

AGL Energy Limited Annual General Meeting Transcript (Q and A only)

Wednesday, 25 September 2024

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PATRICIA MCKENZIE:

We'll now open questions for the floor first. If anyone holding a yellow or blue card has a question, please raise your hand and a microphone will be brought to you.

DON WALKER:

My name is Don Walker. I'm a Shareholder. I notice you're going to have unfranked dividends. Please tell me how much would it cost a company to have a fully franked dividend? Why I ask that - I do my own tax return, I've been doing it for years - you have a franked dividend, an unfranked dividend. The unfranked dividend still gets added on to your income tax. How much would it cost AGL to make it a fully franked dividend? Thank you.

PATRICIA MCKENZIE:

Thanks for your question, Mr Walker. We are considering a partially franked dividend for FY25. The amount of the franking depends entirely on the amount of tax payable and what is then available for a franked dividend for our Shareholders. And so we will make that decision when we have received the results for the year.

PETER AIRD:

Good morning. Peter Aird from the Australian Shareholders' Association. Today, I've got proxies for 321 Shareholders and representing 1.1 million shares. The ASA would like to extend thanks to the Chair for her very effective leadership of the Board during the period of significant difficulty and uncertainty in 2023. With regard to future performance - and I note that you forecast an impact of between \$530 and \$730 million - how do you see the ability of the Company to continue to achieve returns that have been achieved in the last year?

PATRICIA MCKENZIE: Well, thank you, Mr Aird. Thank you very much for your kind comments. In relation to the organisation, we've demonstrated over the last year our ability to increase our performance and our returns for our Shareholders. We have a very strong

strategy moving forward. It's well understood in the marketplace. And we are focusing now on delivery of that strategy, now that we have in place the optionality in relation to our development pipeline, and we are working in relation to the Retail Transformation Program and increasing those efforts for electrification for our customers. We believe that the implementation of our strategy, supported by our very strong capital management, will allow us to continue to provide appropriate returns to our Shareholders in the coming years.

PETER AIRD: I just wondered what the effect of the increasing delays in the rollout of renewable infrastructure would be on AGL's plans to decommission its two major coal-fired stations?

PATRICIA MCKENZIE: We committed to the closure dates for our coal-fired power stations in our CTAP in 2022. We remain committed to close those coal-fired power stations at that time. It's certainly a challenging time for the transition and there are many delays that we need to overcome, but this will require a concerted effort between government, regulators, the energy industry, and the community, and that concerted effort is one that we continue to advocate. We are quite confident that we are on target to meet our 5-gigawatt and 12-gigawatt ambitions and to retire our coal-fired generation at the times at which we have announced.

JANE CARNEGIE: Thank you. Thank you to the Board. My name is Jane Carnegie. I'm the President of Save Westernport. Some of you may remember our organisation from the failed attempt by AGL to have a gas import terminal in Western Port Bay. But I'm here today to say I also note and support the speeches by the Chair and the CEO, and the material in your Annual General Report in terms of the transformation of this Company. And I congratulate you in regard to those commitments.

Your two primary strategic objectives, as you have pointed out today, are for a sustainable future for your customers and transitioning your energy portfolio, and you have outlined how you are currently doing that. I also note that you have made a commitment to close Loy Yang A in 2035, that you have informed AEMO of that decision, and that you will repurpose Loy Yang A as a carbon energy hub focusing on renewable energy. But also in your Annual General Report, I note that you will continue to explore other redevelopment opportunities for Loy Yang A, including the hydrogen energy supply chain project, which is a current project of AGL. In light of your commitments under climate disclosure, can the CEO and the Board categorically confirm to Shareholders the following: Has AGL entered a current contract to supply coal for the commercial demonstration phase of HESC up until 2030? Or are there negotiations under way for such a contract? And, if yes, have you notified Shareholders of

this particular project? And do you think that is a project which is in line with your other commitments, given that, at full commercial production, this would involve digging up a quarter of a million tonnes of coal from Loy Yang A every year, and that this is the most emissions-intensive form of hydrogen possible and is not in line with the new National Strategy of the Federal Government? Thank you.

PATRICIA MCKENZIE:

Thank you very much for your question, Ms Carnegie. I'm going to hand this over to Damien to give you an update on those projects.

DAMIEN NICKS:

Thank you, Ms Carnegie, and thank you for your comments. Clearly, as part of our strategy, as you said, we are here to, you know, transform this organisation, which we're well and truly under way. We ran a pilot, which as the HESC pilot, as you're probably well aware. That pilot has now finished. We did supply coal into that pilot. That pilot is being run by a Japanese organisation. We continue to work with them but at this point there's been no further arrangements in place.

PATRICIA MCKENZIE:

Thank you, Damien.

THOMAS VIITA:

Good morning. My name is Thomas Viita. I'm here representing ACCR. Over here. I have a question about AGL's role in improving the long-term policy settings that are needed to drive the energy transition across the whole of the NEM. I think we can all agree that current policies are not gonna get us where we need to be. And I note in the Chair's opening remarks, the importance of a coordinated effort. I'd like to probe a little bit further into that, if I may. And to set that in context, I just draw the Board's attention to a new paper about corporate sustainability, which was published just last week in the University of Cambridge, authored by Lindsay Hooper and Paul Gilding, which calls for a step-change in the approach to corporate sustainability because of the failure to keep pace with the climate and nature crises. And the paper states, "Business resources should be focused on shifting whole markets and sectors so that business can profit from the transition. Accordingly, the leadership agenda for business must go beyond setting targets and making commitments for an individual company change, and instead focus on a whole-of-economy transition, with a strategy to compete and win within that transition."

This statement seems highly relevant to AGL, since the successful transition of our company

and the successful transition of the National Electricity Market are so completely intertwined. So, there's a sort of two-part question here. Firstly, how is AGL leading from the front and using its influence to advocate for a swift and credible whole-of-NEM transition? And, secondly, where does the company see the biggest opportunities for policy enhancement in the NEM? Thank you.

PATRICIA MCKENZIE:

Thank you very much for that question. I think one of the things I'm most proud of in AGL's last couple of years has been the resumption of a leadership position, particularly in relation to policy. We interact and work strongly with governments, with regulators, within the industry, to advocate what we consider to be the best policies to ensure that we can meet the transition needs, and to ensure that our customers - and also our Shareholders - are considered appropriately in whatever policy governments adopt. We are leading from the front. We have, as we just discussed today, put in place a very significant development pipeline, which will allow us to meet the needs of our customers. We need to have 12 gigawatts of renewable energy and firming assets available by 2035 - we're on track to do that. And we believe that, in showing the way forward, in doing that, we are assisting in leading. We are putting in place, in particular, firming assets, which we believe will underpin the renewable transition, allow that, enable it to occur. And we will continue to move down that route. Thank you.

TRACEY ANTON:

My name is Tracey Anton and I'm a member of Friends of Latrobe Water, and one of the stakeholders in the coal rehabilitation. I'm also on the Community Reference Group with Loy Yang, have excellent relations with them, so I really do commend their transparency and openness to deal with us.

Now, in 2021, Australia ratified the Minamata Convention on Mercury, and that's the international treaty to protect human health and environment from toxic pollution of mercury. So, this does have implications for any new infrastructure using coal, 'cause there will be extra cost burdens on capturing mercury, and as well as that, disposing of. Now, substances like mercury are significant, accumulative, and irreversible effects on the environment and human health. According to your ESG Data report, AGL's Loy Yang A operations in Latrobe Valley released 242kg of mercury to the air in 2024 financial year, which, although less than the year before, I suspect - given the extra energy used in, you know, 2024 - it will be greater again next year. So, the Loy Yang A do not have any mercury-capturing technology for pollution-control devices. Now, with social responsibility in mind, will the Board consider installing mercury-capture technologies to their coal-generating plants, given that we still

have a significant time ahead? And potentially, with the new data, the energy-intensive data centres, there's talk of extending the life of coal in Latrobe Valley. And so this is a dispersion of mercury emissions to the air we breathe and the water we drink, when it deposits to land. As a follow-up, has any modelling been carried out on the cost of post-closure clean-up of mercury versus the cost of reducing mercury emissions at a time of discharge? And I ask that question because we never know where the environmental regulations and obligations are going to go with that ratification of the Minamata Convention. Thank you.

PATRICIA MCKENZIE:

First, let me address your statement there that we may continue to operate our coal-fired generation beyond 2035. We are committed to the closure of Loy Yang A by 2035. And we, at this point, are looking to ensure that we have in place sufficient renewables and firming capacity to be able to replace that coal-fired generation at that time. Now, in relation to mercury emissions, I think that's an operational question and I'll ask Damien to address it.

DAMIEN NICKS:

Thank you, Chair. And thanks for the question. So, we're always, constantly looking at ways we can reduce our emissions more broadly from our power stations, not just in Loy Yang but also up in the Hunter Valley as well. We'll continue to look at technologies available to us. When we think about broader rehabilitation, we have a broad rehabilitation plan for the whole of the station and the site. So, anything we can do to reduce the rehabilitation costs now for the future is also beneficial for us, so we'll continue to look at those technologies on a basis of both emissions that they create, the economics of what it costs to deliver that, and also the ability for the power stations to take on that new technology as well. Not all power stations - Loy Yang is 40 years of age as of a couple of weeks ago - so we also need to look at the age of power stations as to what technologies you can apply to them.

MICHAEL STEINDEL:

Thank you. My name is Michael Steindel. I'm here as a proxy for my wife, Kay Winigal. First of all, thank you for your efforts, as a private investor, towards the global economic and climate crisis. To that end, very much welcome you, Mr George. I can only ask that you go harder and faster along the lines of this gentleman over here. Sorry. I do have a question. In spite of the massive investment over many years in carbon capture and storage, it has failed as an emissions reduction technology. Research from The Australia Institute shows that carbon capture and storage projects in operation across the entire planet is equal to the emissions from just three power stations in Australia. Our companies Loy Yang A, B, and Yallourn. Given this global track record of CCS failure, does management rule out

engagement with the Carbon Net CCS Project? Thank you.

PATRICIA MCKENZIE:

I think that's a question for management, so I will ask Damien to respond.

DAMIEN NICKS:

Thank you. Thanks, Chair. And again, look, I think the key here is for us to continue to deliver on the development and the transition of our portfolio as quickly as we can, as you've also articulated. Carbon capture continues to be a challenge from an economics point of view and a technology point of view. Again, it gets to also the age of the power stations as to what technology is available to be able to put onto those power stations as well. So, again, for us, our focus is all about how we transition our portfolio, how we have the optionality around our portfolio to build the assets. And as the Chair also talked to, that was a big basis behind why we did the acquisition of Firm Power, to give us more optionality around batteries, to also assist with more renewables coming into the market. So, it's a broad plan, it's something that we are working on broadly, picking up on the rest of the sectoral plans that are also needed across the economy, that is also very important as well. The energy market is doing a lot of the heavy lifting here, so we also need some of the other sectoral plans across the economy to help us through this process. Thank you.

LINDA PICKERING:

Linda Pickering, Save Westernport. As you've previously mentioned that you're still talking about the HESC project with the partners, I'm just curious about that answer that you've just given, because the HESC project can't go ahead without carbon capture and storage. And you're still continuing a relationship with them.

DAMIEN NICKS:

So, again, this project is being run by a Japanese consortium. We ran a pilot with them, as we talked to previously. We'll continue to assess that project, and that project will ultimately be run by the Japanese company. It would require us to have coal into that project but it would also require to have the appropriate carbon capture in that project as well.

LINDA PICKERING:

So, you would be prepared to sell our coal to a project that couldn't guarantee it could capture it?

DAMIEN NICKS:

No, that individual would require its own planning approvals by the Japanese into the Victorian Government. We would be a body providing both... If it was to proceed. Again, that is a project that doesn't sit with us directly. It sits indirectly with us. So, it would need to meet all of the environmental approvals processes.

LINDA PICKERING:

But strategically, you've announced that you're transitioning away from fossil fuels, although you still keep mentioning gas quietly, how does the HESC project, where you supply coal, meet with your goals as a sustainable company?

DAMIEN NICKS:

As I said, this was a project run by another body.

LINDA PICKERING:

I understand that. It progressed past the pilot and you said you're in a relationship?

DAMIEN NICKS:

Just picking up on your comments on why we talk to gas as well, gas is there to help firm renewables, so we can get more renewables into the market, to ensure that we can bring them on as quickly as we can. And such that in the event there is no wind or solar, we have backup into the market. I think that's really important. But also importantly, gas, a peaker, will run at 5-10% of the time as opposed to running thermal power stations, which run all the time. So, I think it is a mechanism to help bring in renewables into this market.

LINDA PICKERING:

Fair enough. Could you put your foot on the pedal and do it a bit faster? (LAUGHTER)

DAMIEN NICKS:

And thank you. We are going, and the Board is pushing as hard as we can to go as quickly as we can in this manner.

THOMAS VIITA:

Hi there. It's Thomas Viita from ACCR again. Just building on that question, in the 2024 Annual Report, you state, "We anticipate that we will build on the ambitions of our 2022 CTAP in our next CTAP," which we are eagerly looking forward to next year. I'd like to ask about the 12-gigawatt ambition and whether that will increase. So, AGL's approximately 6.3 gigawatts would comprise wind and solar generation. ACCR estimates that, in order to

replace the generation output of Liddell, Bayswater and Loy Yang A, this generation target would need to be around 16 gigawatts rather than 6.3. So, how is the Board thinking about making a material increase in the generation target for the next CTAP?

PATRICIA MCKENZIE:

So, as you correctly mentioned, we will be presenting a new CTAP to Shareholders at the 2025 Annual General Meeting. We're currently considering a variety of possible options in relation to that CTAP and we will explore what is possible and what is needed, we will consult with stakeholders as we develop that plan, and we will put that plan back to our Shareholders for approval. So, I can't, at this point, determine exactly where that ambition might lie, but obviously we need to be sure that we can deliver against any such ambitions. So, we carefully consider the various scenarios and, as I said, we'll consult and we'll present it at the next AGM. OK, that seems to end the questions from the floor. James, could you please let me know if there are any online written or verbal questions relevant to this item?

JAMES:

Yes, Chair. We have six questions online and there are no questions on the phone. The first question online comes from Mr Malcolm McKelvie and Mrs Janine McKelvie. "I'm pleased to be a part-owner of this iconic company. I would feel even better and proud if AGL was moving with urgency to transition from using brown coal in the Latrobe Valley to be a leader in renewable generation and storage to protect the health of our local community. As a medical professional working in Gippsland, I'm very aware of the health impacts the power industry has had, and continues to have, on the community, from the mine fire, asbestos-related disease, air pollution effects on asthma, heart attacks and strokes, low birth weights and more, as well as the mental health impacts that flow from this period of uncertainty of employment. Why is AGL still planning on using brown coal for many years to come, when safer alternatives are evident around us - solar, wind and energy storage?"

PATRICIA MCKENZIE:

Thank you, Mr and Mrs McKelvie. AGL has committed to transition our energy portfolio. It is one of the key strategies that we have adopted, and we are always seeking opportunities to move as quickly as we can in relation to doing that. However, it is necessary in the current circumstances to continue to use our coal-fired generators in order to ensure the reliability and sustainability of the system - the security, I should say, of the system, and affordability to our customers. And we will continue to do that as we build out, together with the energy industry and with the government, the necessary renewable platform to be able to replace coal. In the meantime, we ensure that we meet - as a minimum - all of our licence and

environmental conditions to try and ensure the health and safety of our employees and our local communities.

JAMES:

The next question comes from Ms Julianne Mills. "Congratulations on your decarbonisation progress, along with significant improvement in financial and operational results. How do you think Australia as a whole is progressing with its decarbonisation plans? What can be done to improve the progress for Australia and AGL? Does the discussion around nuclear have any benefit or distract from the focus, current plan and funding going forward?"

PATRICIA MCKENZIE:

We're at a crucial point in the transition in Australia, away from our fossil fuels, and it will require - as I said earlier - a concerted effort of the energy industry, together with government and regulators and the community, for us to be able to achieve our ambition of net zero by 2025. AGL, as the owner of two of the sites that have been suggested as possible sites for nuclear transmitters moving forward, we are currently ensuring that we can transform those sites into energy hubs, by entering into contracts in respect to those, we've commenced the building of the 500-megawatt battery at Liddell, and we don't have nuclear as part of that plan moving forward. We consider that there's no regulatory time frame for the introduction of nuclear, and the cost and the time delays involved in nuclear assets are such that we simply cannot wait. We need to move ahead with the renewable program that we've outlined to you today, and we will do that.

JAMES:

The next question comes from Mr Chin Li. "Why is AGL paying a dividend when it has an accumulated loss?"

PATRICIA MCKENZIE:

AGL is paying a dividend as determined by the Board based on the results for the year. It complies with our dividend policy as we announced it, being a 50-75% policy for the dividend payment. We consider that dividend each year, when we have the results in front of us, and we ensure that we have sufficient funds to make that payment.

JAMES:

The next three questions are from Mr Stephen Mayne. The first is, "Australia is currently in the midst of an unprecedented deluge of takeovers that has contributed to listed entities on the ASX falling by 7% since June 2022 to a 10-year low, including 19 straight months of

declines. There have already been 24 major takeovers above \$200 million approved by Shareholders so far this calendar year, with another dozen deals announced and in the works. The ASX is losing long-standing names, such as CSR, Boral, Blackmores, "Alumina", Coca-Cola Amatil, the Airport, OZ Minerals, Crown Mining and AusNet, which have all disappeared over the past three years. Origin Energy only just survived a takeover bid last year. There is a clear mispricing between public markets and private markets. Why are public markets not valuing ASX-listed companies like ours more highly, and what are we doing to avoid being gobbled up like so many other companies? Does the Chair agree this is a problem for the nation, particularly with so few new floats on the ASX ranks?"

PATRICIA MCKENZIE:

Well, obviously, every company on the ASX, if presented with a takeover offer, must consider the best interests of the company and its shareholders, and it is for each board to make that determination. In respect to AGL, in the question as to whether we're being adequately valued, we believe that the strategy that AGL has outlined is now well understood and well accepted in the marketplace, and we're starting to see greater value attributed to such things as the flexibility of our assets, the value which can be added by our batteries, particularly based on the Torrens Island Battery contribution over the last nine months, and on our customer book, where we've sometimes failed to gain traction in the marketplace as to the value, but it's now starting to be seen as a very valuable asset for this organisation. We believe that those factors will continue to flow through into the valuation that the market places on AGL, and we will continue to deliver on our strategy to ensure that it is understood and it is properly valued in the marketplace.

JAMES:

The next question from Mr Mayne. "Did any of the five main proxy advisers, AXI, Ownership Matters, Glass Lewis, ISS and the ASA, recommend a vote against any of today's resolutions, including the Remuneration Report? If so, what reasons did they give? Also, why are you holding back proxy disclosure? Best practice is now to disclose the proxy position to the ASX, along with the formal addresses, to offer more timely disclosure to the market. The likes of Origin Energy, NAB, carsales, Viva Energy, Webjet, Xero, Myer, Brambles and JB Hi-Fi all do this. Will you adopt this practice at next year's AGM?"

PATRICIA MCKENZIE:

I'm pleased to advise that all proxy advisers supported all resolutions that have been put before today's AGM. In relation to the disclosure of proxy, we believe that discussion at the AGM is best carried out in the absence of influence from knowing what the proxy votes have

come in prior to the meeting, so that a full and open discussion can be held. And so, given that there is no legal obligation to disclose proxies, we will continue to advise the overall vote to the ASX, as we have to date.

JAMES:

The final question from Mr Mayne and the final question for this section: "When disclosing the outcome of voting on all resolutions today, including the re-elections of Directors like Graham Cockroft, could you please advise the ASX how many Shareholders voted for and against each item, similar to what happens with a scheme of arrangement? This will provide a better gauge of retail Shareholder sentiment on all resolutions and was a voluntary disclosure initiative adopted by Metcash, Webjet, Tabcorp, Myer, ASX and Qantas over the past three years. This is particularly important for AGL, given that we have around 150,000 retail Shareholders, which leads to an overall turnout of less than 50% of issued capital when it comes to voting at AGMs. Such poor turnout effectively doubles the voting power of bigger Shareholders, such as Mike Cannon-Brookes, who owned only 11% of the company but had around 22% of the votes at the 2022 AGM, when all four of his candidates were elected to the Board, despite the Directors recommending against three of them. There is a crisis when it comes to low retail Shareholder participation at AGMs, and we'll better understand this if you tell us how many Shareholders voted today. Was it even 2% or 3,000 of our 150,000 Shareholders? You've got the data, so why not let the sun shine in by embracing a scheme like disclosure?"

PATRICIA MCKENZIE:

Similarly to the last answer I've given, there is no legal obligation to disclose the number of Shareholders voting. And we have chosen to date, and continue to do so as a Board, to only disclose the outcomes of the resolutions. Thank you.

PATRICIA MCKENZIE:

Now let's turn to questions on Item 2 - thank you, Graham - and the 2024 Remuneration Report. We'll start with questions from Shareholders and proxies in the room today. Please raise your hand if you have a question and a microphone will be brought to you.

PETER AIRD:

Good morning. Peter Aird - I volunteer with the Australian Shareholders' Association. I would like to compliment you on the clarity of your Remuneration Report, but I'm a little disappointed that you did not include a simple table of actual executives' remuneration for 2023 and 2024. I note you tabulated the outcome of payments, but Shareholders appreciate

the clarity of a single table, with all payments identified, especially compared to the somewhat confusing statutory table. Would you clarify the reason for this omission and indicate whether you intend to include it in future reports?

GRAHAM COCKROFT:

Thank you very much for the question. What you can see in the Remuneration Report is the statutory reporting that we are clearly obliged to provide. We are giving consideration to adding to this report the table that you're describing. We'll consider that over the next six months at the Board.

HEATHER:

Hello. My name is Heather. I'm just an ordinary person off the street. I inherited these shares, so this is all - well, it's sort of new to me. I'm not overly happy with the share price, as I was just looking at it a few minutes ago, it was about \$11.88. Four years ago, it was nearly double that. It doesn't seem to be moving all that much, so that's one of the reasons I'm not overly happy. And considering when my father bought the shares, it was doing quite well at the time. So, I tried to read in the Remuneration Report about how your long incentive programs and everything are worked out on. I'm afraid I got lost. It was just...eugh! So, my question is, is the share price part of the way you calculate whether you get paid extra or not?

GRAHAM COCKROFT:

It is, yes. So, the Long-Term Incentive Plan has a weighting of 70% on total Shareholder return, or relative total Shareholder return. And 30% on the carbon transition metrics. That 70%, the total Shareholder return over a 4-year period - so from 1 July, say, 2024 until the end of June 2027 - 2028? (LAUGHTER) That 4-year period will measure the performance of the share, so the opening price, the closing price, and what dividends are paid during that time, as the total Shareholder return, the absolute total Shareholder return. We then compare that against the absolute total shareholder return of every other company in the ASX 100, and then we see where do we sit relative to everybody else? And that becomes the relative total Shareholder return. So, the executive are only remunerated if the outcome of that process leaves AGL sitting in the top 50% of relative total shareholder return across the ASX 100.

HEATHER:

So, total shareholder return includes the share price?

GRAHAM COCKROFT:

Correct.

HEATHER:

Right. So, don't you think it stinks? (LAUGHTER)

GRAHAM COCKROFT:

So, I think...

HEATHER:

I said four years ago it was nearly double the price.

GRAHAM COCKROFT:

So, we can't control the past, but we can control the future. And I think Patricia and Damien have both outlined today our plans for the future, and we believe we're taking the company in the right direction, that will ultimately lead to improved Shareholder value.

HEATHER:

Well, what are you hoping that the share price will get to, say, in the next couple of years? I'm sorry, this is what I live on! I mean, physically live on, is the dividends. And that encompasses the share price increase as well. I'm looking for not just the dividends, so I can go out and buy my bread and milk, but growth in the share price. And because, as I said, it's half from what it was nearly four years ago. What do you anticipate it being? Or what would you like it to be in another four years? \$20, \$30? Or \$5?

GRAHAM COCKROFT:

So, I will leave others to make that judgement. But we have laid out our plan for how we intend to improve Shareholder value.

HEATHER:

So, you're not going to have a guess...?

GRAHAM COCKROFT:

I think ultimately it's your call.

HEATHER: What do you mean "my call"? I'm asking you. You're the Board - what do you... Do you have an aim for a share price n say, four years' time, of \$15?

GRAHAM COCKROFT:

We don't have a single price as a forecast outcome, no. But we are doing everything that we can to improve Shareholder value, which takes the form of improvement in the share price and the dividends.

HEATHER:

Alright. I'll go home and see how much I can afford to buy more bread and milk.

MICHAEL STEINDEL:

Just following on from one of your comments in that answer there, if I understood correctly, you said 30% is based on the decarbonisation performance and 70% on the Shareholder return. It seems to me there might be some tension between those two, in that the Shareholder return might be more easily - in the short term, more easily achieved with cashing in on your fossil fuels. Can I ask that you move very quickly to reverse those percentages so that there is much more emphasis on the decarbonisation?

GRAHAM COCKROFT:

So, just to acknowledge the fact that there are Shareholders who would wish us to do that, and there are also other Shareholders who wish us to go in the other direction. So, we are, as a Board, we are trying to strike a balance that represents as many Shareholders as we can. And where we've landed, we think represents that, sort of a 70-30 balance.

PATRICIA MCKENZIE:

Alright. Thank you. That appears to complete the questions from the floor. James, could you please let me know if there are any online written or verbal questions relevant to this item?

JAMES:

There are no questions online or on the phone.

PATRICIA MCKENZIE:

Thank you. Thank you, Graham. I think we may now move on.

PATRICIA MCKENZIE:

I'll now take questions on the re-election of Graham Cockroft, Christine Holman, and Vanessa Sullivan.

PETER AIRD:

Thank you. Peter Aird from the Australian Shareholders' Association. I just have a general question. The Board's skills matrix that you publish in the Annual Report is an impressive account of the Directors' skills. Would you clarify how this was developed and whether it is being reviewed by independent authorities?

PATRICIA MCKENZIE:

Yes, thank you for that question. The Board's skills matrix was developed within the Board over many years. We have, this year, carried out an independent review with an external service provider to look through that matrix to determine that it remains relevant, and that has been approved, or endorsed, I should say, by that external service provider.

HEATHER:

Me again. I like everybody who's on the Board, with your various ranges of previous experience. But I'm afraid, to Christine Holman, I won't be voting for you. The reason being, I feel that you have your finger in too many pies. I just don't see how you can possibly do justice to all these organisations that you're involved with already, plus AGL. How much time do you devote a month to each of those companies that you're on? I just - sorry, but I just think you've got too much on your plate.

PATRICIA MCKENZIE:

Thank you for that question. Let me confirm that Christine devotes a very large amount of time to AGL, as much as is needed, and that the Board - in considering endorsing these candidates for re-election - considered their ability to contribute and the time needed to do so, and we confirm as a Board, and unanimously, that Christine is supported for re-election. There seems to be no other questions on the floor. James, could you please let me know if there are any online written or verbal questions relevant to this resolution?

JAMES:

Yes, Chair, there are two online questions and there are no questions on the phone. Both questions are from Mr Stephen Mayne. The first question, "Thank you to Patricia McKenzie for her five years of service on the AGL Board, the last two years as Chair. It is always helpful for investors to have access to some exit perspectives from retiring independent directors. In her final contribution as an AGL Director and Chair, could Patricia please comment on what she regards as the best decisions AGL made during her time on the Board, and does she have any regrets? Also, does she agree that Australia should move to annual elections of Directors, as now occurs in the US and the UK, to provide more

accountability and flexibility for shareholders when it comes to Director selection?"

PATRICIA MCKENZIE:

Oh, well! I think that, if I look back over the last 5.5 years, the major decisions that AGL has made, which I think are the right ones, are the decision to enhance and move towards a transition of our energy portfolio to renewable energy and firming energy. That was a major change in the approach of AGL and the energy industry in general to climate change, and I think absolutely the right one. And we have, since then - as we've outlined today - put together a really excellent portfolio of options to allow us to deliver against that strategy, as well as to move to a much more customer-focused entity. The Retail Transformation Program that we have in place, the business transformation program which supports that, they're going to lead to our ability to work with our customers, as they interact very differently with the energy industry moving forward, and I think they're really exciting opportunities. One of the best decisions we made was appointing Damien Nicks as our Managing Director. Damien has done a wonderful job, has always had my support and the support of the Board, and he's put together a fantastic leadership team, who are really, in my opinion, delivering for our Shareholders and for our customers. So, they're the two major areas where I'd say they were the best things that we've done.

Annual elections? No. I don't support annual elections for Directors. I really believe that we need some continuity on a Board of Directors. We need to have some time to implement our strategies. They're not one-year strategies, they're long-term strategies. And so we need that consistency of thought and contribution on our Boards. 3-year terms allow us to do that. But are also reasonable amounts of time for Shareholders to then reconsider, "Is this the right Board for us moving forward?" So, for me, the 3-year term makes sense and I think we should continue with it.

JAMES:

The final question from Mr Mayne, and this is specific to the re-election of Ms Christine Holman. "Well done to Christine for being Australia's best-credentialed director when it comes to resigning over a matter of principle, a company such as WiseTech, Blackmores and Metcash. The directors' club needs more boat-rocking straight talkers who challenge groupthink and are prepared to push hard for change, and resign if necessary. Kudos to Christine for also being prepared to put herself forward for election at the 2022 AGL AGM and succeeded against the recommendation of the then Board. As someone who has failed in all 56 public company board tilts over the past 24 years, I'm jealous of Christine's AGL success. What was it like bursting into a major board uninvited? And has she come close yet to resigning over a matter of principle at AGL, as has occurred at other boards? Could

Christine please summarise please her principal regulations and the overall unusual approach she takes to being a professional, independent public company director?"

PATRICIA MCKENZIE:

Well, that's quite an endorsement, Christine. I think you can put your hand up and accept that one. When the election in 2022 introduced four new Directors onto the Board, the Board took the view that Shareholders are entitled to determine who they wish to sit on their Board of Directors, and therefore it was up to us to make that Board work, and we did so. We worked very hard to form a collegiate group, to ensure that all of the Directors had sufficient knowledge to be able to contribute well to the determination of strategy and forward movement of AGL, and I can assure Directors that our Board works efficiently and effectively together. And to my knowledge, no-one has come close to resigning. Thank you.

The Board, excluding Mr Nicks, recommends Shareholders vote in favour of this resolution, and I will now take questions on the grant of the performance rights to Damien Nicks. Let's start with any questions from Shareholders and proxies in the room. Please raise your hand if you have a question and the microphone will be brought to you. I can't see any questions in the room. James, can you please let me know if there are online written or verbal questions?

JAMES:

Yes, I can. We have one question online and there are no questions on the phone. The one question we have is for Stephen Mayne: "Well done to the CEO so far. He's an impressive performer in a complicated role and I support the appointment. Could the CEO please summarise his past LTI grants as to whether they have vested or lapsed. Also, has he ever sold any ordinary shares in the Company or bought any on-market without relying on an incentive scheme to build his equity position in the company? Please don't say, "Look it up in the Annual Report and through ASX announcements." It's complicated and the CEO should factually summarise the situation in 60 seconds."

PATRICIA MCKENZIE:

Firstly, let me say that the LTI has not vested for the three years before this last vesting. And that really is reflective of Shareholder experience. So, our management team accepted and understood that that was an appropriate outcome for those LTIs. We did vest this year to a small percentage. I think, moving forward, we can hopefully look to further vestings of LTI because that means all of us, as Shareholders, are benefitting. I will ask Damien to talk about purchase and sale of shares.

DAMIEN NICKS:

Thank you, Chair. I've purchased 27,000 shares about two years ago now, or 18 months ago. I have not sold any shares in that time as CEO.

PATRICIA MCKENZIE: Thank you.