AGL Energy Limited
Annual General Meeting
7 October 2020

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Start of Transcript

Graeme Hunt: Good morning, ladies and gentlemen. My name is Graeme Hunt, and I'm your Chairman. Welcome to AGL's 2020 Annual General Meeting

The health and safety of our people, shareholders and the communities in which we operate is of paramount importance to AGL. That is why, in light of the potential health risks created by the COVID-19 pandemic, we decided it was prudent not to hold the meeting in a physical location this year. We are therefore, conducting this year's Annual General Meeting in a virtual format.

There are several matters I need to mention with the format of our meeting being different from that of previous years. Every effort has been made to ensure that the meeting runs smoothly. However, if you encounter any technical issues, which preclude you from attending the meeting live, a recording and transcript of the meeting will be available on our website after the meeting.

Shareholders have the opportunity to ask questions in this virtual meeting format. If you are a shareholder or proxy, attorney or representative of a shareholder and wish to ask a question about an item of business, please click the icon marked, Ask a Question on your screen and click, Submit Question once you have typed in your question. If you have a question already prepared, please submit it now on the platform, so that I can answer as many questions as possible, when I come to the relevant agenda item. You do not need to wait until the relevant item of business.

I ask that you please keep your questions brief, so that as many shareholders as possible have an opportunity to ask a question. Questions sent via the online meeting platform will be moderated, to avoid repetition, and if questions are particularly lengthy, we may need to summarise them in the interests of time. To assist with the smooth running of the meeting, James Hall, General Manager, Corporate Finance, will read out the name of the shareholder and their question. We will give all shareholders present a reasonable opportunity to ask questions, but it is possible that not all questions will be answered today.

A number of shareholders also submitted questions in advance of the meeting. Individual responses have been sent to those shareholders ahead of this meeting. We will also address the key themes raised in my address and in the Managing Director and CEO's address.

I now confirm that a quorum is present and I declare the meeting open.

I would like to start the meeting by acknowledging the traditional owners of the land on which I am chairing this meeting from today, the Wurundjeri people, and pay our respects to their Elders past, present and emerging. Directors and shareholders listening, and doing so from other Ancestral lands, and I also pay my respects to the Traditional Owners of those lands and their Elders past and present.

I will now explain the running order for today's meeting. In a moment, I will make a few remarks about the results for 2020 financial year and about other topical matters. Then Brett Redman, AGL's managing director and CEO, will speak. We will then attend the formal business of the meeting

As mentioned, shareholders may vote and submit questions about each item of business, using the online platform. All resolutions to be put to the meeting today will be decided on a poll. I now declare the poll open.

In order to cast your vote, please click the, Get a Voting Card icon on your screen. Then enter your Shareholder Number. That's your SRN or HRN (sic) number, or proxy number and click Submit Details and Vote. Please complete your voting card for each items of business and then click Submit Vote or Submit Partial Vote, as appropriate.

I would now like to introduce my fellow directors, who are joining us today via the online platform. They are Les Hosking, John Stanhope, [Jacquie] Hey, Patricia McKenzie, Peter Botten, Diane Smith-Gander, Mark Bloom and our Managing Director and CEO, Brett Redman. Also attending this meeting today is our company secretary, John Fitzgerald, and chief financial officer, Damien Nicks as well as the other members of the Executive Team.

AGL's external auditor, Deloitte, are also attending this meeting. The senior audit partner, Jason Thorne, is available to answer any relevant questions you may wish to ask later in the meeting, and I thank him for attending today.

As we begin, let me acknowledge the extraordinary challenges faced by the Australian people since the 2019 AGM. This includes the impacts of widespread and severe drought, followed by devastating bushfires and the health and economic effects of the COVID-19 pandemic, which have been extreme and are continuing.

Mindful of AGL's role as an essential service provider, I am proud of the way AGL has, and is continuing, to respond to these challenges. AGL has acted quickly to ensure that we keep the lights on and the gas flowing for our customers, while providing carefully targeted financial support to our affected customers, employees and communities.

I am particularly proud of the way AGL and our people responded during the COVID-19 pandemic, including by adopting new ways of working, with a large proportion of the workforce pivoting to remote working, while a number of AGL's people at generating sites continue to work with additional health and safety measures in place, so that there is no disruption to customer experience and AGL's operations.

We also recognise the financial stress that our customers are facing, as a result of these challenges, and AGL continues to provide ongoing payment support options to customers who cannot pay their bills because they have lost their job or business, or because their health has been impacted by the pandemic.

Amid this environment I am pleased to say that AGL remains in a robust financial position. We retain the financial strength that is needed to ensure that our generation portfolio keeps the lights on for Australians.

I will now discuss our results for the 2020 financial year. AGL's statutory profit after tax was $1015 million. This compares with $905 million in the 2019 financial year. The increase in statutory profit after tax in the 2020 financial year was a result of a positive non-cash movement in the fair value of financial instruments.

Given the volatility of these non-cash fair value movements every year, AGL regards underlying profit as the more useful measure of Company performance. Underlying profit is calculated by excluding significant items and the mark to market impact of fair value movements. Underlying profit after tax for the 2020 financial year was $816 million, down 22% on the previous year, but in line with the guidance range we provided in August 2019.

The main drivers of the decrease in profit were the unplanned outage at Loy Yang generating plant in the first half of the year, reduction in gas sales volumes, lower wholesale electricity and large-scale generation certificate prices, and increased depreciation and amortisation expense.

The final dividend of $0.51 per share, which was 80% franked, was paid on 25 September 2020. When added to the interim dividend of $0.47 per share, the total dividend for the 2020 financial year was $0.98 per share, franked at 80%.

AGL’s cash flow and financial position remain strong, with net cash flow from operating activities, after interest and tax, up 35% to $2156 million during the period. This strong cash flow enabled us to undertake $622 million on-market share buyback in the 12 months to August 2020 and to announce our intention to pay special dividends in financial year '21 and financial year '22.

We are not proposing to pay franked dividends during this period, while we utilise historic tax losses. The special dividend program will, in effect, increase our target dividend payout ratio to 100% of underlying profit after tax during this period, helping to offset the impact of the loss of franking. Both ordinary and special dividends will remain subject to Board discretion, trading conditions and the ongoing funding and liquidity requirements of our business.

Today we confirm the earnings outlook for the 2021 financial year as being within the range of $560 million to $660 million, provided as part of the financial year '20 results in August. This guidance represents a material reduction from financial year '20, reflecting the operating and market headwinds that our Company is facing, with a reduced gross margin in wholesale gas and wholesale electricity, further increases in depreciation expense from recent investment in plant, systems and growth, and COVID-19 cost challenges. Brett will talk more about the detail of the outlook shortly.

As mentioned earlier, cash flow and liquidity remain strong, and we have material headroom to fund investment and further capital market initiatives.

Our strategy remains focused on growth, transformation and social licence. Consistent with this strategy, AGL published a new climate statement earlier this year, setting out our target to achieve net zero emissions by 2050. Our climate statement includes five key commitments to help manage carbon risk and reach this target. They are, offering customers the option of carbon neutral prices across all our products, supporting the evolution of Australia’s voluntary carbon markets, continuing to invest in new sources of electricity supply, responsibly transitioning our energy portfolio; and being transparent.

In the past year, we have also continued to execute on our growth strategy. In September 2019, AGL acquired Perth Energy, an integrated energy company operating in Western Australia, which expanded our position in that market. In December 2019, we acquired Southern Phone Company, providing a foundation for AGL’s future broadband and mobile offerings. We are continuing to grow our customer base while supporting our customers through challenging times by delivering better services and simplified products.

We have made good progress on our growth strategy this year, including, through the acquisition of Click Energy, which completed on 30 September 2020, but we recognise that there is more to be done, and so, this year, AGL has adopted a number of long-term growth targets as we quantify our vision for the future.

I would like to take a few moments to outline the changes to the Board, since last year's annual general meeting.

In July 2020, Mark Bloom joined the Board, bringing over 35 years' experience as a finance executive. You will have the opportunity to hear a little more about Mark later, when considering his election. Peter Botten will retire by rotation at the end of the meeting, and is standing for re-election.

At the conclusion of the AGM, Les Hosking will retire from the Board. On behalf of the Board, I would like to thank Les for over 10 years of invaluable service to AGL. In addition, Les has been a significant contributor to sector, within the country, and I would draw your attention to his bio in the annual report, for some indication of how important Les' contribution has been.

As a Board, we will continue to focus on ensuring that we have the appropriate mix of skills, experience and diversity to guide your Company through the challenges of the present, and the opportunities of the future.

I will now speak briefly about two resolutions that we have received from a small group of shareholders for consideration at the AGM. These are items 7(a) and 7(b) in the notice of meeting. The Board respects the right of shareholders to put forward resolutions, however, the Board does not consider these resolutions to be in the best interests of AGL, for the reasons detailed in the notice of meeting, and the Board recommends that shareholders vote against these items.

Item 7(b) is contingent on the outcome of item 7(a), being the special resolution to amend AGL's constitution. Based on the proxy and direct votes received ahead of the meeting, and the number of votes that I have been informed are represented at this meeting today, item 7(a) will not receive sufficient support from shareholders to be passed, and therefore, as advised to shareholders in the notice of meeting, item 7(b) will not be put to the meeting. However, we will give shareholders an opportunity to ask questions about these resolutions later in the meeting.

I want to assure shareholders that AGL takes the matters raised in the shareholders' resolutions items 7(a) and 7(b) very seriously, and they are matters that the Board continues to monitor closely. AGL is Australia's largest integrated energy electricity generator and retailer, as well as a major investor in renewable energy. AGL is also Australia's largest carbon emitter, and therefore, we recognise that AGL must continue to evolve, innovate and adapt, in order to continue to serve millions of Australian households and businesses.

AGL has been publishing reports under the Taskforce for Climate-related Financial Disclosure, TCFD, framework since 2018. We recognise the TCFD framework is useful, because it recognises that the exact path of decarbonisation is unknown, and enables companies to use scenario analysis to consider the potential impacts upon its business of a number of possible futures.

In 2020, AGL extended its TCFD scenario analysis to 2050 and modelled four scenarios, including one, Scenario A, that reflected current policy settings and closure schedules in Australia. And one, Scenario D, in which concerted action on climate change occurred to limit global temperature increases to no more than 1.5 degrees Celsius above pre-industrial levels.

This analysis demonstrated that AGL's business was resilient in all scenarios, with many opportunities present, but that the earlier closure of the AGL Loy Yang power station would be required in Scenario D, than in all other scenarios modelled. Resolution 7(b) requests AGL to commit to the earlier closure timetable modelled in Scenario D. This request is not consistent with the purpose of scenario analysis, which is to recognise that the future is uncertain, and to model a business' resilience to that uncertainty. It is not the objective of scenario analysis, nor AGL's policy, to commit unilaterally to outcomes of particular scenarios. This is especially the case when moving towards that scenario requires concerted and collaborative efforts across industry, regulators and society as a whole.

In AGL's 2015 Greenhouse Gas Policy, AGL committed to not to extend the life of its coal-fired power plants. AGL's coal-fired power stations at Bayswater and Loy Yang A ensure energy reliability and security and provide AGL with the financial strength to progress the energy transition. AGL remains committed to not extending the life of these coal-fired power stations and closing them no later than 2035 and 2048 respectively.

As these assets age, and reach the end of their technical life, AGL will continue to run them responsibly and safely, to supply affordable and reliable electricity to its customers. AGL will also support our people and local communities through change, and remain flexible to how customers, community and technology shape the pace of the energy transition.

However, AGL does not consider that it is in the best interests of shareholders or other stakeholders, for AGL to make firm commitments about, at this time, to phase out coal generation earlier than the existing planned closure dates. Rather, it is in the best interests of shareholders for AGL to focus on delivering its commitments made in the climate statement and to continue to work constructively with industry, regulators and government on delivering orderly transition to a decarbonised energy system.

AGL will continue to evolve the scenario analysis it undertakes each year, in relation to carbon risk, and to engage with relevant stakeholders and keep shareholders fully informed.

I also wish to make some comments on the second item on today's agenda, the remuneration report. The Chair of the Board's people & performance committee, Diane Smith-Gander, will speak to the remuneration report in more detail shortly, but I wanted to acknowledge the concerns raised by some proxy advisors and shareholders, which has resulted in a number of shareholders voting against the approval of the report and the granting of long-term incentive rights to the CEO. This will mean we will incur a first strike against the remuneration report.

I want to assure you that your Board takes the feedback it receives on AGL's remuneration practices very seriously. We devote significant time to striking the right balance between setting remuneration for executives at levels commensurate with the Company's performance and community expectations, while also being sufficient to attract and retain talent. In keeping with this approach, last year we made a number of changes to our remuneration framework to reflect this principle, including extending the vesting periods on incentive schemes.

However, given the concerns expressed this year, we will engage with shareholders over the coming year, to fully understand your views and we will review our remuneration structure and consider opportunities to further align the structure with Company performance and long-term shareholder value.

In summary, it has been another year of resilient performance for AGL, amid significant external challenges. The 2021 financial year will be significantly more challenging, with a materially lower earnings outlook. Despite these challenges, your Board is confident that the appropriate strategy is in place, supported by a strong Company culture and capable management team, to drive the right outcomes for customers and the community, and continued value creation for our shareholders, over the longer term.

It is now my pleasure to invite Brett Redman, your CEO, to address you. Following Brett's address, w will move to the formal business of the meeting.

Brett Redman: Thank you, **Graeme**, and good morning everyone. It's a pleasure to be here, albeit in unusual circumstances, after what has been an extraordinary year. I want to take this opportunity to thank you for your ongoing support.

The Chairman has provided a summary of our FY20 results, and some highlights in terms of capital management and the execution of our strategy, as well as confirmed our guidance for FY21. I will provide more detail regarding our operational performance, strategy and outlook.

But first, let me start with safety. Any injury to any person on an AGL site is not acceptable, and there is always more to do. Nonetheless, this year, our total injury frequency rate decreased to 3.1 per million hours worked. Injury severity also decreased, while our reporting of near misses, that is, incidents that in other circumstances may have led to an injury, continued to improve.

Another key focus of mine is workforce engagement. This year we have received encouraging feedback from our people, through an increased employee engagement score of 73%. Our aim is to return to and, ultimately, exceed best employer standing.

Turning now to our operating and financial performance. We maintain a strong financial position, with more than $1 billion in cash and undrawn facilities at 30 June 2020, providing ample headroom to fund investment in the core business and growth opportunities as they arise.

Our FY20 financial result was consistent with our guidance. As we had flagged throughout the year, we faced several headwinds, including a major outage of one of the four units at the AGL Loy Yang power station, lower wholesale energy prices, and COVID-19, but, operationally, the business was resilient. Our electricity generation portfolio delivered broadly flat output, compared with the prior year. The AGL Macquarie power station delivered higher generation, while we added the Silverton and Coopers Gap wind farms and Barker Inlet Power Station to the portfolio.

In addition to this strong operational performance, we achieved good progress against our strategic priorities of growth, transformation and social licence. As we build a business that is not just resilient to the energy transition underway across Australia, but also leading it across our two business units, customer markets and integrated energy.

In customer markets, four years ago, we began a substantial investment in our customer systems and platforms, upgrading the digital experience and building on our strong customer service culture. Our FY20 results demonstrated we are gaining traction. We are winning customers, despite high levels of competition, ombudsman complaints have materially reduced, and our net promoter score, a measure of customer advocacy, became positive for the first time.

Customers have responded positively to our improved systems and service, our simplified product mix and our low-rate based pricing.

We have supported our growth agenda with several acquisitions, most recently Click Energy. The purchase builds on the acquisitions of Perth Energy and Southern Phone Company in the 2020 financial year. The Click acquisition, which closed on 30 September, brings 215,000 new energy services on to AGL’s leading customer service platform. In addition, our organic customer growth has continued in the first three months of this 2021 financial year, building on the strong growth we achieved in 2020.

Our total services provided to customers are now 4.2 million. It is a big step towards achieving our target of 4.5 million services by FY24.

Amid tough market and economic conditions, a large, diverse customer base provides the strongest possible base. A similar philosophy guides our approach to growth and transformation in our integrated energy business.

There are many opportunities as we look to a future of meeting customer demand through flexible, low carbon energy supply. This includes the gas-fired power station at Newcastle, on which we expect to reach a final investment decision in the second half of this financial year.

I have talked before about the dawn of the battery age. Last month, we announced plans for a multi-site integrated battery system across a number of AGL sites. The Australian energy system needs batteries, gas and other dispatchable forms of energy supply to support renewables when the wind is not blowing or the sun shining. Backed by our large customer base and trading expertise, AGL has a big role to play as an enabler of this transition.

We also hope to progress the Crib Point liquified natural gas import jetty in Victoria, to support flexibility in the gas market and satisfy our customer demand. Along with our ongoing role as a major contractor of gas supply, we see the Crib Point project as an opportunity for us to play our part. The project is progressing well, and currently undergoing the appropriate environmental approvals. AGL has engaged extensively with both the community and local and state governments, to ensure we understand concerns regarding the project's impact on local marine life, as well as the broader environment.

Our passion to lead Australia's energy market transition was reflected in the targets we set to support the commitments outlined in our recent climate statement. As we work towards the closure of our coal-fired power plants over the years ahead, we are committed to reaching net zero emissions by 2050 and at the same time remaining accountable to our customers, the community and our shareholders.

We will respond, through our development of new sources of energy supply, to the forces of customer demand, how communities act, and how technology evolves. We do this against a backdrop of great uncertainty and depressed wholesale energy prices. Given this uncertainty, the guidance range we have provided for the year is for underlying profit after tax to be $560 million to $660 million, including $80 million to $100 million of insurance proceeds that will not be repeated in FY22.

The guidance range reflects a wider range than usual, because of the uncertainty that we face. The expected year-on-year decline in earnings reflects the accelerating impact of the COVID-19 pandemic on a number of pre-existing market and operating headwinds. These include, in wholesale gas, the impact of higher supply costs, as legacy supply contracts mature, as well as lower year-on-year gas prices, and in wholesale electricity, the impact of sharply declining wholesale prices for both electricity and large-scale renewable energy certificates.

We've also guided that we expect higher year-on-year depreciation expense and higher credit losses from customer hardship related to COVID-19, as well as other COVID-19 cost impacts, to maintain safe and uninterrupted site access.

In the early months of FY21, economic and operating conditions have remained extremely challenging. We are seeing pressure from reduced customer volumes, related to extended lockdowns, and a warmer than usual winter.

Looking beyond FY21, wholesale electricity prices, the single biggest driver of AGL's profit, are substantially down. Taking Victoria as an example, futures contracts are trading around $45 per megawatt hour for FY22 and FY23. That represents a fall from an average of about $75 over FY20.

While we expect wholesale prices to recover over time, to levels more conducive to stimulating new investment, current economic conditions and the uncertainty created by the COVID pandemic, means this recovery may take some time.

This is a severe headwind for AGL's earnings, at a time when the maturing of legacy fuel supply contracts and falls in wholesale gas and renewable energy certificate prices, are also creating pressure. While our contracting and hedging strategies protect us from feeling the full impact of such falls in wholesale prices immediately, they indicate further material earnings pressure into FY22 and beyond. And, of course, the $80 million to $100 million post-tax insurance proceeds benefit we anticipate in FY21, will also not repeat in FY22.

While this presents a challenging outlook, we are confident in our ability to navigate this period, because of our clear strategic priorities and our strong financial position. We continue to grow our customer base, and to progress the projects that will transform our energy supply portfolio for the long term.

We are passionate about our role in keeping the lights on and gas flowing to millions of homes and businesses, and never has the importance of the role we play as an essential services provider been more front of mind for us than now. I am proud of what our people continue to achieve, and I am confident we will rise to the challenges of delivering for our customers, communities and you, our shareholders.

Thank you.

Graeme Hunt: Thank you, Brett.

It is now time to address the formal business of the meeting. The notice of meeting sets out seven items of business. As outlined in the notice of meeting, item 7(b) is contingent on the outcome of item 7(a), being the special resolution to amend AGL's constitution. Given the proxies received for the resolution to amend the constitution, and the votes represented at this meeting today, item 7(a) will not receive sufficient support from shareholders to be passed, and the contingent item will not be put to the meeting. However, shareholders will have the opportunity to speak on, or ask questions about each item of business, including the contingent item, and the proxies for each item will be shown and released to the ASX.

Votes will be counted immediately following the meeting, and the results will be notified to the ASX before the end of the meeting today, and posted on the Company's website.

Turning now to the first item of business. Item 1. AGL published its 2020 annual report in August, which contains full information about the Company's financial and operating performance during the year. As with last year, we prepared our annual report with reference to the International Integrated Reporting Council's international integrated reporting framework, as we believe it provides a useful basis for disclosing how we create sustainable value for our shareholders and other stakeholders, over time.

Under the Company's constitution, and the *Corporations Act*, there is no requirement to ask shareholders to adopt the accounts, however, you may ask questions or make comments on the 2020 annual report and the management and performance of AGL.

As I mentioned earlier, Jason Thorne, from Deloitte, is available to answer questions relevant to the audit, and a copy of the written questions Deloitte received ahead of the meeting are available on the platform if any shareholder would like to review them.

I will now ask Jason to outline the questions received by Deloitte, ahead of the meeting, which Deloitte determined to be relevant to the content of the auditor's report or the conduct of the audit, and to give Deloitte's response to those questions. Jason.

Jason Thorne: Thank you, Chairman.

As previously stated, the Company has received written questions from a proxyholder, in accordance with Section 250PA of the *Corporations Act, 2001.* In our capacity as auditor, we have provided a question list to the Company. That has been made available to members on the virtual platform today.

The questions outlined on the question list are three questions, which, in our view, related to the conduct of our audit for the year ended 30 June 2020, or the content of our audit report, as provided for in Section 250PA (1) of the Act. Deloitte welcomes the opportunity to verbally respond to the three questions, as set out in the questions list.

Before responding to specific questions, to convey the context within which our responses are provided, I direct you to our independent auditor's report, on page 171 of the annual report. In addition to providing our opinion, our report describes the basis for our opinion, the key audit matters, the responsibility of the directors, the preparation of the financial reports, and our responsibilities for the audit of the financial report.

I will now respond to the three questions on the question list, using the original numbering.

I'll respond to question 1 as follows. The AASB AUASB guidance on climate-related and other emerging risk disclosures is not mandatory, but does include some key recommendations that auditors may consider. I have read and understood the guidance, and the key recommendations were considered during the conduct of our audit.

I will answer questions 2, 2(a) and 3 together, as they relate to the same subject matter. Auditing standards require an auditor to identify and assess risks of material misstatement, through understanding the entity, its environment and its internal control, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. As part of our assessments of the risks of material misstatement, we reviewed AGL's greenhouse gas policy, and AGL's FY20 TCFD report, and considered the impacts of the policy and the scenario analysis when identifying and assessing the risks of material misstatement.

Amongst others, we identified risks of material misstatement in relation to the useful lives of AGL's assets, the potential impairment of AGL's assets and the associated disclosures made in note 15 to the financial report. We then designed and implemented responses to the assessed risks of material misstatement.

Upon completion of our audit procedures, we issued an unmodified, independent auditor's report.

That concludes my response to the questions outlined in the question list. Thank you. I will pass back to you, Chairman.

Graeme Hunt: Thank you, Jason. I would now like to open the meeting for discussion. James, could you please let me know if there are any online questions relevant to this item?

James Hall: Thank you, Chairman. We currently have 21 questions queued in relation to general business. The first comes from Will van de Pol, from Market Forces. It is, in preparing this year's financial statements, what were the useful lives attributed to the Bayswater and Loy Yang A power stations?

Graeme Hunt: Thank you, James. The assumptions in that work were that Bayswater would close in 2035, and Loy Yang in 2048, as per our previous public statements, updated in our most recent climate statement.

The next question, please.

James Hall: The next question is also from Will van de Pol, from Market Forces, and the question is, what assumptions were used, with regard to climate change transition risks, when assessing the useful lives and fair values of these assets, and testing the assets for potential impairment?

Graeme Hunt: Thank you, Mr van de Pol this question as well. The asset lives and recoverable values of each asset and the impairment risk are reviewed at least annually, consistent with accounting standards, and as just spoken to by Deloitte.

The relevant assumptions regarding climate change transition risk have been considered during this process are derived from our TCFD analysis, and are consistent with the rest of our business.

Thank you, James, could I have the next question please?

James Hall: The next question, also from Mr van de Pol is, why are these assumptions not disclosed in accordance with IFRS standards, as explained in the AASB and AUASB joint bulletin, climate-related and other emerging risks disclosures, assessing financial statement materiality using AASB, IASB practice statement two, issued in April 2019?

Graeme Hunt: Again, I think this question goes to matters covered by Deloitte, but just to add a little further, our financial reporting for FY20 is in compliance with [IRFS] (sic) standards, including the additional guidance notes. We disclose on page 124, note 15 of the annual report, our assumptions with respect to the impact of climate change, and the related risk or impairment. And we note in the disclosure that changes to the useful lives may have an impact on the carrying value of those assets, but that is something that we will review on an annual basis, taking account of both internal and external factors.

The next question, please.

James Hall: Thank you, Chairman. The next question is again from Mr van de Pol. Noting AGL's own analysis demonstrates Loy Yang A's useful life is limited to around 15 years in a Paris-aligned scenario, were the Company's assumptions consistent with the climate goals of the Paris Agreement, i.e., limiting warming to 1.5 degrees Celsius, or well below two degrees Celsius?

Graeme Hunt: The TCFD analysis assumed assumptions consistent with limiting global warming to well below two degrees, which derived the outputs for Scenario D of the TCFD analysis.

The next question, please.

James Hall: The final question from Mr van de Pol. In light of that guidance from the AASB and the recent open letter from investor groups representing over US$100 trillion in assets under management, will AGL commit to adopting and disclosing assumptions aligned with the climate goals of the Paris Agreement in future financial reporting?

Graeme Hunt: The Company's approach always to align with the requirements of accounting standards and relevant regulation, and as for our climate statement, we have committed to ongoing transparency around these matters.

James Hall: The next question comes from [Henryk Kay]. The question is, what is AGL going to do, in order to help people with disabilities and those over 50 get employment in the Company? I wish to draw your attention to a female staff member in Melbourne, who is violating anti-discrimination laws in Victoria. If you want their name, please send me an email for further details.

Graeme Hunt: Let's start with the end of that question first. Certainly, I'd like to, and the Company would like to understand the specifics of that concern, and perhaps I could ask you pass through your contact details to **James Hall**, who's moderating at the moment?

With respect to opportunities for people with disabilities in the Company, the Company has a very strong focus on diversity of all types, and has set goals, which are closely monitored by executive management, and also the Board. So, the Company has taken steps, and will continue to take steps, because there's no question that things can always be done better. Achieving the right level of diversity of all forms across AGL is a key element of the business.

I'm not sure, Brett, do you want to add anything to that?

Brett Redman: Yes, thanks, Chair. I just thought it was worth adding that we've been ramping up our focus on supporting those with disabilities. Damien Nicks, our CFO, is the executive sponsor of that. For those that are following it, we recently announced, in the last few weeks that we joined a global initiative called The Valuable 500, which is about 500 companies, globally, who are putting into practice policies around supporting those with disability, and also those looking after people with disabilities. So it is a focus for us.

Graeme Hunt: Thanks, Brett. Could we have the next question please, James?

James Hall: Thank you, Chairman. The next question is from Jenny Warfe, and the question is, the *AFR* reports manufacturers are lining up to buy gas from Santos's newly-approved gas fracking project in Narrabri, New South Wales. *AFR* notes the Santos project underpins plans for gas-fired power generation in the **Hunt**er Valley by AGL Energy and/or Snowy Hydro. So, will your planned Newcastle dual-fuel generator possibly purchase fracked gas from Santos' Narrabri gas field?

Graeme Hunt: The Newcastle gas-fired power plant, as discussed in Brett's presentation earlier, is still going through the approvals process. Around about the middle of next calendar year, or the back end of this financial year, we expect there to be a final investment decision made.

With respect to the source of gas for that plant, we would obviously make a decision at the time, looking at what options are available, to feed the plant, so it's too early to say exactly what they would be, at this stage. That will be considered once we know we have a project that in fact has the necessary approvals.

Thanks.

James Hall: Thank you, Chairman. The next question comes from [Kay Winagel], and the question is, the TCFD report recognises the physical impacts of climate change may affect the operations of AGL's generation facilities and that AGL is undertaking analysis of physical climate impacts on their reliability. Our generation assets have already proven unreliable in extreme heat. Can the Board at least confirm that no major capital expenditure will be directed towards prolonging the life of our aging and increasingly unreliable coal fleet, before a detailed physical climate risk assessment has been conducted?

Graeme Hunt: Our position on the life of those plants remains unchanged, in the sense that the Liddell power station will close as previously announced, and the technical lives of Bayswater and Loy Yang A is 2035 and 2048 respectively. As per the TCFD modelling, there is, under certain scenarios, there is the need to consider the earlier closure of Loy Yang. However, it is still a long way off, and what we will do, as previously spoken to, is we will model, through the TCFD analysis and elsewhere, what the overall position is of the need for gas - for coal-fired generation, to support the NEM, moving forward.

Under any scenario, those two larger plants are required into the 2030s, and so the appropriate approach is to continue the modelling, year in, year out. We will not be authorising any major capital expenditure to extend the life of those plants.

Next question please.

James Hall: Thank you, Chairman. The next question comes from Jenny Warfe. The question is, LNG is a significant contributor to domestic and global greenhouse gas emissions. Greenhouse gases from shipping are excluded from Australia's and international emissions reduction plans and Paris Agreement. Only the US, China, Russia, India and Japan emit more greenhouse gas emissions than the world's shipping fleet. How do your planned shipping activities align with your stated commitments to move away from fossil fuels and to make positive contributions to lowering greenhouse gas emissions?

Graeme Hunt: Thanks very much for the question. The LNG import project to be located at Crib Point is still going through the extensive environmental approvals processes, under the Victorian legislation, so the EES process. That process still has some distance to run. As I understand, public hearings will commence next week. The issue that you have raised is just one of a number that have been - that will be considered in that process, in terms of the overall impact on emissions.

The Company's broader position on emissions is very clearly outlined in our carbon statement, which is to trend towards a carbon neutral position by 2050, and as I just addressed in some previous answers, the TCFD reporting shown in the annual report shows that what the glidepath towards that position is likely to be, based on assumptions that we know at this point in time.

So, the biggest contribution the Company can make to reducing its carbon emissions is the orderly closure of our coal plants, recognising the accountability we have to maintain the operations of those plants for as long as the national electricity market requires them, which is some significant amount of time yet.

Next question, please.

James Hall: Thank you, Chairman. The next question is also from Jenny Warfe and it reads, research confirms around 60,000 deaths per annum worldwide, from shipping emissions. The FSRU EES technical reports reveal ships may switch to diesel, heavy fuel oil, when in port. Four tugs also used to berth the tanker, all are chugging out toxic fumes, right where people live. How have you satisfied yourselves that residents would not be exposed to life-threatening levels of various noxious pollutants emitted by your trucking and shipping activities at Crib Point?

Graeme Hunt: I think, in large part, I answered that question in my previous answer, in that there is an extensive environmental effects statement process on foot at the moment, which addresses not only the issues that have been - that are raised in this question, but a whole lot of other potential concerns that exist. The appropriate process, I believe, is to go through that assessment. It allows input from all interested parties, responses to come forward from the Company, assessed by an expert panel, and ultimately determined by the Minister. Approval or otherwise to the project, with regulations to subsequently flow from that.

Your Board will then determine, with all of that output, whether a final investment decision goes forward, taking into account the concerns of community, both at a local, state and national level, the implications for our customers and obviously, overriding the implications for our shareholders.

The next question, please.

James Hall: Thank you, Chairman. The next question is also from Jenny Warfe. It reads, in 2018 AGL's record on corporate governance was under scrutiny. You were fined $3 million. Your 2018 AGM assured us all would be well in future. In August 2020 ESC has fined AGL for a widespread billing error and unacceptable treatment of over 6000 pensioners and concession holders. AGL seems to be getting quite a record with the ESC for poor corporate practices. What real mechanisms are in place to meet your undertakings to customers and shareholders, including care for your most vulnerable customers?

Graeme Hunt: Thanks very much for that question. Rest assured, your Board is very concerned with respect to the performance of all our governance processes, and obviously, additionally, where it affects the most vulnerable people in the community.

The specifics of those issues, particularly the last one that you suggested, was an issue around the communication with customers about changes to billing arrangements. I think the most important thing to stress, though, is that we will continue to put ongoing efforts and maintain, at the very top of our list of considerations, all issues around governance, particularly those where it goes to our relationship with customers.

We have undergone review processes associated with that incident, and we'll continue to work with the regulator to better understand what needs to be done to ensure that we don't have any repetition of those kind of issues in the future.

Next question, please.

James Hall: Thank you, Chairman. The next question is from Gregory [Alan] Walker, and it reads, as part of its climate scenario analysis did AGL model the potential impact of the independent expert panel advice on Victoria's pending state emission reduction targets? That panel's report shows emissions must fall by 60% from 2016 levels by 2030, for a well below two Celsius consistent trajectory. What impact would such a target have on the value of our Loy Yang A asset?

Graeme Hunt: The TCFD analysis that we've undertaken and will undertake on a yearly basis, has taken into account a significant number of assumptions from various sources, and we'll continue to do that. Not only are expert views coming from the environment perspective, but also, obviously, an understanding of where the network operator forecasts both supply and demand will be, going forward.

I think I've already perhaps covered the nub of this question, in that we've made it very clear that the closure dates for - of the life dates for both Bayswater and Loy Yang are in fact, our backstop date and we will continue to assess whether those dates should come forward, based on the transitions that will occur in the NEM, which will be driven by technology adoption, the behaviour of customers, supply and demand factors, and investments in various technologies, going forward.

That's a process that will be ongoing, and we will report on, through not only our TCFD reporting but through our annual reporting processes, going forward, which is the best way, we believe, to keep the market informed of any potential impact on the value of those assets.

The next question please, James.

James Hall: Yes. The next question is, are you, as a Board, fully briefed on the enormous opposition to your proposed Crib Point project, including thousands of people and numerous organisations who have made EES submissions in a Stage 4 lockdown? Why do you continue to force this damaging, unwanted project on to our community? Will you demonstrate that your claimed social licence matters, and walk away from this project now, and talk to us as a community, about renewable projects for our region?

Graeme Hunt: Thank you for the question. The Company is obviously very concerned about the views of the local community, and we believe that the best place for those views and the views of others to be aired is through the proper environmental assessment process, and that's what's happening at the moment.

As a Company, we have engaged with the local community quite heavily, including the Board visiting the proposed site in the past. Any final decision to move forward with this project will obviously be shaped by the outcomes of that approvals process and regulatory processes that might follow from that.

The need for the project, I think I've also outlined, is to meet shortfall in gas supply, for our customers and for the network systems more generally. Having said that though, the Company continues to be open to further investment in renewables, but we don't see this as an either/or choice. Our commitment to carbon neutrality by 2050 - a part of that is to continue to invest directly, or to underpin investment in renewables by taking offtake agreements from those that are direct investors.

Thank you, James, next question, please.

James Hall: The next question is from Sue [Dickson] and it is, can the Board provide an estimate of the proportion of capital expenditure that will be directed to renewable energy, compared to sustaining the coal generation fleet, over the next three to five years?

Graeme Hunt: Thanks very much for the question. It seems to me that it implies that it's an either/or question. I've already addressed the point that we will not be making investments to extend the technical life of the coal-fired plants. I've addressed the point that it is very possible that the closure dates could come forward, based on changes in the environment, over the coming years. Although, under all modelling, it's clear that Bayswater and Loy Yang will be required well into the 2030s, based on the scenarios that are - and information that's currently available, but clearly, that will change, year in, year out. We will assess that and modify decisions if necessary.

So, we will continue to underpin investments in renewables, either directly, or by offtake agreements, and if I could refer you to the annual report, on page 26 and 27, I think, there is a - yes, 26 and 27, there's a map of Australia, which shows our existing generation facilities and quite a number of projects, which are all focused in the renewable area, ranging from batteries to solar to wind farms.

So, I think I probably addressed both parts of that question, so, James, could we move forward, please?

James Hall: Certainly, Chairman. The next question comes from [Katherine Burke]. The question is, with the Federal Treasurer, Mr Frydenberg, last night allocating $67 million to restore Australia's mangroves, tidal marshes and seagrasses, which indicates that the Federal Government recognises the importance of these ecosystems for the health of the oceans and bays, how can AGL justify pushing ahead with the proposed FSRU at Crib Point in Victoria, when the proposed site is on a Ramsar-recognised wetland of mangroves, tidal marshes and seagrasses?

Graeme Hunt: Thanks very much for the question. At the risk of repeating myself, I think the most responsible way forward for the Company is to continue through the environmental assessments statement process, which takes into account the issues that you have raised, as well as concerns that others have, as well as the overall economic considerations around this project.

The decisions about a final investment decisions will be very much informed by that process, by our views of the community support or otherwise, at local, state and national level, for the project, and, obviously, by the economic considerations associated with the project, which are largely driven by the supply and demand situation in the market and the nature of the returns available to shareholders.

Next question, please, James.

James Hall: Thank you, Chairman. The next question comes from [Fay Chumley]. Her question is, last year 30% of AGL's shareholders voted against the Board's recommendation to adopt Paris-aligned emissions reduction targets. AGL has so far failed to do this. Will the Company be setting Paris-aligned emission reduction targets in the near future? What action might AGL and its Board face, if it continues to disregard the clear expectations set by such a significant proportion of shareholders? Will we see further protest votes against remuneration, or against the re-election of directors?

Graeme Hunt: The Company takes the views of shareholders very seriously. We will discuss later in the agenda, the items 7(a) and 7(b), which I think, in large part, go directly to your question. The Company committed last year, to provide ongoing transparency around our modelling and to consider more transparency around everything we're doing with respect to emissions, including looking at our 2015 statement, and you will have seen that we've updated that in the last - during this year.

We will continue to take on board the views of our shareholders. We have to balance that appropriately, in terms of what is in the best interests of the Company as a whole. We will continue to do that, but we cannot take short-term actions, which are not, on balance, in the interests of all shareholders. And we can't - believe we can't do things that are not in the best interests of our customers, by taking unilateral actions that disregard other trends within the industry and the market in Australia.

Next question, please.

James Hall: Thank you, Chairman. The next question comes from [Joe Lynch]. The question is, AGL's water monitoring data shows exceedances of water quality guidelines for heavy metals, stemming from its ash dump and experience shows the cap and cover rehab method does not prevent ongoing contamination of waterways. Does AGL consider this contamination to be its responsibility, or that of the state governments? What bearing does the installation of 1.6 gigawatts of renewables at Liddell and the continued grid connection post-closure have on the timing of ash dump decontamination works?

Graeme Hunt: Okay, let me try to deal with that in two parts. The Company acts within the - and has a responsibility to act within the limits of the various licence and regulations associated with its operations, as determined, typically, by state governments, in the locations in which it operates. We'll also work towards, where practicable, ongoing improvements in our emissions.

The question, specifically as it relates to Liddell, again, any final investment decisions about any installation of further generation facilities, particularly renewables, which are likely to be a part of the future of Liddell, will take into account any implication on the environmental performance of that site, going forwards.

Thank you, James. Next question.

James Hall: Thank you, Chairman. The next question comes from [Natasha Michelle Leigh]. The question is, customers experiencing financial difficulties have sought relief from AGL on their bills. I take it that this is a deferment. What is the period of deferment, e.g. six months, or negotiated individually? What level of evidence is required to obtain these concessions?

Graeme Hunt: Thank you for your question. This is obviously an area of significant concern to the Company, to ensure that its customers can find their way through financial difficulties that are associated with the COVID-19 pandemic. There are a number of arrangements in place, ranging from deferment or payment plans. Typically, what happens is there is opportunity for a conversation between the specific customer and our customer markets people, to determine what is most appropriate. The Company has also supported the request from government to ensure that there is no enforced disconnections associated with concerns around this matter, going forward.

So, the best answer is that it's dealt with on a case-by-case basis and a conversation between our customer markets people and the customers.

Next question, please, James.

James Hall: Thank you, Chairman. The next question comes from [Raymundo Morales]. The question is, I'm Ray Morales from Environment Vic. The level of community opposition against AGL's gas import terminal at Westernport Bay is unprecedented. Small businesses, fishing groups, tourism operators, local councils and MPs, are strongly opposed. Recently, the EES attracted more submissions than any other project in Vic history. If AGL has identified social licence as one of its strategic priorities, how can AGL continue with a project that the local community has so comprehensively rejected?

Graeme Hunt: Thanks very much for your question. I think I have acknowledged the fact that the Company very much acknowledges and respects the concerns that exist around this project being based in Westernport Bay. We believe the appropriate way forward is for us to move through the environmental effects statement and that will determine the pathway forward.

James Hall: Thank you, Chairman. The next question comes from Julia Stockigt, and it is, AGL's 2017 Australian stock exchange announcement of the proposed Crib Point gas facility incorrectly stated that the site is best placed to take advantage of the existing pipeline network. Is the Board aware that the project would require the construction of a new 56-kilometre gas pipeline through internationally significant wetlands? And is the Board concerned that the statement could be considered misleading to prospective investors and shareholders?

Graeme Hunt: Thank you for your question. I think that the ongoing disclosure round this project has made it very clear that the pathway forward is what I've spoken to a number of times this morning.

The need for construction of a pipeline to connect the facility to the existing gas network in Victoria is obviously understood. The pipeline runs north, to connect - northeast, I guess - to connect into the existing network. Again, all these matters are being considered as part of that environmental effects statement, which is the next step in the process that has to be undertaken before any decision can be taken.

James Hall: Thank you, Chairman. The next question comes from Jeffrey Nottle. I am Jeff Nottle, the President of the Phillip Island Conservation Society. We recognise that our environment is our economy, and the Crib Point project is adjacent to Phillip Island. AGL has not recognised the potential adverse impacts on ecotourism. Does AGL simply expect the Phillip Island economy to bear all the potential costs in terms of loss of income and local jobs from the Crib Point project, whilst AGL does not bear or recognise any of these costs?

Graeme Hunt: Thanks very much for your question. The best answer I can give is the answer I've given already around these issues, is that the project is going through the appropriate environmental effects statement, which allows for these kind of issues to be appropriately ventilated and will lead to the next step in the process. So, it does consider, not only environmental effects, but also economic effects and the impact on Victoria, more generally. That's the next step in the process. The Board will make a decision, ultimately, with all of those factors that I've already spoken to at our fingertips, at the appropriate time, which is still some way off yet.

Next question please, James.

James Hall: Thank you, Chairman, and just, as an update for you, we have 10 more questions currently queued, under general business. The next question is another one from Julia Stockigt. The question is, when first announced, in 2017, AGL claimed Crib Point gas imports were urgently needed to stave off predicted shortfalls for Victorian customers. AGL has since announced the construction of two new gas-fired power stations in South Australia and New South Wales. When Board members met with members of Save Westernport in 2018, they categorically denied that imported gas would be used in power generation. Was this true?

Graeme Hunt: The business case for the investment in Crib Point goes to the need for gas for gas customers, so nothing's changed in that regard.

The source of gas for the South Australian gas-fired station, which I assume is the one that's at Barker Inlet, which has been already built and is operational, takes gas from the existing market, and the sources of gas for New South Wales I've already spoken about earlier, in the Q&A session.

So, the focus of imported gas is for gas customers, so, from that perspective, nothing has changed, but clearly, one of the issues that will again be addressed in any final investment decision on this project is market need in the future. But the focus of this project is gas for gas customers.

Next question, James. I would prefer to focus, I guess, on questions that are a different subject matter, but I'll have to leave that to you, because I can't see them until they come through.

James Hall: Thank you, Chairman. The next question comes from Emma [Batchelor], and it is, sustaining capital expenditure has grown from $80 million in FY2012 to $536 million in FY2020. Given that Loy Yang A suffered a sustained unplanned outage for much of 2019, can shareholders expect sustaining capital expenditure to continue to increase? If so, by how much?

Graeme Hunt: Thank you for your question. There's a number of elements to that. The size of the generating fleet in 2020 is quite different than it was in 2012, so it isn't an apples for apples comparison. Yes, Loy Yang A suffered an unplanned catastrophic failure of one of the generating units in 2019, which, again, we have spoken about earlier this morning.

As those plants move towards the end of their technical life, there will be dollars needed to be spent on maintenance or sustainable capital, to ensure their reliable operation, because they will continue to be an important part of the national electricity network, going forward.

We will continue to assess how much money needs to be spent on those plants, as a part of our annual planning process, and we will determine the look of that, alongside of our TCFD analysis, to determine, and all the externalities I've spoken about already, in terms of investment and other [capacities] as part of [unclear], et cetera, in determining what is the right investment decisions to make. But you should not assume that in any way this limits our ability to continue to invest or underpin investments in renewables, which are consistent with our stated goal, in terms of reducing our emissions.

Thank you, James.

James Hall: Thank you, Chairman. The next question is from [Ann Pryor]. It is, could you please walk through the wholesale electricity price and its decline, the drivers of the price, and why you see this continuing to be at a lower than average price? How sensitive is AGL's profit to this, i.e., $1 upward/downward change has the effect of plus X dollars, and minus X dollars?

Graeme Hunt: I might make some opening comments and then I think pass to Brett, to add anything that he sees fit to that question. In his speech, he already pointed to the fact that wholesale electricity prices are a key driver of profitability, going forward. The drivers of the price of wholesale electricity is really driven by market supply and demand factors. Clearly, in the current economic circumstances, demand is being somewhat suppressed, while there has been ongoing investment in further generating capacity.

Brett, I might hand to you there, if you wanted to give any further specificity around the question?

Brett Redman: Yes, thanks, Chair. What I'd say is, when we talk about wholesale price, we often guide people towards thinking about what the cost of new build looks like. The very short version is firm renewables cost something in the order of $70, $75 a megawatt hour to build. That's wind, solar, firmed up with gas-fired. Later on it'll be batteries. So, if you use that as your marker about where long-term prices should probably trend towards, to encourage investment, a few years ago, when price was trading up at $90 and more, it was, in inverted commas, too high. It was above that reinvestment level, and so that's when we were talking about - starting to talk about an expectation it will probably fall back.

Today, where we're seeing prices trade beneath $50, I would say that that's too low. That what's happening now is a mixture of lower than normal demand. Some of that is weather - it's been quite a mild winter. Some of it is the effect of the pandemic, so Victoria, in particular, experiencing a hard lockdown, we have seen some volume coming off. Some of it is linked to the pandemic. A lot of generators, ourselves included, have been deferring some of the major outages that would normally be happening here, so there's a lot more supply in the market than is normal.

So, we may see, because of the pandemic, these lower than normal price conditions to go on for longer than you'd normally expect in the economic cycle, but we do think - I do think the price should start to firm up again, trending back towards that long-term investment marker, because this is a market that does need to get on with building renewables, and things like batteries and storage and the like, that will firm up renewables, and we need the price signal to pull through that investment.

Graeme Hunt: Okay, thank you, Brett. Can we move on to the question please, James?

James Hall: Thank you, Chairman. All remaining questions queued for the general business item are on topics that you have already covered.

Graeme Hunt: All right. Thank you. Thank you, James. So, if we can now move forward, to item 2. The second item of business concerns the adoption of the remuneration report of the Company for the year ended 30 June 2020. The people and performance committee assess the Board with oversight of AGL's remuneration policies. Diane Smith-Gander has been the Chair of that committee since November 2017. Before opening the meeting to questions, I would like to invite Diane to speak to you about AGL's remuneration policy. Diane, over to you.

Just a second, Diane, we don't have any sound.

Diane Smith-Gander: I'll try - I'm using the microphone…

[Over speaking]

Diane Smith-Gander: …better now?

Graeme Hunt: That's fine now.

Diane Smith-Gander: Apologies, everyone, I was expecting someone in the back room to do the unmuting of the microphone. So, good morning, everyone.

AGL's remuneration report commences on page 67 of the annual report. It sets out our policy in respect of remuneration paid to the Board and senior executives, and describes the link between Company performance and executive remuneration outcomes for the 2020 financial year.

As the Chairman has noted, it's clear that AGL will receive a first strike, in respect of the FY20 remuneration report. Now, the Board takes this result very seriously, and we will review our remuneration structure in the coming year, having regard to the feedback of our shareholders.

I want to further explain the Board's rationale in relation to the key areas of concern, identified by some proxy advisors and investors, but firstly, for context, I will summarise the key remuneration outcomes for AGL's executive team for FY20.

No changes were made to executive team fixed remuneration levels for FY21. The Board agreed with management's recommendation that the Company context and the economic impact on AGL's customers and our community, arising from the COVID-19 pandemic, made any remuneration increases inappropriate.

Short-term Incentive awards for the financial year were in the range of 70.8% to 90.4% of maximum opportunity. Your Board awarded the managing director and CEO 80% of his maximum opportunity. In granting these awards we had regard to AGL's performance during the year, which was strong, despite the challenges associated with the COVID [inaudible].

Graeme Hunt: Your sound again. Can you just pause for a second, please? Can we just check that? Try again, please, Dianne? No. Sorry. Please bear with us, just for a second, while we get the…

[Silence]

Sorry. I'm just trying to find - have you got it? Oh, I've got it. I've got it. So, Diane, if we can't - can you just try and speak again, please?

[Silence]

No. That's not going to work. So, if you're happy to, I'll just take over from here? Apologies, everyone, if I have to repeat a little of where Diane was up to.

Short-term Incentive awards for the financial year were in the range of 70.8% to 90.4% of the maximum opportunity. Your Board awarded the managing director and CEO 80% of his maximum opportunity. In granting these awards we had regard to AGL's performance during the year, which was strong, despite the challenges associated with the COVID-19 pandemic, and demonstrated progress against AGL's strategy, 50% of his award is deferred in equity and 25% is deferred in equity for other executives, to provide for ongoing shareholder alignment.

The performance conditions for the long-term incentives granted in FY18 were tested. Only 28% of these grants vested, because the Company did not meet the relative total shareholder return measure, being placed at the 22.58th percentile of the S&P ASX 100 comparator group, but partially met the three-year average return on equity hurdle at 11.73. The return on equity measure was adjusted to remove the positive effect of share buybacks.

I will now discuss the key concerns raised by proxy advisors and investors with the FY20 remuneration report. One proxy advisor raised concerns that the assessment of both the FY19 and FY20 short-term incentive financial measures appeared generous, and the impact of the Loy Yang A Unit 2 outage was not thoroughly accounted for. The AGL Board believes the approach it took allowed remuneration outcomes to reflect the full impact of the outage and adjustments were made.

Some proxy advisers raised a concern that the FY20 STI financial targets and payments were not aligned with AGL's performance. The FY20 STI outcomes were assessed against a performance scorecard, focusing on group-wide objectives linked to AGL's business value drivers, which was set at the start of the period, based on AGL's budget and the perceived degree of difficulty in that budget, based on internal forecasts, prevailing market conditions and information available to the Board at that time.

Despite the unprecedented operating environment during FY20 and additional COVID-19 related costs, AGL delivered a positive financial outcome against that target range, while also completing a share buyback and continuing to pay dividends to shareholders. At the same time, customer and employee engagement and safety performance outcomes were also at or above the target set. In light of this overall strong performance by executives in delivering against agreed objectives under the scorecard approach, and the substantial response by management in supporting customers, and ensuring employee safety through COVID-19, the Board considered the STI awards for FY20 to be appropriate and consistent with overall outcomes.

Another concern raised relates to the long-term incentive program Bridging Grant, which AGL made in FY20 for certain executives to ensure a smooth transition from a 3 year to a 4 year performance period for the LTIP as part of a package of changes AGL made to its executive remuneration framework in FY20 to bring it in line with contemporary pay practices. The Bridging Grant was designed to retain and motivate continuing executives in their roles and provide an opportunity for vesting each year under the LTI through the transition, as would have been the case had we maintained a 3 year LTI plan.

Although for FY20 there was a double grant there is no opportunity for double vesting to occur in any year. For Bridging Grant participants – recipients the Board will specify the treatment of their long-term incentives on cessation of employment in the remuneration report. It is the Board's intention that it will exercise its discretion to ensure that no additional benefit is provided compared to our prior arrangements.

There has also been some criticism of the new carbon metrics included in the long-term incentive plan. Equally, we have received many positive comments. The carbon transition metrics were included in FY21 considering AGL's commitment to reduce its carbon footprint and to facilitate the transition of AGL's generating fleet responsibly over time. Managing this transition effectively is fundamental to AGL's long-term financial returns. Arguably more than any other company due to AGL's position as the nation's largest carbon emitter. The metrics are quantitative and are set at stretching levels.

AGL listened to a wide range of stakeholder views in determining the best place for carbon transition metrics. Climate transition is long term issue. It will take decades to responsibly transition the national electricity market to a low carbon economy. AGL has commenced planning and management and is now making incremental decisions which yield long term results for both AGL's portfolio and the climate. Therefore, the Board determined that the long-term nature of carbon transition objectives is better aligned with the long-term incentive plan. The vesting ranges were set to ensure they are both stretching and achievable while holding AGL to account from delivery of its existing target transition objectives with threshold vesting reflecting full achievement of those plans, and full vesting reflecting delivery significantly in excess of those plans.

Finally, there were also concerns raised in relation to the return on equity target in the long-term incentive plan. In particular, that the return on equity target allowed vesting of incentives at too low a level. Setting ROE targets is inherently difficult in the rapidly evolving Australian energy market. This year, the exercise has been made more challenging as AGL faces increasing costs and bad debt provisions given the economic impact of COVID-19. Even in a declining ROE environment the Board considers it is important that the measures continue to be included in the LTI as it provides a direct measurement of capital allocation effectiveness.

The Board approved a 4-year vesting range of 5% to 8% for the FY21 grant. We recognise that this is a drop in the ROE targets from prior years, however, this vesting range still provides significant stretch in the current environment. In setting the range we considered AGL's outlook and internal business plans which show a decline in earnings due to the continued fall in wholesale energy prices, an impact which has been accelerated by COVID-19. It is the intention of the Board that the LTI plan remains one of realistic stretch for management relative to the operating environment anticipated at the time the vesting range is set, and to avoid discretion at the end of the performance period.

However, if there is a material change in market conditions outside of management control that has influenced the outcome the Board will take this into account when determining vesting outcomes to ensure there is appropriate alignment with shareholder interests. We recognise that some shareholders are disappointed with this year's remuneration outcomes. The Board focuses on striking a balance between executive remuneration to be set at levels which are commensurate with the Company's performance and community expectations, while also being sufficient to attract and retain the talent that is required for AGL's future success. In the coming year we will continue to engage with shareholders and other stakeholders to find ways to further align our remuneration structure with company performance, and to help drive long term shareholder value.

So apologies for the technical glitch there, it's part of – we're just trying to do this for multiple geographies. So I'm in Melbourne, Brett is in Sydney and Diane is in Perth. So thank you to Diane for part of your speech and hopefully I've covered the rest of the matter, other than to say as per Diane's speech, the outcome of the remuneration report is disappointing. We will take on board that feedback as covered in the material I've just read. There was a series of issues we'll have to work through each of those to determine where we might move from here. It was a little disappointing because many of the changes that were implemented in FY20 were consulted about in FY19 and covered in the remuneration report last year, which had an overwhelming support from shareholders. That said, we should move on. James, could you please let me know if there are any online questions relevant to the resolution to adopt the 2020 remuneration report?

James Hall: There are currently no questions on this resolution, Chairman.

Graeme Hunt: Okay, thank you, James. I will now put the motion that the remuneration report of AGL for the year end of 30 June 2020 as set out in the Director's Report section of the annual report be adopted. Details of the proxy and direct votes that have been cast on this motion are shown on the screen. Please place your online vote for this item if you have not done so already. Okay, let's move forward now to our item 3, Re-election of Directors.

I now turn to that third item of business which is the re-election of one director and the election of one director. In accordance with the Company's constitution, two directors are retiring at this annual general meeting, Les Hosking, and Peter Botten. Peter is seeking re-election. Mark Bloom is also seeking election having been appointed by the Board in July this year. A short video will now play in which both Peter and Mark outline why there are seeking your approval to continue as a director of the Company. For our virtual meeting today we thought it was prudent for these directors to be pre-recorded to minimise disruption and the risk of technical issues. So we'll hear from both Peter and Mark and then afterwards we will come back to consider the re-election of each them individually.

Peter Botten: Good morning, ladies and gentlemen. It's a real shame that restrictions associated with the COVID-19 pandemic do not allow us to meet face-to-face today. But I sincerely appreciate having the opportunity to describe some relevant details of my career and background that I believe can contribute to our Company's responsible growth and transformation program. I'm a geologist by university training but my career has been dominated by being Managing Director of Oil Search Limited, an Australian and Papua New Guinea oil and gas production and exploration company.

I held this position for over 25 years making me one of the longest serving chief executives on the Australian Securities Exchange. I retired from that role in February this year. My experience covers a broad spectrum of oil and gas developments, including building a socially responsible, multicultural highly skilled workforce. I've also been involved in projects right through the development cycle, from inception through construction to production. As Managing Director of Oil Search, I gained experience in the formulation and delivery of strategies that saw the company grow substantially from a market capitalisation of around $250 million to a regionally significant oil and gas producer that had a peak value of almost $15 billion.

My experience encompasses a broad knowledge of the energy sector, capital and investment markets, financing, and a comprehensive understanding of risk management. It has also involved complex operations in sensitive and challenging environments and responsible engagement with communities and governments. I believe that further developing appropriate social license in all our operations is important in addressing rapidly changing expectations across our society. This is especially important in AGL's core strategies and in addressing climate change and the energy transition.

I continue to be Chair of the Oil Search Foundation which works closely with governments to deliver health services to over 1 million people across three provinces in Papua New Guinea. It also runs programs addressing gender-based violence, youth training and empowerment to name but a few. I currently serve on the AGL Safety, Customer & Corporate Responsibility Committee, and the People & Performance Committee. The next few years will see continued and indeed accelerating changes to the energy industry. The mix of generation, the advent of new technologies, and the [rightful rise] in community and customer expectations, and further development of what is considered to be responsible social licence across our whole business.

I believe my experience can contribute to the Company's programs to address these important challenges. Ladies and gentlemen, should you provide your endorsement of my candidature I would be very honoured to have the opportunity to continue to contribute to this Board and our Company. Accordingly, I offer myself for re-election and thank you for your consideration.

Mark Bloom: Good morning, ladies and gentlemen. I really appreciate you joining us today and for giving me the opportunity to cover some relevant details of my career and background. I am an accountant by training with a CA qualification in Australia. I retired from my full-time executive career as a Finance Executive in April 2019. My career spanned 36 years as CFO and an Executive Director at top-20 listed entities in real estate, insurance, and financial services. I spent 16 years at Westfield and Scentre Groups after having spent 20 years in insurance and financial services with Liberty Life in South Africa and Manulife Financial in Toronto.

Following the demerger from the Westfield Group, the Westfield Australia and New Zealand centres valued at $40 billion were listed as Scentre Group as 12th-largest company on the ASX. As CFO, I was responsible for establishing a full spectrum finance team encompassing treasury, tax, operations, finance, compliance, risk management, financial reporting, and legal. At Scentre Group, together with the CEO, I was instrumental in driving rapid cultural change resulting in a highly engaged and strategically focused business. Liberty Life was a top 10 JSE-listed group in financial services, including life, health, and short-term insurance, funds management, and property development, with total assets of approximately ZAR100 billion under management.

I was a member of the main board as well as a member of the board of all operating subsidiaries. I was responsible for all aspects of finance across the wider group. I have one other listed-entity directorship at Pacific Smiles Group Limited where I am a member of the audit and risk management committee. My experience is across senior management and as a non-executive director. I've built a solid knowledge and skill base to allow me to contribute effectively to AGL's Board. I serve as a member on the Safety, Customer & Corporate Responsibility Committee, as well as being on the Audit & Risk Management Committee.

AGL has a proud history and is in an industry which is experiencing substantial but exciting change. I am keen to be part of the Board deliberations in helping AGL navigate a path through this period of transformation. Ladies and gentlemen, should you provide your endorsement then I would be very honoured to continue to participate in this Board and Company. Accordingly, I offer myself for election and thank you for your consideration.

Graeme Hunt: Thank you, Peter and Mark. The first matter under this item of business concerns the re-election of Peter Botten as a Director. Peter has been a Director since October 2016. He is considered by the Board to be an Independent Director. One proxy adviser recommended that shareholders vote against Peter's re-election solely due to concerns raised in relation to the remuneration and the fact that Peter is a member of AGL's People & Performance Committee. I want to reiterate to you the Board's strong support for Peter's re-election. There are few people in corporate Australia with Peter's track record in creating shareholder value in the energy sector.

Peter is recognised and respected globally after a distinguished career as Managing Director of Oil Search Limited for 25 years, which he led to become one of the largest oil and gas producers on the ASX, creating considerable shareholder value growing the share price nearly seven-fold over that time, while making a positive social and economic contribution to PNG where Oil Search has its primary operations. Peter is regarded for his deep knowledge and understanding of the complexities and requirements for ASX listed companies to succeed.

In addition, he brings a wealth of strategic capital markets and leadership capabilities to the Board. Therefore, the Board excluding Peter, recommends shareholders vote in favour of this resolution for his re-election. James, could you please let me know if there are any online questions relevant to the re-election of Peter Botten as a Director.

James Hall: Thank you, Chairman, we have one question in relation to this item. It comes from [Helen Manning] from the Australian Shareholders Association. The question is as follows. The ASA are particularly looking at the workload of directors in the current COVID-19 crisis. The ASA considers that five directorships is the maximum desirable workload and counts the position of a chair as equivalent to two directorships. On querying the workload to AGL, it was pointed out that Peter had resigned as Managing Director of Oil Search in February this year. Can Peter Botten talk to his current workload and if he feels confident in giving AGL the time it might need?

Graeme Hunt: Thank you, Helen, for that question. I think you've just heard from Peter with respect to his availability to continue to assist and contribute to AGL which was highly valued by the rest of his Board colleagues. In stepping away from the role as Managing Director of Oil Search, Peter has obviously significantly more time available and his current ongoing requirements are primarily in the not-for-profit area. So the Board has looked at this issue in some depth as it always does when considering either election or re-election of directors, and we are very confident that Peter can give us the time to continue to add significant value to the Company and its Board.

So I will now put the motion to the meeting that Peter Botten be re-elected as a Director of the Company. Details of the proxy and direct votes that have been cast on this motion are shown on the screen. Please place your online vote for this item now if you have not already done so. The next matter for consideration is the election of Mark Bloom as a Director. Mark was appointed as a Director on 1 July of this year and is considered by the Board to be an Independent Director. He has over 35 years experiences as a finance executive.

Mark was the CFO of the ASX Westfield Scentre Group Limited from its formation in July 2014 until his retirement in April 2019. Prior to the formation of Scentre Group, Mark was the Deputy CFO of the Westfield Group for 11 years. Mark's executive career includes acting as CFO and an Executive Director and three listed entities in real estate, insurance, and diversified financial services. He has extensive experience in overseeing global and local finance and IT teams. The Board conducted checks on Mark's character, experience, education, criminal record, and bankruptcy history ahead of his appointment and I can confirm that those checks did not reveal any elements of concern.

The Directors considered Mark's skills and experience, in particular his significant finance experience to be a valuable addition to the Board's existing skills and experience. The Board, excluding Mark, recommends shareholders vote in favour of this resolution. James, could you let me know if there are any online questions relevant to this resolution to appoint Mark as a Director?

James Hall: Chairman, there are no questions on this resolution.

Graeme Hunt: Thank you. I will now put the motion to the meeting that Mark Bloom be elected as a Director of the Company. Details of the proxy and direct votes that have been cast on this motion are now shown on the screen. Please place your online votes for this item if you have not already done so.

I now turn the fourth item of business which is the grant of performance rights under the long-term incentive plan in the 2020-2021 financial year to the Managing Director and CEO, Brett Redman. A number of performance rights to be granted to Brett is 124,139 with a 4-year performance period. The number of performance rights that ultimately [vest 112:16] for Brett will depend upon the extent to which the performance conditions have been satisfied over the relevant performance period. Diane has already touched on the rationale for the performance conditions but in summary the plan has three equally weight performance conditions.

The first measure is AGL's total shareholder returns relevant to those of the constituent companies in the S&P/ASX 100 index being AGL's peer group. The second measure is return on equity, which assesses shareholder returns based on underlying profit after tax as a percentage of the capital shareholders have invested. The third measure is the carbon transition measure which is a new metric for FY21. The carbon transition condition has been included having regard to AGL's climate statement and AGL's commitment to reduce its carbon footprint, and to facilitate the transition of AGL's generating fleet responsibly over time. We think it provides the focus for executives to deliver against AGL's commitments in its climate statement. The ASX listing rules require that shareholders approve the granting of performance rights to any director including the managing director.

The Board, excluding Brett, recommends shareholders vote in favour of this resolution. James, could you let me know if there are any online questions relevant to the granting of performance rights under the long-term incentive plan for Brett Redman?

James Hall: Chairman, there are no questions on this item.

Graeme Hunt: Thank you. So I will now put the motion to the meeting to approve the grant of 124,139 performance rights to Brett Redman under AGL's long term incentive plan for the year ending 30 June 2021 on the terms set out in the explanatory notes which accompanied the notice of this meeting. Details of the proxy and direct votes that have been cast on this motion are shown on the screen. Please place your online vote for this item if you have not done so already.

I now turn to the fifth item of business which is the approval of termination benefits to relevant executives. The *Corporations Act* restricts the benefits that can be given without shareholder approval to individuals who hold or held in the previous three years a managerial or executive office on leaving employment with AGL. The AGL Group's policy in relation to termination benefits and entitlements is to treat departing employees fairly, have a regard to applicable laws and market practice, while balancing this with a need to avoid excessive termination pay outs. Approval of shareholders is being sought so that AGL can continue to give effect to this policy while complying with the *Corporations Act*.

The notice of meeting sets out the details of the people for whom approval is being sought, why approval is being sought, and the benefits and entitlements for which approval is being sought. The termination benefits authorisation contained in the 2017 AGM lapses at the end of this meeting. As such, AGL is seeking a further three years approval which would have the effect until the conclusion of the 2023 AGM. The Board recommends shareholders vote in favour of this resolution. James, could you please let me know if there are any online questions relevant to the resolution for approval of the provision of termination benefits to eligible senior executives?

James Hall: There are no questions on this resolution, Chairman.

Graeme Hunt: Thank you. I will now put the motion to the meeting that the termination benefits for eligible senior executives resolution be approved. Details of the proxy and direct votes that have been cast on this motion are shown on the screen. Please place your online vote for this item if you have not already done so.

I will now turn to the sixth item of business, which is the reinsertion of the proportional takeover provisions into AGL's constitution. Clause 12 of AGL's constitution contains proportional takeover provisions that prohibit AGL from registering a transfer of AGL's shares under a proportional takeover bid unless the bid is approved by resolution, issued by shareholders in a general meeting. Under the *Corporations Act* proportional takeover approval provisions must be renewed every three years or they will cease to have effect. The provisions were last approved by shareholders at the 2017 AGM for a period of three years.

If the proposed resolution is approved by shareholders, the proportional takeover provisions will be reinserted into AGL's constitution and will have affect on exactly the same terms until 7 October 2023. A proportional takeover bid is a takeover bid when an offer is made to accept a shareholder of the Company to acquire a specified portion only of that shareholder's shares. Without the proportional takeover approval provisions a proportional takeover bid may result in control of AGL passing without shareholders having the opportunity to dispose of all their AGL shares to the bidder.

This could result in control of AGL passing to the bidder without the payment of an adequate control premium and with shareholders left as a minority interest in AGL. The proportional takeover provisions lessen this risk because they allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed. The Directors considered that it is appropriate for shareholders to have this right. The Board recommends shareholders vote in favour of this resolution. James, could you please let me know if there are any online questions relevant to this resolution to reinsert proportional takeover provisions into AGL's constitution?

James Hall: Thank you, Chairman, there are no questions specific to this resolution. I would just like to make you aware that we have had a number of questions resubmitted or submitted differently in relation to Crib Point and there are three or four in total. I just wanted to make you aware of that.

Graeme Hunt: Thank you. If we just put this resolution first and then we'll deal with that issue. So I now put the motion to the meeting that the reinsertion of proportional takeover provisions into the AGL constitution for a further three years be approved. The resolution is a special resolution which means that it will be passed if at least 75% of the votes casts by shareholders are in favour of the resolution. Details of the proxy and direct votes that have been cast on this motion are shown on the screen. Please place your online vote for this item if you have not already done so.

Thank you. James, with respect to those additional questions that have been raised can you let me know are they similar in content to the issues that have already been ventilated and answered or are they to different topic matter?

James Hall: Chairman, I will provide you a summary of the questions. The first one relates to whether AGL has considered Scope 3 emissions relating to use of gas imported at Crib Point in its analysis of the environmental impact of the project. These questions I should note are all from the same shareholder [Julia Stockhart]. The second question relates to – does the Board acknowledge that if approved the Crib Point proposal would promote the use of gas in electricity production and postpone the uptake of clean sustainable electricity options for decades.

The next two questions both relate to the Mornington Peninsula Shire Council voting to oppose the Crib Point proposal, stating in the strongest possible terms that the project poses unacceptable impacts and associated risks across a range of areas. Also stating that it had fallen short of demonstrating – AGL had fallen short in the eyes of the council of demonstrating any need for the project and that its impacts on the environment could be acceptably managed due to concerns about potential fuel spills with regard to AGL's poor record of environmental management.

Graeme Hunt: Thank you for those questions. I'll attempt to answer them but in the context of supplementing previous answers so as not to extend the meeting longer than necessary. In terms of the position of the Mornington Peninsula Council that is understood and recognised by the Board but I'll just reiterate my previous comment about the fact that the environmental assessment process is the appropriate next step and that will play a large part in determining the future of this project.

With respect to the question of importing gas facilitating or influencing more electricity generation from gas I think I've already addressed that question. This project is focused on making gas available for gas customers. The answer to the first piece around overall emissions there have been submissions made around this issue to the environmental effects process and again that will be considered no doubt in the considerations of government and we will see what happens as that process proceeds.

So thank you James. Does that cover the additional questions?

James Hall: Chairman, that covers all of the outstanding questions that were submitted in relation to Crib Point.

Graeme Hunt: Okay, then I would like to move forward to consider Item 7a and 7b. Item 7a concerns a special resolution proposing to amend AGL's constitution to include a new provision that would enable shareholders by ordinary resolution to express and opinion or request information about the way in which the power of the Company vested in the Board has been or should be exercised. The resolution has been requisitioned under Section 249N of the *Corporations Act* by shareholders representing approximately 0.024% of shares on issue in the Company.

The Board has recommended that shareholders vote against this resolution. Details of reasons are set out on page 16 of the notice of meeting. The Board and the Company are committed to understanding the views of AGL's shareholders and making a genuine effort to respond to concerns which arise. The Company considers that it has a proven track record of listening and responding to shareholder 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.

In addition, the Board is concerned 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. The resolution proposed is a special resolution. This means that it will be passed if at least 75% of the votes cast by shareholders are in favour of the resolution. The Directors unanimously recommend that the shareholders vote against this resolution.

Item 7b is an advisory resolution and will be only considered if Item 7a is passed by special resolution. The Board does not endorse Item 7b and recommends that shareholders vote against it for the reasons set out on pages 16 and 17 of the notice of meeting. Item 7b requests that AGL commit to the earlier closure timetable modelled in Scenario D of the TCFD analysis. As I mentioned earlier, this request is not consistent with the nature and purpose of the TCFD scenario analysis, which is to recognise that the future is uncertain and to model a business's resilience to that uncertainty.

It is not the objective of TCFD scenario analysis nor AGL's policy to commit unilaterally to an outcome of particular scenarios. This is especially the case when moving towards that scenario requires concerted and collaborative efforts across industry, regulators, and society as a whole. For AGL to act unilaterally in making commitments outside of the Group policy settings, which would not only risk disadvantaging AGL's shareholders, but also potentially disadvantaging AGL's workforce and communities around its thermal power stations, relative to the workforce and communities of the industry at large. I will take questions on Item 7 and 7b at the same time. James ,could you please let me know if there are any online questions relevant to the special resolutions to amend AGL's constitution or the resolution regarding coal closure dates?

James Hall: Thank you Chairman, we currently have six questions queued on this item. The first question comes from [Bryn O'Brien] and the question is, AGL published a new scenario analysis in June this year. It shows that AGL would have to close all its coal-fired power stations by approximately 2036 in order to align with the 1.5-degree Celsius pathway. Given that AGL has not announced plans to pursue such a strategy can the Board confirm what temperature increase its existing plans are aligned with.

Graeme Hunt: Thank you for the question. The existing – the scenario analysis considered both the less than degrees and the 1.5 degrees pathways. Scenario D which we've talked about relates to the 1.5 degrees C and the modelling as you have pointed out suggests that under the various assumptions that drive that scenario that in order to comply with 1.5 degrees we would need to close the Loy Yang Station earlier. I think in many ways I've addressed this question. The other scenarios in the TCFD analysis are focused on the less than 2 degrees scenario.

I think the most important thing is for us to focus on the fact that we have said that the backstop economic life, technical life of these plants is 2035 and 2048 respectively, and that the potential for them to close earlier than that will be driven by a whole series of factors which will be assessed by the Company year in year out as we move towards those timeframes. But under any scenario that's currently available coal-fired generation is necessary well into the 2030s. How that might develop over time is something that we as a Company will watch very closely and we will take our own steps towards the decarbonisation targets that we have set ourselves. Thank you, James, can I have the next question.

James Hall: The next question is also from Bryn O'Brien and it reads, AGL has repeatedly told shareholders that it will not extend the lives of its coal-fired power stations beyond their technical lives. Bayswater is scheduled to close in 2035 when it's approximately 50 years old while Loy Yang A is scheduled to remain open until 2048 when its approximately 64 years old. Can the Board explain how Loy Yang A has a technical life of 14 years longer than Bayswater when they were built around the same time? In addition, Miss O'Brien has posted a follow up question, what temperature increase are existing plans aligned with, 2 degrees, 3 degrees?

Graeme Hunt: I think I've answered that question. The TCFD analysis as per the report is very clear what scenarios have been considered and we will continue to review the assumptions in future modelling. The question as regards to the closure of the – the technical lives of both Bayswater and Loy Yang takes into account a whole lot of factors over and above when they were built. The assessment that we have made over a significant period of time has led to the conclusion that the technical life of those plants are as already discussed today. But I would point as I have a number of times now we will continue to review those to determine what if you like is the appropriate economic life of those plants as things unfold over the years going forward but you should consider those closure dates as backstops. Next question please, James.

James Hall: Thank you, Chairman, the next question comes from [Daniel Gaucher]. The question is, Loy Yang A suffered an unplanned outage for 7 months in 2019 contributing to AGL's decline in earnings in FY2020. Over the last couple of years Loy Yang A has had the second highest number of breakdowns in the national electricity market. Can the Board explain how Loy Yang A is expected to remain open for another 28 years and at what cost?

Graeme Hunt: Again I think I've covered this at least in principle with what has been said around all these matters during the meeting. Yes, that plant had a failure of one of the generating units. That has effectively been repaired which would obviously give us confidence of its ability to continue to run a lot longer. The closure date for that plant we've talked about already this morning or perhaps this afternoon now is it, and we will continue to assess that as we move forward? Obviously if the Company and the Board does not have confidence that those plants can run as long as we currently believe they can those decisions will be appropriately reviewed. So that's the view at this point in time.

James Hall: Thank you Chairman, the next question comes from Emma Batchelor. The question is, in AGL's 2016 Carbon Constrained Future Report it showed that under a 2-degree scenario all of Australia's brown coal-fired power stations must close by the mid-2030s. Does the Board believe its existing strategy is aligned with the 2-degree scenario?

Graeme Hunt: Again, I think we've covered this point. Our existing coal-fired power plants will close as previously announced and the current view is that Bayswater will close in 2035 and Loy Yang in 2048. Whether those closure dates come forward will depend on the balance of supply and demand in the market and the continued investment in renewables. So the modelling at the moment would suggest that continued take up of renewables will occur but coal-fired generation will be required well past the middle of 2030s based on current modelling assumptions.

There is little doubt that those assumptions will change with time. What we have committed to is to continue to do the modelling and continue to base our decision making going forward on the best information that is available to us year in year out. What we can't do is act unilaterally when it's very clear that the national electricity market in Australia is going to need generation from these plants for well into the next decade. Next question please James.

James Hall: Thank you, Chairman, this is the final question. This is from Julia Stockhart. Does the enthusiastic uptake of AGL's carbon neutral options as announced in August confirm to the Board the increasing demand for environmentally sustainable products like these? What else is AGL proposing to support customers' transition from dependence on fossil gas?

Graeme Hunt: As per our carbon statement earlier in the year one of our focuses is on continuing to give customers options for carbon neutral products, and we will continue roll those out across all of our product base in the coming year or so. We will continue to transition away from fossil fuels but that is going to take some time and I guess a lot of what we've been talking about this morning is making sure that it is a sustainable transition over time, and AGL will do – recognises its large role in that.

But I think it's also important to recognise that the smoother the transition relies on a whole lot of external factors as well as those decisions that we would make in the boardroom and within management. I'd just remind the meeting that the Company has inserted if you like carbon transition metrics into the long-term incentive plans of management to ensure that shareholder interest in these matters and management focus are well aligned. So thank you James, are there any more questions?

James Hall: There are no further questions, Chairman.

Graeme Hunt: Okay, I will now put to shareholders Item 7a which deals with the proposed constitutional amendment. The motion before the meeting is to amend the constitution to insert a new Clause 32.4 where member resolutions at a general meeting as follows, the members in general meeting may by ordinary resolution express an opinion or request information about the way in which the 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 that would violate any law or relate to any personal claim or grievance.

Such resolution is advisory only and does not bind the Directors or the Company. Details of the proxy and direct votes that have been cast on Item 7a are shown on the screen. Please place your online vote for Item 7a if you have not already done so. Based on the proxy and direct votes received ahead of the meeting it is apparent that Item 7a for the amendment of AGL's constitution will not be passed, therefore Item 7b which is contingent on amending the constitution will not be put to the meeting today. Details of the proxy votes that were received on Item 7b are shown on the screen.

As mentioned earlier, a poll is being taken on the relevant items of business. If you have not already done so, please indicate your votes for the resolutions via the online portal. The summary of the proxy votes I hold as the nominated proxy for shareholders in relation to which resolution are shown on the screen. I advise the meeting that I intend to vote all discretionary votes available to me as Chair of the meeting in favour of the resolutions other than the special resolution proposing an amendment to AGL's constitution at Item 7a.

Ladies and gentlemen, that concludes the formal business for today's meeting. The polls will remain open for another 10 minutes. The results of the poll on each resolution which have been put to the meeting will be provided to the ASX by close of business today and posted on the Company's website. It only remains for me on behalf of the Board to thank you for attending and demonstrating your interest in AGL by being part of this meeting. We look forward to seeing you next year, hopefully in person. I now declare the meeting closed subject to the conclusion of the poll. Thank you.

End of Transcript