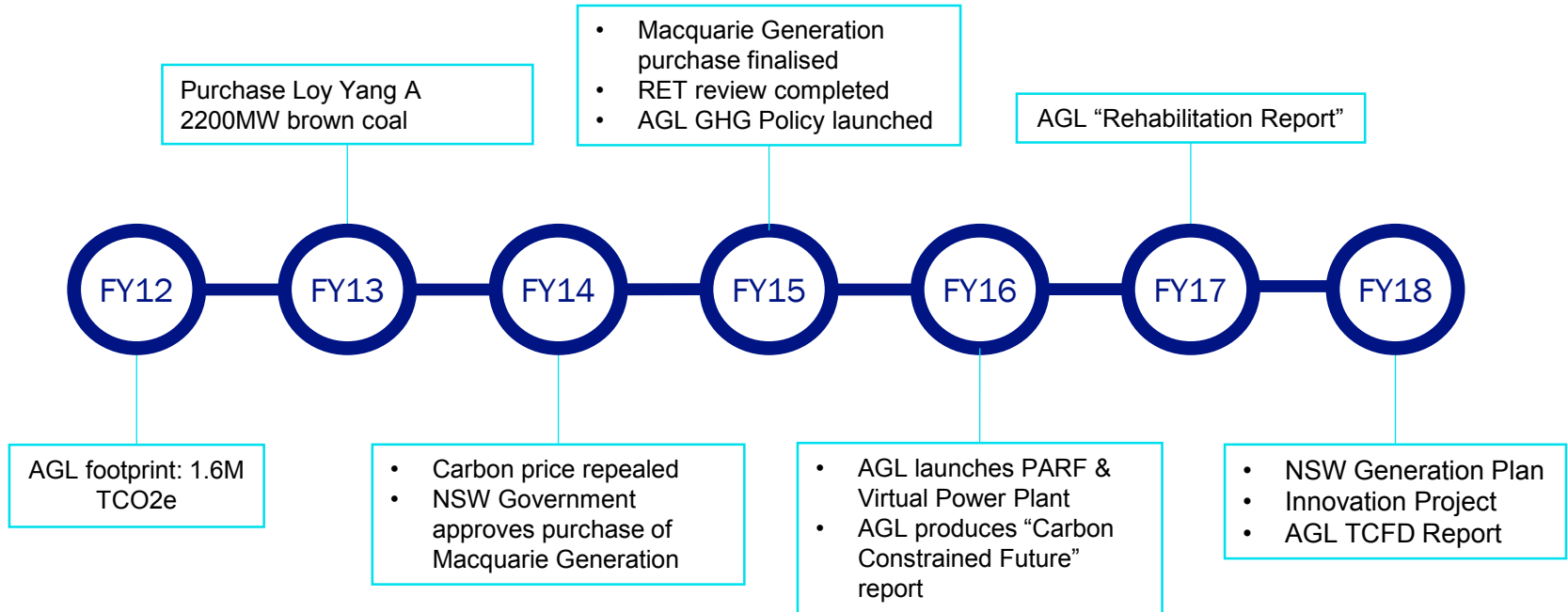




# Powering a Climate Resilient Economy

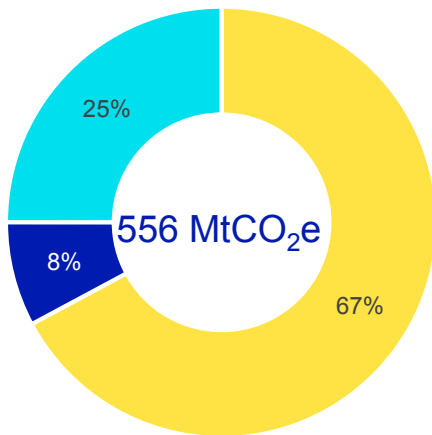
AGL's approach to  
climate-related financial risk

# AGL: A Brief History



# Why is TCFD important to AGL?

## Largest emitter in Australia – FY2018



- Non electricity sector emissions - Australia
- AGL Energy
- Electricity Generation Sector (excl. AGL Energy)

AGL believes that the TCFD framework enables market participants to disclose clear, comparable, and consistent information about the risks and opportunities climate change poses.

This will assist AGL's investors, lenders, insurers, and other stakeholders to understand better how AGL is managing this issue.

# 1: Leverage what you're already doing!

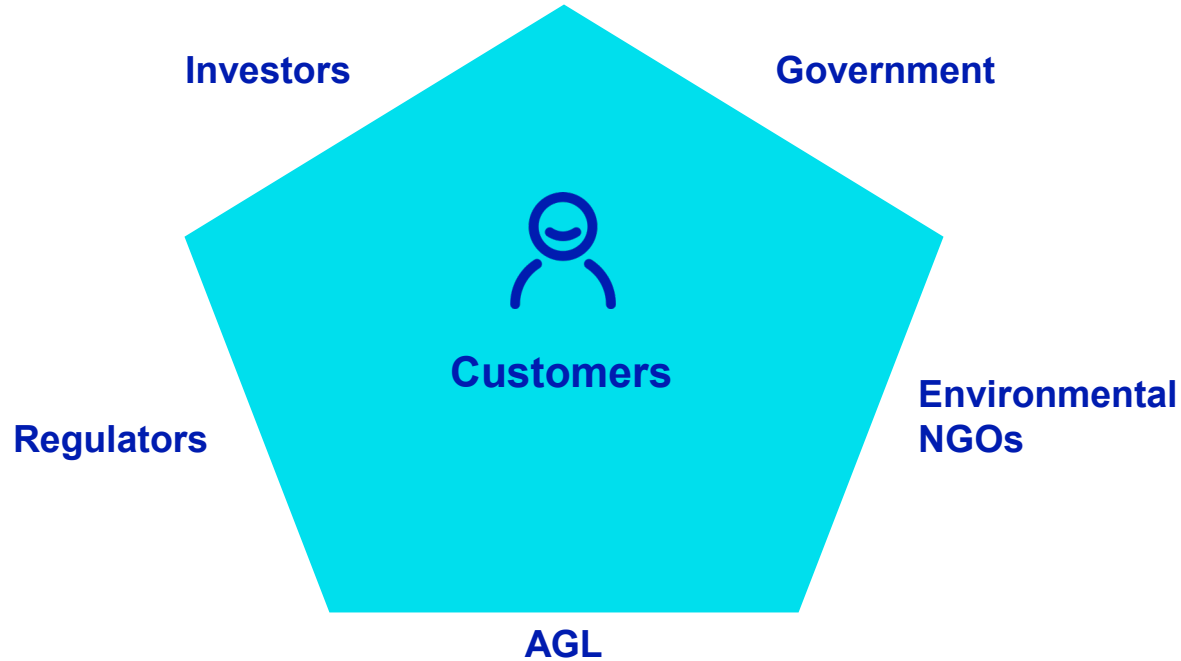
# AGL's climate related reporting prior to TCFD



- Annual Report
  - Risk framework / material risk discussions
  - High level climate change strategy
- Annual Sustainability Report
  - Climate change strategy and policy detail
  - Emissions footprints
  - Historical data
- CDP
  - Framework of climate risk reporting
  - Additional metrics and targets
- NGER
  - Framework for emissions data in a robust manner
- Carbon Constrained Future Report
  - AGL's 2015 report on climate change future including scenario analysis
- Rehabilitation Report
- Other add hoc reporting
  - Investor queries
  - DJSI
  - ABS surveys

2: Ask your stakeholders what they want; remember what the business needs.

# Considering Stakeholders



# 3: Don't let perfect get in the way of good.



# What's in the report?

**AGL's strategy on climate change.** Outlining AGL's views on Australia's energy market transformation and the ways in which AGL is positioned to ensure the company's long-term sustainability. This section also elaborates AGL's approach to scenario analysis.

**AGL's approach to corporate governance over climate-related financial risk,** including Board, Committee, and management oversight.

**Material risks and opportunities to AGL's business.** While AGL anticipates some financial implications from the physical risks associated with climate change, it is the transitional risks associated with Australia's energy market transformation and transition to a low-carbon economy that present the most material risks to AGL's business.

**AGL's key metrics and targets on climate change** including its greenhouse gas footprints, thermal generational closure program, and emissions intensity target.

# Key takeaways from the Report

- AGL acknowledges and accepts the scientific consensus on climate change and notes that to stay within concentrations consistent with 2 degrees of warming or less, a complete decarbonisation of the electricity generation sector is likely required by 2050.
- As a step along the path of decarbonization AGL acknowledges the need for goals, and has set itself the target to reduce its emissions intensity by 10% by 2024.
- AGL understands that physical risks could manifest in climatic disruption, including the potential for increased frequency and severity of extreme weather events resulting in operational disruption, rising temperatures impacting upon electricity demand patterns and resulting in peakier electricity demand, and precipitation changes impacting upon the efficacy of hydro generation assets.
- AGL is exposed to transitional risks which include the optimisation of AGL's assets as the National Electricity Market shifts away from thermal power generation towards a greater penetration of renewable energy sources at the industry scale and distributed energy resources with customers.
- AGL's strategy, supported by its transition plans and robust approach to carbon risk management, demonstrate our resilience in the face of this risk. These risks are managed through AGL's standard risk management process overseen by both management and the board.
- AGL's key climate risk mitigation strategy is our GHG Policy. Our scenario analysis indicates that our GHG policy is consistent with moving towards 2 degrees of warming or less.



What next for AGL?

<https://www.2018sustainabilityreport.agl.com.au/>



## Theo Comino

Manager Greenhouse &  
Sustainability



[agl.com.au](http://agl.com.au)



131 245



Download  
the app



[agl.com.au/  
community](http://agl.com.au/community)



[facebook.com/  
aglenergy](https://facebook.com/aglenergy)



[twitter.com/  
@aglenergy](https://twitter.com/aglenergy)



[youtube.com/  
aglenergy](https://youtube.com/aglenergy)