stanwell

Statement of Corporate Intent

2022-23

With deletions of commercially sensitive information

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Commercial-in-Confidence

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PERFORMANCE AGREEMENT

This Statement of Corporate Intent and all attachments are presented in accordance with Chapter 3, Part 8 of the *Government Owned Corporations Act 1993* (Qld) (GOC Act). In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the Statement of Corporate Intent represents a formal performance agreement between the Board of Stanwell Corporation Limited (Stanwell) and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. The Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of Stanwell for 2022/23.

This Statement of Corporate Intent is consistent with Stanwell's Corporate Plan 2022/23 to 2026/27, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

In signing this document, Stanwell's Board undertakes to achieve the targets proposed in the Statement of Corporate Intent for 2022/23.

Major changes to key assumptions that underpin the performance outcomes detailed in this Statement of Corporate Intent, and which come to the Board's attention during the year, will be brought to the attention of shareholding Ministers. Any modifications to this Statement of Corporate Intent will be dealt with in accordance with the GOC Act.

This Statement of Corporate Intent is signed by the Chair of the Stanwell Board on behalf of all the directors in accordance with a unanimous decision.

The Hon. Cameron Dick MP Treasurer and Minister for Trade and Investment	The Hon. Mick de Brenni MP Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement
Mr Paul Binsted Independent Non-executive Chair and Director Stanwell Board	

KEY PERFORMANCE INDICATORS

Shareholder return measures

Indicator	2020/21 actual	2021/22 forecast	2022/23			
			Sept YTD target	Dec YTD target	Mar YTD target	Full year target
Return on Gross Fixed Assets[1] (%)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Free Cash Flow Yield Forecast (%)*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Return on equity (%)	37.1	1.9	42.6	37.3	33.4	39.1
Cost of Energy ($/MWh Sold)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Other financial performance measures

Corporate measures	2020/21 actual	2021/22 forecast	2022/23			
			Sept YTD target	Dec YTD target	Mar YTD target	Full year target
Operating profit ($M)	321.9	214.4	120.7	244.0	346.2	450.6
EBIT ($M)	552.7	38.4	183.8	378.5	566.1	767.0
EBITDAIF ($M)	449.7	363.6	156.5	318.8	459.8	604.0
Net profit after tax ($M)	375.4	22.4	128.5	264.7	396.0	536.4
Free cash flow ($M)	307.1	301.8	28.9	134.4	196.7	242.4
Capital expenditure[2] ($M)	251.3	163.7	195.3	317.1	459.3	613.4

[1] ROGFA – approved at the May 2021 Board Meeting.

Other non-financial performance measures

Non-corporate measures	2020/21 actual	2021/22 forecast	2022/23			
			Sept YTD target	Dec YTD target	Mar YTD target	Full year target
Total recordable injury frequency rate (TRIFR)[3]	3.98	5.0	<3.49	<3.49	<3.49	<3.49
Lost time injury frequency rate (LTIFR)[4]	0.31	0.67	<0.29	<0.29	<0.29	<0.29
Environmental enforcement actions	0.0	0.0	0.0	0.0	0.0	0.0

[2] Capital Expenditure includes both Sustaining and Renewable Capital.
[3] TRIFR 2021/22 forecast as at and of February 2022 (Stanwell CEO Report).
[4] LTIFR 2021/22 forecast as at and of February 2022 (Stanwell CEO Report).

RESPONSE TO SHAREHOLDER MANDATE

Stanwell's 2020-23 Shareholder Mandate articulates shareholding Ministers' expectations for Stanwell, specifically:

- the current areas of Stanwell's core business;
- the parameters for pursuing any business opportunities outside core business;
- Stanwell's debt repayment strategy, capital structure and surplus cash balances;
- shareholder return measures; and
- savings target.

As outlined in the Mandate, Stanwell's business focus is to:

- optimise the value of existing assets from a whole-of-portfolio perspective by implementing asset management and improvement strategies;
- identify opportunities for portfolio diversification to manage risk, protect revenue streams and maintain commercial viability; and
- develop a Portfolio Renewal Strategy considering asset management and debt repayment strategies, diversification options and long-term value to shareholders.

Achievements to date

Stanwell's Mandate came into effect on 2 October 2020.

Stanwell has made progress on delivering against the objectives outlined in the 2020-2023 Shareholder Mandate, as outlined below.

Optimise the value of existing assets

Stanwell has undertaken a detailed review of existing asset strategies. Several areas of targeted improvement have been identified to enable long term relevance for the existing coal fired power stations.

Flexible plant operations and moving from four to five years between generation unit overhauls are two key initiatives which have the potential to maximise value within the generation portfolio.

During 2021/22, Stanwell developed its Operating Boundary Framework (OBF) and Return to Service (RTS) Program for the Stanwell and Tarong power stations.

An OBF which uses live information and considers the physical, technical, commercial and stakeholder conditions will inform unit operating decisions.

Our RTS asset strategy helps move Stanwell towards lower emissions intensity. The RTS mode offers the ability to introduce synchronous condensers to our sites which will provide inertia and frequency control ancillary services (FCAS) support, allowing more renewables to be built and integrated to the grid.

This asset operating model offers:

- the flexibility to respond to rapidly changing markets and customer requirements;
- lower emissions intensity from traditional assets;
- improved fuel and water usage and reduced maintenance and capital expenditure costs; and
- improved plant reliability.

Identify opportunities for portfolio diversification

In the past 12 months, Stanwell has made significant progress in diversifying our portfolio, positioning Queensland and our business for the future. This has included developing a pipeline of Queensland-based renewable energy projects for incorporation into Stanwell's portfolio, investigating large-scale battery projects in the Southern and Central Renewable Energy Zones, and advancing a large-scale renewable hydrogen export project in Central Queensland (CQ-H_2 project).

Stanwell is also growing its retail business with a view to diversifying channels to market and facilitating relationships with key large end-users to benefit Stanwell's broader portfolio.

In addition to standard retail contracts, we have introduced renewable-backed contracts to provide longer-term revenue certainty and diversity to Stanwell's contract portfolio.

To meet customer demand for green products, we undertook a market sounding process to identify high quality renewable energy projects (including the potential for storage) that could be incorporated into Stanwell's portfolio with co-funding through the Queensland Renewable Energy and Hydrogen Jobs Fund (QREHJF).

This process, undertaken in early 2021, allowed Stanwell to develop a compelling pipeline of projects for delivery between 2024 and 2027. These projects will be delivered through a combination of offtake and ownership structures, with service and maintenance arrangements a key part of each proposal.

Stanwell has been granted $488.2 million through QREHJF to invest in additional equity and offtake arrangements with Queensland-based renewable energy projects and to co-fund the FEED phase of its proposed CQ-H2 hydrogen project in Gladstone.

We have also submitted a range of new energy projects for the next round of QREHJF funding. This will allow us to develop further projects with a view to reaching scale later in the decade.

Given the size of the Queensland Government's ambition of achieving 50 percent renewable generation by 2030, Stanwell is working to [redacted] maximise the renewable energy projects that are brought to market. [redacted] More broadly, we are also working on the strategic, commercial, and legal considerations of preferred commercial structures that will support Stanwell's investment in renewable energy projects.

Subject to a Board approved business case, Stanwell will also develop its Southern REZ Battery Project (at the Tarong Power Station site), and subject to shareholding Minister approval, the Central REZ Battery Project (at Stanwell Power Station site). Commercial operations are targeted for [redacted] and [redacted] respectively. These projects will be funded from Stanwell's balance sheet [redacted]

With a view to creating future employment opportunities for our people, Stanwell is in the process of establishing a new subsidiary organisation to provide specialist service and maintenance activities to renewable energy projects. The new organisation is initially intended to supply maintenance services to projects in which Stanwell has an equity interest or an offtake arrangement in place. Once established and operating on a commercial footing, the service could be offered to non-Stanwell projects, achieving further economies of scale and employment opportunities.

Portfolio Renewal Strategy

Stanwell delivered its draft Portfolio Renewal Strategy (in the form of our Strategy) to shareholders during May 2021 as required under the 2020-2023 Shareholder Mandate.

We have since refined our strategy in response to our evolving economic, technological, political, customer, community, policy, regulatory and social environments.

Four goals sit at the heart of our refined strategy and those goals will provide the roadmap for our future over the next decade:

- **Deliver a balanced portfolio for the future:** We'll develop and maintain a renewable generation and energy storage portfolio. We'll also flexibly operate our Stanwell and Tarong power stations in keeping with market requirements;
- **Progress our environmental, social and governance platform:** We'll support the Queensland Government to achieve its emissions reduction targets. Our own aspirational target is to achieve net zero by 2035. We'll establish our decarbonisation roadmap, starting with reducing the carbon emissions intensity of our portfolio. We'll create future opportunities for our people and advocate for the development of our regions;
- **Support our customers:** We'll work alongside our customers to deliver energy strategies that meet their business and environmental goals, supporting their decarbonisation journey as well as ours; and
- **Lead Australia's renewable hydrogen industry:** We aim to be Australia's leading developer of renewable hydrogen by 2035. We will make a major contribution to developing Central Queensland as Australia's largest green hydrogen export hub.

Debt Management Strategy

Stanwell continues to implement its debt repayment strategy which was developed during 2020/21 in consultation with QTC.

The repayment of the existing debt facilities associated with the Tarong power stations and Stanwell Power Station commenced on 1 July 2021. End dates for these repayment plans continue to align with the scheduled retirement date for each site [redacted]

New debt facilities are assumed to be drawn down to meet known funding requirements for new energy projects in line with the underlying project schedules. Repayment plans associated with these facilities will align with the individual asset lives and occur on a principal and interest basis from the commercial operation date.

Capital Structure and Surplus Cash Balances

2021/22 financial year

For the 2021/22 financial year, Treasury confirmed that there are significant opportunities and challenges that the Queensland energy sector must meet in the years ahead, many of which will need to be met by government owned corporations.

Recent budget analysis identified that there is a value proposition for Treasury in the retention of dividends. That dividend retention is be used to support reinvestment in critical infrastructure and growth initiatives, which will deliver future revenue benefits, and/or lessen the requirement for additional Government funds and equity injections in the future.

As a consequence, dividend recommendations have been adjusted to reflect that a nil dividend will be paid.

2022/23 to 2026/27

For years 2022/23 to 2026/27, consistent with the 2020/21 financial year, Stanwell has continued the approach of a residual dividend methodology prioritising investment in capital projects and debt repayment over shareholder dividends.

The residual dividend methodology will be applied as a 'bright line' test whereby the dividend amount declared:

- must not result in Stanwell exceeding current QTC lending terms and conditions when the dividend is declared; and
- must not result in Stanwell requiring debt (including short term overdraft facilities) to meet long term debt repayment obligations or the funding of approved capital expenditures over the 18 month forward looking period (based on Stanwell's internal funding forecasts).

This approach will deliver a reduction in gearing that will assist Stanwell to navigate the evolving energy market.

Each year, Stanwell Corporation Limited's residual dividend methodology will also be discussed with shareholders.

Savings target

The 2019-20 State Budget announced a savings target of $840 million over the forward estimates for government-owned corporations, Queensland Rail and Seqwater.

A key requirement of Stanwell's current Shareholder Mandate is to meet or exceed a [redacted] million efficiency savings target, over five years commencing in 2020/21.

A range of management initiatives ensured Stanwell delivered on this efficiency target in 2020/21:

- [redacted]
- [redacted]
- [redacted]
- [redacted]

Stanwell achieved a cost savings of [redacted] million in 2020/21 and has forecast a further cost savings of [redacted] million over the next three years.

KEY ASSUMPTIONS AND RISKS

The key assumptions underpinning Stanwell's estimated financial results for 2022/23 to 2026/27 are in accordance with the GOC Act. The financial forecasts are based on the following economic and operational assumptions as shown on pages 8-9.

Market impacts

Annual consumption and demand forecasts have been derived from the Australian Energy Market Operator's (AEMO's) Electricity Statement of Opportunities (ESOO) 2021.

In response to the increase in the forward curve for Financial Year 2023 and Financial Year 2024 and the potential to write increased contract volumes at higher prices, the budget modelling, which uses updated pricing assumptions (as at 4 February 2022), shows an increased generation profile.

Since budget modelling was completed in February 2022, the rising forward curve has been sustained across all years of the budget, by market announcements and external events including:

- announcement by Origin Energy to retire Eraring Power Station in 2025 (seven years earlier than expected);
- Brookfield and Mike Cannon-Brookes' (unsuccessful) bids for AGL; and
- the Russian invasion of Ukraine has put upward pressure on global energy commodity prices (oil and gas) which is flowing through to Australia, causing energy pricing volatility.

Later in the decade, energy consumption is expected to grow again, driven by increases in household connections, increased commercial sector activity and an acceleration in the rate of electrification, particularly electric vehicles.

The forecast revenue from coal rebates has increased for the 2022/23 year, compared to when Stanwell's 2021/22 Budget was developed. This is due to the significant increase in semi-soft coking coal price forecasts, [redacted]

Stanwell asset overhauls

Our modelling for the Financial Year 2022/23 budget assumes a change in asset overhaul cycles from four years to five at both Stanwell Power Station and Tarong Power Station. Tarong North Power Station overhauls will remain on a four-yearly cycle.

Other constraints

Revenue modelling assumes that Stanwell's plant will be fully available during key periods of the year as per our asset and production plans. It also assumes that fuel will be available for generation and sales in line with contractual entitlements and current mine plans.

Failure to achieve planned plant or fuel availability (or major plant or fuel supply failure during critical supply periods, particularly the summer months) may impact Stanwell's ability to achieve its revenue forecasts.

Stanwell retains a strong focus on plant availability, in particular implementing a 'summer readiness' program. Stanwell works closely with external fuel suppliers and its mine operations group to ensure production expectations are aligned and sufficient fuel is stockpiled to be available at key times.

Assumptions and outputs	2022/23
Economic indices	
Escalation (%)[5]	2.2
Wages growth (%)[6]	3.0
Long term interest rates (%)[7]	4.4
Dividend payout ratio (%)[8]	Variable
Weighted average cost of capital - post-tax[9] nominal	[redacted]
Weighted average cost of capital - post-tax nominal (CoCP[10])	[redacted]
Electricity revenue	
Average realised price ($/MWh)[11]	[redacted]
Time-weighted annual pool price ($/MWh)[12]	[redacted]
Revenue:	
Net pool sales ($M)	[redacted]
Contract revenue/(expense) ($M)	[redacted]
Volume of contracts (QLD Only):	
Swap contracts (GWh)	[redacted]

Assumptions and outputs	2022/23
Face value of swap contracts (wholesale and retail) ($)	[redacted]
Coal rebate revenue	
Exchange rate US$	0.77
Average reference price (AUD$/tonne)	[redacted]
Volume (million tonnes)	8.25
Total coal rebate revenue ($M)	[redacted]
NEM energy	
Energy generated (GWh)	[redacted]
Energy sent out (GWh)	[redacted]
NEM operational	
Fuel costs ($/MWh sold)	[redacted]
Greenhouse gas emissions (KtCO2e)	18,063
Greenhouse gas intensity - portfolio under management (CO2kg/MWh sent out)[13]	932
Greenhouse gas intensity - Stanwell Assets (CO2kg/MWh sent out)[14]	947

5 Source: Deloitte Access Economics and BIS Shrapnel.

6 Stanwell will comply with the Government Owned Corporations Wages Policy as existing EAs expire and require renegotiation.

7 Long term interest rates are sourced from Queensland Treasury Corporation

8 The dividend forecast represents 100 per cent of audited net profit after tax. The dividend paid is the adjusted to exclude any unrealised gains from the revaluation of Stanwell's financial instruments, any year end asset impairment adjustments that may arise during the testing of asset carrying values, any adjustments relating to rehabilitation and any other relevant adjustments resul ing in unrealised gains that may arise. The dividend paid is also adjusted to ensure that the dividend amount declared does not result in Stanwell exceeding current QTC lending terms and conditions and does not result in Stanwell requiring debt (including short term overdraft facili ies) to meet long term debt repayment obligations or the funding of approved capital expenditures over the 18 mon h forward looking period (based on Stanwell's internal funding forecasts). The residual dividend methodology will be discussed with shareholders on an annual basis.

9 The WACC calculation was updated in May 2021.

10 Applying 'Cost of Capital Principles – Government Owned Corporations' approach.

11 Average realised price per MWh is: 'Total Operating Revenue' (Electricity Pool Sales and Contract Settlement)/Energy Genera ion sold (node).

12 Queensland Node Prices (nominal $).

13 Energy Under Management: this measure includes emissions and energy generated by Stanwell assets (above) plus generation associated with renewable power purchase agreements (PPAs). Because this measure includes zero emission generation from PPAs it shows a more rapid reduction in emissions intensity. While this is an important internal measure to help Stanwell track progress in building our new energy portfolio, it is not consistent with international reporting standards.

14 Stanwell Assets: this emissions intensity measure includes all emissions and energy generated from Stanwell's generation assets (that is, our coal fired power stations plus the new renewable energy assets where we propose to invest equity). As the pipeline of renewable assets in which we have equity is energised, the proportion of zero emission generation increases, resulting in a corresponding reduction in emissions intensity. This measure is consistent with international reporting standards.

CAPITAL EXPENDITURE

Budgeted capital expenditure for 2022/23 (for projects greater than $15 million):

Project	2022/23 ($M)	Total project budget ($M)[15]	Board approved	Shareholder approved
Stanwell Power Station Unit 4 Major Overhaul 2022	23.9	28.3	Y	Y
Tarong Power Station Unit 3 Major Overhaul 2022	28.0	28.4	Y	Y
King 2 East Extension*	17.2	39.5	Y	Y
Southern Renewable Energy Zone Battery[1]	181.3	206.9	N	Y
Wambo Wind Farm	156.7	313.9	N	N

** Part of Mine Development Program.*

[1]On 9 December 2022 shareholding Ministers approved the Southern Renewable Energy Zone Battery Project, subject to modelling demonstrating this project will support renewables and final investment decision by the Stanwell Board.

Investment thresholds	$M
Shareholding Minister notification	10.0
Shareholding Minister approval	15.0

[14] Total project budget represents project inception to date costs plus future year forecast.

Total capital expenditure

Project	2020/21 actuals	2021/22 forecast	September YTD target ($M)	December YTD target ($M)	March YTD target ($M)	Full year target ($M)
Overhauls						
Stanwell Power Station Overhauls	23.6	30.7	23.9	23.9	25.6	27.2
Tarong Power Station Overhauls	81.4	(0.1)	25.3	30.1	38.3	44.1
Stanwell Power Station Turbine Overhaul Program	8.2	12.5	10.3	10.4	10.5	10.5
Tarong Power Station Turbine Overhaul Program	8.2	-	1.6	3.6	3.6	3.6
Meandu Mine Overhauls	14.8	.5	-	-	-	-
Total overhauls	**136.2**	**43.6**	**61.1**	**68.0**	**78.0**	**85.4**
Major projects/capital expenditure						
Stanwell Power Station – Ash Storage Plan	0.2	4.0	3.8	5.7	6.1	9.1
Mine - Dozer Replacement Program	8.6	0.1	5.6	8.9	8.8	8.9
Mine – Truck and Shovel Replacement Program		5.8	0.0	0.4	0.4	0.4
Mine – Development program	1.6	11.9	0.7	6.6	13.7	17.5
Total Major projects	**10.4**	**21.8**	**10.1**	**21.6**	**29.0**	**35.9**
Other Projects < $10M						
Corporate – ICT hardware and software upgrades	15.8	8.8	0.6	1.4	2.5	3.7
Corporate – Other	0.6	2.3	0.1	0.2	0.4	0.4
Generation	69.4	61.7	25.2	42.5	49.7	58.3
Mining	18.8	18.5	2.3	5.8	9.9	18.0
Total other projects	**104.6**	**91.3**	**28.2**	**49.9**	**62.5**	**80.4**
Exploration and Evaluation	0.1	-	-	-	-	-
Growth & Future Energy	-	7.1	95.9	177.6	289.8	411.7
Total capital expenditure for Stanwell continuing assets	**251.3**	**163.8**	**195.3**	**317.1**	**459.3**	**613.4**

CAPITAL STRUCTURE

Long Term Borrowings			
Facility	2021/22* Forecast ($M)	2022/23* Target ($M)	Change ($M)
QTC Borrowings**	794.0	825.3	31.3
Leases	5.6	5.6	0.0
Total Borrowing	799.6	830.9	31.3

* Estimated book value

** Borrowings increase in 2022/23 due to new debt associated with renewable projects

COMMUNITY SERVICE OBLIGATIONS

Stanwell has no Community Service Obligations as defined by section 112 of the GOC Act.

STATEMENT OF COMPLIANCE

Stanwell, including its subsidiaries, will comply with all relevant policies and guidelines as issued by shareholders and Government, and formal directions as received from time to time.

COMPLIANCE WITH GOVERNMENT POLICIES AND DIRECTIONS

Stanwell, including its subsidiaries, will comply with all relevant policies as issued by shareholders and Government and formal directions as received from time to time.

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

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

Stanwell's existing procurement requirements already encompass many aspects of the BPPs and will continue to do so.

Stanwell is committed to prioritising Queensland businesses, supporting local jobs in regional Queensland, and investing where possible in local Queensland economies. Where applicable, Stanwell will include terms and conditions in its contracts with project proponents that require those proponents to comply with the QPP and BPP.

Stanwell will apply local benefits tests for significant tenders and actively seek opportunities through its tendering process to benefit Queensland businesses, particularly in the regions in which we operate.

When evaluating tenders and new business ventures and partners, Stanwell's standard evaluation criteria takes into consideration QPP and BPP philosophies, ensuring that those businesses that we deal with are ethical, acting in a safe manner and working to grow a Queensland workforce.

The engagement of consultants is conducted under Stanwell's Procurement Policy to:

- achieve value for money;
- ensure probity and accountability outcomes; and
- align to the QPP Principles.

FINANCIAL STATEMENTS

Income statement

Escalated ($M)	2020/21 actuals	2021/22 forecast	2022/23			
			September YTD target	December YTD target	March YTD target	Full year target
Gross Profit	676.1	596.5	218.0	442.6	649.3	862.1
Electricity Pool Sales	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Contract Settlements	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fuel Costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Water Costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Renewable Energy Certificates	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Operating Expenses	(358.3)	(386.2)	(98.5)	(201.0)	(306.7)	(416.2)
Other Operating Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Non-operating revenue/(expense)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Coal Rebates	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fair value movements - Derivatives	225.4	(279.8)	(4.4)	2.2	24.3	65.3
Net Interest Expense	(16.4)	(6.5)	(0.2)	(0.4)	(0.4)	(0.6)
Income Tax	(160.9)	(9.5)	(55.1)	(113.4)	(169.7)	(229.9)
Net Profit / (Loss) After Tax	375.4	22.4	128.5	264.7	396.0	536.4

Balance sheet

Escalated ($M)	2020/21 actuals	2021/22 forecast	2022/23			
			September YTD target	December YTD target	March YTD target	Full year target
ASSETS						
Cash and cash equivalents	114.3	21.1	26.2	24.4	22.9	24.5
Receivables - Cash Management	310.9	-	-	-	-	159.0
Trade and other receivables	353.2	265.1	251.9	251.7	233.0	253.2
Inventories	117.3	143.9	159.4	180.2	144.6	155.5
Current Financial assets	121.6	636.0	623.9	623.8	544.2	433.8
Other current assets	4.9	7.4	19.9	15.7	11.6	7.4
Derivative financial assets	413.5	2,028.7	1,763.2	1,572.2	1,501.3	1,095.1
Total current assets	**1,435.7**	**3,102.2**	**2,844.5**	**2,668.0**	**2,457.6**	**2,128.5**
Derivative financial instruments	219.6	1,111.0	754.3	397.6	40.9	40.9
Property, plant and equipment	1,523.0	1,566.1	1,732.9	1,817.3	1,931.3	2,055.7
Exploration and evaluation	6.5	6.5	6.5	6.5	6.5	6.5
Other assets[16]	297.0	335.9	346.7	357.8	368.8	379.8
Deferred tax assets	1,097.7	415.4	415.4	415.4	415.4	413.4
Intangible assets	18.6	22.1	20.6	19.1	17.9	16.7
Total Non-Current Assets	**3,162.4**	**3,457.0**	**3,276.4**	**3,013.7**	**2,780.8**	**2,913.0**
TOTAL ASSETS	**4,598.1**	**6,559.2**	**6,120.9**	**5,681.7**	**5,238.4**	**5,041.5**
LIABILITIES						
Trade and other payables	(332.0)	(242.8)	(219.8)	(236.4)	(163.8)	(210.5)
Provisions	(186.4)	(37.0)	(35.9)	(34.8)	(33.8)	(316.5)
Derivative financial instruments	(560.3)	(2,829.0)	(2,559.3)	(2,347.4)	(2,260.8)	(1,665.7)
Other liabilities	(2.0)	(7.2)	(7.2)	(7.2)	(7.2)	(7.2)
Current borrowings	(30.6)	(30.7)	(30.4)	(30.1)	(29.8)	(34.2)
Overdraft Facility	-	(184.6)	(190.6)	(115.6)	(24.3)	-
Current tax payable	(4.2)	6.2	(14.1)	(19.7)	(17.6)	(16.1)

[16] Stanwell's interest in the Curragh New Coal Supply Agreement is secured, it ranks behind Coronado's financiers.

Escalated ($M)	2020/21 actuals	2021/22 forecast	2022/23			
			September YTD target	December YTD target	March YTD target	Full year target
Total current liabilities	**(1,115.5)**	**(3,325.1)**	**(3,057.3)**	**(2,791.2)**	**(2,537.3)**	**(2,250.2)**
Borrowings[17]	(798.6)	(768.9)	(761.4)	(753.8)	(759.0)	(796.7)
Provisions	(385.4)	(364.9)	(366.7)	(368.6)	(370.5)	(372.3)
Deferred Tax Liabilities	(1,029.8)	(52.3)	(106.2)	(165.0)	(222.2)	(274.9)
Derivative financial instruments	(306.4)	(1,621.9)	(1,090.0)	(558.1)	(26.2)	(26.2)
Total non-current liabilities	**(2,520.2)**	**(2,808.0)**	**(2,324.3)**	**(1,845.5)**	**(1,377.9)**	**(1,470.1)**
TOTAL LIABILITIES	**(3,635.7)**	**(6,133.1)**	**(5,381.6)**	**(4,636.7)**	**(3,915.2)**	**(3,720.3)**
NET ASSETS	**962.4**	**426.1**	**739.3**	**1,045.0**	**1,323.2**	**1,321.2**
EQUITY						
Contributed equity	964.5	965.2	1,021.2	1,058.2	1,087.1	1,124.8
Deferred (gains) /losses on derivatives	(181.0)	(740.1)	(611.5)	(478.8)	(360.8)	(257.2)
Retained earnings	178.9	201.0	329.6	465.6	596.9	453.6
TOTAL EQUITY	**962.4**	**426.1**	**739.3**	**1,045.0**	**1,323.2**	**1,321.2**
Net derivative assets (liabilities)	(583.2)	(1,311.2)	(1,131.8)	(935.7)	(744.8)	(555.9)

[17] Borrowings - Stanwell has developed a debt repayment strategy for existing debt and also proposes to acquire New Debt for the Growth and Future Energy Projects across the 5-year budget.

Cashflow statement

Escalated ($M)	2020/21 actuals	2021/22 forecast	2022/23			
			September YTD target	December YTD target	March YTD target	Full year target
Cash flows from operating activities						
Cash receipts in the course of operations	3,008.3	3,775.8	667.7	1,266.1	1,887.5	2,480.8
Cash payments in the course of operations	(2,438.0)	(3,954.8)	(475.9)	(848.5)	(1,210.6)	(1,484.3)
Net financing costs paid	(44.9)	(33.2)	(9.0)	(18.0)	(26.9)	(35.9)
Income tax paid	(92.0)	(75.4)	(36.2)	(86.9)	(138.7)	(190.1)
Net cash provided by operating activities	**433.4**	**(287.6)**	**146.6**	**312.7**	**511.3**	**770.5**
Cash flows from investing activities						
Proceeds from/(payment for) the disposal of assets	0.2					
Advances paid[18]	54.2	495.5	5.9	(69.0)	(160.3)	(343.4)
Payments for property, plant and equipment	(251.3)	(163.8)	(195.3)	(317.2)	(459.3)	(613.4)
Net cash used in investing activities	**(196.9)**	**331.7**	**(189.4)**	**(386.2)**	**(619.6)**	**(956.8)**
Cash flows from financing activities						
Drawdown/(Repayment) of borrowings[19]	(3.5)	(30.1)	(8.1)	(16.2)	(11.7)	30.1
Equity Contribution	-	0.6	56.0	93.0	121.8	159.6
Cash available for Distribution/Investment	(231.0)	(107.8)	-	-	-	-
Net cash provided by/(used in) financing activities	**(234.5)**	**(137.3)**	**47.9**	**76.8**	**110.1**	**189.7**
Net increase/(decrease) in cash held	2.0	(93.2)	5.1	3.3	1.8	3.4
Cash at the beginning of the period	112.3	114.3	21.1	21.1	21.1	21.1
Cash at the end of the period	**114.3**	**21.1**	**26.2**	**24.4**	**22.9**	**24.5**

[18] Under the Queensland Government's cash management regime, Government Owned Corporations (GOCs) are required to advance surplus cash to Queensland Treasury Corporation.
[19] Includes proposed new debt for Renewable Projects.

APPENDIX A: STANWELL EMPLOYMENT AND INDUSTRIAL RELATIONS PLAN 2022/23

This Employment and Industrial Relations Plan applies to Stanwell and its subsidiary companies.

1. Employment and industrial relations philosophy and direction

Industrial relations strategy

Stanwell works to create a positive employee relations climate that supports a safe, harmonious and productive workplace, in line with the corporate strategy.

Enterprise agreements

Enterprise agreements remain the principal source of terms and conditions for employees.

There are four enterprise agreements currently operating at Stanwell. All enterprise agreements include productivity initiatives, incentive payments and effective training systems to ensure a focus on Stanwell's strategic outcomes. All enterprise agreements have been approved by the Fair Work Commission.

Stanwell is in the process of renegotiating the Tarong Power Stations Enterprise Agreement which expired on 1 August 2021 and is in the process of preparing for the Stanwell Corporation Limited Corporate Offices Enterprise Agreement 2021 ballot. The Mica Creek and Stanwell Power Station enterprise agreements expire on 1 March 2023.

2. Remuneration arrangements

Chief Executive Officer and senior executives' remuneration as at 1 January 2022

Senior executive remuneration complies with Stanwell senior executive remuneration guidelines and the Queensland Government Chief and Senior Executive Employment Arrangements.

Chief Executive Officer / Senior Executives	Base salary [1]	Employer superannuation contributions [2]	Other allowances [3]
Michael O'Rourke Chief Executive Officer	$653,000	$65,300	$0
Sophie Naughton Executive General Manager Energy Markets	$355,907	$35,590	$0
Darren Wiltshire Acting Chief Financial Officer	$251,150	$25,115	$77,818
James Oliver Chief Operating Officer	$377,755	$37,775	$0
Glenn Smith Acting Executive General Manager Business Services	$279,010	$27,901	$47,625
Steve Quilter Executive General Manager Growth and Future Energy (currently seconded to Department of Energy and Public Works)	$379,155	$37,916	$0
Richard Jeffery Acting Executive General Manager Growth and Future Energy	$283,750	$28,375	$47,488

Chief Executive Officer / Senior Executives	Total fixed remuneration [4]	Other benefits [5]	2020/21 Performance payment [6]
Michael O'Rourke - Chief Executive Officer	$718,300	$9,284	$0
Sophie Naughton - Executive General Manager Energy Markets	$391,497	$5,279	$0
Darren Wiltshire - Acting Chief Financial Officer	$354,083	$831	$38,264
James Oliver - Chief Operating Officer	$415,530	$9,079	$0
Glenn Smith - Acting Executive General Manager Business Services	$354,536	$792	$40,123
Steve Quilter Executive General Manager Growth and Future Energy (currently seconded to Department of Energy and Public Works)	$417,071	$6,243	$0
Richard Jeffery - Acting Executive General Manager Growth and Future Energy	$359,613	$1,623	$38,809

1. Includes cash salary plus salary sacrifice items.
2. Employer superannuation contribution is 10 per cent of base salary.
3. Other allowances paid includes higher duties allowance for acting position including superannuation.
4. Total Fixed Remuneration (TFR) is the sum of Base Salary, Employer Superannuation Contributions and Other Allowances.
5. Other benefits paid including, but not limited to, private health insurance reimbursement broadband, mobile phone and disability insurance (if applicable superannuation is included). All senior executives have access to a pool car park, associated costs for this are not included in this table.
6. Performance payments were not paid for the 2020/21 in line with the extension on 16 July 2021 of the Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements – Addendum from 2019/20 to include 2020/21. The incentive for Acting Chief Financial Officer, Acting Executive General Manager Business Services and Acting Executive General Manager Growth and Future Energy are for their substantive roles (the amounts include superannuation).

3. Employment conditions and workforce planning

Sources of employment conditions

Employment conditions for employees are derived from a number of sources.

These include:

- Legislation, for example: the Fair Work Act 2009 (Cth) and the Electricity Act 1994 (Qld);
- Enterprise Agreements;
- Alternative Employment Arrangements which are provided for under Enterprise Agreements;
- The Electrical Power Industry Award 2010;
- Common law contracts; and
- Stanwell policies and procedures.

Workforce numbers

The workforce numbers in the following table are as at 1 January 2022.

Employment category (FTE):	Female	Male	Total
Permanent	144	454	598
Temporary	19	27	46
CEO and Senior Executive	1	5	6
Apprentices (In House)	6	26	32
Trainees (In House)	9	0	9
Casual	0	0	0
Other	0	0	0
Total Directly Employed Workforce:	**179**	**512**	**691**
Contractor & Labour Hire (trade/technical)	1	7	8
Contractor & Labour Hire (professional/administrative)	19	32	51
Total (full time equivalent):	**199**	**551**	**750**

Changes to workforce numbers during 2022/23

Mica Creek Power Station was placed in cold storage from 1 January 2021. From 1 July 2021, the workforce reduced from 21 employees (including two fixed term employees) to three employees. This will further reduce to zero during 2022 as a result of the proposed surrender of the Mica Creek Power Station sub-lease. All workforce reductions were, and will continue to be, managed through re-deployment within Stanwell or voluntary redundancy.

Workforce numbers are likely to increase during 2022/23 as Stanwell implements initiatives consistent with its Strategy.

These initiatives include the development and maintenance of a renewable generation and energy storage portfolio, working alongside our customers to deliver energy strategies that meet their business and environmental goals and aiming to make a major contribution to developing Central Queensland as Australia's largest green hydrogen export hub.

Enterprise agreements

The table below provides the number and percentage of employees on enterprise agreements versus other arrangements.

Category		Full Time Equivalent	
		Number	Percentage
(a)	All employees	691	100
(b)	CEO and direct reports	6	0.86
(c)	Employees covered by an award/EA/agreement made under the *Fair Work Act 2009 (Cth)*	658	95
(d)	Employees under other arrangements (including common law contracts)	27	4

The table below sets out the awards or enterprise agreements applying to Stanwell and the number of employees covered by each enterprise agreement:

Award / agreement	Scope (as at 1 January 2022)	Nominal Expiry date	Jurisdiction	Current status
Electrical Power Industry Award	Employees not covered by an enterprise agreement	Not applicable	Federal	Stanwell enterprise agreements are assessed for 'better off overall' purposes against this award during the Fair Work Commission approval process.
Tarong Power Stations Enterprise Agreement 2018	Tarong Power Station, Tarong North Power Station & Meandu Mine (243 employees)	1 August 2021	Federal	This agreement remains in force despite having passed its nominal expiry date. Negotiations commenced in early 2021 and are continuing.
Stanwell Corporation Limited Corporate Offices Enterprise Agreement 2021	Corporate Office employees (256 employees)	1 March 2025	Federal	This agreement is within its nominal expiry date. Negotiations to replace the agreement will commence in late 2024.
Stanwell Power Station Enterprise Agreement 2019	Stanwell Power Station employees (175 employees)	1 March 2023	Federal	This agreement is within its nominal expiry date. Negotiations to replace the agreement will commence in late 2022.
Mica Creek Enterprise Agreement 2019	Mica Creek Power Station mechanical and technical employees, trades and water treatment (3 employees)	1 March 2023	Federal	This agreement will not be required beyond its nominal expiry date.

Future enterprise agreements will be negotiated in compliance with the Government Owned Corporations Wages and Industrial Relations Policy Temporary Policy Change – Addendum (response to COVID-19) effective 8 July 2020, with no pay increases to be provided in the first 12 months of any replacement agreement.

Productivity initiatives

Each of the four enterprise agreements contains productivity initiatives. Stanwell reports to the relevant shareholding Ministers on a quarterly basis with respect to the outcome of each enterprise agreement's productivity initiatives.

Other employment conditions

The following work practices are also available to employees of Stanwell and may provide employees with the flexibility to manage the balance between work, family and lifestyle:

Part-time arrangements	Employees have the ability to apply for reduced working hours under their applicable enterprise agreement and the National Employment Standards.
Flexible work hours	Compressed hours are available so that employees are able to work a nine-day fortnight or a four-day week, depending on the enterprise agreement applicable to the employee. Further flexible work arrangements are provided through Stanwell procedures. Employees may also manage their own start and finish times following agreement with their manager.
Reduced working year	Purchased leave arrangements are provided in Stanwell purchased leave procedures with the ability to purchase leave (between two and four weeks per year).
Paid primary carer's/special primary carer's/surrogacy/adoption /adoption leave and secondary carer's leave	Employees are able to apply for periods of paid and unpaid leave under their applicable enterprise agreement (14 weeks paid primary carer's/special primary carer's/surrogacy/adoption leave and one weeks paid secondary carer's leave (separate to the Federal Government paid 18 weeks for primary carer and one week for secondary carer)).
Telecommuting (work from home)	Stanwell provides the ability to work from home with the agreement of management.
Domestic and Family Violence (DFV)	Stanwell provides Domestic and Family Violence leave with pay (with a minimum of ten days) to employees who are experiencing DFV. Further leave with or without pay may be granted if required.

Other policies and practices include:

- job-sharing;
- time off in lieu of payment for overtime;
- paid study leave;
- leave without pay at the discretion of the company;
- a range of special leave arrangements based on individual circumstances at the discretion of the company; and
- phased-in retirement.

4. Workplace health and safety

Stanwell complies with all relevant health and safety legislation, including the *Work Health and Safety Act 2011* (Qld) and related standards, codes of practice, Australian standards and industry guidelines.

5. Equal employment opportunity and anti-discrimination

Stanwell complies with the equal employment opportunity and anti-discrimination provisions in accordance with *Public Service Act 2008* (Qld) through its various policies and procedures, such as procedures detailing the recruitment, selection and promotion of staff and formal and informal processes for resolving issues of discrimination and harassment.

6. Redundancy provisions

All of Stanwell's enterprise agreements contain redundancy provisions.

Stanwell currently has a redundancy agreement that focuses on redeployment and retraining but provides for the following in case of retrenchment:

- a minimum of between one and four weeks' notice of retrenchment depending on continuous service (plus an additional one week's notice depending on age and continuous service);

- three weeks' pay per year of completed service severance payment limited to 75 weeks;
- 13 weeks' early separation payment;
- pro rata long service leave for each year of service;
- payment of accrued annual leave; and
- outplacement and retraining support.

The Tarong Power Stations Enterprise Agreement 2018 provides for a further four weeks' salary in addition to the above.

All Stanwell enterprise agreements provide for 'no forced retrenchments'.[20]

7. Superannuation

Stanwell contributes a minimum of 10.0 per cent of Ordinary Time Earnings in accordance with current Superannuation Guarantee legislation. The contribution is set to continue until 1 July 2022 when it is due to rise to 10.5 per cent. Stanwell will continue to meet its Superannuation Guarantee obligations as the minimum rate is increased.

The defined benefit fund, which is now closed to new members, provides lump sum benefits to its members based on years of service and average salary. Stanwell manages its contributions to this fund in accordance with the long term projected financial position of the fund. Stanwell may vary its contribution rates and it is also prepared to provide lump sum contributions to the fund in periods of low investment returns. Any surplus from defined benefit funds that may arise from time to time remains within the fund. The company will continue to follow advice as received from actuarial reviews. The fund is regulated by the Australian Prudential Regulation Authority under the *Superannuation Industry (Supervision) Act 1993* (Cth).

20 Under the Stanwell Power Station Agreement 2019, redundancy provisions do not apply to directly employed apprentices and trainees (engaged as at 1 January 2021), noting apprentices and trainees are engaged on fixed term contracts reflecting the length of their training contract.

8. Consultation

Stanwell has undertaken consultation on this plan with employees, relevant unions, Queensland Treasury, the Department of Energy and Public Works and the Office of Industrial Relations.

The Employment and Industrial Relations Plan is supported by the relevant Government agencies.

APPENDIX B: SPONSORSHIP, ADVERTISING AND CORPORATE ENTERTAINMENT

Activity	Description/benefit	2021/22 forecast	2022/23			
			September YTD target	December YTD target	March YTD target	Full year target
SPONSORSHIPS						
Community partnership funds/sponsorships	Support for community projects and activities that contribute to a vibrant, prosperous, inclusive community that make a genuine quality of life contribution to the communities that host Stanwell assets	435,000	121,000	242,000	363,000	484,000
Business Benefit Fund – People and Culture	Funding to support as Stanwell's diversity and inclusion initiatives	2,000	1,250	2,500	3,750	5,000
Business Benefit Fund – Growth and Future Energy	Funding to support Stanwell's positioning of our new energy projects and to profile Stanwell in its future asset communities	50,000	37,500	75,000	112,500	150,000
TOTAL SPONSORSHIPS[21]		**487,000**	**159,750**	**319,500**	**479,250**	**639,000**
MARKETING AND ADVERTISING						
Stanwell Energy	Customer engagement events	37,444	35,375	70,750	106,125	141,500
Growth and Future Energy	To support customer engagement activities for our coal combustion products and other initiatives	25,500	12,500	25,000	37,500	50,000
TOTAL ADVERTISING		**62,944**	**47,875**	**95,750**	**143,625**	**191,500**
CORPORATE ENTERTAINMENT						
Events over $5,000						
Community events	Community information sessions and near neighbour functions	8,000	2,250	4,500	6,750	9,000
Secretariat	Stakeholder functions, Board lunches, Site BBQs	11,500	5,750	11,500	17,250	23,000
Total over $5,000		**19,500**	**8,000**	**16,000**	**24,000**	**32,000**
Other (total) below $5,000	Maintain and build Stanwell Energy client relationships	3,000	895	1,790	2,685	3,580
TOTAL CORPORATE ENTERTAINMENT		**22,500**	**8,895**	**17,790**	**26,685**	**35,580**

21 Stanwell does not provide donations.