EnergyAustralia Sustainability Report 2025

In compliance with AASB S2 on climate-related risks and opportunities

For the year ended 31 December 2025

EnergyAustralia

LIGHT THE WAY

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1. A message from the Chair and Managing Director

Robert Grant (Chair) and Mark Collette (Managing Director)

EnergyAustralia has long recognised that climate change brings risks and opportunities to its business, which are reflected in its purpose "to lead and accelerate the clean energy transformation for all".

The introduction of climate reporting in Australia marks a significant step forward in corporate accountability and transparency. This is EnergyAustralia's first Sustainability Report (Report) under the standard published by the Australian Accounting Standards Board, entitled *Climate-related Disclosures* (AASB S2) and provides clear information on how climate-related risks and opportunities could affect our cash flow, financing, and capital costs over a range of timeframes. This Report addresses both EnergyAustralia's transitional and physical climate risks and opportunities.

EnergyAustralia has long recognised that climate change brings risks and opportunities to its business, which are reflected in its purpose "to lead and accelerate the clean energy transformation for all". These include physical impacts as well as energy market and customer changes driven by Australia's transition to Net Zero and a decarbonised economy. At EnergyAustralia, as a key player in Australia's energy market, we are committed to maintaining this focus and being transparent about both our progress and our challenges.

This Report complements the disclosures made in EnergyAustralia's 2023 Climate Transition Action Plan (CTAP 2023) and 2024 Climate Transition Action Plan (CTAP 2024)[1], which outline our targets and ambitions to achieve Net Zero emissions for Scope 1, 2 and 3 by 2050, and is in addition to the annual publication of our greenhouse gas (GHG) emissions which has now been occurring for over 15 years.

EnergyAustralia remains on track for a significant reduction in Scope 1 emissions following the closure of the Yallourn Power Station in mid-2028.

In 2026, we will review our climate targets and ambitions to ensure they reflect the current energy market dynamics and policy settings. The outcomes will be reflected in our 2027 Climate Transition Action Plan (CTAP 2027), to be published in parallel with our AASB S2 disclosures.

The energy transition is proving more complex than many anticipated. In 2025, our progress towards renewable generation ambitions has been slower than planned, driven by project construction delays, fluctuating technology costs and the implementation of policy measures. At the same time, rooftop solar exports continue to surge across the grid, fundamentally changing the type of generation the energy market needs. These realities require us to adapt our approach while maintaining our commitment to decarbonisation.

In parallel and in line with our broader strategy and commitments in the CTAP 2024, EnergyAustralia has continued to actively invest in flexible capacity assets (such as the Wooreen Battery Energy Storage System (BESS) and the Lake Lyell Pumped Hydro Energy Storage project – see 8.5.6). In addition, we are helping our customers to adopt enhanced energy efficiency measures. Together, these initiatives support the renewable energy transition and are central to EnergyAustralia's ongoing commitment to reducing emissions and helping to facilitate Australia's transition towards a cleaner energy future.

As standards for sustainability and climate-related reporting become more rigorous, EnergyAustralia is dedicated to making our disclosures more comprehensive and integrated. This includes publishing detailed emissions data and providing regular updates on progress towards our sustainability targets and ambitions, and our initiatives. Through these actions, EnergyAustralia aims to further strengthen transparency and accountability to all stakeholders.

Australia's energy transition will be challenging and costly, but it is also achievable - and essential. Managed well, it will deliver a more resilient, affordable energy system for homes and businesses. This Report is part of our contribution to that outcome: clear information about the climate risks we face, the opportunities we are pursuing and our progress. We are pleased to publish our first Report.

Robert Grant
Chair

Mark Collette
Managing Director

2. Basis of preparation

This Report represents a complete set of climate-related financial disclosures for EnergyAustralia Holdings Limited ABN 57 101 876 135 (the 'Company' or 'parent entity') and its subsidiaries (collectively 'the Group') for the year ended 31 December 2025.

2.1. Climate-related financial disclosures

The Group's climate-related financial disclosures have been prepared in accordance with AASB S2, which is the mandatory part of the Australian Sustainability Reporting Standards (ASRS) for climate-related disclosures issued by the Australian Accounting Standards Board (AASB) and in accordance with section 292A of the *Corporations Act 2001* (Cth).

As is required under the *Timeline for Audits and Reviews of Information in Sustainability Reports Under the Corporations Act 2001* approved by the Australian Auditing and Assurance Standards Board (AuASB), limited assurance by the Group's auditors has been undertaken as required in relation to sections 6, 8 and 9 of this Report.

As this is the first year in which the Group has reported under AASB S2, the Group has elected to not disclose comparative information in this Report, where relevant.

AASB S2 does not require disclosure of Scope 3 emissions for the first annual reporting period. However, as the Group has previously reported on its Scope 3 emissions, they are included in this Report and measured in accordance with the GHG Protocol Corporate Value Chain Standard.

This Report has been prepared for the same consolidated reporting entity and reporting period as the EnergyAustralia Holdings Limited consolidated general purpose financial statements for the year ended 31 December 2025 (financial statements). Refer to Basis of consolidation (note 2) in the financial statements for further details. The reporting entity includes the parent entity EnergyAustralia Holdings Ltd and its subsidiaries.

In preparing its climate-related financial disclosures, the Group has assessed its own operations (as summarised at 5.1.1) and its value chain which includes, amongst others, the joint ventures and associates of the Group (see 5.1). Details of the Group's organisational boundary for the purposes of calculating its GHG emissions are summarised at 9.3.2.

This Report was authorised for issue in accordance with a resolution of the Directors of the Company on 26 February 2026.

2.2. Connectivity with financial statements

This Report should be read in conjunction with the Group's financial statements prepared in accordance with Australian Accounting Standards. The group structure and nature of operations are consistent between this Report and the financial statements.

The presentation currency of the climate-related financial disclosures is Australian dollars (AUD), which aligns to the presentation currency used in the financial statements, and financial amounts disclosed are rounded to the nearest hundred thousand dollars unless otherwise stated.

2.3. Time horizons

The Group has adopted two time horizons for the purposes of the Report.

The following time horizons were used to disclose the actual and anticipated impacts of the climate-related risks and opportunities, aligning with the timelines used for business planning for both the Group and its parent company, CLP Holdings Limited:

Time horizons for climate-related risks and opportunities

Short-term	**0 – 1 years**
Medium-term	**1 – 5 years**
Long-term	**5 years +**

For physical risks, the longer timeframes outlined below are appropriate as the impact of these risks is expected to be most significant in the long-term. Similarly, scenario analysis seeks to identify the resilience of the Group's business model and inform strategic decision making, which is considered with reference to a longer time horizon than financial impacts for business planning purposes. They are as follows:

Time horizons for physical risks

Short-term	**1 – 3 years**
Medium-term	**4 – 10 years**
Long-term	**10 years +**

3. Limitations on forward-looking information

The Group's Report contains climate-related and other forward-looking statements which are based on the expectations, best estimates, and assumptions of the Group's management as at the date of preparation of the Group's Report. However, these may be affected by a range of factors which could cause actual results to differ materially. These include, but are not limited to, actual energy demand; energy market, regulatory and policy changes; technological development; and general economic conditions.

Forward-looking statements are not statements of fact, guarantees, predictions, or forecasts of future performance or outcomes, and are subject to both known and unknown risks, other uncertainties, and may involve elements of subjective judgement and assumptions. These statements may be affected by limitations in data or methodologies, inaccurate assumptions, or known and unknown risks, many of which may lie beyond the Group's control. As such, the reader is cautioned not to place undue reliance on these statements, particularly considering the high degree of uncertainty around the nature, timing, and magnitude of climate-related risks and opportunities, and the uncertainty as to how the energy transition will evolve, which makes it difficult to determine their potential impacts with precision.

Specifically, scenario analysis has inherent limitations and relies on assumptions that may or may not be, or prove to be, correct and that may or may not eventuate which may cause actual results to differ materially from those expressed or implied by any forward-looking statements. Certain forward-looking statements have relied on information prepared by third parties, including for scenario analysis.

The Group has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness, reasonableness or reliability of such information, including in relation to scenario analysis.

These statements are considered to be made on, and are applicable as at, the date of publication and no representation is made as to their accuracy, completeness, or reliability after this date. Other than as required by applicable regulations or law, we do not undertake any obligation to publicly update, release, or review any revisions whether as a result of new information or future events, after this date.

Past performance cannot be relied on as a guide to future performance. No representation or warranty, express or implied, is given as to the accuracy, completeness, correctness, likelihood of achievement, or reasonableness of any forward-looking information contained in the Group's Report.

The Group's Report may contain climate- and sustainability-related disclosures that have been prepared on the basis of publicly available information, internally developed data, and other third-party sources believed to be reliable.

The Group, its affiliates, Directors, officers, employees, or agents expressly disclaim any liability and responsibility for any decisions or actions which you may take and for any damage or losses you may suffer as a result of your use of or reliance on this material. The Group's Report does not contain or comprise profit forecasts, investment, accounting, legal, regulatory or tax advice, nor is it an invitation for any party to enter into any transaction.

4. Judgements and measurement uncertainty

4.1. Judgements

In the process of preparing this Report, management has exercised judgement in a number of areas including the process of identifying climate-related risks and opportunities, time horizons, greenhouse gas boundaries and methodologies, and material information, amongst others. Some of these areas remain subject to evolving guidance, or guidance issued in parallel with or following the completion of the analysis undertaken for the purposes of this Report, and therefore is not reflected in this Report. Examples include the Department of Climate Change, Energy, Environment and Water's National Climate Scenario Guidance; the Treasury's draft Climate-related Transition Planning Guidance; the Australian Climate Service's National Climate Risk Assessment; and, the revisions to the GHG Protocol Corporate Standard (for Scope 2 emissions) and to the GHG Protocol Corporate Value Chain Standard (for Scope 3 emissions). These will be factored into future reports.

Additionally, the preparation of this Report requires the use of estimates for certain amounts which cannot be measured directly. Estimates have been made where the information relates to an entity in the value chain and needs to be estimated, is related to forward-looking information, or involves data limitations.

For the purposes of this Report, some metrics disclosed and anticipated financial effects contain significant estimates in their measurement.

This is partly due to the inherently probabilistic nature of temperature forecasts and scenarios. Scenarios have been split into high- and low-temperature considerations for the purposes of this Report in accordance with AASB S2 requirements. However, this does not preclude a high-temperature climate risk or opportunity manifesting under a low-temperature scenario and vice versa, with the likelihood of such an occurrence depending on a range of factors. These include the degree to which reality conforms to modelled outcomes, the absolute temperature differential between temperature distributions, and the level of overlap between temperature distributions amongst others.

Sections of this Report containing areas of significant management judgement and measurement uncertainty include appropriate disclosures on the nature of this judgement and uncertainty.

4.2. Overview of risk and opportunities materiality assessment

A holistic internal (strategic and operational) and external (Australia-based and global) scan was conducted to consider the inherent climate-related risks and opportunities relevant to the business. This included both qualitative scans and quantitative asset-level assessments, using datasets obtained through the Intergovernmental Panel on Climate Change (IPCC), the Australian Energy Market Operator (AEMO) and the the International Energy Agency (IEA). A double materiality assessment undertaken by the Group was also an input referenced in this process, as were the Group's existing Enterprise risks, to which a climate-related lens was applied. These risks and opportunities were then considered by the Group through a comprehensive series of internal stakeholder engagements, to identify those risks that could reasonably be expected to affect the Group's prospects, as well as influence decisions made by primary users of general purpose financial statements, specifically its cash flows, access to finance, or cost of capital over the short-, medium- or long-term.

From an initial, extensive list of potential risks and opportunities that were identified, a reduced list of climate-related risks and opportunities was determined. These risks were considered to be the most relevant but not necessarily material in their own right. As such, a structured consolidation methodology was utilised that plotted these risks across two axes by causal type (physical vs transitional) and velocity (slow vs fast). Through this process, four clear material risk and opportunities groupings (across physical and transition risks) were identified that could reasonably be expected to affect the Group's prospects. These risks were confirmed through the Group's established processes for risk management. The information to be disclosed was refined over the course of the year, with an assessment of the scope and capacity to provide quantitative disclosures, and with scenarios and time-horizon alignment determined for the purposes of this Report.

5. Overview of the Group and value chain

5.1. Overview of the Group

5.1.1. Key business activities

The Group is one of Australia's largest energy retailers and generators, operating in the National Electricity Market (NEM). Its head office is located in Melbourne, with operational assets in Victoria, New South Wales and South Australia. The Group is wholly owned by CLP Holdings Limited (CLP), which is listed on the Stock Exchange of Hong Kong. The Group's financial results and other disclosures are reported in conjunction with CLP.

The Group has approximately 1.5 million electricity and gas customers across a mix of household, small business, and commercial and industrial (C&I) customers. As well as supplying centralised energy, it operates a solar and battery sales and installation business. It currently has around 4,800 MW of electricity generation capacity. Its portfolio of solar and wind farm Power Purchase Agreements (PPAs) continues to fluctuate and has seen a level of reduction since the publication of CTAP 2024. The Group's portfolio currently includes more than 586 MW of capacity, and it owns 50% of the Cathedral Rocks Wind Farm.

Outside of its owned assets, PPAs have been executed for capacity that is yet to come online, including two PPAs with the Golden Plains wind farm, one for 52 MW and another for 230 MW. The Group currently has 145 MW of storage capacity under its control, with a further 1100 MW pending.

Its portfolio is outlined in Figure 1 and Figure 2 and its value chain in Figure 3.

The Group's business employs more than 2300 people to serve customers, operate and manage assets, and oversee energy projects, PPAs and other business functions. The Group also partners with a range of vendors providing services critical to its operations.

5.1.2. Strategy and climate-related goals

Since 2015, the Group's purpose has been "to lead and accelerate the clean energy transformation for all". The Group's strategic intent is to make energy simple for its customers, meeting their needs by combining their assets into its flexible energy portfolio. To fulfil these goals, the Group's portfolio, services and business activities are evolving, growing and changing, and will look distinctly different in the future.

The Group's parent company, CLP, publishes its Climate Vision 2050 which sets out the blueprint for the CLP group's transition to Net Zero emissions leading up to the middle of the century. In line with this Vision, the Group is committed to achieving Net Zero emissions for Scope 1 and 2 by 2050, and it is the ambition for this commitment to extend to Scope 3 emissions.

As described in section 4, there is inherent uncertainty in any forward-looking statements which increases as the time horizons extend. Further, there is a significant uncertainty in the degree of action and the time horizons for that action required to reduce GHG emissions.

Figure 1: The Group's footprint

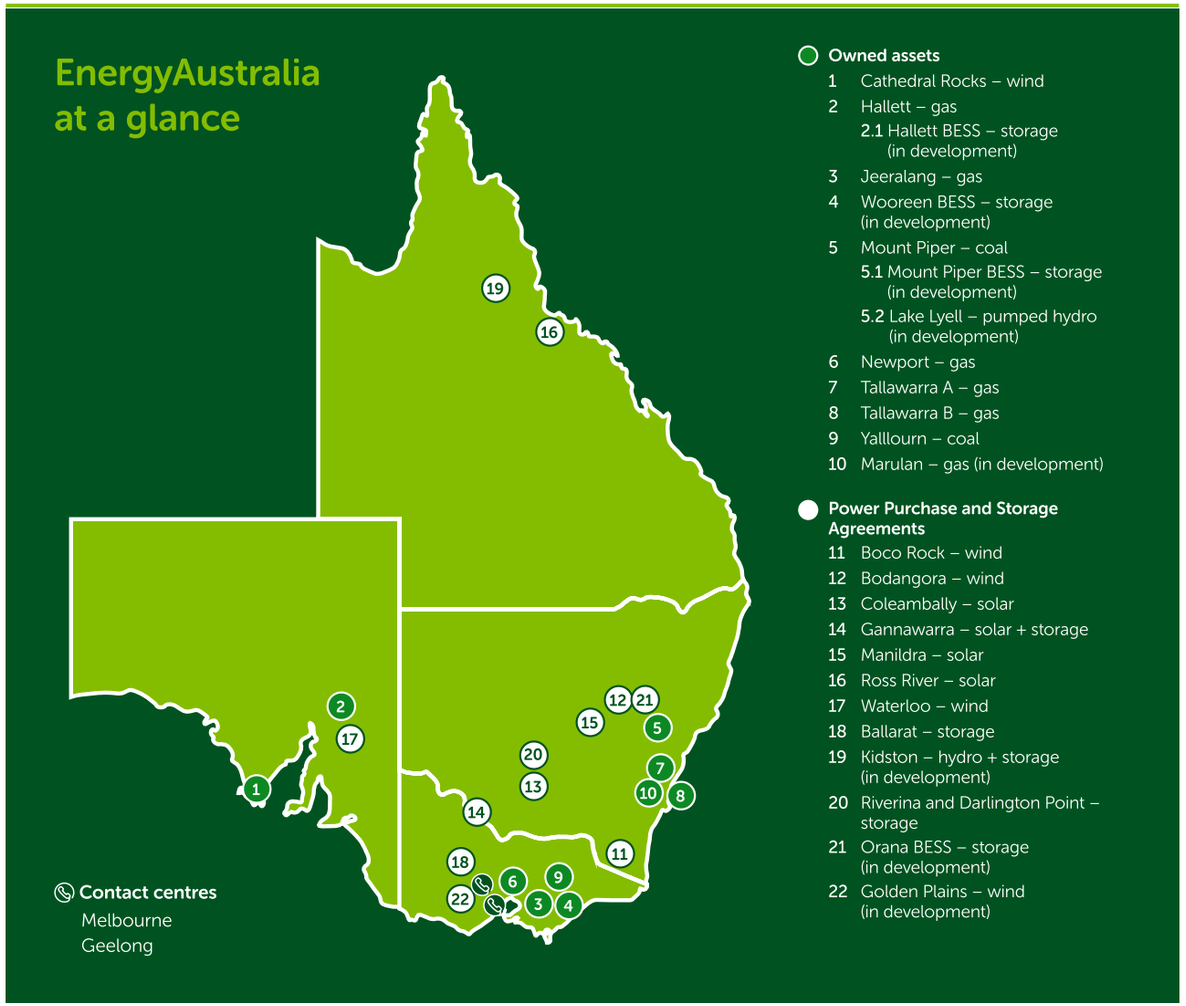


Figure 2: Generation and storage assets overview

Generation and storage assets				
Asset name	**Location**	**Fuel**	**Registered capacity***	**Expected closure date**
Yallourn PS	Victoria	Brown Coal	1480 MW	mid-2028
Mt Piper PS	New South Wales	Black Coal	1430 MW	by 2040
Newport	Victoria	Gas	500 MW	2039
Jeeralang	Victoria	Gas	432 MW	2039
Hallett	South Australia	Gas	217 MW	2050
Tallawarra A	New South Wales	Gas	440 MW**	2043
Tallawarra B	New South Wales	Gas	320 MW	2053
Cathedral Rocks	South Australia	Wind	62 MW (50% equity)	2030
Hallett BESS (Stage 1)	South Australia	Battery	50 MW (Agreed Capacity)***	N/A
Wooreen BESS	Victoria	Battery	350 MW (50% equity) (Agreed Capacity)***	N/A

* Registered capacity can differ from maximum capacity, design capacity or scheduled capacity for these assets.
** Upgrades continue which will increase the registered capacity.
*** Hallett BESS and Wooreen BESS are not yet registered at 31 December 2025.

This affects a number of predictions that are relevant to this Report. However, AEMO, with the publication of its bi-annual AEMO Integrated System Plan (AEMO ISP), first published in 2018, undertakes detailed forward-looking industry analysis. While largely focused on transitional risks and opportunities, the AEMO ISP operates as a roadmap for the transition of the NEM towards decarbonisation. It outlines the mix of generation, storage and network investments required to meet both consumer needs and government energy and emissions targets between now and 2050. The AEMO ISP helps shape the inputs into the Group's strategy and business planning, and for the current cycle, the Group has referenced the 2024 AEMO ISP as well as the 2025 AEMO Electricity Statement of Opportunities (2025 AEMO ESOO) and inputs into the pending 2026 AEMO ISP. The Group also incorporates its own assessment of the trajectory of energy market development and change, and expectations for the GHG emissions pathway, into its approach to business planning and strategy.

The Group's Scope 1 emissions currently contribute approximately 11% of Australia's annual electricity sector Scope 1 emissions. These emissions arise primarily from the combustion of coal, gas, fuel oil, and diesel at the Group's electricity generation assets, and they vary from year to year. In 2025, our Scope 1 emissions total was calculated at 16.57 million tonnes of CO_2 equivalent.

The Group's Scope 1 emissions represent approximately 85% of its total GHG emissions across Scope 1, 2 and 3. As outlined in its CTAP 2024, the Group is on track to reduce its Absolute Scope 1 GHG emissions by over 60% on 2019–20 levels in 2028–29, underpinned by the closure of the Yallourn Power Station (Yallourn PS) and brown coal mine (Yallourn Mine). Further, the retirement of the Group's remaining coal-fired generator, Mt Piper Power Station (Mt Piper PS), is expected to occur by 2040.

The Group's Scope 2 emissions are relatively small, totalling approximately 1% of the Group's total GHG emissions. These primarily result from maintenance works at generation sites while they are offline and not producing their own power. With the closure of the Yallourn PS and Yallourn Mine in mid-2028, over 68% of the Group's Scope 2 emissions on 2019–20 levels will cease.

Scope 3 emissions fluctuate year-on-year but, for 2025, comprise less than a fifth of the Group's total GHG emissions. Around 85% of these Scope 3 emissions relate to the use of gas and electricity sold to household, business and commercial and industrial (C&I) customers. These Scope 3 emissions from the use of gas and electricity by customers represent a customer's Scope 1 and 2 emissions respectively, and therefore the Group's decarbonisation ambition and that of its customers are linked. Scope 3 emissions based on the 2025 data are mostly dispersed across the Group's approximately 1.5 million customers. Emissions associated with the purchase of electricity from the NEM (GHG Protocol Corporate Value Chain Standard category 3d) comprise approximately 21% of the Scope 3 emissions total, while customer use of gas represents approximately 54% of Scope 3 emissions from the combustion of gas, plus another approximately 11% from upstream production.

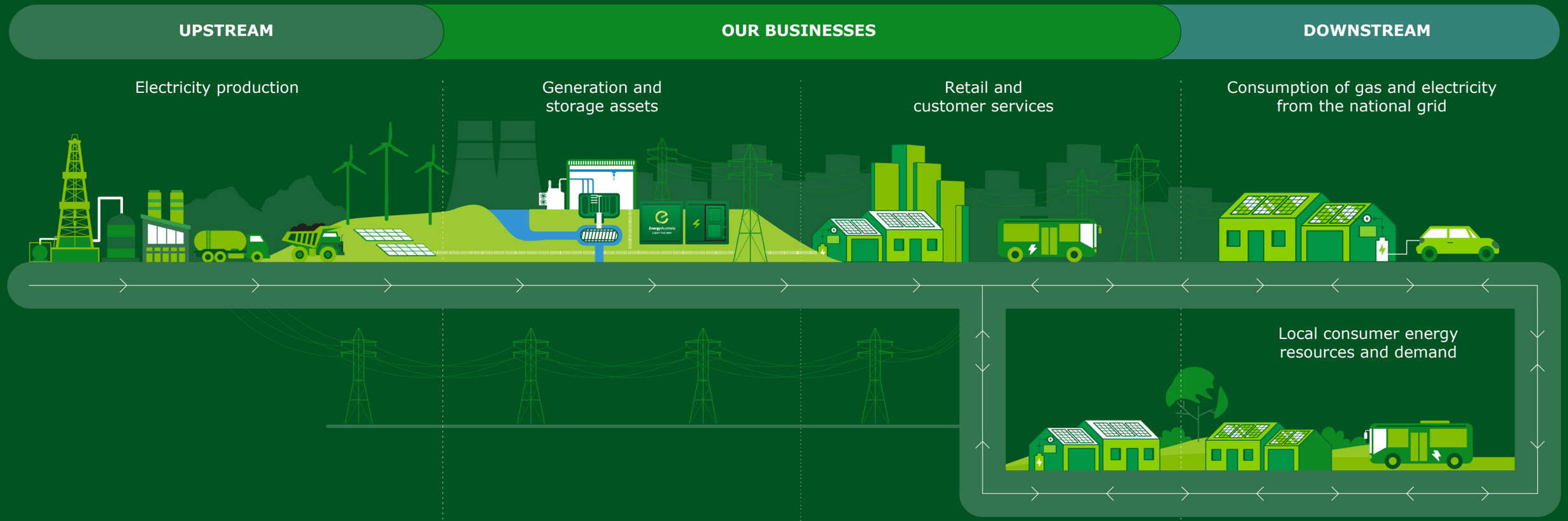
The Group has an ambition to achieve Net Zero for its Scope 3 emissions by 2050, recognising that a 25-year time horizon to achieve this ambition makes certainty in meeting it challenging.

Further detail about the Group's current Scope 1, 2 and 3 emissions is included at Figure 24 and Figure 25.

Further detail about the Group's targets and ambitions in relation to Scope 1, 2 and 3 emissions reductions is included at section 9.

Figure 3: Value chain

For the Group to provide goods and services, the Group depends on a number of other organisations, people and resources – this includes key suppliers for coal and gas, the supply and maintenance of plant and equipment for generation and storage, the energy transmission and distribution companies, Information Technology providers, and customers who purchase the Group's goods and services. See an overview of the Group's value chain below.



Gas and coal, which are inputs into the production of electricity, are sourced from our suppliers (excluding coal from the Yallourn Mine). Electricity is also contracted from wind and solar generators and provided by batteries and pumped hydro systems. This energy is purchased for supply to our customers. Other organisations provide a range of corporate and customer services to us.

We own and/or operate generation and storage assets (batteries)

We serve all types of customers from homes and small businesses to large businesses

We operate Virtual Power Plants (VPPs)

We run a solar installation business

We provide green transport solutions

We serve all types of customers from homes and small businesses to large businesses

6. Sustainability governance

6.1. Board oversight – Board and Board sub committees

Sustainability, including the Group's response to climate change, is integrated into its corporate governance structure and, as stated, is a core pillar of the Group's purpose.

The Group's Board has overall responsibility for the governance of the organisation, and provides leadership and strategic guidance relating to the development and implementation of the corporate strategy.

There were some changes in the composition of the Group's Board over the course of 2025, however, by the end of 2025, the Board was made up of ten Directors, including five Directors from the Group's parent company, CLP Holdings Limited. The Board members bring experience from a wide range of industries and backgrounds, including utilities, oil and gas, construction, industrials, retail, marketing, finance, insurance, and government and policy. The Board of the Group has the appropriate skills and competencies to oversee strategies designed to respond to climate-related risks and opportunities. This has been assessed and is illustrated in the Directors' skills matrix in Figure 4.

The Board further develops its knowledge and skills through seeking input from members of management, and regularly invites independent advisers and relevant industry and subject matter experts to inform them of the latest energy market and industry developments, including climate risk. The CLP-nominated Directors on the Board also ensure that shareholder views and approach to climate transition, set out in CLP's Climate Vision 2050, are taken into account and an aligned approach is reached.

The Board Sustainability Committee assists the Board in overseeing the Group's role in the broader CLP climate change, decarbonisation, energy system transformation, performance and governance responsibilities. It is the primary body which undertakes review of the development of the Climate Transition Action Plan, noting that the final report, including targets and ambitions, is subject to approval by the Board. Figure 5 illustrates how the response to climate-change considerations is integrated into the corporate governance structure.

In addition to the Board Sustainability Committee, the Board Audit and Risk Committee is responsible for overseeing and monitoring the overall risks for the Group. Climate-related risks are integrated into the overall risk management framework of the Group, which is overseen at least quarterly by the Board Audit and Risk Committee. At each Board meeting (which occur a minimum of six times per year), updates on relevant matters are provided from the Board Audit and Risk Committee and the Board Sustainability Committee.

6.2. Management's role in sustainability governance

Climate risks are, and will continue to be, managed through the Group's enterprise risk management process. This process is aligned with the international standard ISO 31000 which provides guidance on risk-management methodologies. This includes defining the controls and mitigations to manage and treat the risks. Regular reviews of climate risks are conducted by the Enterprise Risk Management Committee and the Executive Sustainability Committee (both of which have the same members, being all members of the Executive Leadership Team). The Executive Sustainability Committee also has a broader role in overseeing the development and roll-out of the Group's sustainability strategy and the continued evolution of its Climate Transition Action Plan.

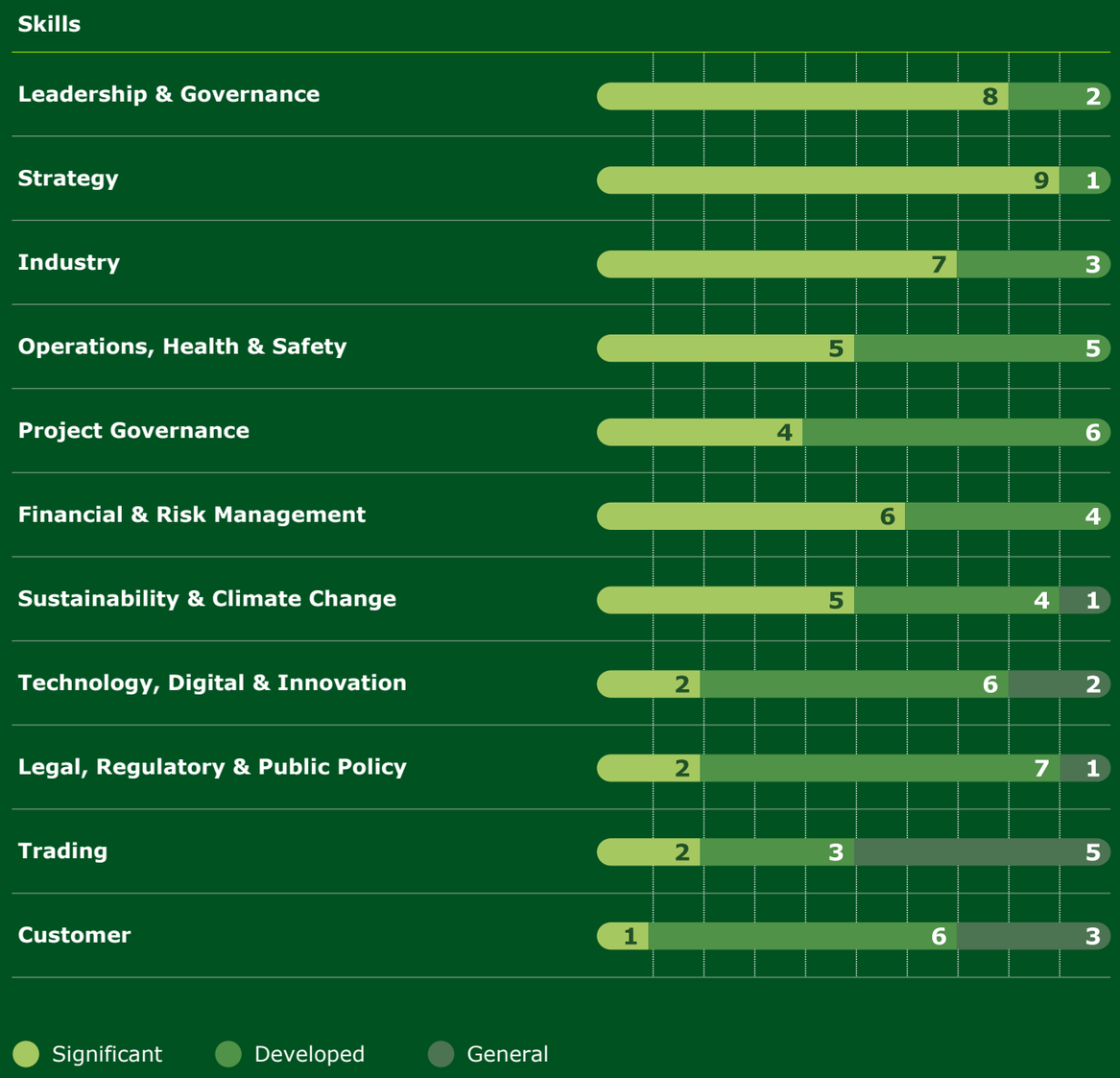
The Group's parent company, CLP, integrates the most material risks into its own risk scenarios and reporting.

The Group's purpose is "to lead and accelerate the clean energy transformation for all" recognising the role the Group plays in the transition of Australia's energy system to Net Zero.

This purpose is important to the Group's strategy which is set and overseen by the Board. The Board and management routinely consider the external context, risks and opportunities which shape and the strategy and business plans.

The Group's purpose is "to lead and accelerate the clean energy transformation for all" recognising the role the Group plays in the transition of Australia's energy system to Net Zero.

Figure 4: Skills matrix



Underlying skill details

Leadership & Governance

A strong background in corporate governance with a demonstrated track record of effective leadership in cyclical industries and in steering organisations through periods of disruption, transformation and rapid change.

Strategy

Ability to drive sustained business performance through the development and execution of corporate strategy and experienced in governance oversight of capital management frameworks and in leading complex corporate transactions and large-scale projects.

Industry

Extensive senior executive and board experience in the energy sector, encompassing competitor analysis and governance oversight of asset management across a broad portfolio of energy sources.

Operations, Health & Safety

Experienced in fostering strong safety cultures, including psychosocial health and safety, and embedding employee wellbeing initiatives to enhance resilience, performance, and sustainable workforce outcomes.

Project Governance

Experience in project governance, encompassing substantial major projects with significant organisational impact. Demonstrated capability in project-based governance and risk governance, ensuring accountability, compliance, and effective delivery across complex initiatives.

Financial & Risk Management

Extensive expertise in financial analysis, including the interpretation of statements and forecasts, with strong knowledge of financial drivers and controls. Qualified in accounting, audit, and corporate finance, with significant experience in the governance and oversight of global risk management frameworks. Skilled in identifying, assessing, and managing emerging material and strategic risks.

Sustainability & Climate Change

Capability in sustainability governance, including climate-related KPIs, climate-related risks and opportunities that impact the business, climate science, emissions trajectories, energy transition drivers, and evolving climate and energy policy. Understanding of human rights and modern slavery obligations and Traditional Owner and Indigenous communities.

Technology, Digital & Innovation

Capability in overseeing technology transformation and innovation in the energy sector, with strong governance experience in cyber security risk management and guiding enterprises through digital disruption.

Legal, Regulatory & Public Policy

Expertise in legal compliance across listed companies and global enterprises, encompassing the identification of key legal and regulatory risks, governance of organisational legal frameworks, and oversight of complex negotiations and class actions. Provision of strategic insight into public policy development and its impact on corporate operations.

Trading

Expertise in energy market rules and platforms, and oversight of designing future-proofing and hedging strategies, and in overseeing the structuring and negotiation of PPAs and complex contractual arrangements.

Customer

Expertise in customer understanding, encompassing the identification of varied energy consumer needs and expectations. Experience in tracking emerging retail energy market trends and aligning customers' social values to support sustainable growth and stakeholder confidence.

6.3. Impact of sustainability on remuneration policies

The Group's purpose is "to lead and accelerate the clean energy transformation to all", and this overarching purpose helps to guide the Group's strategy. The Group's purpose recognises that the clean energy transformation is multifaceted and requires affordability and system security to be equal considerations to decarbonisation to allow the transformation to proceed in a steady and equitable way. The Group's executive remuneration is determined with those factors in mind.

Executive remuneration includes two incentive elements: a short-term and a long-term incentive. The short-term incentive is subject to the achievement of both individual objectives and the annual company Balanced Scorecard. The scorecard measures and targets are reviewed annually by the Nomination, People and Remuneration Committee, reflecting key focus areas, following which they are approved by the Board.

Currently, in the context of maintaining affordability as part of the clean energy transformation, cost of living challenges are key elements of the short-term Balanced Scorecard for 2025, with targets to improve efficiency within the Group's operations to bring down the cost of energy to customers.

The long-term incentive (also reviewed and approved annually as described above) currently spans three years - 30% is reserved for strategic execution, half of which is dedicated to the efficiency improvements referred to above. The other half is dedicated to delivering projects relevant to the Group's transformation, the energy transition and climate-related considerations.

This includes the delivery of storage and firming capacity projects which provide firming to renewable energy sources and help to ensure the security of Australia's energy system. Firming projects, which include gas-fired generation, assist in the decarbonisation of the NEM and contribute to an overall reduction in emissions.

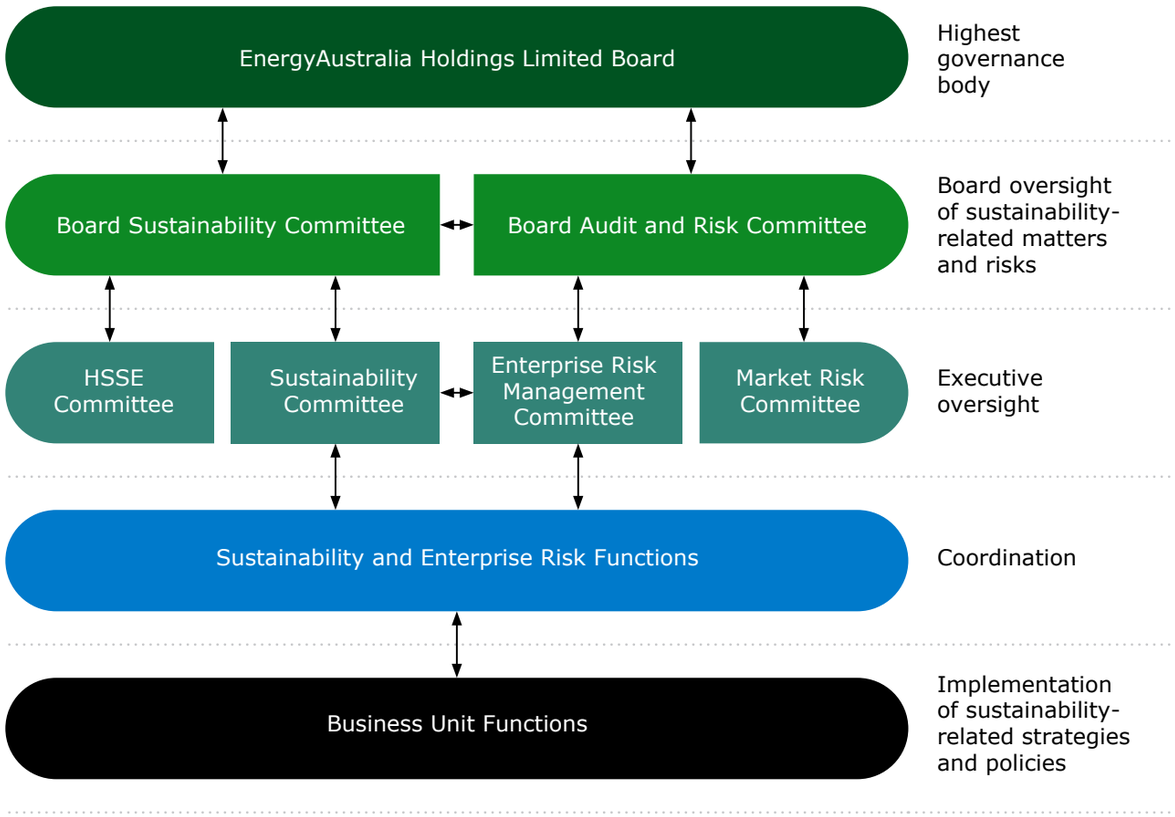
6.4. Process, controls and policies to manage climate-related risks

The policies and processes followed by the Group to identify climate-related risk and opportunities are set out in section 7 of this Report. The risk identification process incorporates both qualitative and quantitative factors, and it considers the nature, likelihood and magnitude of potential risks through the materiality assessment.
The materiality assessment considers potential financial impacts, operational disruptions, regulatory changes, and, in the case of opportunities, benefits. These processes are integrated into the overall risk management framework, ensuring that climate considerations align with broader strategic decision-making.

Once a risk is identified, a risk owner is assigned to the risk. They are responsible for the assessment and monitoring of the allocated climate-related risk or opportunity.

A combined sustainability-related risk and opportunity profile is developed which focuses on climate-related risks and opportunities rated as 'High' and 'Extreme' and risks with a potential catastrophic consequence, taking into account the effectiveness of current controls. The risk profile is reviewed by the Executive Enterprise Risk Management and Sustainability Committees with oversight from the Board Audit and Risk Committee and the Board Sustainability Committee.

Figure 5: Sustainability governance



7. Risk and opportunities materiality assessment

7.1. Risk definition

The Group defines risk as the effect of uncertainty on objectives in line with international standards and best practices. The Group has for many years identified and managed climate-related risks that may affect the Group's operations or strategy as part of its existing system of enterprise risk management. The Group's role in the energy market within Australia has meant that addressing the impacts of the decarbonising economy and increasing physical hazards has been core to its business planning for a significant period.

In the context that participating in the energy transition and responding to climate change is and remains a core business driver for the Group, for the purposes of this Report, a fulsome internal (strategic and operational) and external (localised and global) scan was conducted to consider the inherent climate-related risks and opportunities relevant to the Group's business.

There were two drivers behind this approach:

- the need to consider a shift in the time horizon for the assessment of enterprise risks to a longer time horizon in order to capture medium- and long-term risks and opportunities, balancing the multi-decade journey to decarbonise with the inherent unpredictability of long time horizons; and
- with the shift in time horizons, to identify risks (and opportunities) that may have not been previously considered.

The inherent risks identified were then considered by the Group through a comprehensive series of internal stakeholder engagements to identify those risks that could reasonably be expected to affect the Group's prospects, as well as influence decisions made by primary users of general purpose financial reports.[2]

Any events or changes that occurred during the period have been considered as part of the materiality determination process.

7.2. Approach overview

A number of steps were followed in the process of determining the Group's climate-related risks and opportunities.

Step 1
Consideration and review of the extent of the existing approach to climate-related risks including understanding the context in which the Group operates

The Group is a major Australian energy retailer and generator, supplying electricity and gas to a wide range of customers. Its activities include renewable energy solutions, energy management services, and support programs for those in financial hardship. Operations span Victoria, New South Wales, the ACT, South Australia, and Queensland, all within a complex regulatory and policy environment.

The Group's operations rely on coal- and gas-fired generators, renewable projects, battery storage, and the NEM. Key resource inputs include fossil fuels, renewables, and water. The Group works closely with suppliers, regulatory bodies, communities and technology partners to support its business and transition goals.

Step 2
Identify specific risks and opportunities

The approach to identifying the Group's risks and opportunities was to understand its operations and value chain.

The Group considered whether its critical resource inputs, relationships and interdependencies within the value chain are subject to climate-related risks or create opportunities that would affect the Group's ability to generate cash flow. The Group also considered other internal and external sources of information to identify whether there were any additional risks and opportunities.

Further detail is included at 8.2.1 (Operational resilience risk) about the risk identification process for climate-related physical risks.

Step 3
Assess whether the risks and opportunities could be reasonably expected to affect the Group's prospects

Only those climate-related risks and opportunities that are material and could reasonably be expected to affect the Group's cash flows, access to finance or cost of capital are disclosed in the Group's Report. In making this assessment, the Group considered a combination of:

- the likelihood of the event occurring; and
- the magnitude of the impact on the Group's financial prospects if the event did occur.

Step 4
Undertake final consolidation and approval of risks and opportunities for the Group

The determination of the climate-related risks and opportunities requires judgement, and the determination of the materiality is described further in section 4.2. The material climate-related risks and opportunities were presented to the Executive, the Board Sustainability Committee and the Board Audit and Risk Committee for further review.

8. Climate-related risks and opportunities

8.1. Introduction

The Group's risk assessment identified the climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects, specifically its cash flows, access to finance, or cost of capital over the short-, medium- or long-term.

For each of the identified risks and opportunities, the Group has determined the potential effects on the Group's strategy and business model.

As indicated in the description of the climate-related risks and opportunities in Figure 6, each contains a number of different elements. The risks and opportunities are described in more detail in sections 8.2 and 8.3.

For each of these identified risks and opportunities the Group determined:

- the current and anticipated effects on the Group's business model, value chain, and on the Group's strategy and decision-making (see sections 5, 7, 8 and 9);
- the effects on the Group's financial position, financial performance and cash flows for the reporting period (current financial effects for each risk); and
- the anticipated effects on the Group's financial position, financial performance and cash flows over the short-, medium- and long-term (anticipated financial effects for each risk).

By integrating these insights into strategic planning, the Group aims to manage the financial, operations and reputational impacts of climate change.

Quantifying anticipated financial effects of climate-related risks and opportunities and assessing their materiality involves inherent uncertainty and management judgement due to reliance on current financial data, energy market conditions and the business plan as a basis for forward-looking analysis. These inputs may change significantly over time as conditions evolve. The quantification disclosed in this Report should be read in the context of these uncertainties. For risks with a large range of possible outcomes and probabilities, the degree of measurement uncertainty is so high that resulting quantitative information would not be useful. For those risks, the financial impacts have been described qualitatively.

For more information on the Group's risk assessment see section 7.

Figure 6: Climate-related risks and opportunities

RISKS

Operational resilience (Physical risk)

The Group suffers material financial loss due to a significant asset disruption without adequate protections such as market responses or insurance coverage.

Transitional enablers (Transition risk)

Execution of the Group's strategy is materially impeded by absent or ineffective key enablers such as depressed social licence, changes to climate-related government policy or regulation, or misaligned employee capability and capacity.

Portfolio transition (Transition risk)

The Group is unable to maintain a competitive asset portfolio through and post the decarbonisation of Australia's energy system.

OPPORTUNITIES

Transitional opportunities

The Group takes advantage of being a leading provider of market-led products and services supported by a flexible portfolio of generation and storage assets through and post the decarbonisation of Australia's energy system.

8.2. Effects of identified risks on the Group's business model

Figure 7 below outlines management's assessment of how its material climate-related risks and opportunities will manifest over time and impact the Group's business model. As it outlines, the Group currently expects that the effects will be the most significant in the long-term.

Figure 7: Timeframes over which effects will manifest

	Short-term (1–3 years)	Medium-term (1–5 years)	Long-term (5+ years)
Operational resilience	Low	Low	Medium
Transitional enablers	Low	Low	Medium
Portfolio transition	Low	Low/Medium	High
	For Opportunities, high exposure is an increase in potential of positive outcomes.		
Transitional opportunities	High	High	High

Legend: Low | Low/Medium | Medium | High | Extreme

8.2.1. Climate-related risk: Operational resilience (Physical risk)

OPERATIONAL RESILIENCE

The Group suffers material financial loss due to a significant asset disruption without adequate protections such as market responses or insurance coverage

CONCENTRATION OF ASSETS VULNERABLE TO THIS RISK

The Group expects its coal- and gas-fired generation assets and energy storage assets to be most vulnerable to operational resilience risk. These assets form the largest component of property, plant and equipment and right-of-use assets (leases) reported in the financial statements (see financial statements note 15 and note 16).

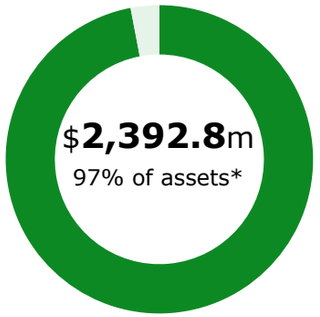
Figure 8 illustrates the proportion of property, plant and equipment (including leases) that could be impacted by this risk. The concentration of assets vulnerable to this risk is a key consideration in assessing the required mitigations and determining the potential financial effects, as outlined here in 8.1.1.

The Group's assessment of its operational resilience risk primarily focused on assessing the impacts of acute and chronic physical risks on the Group's asset portfolio. Physical risks that are linked to climate change have the potential to increase the Group's operational exposure to:

- chronic impacts over the long-term (long-term and gradual change e.g. sea level rise and ocean acidification); and
- asset disruption by way of acute and chronic impacts to transmission lines, customers, markets and supply chains.

In particular, the Group recognises that hazards impacting transmission lines, as well as distribution infrastructure, interconnectors and gas pipelines may cause major disruption to the Group's assets. All major electricity generation and storage assets within the portfolio have the potential to be impacted if a transmission line or other infrastructure within the vicinity of the asset is out of service on an unplanned basis. From a climate-related perspective, this risk is most likely to manifest as a result of a storm, a high wind event or a bushfire as the prevalence of these extreme weather events increases due to climate change. Further, there is limited capacity for the Group to mitigate the risk as the resolution of any issue is in control of a third-party operator. The impact to the Group would vary depending on the specific asset being impacted and the time taken to rectify an issue, but could be estimated with reference to storage and capacity in Figure 2.

Figure 8: Proportion of property, plant and equipment impacted by Operational resilience risk



*Assets includes property, plant and equipment and right-of-use assets.

The Group is also exposed to asset disruption by way of acute and chronic impacts to elements of its value chain such as transmission lines, customers, markets and supply chains.

In particular, the Group recognises that hazards impacting transmission lines, as well as distribution infrastructure, interconnectors and gas pipelines may cause major disruption to the Group's assets.

PHYSICAL RISK ASSESSMENT PROCESS

The Group's assessment of its operational resilience risk primarily focused on assessing the impacts of **acute** and **chronic** physical risks on the its asset portfolio. This assessment was conducted based on the following steps:

1 Understand the most affected asset types

The physical risk exposures of different asset types were considered. This included the impact of climate-related hazards such as extreme heat on the operation of each asset type and their associated infrastructure. This initial screening related to asset types, rather than to the specific assets of the Group and therefore did not consider the specific impacts due to the location of the Group's assets.

2 Determine the vulnerable assets

The Group assessed the risk of different assets given their location and the spatial and temporal variation of climate-related hazards. This was conducted using IPCC datasets, past, present and draft scenarios by AEMO and IEA. Three temperature scenarios were also selected which align with the Group's scenarios used for scenario analysis described in section 8.5, but the scenarios utilised in this analysis provided a level of location-specific granularity required to appropriately assess asset disruption risk for the Group.

3 Determine the percentage of assets with risk exposure level of 'High' or above from an inherent risk perspective

The percentage of the Group's electricity generation capacity (on an equity basis) as of 31 December 2025 that was considered to have 'High' or 'Extreme' exposure to a hazard, as designated by the asset type and its location, was determined by the Group.

4 Change to risk exposure level over time

The Group considered the combined effect of temporal changes in the climate patterns and the Group's portfolio. Climate pattern changes were informed by the assessment of physical risk scenarios that cover a timeframe up until the end of the asset's planned life. This approach to timeframes provides more clarity than designated time periods on the potential impacts and changes to the Group's identified risks.

In addition to the above, the Group also assessed its exposure to indirect risks such as impacts to transmission lines resulting from the climate change impacts identified by Group.

5 Determine the material physical risks

This assessment resulted in a determination of the Group's material acute and chronic physical risks.

Figure 9 outlines the nature and key elements of its operational resilience risks and the Group's mitigation or adaptation efforts.

6 Understand the full scope of Group's acute and chronic physical risks

The assessment also provided more thorough insight into the full scope of the physical risks that may impact the Group's assets.

These non-material risks are more fully described in section 11.1.

Figure 9: Material acute and chronic risks and mitigation or adaptation relevant to the Group's operations

Nature of the material risk	Mitigation or adaptation efforts
Acute	
Aspects of the Group's business, including safe and reliable operation of the Group's generation and storage assets, and third-party contracts (offtake agreements) may be impacted by the increasing frequency and severity of flooding, bushfires, storm events, extreme cold periods and landslides. In such an event, the Group may have insufficient insurance to cover the associated financial impacts.	The following adaptation or mitigation efforts have been undertaken: • Site-specific preventative maintenance programs, bushfire management and water management plans to mitigate potential climate change impacts have been put in place and are reviewed and updated periodically. • Site-specific asset management plans are in place and continuously reviewed and revised, supported by business planning, to mitigate potential climate change impacts. • Flood management designs are utilised to address flood risk (for mine geotechnical structures e.g. surface drains, levees, buttresses and river diversions). • Real-time groundwater monitoring, using real-time data on soil and rock movements, to enable early detection of potential instabilities. • In the event of an asset failure, to minimise the impact, Emergency Response Plans are in place, outlining the procedures for evacuations, communication protocols and resource allocation.
Chronic	
Aspects of the Group's business, including the ability to reliably predict the operation of its generation assets, may be impacted by: • limited access to water during periods of drought; • periods of extreme heat; and • changes in sea levels that inundate site discharge points that are regulated by legal instruments. Additionally, due to the increased likelihood of the manifestation and likely impact of physical risks, the Group may not be able to access desirable business interruption insurances to support the resumption of operations.	The following adaptation or mitigation efforts have been undertaken: • Water entitlements/licences are maintained, combined with robust water storage system management. • Frequent manual and continuous system monitoring of discharge levels are used to help prevent potential issues. • Routine/preventative maintenance programs. • Water management for use in electricity generation optimised. • Power station tidal design reviews.

Material risks (Physical risks)

Yallourn Mine

Drought (chronic)
Flooding (acute)

The Yallourn Mine, during both the operational period and the time it is under rehabilitation, would be particularly vulnerable to physical risks associated with climate change.

The Group is currently obligated to undertake remediation works at the Yallourn PS and Yallourn Mine, which are currently projected to take the Group 20+ years to complete. The major component of these works is rehabilitating the site on which the open cut pits/voids sit, which are planned to be converted into a lake.

A material chronic physical risk to Yallourn Mine is extreme heat causing higher levels of drought conditions which will reduce access to water during the mine rehabilitation period (currently planned to be 2028-2050). Water access is key to the Group's current plan to rehabilitate the Yallourn Mine, by filling the open cut mine pits/voids with water, to ultimately create a lake with beneficial uses for the community. To completely fill the Yallourn Mine voids, 665 gigalitres of water are anticipated to be required.

In the case of a drought, the filling time for the Yallourn Mine voids could be extended by approximately four to seven years (see SR Note 1).

In addition, on the basis of the Group's current rehabilitation plan, the cost of water purchases necessary to fill the Yallourn Mine voids would likely increase.

Conversely, a material acute physical risk to Yallourn Mine is a heavy rainfall event or flooding of the Latrobe or Morwell rivers, leading to mine batter failure (collapse) during the Yallourn Mine rehabilitation period. The Group could be exposed to repair and clean-up, public liability costs and statutory penalties. The exposure could be in excess of current insurance policy limits.

Refer to Figure 10 for more details of the potential financial impacts of the material physical risks associated with drought-induced water access issues and flooding at the Yallourn Mine.

Right: An impression of the filled lake at the Yallourn Mine following rehabilitation.

Current and anticipated financial effects

The effects that Operational resilience risk has on the Group's financial position, financial performance and cash flows for the current reporting period and the anticipated financial effects over the medium- and long-term are detailed in Figure 10.

Figure 10: Operational resilience risk financial effects

2025 Effects	Significant risk of material adjustment in 2026
No material impact in 2025.	Unlikely to be material impacts in the short-term.

Anticipated financial effects over the medium- and long-term

The material anticipated financial effects relate to the following:

Drought induced water access issues in Yallourn Mine

The anticipated financial impacts of this chronic physical risk could be:

- Land remediation provisions (see financial statements note 14 - provisions) could increase due to additional water purchase costs and extended mine void fill time, which in turn could also increase overhead and maintenance costs to cover the extended period of time. This cost increase, however, would be partially offset by the increase in discounting for cash flows that would be incurred later than initially planned due to the delay (SR Note 1).
- In the long-term, operating cash outflows would increase due to increased costs of mine rehabilitation due to additional water purchases required.

Flooding in Yallourn Mine

The anticipated financial impacts of this acute physical risk are detailed below:

- The Group would incur costs to repair and remediate damage to the mine and surrounding environment due to a flooding event (SR Note 2). The last flooding events at the site cost the Group $155 million and $78 million. These costs would either be operating expenses, or a mixture of operating expenses and an increase to the land remediation provision for changes to remediation plans as a result of the flood damage.
- In the long-term, operating cash outflows would increase due to increased costs of mine rehabilitation due to material damage from the flooding event.

SR Note 1: The number of years that the Yallourn Mine rehabilitation period would be extended could be determined as a sensitivity based on expected drought conditions in the long-term. Quantification of the financial impact this may have on remediation and rehabilitation costs has not been provided due to high uncertainty around the extent of the drought and the requirements of other parties with competing water needs at the time and the resulting impact on the cost of water, making any estimate unreliable and not useful for decision-making.

SR Note 2: The anticipated financial effects of flooding of the Yallourn Mine is the cost of the most recent floods which damaged the Morwell River diversion (events occurred in 2012 and 2021). The cost of a future flooding event would depend on the time of the event and whether this was during the operation of the mine or in the rehabilitation period. Estimating the costs to repair and amend rehabilitation plans and the increased costs associated with clean-up depends on the extent of flood event and associated business disruptions. The range of possible outcomes and probabilities is too large to make a reliable estimate.

TIME HORIZON

2025

2026

Medium- & Long-term

8.2.2. Climate-related risk: Transitional enablers (Transition risk)

TRANSITIONAL ENABLERS

Execution of the Group's strategy is materially impeded by absent or ineffective key enablers such as depressed social licence, changes to climate-related government policy or regulation, or misaligned employee capability and capacity

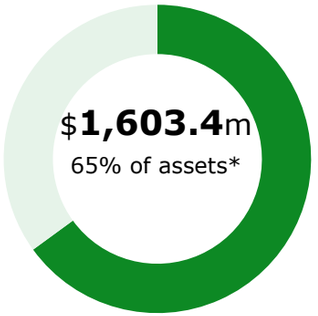
CONCENTRATION OF ASSETS VULNERABLE TO THIS RISK

The Group expects its coal-fired generation assets to be the most vulnerable to transitional enablers risk, given the government's current policy on reducing emissions significantly by 2030, which is partially reliant on the Group's commitment to exiting coal-fired generation. Changes in government policies could result in alterations to funding models and expected timelines for closing coal-fired generation assets. These coal-fired generation assets form part of property, plant and equipment and right-of-use assets (leases) reported in the financial statements (see financial statements note 15 and note 16).

Figure 11 illustrates the share of property, plant and equipment (including leases) comprising these assets.

Figure 12 outlines the nature of these material risks and the Group's mitigation or adaptation efforts. Detail on the financial implications is provided in Figure 13.

Figure 11: Proportion of property, plant and equipment impacted by Transitional enablers risk



*Assets includes property, plant and equipment and right-of-use assets.

Figure 12: Transitional enablers risk overview

Nature of the risk	Mitigation or adaptation efforts
Changes to climate-related government policy or regulation	
Australia has separate Federal and State-based emissions reduction and renewable energy targets and timeframes for their achievement. Changes to these policies in short time horizons (electoral cycles), and the challenges to delivery in the designated timeframes together may result in business planning and investment uncertainty for the Group and other energy market participants in Australia.	The Group's CTAP 2024 outlines the transition of its portfolio, and details how it is transforming its business for operation in the future energy market (including investment and preparing for flexible operation of generation assets such as Mt Piper PS) as part of the energy transition. Its approach takes into consideration the current legislated targets and probable future market outlooks (reflecting the continued evolution of policy and regulation).
In 2022, the Federal Government legislated its 43% emissions reduction target by 2030 from 2005 levels (and Net Zero by 2050) and in 2025, it committed to cutting emissions by between 62% and 70% by 2035 (on 2005 levels). In 2023, additional emissions-limiting requirements were legislated as part of the Safeguard Mechanism reforms. It expanded the Capacity Investment Scheme (CIS) in late 2023 to target 32 GW of new capacity. The continuation of the CIS and its policy framework appears likely for the medium term.	The Group engages closely with all levels of government and regulatory bodies on energy matters, climate policy and regulation. It is undertaking analysis to consider how a price on carbon would impact its investment decisions.
Further limits on carbon emissions may be introduced in Australia over the medium term which could adversely impact the Group's operating costs, profitability and the viability of new investments or investment proposals.	
Social licence	
The energy transition and the infrastructure required to deliver it (including transmission, generation and storage) remains highly contested in many communities, with vocal opposition from some segments of the communities in which the Group operates. Such opposition could adversely impact the energy sector's ability to meet its transition agenda and the Group's ability to execute its strategic plan.	The Group has robust policies and strategies for community engagement. Ongoing community engagement demonstrates the Group's commitment to involving and consulting with a broad range of stakeholders in its planning and decision-making.
Employees	
As a result of the global energy transition, there will be significant competition for skills both in Australia and worldwide. This could impact the Group's ability to execute its strategic plan.	The Group is continually monitoring and updating its approach to address the employee capability risk, including conducting detailed workforce planning with relevant subject matter experts from across the business.

The Group engages productively and transparently with all levels of government and regulatory bodies on energy matters, climate policy and regulation.

Current and anticipated financial effects

The effects that Transitional enablers risk has on the Group's financial position, financial performance and cash flows for the current reporting period and the anticipated financial effects are detailed in Figure 13.

Figure 13: Transitional enablers risk financial effects

2025 Effects	Significant risk of material adjustment in 2026
In 2025, a provision for restructuring costs associated with the closure of the Yallourn PS and Yallourn Mine was recognised for approximately $100 million.	Unlikely to be material adjustments in the short-term. In the short-term, due to increased policy certainty following the 2025 Federal Election and into the medium-term, the decarbonisation policies of governments are well understood and these policy positions are considered in the Group's anticipated financial performance and planned portfolio transition.

Anticipated financial effects over the medium- and long-term

Changes to climate-related government policy or regulation

In the medium-term, particularly towards 2030, it is anticipated that challenges may arise from meeting governments' transition goals simultaneously with the need to maintain reliability of energy supply (which is necessary to provide confidence in the transition). Changes in State governments may have a significant impact on prioritising and balancing emissions reduction with reliability of supply and cost to consumers. This could impact the Group's operating costs and revenues from electricity generation.

In the medium- to long-term, there may be more stringent carbon constraints which could also increase operating costs more than revenues and could result in an impairment of the carrying value of assets with higher emissions in the Group's portfolio. Conversely, there may be limited carbon constraints in the Australian economy, particularly if the energy transition meets its current intended milestones.

Quantification of anticipated financial effects has not been provided because the timing, pricing, market participant actions and reactions, and the design of potential policy changes are highly uncertain, making any estimate unreliable and not useful for decision-making.

Refer to the scenario analysis in 8.5.2 (1.5°C - Low warming world) for further discussion on the impacts of this risk, noting the challenges associated with accurate and meaningful or useful quantification.

Value chain impacts: Electricity generation and storage facilities

TIME HORIZON

2025

2026

Medium- & Long-term

Current and anticipated financial effects (continued)

The effects that Transition enablers risks have on the Group's financial position, financial performance and cash flows for the current reporting period and the anticipated financial effects are detailed in Figure 13.

Figure 13: continued

Anticipated financial effects over the medium- and long-term (continued)
Social licence
In the short- to medium-term, social licence challenges may increase the difficulty in obtaining necessary approvals for the Group's pipeline of development projects, or new projects, potentially delaying their roll out, and/or contributing to added operating costs. Similar challenges may also be applicable to the physical infrastructure to bring energy from new projects into the market and would impact the ability to make a return on any assets impacted. Investment in social licence considerations, including shared benefits programs, are already a standard element of project planning and project management, and may reach a material value of expenditure, increasing operating and investing cash outflows. Increasing expectations around the impact of projects and their operation on nearby residents may result in expensive mitigations during design, which would increase the cost of property, plant and equipment capitalised and consequently increase investing cash outflows. Quantification of anticipated financial effects has not been disclosed due to the highly subjective assumptions and lack of reliable benchmarks required to calculate the financial impacts of social licence challenges, and project delays would mean that any estimate would not be reliable. Instead, the Report provides qualitative disclosure on the nature of these impacts.
Employees
In the medium-term, the necessity to attract the required staff to deliver the elements of the energy transition may increase operational expenditure due to supply constraints and increases in demand for personnel. Quantification of anticipated financial effects has not been disclosed due to the detailed labour market forecasts and transition modelling, which are not currently available and would involve significant uncertainty. As an alternative, the Report includes qualitative disclosure on the nature of these impacts.

8.2.3. Climate-related risk: Portfolio transition (Transition risk)

PORTFOLIO TRANSITION

The Group is unable to maintain a competitive asset portfolio through and post the decarbonisation of Australia's energy system

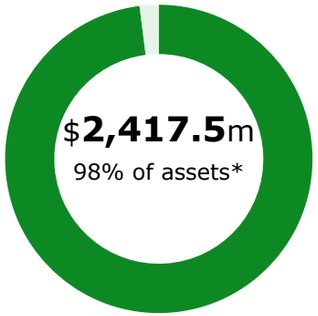
CONCENTRATION OF ASSETS VULNERABLE TO THIS RISK

The Group expects its coal- and gas-fired generation, energy storage and retail assets to be most exposed to Portfolio transition risk. These assets are included within property, plant and equipment and right-of-use assets (see financial statements note 15 and note 16).

Figure 14 shows the proportion of property, plant and equipment (including leases) utilised for each of these parts of the Group's operations, highlighting the exposure to changes in market dynamics and reliance upon physical system requirements for the energy transition.

Figure 15 outlines the key elements and nature of this risk and the Group's mitigation or adaptation efforts.

Figure 14: Proportion of property, plant and equipment impacted by portfolio transition risk



*Assets includes property, plant and equipment and right-of-use assets.

Figure 15: Portfolio transition risk overview

Nature of the risk	Mitigation or adaptation efforts
Cost of capital	
Access to desirable capital (including debt, equity and insurance) is necessary to build out a portfolio of flexible generation and storage assets, complemented by renewable generation. Equity investors, insurers and capital markets are increasingly imposing Environment, Social and Governance (ESG) requirements. The unwillingness of such parties to support the Group, or an increase to the cost of capital, could impede the Group's ability to develop and transition to a cost-competitive asset portfolio.	The following mitigation or adaptation efforts are relevant: • The Group's Capital Allocation Framework (CAF) provides clear direction for capital investment and guidance to external parties to assess its credit strength, supported by CTAP targets and ambitions. • Alternative sources of financing are available to and currently utilised by the Group, including specific project financing, asset sell down, partnering and parent company support. • Monitoring of business performance to meet capital requirements helps to manage this risk. • Management of insurance costs by undertaking activity to increase the likelihood of avoidance of incidents resulting in claims.
Physical system requirements for the energy transition	
Physical system infrastructure and enablers such as new transmission build, locational system strength, gas supply and transportation and generation and storage developments (amongst others) are critical to the development and transition of the broader energy market and achievement of commercial outcomes for the Group and other energy market participants in Australia.	The following mitigation or adaptation efforts are relevant: • The Group conducts extensive government stakeholder engagement to influence energy market design which considers the circumstances of the Group and the energy market. • The Group undertakes scenario and sensitivity planning for the longer-term business outlook to ensure appropriate consideration for a range of scenarios and the Group's corresponding available responses. • The Group prioritises development on, or near, existing sites and/or infrastructure.

Current and anticipated financial effects

The effects that Portfolio transition risk has on the Group's financial position, financial performance and cash flows for the current reporting period and the anticipated financial effects are detailed in Figure 16.

TIME HORIZON

2025

2026

Medium- & Long-term

Figure 16: Portfolio transition risk financial effects

2025 Effects	Significant risk of material adjustment in 2026
No material impact in 2025.	Unlikely to be material impacts in the short-term.

Anticipated financial effects over the medium- and long-term

Cost of capital

Financing costs in the energy sector could rise due to higher risk premiums demanded by lenders and investors for organisations that do not have robust decarbonisation plans. This increase would be driven by climate-related risks such as the Group's emissions profile, asset mix, and perceived exposure to policy, regulatory or market-driven transition risks. These factors are expected to increase financing costs in the medium-term as lenders place reliance on climate data analysis and risk modelling, and as sustainability-related regulatory and market pressures increase.

Investments in resilience and adaptation strategies are expected to mitigate these climate-related risks in the longer-term, minimising the pressure on increased financing costs.

The Group, however, is planning to reduce outstanding debt in the medium-term which would result in minimal financial impact of these pressures in the long-term. At 31 December 2025, the Group had non-current bank loans drawn of $726 million. As an example, an increase in cost of capital of 50 bps would increase interest expense by $4 million (see SR Note 3).

Consequently, higher cash outflows related to financing are expected in the medium-term, followed by a subsequent decrease in cash outflows in the long-term.

Value chain impacts: Electricity generation and storage facilities

Physical system requirements for the energy transition

The impact of physical system requirements that lag in their deployment would mean potential for delay in delivery of projects and a lack of access to key elements of the broader energy system at the time or scale required to support the replacement capacity required. The impacts may result in higher energy procurement costs due to potential supply constraints and demand for PPAs, increased reliance on energy market purchases, and delays to planned revenue from new capacity. In particular, it could result in lower gross margin, increased cash outflows associated with sourcing energy at short notice, and potential recognition of impairment losses where constraints on physical system enablers impact project viability or expected returns.

Quantification of anticipated financial effects has not been disclosed due to the level of uncertainty in the extent of supply constraints and impacts on energy market pricing. Further, assumptions about project viability and expected returns can be significant and commercially sensitive. Given the range of possible outcomes the degree of uncertainty is so high that any estimate of financial effects would not be meaningful or useful for decision-making.

Value chain impacts: Downstream supply

SR Note 3: The increase in cost of capital of 50 bps is provided as a sensitivity. Any actual change to an industry or specific organisations cost of capital will be a product of a number of energy and economic market, and political dynamics. Given the range of possible outcomes the degree of uncertainty is so high that providing anything more than a sensitivity on current debt levels would result in a quantification of this risk that would not be useful. Refer to note 21 of the financial statements for the amount of debt held at the end of 31 December 2025.

8.3. Effects of opportunities on the Group's business model

The Group has identified the following opportunity as being most relevant, and material to its business model.

8.3.1. Transitional opportunities (Transition opportunity)

TRANSITIONAL OPPORTUNITIES

The Group takes advantage of being a leading provider of market-led products and services supported by a flexible portfolio of generation and storage assets through and post the decarbonisation of Australia's energy system

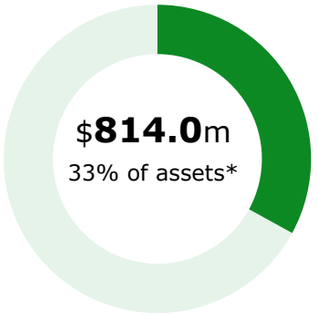
CONCENTRATION OF ASSETS ALIGNED WITH THESE OPPORTUNITIES

The Group expects its gas-fired generation, energy storage and retail assets to be most aligned to opportunities arising from the energy transition. The current value of these assets is included in the property, plant and equipment and right-of-use assets disclosures in the financial statements (see financial statements note 15 and note 16) and the Group's commitment to continue to invest in these business activities is reflected in the capital allocation section of this Report (see 8.4.1).

Figure 17 highlights the proportion of property, plant and equipment (including leases) made up of these parts of the Group's operations, which will support the Group's strategy to expand flexible capacity and customer offerings and invest in the projects needed to enable the energy transition, as outlined in the following tables.

Figure 18 outlines the key elements and nature of these opportunities and the Group's response to these opportunities.

Figure 17: Proportion of property, plant and equipment impacted by transitional opportunities



*Assets includes property, plant and equipment and right-of-use assets.

Figure 18: Transitional opportunities overview

Nature of the opportunity	Responding to the opportunity
Asset flexibility	
Increase the flexibility and reliability of thermal generation assets to support intermittent renewable energy sources. Financial outcomes are improved as well as grid stability, plant efficiency and renewables integration. From a system perspective, emissions are reduced overall. Realising this opportunity is contingent on the reliable supply of fuel inputs from third parties in the Group's value chain at a competitive cost.	In order to realise these opportunities, the Group: • advocates to policy makers and governments the benefits of reliability and stability, to contribute to the development of market design; • advocates to policy makers and governments the important role of, and access to, gas supply as a precondition to the effective operation of gas-fired assets to support an orderly clean energy transition; • invests resources (capital) in gas-fired asset maintenance and upgrade plans to improve availability and support the role of gas as the intermediary fuel in the energy transition and to maintain affordable energy supply for customers; and • invests resources (capital) in Mt Piper PS's flexible generation capacity initiative to enhance its role in supporting the energy transition.
Repurposed infrastructure and land	
Economic opportunities become available, such as: • renewable and firming energy projects; • agricultural, manufacturing and innovation hubs; • community and Traditional Owner spaces; and • circular economy initiatives for decommissioned assets. Re-use of the existing transmission infrastructure at sites to connect new supply or large loads is a key opportunity.	In order to realise the repurposing opportunities, the following will be required: • approved Yallourn Mine rehabilitation plans and water entitlements; • co-investment and supportive regulatory and policy settings to attract investment; and • social licence for future land uses.
Transition investment	
As a major Australian energy company, provide leadership in industry decarbonisation. The transition from the use of coal creates requirements for new firm capacity, storage and bulk energy from renewables to achieve the target portfolio. The Group works with a range of third parties to deliver these assets and capacity.	In order to realise these opportunities the Group: • pursues a target portfolio which best meets its current and future customer needs. This includes a diversified portfolio of wind energy to complement significant current and anticipated roof-top solar from our customers, and investment in storage assets; and • participates in government auction processes such as the CIS and New South Wales Long Term Energy Supply Agreement (LTESA) to support its transition investments.
Additional demand	
Changing market conditions, customer preferences and retailer offerings will result in material changes to the shape of customers' usage and an increased number of customers with behind-the-meter assets.	In order to realise these opportunities the Group: • provides a cohesive portfolio of offers which includes energy plans including VPP plans with battery and solar, community battery plans, electric vehicle (EV) plans, electrification installation and maintenance services; and • is actively pursuing behind-the-meter products as a significant opportunity, as they are proven to drive value for it and its customers.

Current and anticipated financial effects

The effects that Transitional opportunities have on the Group's financial position, financial performance and cash flows for the current reporting period and the anticipated financial effects are detailed in Figure 19. As some of this information is commercially sensitive, a qualitative rather than quantitative assessment has been provided in relation to the relevant opportunities outlined.

TIME HORIZON

- 2025
- 2026
- Medium- & Long-term

Figure 19: Transitional opportunities financial effects

2025 Effects	Significant risk of material adjustment in 2026
The Group materially advanced its investment in the Wooreen BESS with the project being a successful proponent of the CIS, reaching Financial Investment Decision (FID), securing project finance and achieving a strategic 50% sell-down to Banpu Energy Australia Pty Ltd. In addition, the Group's investment in the Lake Lyell Pumped Hydro Energy Storage project also achieved an important strategic milestone, establishing a joint venture with EDF Power Solutions Australia. There are no other material impacts in 2025.	Mt Piper BESS and Hallett BESS were announced as successful in their CIS applications in 2025. There may be material impacts from these projects in 2026.

Anticipated financial effects over the medium- and long-term

Transition investment

The Group will continue to invest in a flexible portfolio of generation and storage assets to support its customer base. The Group is projecting significant capital investment in storage assets in the medium- to long-term (see 8.4.1 of this Report on capital allocation). This will increase investment in those assets, as well as storage lease liabilities and right-of-use assets.

Asset flexibility

The Group's existing portfolio of gas-fired generation assets, and the configuring of Mt Piper PS to allow it to operate more flexibly, will put the Group in a favourable position to provide back-up generation, stability and security of supply to a renewables-dominant grid. The Group is committed to investing in preparing its gas-fired generation assets to capitalise on this opportunity. The Group is projecting meaningful capital investment in increasing flexibility of gas-fired generation assets in the medium- to long-term (see 8.4.1). This will require an increase in investing cash outflows with a commensurate increase in the value of property, plant and equipment on the Group's balance sheet and result in net positive impacts to the Group's financial performance.

Repurposed infrastructure and land

A range of economic and development opportunities from repurposed infrastructure and land is anticipated over the medium- and long-term, resulting in increased revenue and operating cash inflows. In the context of the Yallourn PS site, decision-making to determine appropriate projects will be guided by the settled rehabilitation arrangements for Yallourn Mine, which, at the date of disclosure, remain subject to regulatory approval. Quantification of anticipated financial effects has not been disclosed due to the high degree of uncertainty regarding future use cases, regulatory requirements, and market demand for alternative development, which makes any estimate unreliable and not useful for decision-making. Instead, the Report provides qualitative disclosure on the nature of these opportunities and their potential to deliver commercial benefits over time.

Additional Demand

The Group is actively expanding offerings in distributed energy resources, including solar PV, battery storage, electric vehicle (EV) charging, and community energy systems. These segments are experiencing rapid market growth. As demand increases significantly, the focus is on delivering scalable solutions and leveraging existing customer relationships. This strategy will both provide commercial growth, from increased revenue and operating cash flows, for the Group and contribute to the energy transition. Quantification of anticipated financial effects has not been disclosed due to the commercially sensitive nature of the information and the inability to aggregate estimates without introducing significant uncertainty, which would make any estimate unreliable and potentially prejudicial to the Group's economic interests. The Report provides qualitative disclosure highlighting expected increases in revenue and operating cash inflows from expanded energy distribution offerings.

Value chain impacts: Customers

8.4. Climate risk and opportunity integration into business strategy

8.4.1. Capital allocation

The implementation of the Group's decarbonisation strategy will require significant investment in both the Group's existing operations and the proposed portfolio of assets.

This also includes the need to address the current and anticipated mitigation or adaptation efforts described in 8.2.2 and 8.2.3, noting that operational expenditure is also directed to some of these efforts. The Group's recent investments are described more fully in 8.5.6.

The capital needed to respond to the identified risks and opportunities will come from operational cashflows, a re-deployment of capital from some legacy assets as they come to the end of their lives, as well as a defined program to leverage emerging sources of finance. Additionally, capital will be required to prepare the Group's assets for the physical impacts of climate change and to build climate resilience into our portfolio. To support this strategy, the Group plans to allocate a larger share of capital to non-coal-fired assets in coming years. The trajectory of the Group's approach to investment is outlined in Figure 20.

In 2025, the Group had capital expenditure of $467.4 million (outlined in financial statements note 15, property, plant and equipment, of the financial statements). This capital primarily comprised of a major outage at the Yallourn PS in order to maintain its operating reliability until its planned closure date in mid-2028. This major outage enables the facility to continue to have capacity available in the NEM as the overall industry works towards the committed decarbonisation pathway.

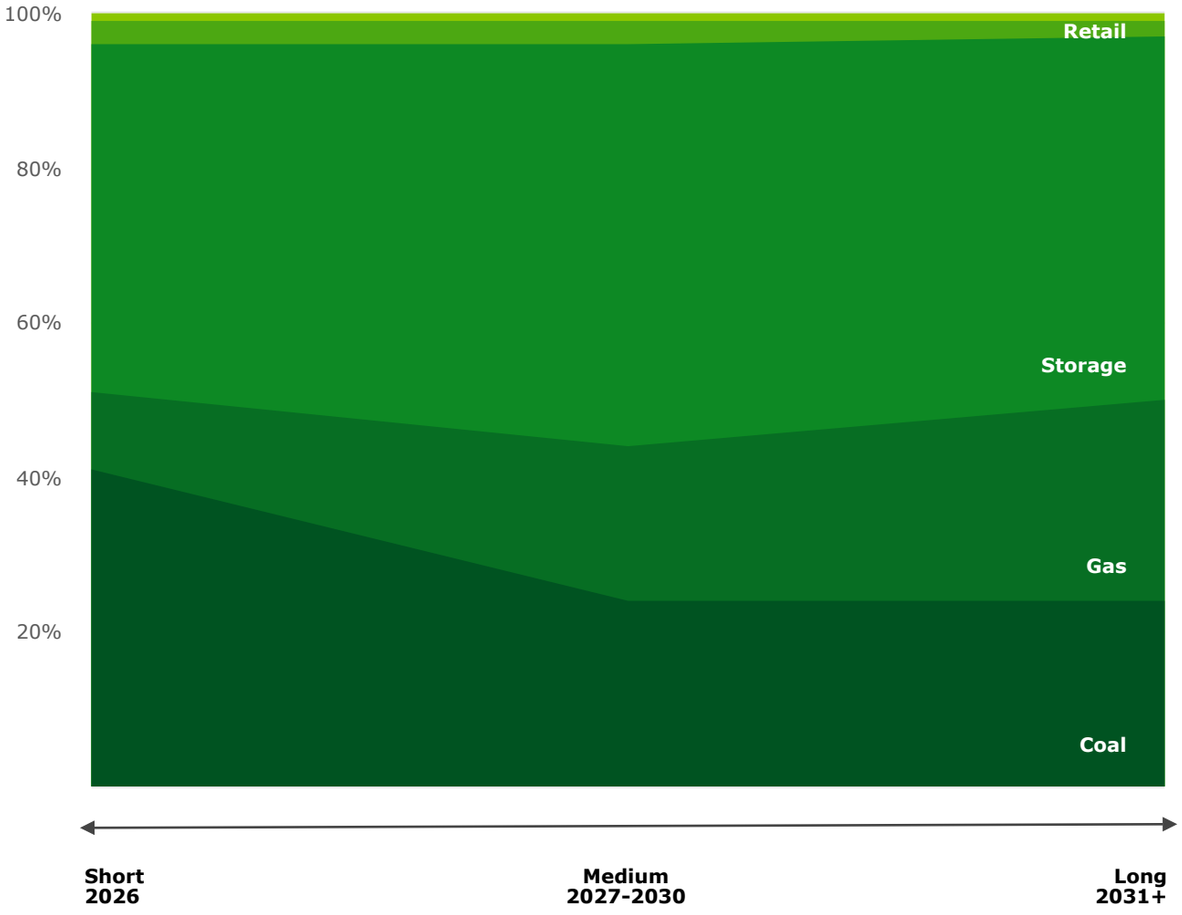
As reported in the Group's CTAP 2024, the Group has implemented a Capital Allocation Framework that prioritises capital investment and underpins CTAP commitments while maintaining investment-grade credit metrics and ensuring a resilient balance sheet. Capital planning is structured across short-, medium- and long-term horizons and is expected to materially reduce transition risk exposure as the Group pursues its strategy.

The Group has already invested in several projects such as the Wooreen BESS and the Golden Plains Wind Farm PPA. However, there are also a range of other pre-Final Investment Decision activities which underpin delivery of the Group's CTAP 2024 targets and ambitions. These include project feasibility, advanced development, and market trials for initiatives such as the Mt Piper BESS project and various community battery projects.

In Figure 20, capital investment includes capital expenditure in fixed assets, right-of-use assets and intangible assets.

It excludes Yallourn Mine rehabilitation works as this has already been provided for in the land remediation provision.

Figure 20: The Group's planned capital investment by asset type



The Group's total planned capital investment for the coming ten years will focus on new renewables, flexible capacity, and storage investment (supporting its planned decarbonisation pathway), with a corresponding reduction in share of investment deployed to coal-fired generation assets, down to 25% in the long-term.

A three-tiered approach will see capital first prioritised (1st Order) for sustaining existing business assets (in line with the role outlined in CTAP 2024 and in this Report) and other minor projects with quick payback periods and high returns. After those requirements are addressed, capital (2nd Order) will be directed towards investments to support the Group's energy transition. This includes flexible capacity investments to replace Yallourn PS after its closure and later Mt Piper PS along with indirect renewables investments such as PPAs where appropriate. Any surplus funds beyond those required to meet these two tiers (3rd Order) will be used to reduce debt or returned to the Group's shareholder, CLP.

The Group's total planned capital investment for the coming ten years will focus on new renewables, flexible capacity, and storage investment (supporting its planned decarbonisation pathway), with a corresponding reduction in share of investment deployed to coal-fired generation assets, down to 25% in the long-term.

Significant uncertainties, however, exist and decarbonisation outcomes, including investment outcomes, will be subject to the assumptions, limitations, and risks outlined in sections 4 and 8 of this Report.

All 2nd Order investments will be required to align with the Group's strategy, CTAP 2024 targets and ambitions, and the need to create long-term value for the business. This includes meeting investment returns consistent with the CAF.

In order to respond to the above identified risks and opportunities and to execute on the Group's strategy, capital will be required.

Key funding sources include external bank and debt capital markets funding, self-funding and additional equity funding, including from partners.

While there is no capital investment required, the Group has entered into PPAs across four states within the NEM, helping to meet customer demand through renewable energy sources. In addition, the Group works with customers who have rooftop PV (solar) by enabling them to export excess energy to the grid, while providing supplementary electricity only when needed. The Group has also begun exploring innovative, customer-specific solutions where PPA output is fully aligned with a customer's load profile, supporting their transition to 100% renewable energy.

Figure 20 demonstrates how the Group allocates resources to invest in different asset types to diversify the Group's energy business.

The Group's capital investment in coal-fired generation assets is for maintenance, upgrades and efficiency improvements only, and will not be used for the development of new coal-fired generation assets.

8.4.2. Internal carbon pricing

The Group is not subject to an external carbon price imposed by regulation (for example, under Australia's Safeguard Mechanism).

The Group does, however, in business planning and investment decisions include scenarios with an annual emissions constraint and associated penalty shadow carbon price. The price applied ranges from $0 per tCO_2-e up to the current Safeguard Mechanism price.

8.5. Building resilience through scenario analysis

8.5.1. Introduction

For the purposes of AASB S2, under the *Corporations Act 2001* (Cth), organisations are required to model a low warming (1.5°C) and a high warming (well above 2°C) scenario (including physical risks) to assess the resilience of its business strategy to climate-related risks and opportunities. However, for some years, and prior to the introduction of mandatory climate-related financial disclosures, the Group has conducted yearly scenario analysis, incorporating a range of emissions reduction trajectories, to inform its strategy and business planning.

The scenario analysis conducted by the Group for its strategy and business planning overlaps to a reasonable extent with the requirements and is relevant to mandatory climate-related financial disclosures and has informed the Group's approach to scenario analysis in this Report. However, the Group's business planning scenario analysis is regarded as the most relevant and informative to its business. This position and the overlap is outlined below.

Scenario analysis for business planning purposes

The scenario analysis for business planning assists the Group to understand and plan for the impact of potential energy transition pathways on market dynamics in the NEM and the Group's business, helping to identify the timing of triggers for investment and the risks in the energy market that may affect its business. These dynamics include macroeconomic factors such as expected demand; changes in customer behaviour including uptake of behind-the-meter assets; other supply changes including the impact of new entrants and retirements; and wholesale prices.

The Group's business planning scenario analysis has been focused on transitional risk rather than the potential impact of physical risks on its assets.

Climate scenarios are typically considered either a 'fast-paced transition/low physical risk' (here, a 1.5°C scenario) or a 'slow-paced transition/high physical risk', (here, a well above 2°C). A 1.5°C scenario reflects the need to reduce GHG emissions in the short-term to prevent significant warming. In contrast, a well above 2°C scenario reflects the circumstances where significant warming may occur in the medium- or long-term, contributed to by a slower-paced transition.

The Group's current medium- to long-term business planning includes modelling a 'Fast Change' and a 'Slow Change' scenario for the energy transition, which are both considered to be relevant to the Group's future outlook. This modelling is conducted by the Group's own expert internal business resources, utilising specialised energy market simulation software.

'Fast Change' represents a relatively fast pace of energy market transition and reflects Federal and State Government policies to support renewables uptake and decarbonisation. The assumptions for energy market demand are in line with the 2025 AEMO ESOO 'Step Change/Central' scenario (driven by decarbonisation, electrification and data centre growth). The emissions reduction trajectory is based on economy-wide emissions modelling prepared by external consultants for AEMO. This represents a 1.8°C emissions constraint.

However, the Group's assumptions for its 'Fast Change' also include:

- modest delays to the AEMO assumptions for key transmission projects and 2030 renewable targets, (which therefore also leads to delays in meeting the AEMO 'Step Change' scenario emissions reduction trajectory); and
- evolution of coal-fired generator operational regimens to include more flexible operations (and in some cases seasonal operations) as renewables gain market share. These assumed changes are designed to support both emission reductions and reliability, while avoiding some of the significantly accelerated coal-fired generator retirements assumed by AEMO.

The Group's 'Slow Change' scenario represents a slower pace of energy market transition with a longer delay to renewable and transmission build, and does not include an emissions constraint. 'Slow Change' has coal-fired generators remaining in the energy market for longer than 'Fast Change' and is broadly aligned with the publicly disclosed AEMO closure dates. 'Slow Change' has a lower demand trajectory than 'Fast Change' with lower levels of electrification, and is based on the 2025 AEMO ESOO 'Slower Growth' scenario. No specific constraint has been applied to the emissions reduction trajectory, and therefore it reflects a well above 2°C warming global scenario as is required for the purposes of this Report (and is less constrained than the 2024 AEMO ISP 'Progressive Change' scenario at approximately 2.6°C).

The Group has ascribed a materially more significant weighting to the 'Fast Change' scenario in its business planning. This analysis was concluded in August 2025. Assumptions in materials published in August 2025 or post dating this analysis are not reflected in this analysis.

Scenario analysis for AASB S2

As noted, scenario analysis for the purposes of AASB S2 requires organisations to model a low warming scenario, a high warming scenario and to include physical risks as part of its scenario analysis. This differs from the way in which the Group has approached scenario analysis for its yearly business planning purposes.

A low warming scenario reflects a very rapid decarbonisation rate to support Australia's contribution to limit global temperature rise to 1.5°C.

A high warming scenario (well above 2°C), reflects Australia's current policies and commitments to decarbonisation, but slower investment in utility-scale assets and Community Energy Resources (CER) due to challenging economic conditions and supply constraints.

While the Group has not utilised a 1.5°C temperature scenario for current business planning purposes, it has considered the impact on its business should more aggressive assumptions (reflecting a 1.5°C temperature scenario) be applied than those assumed in its business planning 'Fast Change' scenario (reflecting a 1.8°C temperature scenario).

The assumptions for this low warming world/1.5°C scenario are aligned with the 2024 AEMO ISP 'Green Energy Exports' scenario. This scenario specifically models the decarbonisation of the NEM, forecasting the necessary pace of energy market development and change required to meet accelerated emissions reduction targets. It is underpinned by the assumption of meeting the global drive to limit temperature rise to 1.5°C by the end of the century, and is best aligned to RCP1.9 which targets a 1.5°C outcome (IPCC Relative Concentration Pathways framework).

The Group's current medium- to long-term business planning includes modelling a 'Fast Change' and a 'Slow Change' scenario for the energy transition.

However, this scenario has limitations for business planning purposes. It is noted that in the 2024 ISP, a 1.5°C scenario was rated at a likelihood of 15% by an expert panel advising AEMO. Further, the United Nations Environment Panel Emissions Gap Report 2025 found that global warming is now already close to 1.5°C. Even if all countries complied with their Nationally Determined Contribution emissions reduction commitments (which is unlikely), this target would still be exceeded.

The Group holds a similar view regarding the likelihood of this scenario manifesting.[3] To achieve this outcome would require a material acceleration in the energy system transformation to underpin system security where coal-fired generators retire earlier than currently planned. As such, it has less practical relevance in the context of the Group's business planning and strategy given it is not considered to be a realistic scenario to assess the possible impact on the Group's business.

For physical risk, with assistance from external consultants, three temperature scenarios were assessed (1.5°C, 1.5-2°C, 3-4°C degrees) in November 2025, using the latest climate data models. The outcome of the assessment indicated that the risk outlook for each of the Group's key assets (generators and the Yallourn Mine) does not change substantively against each of these temperature scenarios, with asset design and operation already factoring in the projected impacts of the climate scenarios.

These physical risk assessments and associated impacts were based on temperature scenarios rather than specific time horizons (i.e., they were undertaken against the likely temperature over the life of the particular generator). This was considered to be a more practical approach as some of the Group's generation assets will close in the short- to medium-term, before a high temperature scenario may manifest.

Figure 21 provides a summary view of the inherent risk rating levels for physical and transition risks under each climate scenario. It also shows the changes to the rating where there is a shift in the time horizon (i.e., when moving from the short-term (2025-2027) to the long-term (2035-2050)).

Figure 21: AASB S2 - Inherent risk exposure for climate change risks and opportunities

	1.5°C - Low warming world			Well above 2°C - High warming world		
	Short-term (1-3 years)	Medium-term (4-10 years)	Long -term (10+ years)	Short-term (1-3 years)	Medium-term (4-10 years)	Long -term (10+ years)
Physical risk	Low	Low/Medium	Low/Medium	Low	Medium	Medium
Transitional risk (Opportunities)	Medium	Medium	Low	Medium	Low	Low
Transitional risk (Threats)	High	Medium	Low	Low	Medium	Low
Legend	Low	Low/Medium	Medium	High	Extreme	

8.5.2. 1.5°C - Low warming world

The implications of a low warming world/1.5°C scenario for the Group's strategy and business model have been considered in the tables following, including how the Group would be likely to respond to the effects identified, where that is feasible.

As noted above, the Group's analysis for the low warming world/1.5°C scenario is based on the 2024 AEMO ISP 'Green Energy Exports' scenario (as this is the current published scenario, which will be updated by AEMO in mid-2026). This scenario has a carbon budget with a consistent level of carbon abatement to meet a 1.5°C temperature outcome.

The key assumptions included in this scenario are:

- the existence of strong state and federal government policies and renewables targets and milestones (driving the pace of emissions reduction and determining the level of public investment to support renewable energy and storage), which reflect the global imperative and societal expectations to address climate change;
- the existence of strong laws and regulations governing the energy industry (reflecting the National Electricity Objective and power system reliability and security requirements); and
- macroeconomic factors such as high uptake of CER, strong demand forecasts, technological developments such as progress towards the use of low or no carbon gases in the generation fuel mix, and a strong pace of infrastructure roll out (at a reasonable cost) with strong build capabilities in the market.[4]

However, it is important to be aware that assumptions as to the pace and the nature of change in the energy market continue to fluctuate, often with a resulting change in focus within the energy market itself, and this can happen relatively quickly. For example:

- Demand forecasts can fluctuate materially depending on the pace of electrification in different sectors or the rapid growth in new sources of demand.
- Shifts in demand for and the pace of roll out of utility scale or consumer scale storage assets can occur (for example, in response to new subsidies).
- The relative costs of funding for different forms of generation technology can shift, affecting their attractiveness to investors.
- To ensure system security, there may be delays or changes to the scheduled closure of thermal generation assets as part of the energy transition, which is occurring currently.

The Group's assessment of the effects of a low warming world scenario on its business are as follows:

Short-term 1-3 years

Physical risk exposure: Low

Transition risk exposure: Medium - High

In the short-term, the most substantive risk to the Group is a change to, or a short notification period for changes to, Government policy in order to greatly accelerate energy sector decarbonisation.

From the Group's perspective, to meet the carbon budget under the low warming scenario would necessitate accelerated coal-fired generator retirements, impacting a number of generators in the NEM including the Yallourn PS (scheduled to close in mid-2028, which is the date reflected in the Group's business planning scenarios). In these circumstances, the value from any recent capital expenditure on the Yallourn PS may not be recovered, and furthermore, capital deployed by the Group in the near-term to other assets would risk being unable to be fully utilised if other asset lives were impacted by such a change.

The impact on the Group's business as a result of the early closure of Yallourn PS would be the most significant financial impact of this scenario, affecting the projected earnings for the Yallourn PS. However, it is anticipated that any such change in Government policy (whether that be the introduction of a carbon tax, changes to the Safeguard Mechanism relating to electricity generation or mandated closure) would be offset by appropriate arrangements to limit the financial impact, which would cushion the economic impact to the Group brought on by a rapid change in circumstances.

The Group's remaining assets would make a greater contribution to supply in the NEM and therefore contribute a greater proportion of Group earnings. In particular, the role of the Group's gas-fired generation is strong under this scenario, providing firming and supporting system stability as renewables become more prevalent.

Opportunities arise for the Group in CER and assisting customers to best utilise their behind-the-meter assets and engage with other energy management projects such as community batteries.

Medium-term 4-10 years

Physical risk exposure: Low - Medium

Transition risk exposure: Medium

The risk of a change to, or a short notification period for changes to, Government policy to greatly accelerate energy sector decarbonisation remains material in the medium-term.

A significant shift in demand for energy efficiency and self-managed energy products and widespread electrification may impact on the Group's outlook, presenting both risks and opportunities for its business.

For the energy market to meet the carbon budget under the AEMO 'Green Energy Exports' scenario means, in the medium-term, that all coal-fired generators (including the Group's Mt Piper PS) will have exited New South Wales by mid-2031 (significantly in advance of scheduled closure dates published by AEMO and anticipated by the Group). In these circumstances, value from the capital expenditure on the Mt Piper PS in the preceding period would not be recovered, and furthermore, capital deployed by the Group to other assets in the corresponding time period would risk being unable to be fully utilised if other asset lives were impacted by such a change.

The impact on the Group's business as a result of the early closure of its coal-fired generation assets without replacement capacity would be the most significant financial impact/downside risk of this scenario, affecting the projected earnings for the Mt Piper PS and the Group overall. However, it is anticipated that Government arrangements to limit the financial impact would be in place. The Group's remaining assets would make a greater contribution to supply in the NEM and therefore contribute a greater proportion of its earnings.

Coal availability in New South Wales for the Mt Piper PS, due to the need for the approval of a new mine, would be significantly challenged in this period.

The transition of the Group's portfolio will be occurring in this time horizon (limiting some financial downside). From a physical risk perspective, climate change intensifies in this period, with more frequent and severe weather events such as floods, cyclones, and prolonged droughts, which will have increasing impact. However, the impact to the Group's assets, due to asset-specific design and geographical factors from which they benefit, is not expected to increase materially.

Long-term 10+ years

Physical risk exposure: Low - Medium

Transition risk exposure: Low

In the early stages of the long-term time horizon, the Group's direct physical risk exposure is reduced as many of its currently existing assets will be closed before 2040.

The transition of its portfolio will be well progressed at this point in time, noting the continued need for supply of and access to gas (which may be challenging) to run gas-fired generation assets. While the Group is well-positioned, continued and reliable gas supply requires new or expanded infrastructure in the Australian market and without such developments, gas-fired generation could be impacted.

The Group will need to address the physical risks associated with generation or storage facilities from which it has contracted offtake arrangements, and the impact on the new assets added to its portfolio.

In the later stages of the long-term time horizon, it is anticipated that new assets and infrastructure, including those held by the Group, will be built with resilience to higher temperatures and other climate factors addressed in their design, noting that the pace of warming should have slowed.

8.5.3. Well above 2°C - High warming world

As described above, the Group uses a 'Slow Change' scenario for its business planning and strategy purposes and has applied this scenario in its analysis of the impacts over short-, medium- and long-term horizons. As noted above, this scenario has no emissions constraint (carbon budget), reflecting relatively less aggressive assumptions. It therefore meets the requirement to consider a scenario that is well above 2°C (high warming world) in this Report.

The key assumptions made by the Group in this scenario are:

- a slower roll out of renewables (which could result in delays to or rescission of current State and Federal emissions reduction policy target dates);
- delays in the timing of the commissioning of CIS projects and a material proportion of projects that receive the award of CIS funding not being realised;
- delays in the current expected timing of the roll out of new transmission and interconnection;
- extension of some coal-fired generators beyond the AEMO publicly disclosed closure dates;
- a lower volume of rooftop PV (solar) and a slower pace of the roll out of CER, behind-the-meter and community batteries; and
- aluminium smelters remaining in the market in the long-term, increasing demand and impacting emissions reduction forecasts.

For physical risks, it should be noted that these risks and associated impacts may not increase in a linear fashion with the magnitude of temperature change. This is due to the thermodynamic and dynamic nature of Earth's atmosphere potentially disrupting the proportionality between risk and temperature rise.

The Group's assessment of the effects of a high warming world scenario on its business are as follows:

Short-term 1-3 years

Physical risk exposure: Low

Transition risk exposure: Low - Medium

Action on climate change remains a contested issue and it could result in lack of coordination on or significant delays to meeting renewables targets or, at a state level, the roll-back of emissions reduction policies.

Given the Group's current asset base includes thermal generation assets, the transition risk exposure is Medium under this scenario. The Group is able to continue to operate its current asset base and would be exposed to less wholesale price volatility than under a low warming world scenario. However, recent investments in flexible capacity assets have been on the basis of existing assumptions regarding the Group's portfolio and supply requirements in the NEM. As such, if these assumptions changed materially these investments would be affected negatively.

The Group continues to transition its portfolio and invest in assets to support the transition (renewables and storage) but at a more favourable cost of capital.

There is an increased frequency of extreme temperatures and extreme weather events (such as bushfire or flooding) affecting the Group's operations. In extreme temperatures, there is the potential for the de-rating of generators (affecting supply in circumstances in which there is likely to be very high demand). Both extreme temperatures and events can impact the transmission network affecting security of supply and the ability to meet energy market commitments.

Medium-term 4-10 years

Physical risk exposure: Medium

Transition risk exposure: Low - Medium

The closure dates for coal-fired generators (including those of the Group) may be extended due to the slower roll out of renewables and the delays to the building of necessary infrastructure such as transmission and interconnection. This would impact the Group's strategic plans, including affecting the achievement of any decarbonisation targets. Carbon markets are likely to remain undeveloped, renewable fuels continue to be undeveloped in supply, difficult to source, and costly. While these factors would slow rates of decarbonisation in the energy sector, affecting decarbonisation targets and ambitions of the Group and other energy market participants, the use of gas as a transitional fuel to provide system security will help support coal closures and reduce overall emissions intensity.

Other industries fail to decarbonise, or to decarbonise at a sufficient rate. Energy demand increases (albeit at a relatively slow rate) as sectors such as technology (data centres) contribute to growth, increasing consumption and emissions. Increased demand would, on balance, be beneficial for the Group. Customers' control of their own energy supply may not accelerate quickly and significant reliance on the grid will remain. This will affect the scale of opportunities for new areas of business for the Group.

Physical climate impacts are seen more frequently, potentially affecting the reliability of assets throughout the NEM. Extreme temperatures will result in a greater prevalence of de-rating of generators and therefore impact security of supply. The energy system is primarily vulnerable to flooding, bushfires, heat stress (to generation and transmission lines) and wind damage (to the transmission lines), depending on the specific location of assets.

For the Group, asset design and the specific geographical factors and location of its assets will mitigate the escalation of these risks, meaning they are not expected to increase materially. Managing variability in water availability (both drought and flood) and quality will be critical to managing operations for a number of assets reliant on water for cooling or as an input (including those of the Group or from which the Group sources generation). Additional investment in climate adaptation or mitigation efforts would be required at generation sites, including those of the Group.

Long-term 10+ years

Physical risk exposure: Medium

Transition risk exposure: Low

As temperature increases become more significant, this creates more frequent and more severe weather events which may result in serious impacts to physical assets and on employee health and safety.

For the Group, the specific location of its current assets which continue to operate during the early stages of this time horizon is expected to mitigate the escalation of physical risks.

In the context of a significant temperature increase manifesting in the longer term, adaptation strategies rather than transition strategies will be pursued by governments and business.

Mitigation technologies are high cost as they are in high demand. As such, additional investment in climate adaptation and mitigation efforts would be required at the Group's generation and storage sites, or at the assets from which the Group sources supply, and this would become a source of significant capital expenditure for the Group.

8.5.4. Significant areas of uncertainty considered in the assessment of climate resilience

Scenario analysis has inherent limitations and relies on assumptions that may or may not be, or prove to be, correct and that may or may not eventuate which may cause actual results to differ materially from those expressed or implied by any forward-looking statements.

The Group's scenario analysis has primarily relied on material and assumptions published by AEMO including the 2024 AEMO ISP, the 2025 AEMO ESOO and the 2025 AEMO Inputs, Assumptions and Scenarios Report (2025 AEMO IASR) (the contents of which will be reflected in the 2026 AEMO ISP to be published in mid-2026). In addition, in some instances, the assumptions have been revised based on the Group's internal views of energy market dynamics. As such, the Group's scenario analysis inherently reflects and is subject, to an extent, on the assumptions and uncertainties of third-party material. In this Report, that includes those contained in documents including the 2025 AEMO IASR (and its associated documents), which can be accessed here.

In that context, the Group recognises that the roll out of significant infrastructure projects, such as transmission and interconnection, can be subject to material time delays, which will affect the connection of new supply to the energy market as well as the pace of retirement of thermal generation assets. The pace of development of renewable fuels is very uncertain, and will require new infrastructure to support their distribution and use. Demand patterns continue to shift and can affect the volume, location and timing of new energy supply that will be required. Changes in policy can change and accelerate customer uptake of new technology.

8.5.5. Capacity to adjust/adapt the Group's strategy and business model to climate change

As the Group is at the forefront of the energy transition, it has, for some extended period of time, considered issues arising from climate change, and the significant role played by the energy industry in mitigating the effects of climate change through decarbonisation, in its strategy and business planning. Its ambitions and targets for decarbonisation are outlined in its CTAP 2023 and CTAP 2024 and summarised for the purposes of this Report in section 9.3. Therefore, the Group's strategy and business model, with regard to investment in new assets, such as battery storage, and its targets and ambitions with respect to the closure of its coal-fired assets, demonstrates the adaptation approach that is central to the Group's strategy and the driver of its business model.

The Group's capacity to adjust and adapt its strategy and business model to climate change is significantly influenced by the timing and successful execution of State and Federal government renewable energy and emissions reduction policies, which are themselves contingent on the development and deployment of new critical infrastructure such as transmission and interconnection in the NEM. Delays to these projects will, in some instances, impact the timing of the new generation and storage capacity becoming operational in the NEM, and these potential delays impact not just the Group but a significant number of energy market participants.

However, the Group, along with other energy market participants, closely tracks the risks related to the pace of infrastructure roll out through its risk management framework and through risk management bodies such as the Enterprise Risk Management Committee (see section 6.4). Any changes in timeframes are factored into investment decision-making in order to mitigate the risk associated with such delays, including the risk to security of supply.

8.5.6. Effect of the Group's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience

The Group continues to transition its portfolio as part of the energy system's transition due to climate change, with the aim of reducing its risk over time. The Group invests in and operates a range of assets to contribute to a reliable, stable, decarbonised electricity system that is resilient to demand surges and supply shocks. It has participated in a number of rounds of the Federal Government's CIS and has been successful in obtaining support for a number of projects.

The Group has for some years and continues to invest in and progress a number of storage and firming projects which support a low carbon energy system and the needs of its customers, mitigating the Group's transition risk associated with its coal-fired assets. In recent years these include:

- the Wooreen BESS in the Latrobe Valley in Victoria (with a 50% sell down to Banpu Energy Australia Pty Ltd), representing one of the largest single investments made by the Group;
- the battery project at Hallett in South Australia;
- a battery project at the Mt Piper PS site in New South Wales (which, in mid-2025, was successful in being awarded support under the Federal Government's CIS);
- securing dispatch rights from the Kidston Pumped Hydro Energy Storage project in North Queensland, due to come online in early 2027; and
- a virtual tolling agreement for the Akaysha Energy Orana battery in New South Wales.

Further, the Group commissioned the Tallawarra B gas-fired generator near Wollongong in mid-2024. This was an important addition to the gas-fired capacity in the NEM, underpinning the important role of gas in the energy market's transition to renewables. Flexible fast-start 'peaking' gas-fired generators offer certainty of output when it is needed and can ramp down when output is not required and supply from renewable generation is prevalent.

In addition, investments have been made to modify the Mt Piper PS to allow it to transition to flexible and intermittent operation, contributing to grid stability and emissions reduction.

After a number of years' investment in the development of the project, in mid-2025, the Group formed a strategic partnership with EDF Power Solutions Australia to co-develop and deliver the Lake Lyell Pumped Hydro Energy Storage project in Lithgow. The project will generate 385 MW of electricity for 8 hours at a time with capability to deliver 430 MW for a shorter duration.

These investments represent the strong focus of the Group on the adaptation of its business to, particularly, the transition risks associated with climate change and will result in increasing the resilience of its business to the impacts of climate change.

9. Metrics and targets

EnergyAustralia is committed to achieving Net Zero for Scope 1 and 2 emissions by 2050, and it is our ambition for this commitment to extend to Scope 3 emissions.

2030

Target: Scope 1 Absolute GHG emissions reduction by over 60%

The closure of the Yallourn PS will result in the reduction of our Scope 1 Absolute GHG emissions by over 60% on 2019–20 levels in 2028–29.

Target: Continue to facilitate a just transition

We will continue to work closely with stakeholders to facilitate a just transition.

Ambition: Portfolio expansion

We aim to expand our portfolio to up to 3 GW of renewable energy, with a focus on large-scale wind generation assets. Our ambition is for it to be committed or operational by 2030.

Ambition: Scope 3 reductions

Achieving our portfolio expansion ambition will see up to a 60% reduction in Scope 3 emissions from 2019 levels by 2030.

2040

Target: Transition to Retirement

We will seek to move Mt Piper PS into a reserve role in the 2030s. This will support system reliability as renewables penetration grows quickly before retirement by 2040.

Target: Scope 1 emissions reduction of ~75%

Scope 1 emissions intensity will be reduced by approximately 65% relative to 2019–20 levels. Based on the lower emissions intensity, this reduction has the potential to cut our Scope 1 Absolute GHG emissions by approximately 75%.

2050 NET ZERO

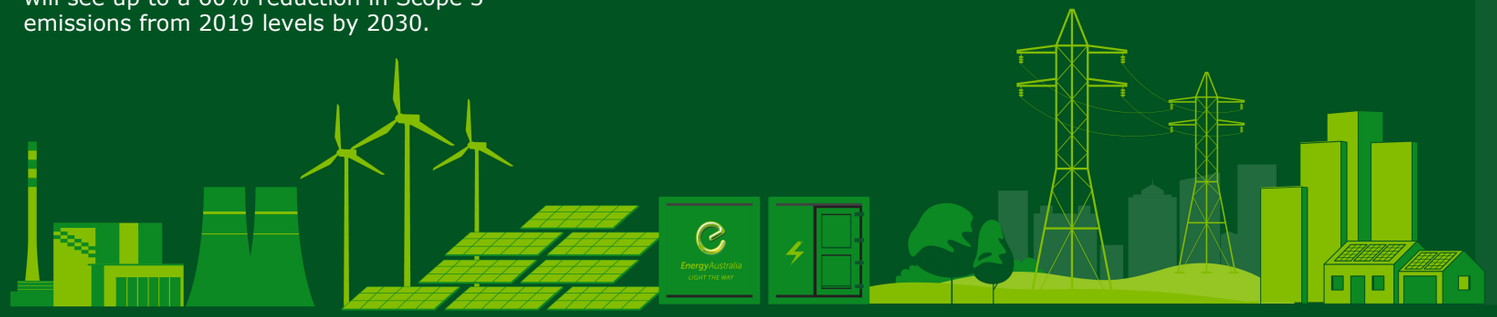
Achieved Commitment

Target:

Net Zero for Scope 1 and 2 emissions.

Ambition:

Net Zero for Scope 3 emissions.



Key terms used

Ambition refers to an outcome that we aim to achieve where the pathway to be pursued is subject to elements which have a higher degree of uncertainty or are outside of our direct control or influence.

Target refers to an outcome that we plan to achieve where the pathway is subject to elements which are more certain and that are wholly or mostly within our means to influence or control.

9.1. Greenhouse gas emissions - 2025 results

9.1.1. Operational greenhouse gas emissions

In 2025, the Group's total gross GHG emissions were calculated as 16.786 $MtCO_2$-e, comprising 16.57 $MtCO_2$-e Scope 1 emissions and 0.213 $MtCO_2$-e Scope 2 emissions. Approximately 96% of total Scope 1 and 2 emissions were from the Group's black and brown coal combustion, whilst gas-fired generation contributed 4% - see Figure 24 for category totals.

All Australian-based assets are covered by the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGERs Act), with Scope 1 and 2 emissions measured using NGERs methodologies and the operational control approach. All wholly owned, non-renewable electricity generation assets of the Group are under its operational control. The Cathedral Rocks Wind Farm, a 50% joint venture operated by Acciona Energy Oceania Pty Ltd (Acciona), is excluded from Scope 1 and 2 emissions reporting and included in Scope 3 emissions, with emissions considered immaterial relative to the Group's overall emissions inventory.

Operational emissions include direct and indirect emissions from fuel combustion, facility operations and purchased electricity.

The Group's approximate emissions for Scope 1, 2 and 3 are illustrated in Figure 22.

9.1.2. Value chain greenhouse gas emissions

The Group's Scope 3 emissions inventory considers 15 categories established by the GHG Protocol Corporate Value Chain Standard. The categories are reviewed whenever there is a significant event or a significant change in circumstances that affects the Group's value chain. The Group's Scope 3 emissions for 2025 were 2.633 $MtCO_2$-e. A breakdown by category is provided in Figure 25.

A breakdown of the Group's Scope 3 emissions is included at Figure 23.

Figure 22: Calculated emissions for Scope 1, 2 and 3 ($MtCO_2$-e)

Figure 23: Scope 3 emissions composition (% of total)

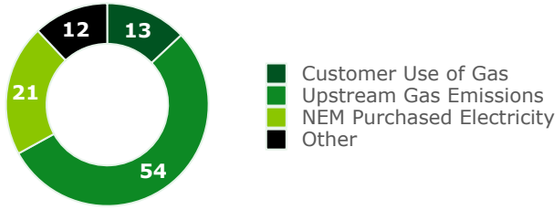


Figure 24: Scope 1 and 2 emissions totals and intensity

Metric	CY25
Scope 1 emissions total ($MtCO_2$-e)	16.574
Location-based Scope 2 emissions total ($MtCO_2$-e)	0.213
Emissions intensity of electricity supplied (tCO_2-e/MWh)	1.141

Figure 25: Scope 3 emissions and categories

Metric ($MtCO_2$-e)	CY25
Scope 3 emissions total	2.633
Scope 3: Purchase of goods and services (Products)	0.335
Scope 3: Purchase of goods and services (Non-products)	0.013
Scope 3: Capital goods	0.001
Scope 3: Upstream emissions of purchased fuels	0.280
Scope 3: Upstream emissions of purchased electricity	0.002
Scope 3: Generation of purchased electricity sold to end users	0.561
Scope 3: Upstream transportation and distribution	<0.001
Scope 3: Waste generated in operations	0.011
Scope 3: Business travel	0.001
Scope 3: Employee commuting	0.005
Scope 3: Upstream leased assets	0.001
Scope 3: Downstream transportation and distribution	Not applicable
Scope 3: Processing of sold products	
Scope 3: Use of sold products	1.422
Scope 3: End-of-life treatment of sold products	Not applicable
Scope 3: Downstream leased assets	
Scope 3: Franchises	
Scope 3: Investments	<0.001

9.2. Methodology for the calculation of greenhouse gas emissions

9.2.1. Reporting boundary for greenhouse gas emissions

AASB S2 requires GHG emissions to be measured in accordance with the GHG Protocol Corporate Standard, unless a different method is required by a jurisdictional authority or an exchange on which the entity is listed, for example, the methodologies contained in the NGERs Act, the *National Greenhouse and Energy Reporting Regulations 2008* (Cth) (the NGERs Regulations) and the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (Cth) (the Determination) (together, the NGERs Instruments). As an entity subject to the requirements of the NGERs Instruments, the Group therefore measures its:

- Scope 1 and 2 emissions in accordance with the NGERs Instruments; and
- Scope 3 emissions in accordance with the GHG Protocol Corporate Value Chain Standard.

The Group applies the operational control approach to establish its organisational boundary for the reporting of GHG emissions as is required under the NGERs Act.

9.2.2. Operational boundary

All, meaning 100%, of the GHG emissions from entities, assets and operations over which the Group has operational control are included in the GHG emissions reported by the Group, irrespective of the Group's ownership interest. These are reported as either Scope 1 or 2 emissions. Any additional emissions generated in the value chain of these entities, assets and operations are reported as Scope 3 emissions. The relevant proportion of GHG emissions from entities, assets and operations in the value chain over which the Group does not have operational control are reported as part of the Group's Scope 3 emissions.

9.2.3. Calculation standard

For the calculation of the Scope 1 and 2 emissions, the Group follows the guidelines and methodologies in the NGERs Instruments. The Group has measured emissions via the operational control approach, as the operational control approach assumes accountability for emissions produced directly or indirectly through its activities. These boundaries reflect all the operations within the consolidated group and joint ventures where it has the authority to introduce and implement operating policies at those joint ventures.

The Group follows the directives of the NGERs Instruments in its selection of the emissions factors adopted in the calculation of the inventory. The Global Warming Potential (GWP) values are provided in the Determination and are updated annually, based on data published by the IPCC.

Scope 1 and 2 emissions are measured by either internal or external data sources, factoring in the uncertainty measurement and data quality framework within AASB S2.

Figure 26 and Figure 27 on the following pages summarise how Scope 1, 2 and 3 emissions are measured.

Figure 26: Measurement of greenhouse gas emissions (Scope 1 and 2)

SCOPE 1 AND SCOPE 2 EMISSIONS					
Emissions category	**Emission generating activity**	**Data sources**	**Data quality & uncertainty**	**Calculation method**	**Emission factors reference basis**
Scope 1 - Combustion of solid fuels	Combustion of bituminous coal for the purpose of generating electricity	Weightometer data, coal supply reports, coal stockpile surveys, coal composition reports	High quality Uncertainty calculated at ~1.6%	Emissions calculated in accordance with Division 2.2.3 of the Determination (Method 2). Uncertainty assessed in accordance with Chapter 8 of the Determination	Emission factors are listed Schedule 1 of the Determination. GWP values are listed in Division 2.2 of the NGERs Regulations
Scope 1 - Combustion of solid fuels	Combustion of brown coal for the purpose of generating electricity	Weightometer data, coal supply reports, coal feeder flow, coal composition reports	High quality Uncertainty calculated at ~1.6%	Emissions calculated in accordance with Division 2.2.3 of the Determination (Method 2). Uncertainty assessed in accordance with Chapter 8 of the Determination	Emission factors are listed in Schedule 1 of the Determination. GWP values are listed in Division 2.2 of the NGERs Regulations
Scope 1 - Combustion of gaseous fuels	Combustion of natural gas distributed in a pipeline for the purposes of generating electricity	Gas consumption reports, gas composition reports, meter data, invoices	High quality Uncertainty calculated at ~1.5-2.2%	Emissions calculated in accordance with Division 2.3.3 of the Determination (Method 1). Uncertainty assessed in accordance with Chapter 8 of the Determination	Emission factors are listed in Schedule 1 of the Determination. GWP values are listed in Division 2.2 of the NGERs Regulations
Scope 1 - Combustion of liquid fuels	Combustion of fuel oil for the purposes of generating electricity	Weighbridge, delivery dockets, operations reports	High quality Uncertainty calculated at ~3.2%	Emissions calculated in accordance with Division 2.4.2 of the Determination Uncertainty assessed in accordance with Chapter 8 of the Determination	Emission factors are listed in Schedule 1 of the Determination. GWP values are listed in Division 2.2 of the NGERs Regulations
Scope 2 (location-based)	Purchase of electricity from the grid	NEM settlements data, invoices	The Group does not calculate uncertainty	Emissions calculated in accordance with Section 7.2 of the Determination (Method A1). The accuracy of electrical metering is in accordance with Schedule 7.4 of the National Electricity Rules[5]	Emission factors are listed in Schedule 1 of the Determination

Figure 27: Measurement of greenhouse gas emissions (Scope 3)

SCOPE 3 EMISSIONS				
Emissions Category	**Emissions generating activity**	**Data sources**	**Calculation method**	**Emission factors reference basis**
1. Purchase of goods and services	Natural gas supplied to customers (upstream production and transmission emissions)	Gas sale volumes by state (metered data)	Emission factors applied to gas volume supplied to customers	National Greenhouse Account Factors published by the Commonwealth Department of Climate Change, Energy, the Environment and Water (NGA Factors)
	Upstream emissions of goods and services purchased (including technology and facilities procurement) associated with the Group's electricity production	Spend data (supplier invoices)	Emission factors applied to spend data for emissions calculation	United States Environment Protection Agency: US Environmentally-Extended Input-Output Emissions Factors (USEEIO Factors)
2. Capital goods	Capital purchases or acquisitions accounted for in the year of purchase	Spend data (supplier invoices)	Emission factors applied to spend data for emissions calculation	USEEIO Factors
3a. Upstream emissions of purchased fuels	Upstream emissions of purchased fuels (extraction, production and transportation) used for electricity generation, i.e., coal, fuel oil and firing gas (excludes Yallourn Mine)	Supplier data (metered data)	Industry average emission factors for upstream emissions per unit of consumption	NGA Factors
3b. Upstream emissions of purchased electricity	Upstream emissions of purchased electricity (extraction, production, and transportation) used for electricity generation. i.e., coal, fuel oil and firing gas (excludes Yallourn Mine)	National Meter Identifier (NMI) (electricity metered data)	Emission factors applied to NMI data	NGA Factors
3c. Transmission and distribution losses	Transmission and distribution losses for purchased electricity (upstream)	NMI (electricity metered data)	Emissions for category 3c are already included in category 3b	NGA Factors
3d. Generation of purchased electricity that is sold to end users	Generation of purchased electricity to supply customers	Electricity sales by State (AEMO reports), electricity generation volumes by State (AEMO reports, Large-scale Generation Certificates (LGCs)	Emission factor applied to net electricity supplied to customers from the grid (A change in methodology has occurred since CTAP 2024 - see below)	NGA Factors
4. Transportation and distribution of purchased goods and services	Transportation and distribution for purchased goods and services (including coal deliveries)	Distance (km) and mode of transport for each shipment	Emission factors applied to distance of product travelled	Global Logistics Emissions Council (GLEC) Framework Emission Factors
5. Waste generated in operations	Waste that is generated from the Group's activities (including all thermal generation assets)	Supplier data (invoices) and business activity data	Emission factors applied to waste type and quantity	NGA Factors

SCOPE 3 EMISSIONS				
Emissions Category	**Emissions generating activity**	**Data sources**	**Calculation method**	**Emission factors reference basis**
6. Business travel	Train, bus and other types of transportation are included where company travel records are available	Supplier data (travel emissions reports)	Emission factors applied to distance travelled	For aviation emissions: Eurocontrols Advance emission models For hire cars and hotels emissions: UK GHG factors - Department for Environment, Food and Rural Affairs
7. Employee commuting	Employees: Permanent Full-time and Part-time staff, Contract staff whose regular place of work is a building belonging to the company, and Casual staff working more than 15 hours a week	Employee data	Emission factors applied to employee data	A number of sources: The Climate Registry; the Environment and Energy Management Agency of France (ADEME); and, Fraunhofer Institute for Systems and Innovation Research
8. Upstream leased assets	Leased office space to third parties	Aggregated floor space (square metres) leased to third parties	Emission factor applied to aggregated floor space (square metres) leased to third parties	National Australian Built Environment Rating System (NABERs) - Emission Factors
11. Use of sold products	All natural gas supplied to the Group's customers, as are 'direct use-phase' emissions, occurring downstream when combustion occurs	Customer billing (metered data)	Emission factors applied to gas volume supplied to customers	NGA Factors
15. Investments	Scope 1 and 2 emissions from the plants in which the Group has an equity share but not operational control	Equity partner activity data (for Scope 1 and 2 emissions data)	Scope 1 and 2 emissions data calculated by equity partner	NGA Factors

The Group currently estimates certain Scope 3 emissions categories using methodologies that rely on industry assumptions, supplier and customer specific data. The GHG Corporate Value Chain Standard establishes 15 categories of Scope 3 emissions sources, divided into 'upstream' and 'downstream' emissions. The upstream emissions are classified as indirect GHG emissions related to goods and services purchased or acquired for use by the Group. The downstream emissions, meanwhile, are related to goods and services that are provided by the Group.

The changes made to the Scope 3 (category 3d) calculation methodology since these calculations were undertaken for the Group's CTAP 2024 involved removing the deduction of customer rooftop PV (solar) from purchased net electricity supplied to customers. The change follows recommendations contained in industry-specific guidelines, addressing the most appropriate approach to accounting for Scope 3 category 3d emissions. There have been other minor changes to the manner in which Scope 3 emission have been determined from the CTAP 2024, and these will be remodelled in the CTAP 2027.

The Group does not have Scope 3 emissions associated with the categories in Figure 28.

Figure 28: Measurement of greenhouse gas emissions (Scope 3 exclusions)

SCOPE 3 EMISSIONS		
Scope 3 category	**Applicability**	**Justification for omission**
9. Downstream transportation and distribution	Not applicable	This category only includes transportation- and distribution-related emissions in vehicles and facilities not owned, controlled or paid for by the Group. Therefore, this category is not applicable.
10. Processing of sold products	Not applicable	This category is only applicable where products supplied are further processed by downstream companies. As the products supplied by the Group are end-use products without further processing requirement, this category is not applicable.
12. End-of-life treatment of sold products	Not applicable	For electricity and gas, there is no end-of-life treatment required. However, end-of-life treatment for batteries and solar installations is included in this category. In 2025, this category is not applicable to the Group.
13. Downstream leased assets	Not applicable	The Group does not lease any assets relevant to the calculation of Scope 3 emissions that it owns.
14. Franchises	Not applicable	The category is only applicable to franchisors. As the Group does not have franchising arrangements, this category is not applicable.

9.2.4. Challenges for the measurement of emissions

Calculation of the Scope 1 and 2 emissions in the Group's inventory is disaggregated, with a combination of the 'top-down' and 'bottom-up' approaches (by business units and type of equipment when available), using mass balance and emissions factors for each type of input and activity. The majority of the data is collected and analysed on a monthly basis, including invoices, fuel logs and meter readings. No new material Scope 1 or 2 emissions sources were included in 2025's inventory.

9.2.5. Measurement uncertainty

The Group measures its Scope 3 emissions in accordance with the GHG Protocol Corporate Value Chain Standard. The related disclosed metrics are subject to inherent high uncertainties arising from reliance on activity data and emission factors obtained from third parties. Where activity data and emission factors cannot be obtained on a timely basis, or are incomplete, estimation is used. Where this estimation could have a material impact on the presented figures, detail on the estimation basis has been provided.

9.3. Climate-related targets and ambitions

The Group's climate-related targets and ambitions are outlined in Figure 29:

Figure 29: Climate-related targets and ambitions

Target or ambition type	Scope	Unit	Target	Baseline year	Target year
Absolute GHG emissions reduction	Scope 1	tCO_2-e	>60% reduction	2019	2028–29
Absolute GHG emissions reduction	Scope 1	tCO_2-e	Net Zero	—	2050
Absolute GHG emissions reduction	Scope 2	tCO_2-e	Net Zero	—	2050
Absolute GHG emissions reduction (ambition)	Scope 3	tCO_2-e	Net Zero	—	2050
Expansion of renewable energy (ambition)	Scope 1 and 3	GW	Up to 3 GW	—	2030
Emissions intensity reduction	Scope 1	tCO_2-e/MWh	~65% reduction	2019	2040
Coal-fired generation	Scope 1	—	Exit from coal-fired generation	—	by 2040

In Figure 29: an 'ambition' refers to an outcome that the Group aims to achieve, but the pathway to get there has a higher degree of uncertainty and is outside its direct control or influence; a 'target' refer to an outcome that the Group plans to achieve where the pathway is subject to elements which are more certain and that are wholly or mostly within its means to influence or control.

For further detail refer to section 11.2.

9.3.1. Target-setting process and review approach

The Group has published two iterations of its Climate Transition Action Plan: the first in mid-2023 which set a target of Net Zero by 2050 for Scope 1 and 2 emissions and outlined the decarbonisation pathway and milestones to meet that target; and the second at the end of 2024, which provided an update to include an ambition and a pathway to reach Net Zero for Scope 3 emissions by 2050.

The Group's targets and ambitions at the date of this report remain as detailed in CTAP 2024. They are summarised in Figure 29, with additional detail in section 11.2. The setting of those targets and ambitions reflected the following considerations:

- The Group's medium-term targets in relation to its:
  - Scope 1 and 2 emissions reduction were set in 2021 following the announcement of the closure of the Yallourn PS in mid-2028 and the expected possible economic life of the Mt Piper PS, and are reflected in the CTAP 2023 and CTAP 2024; and
  - "Up to 3GW ambition" reflected the assessment of the potential volume of renewables that could be contracted in line with its business strategy.
- The target to be Net Zero for Scope 1 and 2 emissions by 2050 reflects the Federal Government's target to reach Net Zero by 2050.
- The ambition to reach Net Zero for Scope 3 emissions by 2050 reflects the need to consider indirect emissions and decarbonisation across the Group's entire value chain.

As part of the setting of its targets and ambitions, the relevance of the Paris Agreement and the importance of the energy system's contribution to limiting average global warming to well-below 2°C, and to pursuing efforts to limit it to 1.5°C above pre-industrial averages was considered, but with an acknowledgment of the real challenges in meeting 1.5°C alignment in the energy sector. The energy sector's emissions reduction trajectory is generally informed by the AEMO ISP.

The Group's climate targets and ambitions, and the methodologies for setting them, have been validated by an independent third party with regard to the setting of the baseline year from which emissions reduction targets and trajectories are calculated.

The Group's targets for the reduction in Scope 1 emissions are:

- a reduction of over 60% in Absolute Scope 1 GHG emissions (against a 2019 baseline) in 2028–29 (following the closure of the Yallourn PS); and
- a target of a 65% reduction in emissions intensity (against a 2019 baseline) following the closure of the Mt Piper PS by 2040, which is expected to reduce Absolute Scope 1 GHG emissions by approximately 75% (against a 2019 baseline).

By 2050, the Group's target is to achieve Net Zero for both its Scope 1 and 2 emissions.

The CTAP 2023 and CTAP 2024 also included an ambition to expand the Group's portfolio to up to 3GW of renewable energy, committed or operational, by 2030. This goal is expressed as an "ambition" as it is subject to greater inherent uncertainty and point-in-time judgement. In particular, this ambition was set to reflect the Group's assessment of the potential volume of renewable energy that could be contracted in line with its business strategy considering asset closures in its portfolio, forecast customer demand, policy and economics, and the availability of renewable energy.

The Group will review its climate targets and ambitions during 2026 as part of developing the third iteration of its CTAP, due to be published in early 2027 to align with reporting under AASB S2. This timetable means that a substantive review of the Group's climate targets and ambitions is undertaken approximately every three years (being the interval between the publication of substantive iterations of the CTAP).

The Group's current targets and ambitions align with its strategy and the requirements of its business. However, the energy market is perpetually dynamic, for example there can be material changes to the pathway to achieve decarbonisation goals in relatively short timeframes due to a range of factors including changes in market conditions and policy drivers.

The Group's business is subject to these dynamics and the Group accounts for their impact in its review of its targets and ambitions. This is particularly the case for climate goals that have been expressed as "ambitions", as these were subject to greater inherent uncertainty and point-in-time judgement when they were originally set, as outlined in section 4.

The Group's upcoming review is not expected to result in any significant changes to its Scope 1 emissions reduction target for 2028, given this target reflects the intended closure of the Yallourn PS in 2028, pursuant to arrangements with the Victorian Government. Any other proposed changes to targets and ambitions arising from the review will be subject to the Governance processes outlined in section 6, and must be approved by the Board.

While the Group's purpose, reflected in its strategy and supported by these targets, is to transform its business to meet the challenges of the energy transition, the Group's climate-related targets and ambitions have not yet affected its financial position given their current timing for achievement. However, forward-looking business planning factors in the impact of these targets.

9.3.2. Performance Against Climate-related targets

The Group's current GHG emissions levels are detailed at section 9.1.

The Group's emissions reduction targets for Scope 1 emissions are contingent upon significant events such as the closure of the Yallourn PS in mid-2028, and therefore, to date, no additional interim milestones have been set in relation to those targets. The Group published its emissions reduction forecasts in its CTAP 2024, and these will be revisited in its CTAP 2027, noting that any changes (increases or decreases) in emissions year-on-year before 2028 will simply reflect any planned or unplanned changes in the running regimens of the generation assets, such as outages.

Section 5 describes the current status of the Group's asset portfolio, including the renewable energy mix in its portfolio.

In relation to the Group's ambition to expand its renewable energy portfolio to up to 3 GW, committed or operational by 2030, the Group notes the progress of renewable energy investments in the energy market, not only for the Group but also for other major market participants, has been slowed by a number of planning and cost-related challenges. In that context, the Group has continued to work with renewable energy developers, policymakers and other stakeholder to augment its renewable energy portfolio in the current reporting period.

In parallel, there has been significant progress in relation to the development of storage and flexible capacity in the NEM. The increasing importance of storage is reflected in the AEMO capacity forecast out to 2050 which has increased between the 2024 AEMO ISP and the 2026 AEMO Draft ISP.[6]

Another relevant dynamic is the sharp growth in the volume of renewable energy entering the grid from rooftop PV (solar) exports. This is a significant factor in determining the overall energy mix required and therefore the optimal approach to meeting customers' demand. This dynamic is anticipated to continue to shift as household battery uptake increases.

The Group recognises that storage and flexible capacity projects remain critical to supporting the transition to renewable energy. The Group has made investments in a number of significant projects - see 8.5.6 (which describes the Group's recent investments) for more detail.

9.3.3. Use of offsets

Quantification of anticipated financial effects associated with acquiring carbon offsets has not been provided as the required volume of offsets, timing, pricing, evolution of voluntary carbon market policies, and on-going developments in GHG emissions removal technologies are highly uncertain, making any estimate unreliable and not useful for decision-making. The Group will require offsets for the abatement of residual emissions to ultimately reach Net Zero emissions by 2050 (i.e., those emissions that remain after all other viable emission reduction steps are completed), and, at that time, may be in a position to utilise any technological developments in GHG emissions removal.

10. Events after the reporting period

No transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this document have taken place that need to be disclosed in this Report.

11. Appendices

11.1. Acute and chronic physical risks

Figure 30 summarises the Group's long-term inherent exposure to **acute** physical risks which may disrupt assets.

Figure 30: The Group's assets vulnerable to acute physical risks from climate change

	Asset type most affected	Most vulnerable group assets by location and asset type							% of the Group's generation assets with risk exposure of 'High' or above in 2025 (based on equity capacity in MW as of May 2025)*	Level of the Group's physical risk exposure over time (short-, medium- and long-term, expressed as years - see section 2.3) based on current and projected percentage of assets relevant			
		Mt Piper PS	Yallourn PS	Yallourn Mine	Talla-warra	Jeeralang	Newport	Hallett					
Extreme cold (Acute)	Gas							✓	**—%**	**Baseline**	**2025-2027**	**2028-2034**	**2035 +**
Flooding (Acute)	Gas Coal Mine	✓		✓	✓	✓	✓	✓	**30%**	**Baseline**	**2025-2027**	**2028-2034**	**2035 +**
Storm/wind (Acute)	Gas Mine			✓			✓	✓	**—%**	**Baseline**	**2025-2027**	**2028-2034**	**2035 +**
Bushfires, wildfires (Acute)	Gas Mine	✓		✓	✓	✓		✓	**—%**	**Baseline**	**2025-2027**	**2028-2034**	**2035 +**
Precipitation-induced landslides (Acute)	Gas Mine			✓	✓				**—%**	**Baseline**	**2025-2027**	**2028-2034**	**2035 +**
									Risk exposure level	**Low**	**Moderate**	**High**	**Extreme**

**Includes Yallourn PS (closes in mid-2028)*

Figure 31 summarises the Group's long-term inherent exposure to **chronic** physical risks which may disrupt assets.

Figure 31: The Group's assets vulnerable to chronic physical risks from change impacts

	Asset type most affected		Most vulnerable Group assets by location and asset type							% of the Group's generation assets with risk exposure of 'high' or above in 2025 (based on equity capacity in MW as of May 2025)*	Level of the Group's physical risk exposure over time (short-. medium- and long-term, expressed as years - see section 2.3) based on current and projected percentage of assets relevant			
			Mt Piper PS	Yallourn PS	Yallourn Mine	Talla-warra	Jeeralang	Newport	Hallett					
Drought	Gas	Mine			✓	✓			✓	**30%**	**Baseline**	**2025-2027**	**2028-2034**	**2035 +**
Extreme heat	Gas	Coal	✓				✓	✓	✓	**—%**	**Baseline**	**2025-2027**	**2028-2034**	**2035 +**
Shift in sea levels	Gas					✓				**—%**	**Baseline**	**2025-2027**	**2028-2034**	**2035 +**
										Risk exposure level	**Low**	**Moderate**	**High**	**Extreme**

**Includes Yallourn PS (closes in mid-2028)*

From the assessment undertaken, the Group identified that, although **chronic** physical risks such as extreme heat, drought and a shift in sea levels will impact its operations, the **acute** physical risks had a heightened likelihood of impacting the Group's asset during the planned asset lifecycles.

The inherent impacts of **acute** hazards on the Group's assets are outlined in Figure 32.

The time horizon for the Group's **acute** hazards in Figure 32 spans from 2025 to 2059.

Figure 32: Inherent impacts of acute climate change hazards on the Group's assets

Hazard (Acute)	Asset	Description
Flooding	Hallett Jeeralang Newport Tallawarra Mt Piper PS Yallourn Mine	At Mt Piper PS, flooding or heavy rain could cause overspilling of Thompson's Creek reservoir. At the Yallourn Mine, flooding would have a large impact during the mine rehabilitation period from mid-2028 to approximately 2050. A heavy rainfall event or flooding of Latrobe or Morwell rivers could lead to batter (riverbank) failure. At Newport, flooding could cause site discharges in excess of its environmental protection licence conditions and limit site access. At Tallawarra however, combined with a king tide, flooding could cause generation loss. At Hallett, flooding could cause road closure, limiting diesel supply (used as a back-up generation fuel). There would be a similar access problem at Jeeralang as a result of flooding as staff may be unable to access the site due to the roads being closed.
Bushfires	Hallett Jeeralang Tallawarra Mt Piper PS Yallourn Mine	At Mt Piper PS, bushfires could lead to access restrictions to the site for operators and maintenance crews. A bushfire which leads to a fire at the Yallourn Mine during rehabilitation could create delays in rehabilitation efforts and additional cost impost. At Jeeralang, embers from a bushfire adjacent to the site could cause fire and major damage to the filter house, resulting in a prolonged period of outage and associated expenditure for replacement costs. In addition to this, and for any site affected by bushfire, staff could be impacted by smoke inhalation and irritations. At Hallett, a grass fire event could lead to site access restrictions. At Tallawarra, a bushfire that spreads to the station could lead to generation loss for a finite period of time.
Precipitation-induced landslides	Tallawarra Mt Piper PS Yallourn Mine	At the Yallourn Mine, heavy rainfall could increase groundwater levels or risk of flooding of the Latrobe or Morwell rivers, leading to riverbank movement and/or batter instability. This could potentially impact rehabilitation efforts and create additional rehabilitation cost impost. At Mt Piper PS, precipitation-induced landslides could lead to dam failure, causing business interruption and material damage. At Tallawarra, heavy rainfall could impact the retaining wall at the site, resulting in a landslide, leading to generation loss for a finite period of time.
Storm/wind	Hallett Newport Mt Piper PS Yallourn PS Yallourn Mine	At Yallourn PS, storms and strong winds could lead to plant and equipment damage and exposure or dislodgement of asbestos cladding material, and at the Yallourn Mine during the rehabilitation period, wind-driven wave action could erode the planned lake shore and impact on lake water quality, impacting the rehabilitation efforts and creating additional cost impost. In the case of Mt Piper PS, fugitive dust could lead to community complaints, visual pollution, surface water pollution and impacts on fauna and flora. At Hallett, a high wind event or storm could lead to increased maintenance costs due to dust. At Newport, an extreme wind event could lead to delayed maintenance and/or increased maintenance costs for repairs.
Extreme cold	Hallett	At Hallett, extreme cold could lead to a reduced ability to access gas for generation into the future as demand for gas will increase. As Hallett is designed to operate on either diesel or gas, the facility could switch to diesel, but with an unfavourable impact to its production output.

Other impacts:

This analysis further identified that water scarcity may limit operations or diminish firefighting capability to large commercial and industrial (C&I) customers which could impact revenue and the ability to collect outstanding invoices.

Additionally, the assessment identified that the Group may incur business interruptions if individuals are unable to access business sites due to extreme weather events, particularly tropical cyclones passing through the Bay of Bengal impacting Chennai (India) and risk of coastal flooding in Manila (The Philippines). Both are locations where services are provided to the Group to support aspects of the customer business.

11.2. Climate-related targets and ambitions

Target 2028–29: Reduce Absolute Scope 1 GHG emissions by >60% (from 2019 baseline)	
Metric	% Absolute GHG emissions reduction
Scope	Scope 1 (direct emissions)
Methodology	Gross Scope 1 emissions are calculated using the NGERs Instruments methodology with the 2019 baseline as reference. Progress is measured annually.
Definition	Absolute quantitative reduction in tCO_2-e compared to 2019 baseline. The composition of tCO_2-equivalent includes carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O).
Monitoring	The metric used is the absolute amount of tCO_2-e related to Scope 1 emissions in the last year compared to emissions from the same scope in 2019. Annual emissions are used as indicators of progress towards achieving the goal, with significant reduction occurring due to the closure of Yallourn PS in mid-2028.

Target for 2040: Reduce Scope 1 emissions intensity by ~65% (from 2019 baseline)	
Metric	Emissions intensity (tCO_2-e/MWh)
Scope	Scope 1 (direct emissions per unit of energy generated)
Methodology	Emissions intensity is calculated by dividing total absolute Scope 1 emissions by total MWh generated, using the 2019 baseline for comparison.
Definition	Reduction in tCO_2-e per MWh generated, relative to 2019 baseline. The composition of tCO_2-equivalent includes CO_2, CH_4 and N_2O.
Monitoring	Annual calculation and reporting of emissions intensity.

Target for 2040: Exit from coal-fired generation (Scope 1)	
Metric	Status of coal-fired generation operations
Scope	Scope 1 (direct emissions from coal-fired assets)
Methodology	Progress is measured by the decommissioning of coal-fired generation assets and cessation of coal use.
Definition	Complete exit from coal-fired electricity generation. The composition of tCO_2-equivalent includes CO_2, CH_4 and N_2O.
Monitoring	Annual review of asset status and transition milestones.

Target for 2050: Achieve Net Zero Absolute Scope 1 GHG emissions	
Metric	Net Zero emissions (tCO_2-e)
Scope	Scope 1 (direct emissions)
Methodology	Net Zero is defined as balancing residual emissions with certified removals. Emissions are calculated in accordance with the methodology in the NGERs Instruments. Progress is measured annually.
Definition	Net Zero: No net release of Scope 1 emissions to the atmosphere. The composition of tCO_2-equivalent includes CO_2, CH_4 and N_2O.
Monitoring	Annual tracking of Scope 1 emissions and removals, with progress reported against the Net Zero pathway and target.

Target for 2050: Achieve Net Zero Absolute Scope 2 GHG emissions	
Metric	Net Zero emissions (tCO_2-e)
Scope	Scope 2 (indirect emissions from purchased electricity, heat, or steam)
Methodology	Emissions calculated using the NGERs Instruments methodology with the 2019 baseline as reference. Progress is measured annually.
Definition	Net Zero: No net release of Scope 2 emissions to the atmosphere.
Monitoring	Annual review of Scope 2 emissions and energy procurement, with progress tracked against the Net Zero target.

Ambition for 2030: Expand renewable energy capacity by up to 3 GW	
Metric	Installed renewable energy capacity (GW)
Scope	Scope 1 and 3 emissions
Methodology	Capacity additions are tracked using project commissioning data and verified through asset registers.
Definition	Total installed renewable energy generation capacity (GW). For Scope 1 emission, the composition of tCO_2-equivalent is CO_2, CH_4 and N_2O. For Scope 3 emissions, see relevant categories in Figure 25.
Monitoring	Quarterly tracking of project milestones and capacity additions.

Ambition for 2050: Achieve Net Zero Scope 3 emissions	
Metric	Net Zero emissions (tCO_2-e)
Scope	Scope 3 (all other indirect emissions in the value chain)
Methodology	Scope 3 emissions are estimated using supplier data, spend-based methods, and industry averages, in line with the GHG Protocol Corporate Value Chain Standard. Progress is measured annually.
Definition	Net Zero: No net release of Scope 3 emissions to the atmosphere.
Monitoring	Annual assessment of Scope 3 emissions categories, with engagement of suppliers and partners. Progress is reviewed annually.

12. Directors' declaration

In the Directors' opinion:

The Company has taken reasonable steps to ensure that the substantive provisions of this Report are in accordance with the *Corporations Act 2001* (Cth), including:

- section 296C (compliance with sustainability standards); and
- section 296D (climate statement disclosures).

Signed in accordance with a resolution of Directors made on 26 February 2026 pursuant to section 296A(6) of the *Corporations Act 2001* (Cth).

On behalf of the Directors

Mr Robert Grant
Chair

Mr Mark Collette
Managing Director

26 February 2026

Independent Auditor's Review Report on specified Sustainability Disclosures

To the Members of EnergyAustralia Holdings Limited

Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of EnergyAustralia Holdings Limited (the Company) and its controlled entities (together, the Group) for the year ended 31 December 2025 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Sustainability Disclosures	**Reporting requirement of Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* (AASB S2) (including related general disclosures required by Appendix D)**	**Location in Sustainability Report**
Governance	Paragraph 6	Section 6 – Sustainability governance
Strategy (risks and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Section 8 – Climate-related risks and opportunities Figure 6, Figure 9 (Nature of the material risk); Figure 12 (Nature of the risk); Figure 15 (Nature of the risk); Figure 18 (Nature of the opportunity).
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section 9 – Metrics and targets Scope 1 emissions total (MtCO2e) – 16.574 Location-based Scope 2 emissions total (MtCO2e) – 0.213

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

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We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for Conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

We are independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Sustainability Report for the year ended 31 December 2025, but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon. We have issued a separate limited assurance conclusion on other selected Sustainability Information in Section 13 of the Sustainability Report.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations in preparing the specified Sustainability Disclosures

Sustainability data and information may be subject to more inherent limitations than financial data and information, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure that information, due to different, but acceptable, methods applied.

In addition, greenhouse gas emissions quantification is subject to inherent uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Inspected the specified Sustainability Disclosures and assessed the completeness and accuracy of these disclosures against the relevant disclosure requirements of AASB S2 and with reference to the knowledge and evidence obtained during the assurance engagement;
- Performed enquiries of management regarding the methodologies, processes and controls for capturing, collating, calculating and reporting the specified Sustainability Disclosures and assessed their alignment with AASB S2 and applicable method and measurement approaches;
- Inspected and assessed, on a sample basis, charters, policies, minutes of meetings regarding the monitoring, management and oversight of climate-related matters, and other underlying evidence supporting the climate-related financial disclosures on governance;

- Performed enquiries of management regarding the approach taken by Group to:
  - Identify climate-related risks and opportunities;
  - Identify material information for disclosure with regards to the Strategy (risks and opportunities) disclosures;
- Performed enquiries of management and examined underlying evidence to assess the completeness and accuracy of the establishment of the organisational boundary, and sources of emissions, in the context of the specified Sustainability Disclosures.
- Performed enquiries of management regarding the assumptions, conversion factors and greenhouse gas emission factors applied within the calculations of the Scope 1 and 2 emissions;
- Applied analytical procedures to evaluate the Scope 1 and 2 emissions and the underlying activity data, and;
- Performed testing over the calculations of the Scope 1 emissions, including testing the activity data utilised within the calculations to underlying information, on a sample basis.

PricewaterhouseCoopers

PricewaterhouseCoopers

Scott Thompson

Scott Thompson
Partner

Melbourne
26 February 2026

Independent practitioner's limited assurance report on EnergyAustralia Holdings Limited's Selected Sustainability Information

To the Directors of EnergyAustralia Holdings Limited

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the Scope 3 emissions total (the "Selected Sustainability Information") as defined below and on page 45 in EnergyAustralia Holdings Limited (the "Company") and its controlled entities (together, the Group)'s Sustainability Report for the year ended 31 December 2025 (the "Report").

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying Selected Sustainability Information for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with the Reporting Criteria set out in Figure 27 of the Report and referenced in the 'Selected Sustainability Information and Reporting Criteria' section below.

Selected Sustainability Information and Reporting Criteria

The Selected Sustainability Information and the Reporting Criteria are as set out in the table below:

Selected Sustainability Information	**Reporting Criteria**	**Location in Sustainability Report**
Scope 3 emissions total	Figure 27 in Section 9.2 – Measurement of greenhouse gas emissions (Scope 3)	Section 9: Metrics and targets Scope 3 emissions total (MtCO2e) – 2.633

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The maintenance and integrity of Group's website is the responsibility of the Group; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Sustainability Information or Reporting Criteria when presented on the Group's website.

Basis for Conclusion

We conducted our limited assurance engagement in accordance with Australian Standard on Sustainability Assurance 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the Australian Auditing and Assurance Standards Board.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the *Practitioner's Responsibilities* section of our report.

We are independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code), that are relevant to our limited assurance of the Selected Sustainability Information. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's Sustainability Report but does not include the Selected Sustainability Information and our assurance report thereon.

Our conclusion on the Selected Sustainability Information does not cover the other information and we do not express any form of assurance conclusion thereon. We have issued a separate review conclusion on specified Sustainability Disclosures within the Sustainability Report, in accordance with the scope of Australian Standard on Sustainability Assurance ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001.

In connection with our assurance engagement on the Selected Sustainability Information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Selected Sustainability Information or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the Selected Sustainability Information

Management of the Company is responsible for:

- Determining the appropriateness of the Selected Sustainability Information and the suitability of the Reporting Criteria for the evaluation and measurement of that information, including the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances,
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Selected Sustainability Information, in accordance with the Reporting Criteria, that is free from material misstatement, whether due to fraud or error, and
- The preparation of the Selected Sustainability Information in accordance with the Reporting Criteria.

Inherent Limitations in Preparing the Selected Sustainability Information

Sustainability data and information may be subject to more inherent limitations than financial data and information, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The comparability of

sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure the information, due to different, but acceptable, methods applied.

In addition, greenhouse gas emissions quantification is subject to inherent uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Practitioner's Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Selected Sustainability Information.

As part of a limited assurance engagement in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosures level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, and
- Consider the suitability in the circumstances of the Group's use of the Reporting Criteria as the basis for the preparation of the Selected Sustainability Information.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Selected Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our limited assurance engagement, we:

- Made enquiries of management regarding the methodologies, processes and controls for capturing, collating, calculating and reporting the Selected Sustainability Information;
- Made enquiries of management regarding the assumptions, conversion factors and greenhouse gas emission factors applied within the calculations of the Scope 3 emissions;
- Applied analytical procedures to evaluate the Scope 3 emissions and the underlying activity data used to prepare them; and
- Performed testing, on a sample basis, over the calculations of the Scope 3 emissions, including testing the activity data utilised within the calculations to third-party records and other relevant underlying information.

Use and distribution of our report

We were engaged by the Directors of the Company to prepare this independent assurance report having regard to the Reporting Criteria specified by the directors and set out in this report. This report was prepared solely for the Company providing limited assurance in respect of the Selected Sustainability Information within the Sustainability Report for the year ended 31 December 2025.

We accept no duty, responsibility or liability to anyone other than Company in connection with this report or to Company for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than Company and if anyone other than Company chooses to use or rely on it they do so at their own risk.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than Company receiving or using this report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Scott Thompson

Scott Thompson
Partner

Melbourne
26 February 2026

14. Definitions and End notes

14.1. Definitions

Terms used in this Report have the same meaning as in AASB S2.

In addition, common terms used by the Group throughout this Report are defined below:

Absolute GHG emissions means total gross greenhouse gas emissions emitted into the atmosphere over a specific period, typically a year, expressed as metric tonnes of CO_2 equivalent.

AEMO means the Australian Energy Market Operator which is the organisation that manages the electricity and gas systems and markets across Australia.

AEMO ISP means the AEMO Integrated System Plan which is a whole-of system plan that provides an integrated roadmap for the efficient development of the NEM over the next 20 years and beyond. It is published every two years. The current AEMO ISP is the 2024 AEMO ISP.

Ambition is defined in section 9.

Asset flexibility means the ability of energy assets to adjust their generation or consumption in response to market signals or demand fluctuations. This flexibility is crucial for managing the variability of renewable energy sources.

CER means Consumer Energy Resources, such as rooftop PV (solar) systems, home batteries and electric vehicle (EV) chargers.

CIS means the Federal Government's Capacity Investment Scheme which provides revenue underwriting to accelerate investment in renewable energy generation and dispatchable capacity.

Emissions intensity means the tonnes of CO_2 equivalent Scope 1 emissions per MWh of electricity sent out from defined assets.

Firming means energy that is not baseload and can be switched on or off depending on demand. It typically refers to gas-fired generators and long-term duration storage assets and includes flexible capacity.

GHG Protocol Corporate Standard means the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

GHG Protocol Corporate Value Chain Standard means the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

IEA means the International Energy Agency which provides, amongst other things, analysis, data and policy recommendations relevant to the energy transition.

IPCC means the Intergovernmental Panel on Climate Change, the United Nations body responsible for assessing the science related to climate change, providing information to inform global climate policies.

NEM means the National Electricity Market which is a wholesale market through which generators and retailers trade electricity across Australia, with the exception of Western Australia and the Northern Territory.

Net Zero is defined in the ISO Net Zero Guidelines (IWA 42:2022) as "a condition in which human-caused residual greenhouse gas (GHG) emissions are balanced by human-led removals over a specified period and within specified boundaries". For the Group, this means achieving Net Zero across the value chain. This will require a combination of emissions reductions, technological developments and offsets, which are required to address residual emissions that remain unfeasible to be eliminated permanently.

PPA or Power Purchase Agreement means an arrangement in which a provider pays for and owns the renewable energy system but sells the energy it produces to businesses at a lower rate than energy from the grid. This allows businesses to obtain renewable energy at rates cheaper than retail without the need to purchase a system themselves. **Offtake agreements** has a similar meaning.

Scope 1 emissions, **Scope 1 and 2 emissions**, **Scope 1 or 2 emissions**, **Scope 1 and 3 emissions**, **Scope 1, 2 and 3 emissions** and **Scope 3 emissions** refer to **Absolute GHG emissions** in all instances.

Target is defined in section 9.

Short-term, medium-term and long-term time horizons for the purposes of this Report are defined in section 2.

14.2. Units of measurement

Watt (W) Standard measure of electrical power when one ampere of current flows under one volt of pressure.

Kilowatt (kW) 1 kW = 1,000 watts.

Kilowatt hour (kWh) Standard unit of electrical energy representing consumption of one kilowatt per hour.

Megawatt (MW) 1 MW = 1,000 kW.

Megawatt hour (MWh) 1 MWh = 1,000 kW hours.

Gigawatt (GW) 1 GW = 1,000 MW.

Tonne (t) Standard measure of weight in the metric system, equal to 1,000 kilograms.

Kilotonne (kt) 1 kt = 1,000 tonnes.

Megatonne (Mt) 1 Mt = 1,000,000 tonnes or 1,000 kt.

14.3. End notes

1. CTAP 2024 is subject to the assumptions, limitations and qualifications noted in that document, including at sections 10.1, 10.2 and 10.3.
2. In this context, inherent risk relating to climate change can be understood as the baseline exposure a company faces due to factors related to climate change, without considering any adaptation, mitigation or resilience measures.
3. In the 2026 AEMO Draft ISP, AEMO has continued to model a similar 1.5°C scenario (titled 'Accelerated Transition'), which is less aggressive than the 'Green Energy Exports' scenario, reflecting market, policy and economic shifts, in particular reducing the potential need for more transmission. It has a weighting of 27% likelihood.
4. These assumptions are considered to be aggressive in the context of the challenges currently facing transmission, interconnection and renewable generation and storage build in the energy market.
5. The National Electricity Rules (NER) are made under the National Electricity Law (NEL) which is set out in the schedule to the *National Electricity (South Australia) Act 1996* (SA).
6. Refer to the 2024 AEMO ISP and the 2026 AEMO Draft ISP.

EnergyAustralia acknowledges the Traditional Owners of the lands and waters where we operate. We honour their enduring connection to Country, culture, and community, and pay our respects to Elders past and present.

For thousands of years, First Nations people have innovated and cared for Country - practising sustainable land and resource management that continues to inspire modern approaches to renewable energy and environmental stewardship. We strive to learn from their wisdom and honour their practices into our operations.

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