



## AGL ENERGY LIMITED

### BOARD CHARTER

#### 1. Purpose

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- 1.1 The Board is responsible for the overall governance of AGL Energy Limited (**AGL**). This Board Charter (**Charter**) sets out the role, responsibilities, structure and processes of the Board of AGL.

#### 2. Role and responsibilities of Board

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- 2.1 The role of the Board is to safeguard AGL's interests, and foster sustainable value creation while taking into account the reasonable interests of shareholders, employees, customers, the communities in which AGL operates and other relevant stakeholders.

The Board is responsible for reviewing and approving AGL's strategic direction and for providing effective oversight of AGL's management. The Board will monitor AGL's compliance with its Constitution, from which it derives its authority to act, and with applicable legal and regulatory requirements.

In addition to matters required by law to be approved by the Board and to matters reserved to the Board in AGL's Constitution, the Board has reserved to itself the following specific responsibilities:

##### **Strategy**

- Reviewing and approving AGL's strategic direction, its business plan and budget and significant strategic initiatives and plans;
- Reviewing and approving performance objectives consistent with AGL's strategy; and
- Monitoring implementation of plans to give effect to AGL's strategy.

##### **Governance and oversight of management**

- The appointment and, if appropriate, removal of the Chief Executive Officer (**CEO**);
- Ratifying the appointment and, if appropriate, removal of the Chief Financial Officer and the Company Secretary;
- Approving succession plans for the CEO and other key management roles;
- Approving performance objectives for the CEO and the Executive Team and monitoring performance against those objectives;
- Approving the CEO's remuneration, AGL's remuneration framework and the remuneration policies and procedures in respect of the Executive Team and other key management roles;
- Approving, directly or through a Committee of the Board (**Committee**), measurable objectives for achieving gender diversity in the composition of the Board, senior executives and AGL's workforce generally, and, at least annually, assessing the appropriateness of the objectives and AGL's progress in achieving the objectives;
- Reviewing and approving material policies of AGL-wide or general application;

- Overseeing AGL's corporate governance framework and approving AGL's annual corporate governance statement;
- Satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board; and
- Providing advice and counsel to management and challenging and holding management to account.

### **Board membership**

Approving, subject to AGL's Constitution:

- changes to the composition, structure and size of the Board;
- the appointment of new Directors;
- selection of the Chairperson;
- the formation and membership of Committees; and
- the remuneration payable to non-executive Directors, including for their membership on Committees.

### **Shareholders**

Approval of:

- reports to Shareholders in accordance with the requirements of the Corporations Act and other relevant law;
- resolutions and accompanying information for consideration at meetings of shareholders;
- significant announcements made by AGL to the Australian Securities Exchange; and
- policies to satisfy AGL's continuous disclosure obligations and overseeing AGL's processes to facilitate AGL's compliance with continuous disclosure obligations.

### **Other stakeholders**

- Approving and monitoring implementation of:
  - policies governing AGL's relationship with key stakeholders including the communities in which AGL operates and AGL's customers; and
  - environmental, employment and work, health and safety policies and compliance with applicable laws.
- Considering the experience and outcomes of AGL's activities on customers and stakeholders, including the way in which AGL gives appropriate consideration to the interests of customers and stakeholders.

### **Culture and ethical and social responsibility**

- Approving AGL's purpose and statement of values to clearly express the standards and behaviours expected of AGL people and assist AGL in meeting its purpose and strategic direction;
- Monitoring AGL's culture, reputation and ethical standards;
- Promoting ethical and responsible decision-making;
- Considering the social, ethical and environmental impact of AGL's activities and overseeing the system for managing compliance with AGL's sustainability policies and practice;

- Approving, maintaining and monitoring compliance with a Code of Conduct to guide Directors and AGL's people in the practices necessary to maintain confidence in AGL's integrity;
- Approving and monitoring compliance with a policy concerning the trading by Directors and AGL's people of shares in AGL or other companies in respect of which Directors and AGL's people might come into possession of information not available to the wider market; and
- Approving and monitoring compliance with AGL's Whistleblower Policy;
- Approving and monitoring compliance with AGL's Anti-Bribery, Corruption and Fraud Policy; and
- Monitoring the effectiveness of the system of accountability for unethical practices.

#### **Oversight of financial, operational and capital management**

- Approving annual and half-yearly financial accounts and reports, including the Director's Report (incorporating the Remuneration Report);
- Overseeing any significant changes in accounting policies;
- Monitoring financial and operating results on an ongoing basis;
- Approving annual operating and capital budgets and any material changes to those budgets;
- Monitoring the effectiveness of AGL's accounting and financial management systems, including the external audit process;
- Approving material capital expenditure, material acquisitions and divestitures and material commitments that are in excess of limits delegated to the CEO by the Board;
- Approving decisions affecting AGL's capital, including capital structure, capital management initiatives and major financing arrangements; and
- Determining dividend policy, the amount, nature and timing of dividends to be paid to Shareholders and declaring dividends payable to Shareholders.

#### **Auditors**

- Making recommendations to Shareholders for the appointment and removal of external Auditors; and
- Selecting and appointing external Auditors on an interim basis if a vacancy occurs in the office of Auditor.

#### **Compliance and risk management**

- Approving, and monitoring the adequacy of, AGL's risk management framework and risk appetite statement.
- Overseeing and monitoring the effectiveness of:
  - AGL's control and accountability systems, including reporting under those systems;
  - AGL's systems for identifying, assessing, monitoring and managing material risk throughout AGL;
  - systems of internal compliance, risk management and control, and systems of legal compliance that govern AGL's operations; and
  - policies, codes and procedures governing compliance, risk oversight and ethical conduct.

### **3. Membership and Directors' Obligations**

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- 3.1 The Directors will determine the Board size and composition, subject to the limits established by AGL's Constitution. The Board may appoint the CEO and any other Executive as a Director. The number of Directors and the composition of the Board must at all times be appropriate to achieve efficient decision-making.
- 3.2 AGL will formally assess the appropriate mix of skills, knowledge, experience, expertise and diversity required on the Board from time to time to enable it to discharge its responsibilities and the extent to which the required skills are represented on the Board (through, among other things, use of a Board Skills Matrix). The Board will also approve succession plans designed to maintain an appropriate balance of skills, knowledge, experience, expertise and diversity on the Board.
- 3.3 Non-executive Directors will be engaged by a letter of appointment setting out the terms and conditions of appointment. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them, whether to address identified gaps in the Board's skills, knowledge or experience, or to more broadly provide the Director with briefings on material developments relevant to AGL.
- 3.4 Directors must retire from office in accordance with AGL's Constitution. Retiring Directors may be eligible for re-election. Before each Annual General Meeting, the Board (excluding the Director standing for re-election) will determine its recommendation to Shareholders on the re-election of the Director. The Board (excluding the Chairperson) will conduct the review of the Chairperson where the Chairperson is standing for re-election.
- 3.5 The Board will assess, at least annually, the independence of each Director and include this information in the annual report. A Director is considered by AGL to be independent if the Director is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of AGL. When assessing the independent status of a Director, the Board considers the relationships potentially affecting the independent status of a Director as described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations. The Board may determine that a Director is independent notwithstanding the existence of such a relationship, however, the Board will state the reasons for making its determination in this circumstance.
- 3.6 Directors must at all times act in accordance with legal and statutory requirements, and properly discharge all their duties as directors.
- 3.7 Directors are expected to avoid any action, position or interest that would conflict with an interest of AGL, or gives the appearance of a conflict. A Director that has a material personal interest in a matter that relates to the affairs of AGL must give the other Directors notice of such interest. The Company Secretary will maintain a register of dealings in securities and declarations of interest by Directors and report them to the Board as necessary.

### **4. Roles and responsibilities of Chairperson, CEO and Company Secretary**

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- 4.1 The Chairperson is an independent and non-executive Director appointed by the Board.

The Chairperson is responsible for:

- leading the Board in reviewing and discussing Board matters;
- chairing Board meetings and shareholder meetings;
- managing the efficient organisation and conduct of the Board's function;
- briefing all Directors in relation to issues arising at Board meetings;

- facilitating effective contribution by all Directors and monitoring Board performance;
  - promoting constructive relations between Board members and between the Board and management;
  - reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board;
  - overseeing the implementation of policies and procedures to renew the composition of the Board;
  - maintaining appropriate liaison with major shareholders, shareholder representative groups and shareholder advisory firms and reporting their views back to the Board; and
  - maintaining a regular dialogue with the CEO and being the principal communication channel between the Board and management.
- 4.2 The Board has delegated to the CEO the authority to manage AGL's day to day affairs and the authority to control AGL's affairs in relation to all matters other than those responsibilities reserved by the Board to itself, including in this Charter. The CEO has authority to sub-delegate to the Executive Team. Specific limits on the authority delegated to the CEO are set out in the Delegations of Authority Policy approved by the Board.
- 4.3 The CEO leads AGL's Executive Team and is accountable to the Board for AGL's overall management and performance. The CEO manages AGL in accordance with the strategic plans, business plans and policies approved by the Board.
- 4.3 The Company Secretary acts as secretary of the Board, attending all meetings of the Board as required. The Company Secretary is accountable to the Board through the Chairperson on all corporate governance matters and all matters to do with the proper functioning of the Board.
- 4.4 The Company Secretary is responsible for:
- organising Board meetings and Director attendance;
  - monitoring compliance with Board policies and procedures;
  - coordinating the completion and dispatch of the Board agenda and briefing materials;
  - preparing minutes of meetings and resolutions of the Board and taking these to the Chairperson for approval and circulation;
  - circulating minutes from Committee meetings to the Board;
  - organising and facilitating the induction and professional development of Directors;
  - being a point of reference for dealings between the Board and management; and
  - AGL's compliance with its requirements under the Corporations Act and notices to be lodged with the Australian Securities and Investments Commission and the Australian Securities Exchange.

## **5. Board Committees**

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- 5.1 Under AGL's Constitution, the Board may delegate any of its responsibilities or functions, other than those which by law must be dealt with by the Board, to a Committee or Committees. Standing Committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the Committee.

There are currently four standing Committees:

- the Audit & Risk Management Committee;
- the People & Performance Committee;

- the Safety, Customer & Corporate Responsibility Committee; and
- the Nominations Committee.

The Board may establish other Committees from time to time to consider other matters of special importance.

- 5.2 Each Committee shall be comprised of non-executive Directors appointed by the Board based on skills and experience relevant to the needs of each Committee, and on the workload capacity of individual Directors.
- 5.3 Each Committee shall report to the Board on the manner in which it is discharging its functions and responsibilities. Minutes of Committee meetings shall be prepared and circulated to all Directors.
- 5.4 All non-executive Directors are entitled to attend Committee meetings and to receive Committee papers.

## **6. Board processes**

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- 6.1 All Board meetings will be conducted in accordance with AGL's Constitution and the Corporations Act. The Board will meet formally at least eight times per annum and will also meet whenever necessary to deal with urgent matters which might arise between scheduled meetings. Part of each scheduled meeting may be set aside to allow the Directors to meet in private session (with only the non-executive Directors present).
- 6.2 Directors have a duty to question and to raise any issues of concern to them. At Board meetings, matters are to be debated openly and constructively amongst the Directors.
- 6.3 Directors are committed to collective decision making and shall endeavour to arrive at a consensus decision on all matters requiring Board approval. Where a consensus decision is unable to be made, the decision of the Board shall be determined by a majority of votes of the Directors present at the meeting and voting. Subject to the Corporations Act, each Director has one vote. Subject to the ASX Listing Rules and AGL's Constitution, in the case of an equality of votes, the Chairperson of a Directors' meeting has a casting vote in addition to his or her deliberative vote.
- 6.4 Directors must keep Board discussions and resolutions confidential, except where they are required by law to be disclosed.
- 6.5 Directors are expected to attend, to be adequately prepared for, and to participate in each Board meeting.
- 6.6 Members of management may attend Board meetings at the Board's request to provide information within their areas of responsibility. The Board may invite external advisers to attend Board meetings where necessary or desirable.
- 6.7 The Board may conduct meetings by telephone, videoconference or any other form of technology that allows Directors to participate.
- 6.8 The Board collectively, and each Director individually, has the right to seek independent professional advice at AGL's expense to help them carry out their responsibilities.
- 6.9 All Directors shall have unfettered access to any AGL records and information they consider necessary to fulfil their responsibilities. Directors shall also have access to the Company Secretary and other members of the Executive Team to seek additional information concerning AGL's business. Directors shall receive regular detailed financial and operational reports and may request management to provide elaboration or explanation of those reports at any time.

6.10 The Board will undertake a formal process to review its performance and that of its Committees on an annual basis.

## **7. Review and publication of Charter**

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7.1 The Board is responsible for reviewing this Charter every two years. The Charter may be amended by resolution of the Board.

7.2 The Charter is available on AGL's website.

**Approved by the Board - June 2020**