



Statement of Corporate Intent

2023/24

Prepared by the Directors and management of
CS Energy for shareholding Ministers

The Honourable Cameron Dick MP

Deputy Premier, Treasurer and Minister for Trade and Investment

The Honourable Mick de Brenni MP

Minister for Energy and Clean Economy Jobs

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* (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 CS Energy and our shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year.

This Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of CS Energy for 2023/24, and is consistent with CS Energy's 2023/24 to 2027/28 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

In signing this document, the Board of CS Energy undertakes to achieve the targets in the Statement of Corporate Intent for 2023/24.

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 Chairman on behalf of all the directors in accordance with a unanimous decision of the Board of CS Energy.

The Hon Cameron Dick MP
Deputy Premier, Treasurer and Minister for Trade
and Investment

Date

The Hon Mick de Brenni MP
Minister for Energy and Clean Economy Jobs

Date



Mr Adam Aspinall
Chair
CS Energy Limited

7 June 2023
Date

Strategic targets 2023/24




Our purpose of *delivering energy today and powering your tomorrow* captures the dual nature of what we need to do: run a successful coal-fired generation business and at the same time, evolve into a diversified energy business exploring new markets, products and partnerships.

Our purpose-led strategy guides our transformation from a baseload thermal generator into a diversified energy business and is centred around three strategic priorities: Master the fundamentals; Navigate the transformation; and Enable our future.

These priorities, in conjunction with the Queensland Energy and Jobs Plan, our Shareholder Mandate and our Future Energy Development Strategy, provide the business with a clear direction to lead Queensland’s energy transformation.

CS Energy’s Future Energy Development Strategy articulates how CS Energy’s plan for its future business supports the delivery of the Queensland Energy and Jobs Plan while realising the full potential of CS Energy to provide competitively priced, reliable, secure and lower carbon energy solutions to our customers and secure value for Queenslanders. In particular, it outlines our plans to be part of an orderly transformation of the energy market, facilitating supply and demand side change, supported by an increasingly diversified portfolio of renewable generation, pumped hydro, battery storage and hydrogen assets.

Importantly, our strategic priorities also acknowledge the essential role our coal-fired power stations have in firming security of supply to support the energy transformation. The safe and timely return to service of our Callide C Power Station units will be a major focus in 2023/24, as well as maintaining the integrity and reliability of our other plant through regular, planned overhauls.

 <p>Master the fundamentals</p>	<p>We strive to operate a safe, compliant business that is proactive and addresses obstacles to ensure our business has strong foundations.</p> <ul style="list-style-type: none"> • Safe to run every day. Protect people, the environment and our assets • Ensure we have the right technology, systems, processes and tools for the job • Build an inclusive and diverse culture where innovation thrives • Comply with our obligations to deliver what’s expected of us
 <p>Navigate the transformation</p>	<p>We take an adaptive approach to navigating the energy transformation, prioritising activities that maintain our viability and create a competitive position.</p> <ul style="list-style-type: none"> • Invest in, and maintain, our existing assets to support the energy transformation • Maintain a commercial business to support future investments • Transform our existing power station sites into integrated clean energy hubs • Work with our people, stakeholders and communities to share the benefits of the energy transformation • Grow our service and product offering to deliver on our customers’ needs
 <p>Enable our future</p>	<p>To have a sustainable business longer term, our portfolio requires decarbonising and new revenue streams must be created.</p> <ul style="list-style-type: none"> • Invest in renewables, lower emission technology and large-scale storage • Expand our retail business • Develop a domestic and export hydrogen business

Measure ¹	Full year target FY24	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Significant incident frequency rate (SIFR) (%) ²	13.0	13.75	13.50	13.25	13.0
Total reportable injury frequency rate (TRIFR) (%) ²	5.0	5.75	5.50	5.25	5.0
Significant Environmental Incident (SEI) (number)	0	0	0	0	0
Process Safety (%)	100	100	100	100	100
Equivalent Forced Outage Factor (EFOF) (%)	4.4	3.8	4.0	4.9	4.9
Forced Outage Factor (FOF) (%)	2.8	2.4	2.5	3.1	3.1
Underlying EBITDA (\$M)	346.2	(3.8)	(14.1)	101.0	263.1
Future Energy Investment Decisions (%)	≥ 80	≥ 80	≥ 80	≥ 80	≥ 80
Social Performance (%)	≥ 80	≥ 80	≥ 80	≥ 80	≥ 80

1. Refer Appendix C for definitions.

2. SIFR and TRIFR are 12-month rolling averages.

Shareholder Mandate targets 2023/24

In accordance with CS Energy's Shareholder Mandate, the business' targeted performance for 2023/24 against the four prescribed shareholder return measures is detailed below.

	Full year target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Return on Gross Fixed Assets (%) [*]	13.0%	(0.2%)	(0.7%)	4.6%	9.3%
Free Cash Flow Yield (%) ^{**}	7.4%	(1.3%)	(5.2%)	2.7%	11.2%
Return on Equity (%) ^{***}	25.3%	(7.6%)	(15.8%)	(4.5%)	25.3%
Cost of Energy (\$/MWh) ^{****}	83.76	95.34	75.26	69.20	96.23

* The current ROGFA returns are reflective of the Board Approved FY20 Asset revaluation returns plus actual capex additions FY21 and FY22 and forecast for FY23 and FY24 as per methodology changes agreed with the Queensland Treasury Corporation following the SCI 23 budget cycle.

** Free Cash Flow Yield is based on operating cash flow excluding interest repayments/income, tax payments/refund and Capital cash flow excluding Renewables projects

*** Return on Equity is measured on a YTD basis.

**** Cost of Energy is a volume weighted average based on GWh at node.

Key assumptions and risks

The key assumptions underpinning CS Energy's strategic planning and key performance indicators for 2023/24 are:

Economic indices	2023/24
CPI %	4.50%
Wage growth %	EBA
Long-term interest rate	4.66%
Dividend payout ratio ¹	-
Electricity revenue	
Average earned price (\$/MWh at Node) ²	72.40
Net on-grid contract revenue (\$M)	12.6
Total operating revenue (\$M)	703.4
Time-weighted average pool price (\$/MWh)	94.05
NEM energy	
Energy sent out (MW)	11,208
Energy at Node (MW)	10,524
NEM operational	
Fuel costs (\$/MWh sold)	(18.22)

1. As per the Dividend Policy in accordance with the GOC Act, dividends represent 80 per cent of net profit after tax (NPAT). CS Energy has forecast no dividend for 2023/24 to support the repayment of debt. This is subject to approval by Shareholding Ministers.

2. Includes optimisation targets

3. Includes renewables

Risks

State and Federal policy remains a key driver for decarbonising Australia's energy system.

Supply chain and skilled labour constraints are impacting the pace of the energy transition, both in Australia and globally. Several factors are driving this, including underlying manufacturing capacity and availability of critical minerals and components. States and countries are also competing for the same limited pool of skilled labour required for the energy transformation. Combined, these and other factors are putting material upward cost pressure on projects and operations. CS Energy is seeking to manage these risks through diversified procurement strategies, focusing on both supplier and geographic diversity, while also evaluating opportunities to introduce advanced procurement technologies.

Delivery of key infrastructure, which will enable the connection of additional variable renewable capacity, is another key market risk that will influence the pace of the energy transformation. With higher percentages of variable renewable electricity, the volatility of marginal loss factors increases. This directly impacts the revenue of all participants across the National Electricity Market (NEM).

Emerging risks, including the ability to secure social licence, competing incentive policy programs in the United States of America and the European Union, and project cost variability are also making the predictability of the energy transformation more challenging.

These factors, particularly the supply / demand uncertainty, may expose CS Energy to additional market risk. This is being managed consistent with our Board-endorsed risk management framework and the prevailing market conditions.

Corporate desire for lower-carbon alternatives remains strong. The increased prominence of environmental, social and governance (ESG) considerations is a key driver of this. A continuation of this trend may reduce the appetite of higher emission alternatives, of which CS Energy’s portfolio has exposure to.

Sustainability and Environmental, Social, Governance (ESG) Framework

CS Energy acknowledges the importance of sustainability and Environmental, Social, Governance (ESG) considerations, including changing stakeholder expectations. To increase our maturity, deliver on stakeholder expectations and continue to evaluate risks and opportunities as the energy transformation continues, CS Energy commenced a sustainability and ESG framework development program in FY23.

A preliminary assessment of material topics is outlined below. CS Energy has historically disclosed our performance across many of these material topics in external reports (for example our Annual Report and Energy Charter disclosure statements) and will further enhance disclosures as our sustainability and ESG framework matures (in close consultation with shareholding departments).

Area	Material Topic
Human capital	Health and Safety
	Human capital development
	Employee engagement, diversity and inclusion
Climate	Opportunities in renewable energy
	Emissions intensity
Natural capital	Toxic emissions and waste
	Water stress
Social welfare	Community relations
Business ethics and governance	Financial risk management
	Governance
	Privacy and data security

CS Energy has a range of existing initiatives and actions in place to capture the opportunity or address the risk that may arise from these material topics. In addition, some of these topics have existing Board and/or management committees to monitor CS Energy’s exposure.

Capital expenditure

	Quarter 1 \$M	Quarter 2 \$M	Quarter 3 \$M	Quarter 4 \$M	Total \$M
2023/24 total estimated capital expenditure	147.9	103.5	123.7	204.4	579.5

CS Energy has a forecast capital expenditure of \$579.5 million for the 2023/24 year. This includes:

- \$208.0 million for new business investment in the Boulder Creek Wind Farm*[^]
- \$99.8 million for a range of enhancement and refurbishment projects at Callide B
- \$86.1 million for a cooling tower replacement and other enhancements at Callide C
- \$85.5 million for new business investment in battery storage at Greenbank[^]
- \$20.1 million for a range of enhancements at Kogan Creek Power Station
- \$18.5 million for new business investment in battery storage at Chinchilla[^]
- \$33.4 million for new business investment at Brigalow Peaking Power Plant*[^]
- \$14.3 million for sustaining costs at Aberdare Coal Mine
- \$12.6 million for the upgrade of corporate information systems to support the business
- \$1.1 million for the Kogan Hydrogen Demonstration Plant

* The Boulder Creek Wind Farm and the Brigalow Peaking Power Plant are subject to approval by the CS Energy Board and shareholding Ministers.

[^] Includes capitalised interest

Future Energy projects will rely on a greater proportion of funding from the Queensland Renewable Energy and Hydrogen Jobs Fund (QREHJF).

CS Energy will adhere to the following capital expenditure approval thresholds.

Investment thresholds	
Shareholding Minister notification	\$5m
Shareholding Minister approval	\$15m

Borrowings

Borrowings			
Facility	2022/23	2023/24	Change
1 Portfolio linked loan	557.4	557.4	0.0
2 Working capital	0.0	84.2	84.2
3 Variation margin loan	136.6	0.0	(136.6)
4 Variable rate loan	90.6	109.1	18.5
5 Renewables projects loan	51.6	0.0	(51.6)
Total	836.2	750.6	(85.6)

Borrowing limits for 2023/24 are subject to approval through the 2023/24 State Borrowing Program.

CS Energy notes borrowing requirements may change during 2023/24 and interim State Borrowing Program variations may be required periodically to support financing requirements.

Statement of compliance

As part of its performance agreement with shareholding Ministers, the CS Energy Board provides the following additional undertakings.

Prudential financial information

The Board will ensure CS Energy takes full responsibility to ensure that prudent financial practices are applied both within the corporation and within our subsidiaries (whether fully controlled or otherwise). Without limiting the obligations imposed on the Board and the Chief Executive by the GOC Act, and where applicable the *Corporations Act 2001*, this includes a commitment to:

- abide by the *Code of Practice for Government Owned Corporations' Financial Arrangements* (Code of Practice), as issued by the Queensland Government; and
- establish, maintain and implement appropriate financial risk management practices and policies as specified in the Code of Practice.

Capital structure

The Board will prudently manage the financing of the CS Energy group. As an integral part of the financing of the company, overall debt will be managed with Queensland Treasury Corporation (QTC) to ensure that CS Energy maintains the appropriate credit rating or other rating, as determined by shareholding Ministers.

Weighted average cost of capital

The Board will ensure that CS Energy reviews its weighted average cost of capital (WACC) on an annual basis.

Dividend policy and payment

While the dividend process is governed by the GOC Act and the *Corporations Act 2001*, the Board will also ensure that CS Energy's Dividend Policy considers the return its shareholders expect on their investments.

CS Energy's policy is to recommend and pay a dividend of 80 per cent (or the percentage otherwise agreed with shareholding Ministers) of CS Energy's adjusted consolidated profit, subject to the requirements of Section 254T of the *Corporations Act 2001*.

Corporate Governance Guidelines for Government Owned Corporations

CS Energy has adopted all the recommendations in the *Corporate Governance Guidelines for Government Owned Corporations* (Corporate Governance Guidelines).

Risk management

The CS Energy Board has ultimate responsibility for ensuring the impacts of all potential internal and external risks of the company are managed. The company's risk appetite and risk tolerance are approved by the Board and the identification and risk management process is monitored by the Finance, Risk and Assurance Committee (which is a subcommittee of the Board).

CS Energy has developed a Critical Risk Program to proactively manage the risks that have the potential to cause harm or damage to people, plant and the environment.

Compliance with government policies

The Board will ensure that the CS Energy group complies with the relevant government policies and guidelines, in particular the approval, notification, reporting and other requirements of those policies and guidelines.

Sponsorship, advertising, corporate entertainment, and donations

Consistent with the shareholders expectations, the *Corporate Entertainment and Hospitality Guidelines 2008* and CS Energy's Corporate Entertainment and Hospitality Policy, sponsorships, advertising, entertainment and donations are detailed in Appendix A.

Employment and Industrial Relations Plan

An Employment and Industrial Relations Plan meeting the requirements of Section 149 of the GOC Act is included as Appendix B. The remuneration arrangements for the directors, the Chief Executive Officer and all senior executives of CS Energy are detailed in the plan.

Community Service Obligations (CSOs)

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

Local participation and procurement

CS Energy's procurement approach fully supports the Queensland Procurement Policy and Buy Queensland principles and ensures full, fair and reasonable opportunity for Queensland suppliers, including local suppliers and small and medium enterprises.

Our approach to procurement:

- prioritises Queensland businesses;
- supports local jobs in regional Queensland; and
- achieves more positive outcomes on behalf of taxpayers.

CS Energy's procurement expenditure is predominantly in Australia. Apart from the fundamental local supplies of coal and water to sustain operations, CS Energy is proud to support local, state and Australian businesses.

The benefits of this approach are reflected in the total economic impact of CS Energy's operations in FY22 at a Queensland level which amounted to:

- \$1.7 billion in output/turnover (a measure of direct and supply chain purchases from businesses);
- \$1.1 billion in value added (or contribution to Gross State Product), amounting to 0.3 per cent of Gross State Product for Queensland through \$527.1 million in direct effects and \$592.5 million in supply chain and consumption effects;
- \$524.9 million in income (wages and salaries) paid to workers; and
- 5,630 full time equivalent jobs supported.

Cyber security

As a provider of essential energy services to Queensland, CS Energy recognises the importance of government confidence in the ICT systems that control the operation of our power stations. The November 2021 cyber security event on CS Energy's network highlights the real and immediate nature of the threat posed by cyber-attacks.

In 2022, Queensland Treasury engaged Price Waterhouse Coopers (PwC) to conduct a cyber security review of all Government Owned Corporations and Statutory Authorities. A key focus was to assess whether cyber security prevention and response measures were commensurate with the critical

infrastructure CS Energy owns and manages. PwC's report confirmed CS Energy exhibits all key indicators of cyber security performance.

We continue to work through our comprehensive Cyber Security work program to maintain momentum in protecting CS Energy's information and technology assets and to sustain best practice approaches to cyber security preparedness and response, as benchmarked against our industry framework, the Australian Energy Sector Cyber Security Framework (AESCSF).

Cyber security	
What cyber security framework does your GOC report against?	The Australian Energy Sector Cyber Security Framework (AESCSF).
What are the key activities planned for your cyber security systems?	CS Energy's cyber security capability improvement activities will continue to be informed by our threat and risk profile, benchmarked against an evolving AESCSF framework. Key focus areas include governance, training and awareness, threat and vulnerability monitoring and management, third party risk management, and ongoing refinement and testing of our cyber security response processes.

Financial statements

Statement of Income Group (Consolidated)

Quarter 2023/24				2021/22	2022/23	2022/23	2023/24	
Sep	Dec	Mar	Jun	Actual	Budget	Forecast	Budget	
\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
111.2	94.5	266.2	221.8	Sales of electricity	620.6	636.2	611.4	693.8
0.0	0.8	4.4	4.4	Sales of renewables	0.0	0.0	0.0	9.7
(3.8)	(14.1)	101.0	263.1	Underlying EBITDA	117.6	154.3	31.8	346.1
10.5	10.5	10.5	10.5	Gladstone onerous contract unwind	23.6	25.5	40.0	42.2
0.0	0.0	0.0	(1.1)	Impairment	133.2	(93.6)	(9.0)	(1.1)
0.0	0.0	0.0	0.0	Other accounting adjustments	(106.8)	0.0	0.0	0.0
6.7	(3.5)	111.5	272.5	EBITDA (excluding Mark to Market)	167.5	86.3	62.7	387.2
(40.8)	(40.4)	(45.5)	(45.3)	Depreciation and amortisation	(144.7)	(140.6)	(155.2)	(172.0)
8.0	7.9	8.1	8.1	Impairment – Depreciation and Amortisation	61.8	69.9	35.5	32.2
(26.2)	(36.0)	74.2	235.4	Earnings Before Interest and Tax (excluding Mark to Market)	84.6	15.6	(56.9)	247.4
67.8	63.2	38.0	(3.3)	Mark to Market	(185.7)	46.5	209.3	165.7
(5.4)	(5.4)	(5.4)	(5.4)	Finance Costs - Non Cash	(11.7)	(10.6)	(23.8)	(21.5)
0.0	0.0	0.0	0.0	Unrealised FX Gain/Loss	2.9	0.0	(2.5)	0.0
(9.6)	(10.1)	(9.7)	(9.1)	Interest expense (net)	(29.6)	(30.9)	(40.8)	(38.5)
(7.2)	(2.7)	(28.3)	(44.8)	Income tax (expense)/benefit	44.0	(6.2)	(24.5)	(83.0)
19.4	9.0	68.8	172.9	Profit/(Loss) After Tax	(95.5)	14.4	60.9	270.1

Statement of Financial Position Group (Consolidated)

Quarter 2023/24					2021/22	2022/23	2022/23	2023/24
Sep	Dec	Mar	Jun		Actual	Budget	Forecast	Budget
\$M	\$M	\$M	\$M		\$M	\$M	\$M	\$M
				ASSETS				
49.7	49.8	49.8	53.5	Cash and other equivalents	18.8	108.5	49.7	53.5
148.9	156.5	183.5	162.1	Cash Advances to QT	0.0	0.0	84.0	162.1
123.2	184.1	179.5	167.2	Trade and other receivables	440.6	228.3	146.6	167.2
114.6	34.2	14.1	0.0	Variation margin	403.1	136.7	188.6	0.0
270.4	106.8	0.0	0.0	Derivative financial instruments	3,540.9	0.0	441.9	0.0
0.0	0.0	0.0	2.5	Investments	0.0	0.0	0.0	2.5
179.2	152.4	127.3	102.2	Inventories	119.2	122.7	207.5	102.2
886.0	683.7	554.1	487.5	Total current assets	4,522.6	596.1	1,118.4	487.5
503.4	503.4	477.5	404.6	Derivative financial instruments	1,121.6	251.0	503.4	404.6
1,362.4	1,431.8	1,504.9	1,662.4	Property, plant & equipment	1,034.2	1,123.8	1,248.7	1,662.4
1.8	3.8	5.9	7.9	Intangibles	0.0	0.0	(0.2)	7.9
68.6	72.4	50.6	69.4	Deferred tax asset	418.2	120.8	67.6	69.4
29.3	29.3	29.3	29.3	Retirement benefit assets	29.3	22.8	29.3	29.3
0.0	0.0	0.0	10.0	Other Assets	0.5	0.0	0.0	10.0
1,965.6	2,040.7	2,068.2	2,183.7	Total non-current assets	2,603.8	1,518.3	1,848.8	2,183.7
2,851.5	2,724.4	2,622.3	2,671.2	TOTAL ASSETS	7,126.4	2,114.4	2,967.2	2,671.2
				LIABILITIES				
155.9	143.1	120.0	175.9	Trade and other Payables	383.9	138.6	137.3	175.9
0.0	0.0	0.0	3.6	Variation margin	0.0	0.0	0.0	3.6
1.8	1.8	1.8	1.8	Leases	1.6	0.0	1.8	1.8
226.9	342.9	316.9	84.2	Borrowings	312.8	159.3	194.6	84.2
337.6	133.3	0.0	0.0	Derivative financial instruments	4,524.9	0.0	551.7	0.0
0.0	0.0	0.0	16.5	Current tax payable	0.0	0.0	0.0	16.5
51.8	46.3	41.4	69.5	Provisions	77.0	58.3	63.6	69.5
0.0	0.0	0.0	0.0	Dividends	0.0	0.0	0.0	0.0
774.0	667.4	480.2	351.6	Total current liabilities	5,300.2	356.2	949.0	351.6
14.0	14.1	14.2	13.4	Other payables	0.0	0.0	13.9	13.4
14.4	14.2	14.0	13.7	Leases	0.0	9.1	14.7	13.7
762.6	695.2	680.5	666.4	Borrowings	579.0	676.9	836.6	666.4
365.9	365.9	347.0	294.1	Derivative financial instruments	1,408.0	385.7	365.9	294.1
376.5	377.8	379.2	348.6	Provisions	393.5	294.1	375.1	348.6
0.0	0.0	0.0	0.0	Deferred tax liability	0.0	0.0	0.0	0.0
(0.0)	(0.0)	(0.0)	(0.0)	Other liabilities	0.0	0.0	(0.0)	(0.0)
1,533.3	1,467.2	1,434.9	1,336.1	Total non-current liabilities	2,380.4	1,365.7	1,606.2	1,336.1
2,307.3	2,134.6	1,915.1	1,687.7	TOTAL LIABILITIES	7,680.6	1,721.9	2,555.2	1,687.7
544.2	589.8	707.2	983.6	NET ASSETS	(554.2)	392.5	412.1	983.6
				Shareholders' equity				
1,337.6	1,390.0	1,451.6	1,566.7	Issued Share capital	1,064.1	1,329.5	1,207.2	1,566.7
99.6	83.8	70.8	59.2	Deferred (gains) losses on derivatives	(645.0)	(9.7)	117.2	59.2
(893.0)	(884.0)	(815.2)	(642.3)	Retained earnings	(973.3)	(927.3)	(912.4)	(642.3)
544.2	589.8	707.2	983.6	TOTAL EQUITY	(554.2)	392.5	412.1	983.6

Statement of Cash Flows Group (Consolidated)

Quarter 2023/24				2021/22	2022/23	2022/23	2023/24
Sep	Dec	Mar	Jun	Actual	Budget	Forecast	Budget
\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
302.7	197.4	372.3	588.9				
(258.3)	(220.2)	(267.5)	(277.0)				
74.0	80.4	20.1	17.7				
(11.2)	(10.8)	(10.9)	(9.7)				
(0.7)	0.2	(0.9)	(42.1)				
106.6	47.1	113.1	277.7	(298.7)	347.9	72.3	544.5
0.0	0.0	0.0	0.0				
(129.8)	(140.1)	(106.5)	(150.7)				
0.0	0.0	0.0	(12.5)				
(64.9)	(7.6)	(27.0)	21.4				
(194.7)	(147.7)	(133.5)	(141.9)	(55.6)	(426.1)	(320.5)	(617.8)
0.0	13.1	5.4	0.0				
32.3	116.0	(26.0)	(232.7)				
0.0	0.0	0.0	3.6				
(74.0)	(80.4)	(20.1)	(17.7)				
(0.4)	(0.4)	(0.4)	(0.4)				
130.3	52.4	61.6	115.1				
0.0	0.0	0.0	0.0				
88.1	100.7	20.4	(132.2)	332.9	(13.9)	282.0	77.1
0.0	0.0	0.0	3.7				
49.7	49.7	49.8	49.8				
49.7	49.8	49.8	53.5	18.8	108.5	49.7	53.5

Appendix A: Sponsorship, advertising, donations, corporate entertainment

Activity	Description	2022/23 budget (\$)	2022/23 est. actuals (\$)	2023/24 budget (\$)
SPONSORSHIPS				
Total Sponsorships and Grants	Includes discretionary sponsorships and grants from Brisbane and the Callide and Kogan Creek power stations to raise CS Energy's profile.	200,000	200,000	250,000
ADVERTISING ¹				
Total Advertising	Site-based, non-campaign advertising for sponsorship and grants programs	3,000	1,000	3,000
CORPORATE ENTERTAINMENT				
Total Corporate Entertainment		0	0	0
DONATIONS				
Total Donations	Discretionary donations to community events and activities at Brisbane, Callide and Kogan Creek.	20,000	20,000	24,000
TOTAL ²				277,000

1. Does not include recruitment advertising.
2. All expenditure is GST exclusive.

CS Energy aims to deliver long-lasting benefits to the communities that host our operations. Our Community Sponsorship Program provides financial and in-kind support to projects, events or activities that benefit the local community. Community groups or organisations can apply for a sponsorship to assist with expenses associated with their project or event.

As detailed in the Queensland Energy and Jobs Plan, CS Energy will seek to share the benefits of the energy transformation with the communities that host its operations. One of the ways in which we will deliver on this commitment is by ongoing investment in our sponsorship program and the creation of new community benefit funds for our future energy projects. This is reflected in an increased sponsorship budget in 2023/24.

Appendix B: Employment and Industrial Relations Plan

CS Energy’s Employment and Industrial Relations Plan (EIR Plan) has been developed to support the company in driving business improvement safely, efficiently and responsibly to deliver on our purpose of *delivering energy today, powering your tomorrow*.

Fundamental to the plan is CS Energy’s commitment to build a high-performance, constructive workplace culture with increased flexibility as we transition to a low emissions future.

This EIR Plan provides for an aligned approach to CS Energy employee relations which balances shareholder objectives, employee participation and the organisation’s commitment to:

- safety, driven by genuine care and concern for people and the environment;
- accepting accountability and acting with integrity; and
- creating and sustaining value for our owners through operational excellence, being productive, and exercising sound commercial judgement.

CS Energy employees and enterprise agreements

Consistent with the *Government Owned Corporations – Wages and Industrial Relations Policy 2015*, (GOC Wages Policy), the vast majority of CS Energy employees are covered by collective enterprise agreements (the Chief Executive Officer and senior executives and several site and corporate leadership roles are excluded). The *Fair Work Act 2009 (Cth)* (FW Act) applies to CS Energy employees and the enterprise agreement-making process takes place in accordance with this legislation, including its good faith bargaining requirements.

CS Energy is party to three enterprise agreements, each negotiated at the site level with the relevant union representatives (officials as well as site delegates) and voted on by eligible employees. A total of 523 employees (as at 31 March 2023) are covered by these enterprise agreements. The unions a party to these agreements are the Mining and Energy Union (MEU); Electrical Trades Union Branch (ETU) of the Communications, Electrical and Plumbing Union (CEPU); The Services Union (TSU); Australian Manufacturing Workers Union (AMWU); and Professionals Australia². Further details of the current agreements are set out in the following table:

	Scope	Nominal Expiry
CS Energy Ltd Corporate Office Enterprise Agreement 2020 Covers 184 employees	Employees of CS Energy Ltd at Corporate Office	31 May 2023
Callide Power Station Enterprise Agreement 2021 Covers 237 employees	Employees of CS Energy Ltd at Callide Power Station	29 February 2024
Kogan Creek Power Station Enterprise Agreement 2020 Covers 102 employees	Employees of Kogan Creek Power Pty Ltd at Kogan Power Station	31 July 2023

Each enterprise agreement is tailored to the characteristics of the specific site and workforce.

² The exception is the CS Energy Ltd Corporate Enterprise Agreement with only three union parties being the ETU, TSU and Professionals Australia.

Remuneration arrangements

Chief Executive Officer and senior executives

Remuneration details for the Chief Executive Officer and senior executives are provided in the following table. These arrangements are reviewed annually in accordance with company procedure and Government policy. The base salaries shown below are those applicable as at 1 May 2023.

CEO / senior executives	Base salary ¹	Employer superannuation contributions ²	Motor vehicle ³	Car park ⁴	Total fixed remuneration ⁵	Other non-personal benefits	Performance payment made FY22 ⁶
Acting Chief Executive Officer Andrew Varvari	\$775,000	\$25,000	Nil	Nil	\$800,000	Nil	Nil as Acting CEO
Executive General Manager Energy Markets, Technology and Commercial Darren Busine	\$525,000	\$25,000	Nil	Nil	\$550,000	Nil	\$57,343
Executive General Manager Asset Management Barry Millar	\$426,000	\$25,000	Nil	Nil	\$451,000	Nil	Nil
Chief Financial Officer ⁷ Vacant (Andrew Varvari – currently Acting CEO)	\$475,000	\$25,000	Nil	Nil	\$500,000	Nil	\$53,563
Executive General Manager Future Energy Emma Roberts	\$395,389	\$25,000	Nil	Nil	\$420,389	Nil	\$39,296
Executive General Manager Plant Operations Leigh Amos	\$403,133	\$25,000	Nil	Nil	\$428,133	Nil	41,769

¹ Base salary is Total Fixed Remuneration less \$25,000 employer superannuation contribution.

² Employer contributions to superannuation (other than by salary sacrifice).

³ Any motor vehicle is provided in accordance with the Queensland Government's Senior Executive Service Policy.

⁴ A car park is provided, and a nominal allowance is paid and then deducted as a salary sacrifice amount.

⁵ Total Fixed Remuneration is the sum of base salary and employer superannuation contributions.

⁶ Performance payments include superannuation.

⁷ Incumbent is Andrew Varvari, currently acting as CEO.

Chief Executive Officer and senior executive performance incentive payments are capped at 15 per cent of Total Fixed Remuneration comprising enterprise and individual performance incentives (IPIs).

Strategic targets are outlined in the Statement of Corporate Intent for shareholding Ministers. IPIs are set annually in Individual Achievement Plans and are formally reviewed mid-yearly and at year-end. The IPIs describe expectations that require the individual to demonstrate a level of performance above and beyond business as usual, resulting in the achievement of CS Energy objectives.

³ Any motor vehicle is provided in accordance with the Queensland Government's Senior Executive Service Policy.

⁴ A car park is provided, and a nominal allowance is paid and then deducted as a salary sacrifice amount.

Employment conditions

General conditions of employment are provided in the various enterprise agreements made under the *Fair Work Act 2009 (Cth)* (FW Act) and CS Energy human resources policies and procedures. Rates of pay, including productivity payments, are included in enterprise agreements and all-purpose allowances, where applicable (for example, powerhouse allowance, disability allowances, etc) are incorporated in all-up rates within those industrial instruments. The *Electrical Power Industry Award 2010* is the modern award applying to the power generation industry and enterprise arrangements leave CS Energy employees better-off-overall when compared to this Modern Award. Employment conditions are also governed by the GOC Act and Regulations, the *Electricity Act 1994 (Qld)*, the FW Act and *Fair Work Regulation 2009 (Cth)*.

As required by the FW Act, each enterprise agreement contains a flexibility provision, allowing CS Energy and employees to put in place individual arrangements provided that the employee is not disadvantaged compared to the collective enterprise agreement. These flexibility arrangements include Alternative Individual Agreements (AIAs) and are offered where roles require special skills or employment flexibility, to ensure that CS Energy can attract and retain quality employees to compete effectively in the energy market. An employee is free to move from AIA arrangements back to enterprise agreement conditions simply by giving notice of the change to CS Energy in accordance with the timeframe contained within the relevant enterprise agreement.

Employees are engaged under the following categories (4 April 2023):

Category	FTE
(a) All employees	523.02
(b) CEO and direct reports	6
(c) Employees covered by an award/EA/agreement made under the <i>Fair Work Act 2009 (Cth)</i>	484.02
(d) Employees under other arrangements (including common law contracts)	33
Total: (a) = (b) + (c) + (d)	523.02

Workforce planning

CS Energy is focussed on ensuring its workforce is capable, adaptable and diverse as it adapts to the rapidly evolving energy market. At the same time, CS Energy remains focused on complying with its various enterprise agreements.

To assist to position its workforce in this manner, a Future Workforce Planning tool has been developed from which various business scenarios can be modelled as CS Energy obtains more certainty about what workforce skills and capabilities are required to ensure its sustainability.

CS Energy's 2023/24 Labour Budget provides for the following workforce numbers but will be continuously reassessed in the coming 12 months as CS Energy works with all relevant stakeholders to implement its strategy and workforce requirements aligned to the QEJP at all CS Energy sites. *Note the below may change post the annual budgeting process as per normal practice.*

Budget workforce plan – 2023/24

	Headcount
Permanent	642
Temporary	25
CEO and Senior Executive Contract	6
Apprentices (In House)	25
Trainees (In House)	15
Casual	2
Total Directly Employed Workforce	715
Contractor and Labour Hire (trade/technical)	44
Contractor and Labour Hire (professional/administrative/technical)	75
Total Indirectly Employed Workforce	119
Total Workforce	834

CS Energy uses contractors and labour hire for a variety of reasons, including the need to address short-term, ad hoc labour requirements or to deliver a short-term, high-intensity project. This will continue as CS Energy seeks to respond to the rapidly changing energy market.

CS Energy is required to report on the use of contractors carrying out production work for both the Kogan and Callide sites, which occurs monthly via the relevant site consultative forum.

Callide Station Resource Plan

CS Energy is required, pursuant to the Callide EA, to present a Station Resource Plan (Plan) to the relevant union consultative forum on an annual basis. The Plan is to be based on various supporting information and runs from July to June. Importantly, the level of detail required is as follows; the Plan must include the skills and numbers to fulfil the “*known work*” requirements for that 12-month period.

The 2022 release of the Queensland Energy and Jobs Plan (QEJP) recognises that coal fired power stations need to be operated safely and reliably through the transformation and are important in underpinning reliability and system security as more renewables and storage come online. To support the QEJP, CS Energy has embarked on a recruitment campaign to ensure Callide Power Station has the appropriate resources based on work planning for the 12-month period and beyond.

Further considerations are as follows:

- the orderly and responsible engagement of contractors (Clause 8.2 of the Callide EA);
- broader CS Energy transformation activities and future opportunities that include Callide; and
- known work requirements in the context of operational change.

Workplace health and safety

CS Energy complies with all relevant health and safety legislation, including the Work Health and Safety Act 2011 (Qld) and related standards, Electrical Safety Act 2002 (Qld), codes of practice, Australian standards and industry guidelines. This includes the recent codification of psychosocial hazards within the relevant 2022 Code of Practice.

Inclusion and Diversity (I&D)

CS Energy’s Inclusion and Diversity Policy (I&D Policy) outlines our commitment to create a workplace culture that builds respect, fosters inclusiveness, promotes diversity and embraces the unique skills and qualities of all our employees.

In mid-2022, CS Energy’s Board reset and broadened the company’s five-year (FY23 – FY27) I&D targets to include three new diversity groups: people with a disability, people from a Culturally and Linguistically

Diverse (CALD) background and the LGBTQIA+ community. This is in addition to the existing targets aimed at increasing women and Aboriginal and Torres Strait Islander workforce participation as well as creating opportunities for future career pathways to employment. The policy and targets are supported by an annual I&D plan, which comprises various initiatives to be rolled out in 2023/24. I&D at CS Energy is critical to CS Energy's ability to attract and retain diverse talent to ensure it has the right people to execute its strategic priorities. I&D is supported by CS Energy's robust Equal Employment Opportunity (EEO) and recruitment and selection principles.

Equal Employment Opportunity and recruitment and selection

CS Energy aims to provide a workplace that is free from unlawful discrimination, sexual harassment, bullying, victimisation and vilification. All employees have access to the CS Energy *Procedure for Equal Employment Opportunity and Appropriate Workplace Behaviour*.

The *Recruitment and Selection Procedure* provides direction for all CS Energy recruitment and selection activities to be based on using fair, open, unbiased and transparent processes to select the best person for the job within an efficient and effective process. The procedure is available to all employees on CS Energy's intranet. Our recruitment practices are aligned with the I&D policy.

In accordance with Chapter 2 of the *Public Service Act 2022 (Qld)*, CS Energy reports EEO statistical data to the Public Service Commission on an annual basis. CS Energy submitted its last report in July 2022.

Existing Joint Venture projects⁵

CS Energy (through its wholly owned subsidiary, Callide Energy Pty Ltd) remains in a joint venture with IG Power (Callide) Ltd (in Voluntary Administration) at Callide C Power Station. Operations and maintenance services for Callide C Power Station are provided by CS Energy under a contract with the joint venture manager entity. CS Energy employees and some contractors are undertaking work under that contract, and otherwise, for the joint venture. Relevant CS Energy employees are primarily covered by the Callide EA.

Future Energy

The QEJP sets a clear path for the industry and Queenslanders on the journey to achieve 70% renewables by 2032 and 80% renewables by 2035 through a clean energy economy, empowered households and businesses, and secure jobs and communities.

As an energy GOC, CS Energy has the leadership, people, capability and social licence to play a leading role in delivering Queensland's energy transition. We have made significant progress in our diversification journey in areas such as renewable energy offtakes, large-scale batteries, renewable hydrogen and electrical vehicle charging.

CS Energy also recognises potential investment opportunities through the Queensland Government's \$4.5 billion Queensland Renewable Energy and Hydrogen Jobs Fund to support our portfolio. The Queensland Renewable Energy and Hydrogen Jobs Fund allows energy government-owned corporations to increase ownership of commercial renewable energy and hydrogen projects, as well as supporting infrastructure, including in partnership with the private sector.

Importantly, any investments must create new and ongoing employment opportunities in Queensland consistent with the government's employment and procurement policies.

CS Energy has already received funding support for a range of investment opportunities which will diversify our portfolio, increase our revenue and create new jobs. We will continue to engage with the Queensland Government as further opportunities arise.

This will assist in providing our existing employees with new career pathways into renewable energy, storage and hydrogen, where this is their preference.

⁵ Current as at April 2023

Relationship between CS Energy and unions

CS Energy, as a matter of course, consults with its employees and their union representatives regarding matters affecting employees. Enterprise agreements set out the parties' consultative obligations, particularly in respect of major workplace change. More formal consultative forums include site consultative committees and the Peak Consultative Committee, comprising CS Energy senior management and senior union officials, which meets quarterly.

CS Energy recognises that the various unions we work with are key stakeholders in our business. As with all key stakeholders, CS Energy works to ensure that our interactions with unions are mutually beneficial – that is, will improve the working environment for CS Energy employees as well as support the company's long-term sustainability. CS Energy is working to improve and better harness the opportunities for unions (as well as employees generally) to provide feedback on a number of issues and will look to do this through the forums already in place as well as additional forums as appropriate.

An effective working relationship with unions will be invaluable as CS Energy works with all key stakeholders, including our shareholders, to incrementally convert our existing generation sites at Kogan Creek and Callide to clean energy hubs through reinvestment.

CS Energy has an established Callide Power Station Working Group, formally referred to as the Callide Futures Group (CFG) focused on future planning activities to support the Callide workforce to transition. The CFG has been meeting regularly since March 2021.

From an industry perspective, CS Energy participates in the Energy Industry Council (EIC) and the EIC Sub Committee (working group) that held its inaugural meeting on 31 March 2023. CS Energy is committed to the QEJP and the supporting Queensland Energy Workers Charter. CS Energy will support and assist the Sub Committee to deliver on its objectives; to work together with the various union, government and industry parties in order to navigate the strategic challenges and opportunities that decarbonising the energy sector presents. These deliverables in relation to transition are separate to, and broader than the individual enterprise agreements detailed above.

Redundancy provisions

Consistent with the GOC Wages Policy's approach to employment security, CS Energy's collective agreements do not provide for any forced redundancies. They do however provide for voluntary redundancies, as a last resort, and prioritise redeployment, retraining and relocation in preference to retrenchment⁶. Severance payments include three weeks' pay for every year of service, to a maximum of 75 weeks, plus an early separation payment of 13 weeks, pro-rata long service leave and a re-training and outplacement support costing \$1,000 to \$2,000 per employee, depending on the site.

Employment security

All three current CS Energy enterprise agreements do not contemplate involuntary (forced) redundancies. In addition, the Kogan Creek Enterprise Agreement only recognises the offering of voluntary redundancies as an option if the unions party to the agreement agree. CS Energy's other two enterprise agreements allow for CS Energy to offer voluntary redundancies in accordance with the provisions of the respective EA.

CS Energy also offers transition to retirement planning whilst complying with the current GOC Wages Policy.

Contracting out

CS Energy complies with its enterprise agreements, the GOC Wages Policy and any applicable legislation on the responsible and appropriate use of contractors.

⁶ With the exception of the Kogan Creek Enterprise Agreement which requires the union parties to agree to the need for voluntary redundancies in addition to the process to be utilised in such an event.

Superannuation

In accordance with *Superannuation Guarantee (Administration) Act 1992 (Cth)*, CS Energy offers membership of and contributes to a number of approved superannuation funds, as requested by employees. Under CS Energy policy, Brighter Super is the default fund for new defined contribution fund members.

The Energy Super Defined Benefit Fund, which closed to new employees in 2002, currently has an employer contribution rate of nil. This rate is reviewed every two years by the fund actuary. Presently, 9.19 per cent of the CS Energy workforce remains in this plan. The remainder of the workforce are members of defined contribution funds, being 51.22 per cent of employees in the default Brighter Super fund and 39.59 per cent of employees in a choice of super fund account.

In November 2022, CS Energy implemented the Queensland Government approved Superannuation Guarantee Contribution increase to 12.75% per annum for all eligible Government Owned Corporation employees⁷ backdated to 1 July 2022.

Union encouragement

CS Energy provides all new employees with the details of union representatives prior to their commencement with the company and makes payroll deductions of union dues available to employees. In addition, CS Energy regularly provides new starter details to unions.

The company's enterprise agreements include provision for workplace union representatives to be released from normal duties on pay, so that they can provide support to union members during grievance and dispute settling procedures, including attendance at Fair Work Commission proceedings.

Employee representatives are also provided with paid time (as reasonable) off to participate in education activities relevant to their representative roles and may also be granted paid leave to participate in union conferences or management committee meetings where such attendance is a requirement of their office.

More recently, delegates from Callide have been involved in the CFG, currently on a monthly basis and a Callide and Kogan delegate have, as of March 2023, been formally appointed to the EIC Sub Committee in order to ensure the committee is ably resourced. CS Energy is pleased to have our employees able to support this key component of transition planning and development of future activities.

Consultation

Employees, unions and representatives of Queensland Treasury, Department of Energy and Public Works, and Office of Industrial Relations have been consulted in the preparation of this plan. The consultation process has included provision of draft documents, face to face meetings and consideration by CS Energy of written feedback from these stakeholders.

⁷ Excluding those employees who are in the Defined Benefit fund.

Appendix C: Glossary of terms and definitions

AIA	Alternative Individual Agreement
All in Unit Cost	Fuel costs + cash costs (excluding Alinta JV, TOM, Non-Routine) + capital costs over generation sent out.
C&I market share	Expressed as a percentage of total Queensland Commercial & Industrial (C&I) electricity customer load and on a trajectory to achieve 25% market share by 2023/24.
CPI	Consumer Price Index
Commercial availability	A 12-month rolling target and is the actual availability weighted to the difference between the electricity pool price and marginal cost of each unit.
EA	Enterprise Agreement
EAF	Equivalent Availability Factor
EBITDA	Earnings before interest expense, tax, depreciation and amortisation.
EBITDAIF	Earnings before interest expense, tax, depreciation, amortisation, impairment losses/loss reversals and net fair value gains/losses on financial instruments, excluding abnormal items.
EEO	Equal Employment Opportunity
EFOF	Equivalent Forced Outage Factor: The fraction of a given operating period in which a generating unit is not available due to forced outages and deratings.
EIR	Employment and Industrial Relations
EMS	Environmental Management System
FCFY	Free cash flow yield. FCFY is calculated by: Operating Cash Flow (excluding variation margin, tax payments/receipts, interest repayments/income) and Investing Cash Flow excluding Renewables / Gross Fixed Assets + Net Working Capital.
Forced Outage Factor (FOF)	The fraction of a given period in which a generating unit is not available due to a forced outage, where a forced outage is defined as an outage that could not have been reasonably delayed by 48 hours from identification of the problem. This applies to full outages only and does not include any partial load reductions (deratings).
FTE	Full Time Equivalent
Future Energy Investment Decisions	A multi-criteria assessment that monitors the capacity in CS Energy's project pipeline, linked to a gate in CS Energy's internal Investment Framework and the development progress of projects that have reached Final Investment Decision (FID) in prior years.
GOC Act	<i>Government Owned Corporations Act 1993 (Qld)</i>

CO2kg/MWh sent out	Amount of carbon emitted measure in kilograms for each megawatt hour sent out.
I&D	Inclusion and Diversity
IR	Industrial Relations
MW	Megawatt (one MW = one million watts)
NPAT	Net Profit After Tax
Process Safety	A multi-criteria assessment that monitors the number of Category 3 and 4 events (both real and potential), completion of specific maintenance or backlog activities and risk management maturity.
Product solutions	Product solutions is the number of products (in addition to traditional energy sales) sold across our total customer base (for example, renewable energy or EV Charging infrastructure products).
ROGFA	Return on Gross Fixed Assets. ROGFA is calculated by: $\frac{\text{Underlying EBITDAIF}}{\text{Gross Fixed Assets} + \text{Net Working Capital}}$
SCI	Statement of Corporate Intent
Significant Environmental Incident	An incident that causes significant environmental harm or results in enforcement action by the regulator.
Significant Injury Frequency Rate (SIFR)	A 12-month rolling average that captures Category 3 and 4 incidents relating to both Health and Safety and Process Safety. This is expressed as a percentage. The 12-month rolling calculation is equal to = $\frac{(\text{incidents} \times \text{hours worked})}{1 \text{ million hours}}$.
Social Performance	A qualitative metric assessed against a range of criteria including, but not limited to, community grants, engagement, relationships, proactive management of potential issues and ensuring stakeholders are informed.
Total recordable injury frequency rate (TRIFR)	A 12-month rolling average that captures Health and Safety injury events from three different categories – medical treatment injuries (MTI), restricted work cases (RWC) and lost time injuries (LTI). This is expressed as a percentage. The 12-month rolling calculation is equal to = $\frac{(\text{incidents} \times \text{hours worked})}{1 \text{ million hours}}$.
Underlying EBITDA	Underlying earnings before interest, tax, depreciation and amortisation.
Underlying EBIT	Earnings before interest, tax, and significant items.
Unplanned outage rate	A measure of a unit's lost capacity to generate due to forced or maintenance outages or de-ratings over a defined period.
WACC	Weighted average cost of capital

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