



## ASX & Media Release

### Notice of 2021 Annual General Meeting

12 August 2021

Attached are the following documents relating to the 2021 Annual General Meeting of AGL Energy Limited to be held at 10.30am (AEST) on Wednesday, 22 September 2021:

- Letter to Shareholders
- Notice of Annual General Meeting
- Voting Form

John Fitzgerald  
Company Secretary

Authorised for release by AGL's Board of Directors

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#### About AGL

Proudly Australian for more than 180 years, AGL supplies around 4.5 million energy and telecommunications customer services<sup>1</sup>. We're committed to becoming a leading multi-product retailer, making energy and other essential services simple, fair and transparent. AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as Australia's leading private investor in renewable energy to now lead the business of transition to a low emissions, affordable and smart energy future in line with the goals of our Climate Statement. We have a passionate belief in progress and a relentless determination to make things better for our communities, customers, the Australian economy and our planet.

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<sup>1</sup> Services to customers number is as at 31 December 2020 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL owns a 50% equity stake of the retail operations.

# AGL's 2021 AGM



Dear Shareholder,

## The health and safety of our people, shareholders and the communities in which we operate is of paramount importance to AGL.

Accordingly, in light of the ongoing uncertainty and potential health risks created by the COVID-19 pandemic, shareholders will be able to participate in the AGM through an online platform in 2021.

The Notice of Meeting for the AGM is available online at [agl.com.au/agm](http://agl.com.au/agm).

This letter provides information to shareholders as to how to participate in the AGM. AGL's website will also be kept up to date with all of the relevant information shareholders may need.

## Details of our 2021 Annual General Meeting

**Date:** Wednesday, 22 September 2021

**Time:** 10:30am (AEST)

**Website:** [web.lumiagm.com/300629639](http://web.lumiagm.com/300629639)

## How to participate

To make the AGM as accessible as possible to all of our shareholders, we are pleased to offer shareholders the ability to participate in our meeting online.

To access the meeting online:

1. Logon to [web.lumiagm.com/300629639](http://web.lumiagm.com/300629639) from your desktop computer, mobile or tablet device. You will need internet access.
2. When you log onto the online platform, you will need to provide your details - including your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) - to be verified as a shareholder. Proxyholders will need to contact Computershare on (+61 3) 9415 4024 to obtain their login details to participate online.
3. You will also need to enter your password. Your password is your postcode registered on your holding if you are an Australian shareholder. Overseas shareholders should refer to the AGM Online Guide.

Further instructions on how to participate online can be found in the AGM Online Guide at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide). We encourage all shareholders to read this material to ensure they are familiar with how to participate and to contact Computershare if they have any questions.

## Lodge a Proxy or direct vote in advance of the meeting

### Online

Logon to [www.investorvote.com.au](http://www.investorvote.com.au). Instructions on how to vote or appoint a proxy online in advance of the meeting are detailed on the Voting Form.

### Via post or fax

1. Complete the Voting Form. Instructions on how to vote directly or appoint a proxy are detailed on the form.
2. Voting Forms may be submitted by fax to the AGL Share Registry on (+61 3) 9473 2555 or by mail to AGL Energy Limited, GPO Box 242, Melbourne VIC 3000, Australia.

All votes must be received no later than 10.30am (AEST) on Monday, 20 September 2021 to be valid.

We encourage all shareholders to lodge a directed proxy or direct vote as soon as possible in advance of the meeting.

## How to ask a question

We encourage shareholders to submit questions in advance of the AGM. Questions can be submitted in advance of the meeting via Computershare at [www.investorvote.com.au/AGL](http://www.investorvote.com.au/AGL). You will need to enter your SRN/HIN and postcode and complete the proxy voting process before you can submit a question.

Shareholders can also ask questions on the day of the AGM. Instructions on how shareholders can do so can be found at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

## How to watch and listen to the AGM

The AGM will be live webcast online at [web.lumiagm.com/300629639](http://web.lumiagm.com/300629639)

All stakeholders are invited to watch and listen to the AGM. However, only shareholders (or their proxies) may vote or ask questions during the meeting.

## Support

If you experience any difficulties, please contact Computershare by phone on 1800 824 513 (within Australia) or on +61 (03) 9415 4253 (outside Australia) between 8.30am to 7.00pm (AEST) Monday to Friday.

Copies of all material, including AGL's Annual Report and Notice of Meeting are available online on AGL's website [agl.com.au/agm](http://agl.com.au/agm)

We thank you for your support and look forward to you joining us at the 2021 Annual General Meeting.

Yours sincerely,

**Peter Botten**  
Chairman

For personal use only

# Notice of Annual General Meeting

Wednesday, 22 September  
2021 at 10:30am (AEST)



Progress for life

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## Chairman's Letter

I am pleased to invite you to  
AGL's 2021 Annual General  
Meeting of Shareholders.

Date: Wednesday 22 September 2021

Time: 10.30am (AEST)

Online: [web.lumiagm.com/300629639](http://web.lumiagm.com/300629639)

*Dear Shareholder,*

I am pleased to invite you to AGL's 2021 Annual General Meeting (AGM) of Shareholders.

The health and safety of our people, shareholders and the communities in which we operate is of paramount importance to us. In light of the continued uncertainty and potential health risks associated with the COVID-19 pandemic, AGL will be webcasting the AGM online at [web.lumiagm.com/300629639](http://web.lumiagm.com/300629639). Shareholders will be able to participate in the proceedings online in real-time.

You may participate in the AGM in the following ways:

- **participate online.** The online platform will allow shareholders to view the meeting, and vote and submit questions in real-time. Instructions on how to do so are included in the Notice of Meeting and further details are published on the AGL website [www.agl.com.au](http://www.agl.com.au).
- **lodging a directed proxy or direct vote in advance of the meeting.** You can do this online at [www.investorvote.com.au](http://www.investorvote.com.au). Instructions on how to vote directly or appoint a proxy are detailed on the front of the Voting Form. Voting Forms must be received no

later than 10.30am (AEST) on Monday, 20 September 2021 to be valid for the AGM. Voting Forms may be lodged online or returned by mail or by fax by:

- faxing to +(61 3) 9473 2555; or
- mailing to AGL Energy Limited, GPO Box 242, Melbourne, VIC 3000 Australia.

- **lodging questions in advance of the meeting.** Questions can be submitted in advance of the meeting via Computershare at [www.investorvote.com.au/AGL](http://www.investorvote.com.au/AGL). Questions should be lodged no later than 5.00pm (AEST) on 15 September 2021. The online platform will contain additional details as to how to vote and ask questions during the meeting.
- **watching a live webcast of the AGM.** The AGM will be available to view at [web.lumiagm.com/300629639](http://web.lumiagm.com/300629639)

In the event that it is necessary for AGL to give further updates on the arrangements for the meeting, we will inform you through AGL's website and the ASX Market Announcements Platform.

### Business of the AGM

Graeme Hunt, Managing Director & CEO, and I will provide a brief presentation at the AGM before the formal items of business are considered. The most frequently asked questions from shareholders will be dealt with in these presentations or prior to the resolutions as appropriate. We will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to shareholders.

The business to be dealt with at the AGM is provided on pages 2 to 3 of the Notice of Meeting. The Notice of Meeting includes two resolutions requisitioned by a small group of shareholders (Items 6(a) and 6(b)). The Board respects the rights of shareholders to put forward resolutions. However, the Board does not consider the requisitioned resolutions to be in AGL's best interests and recommends that shareholders vote against them for the reasons set out on pages 13 to 15. This year, an individual retail shareholder has been nominated for election as a Director - Mr Ashjayeen Sharif. The Board, assisted by the Nominations Committee, has considered the nomination and has recommended that shareholders vote against the appointment of Mr Sharif for the reasons set out on page 8.

I would also like to thank John Stanhope for his contribution as a Non-Executive Director since March 2009. John will retire at the conclusion of the AGM in accordance with the requirements of AGL's constitution and will not be seeking re-election.

We ask that shareholders please monitor AGL's website [www.agl.com.au](http://www.agl.com.au) (for any updates to the arrangements for the AGM) and consider providing an email address to receive communications or notifications directly.

I look forward to briefing you at the AGM.

Yours sincerely,  
**Peter Botten**, Chairman

12 August 2021



# Business of the AGM

## 1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report of AGL and its consolidated entities and the Reports of the Directors and Auditor for the financial year ended 30 June 2021.

## 2. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**"To adopt the Remuneration Report for the financial year ended 30 June 2021, as set out in the Directors' Report section of the 2021 AGL Annual Report."**

Note: the vote on this resolution is advisory only and does not bind the Directors or AGL. A voting exclusion applies to this resolution – see page 5 for details.

## 3. Re-election and Election of Directors

### Re-election of Board-endorsed Director

a. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**"That Ms Jacqueline Hey, a Director who retires by rotation at the close of the AGM in accordance with Clause 58 of AGL's Constitution and being eligible, is re-elected as a Director of AGL".**

### Election of Non-Board endorsed candidate

b. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**"That Mr Ashjaveen Sharif is elected as a Director of AGL in accordance with Clause 55.3 of AGL's Constitution".**

## 4. Grant of Performance Rights under the AGL Long Term Incentive Plan to Graeme Hunt

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**"That approval is given for AGL to grant to its Managing Director and Chief Executive Officer, Graeme Hunt, 297,374 performance rights under AGL's Long Term Incentive Plan in respect of the financial year ending 30 June 2022 on the terms set out in the Explanatory Notes which accompany the Notice of Meeting."**

A voting exclusion applies to this resolution – see page 5 for details.

## 5. Conditional Spill Resolution

Only if required, to consider and, if thought fit, to pass as an ordinary resolution:

**"That, subject to and conditional on at least 25% of the votes cast on Item 2, being cast against the Remuneration Report:**

- an extraordinary general meeting of AGL (the Spill Meeting) be held within 90 days of the passing of this resolution;
- all of the Non-executive Directors who were in office when the resolution to approve the Directors' Report for the financial year ended 30 June 2021 was passed and who remain in office at the time of the Spill Meeting (being Mr Mark Bloom, Mr Peter Botten, Ms Jacqueline Hey, Ms Patricia McKenzie and Ms Diane Smith-Gander), cease to hold office immediately before the end of the Spill Meeting; and
- resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."

A voting exclusion applies to this resolution – see page 5 for details.

### DIRECTORS' RECOMMENDATION

The Board unanimously recommend that shareholders **VOTE AGAINST** this resolution to convene a Spill Meeting if Item 5 is put to the meeting. The Chairman of the meeting intends to vote all available proxies **AGAINST** Item 5.

## Business of the AGM (continued)

### 6. Resolutions Requisitioned by a Group of Shareholders

The following items are **NOT SUPPORTED** by the Board

The resolutions in Item 6(a) and 6(b) were proposed by a group of shareholders holding approximately 0.02% of AGL shares.

#### Special Resolution – Amendment to the Constitution

a. To consider, and if thought fit, to pass the following resolution as a special resolution:

"To insert into our company's constitution the following new clause 32.4: Member resolutions at general meeting - The Members in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to an issue of material relevance to the company or the company's business and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company."

#### Ordinary resolution on Paris Goals and Targets

b. To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"Shareholders request the Board disclose, in association with forthcoming demerger scheme documents:

1. Short, medium and long-term targets for reductions in the proposed demerged companies' Scope 1, 2 and 3 emissions (Targets) that are aligned with articles 2.1 (a) and 4.1 of the Paris Agreement<sup>1</sup>;
2. Details of how the proposed demerged companies' capital expenditure (sustaining and growth and transformation) will align with the Targets; and
3. Details of how the proposed demerged companies' remuneration policies will incentivise progress against the Targets.

Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our company or the proposed demerged companies, or the Board's ability to limit the disclosure of commercial-in-confidence information."

#### DIRECTORS' RECOMMENDATION

The Board unanimously recommends that shareholders **VOTE AGAINST** Items 6(a) and 6(b) for the reasons set out on pages 13 to 15 of the Explanatory Notes. Please note: The resolution in Item 6(b) is a contingent resolution and will only be put before shareholders at the meeting if Item 6(a) is first passed by special resolution. If the resolution in Item 6(a) is not passed, the contingent advisory resolution will not be put to the meeting.

The Chairman of the meeting intends to vote all available proxies **AGAINST** Items 6(a) and 6(b).

By Order of the Board



John Fitzgerald  
Company Secretary  
12 August 2021

1. Article 2.1(a) of the Paris Agreement: "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change." Article 4.1 of the Paris Agreement: "In order to achieve the long-term temperature goal set out in Article 2, Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country Parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty."

# Explanatory Notes

These Explanatory Notes form part of this Notice of Meeting and should be read in conjunction with it. These Explanatory Notes have been prepared to provide shareholders with important information regarding the Items of Business proposed for consideration at the AGM. Capitalised terms in this Notice of Meeting are defined in the Glossary on page 19.

## Determination of entitlement to vote

For the purpose of voting at the AGM, the Directors have determined that AGL shares will be taken to be held by persons registered as shareholders as at 7.00pm (AEST) on Monday, 20 September 2021. This means that transfers of AGL shares registered after that time will be disregarded in determining entitlements to participate at the AGM and vote on the resolutions.

## Voting on resolutions

Each of the resolutions set out in this Notice of Meeting will be decided by poll.

## Online platform

Shareholders (or their proxies) will be able to participate in the meeting, including to vote and ask questions, in real-time via the Lumi online platform using either a computer, tablet or mobile device with an internet connection.

AGL recommends that Shareholders log in to the online platform at least 15 minutes prior to the scheduled start time for the AGM in accordance with the instructions below.

- Shareholders can register to participate in the AGM via the online platform by entering the following URL in their browser - <https://web.lumiagm.com/300629639>

Shareholders will need the following details in order to log in to the online platform:

- meeting ID - 300629639
- user name - your Shareholder Reference Number (SRN) or Holder Identification Number (HIN); and
- password - your password is your postcode registered on your holding if you are an Australian shareholder. Overseas shareholders should refer to the AGM Online Guide.

Proxyholders will need to contact Computershare on (+61 3) 9415 4024 to obtain their login details to participate online.

Online voting will be open between the commencement of the AGM at 10.30am (AEST) on Wednesday, 22 September 2021 and the time at which the Chairman of the meeting announces the poll is closed.

More information about how to use the AGM online platform is available in the AGM Online Guide at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide)

## Webcast

You can also view a live webcast of the meeting at <https://web.lumiagm.com/300629639>.

## Shareholder voting & proxies

### Appointing a proxy

Each shareholder who is entitled to vote at the AGM may appoint a proxy, who need not be a shareholder, to participate online and vote at the AGM on the shareholder's behalf. A shareholder who is entitled to participate online and cast two or more votes at the AGM may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise on a poll. If the shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes that each may exercise, each may exercise half of the votes (disregarding fractions) on a poll.

Further details about proxy voting are set out below.

### Direct Voting

Alternatively, a shareholder may vote directly in accordance with the instructions contained on the Voting Form. If a shareholder who is entitled to vote at the AGM appoints a proxy, they may specify the way that the proxy is to vote in relation to a resolution and indicate that the specification is to be regarded as a direct vote. A direct vote will enable shareholders to vote on resolutions considered at the meeting by lodging their votes with the Company prior to the meeting (and by the deadline set out in the section 'Lodging your Voting Form' below). Direct voting is another way for shareholders to exercise their voting rights at this year's meeting.

A proxy appointment is not revoked by the shareholder participating and taking part in the AGM in person or through the online platform, unless the shareholder actually votes at the meeting on a resolution for which the proxy is proposed to be used.

## Lodging your Voting Form

A Voting Form (and any Power of Attorney or other authority (if any) under which the Voting Form is signed, or a certified copy of that document) must be received by AGL at least 48 hours before the time for holding the AGM – that is, by **10.30am (AEST) on Monday, 20 September 2021**. Voting Forms received after this time will not be effective for the AGM, although there will still be an opportunity to vote in real-time via the online platform.

Voting Forms may be lodged with AGL by:

1. appointing a proxy online at the AGL Share Registry's website: [www.investorvote.com.au](http://www.investorvote.com.au). To make your proxy appointment online you will need to enter your SRN or HIN, postcode and Control Number, as shown on your Voting Form. A proxy cannot be appointed online if they are appointed under a Power of Attorney or similar authority. Custodians and other intermediaries who participate in the Share Registry's online system can also make a proxy appointment online via [www.intermediaryonline.com](http://www.intermediaryonline.com) in accordance with instructions provided.
2. posting them to: AGL Energy Limited, GPO Box 242, Melbourne VIC 3000, Australia.
3. sending them by fax to the AGL Share Registry on + (61 3) 9473 2555.



## Explanatory Notes (continued)

### Corporate representatives

A company wishing to appoint a person to act as its representative at the AGM must provide that person with a letter executed in accordance with the Corporations Act authorising him or her to act as the shareholder's representative, which must be received by AGL in advance of the meeting.

### Directing your proxy how to vote

If you want to direct your proxy how to vote on a particular Item of Business please mark the appropriate box on the Voting Form.

If you mark the abstain box for a particular Item of Business you are directing your proxy not to vote on that Item.

If you do not mark any box on a particular Item of Business, you are directing your proxy to vote as he or she decides, subject to any voting exclusions that may apply to the proxy.

### Proxy voting by members of AGL's Key Management Personnel

If you appoint a member of AGL's KMP (which includes the Directors) as proxy, they will not be able to cast your vote on Items 2, 4 or 5 unless you direct them how to vote or the Chairman of the meeting is or becomes your proxy (see below).

### The Chairman of the meeting acting as proxy

You may appoint the Chairman of the meeting as your proxy. The Chairman of the meeting will be deemed to be your proxy if you sign a Voting Form but do not name a proxy or if the person you appoint as proxy does not participate in the AGM.

If you provide a voting direction on a particular Item of Business, the Chairman must vote in accordance with your direction on a poll.

If the Chairman of the meeting is or becomes your proxy and you do not give any voting instructions for Items of Business 2, 4 or 5, then by completing and submitting the Voting Form you will be expressly authorising the Chairman to exercise the proxy as the Chairman sees fit in respect of those Items of Business even though those Items of Business are connected directly or indirectly with the remuneration of AGL's KMP.

The Chairman intends to vote undirected proxies **IN FAVOUR** of Items 2, 3(a) and 4 and **AGAINST** Items 3(b), 5, 6(a) and 6(b).

### Technical difficulties

Technical difficulties may arise during the course of the AGM. If there is a technical difficulty, the Chairman of the meeting has discretion as to whether and how the meeting should proceed. In exercising this discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chairman considers it appropriate, the Chairman may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a direct vote or directed proxy by **10.30am (AEST) on Monday, 20 September 2021** even if they plan to participate online.

### Voting exclusion statements

#### Items 2 and 5

Items 2 and 5 are resolutions connected directly with the remuneration of members of AGL's KMP. The Corporations Act restricts KMP and their closely related parties from voting on these Items. A "closely related party" of a KMP is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

In accordance with these requirements, AGL will disregard any votes cast on the resolution in Items 2 and 5:

- i. by or on behalf of a member of AGL's KMP named in the Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- ii. as a proxy by a person who is a member of the KMP at the date of the AGM or their closely related parties.

However, AGL will not disregard votes cast on Items 2 and 5 if they are cast as proxy for a person entitled to vote on those Items:

- i. in accordance with the directions on the Voting Form; or
- ii. by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as the proxy decides, even though Items 2 and 5 are connected with the remuneration of AGL's KMP.

#### Item 4

Item 4 is a resolution relating to the grant of Performance Rights to AGL's Managing Director and Chief Executive Officer under AGL's LTIP. AGL will disregard any votes cast on Item 4:

- i. in favour of the resolution by or on behalf of Graeme Hunt or any of his associates, regardless of the capacity in which the vote is cast; or
- ii. as a proxy by a person who is a member of AGL's KMP at the date of the AGM or their closely related parties.

However, AGL will not disregard votes cast on Item 4 if they are cast:

- i. as proxy or attorney for a person entitled to vote on Item 4 in accordance with the directions on the Voting Form to vote on Item 4 in that way;
- ii. as proxy for a person entitled to vote on Item 4 by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as the proxy decides; or
- iii. by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

# Business

## Item 1 –

### To receive and consider the Financial, Directors' and Auditor's Reports for the financial year ended 30 June 2021

The 2021 AGL Annual Report can be found on [AGL's website](#) and has been sent to those shareholders who have requested a copy.

During the discussion of this Item of Business, there will be an opportunity for shareholders to ask questions about, or comment on, the 2021 AGL Annual Report and the management and performance of AGL. You may also submit written questions in advance of the AGM at [www.investorvote.com.au/AGL](http://www.investorvote.com.au/AGL).

AGL's auditor, Deloitte Touche Tohmatsu, will be available at the AGM to answer questions from shareholders relevant to the audit, AGL's accounting policies, their Auditor's Report and their independence as auditor.

## Item 2 –

### Adoption of the Remuneration Report for the financial year ended 30 June 2021

AGL is required under the Corporations Act to include, in the business of its AGM, a resolution that its Remuneration Report for the financial year ended 30 June 2021 be adopted. The Remuneration Report is set out on pages 63 to 86 of the 2021 AGL Annual Report. During discussion of this Item of Business, there will be an opportunity for shareholders to ask questions about, or comment on, the Remuneration Report.

At last year's AGM, 46.5% of the votes cast on the resolution to adopt the 2020 Remuneration Report were against the resolution. Accordingly, the Company received a "first strike". Since the 2020 AGM, the Company has consulted with stakeholders to seek to understand the concerns that led to the "first strike" and these discussions have influenced the setting, assessment and disclosure of KMP remuneration and outcomes for the financial year ended 30 June 2021. Some of the changes we have made to better align our remuneration structure with company performance, drive long term shareholder value and provide enhanced transparency include:

- enhanced disclosure in relation to Short-Term Incentive targets;
- removal of the Return on Equity metric from the Long-Term Incentive Plan for FY22, with 75% of the outcome to be determined against relative TSR performance and 25% against carbon transition performance metrics.

The 2021 Remuneration Report which forms part of the Directors' Report is set out on pages 63 to 86 of the 2021 AGL Annual Report, and includes the Board's response to comments made on the 2020 Remuneration Report at the 2020 AGM and the "first strike".

Shareholders should note that whilst the vote on this Item of Business is advisory only, if more than 25% of the votes cast on this Item of Business are against adopting the Remuneration Report, the Contingent Spill Resolution in Item 5 will be put to the meeting. The operation and consequences of a spill resolution are set out under Item 5 below.

The Board takes its responsibilities in relation to remuneration seriously and believes that the remuneration outcomes for the financial year ended 30 June 2021 address the concerns that led to last year's "first strike".

#### DIRECTORS' RECOMMENDATION

The Directors unanimously recommend that shareholders **VOTE IN FAVOUR** of the adoption of the Remuneration Report.

## Business (continued)

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### Item 3 – Re-election and Election of Directors

#### Re-election of Board-endorsed Director

##### a. Jacqueline Hey

**Qualifications:** BCom, Grad Cert (Mgmt), GAICD

**Term:** Non-executive Director since March 2016.

**Independent:** Yes.

**Committees:** Chair of the Safety, Customer and Corporate Responsibility Committee, Member of the Audit & Risk Management Committee and the Nominations Committee.

**Directorships:** Chair of Bendigo and Adelaide Bank Limited, Director of Qantas Airways Limited and Member of Brighton Grammar School Council.

**Experience:** Ms Hey enjoyed a successful executive career prior to becoming a full-time company director in 2011. Ms Hey has extensive experience in the areas of information technology, telecommunications and marketing. Jacqueline worked with Ericsson for more than 20 years in finance, marketing and sales and in leadership roles in Australia, Sweden, the UK and the Middle East including as Managing Director of Ericsson UK/Ireland, Saudi Arabia and Australia/NZ.

The Directors consider Ms Hey's skills and experience, in particular Ms Hey's commercial and leadership experience, are valuable to the Board's existing skills and experience. Ms Hey also adds considerable strength and leadership to the Committees on which she serves, including as Chair of the Safety, Customer & Corporate Responsibility Committee.

For these reasons, the Directors support the re-election of Ms Hey as a Director.

Ms Hey will be offered the opportunity to address the meeting to speak to her re-election.

#### DIRECTORS' RECOMMENDATION

The Directors (excluding Ms Hey) recommend that shareholders **VOTE IN FAVOUR** of the re-election of Ms Hey as a Director.

## Business (continued)

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### Election of non-Board endorsed candidate

This year an individual retail shareholder has nominated himself as a candidate for election, which was supported by another individual retail shareholder. Mr Sharif will be offered the opportunity to address the meeting to speak to his candidacy.

#### b. Ashjayeem Sharif

Board succession planning and director appointments is an ongoing responsibility of the Board and the Board periodically reflects on its future needs and how those align with the skills and experience currently represented among the Directors. As announced on 12 August 2021, the Board is currently undertaking succession planning and seeking to appoint an ESG/Climate specialist to the Board.

In considering new director appointments, the Board's usual practice is to conduct a search, using professional search firms where appropriate, for the best available candidates with the skills, experience, expertise, personal qualities and attributes to best complement the skill set and characteristics of the existing directors and enhance Board's overall effectiveness. A threshold requirement is for the skills and experience of any prospective Board member to add to the overall skills and experience of the Board and meet its future needs.

The Board, assisted by the Nominations Committee, has carefully considered Ashjayeem Sharif's nomination in this context as well as Mr Sharif's skills and experience. The Board considers that Ashjayeem Sharif's skill set and experience would not add to the effectiveness of the Board.

**For these reasons, the Board recommends shareholders vote against the appointment of Ashjayeem Sharif. The Chairman of the meeting intends to vote undirected proxies against this resolution.**

**The following material provided by Ashjayeem Sharif has not been verified independently by AGL. AGL does not in any way endorse the platform on which Ashjayeem Sharif is standing for election.**

Ashjayeem was born in Bangladesh and raised in Sydney, Brisbane and Melbourne. Ashjayeem graduated last year from the Queensland Academy of Science, Mathematics and Technology and is now studying a Bachelor of Arts at Melbourne University. Ashjayeem has been an active leader in the School Strike for Climate movement.

*Ashjayeem Sharif says: "AGL is Australia's biggest climate polluter. As a young person I am determined to ensure this company is no longer a threat to my generation and to a healthy planet. As a director, I would advocate strongly for AGL to replace its dirty coal-burning power stations by 2030 and transition to become a provider of 100% renewable electricity, while looking after workers in the transition process. I'm very confident this will also increase AGL's profitability as the world shifts rapidly to renewable energy."*

### DIRECTORS' RECOMMENDATION

The Directors unanimously recommend that shareholders **VOTE AGAINST** this resolution to elect Ashjayeem Sharif to the Board.

## Business (continued)

### Item 4 –

#### Grant of Performance Rights under the LTIP to Graeme Hunt

Shareholder approval is being sought for the proposed grant of 297,374 Performance Rights to AGL's Managing Director and Chief Executive Officer, Graeme Hunt, under the LTIP in FY22.

#### Current remuneration package

The Remuneration Report, on pages 63 to 86 of the 2021 AGL Annual Report, sets out details of Mr Hunt's current remuneration. Mr Hunt's total current remuneration comprises:

- Fixed remuneration (FR) of \$1,550,000;
- Short Term Incentive eligibility, with a maximum opportunity of 67% of FR for FY22; and
- LTIP eligibility, with a maximum opportunity of 167% of FR for FY22.

#### AGL's LTIP

AGL's LTIP provides executives with the opportunity to earn variable awards through the achievement of company performance targets over the relevant performance period. The LTIP is designed to reward executives for long-term performance, encourage shareholding and deliver long-term value creation for shareholders. It is the Board's view that the current LTIP supports these objectives.

#### Performance Rights

Performance Rights are granted under the LTIP and will vest upon the satisfaction of agreed performance conditions. Each Performance Right entitles Mr Hunt to receive, upon vesting, one AGL share at no cost. Performance Rights have no entitlement to dividends or voting. AGL uses Performance Rights because they create share price alignment between Mr Hunt and ordinary shareholders but do not provide Mr Hunt with the full benefits of share ownership (such as voting rights and dividends) unless and until the Performance Rights vest.

The performance period for the LTIP is four years. Therefore, in FY22 Mr Hunt's Performance Rights will be tested against the performance conditions over a four year period commencing from 1 July 2021. The outcome against the performance conditions will be assessed at the end of the performance period and the Board will notify Mr Hunt of any Performance Rights that have vested at that point. Any Performance Rights which do not vest upon this assessment will lapse. Therefore, Mr Hunt will not receive any value if the performance conditions are not met, or the Performance Rights otherwise lapse.

#### Determination of the number of Performance Rights

The Managing Director and Chief Executive Officer is proposed to be granted 297,374 Performance Rights. The number of Performance Rights has been determined by dividing the face value of the Managing Director and Chief Executive Officer's annual LTIP opportunity (167% of FR (being \$1,550,000) by the volume weighted average price of AGL shares over the 30 calendar days up to 30 June 2021 (being \$8.7045)). The number of Performance Rights that ultimately vest for Mr Hunt will depend upon the extent to which the performance conditions have been satisfied over the performance period. The maximum number of Performance Rights will only vest if the highest performance levels for each performance condition are achieved as outlined below. The outcomes of the LTIP offer will be included in the Remuneration Report for the relevant financial year (i.e. FY25).

#### Performance Conditions

The Performance Rights are subject to the achievement of two performance conditions, being relative Total Shareholder Return (TSR) (weighted as to 75%) and carbon transition (CT) metrics (weighted as to 25%). In the context of feedback received on the FY20 Remuneration Report, and the ongoing challenge of establishing an appropriate target range for a return on equity (ROE) metric, the Board determined not to include ROE as a performance metric for the FY22 LTI offer.

The TSR measure has been used in AGL's LTIP since FY16 and was selected to focus participants on value creation for shareholders through relative share price growth and improvement in earnings combined with efficient use of capital. Relative TSR is a market based performance condition which measures the performance of AGL shares relative to those of the constituent companies in the S&P/ASX 100 index (Peer Group). Relative TSR was selected as an LTIP measure because it provides a relative, external market performance benchmark against the Peer Group. Relative TSR essentially compares the returns a shareholder would receive over a period through holding an AGL share with the returns the shareholder would have received by holding a security in other constituent companies of this Peer Group. The Board has the discretion to adjust the Peer Group and the methodology for calculating TSR performance to take into account certain events including takeovers, mergers, demergers and similar transactions that might occur over the relevant performance period.

The Board introduced CT as a performance condition to the LTIP in FY21. The inclusion of the CT performance condition was determined having regard to AGL's Climate Statement and AGL's commitment to reduce its carbon footprint and to facilitate the transition of AGL's generation fleet responsibly over time. The Board determined to maintain CT as a performance condition in the LTIP in FY22, but reduced the weighting to 25%. The CT metrics provide the focus for executives to deliver against AGL's commitments in the Climate Statement.



## Business (continued)

The CT condition includes three sub-metrics set out below, equally weighted, to ensure a balanced assessment of AGL's carbon transition.

- **Controlled emissions intensity** - measured as AGL's total greenhouse gas emissions (t CO<sub>2</sub> -e) as a proportion of its total sent out generation (MWh), drawn from data reported in accordance with the National Greenhouse and Energy Reporting Act 2007 (NGERS Data).
- **Controlled % of renewable and storage electricity capacity** - measured as the proportion of total owned, operated and controlled renewables and storage electricity capacity (MW) in AGL's total controlled generation capacity (MW), based on the registered capacity as per the Australian Energy Market Operator Registration and Exemption list.
- **The percentage of total revenue derived from green energy and carbon neutral products and services.**

The Board has discretion to adjust any of the sub-metrics to take into account certain events including takeovers, mergers, demergers and similar transactions that might occur over the relevant performance period, in order to ensure that the CT measure remains appropriate for the business following the relevant transaction and aligned with the achievement of its stated climate commitments.

The vesting ranges for the CT metrics are set out in the table below. The vesting ranges have been set to ensure they are achievable while holding AGL to account for the delivery of its existing carbon transition objectives, with threshold vesting reflecting full achievement of those plans and full vesting reflecting delivery significantly in excess of those plans.

The number of Performance Rights that vest at the end of the performance period for each tranche will be determined as follows:

Performance Measure	Weighting	Measured Against	Outcome	Performance Rights vesting
Relative Total Shareholder Return (TSR)	75.00%	Constituent companies in the S&P/ASX 100	<50th percentile	0%
			50th percentile	50%
			Between 50th-75th percentiles	Straight-line vesting from 50-100%
			>75th percentile	100%

Performance Measure	Weighting	Calculation	Outcome	Performance Rights vesting
Carbon Transition (CT)	8.33%	Controlled intensity at 30 June 2025	More than 0.885	0%
			0.885 to 0.823	Straight-line vesting from 50-100%
			Less than 0.823	100%
	8.33%	% Controlled renewable & storage capacity at 30 June 2025	Less than 29.4%	0%
			29.4% to 36.9%	Straight-line vesting from 50-100%
			More than 36.9%	100%
	8.33%	% Green & carbon neutral products & services in FY25	Less than 16.5%	0%
			16.5% to 22.1%	Straight-line vesting from 50-100%
			More than 22.1%	100%

### Cessation of employment

Except in limited circumstances, Mr Hunt must be employed by AGL at the vesting date in order to be eligible to receive any AGL shares upon satisfaction of the performance conditions. However, the Board has discretion to determine a different treatment if Mr Hunt's employment with AGL ceases due to death, redundancy, retirement, incapacity or other circumstances where the Board determines good leaver treatment is appropriate. In particular, the Board can allow some or all of Mr Hunt's unvested Performance Rights to remain on foot subject to performance conditions, can bring forward testing of the performance conditions or can waive the performance conditions. In exercising these discretions, the Board would have regard to relevant circumstances, including the reasons for cessation, AGL's performance, Mr Hunt's contribution to AGL and prevailing market practice and stakeholder expectations.

### Clawback

The Board maintains the discretion to prescribe clawback events in which any unvested equity awards may be clawed back from executives, including the LTIP awards being proposed for Mr Hunt. Clawback events include where the executive has committed any act of fraud or gross misconduct in relation to the affairs of AGL, materially breached their obligations to AGL, or has hedged the value of, or entered into a derivative arrangement in relation to, an unvested equity award or where any unvested equity award has vested as a result of a material misstatement in the financial statements of AGL.

## Business (continued)

### Change of control and other corporate transactions

In circumstances where there is a likely or actual change in the control of AGL, the Board has discretion to determine how to treat unvested Performance Rights including whether to vest some or all of the Performance Rights.

The Board also has discretion to determine how to treat unvested Performance Rights in the event of a corporate transaction such as a demerger, variation in the share capital of AGL or other corporate event that the Board determines appropriate. Subject to the ASX Listing Rules, the Board may, in its discretion, adjust the number of Performance Rights, issue further Performance Rights or determine to vest some or all of the Performance Rights.

### Shareholder approval

Under ASX Listing Rule 10.14, shares or rights to shares may only be issued to a director under an employee incentive scheme if the director's participation has been approved by an ordinary resolution of shareholders. Approval from shareholders is being sought in relation to Mr Hunt's participation in the LTIP in FY22. If shareholder approval is not provided, then, subject to the achievement of the relevant performance and service conditions, it is intended that the LTIP awards will be provided to Mr Hunt in cash at the end of the relevant performance periods, in each case equivalent in value to the LTIP award he would have received had shareholder approval been received.

### Further information required by ASX Listing Rule 10.15

ASX Listing Rule 10.15 requires the following further information to be disclosed in relation to Performance Rights which may be granted to Mr Hunt under the LTIP:

- a. approval is being sought for the grant of 297,374 Performance Rights to Mr Hunt because he is a Director of AGL;
- b. Mr Hunt has not previously been granted any Performance Rights;
- c. a voting exclusion statement is included in the Notice of Meeting;
- d. there is no loan applicable in relation to the acquisition of Performance Rights or the AGL Shares underlying them because Mr Hunt is not required to make any payment for the Performance Rights or the AGL Shares underlying them;
- e. the Performance Rights are expected to be granted to Mr Hunt in November 2021 (but in any event no later than 12 months after the date of the AGM) on the terms described in these Explanatory Notes;
- f. details of Performance Rights or AGL Shares issued to Mr Hunt under the LTIP will be published in AGL's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14; and
- g. any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the LTIP after this resolution is approved and who were not named in the Notice of Meeting will not participate in the LTIP until approval is obtained under that rule.

#### DIRECTORS' RECOMMENDATION

The Directors (excluding Mr Hunt) recommend that shareholders **VOTE IN FAVOUR** of the grant of Performance Rights under the LTIP to Mr Hunt.

## Business (continued)

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### Item 5 – Conditional Spill Resolution

At last year's Annual General Meeting, more than 25% of the votes cast on the resolution to adopt the Remuneration Report were against adopting the report and the Company received a "first strike".

Item 5 is a conditional resolution and will not be required to be put to the meeting if more than 75% of votes cast on Item 2 are cast in favour of the resolution to adopt the Remuneration Report i.e. if the Company avoids a "second strike".

If the Company is required to put the conditional spill resolution to the meeting, and the spill resolution is passed and becomes effective, it will be necessary for the Board to convene an extraordinary general meeting of the Company (the Spill Meeting) to be held within 90 days of the date of the AGM in order to consider the composition of the Board. If a Spill Meeting is required, the date of the meeting will be notified to Shareholders in due course.

If the Spill Meeting is held, the following Non-Executive Directors<sup>1</sup> will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Mr Mark Bloom;
- Mr Peter Botten;
- Ms Jacqueline Hey;
- Ms Patricia McKenzie; and
- Ms Diane Smith-Gander.

Even if Ms Hey is re-elected at the AGM, she will still need to be re-elected at the Spill Meeting to remain in office following the Spill Meeting.

When considering this Item of Business, the Directors suggest that Shareholders consider:

- the Board's response to the first strike received at the 2020 AGM, which is set out on page 65 of the 2021 AGL Annual Report;
- the additional costs of, and uncertainty and disruption caused by, convening an additional general meeting of Shareholders which the Board does not consider to be in the best interests of AGL or its Shareholders; and
- each Non-Executive Director has previously been elected as a Director of AGL by Shareholders and received strong support from Shareholders.

#### **DIRECTORS' RECOMMENDATION**

The Non-Executive Directors unanimously recommend that shareholders **VOTE AGAINST** this resolution to convene a Spill Meeting if Item 5 is put to the meeting.

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1. John Stanhope will retire from the AGL Board at the conclusion of the 2021 AGM.

## Business (continued)

### Item 6 – Resolutions Requisitioned by a Group of Shareholders

A group of shareholders representing approximately 0.02% of AGL shares has proposed the resolutions in Items 6(a) and 6(b) under section 249N of the Corporations Act and has requested that pursuant to section 249P of the Corporations Act, AGL give to shareholders the supporting statements set out in Appendix 1 and Appendix 2 to this notice.

#### a. Amendment to the Constitution

The Board respects the right of shareholders to requisition resolutions and has carefully considered the proposal to amend the Constitution. While the Board firmly believes in fostering engagement with AGL's shareholders and broader stakeholders, for the reasons outlined below it does not consider that the proposed resolution is necessary to achieve this and does not consider the proposed resolution to be in the best interests of the Company.

The proposed resolution seeks to amend the Constitution to include a new provision that would enable shareholders, by ordinary resolution, to express an opinion or request information about the way in which a power of the Company vested in the Board has been or should be exercised.

The Board and the Company are committed to understanding the views of AGL's stakeholders and making a genuine effort in responding to concerns which are raised. The Company considers that it has a proven track record of listening and responding to stakeholder concerns in a way that is cognisant of, and balances, the competing interests of its different stakeholder groups. The Board does not consider that the proposed constitutional amendment would enhance its ability to understand the views and sentiments of its shareholders and broader stakeholders.

The Company regularly assesses and refines its processes to enable its shareholders and broader stakeholder base to put forward their views on issues relating to the Company and its broader community impact. Shareholders are provided with a number of opportunities in which they can engage with the Company, including through AGL's investor relations program which seeks to support effective two-way communication with shareholders. AGL also holds regular investor briefings and asset tours, webcasts these events where practicable and provides all materials, archived recordings and transcripts via its website. Further, with respect to the AGM, shareholders are invited to submit questions before the meeting, which help the Company to understand shareholder issues and concerns, and address key areas of shareholder feedback. The Chairman also encourages shareholders at the AGM to ask questions and make comments about AGL.

The Board has the power to manage the business of AGL under the Constitution. It is important that the Board is able to make decisions that affect the business and affairs of AGL in the best interests of the Company as a whole. Shareholders are able to hold the Board to account for their decisions by voting on the appointment and removal of Directors at AGL's Annual General Meetings.

The Board also believes that the proposed amendment to the Constitution could have the effect of enabling groups of shareholders to promote their own interests, which do not take into account the interests of the Company as a whole.

For these reasons, the Directors recommend that shareholders vote AGAINST the proposed resolution.

#### DIRECTORS' RECOMMENDATION

The Directors recommend that shareholders **VOTE AGAINST** the resolution to amend the Constitution.

## Business (continued)

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### **b. Ordinary resolution on Paris Goals and Targets**

Resolution 6(b) is an "advisory resolution" and will only be presented at the meeting for consideration if Resolution 6(a) is passed by special resolution. If Resolution 6(a) is not passed, this Item will not be put to the meeting. However, the Company intends to allow a reasonable opportunity at the AGM for shareholders to ask questions on the subject matter of this Item.

The Board does not endorse the resolution and recommends that shareholders vote against it for the reasons set out below.

Although the Board recognises that accelerated action is required to address climate change, the Board does not believe this resolution is in the best interests of AGL's shareholders.

AGL is Australia's largest integrated electricity generator and retailer and a major investor in renewable energy. AGL is also Australia's largest carbon emitter because of its operation of coal-fired power stations. While closure of these power stations is essential to Australia's decarbonisation process, these power stations are currently essential to the affordable and reliable supply of electricity to millions of Australian households and businesses.

On 30 June 2021, AGL confirmed its intention to undertake a demerger to create two leading energy businesses with separate listings on the ASX. Under the proposed demerger, AGL will become Accel Energy Limited (Accel Energy) and a new entity, AGL Australia Limited (AGL Australia), will be demerged.

Resolution 6(b) requests that AGL commit to scope 1, 2 and 3 emissions reduction, capex and remuneration targets for the proposed demerged companies (Accel Energy and AGL Australia) that are aligned with the Paris Agreement.

AGL is not currently in a position to make Paris aligned targets for scope 1, 2 and 3 emissions for AGL Australia and Accel Energy.

AGL understands the critical importance of decarbonisation of the electricity sector and the acceleration of the energy transition. The proposed demerger has been designed to enable both companies to respond to this transition in a more focused and effective way. However, AGL does not consider it is in the best interests for Accel Energy or AGL Australia to make the commitments set out in this resolution at this time as it would create uncertainty about the provision of affordable and reliable electricity to our customers.

#### **Uncertainty for the provision of affordable and reliable electricity**

AGL's ability to fulfil its obligation to provide affordable and reliable electricity to its customers relies on adequate capacity across the entire network. AGL has assessed all publicly available information and believes that there is currently not adequate generation capacity presently in place or under development to ensure system strength and enable AGL to continue to deliver affordable and reliable electricity without these generators operating.

While the Board believes such replacement capacity will be developed over time, at present it is not in place or under development.

A unilateral commitment from AGL to set targets for emissions reduction envisaged in the resolution (which would require the accelerated closure of AGL's coal-fired power stations prior to adequate capacity being developed) is not in accordance with government, regulatory or industry expectations and would create uncertainty about the provision of affordable and reliable electricity to customers.

AGL is not in a position to commit to develop the necessary replacement electricity generation capacity to avoid the risks noted above. Such investments would require multiple billions of dollars of new capital, the economic return on which is insufficiently certain at this time. Therefore, Australia's decarbonisation process requires an effective level of coordination between government, regulators and industry to promote an orderly and timely transition from coal fired power to other forms of reliable and cost effective supply.

#### **AGL has already made clear commitments to transition away from coal-fired power**

AGL has made clear commitments to transition away from coal-fired power over time. AGL recognises that it must continue to evolve these plans to keep pace with customer and community expectations regarding climate change and the accelerating pace of technological change in the energy sector. AGL, and if the proposed demerger proceeds, Accel Energy and AGL Australia, intend to be leaders in Australia's decarbonisation process and will endeavour to support and promote this process in a manner which ensures the continued supply of affordable and reliable electricity.

AGL recognises and accepts the scientific consensus on climate change and notes the findings of the Fifth Assessment report of the Intergovernmental Panel on Climate Change that to stay within concentrations consistent with a 66% chance of 2 degree Celsius warming or less, a decarbonisation of the electricity generation sector is likely to be required. The Intergovernmental Panel on Climate Change (IPCC) recently released the first instalment of the Sixth Assessment Report. The IPCC findings demonstrate the important role industry, regulators and governments all have in lowering emissions and driving Australia's energy transition.

AGL understands that the impacts of climate change and the transition it requires presents material risks and opportunities for its business. AGL has a long history of climate leadership and takes pride in being a market leader as one of the earliest and most consistent investors in the energy transition – from the initial investment in hydro, wind and solar assets through the early 2000's, through to our recent investment in Barker Inlet Power Station in South Australia (\$295 million), our investment in Powering Australian Renewables which has developed the Silverton and Coopers Gap wind farms and has recently acquired TILT Renewables' Australian assets, and our development of a 850MW grid scale battery network.



## Business (continued)

### AGL openly and transparently reports on our commitment to transition to a low carbon economy

AGL openly and transparently reports on our commitment to transition to a low carbon economy. AGL has been a leader in climate change disclosure and an early adopter of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Specifically, AGL has committed to developing detailed climate change roadmaps with specific decarbonisation targets for Accel Energy and AGL Australia. The roadmaps will consider the setting of short, medium and long-term targets and will become an integral part of the strategies of these businesses.

Further details of these roadmaps will be included in the demerger scheme documents to be sent to shareholders during the fourth quarter of FY22. Should the proposed demerger proceed, Accel Energy and AGL Australia intend to put their respective climate reporting to a non-binding, advisory vote of shareholders at their first Annual General Meetings. If the demerger does not proceed, AGL Energy will put its climate reporting to a non-binding, advisory vote of shareholders at its 2022 Annual General Meeting.

To date, AGL has confirmed the following for each proposed demerged entity:

- AGL Australia will be carbon neutral for scope 1 and 2 emissions following the demerger, with a clear pathway to achieving carbon neutrality for all electricity supply following the cessation, in the late 2020s, of the initial electricity offtake arrangements it will establish with Accel Energy (which are expected to be the principal source of AGL Australia's scope 3 emissions). It would not be possible for AGL Australia to source all of the electricity needed by its customers sooner as this volume of renewable energy and carbon-free electricity storage capability is not currently available in the National Electricity Market. Carbon emissions associated with the use of gas by customers will comprise the remaining significant proportion of AGL Australia's scope 3 emissions. These customers rely on the affordability and reliability of gas for their homes and businesses at least in the short term. To offset these emissions in full is, at this stage, not practical given the cost and the immaturity of the carbon offset market.
- Accel Energy will work with governments and other key stakeholders and policy decision-makers to advocate for the establishment of effective frameworks to enable an accelerated energy transition that protects affordability and system security while enabling the transition away from coal-fired power to occur in a manner that is consistent with the Paris Agreement. However, making commitments now on a unilateral basis would be inconsistent with government, regulatory and industry expectations, and create uncertainty about the provision of affordable and reliable electricity to customers.

The Board considers it is in the best interests of shareholders for AGL to focus on delivering its proposed demerger and the commitments made in respect of both new entities, while continuing to work constructively with industry, regulators and government on delivering an orderly transition to a decarbonised energy system.

#### DIRECTORS' RECOMMENDATION

The Directors recommend that shareholders **VOTE AGAINST** the resolution in relation to Paris Goals and Targets.

# Appendix 1: Resolution 6(a)

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The shareholders who requisitioned the resolution in Item 6(a) have requested that the following statement accompany the resolution. The Board and AGL **DO NOT** endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

## Supporting statement to Resolution 6a

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. As a shareholder, the Australasian Centre for Corporate Responsibility (ACCR) favours policies and practices that protect and enhance the value of our investments.

The Constitution of our company is not conducive to the right of shareholders to place ordinary resolutions on the agenda of the annual general meeting (AGM). In our view, this is contrary to the long-term interests of our company, our company's Board, and all shareholders in our company.

Australian legislation and its interpretation in case law means that Australian shareholders are unable to directly propose ordinary resolutions for consideration at Australian companies' AGMs. In Australia, the *Corporations Act 2001* provides that 100 shareholders or those with at least 5% of the votes that may be cast at an AGM with the right to propose a resolution.<sup>1</sup> However, section 198A specifically provides that management powers in a company reside with the Board.<sup>2</sup>

Case law in Australia has determined that these provisions, together with the common law, mean that shareholders cannot by resolution either direct that the company take a course of action, or express an opinion as to how a power vested by the company's constitution in the directors should be exercised.

Australian shareholders wishing to have a resolution considered at an AGM have dealt with this limitation by proposing two part resolutions, with the first being a 'special resolution,' such as this one, that amends the company's constitution to allow ordinary resolutions to be placed on the agenda at a company's AGM. Such a resolution requires 75% support to be effective, and as no resolution of this kind has ever been supported by management or any institutional investors, none have succeeded.

It is open to our company's Board to simply permit the filing of ordinary resolutions, without the need for a special resolution. We would welcome this. Permitting the raising of advisory resolutions by ordinary resolution at a company's AGM is global best practice, and this right is enjoyed by shareholders in any listed company in the UK, US, Canada or New Zealand.

We note that the drafting of this resolution limits the scope of permissible advisory resolutions to those related to "an issue of material relevance to the company or the company's business as identified by the company" and that recruiting 100 individual shareholders in a company to support a resolution is by no means an easy or straightforward task. Both of these factors act as powerful safeguards against 'opening the floodgates' to a large number of frivolous resolutions.

## ACCR urges shareholders to vote for this proposal.

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<sup>1</sup> Sections 249D and 249N of the *Corporations Act 2001* (Cth).

<sup>2</sup> S198A provides that "[t]he business of a company is to be managed by or under the direction of the directors", and that "[t]he directors may exercise all the powers of the company except any powers that this Act or the company's constitution (if any) requires the company to exercise in general meeting."

# Appendix 2: Resolution 6(b)

The shareholders who requisitioned the resolution in Item 6(b) have requested that the following statement accompany the resolution. The Board and AGL **DO NOT** endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

## Resolution 6(b) - Ordinary resolution on Paris Goals and Targets

### Failure to manage the energy transition

Our company's share price has declined by more than 70% since its peak of more than \$27 in mid-2017. This is largely due to the significant influx of renewable energy into the National Electricity Market (NEM), driving wholesale electricity prices lower. As a result, our company incurred impairments on its thermal assets of \$532 million in the six months to 31 December 2020<sup>4</sup>, and the forecast for future earnings remains bleak.

The flood of renewables and fast response technologies into the NEM is expected to continue. The CEO of the Australian Energy Market Operator (AEMO) recently confirmed that an additional 55GW of renewable energy projects are currently proposed across the NEM, almost as much generation capacity as exists today.<sup>5</sup> Furthermore, AEMO is preparing the grid to be capable of running at 100% instantaneous penetration of renewable energy by 2025.<sup>6</sup> Our company has indicated that the ongoing availability of its 12 coal units "may no longer be required by the market",<sup>7</sup> and that seasonal closures and mothballing may be required. Such measures should be supported.

In order to limit further destruction of shareholder value, the proposed demerged companies—Accel Energy and AGL Australia—must embrace the energy transition with greater urgency, and commit to an accelerated pathway to decarbonisation.

### The science on coal closure

The Intergovernmental Panel on Climate Change (IPCC)'s Special Report on Global Warming of 1.5°C concluded that with only limited carbon capture and storage, the use of coal in electricity generation must fall globally by 80% below 2010 levels by 2030.<sup>8</sup> Furthermore, OECD nations should end coal use entirely by 2030, and the proportion of electricity generation from renewables globally will need to increase to 58-60% by 2030, and 77-81% by 2050.<sup>9</sup>

The International Energy Agency's recently published 'Net Zero by 2050' report reached similar conclusions to the IPCC. It recommended that all unabated coal plants in advanced economies must be phased out by 2030 and in all economies by 2040.<sup>10</sup>

In 2020, our company published its 'Pathways to 2050' report,<sup>11</sup> which included four carbon emissions scenarios, only one of which was consistent with a trajectory consistent with the Paris Agreement—Scenario D. That scenario confirmed that in order to be consistent with a 1.5°C pathway, our company would have to close its three coal-fired power stations by the mid-2030s. Liddell is scheduled to close in 2022-23, Bayswater by 2035 and Loy Yang A by 2048.<sup>12</sup>

### Initial climate commitments in demerger

The Board anticipates the completion of the proposed demerger in the fourth quarter of FY22, subject to shareholder and regulatory approval.

<sup>4</sup> AGL Energy, Asset impairment and recognition of onerous contracts, 4 February 2021

<sup>5</sup> AEMO, AEMO CEO Daniel Westerman's CEDA keynote address, 14 July 2021

<sup>6</sup> *ibid.*

<sup>7</sup> AGL Energy, Investor Day, 30 March 2021

<sup>8</sup> IPCC, Special Report on Global Warming of 1.5°C, October 2018

<sup>9</sup> *ibid.*

<sup>10</sup> IEA, Pathways to 2050, May 2021

<sup>11</sup> AGL Energy, Pathways to 2050, 13 August 2020

<sup>12</sup> AGL Energy, Greenhouse Gas Policy, April 2015

## Appendix 2: Resolution 6(b) (continued)

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Our company has committed to publish a “detailed climate change roadmap including specific decarbonisation targets” for Accel Energy.<sup>13</sup> It also reaffirmed Accel Energy’s “baseline” emissions reduction trajectory of a 23% reduction in CO<sub>2</sub>e emissions by 2024, a 60% reduction by 2036 and 100% by 2050 (on FY20 levels).<sup>14</sup> This trajectory is based on Scenario A of the Pathways to 2050 report,<sup>15</sup> which equates to 3.2-4.5°C of global warming (RCP 7.0). Accel’s existing targets are simply not aligned with the Paris Agreement.

AGL Australia is expected to be listed as “carbon neutral for scope 1 and 2 emissions, with a clear pathway to carbon neutrality for all sources of electricity”.<sup>16</sup> Carbon neutrality, at least in the short-term, will be delivered via carbon offsets. Our company also acknowledged the “need to reduce scope 3 emissions”, and committed to “deliver a detailed climate change roadmap including specific decarbonisation targets”.<sup>17</sup> It is unclear whether the roadmap for AGL Australia will be aligned with the Paris Agreement.

Our company has proposed that AGL Australia will contract 25% and 50% of Accel Energy generation to 2023 in Victoria and NSW, respectively; then 20% and 35% of Accel’s generation to 2025 in Victoria and NSW, respectively. Contracted generation between the demerged companies will then <sup>18</sup> decline further after 2025, but the projected emissions intensity of AGL Australia’s supply portfolio beyond 2025 is yet to be disclosed.

Our company’s operational greenhouse gas emissions in FY20 were 42.2 million tonnes CO<sub>2</sub>-e, or approximately 8% of Australia’s total emissions.<sup>19</sup> In the six months to 31 December 2020, the carbon intensity of our company’s operated generation assets was 0.95 tCO<sub>2</sub>-e/MWh, compared to the average intensity in the NEM of 0.70 tCO<sub>2</sub>-e/MWh.<sup>20</sup> Since FY2015, the average intensity in the NEM has declined by 23%, while the carbon intensity of our company’s operated assets has declined by just 2%.

In the Climate Action 100+ initiative’s recently published Net-Zero Company Benchmark, our company failed to meet any criteria in the assessment of its decarbonisation strategy or capital allocation alignment.<sup>21</sup>

Three carbon transition metrics are currently included in our company’s executives’ long-term incentives: controlled emissions intensity, controlled percentage renewable and storage electricity capacity, and the percentage of total revenue derived from green and carbon neutral products and services.<sup>22</sup> While the remuneration structures of Accel Energy and AGL Australia are yet to be determined, executives in both companies must be incentivised to accelerate the transition to zero emissions.

ACCR does not expect the information requested in this resolution to be included in the demerger scheme documents, but at a time appropriate to inform shareholders’ decision-making on the proposed demerger.

### **ACCR urges shareholders to vote for this proposal.**

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<sup>13</sup> AGL Energy, Intention to undertake demerger, 30 June 2021

<sup>14</sup> *ibid.*

<sup>15</sup> AGL Energy, Pathways to 2050, 13 August 2020

<sup>16</sup> AGL Energy, Intention to undertake demerger, 30 June 2021

<sup>17</sup> *ibid.*

<sup>18</sup> AGL Energy, Intention to undertake demerger, 30 June 2021

<sup>19</sup> AGL Energy, FY20 ESG Data Centre

<sup>20</sup> AGL Energy, 2021 Half-Year Results, 11 February 2021

<sup>21</sup> <https://www.climateaction100.org/company/agl-energy-ltd/>

<sup>22</sup> AGL Energy, Annual Report 2020

# Glossary

In this Notice of Meeting, the following terms have the respective meanings unless the context otherwise requires:

**2021 AGL Annual Report** means the Annual Report of AGL for the financial year ended 30 June 2021.

**AGL** means AGL Energy Limited ABN 74 115 061 375.

**AGL Share** means a fully paid ordinary share in AGL.

**AGM** means the 2021 Annual General Meeting of Shareholders.

**Board** means the Board of Directors of AGL.

**Company** means AGL Energy Limited ABN 74 115 061 375.

**Constitution** means the Constitution of AGL.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a Director of AGL.

**FR** means fixed remuneration.

**KMP** means key management personnel including the Directors and those executives who have the authority and responsibility for planning, directing and controlling the activities of AGL. The Remuneration Report identifies the KMP for AGL for the financial year ended 30 June 2021.

**LTIP** means the AGL Long-term Incentive Plan, an incentive plan providing executives with the opportunity to earn variable rewards through the delivery of Shareholder value creation over the relevant performance period.

**Notice of Meeting** means the notice pursuant to which the AGM is convened.

**Performance Right** means a right to receive one AGL Share in the future subject to meeting specified performance and/or employment conditions.

**Remuneration Report** means the section of the Directors' Report contained in the 2021 AGL Annual Report entitled 'Remuneration Report'.

**Shareholder** means a holder of AGL Shares.

**STI** means the AGL Short-term Incentive Plan, an incentive plan providing executives with the opportunity to earn variable rewards based on performance over a financial year.

**TSR** means the total return to a shareholder from holding a share (capital gains plus dividends) over a period of time.



For personal use only





**AGL Energy Limited**  
ABN 74 115 061 375

## Need assistance?



**Phone:**  
(within Australia) 1800 824 513  
(outside Australia) +61 3 9415 4253



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

**Email:**  
[aglenergy@computershare.com.au](mailto:aglenergy@computershare.com.au)

**Website:**  
[www-au.computershare.com/Investor](http://www-au.computershare.com/Investor)



## YOUR VOTE IS IMPORTANT

Where you intend to appoint a proxy or vote prior to the Meeting, for your election to be valid, it must be received by **10:30am (AEST) Monday, 20 September 2021**.

# Voting Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### VOTE DIRECTLY PRIOR TO THE MEETING

**Voting 100% of your holding:** Mark either the For, Against or Abstain box opposite each item of business. Your vote will be invalid on an item if you do not mark any box OR you mark more than one box for that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to participate in the Meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**Proxy voting by key management personnel:** the key management personnel (KMP) of the Company (which includes each of the Directors) and their closely related parties will not be able to vote your proxy on Items 2, 4 and 5, unless you direct them how to vote or the Chairman of the meeting is, or becomes, your proxy.

**Default to Chairman:** Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted in accordance with the Board recommendations set out overleaf, including where the Items are connected directly or indirectly with the remuneration of KMP.

**A proxy need not be a shareholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the shareholder must sign.

**Joint Holding:** Where the holding is in more than one name, any of the shareholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING AT THE MEETING

If a Corporate Representative of a corporate shareholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative".

A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

#### Online

To access the dedicated Annual General Meeting website you will be required to login using your SRN or HIN. Instructions are available in the "Online Meeting Guide".

We recommend that you complete the set-up in the guide before the commencement of the Meeting. The guide and other important information about the Annual General Meeting are available on the Annual General Meeting page of the AGL Energy Limited Website <https://www.agl.com.au/agm>

## Lodge your Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number:**  
**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

## Voting Form

Please mark ☒ to indicate your directions

### Step 1 Indicate How Your Vote Will Be Cast *Select one option only*

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At the Annual General Meeting of AGL Energy Limited to be held online via the Lumi platform on Wednesday, 22 September 2021 at 10:30am (AEST) and at any adjournment or postponement of that Meeting, I/We being member/s of AGL Energy Limited direct the following:

A Vote Directly ☐ Record my/our votes strictly in accordance with directions in Step 2. **PLEASE NOTE:** A valid Direct Vote will take priority over the appointment of a Proxy. For a valid Direct Vote to be recorded you must mark FOR, AGAINST, or ABSTAIN on each item.

OR

B Appoint a proxy to vote on your behalf ☐ I/We hereby appoint: **The Chairman of the Meeting** OR  **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s). or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit).

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 4 and 5 (except where I/we have indicated a different voting intention in step 2) even though Items 2, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Items 3b, 5, 6a and 6b, which the Chairman of the Meeting intends to vote against.**

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2 - 6 by marking the appropriate box in step 2.

### Step 2 Items of Business

**PLEASE NOTE:** If you have appointed a proxy and you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority. If you are directly voting and you mark the **Abstain** box for an item, it will be treated as though no vote has been cast on that item and no vote will be counted in computing the required majority.

#### Board recommended resolutions.

The Board recommends shareholders vote **FOR** items 2, 3a and 4.

Board Recommendation		For	Against	Abstain
For	2. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For	3a. Director Re-election - Jacqueline Hey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For	4. Grant of Performance Rights under the AGL Long Term Incentive Plan to Graeme Hunt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Non-endorsed resolutions.

The Board recommends shareholders vote **AGAINST** items 3b, 5, 6a and 6b.

Board Recommendation		For	Against	Abstain
Against	3b. Director Election - Ashjaveen Sharif	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Against	5. Conditional Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Against	6a. Amendment to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Against	6b. Paris Goals and Targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Items 3b, 5, 6a and 6b where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### Step 3 Signature of Shareholder(s)

*This section must be completed.*

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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