Decrease)/increase in trade and other payables	(299,795)	207,231
(Decrease)/increase in provision for income tax	(452)	771
Increase in current provisions	577	20,831
Decrease in other current liabilities	(19,895)	(3,687)
Increase/(decrease) in deferred tax liabilities	7,841	(2,769)
Decrease in rehabilitation provisions	(3,601)	(3,502)
Deferred tax reserves movement	(684,315)	866,298
Net cash inflow/(outflow) from operating activities	**284,450**	**(778,862)**

28. Changes in liabilities arising from financing activities

Consolidated	Liabilities Borrowings $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2021	821,213	8,023	829,236
Changes from financing cash flows			
Repayment of borrowings	(27,739)	-	(27,739)
Proceeds from borrowings	728,069	-	728,069
Payment of lease liabilities	-	(3,264)	(3,264)
Other changes			
New leases	-	2,461	2,461
Interest expense	29,446	1,781	31,227
Interest paid	(29,446)	(887)	(30,333)
Balance at 30 June 2022	1,521,543	8,114	1,529,657
Changes from financing cash flows			
Repayment of borrowings	(432,499)	-	(432,499)
Proceeds from borrowings	469,931	-	469,931
Payment of lease liabilities	-	(2,658)	(2,658)
Other changes			
New leases	-	15,534	15,534
Interest expense	58,048	2,291	60,339
Interest paid	(58,047)	(1,145)	(59,192)
Balance at 30 June 2023	1,558,976	22,136	1,581,112

Directors' declaration

30 June 2023

In the Directors' opinion:

(a) the financial statements and notes set out on pages 76 to 134 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 consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, 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) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 1 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 described in the corporate structure described in note 1 Significant accounting policies.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

Paul Binsted
Non-executive Director

Karen Smith-Pomeroy
Non-executive Director

25 August 2023
Brisbane

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INDEPENDENT AUDITOR'S REPORT

To the Members of Stanwell Corporation Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Stanwell Corporation Limited and its controlled entities (the group).

In my opinion, the financial report:

a) gives a true and fair view of the group's financial position as at 30 June 2023, and its financial performance and cash flows for the year then ended

b) complies with the *Corporations Act 2001*, the *Corporations Regulations 2001* and Australian Accounting Standards.

The financial report comprises the consolidated balance sheet as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*.
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. I addressed these matters 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.

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Carry values of Stanwell's property, plant and equipment

Refer to note 9 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The group's balance sheet includes property, plant and equipment totalling $1,657.7 million which is principally comprised of assets relating to coal fired power stations and mining operations. Assessing carrying values of property, plant and equipment for impairment is complex and highly judgemental. At 30 June 2023, Stanwell's assessment is based on the principles outlined in the Queensland Energy and Jobs Plan (QEJP) and Queensland SuperGrid Infrastructure Blueprint (the Blueprint) in determining forward looking assumptions about the operating and market conditions of its thermal power stations. It also involves the use of complex models to measure the recoverable amount. Key assumptions, judgements and estimates in the group's impairment testing process and determination of recoverable amount include: • allocating assets to cash generating units (CGUs) • selection of the scenario for forecasting future cash flows and determining it is the most appropriate in comparison to other possible scenarios • estimating future cash inflows and outflows based on: - the principles outlined in QEJP and the Blueprint including the proposed timing for conversion of the thermal power stations to clean energy hubs - electricity demand and available generation - renewable energy targets - wholesale electricity prices - cost of fuel and water - timing of overhauls and sustaining capital expenditure • determining the rate used to discount the forecast of cashflows to their present value.	My procedures included, but were not limited to: • with the assistance of valuation specialists: - assessing the design, integrity and appropriateness of the discounted cash flow models with reference to common industry practices and the requirements of the accounting standards - assessing the reasonableness of the scenario selected by management in estimating the recoverable amount of each CGU using the traditional cash flow approach - evaluating the scope, competency and objectivity of the group's external expert to provide assumptions adopted by management for forecast wholesale electricity prices - evaluating whether the discount rates applied were within a reasonable range by comparison to my own assessment with reference to market data and industry research • agreeing forecast cash flows to the latest budgets and forecasts approved by the Board • challenging the reasonableness of the key assumptions underlying the cash flow forecasts in light of the impacts of the principles outlined in QEJP and the Blueprint and in comparison to AEMO published data and other relevant internal and external evidence • assessing the reasonableness of long-term fuel and water costs comparing them to contractual arrangements • assessing the historical accuracy of management's forecasts by comparing prior year budgets to actual results • testing the mathematical accuracy of the discounted cash flow models • assessing the appropriateness of the disclosures included in note 9 to the financial statements.

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Accounting for derivative financial assets and liabilities

Refer to note 12 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Accounting for derivative financial assets and liabilities is inherently complex. Key factors contributing to this complexity include: • use of internal valuation models in Stanwell's estimation of the fair value of certain financial instruments. These models are complex and use key inputs that involve significant judgment due to the absence of observable market data for some assumptions; and • the group's application of hedge accounting involves judgements about Stanwell's forecast generation profile to monitor ongoing hedge effectiveness for compliance with the specific requirements of AASB 9 *Financial instruments*.	My procedures included, but were not limited to: • use of a derivative valuation specialist to assist me in: - obtaining an understanding of the valuation methodologies and assessing their appropriateness with reference to accounting standards and common industry practices - challenging management assumptions used in the valuation process and assessing the reasonableness of the key inputs by comparison to independently sourced external market data and my own assessment using knowledge and understanding of industry specific factors - for a sample of derivatives, testing the reasonableness of the valuation calculations by agreeing key terms to supporting documents (including contracts) and counter-party confirmations and recalculating the fair values for comparison to those calculated by the group based on our understanding of generally accepted derivative valuation practices • assessing Stanwell's hedge accounting process for compliance with accounting standards. This included reviewing hedge accounting documentation and testing the methodology for calculating hedge effectiveness • for cash flow hedges, assessing the reasonableness of forecast information used to support that hedged transactions are considered highly probable of occurring • testing reconciliations of the cash flow hedge reserve and assessing the appropriateness of the presentation of gains and losses in the consolidated statement of profit or loss and other comprehensive income • assessing the appropriateness of the disclosures included in note 12 to the financial statements.

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Measurement of the provision for restoration, rehabilitation and decommissioning

Refer to notes 14 and 15 in the financial report.

Key audit matter	How my audit addressed the key audit matter
As at 30 June 2023, the group has provisions for restoration, rehabilitation and decommissioning of $441.2 million relating to its power stations and mining operations. The measurement of these provisions required significant judgments in: • assessing the group's obligations under current environmental, regulatory and legal requirements and the impact on the completeness of the activities incorporated into the provision estimate • estimating the quantum and timing of future costs for restoration, rehabilitation and decommissioning activities taking into account the principles outlined in QEJP and the Blueprint; and • determining appropriate rates for annual cost escalation and to discount the forecast costs to their present values. The group determines its estimate of the provision using a combination of external expert advice and internal assessments.	My procedures included, but were not limited to: • assessing the competence, capability and objectivity of the external experts used by Stanwell in measuring the provisions • assessing the nature and quantum of costs contained in the provision calculation, and comparing it to internal and external documentation supporting the group's estimation of future required activities, including QEJP and the Blueprint, and the group's external expert reports, where available • evaluating the completeness of the provisions through examination of Stanwell's operating sites, external expert advice and relevant environmental and regulatory requirements • evaluating whether annual cost escalation factors and discount rates were within a reasonable range with reference to market and industry research • testing the mathematical accuracy of the group's present value calculations.

Other information

Other information comprises financial and non-financial information (other than the audited financial report) included in the company's annual report. At the date of this auditor's report the available other information in Stanwell Corporation Limited's annual report for the year ended 30 June 2023 was the director's report.

Those charged with governance are responsible for the other information.

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.

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Responsibilities of the company's directors for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian 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 forming an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the group's 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 report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions 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.

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- 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 audit of the group. I remain solely responsible for my audit opinion.

I communicate with the company's 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.

From the matters communicated with the company's 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 mattets 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.

IAsim

25 August 2023

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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