ASSESSMENT

9 June 2026

Send Your Feedback

Contacts

Jing Li Yim
AVP-Sustainable Finance
jingli.yim@moodys.com

Junying Lou
Associate Lead Analyst-Sustainable Finance
junying.lou@moodys.com

Jiahuan Liu
Associate Lead Analyst - Sustainable Finance
jiahuan.liu@moodys.com

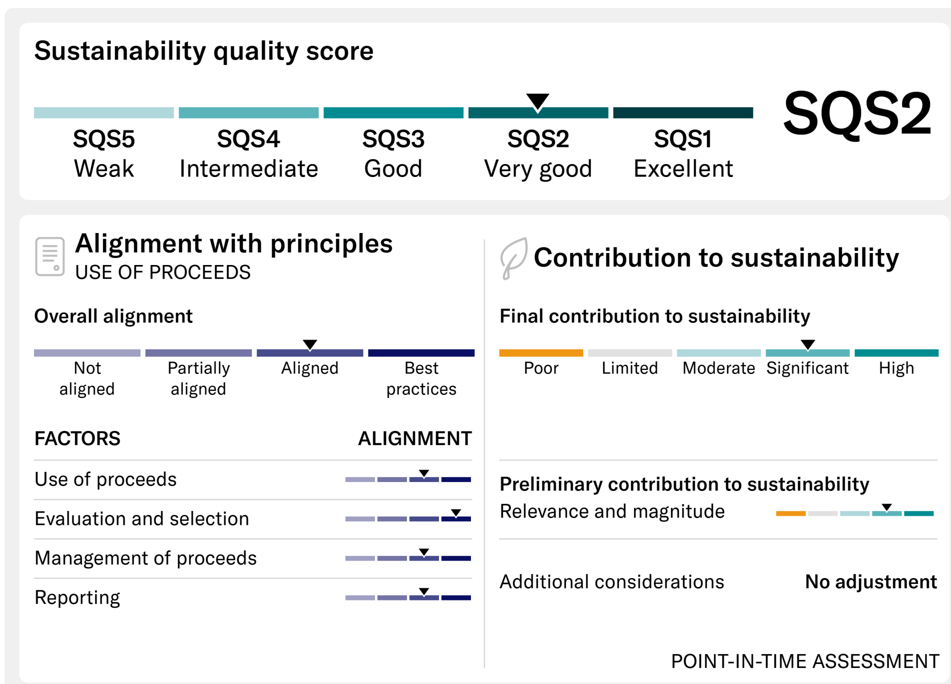
Swami Venkataraman, CFA
Associate MD – Sustainable Finance, Global Head of Assessments
swami.venkat@moodys.com

AGL Energy Ltd

Second Party Opinion – Green Finance Framework Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 Sustainability Quality Score (very good) to AGL Energy Ltd's (AGL) Green Finance Framework that we received in April 2026. AGL has established its use-of-proceeds framework with the aim of financing projects across two eligible green categories: Renewable energy and energy storage and Clean transportation. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025 and the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles (GLP) 2025. The framework demonstrates a significant contribution to sustainability.



This Second Party Opinion was originally assigned on a private basis on 20 April 2026 and is being published on 9 June 2026 at the request of the issuer.

Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of AGL's Green Finance Framework (Framework), including the framework's alignment with the four core components of the ICMA's GBP 2025 and the LMA/APLMA/LSTA's GLP 2025. Under the framework, the issuer plans to finance projects in two eligible green categories, as outlined in Appendix 3 of this report.

Our assessment is based on the last updated version of the framework received on 2 April 2026, and our opinion reflects our point-in-time assessment[1] of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our Assessment Framework: Second Party Opinions on Sustainable Debt, published in October 2025.

Issuer profile

AGL Energy Limited is one of the “Big Three” integrated power generator and energy retailers (gentailers) in Australia, with a total operated and controlled electricity generation and storage capacity of 9.4 GW and around 4.6 million customer accounts across its energy, telecommunication and other service offerings - and which include large business customers. The company operates in the four main states of the NEM, as well as in Western Australia. AGL's renewable generation capacity is mainly represented by its exclusive long-term off-take contracts with wind farms. Most of the group's interest in renewable generation is held via its wholly owned subsidiary AGL Hydro Partnership.

AGL is highly exposed to carbon transition and physical climate risks that primarily stem from its large thermal generation asset base. Such risks could arise from additional low-marginal cost renewable generation displacing baseload thermal generators, political and regulatory intervention to operations, as well as increased costs – such as insurance, refinance, rehabilitation, and compliance – related to the carbon-exposed assets. AGL has updated its Climate Transition Action Plan (CTAP) for 2025, outlining its decarbonisation strategy to transition away from thermal generation assets. AGL's exposure to social risk is common to all unregulated utilities but particularly to generation companies with thermal assets that public concern over environmental and social issues could lead to adverse regulatory intervention. Furthermore, risk of political intervention on energy affordability concern could affect the utilities' ability to pass through its energy procurement costs.

Strengths

» Eligibility criteria are clearly specified, with reference to the climate change mitigation technical screening criteria of the Australian Sustainable Finance Taxonomy

» Most of the proceeds are expected to be allocated to projects that either use the best available technology or meet the most stringent thresholds

» Financed projects are expected to contribute to AGL's climate transition objectives outlined in its CTAP

Challenges

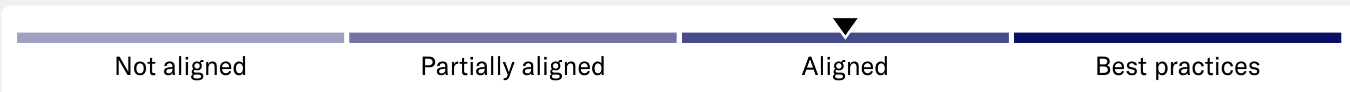
» Impact reporting is not subject to external verification, and some indicators used in such reporting may not comprehensively assess the environmental effects associated with financed projects

Alignment with principles

AGL's Framework is aligned with the four core components of the ICMA's GBP 2025 and the LMA/APLMA/LSTA's GLP 2025. For a summary alignment with principles scorecard, please see Appendix 1.

- [x] Green Bond Principles (GBP)
- [x] Green Loan Principles (GLP)
- [ ] Social Bond Principles (SBP)
- [ ] Social Loan Principles (SLP)
- [ ] Sustainability-Linked Bond Principles (SLBP)
- [ ] Sustainability Linked Loan Principles (SLLP)

Use of proceeds



Clarity of the eligible categories – BEST PRACTICES

AGL has clearly defined the nature of the expenditure and the exclusion criteria for the eligible categories. Notably, financing under this Framework specifically excludes thermal generation assets. The eligibility criteria for both project categories have been defined, and all assets will adhere to the technical screening criteria contained in the Australian Sustainable Finance Taxonomy. AGL has identified the location of eligible assets to be within Australia.

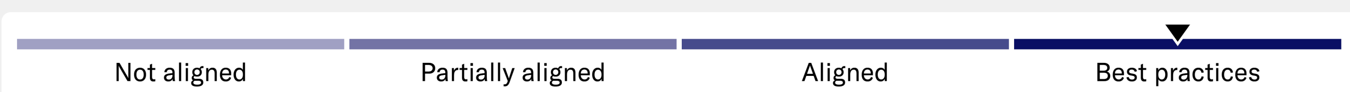
Clarity of the environmental or social objectives – BEST PRACTICES

AGL has clearly communicated the relevant environmental objectives associated with both eligible categories aimed at climate change mitigation, and pollution prevention and control. The objectives set are coherent with international standards. AGL has referenced GBP and GLP in articulating the objectives of the eligible categories.

Clarity of expected benefits – ALIGNED

AGL has identified relevant expected environmental benefits for both eligible categories. The benefits identified are measurable and will be quantified in the impact reporting. AGL will disclose the actual share of refinancing where applicable, as part of its post-issuance reporting, however the estimated share of refinancing will not be disclosed prior to issuance. AGL has defined a maximum look-back period of two years for operating expenditure, while there is no look-back period for capital expenditure due to the long-term nature of eligible assets.

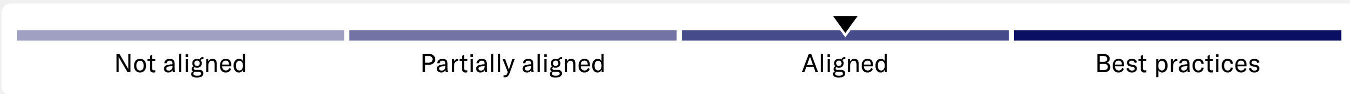
Process for project evaluation and selection



Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

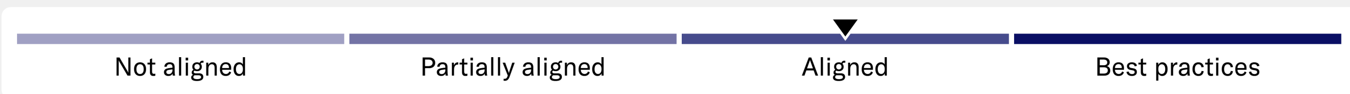
AGL's project selection and evaluation procedures are clearly structured and disclosed within its publicly accessible Framework. The Sustainable Debt Committee (SDC) is responsible for overseeing the assessment and selection of green assets, ensuring all projects meet established eligibility criteria and adhere to both the Framework and prevailing market standards. The Committee consists of senior representatives from relevant departments. AGL conducts ongoing compliance monitoring for selected assets, verifying alignment with both eligibility and exclusion criteria at least annually over the duration of the bond or loan. AGL has confirmed that, subject to internal governance (including the SDC endorsement and approval), it is expected AGL will remove the relevant asset from the green asset register and seek to reallocate the associated proceeds to other eligible green assets in the event of noncompliance, divestment, or project postponement. Details of the AGL's E&S risk management processes and policies are disclosed in the annual report and on its website, which are publicly available.

Management of proceeds



Allocation and tracking of proceeds – ALIGNED
AGL has defined a clear process for the management and allocation of proceeds in its Framework. Net proceeds are deposited into the general treasury and tracked using a green asset register, which includes the notional allocation of proceeds to each green asset. AGL aims to maintain a portfolio of green assets whose project costs or valuations meet or exceed the total amount raised from green bonds/loans. These green assets will be detailed in annual internal monitoring reports provided to the SDC. Proceeds will be allocated within 36 months from issuance. The intended types of temporary placement of unallocated proceeds are disclosed in the Framework, which could include cash or cash equivalent instruments with a treasury function.

Reporting

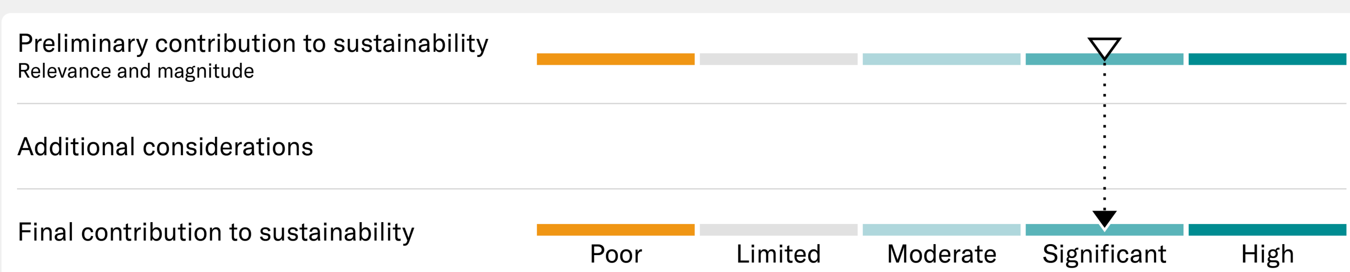


Reporting transparency – ALIGNED
AGL will provide an annual allocation report which will include relevant and adequate impact metrics, at least until full allocation and in the event of any material development (e.g. addition of new assets). For green bonds, these reports are expected to be made publicly available on AGL's website. For green loans, reporting will be provided directly to relevant lenders in line with the applicable financing documentation. The allocation report will include pertinent information such as a list of green assets, amounts allocated by project category, and the breakdown between newly financed and refinanced assets where applicable. Impact reporting may utilise existing data published through AGL's ESG Data Centre to disclose the expected or actual environmental impacts of eligible assets.

AGL has provided the sample environmental reporting indicators for each eligible category, including new renewable and firming capacity for renewable energy and energy storage category. For the clean transportation category, sample indicators include the number of customers on electric vehicle (EV) plans and number of EV charging stations or points. However, some of these metrics may not be the most relevant for measuring the environmental impact associated with financed projects. There is currently no commitment to disclose the methodologies and assumptions used in reporting environmental impacts. AGL intends to obtain independent verification for allocation reporting; however, there will not be an independent assessment of the impact indicators.

Contribution to sustainability

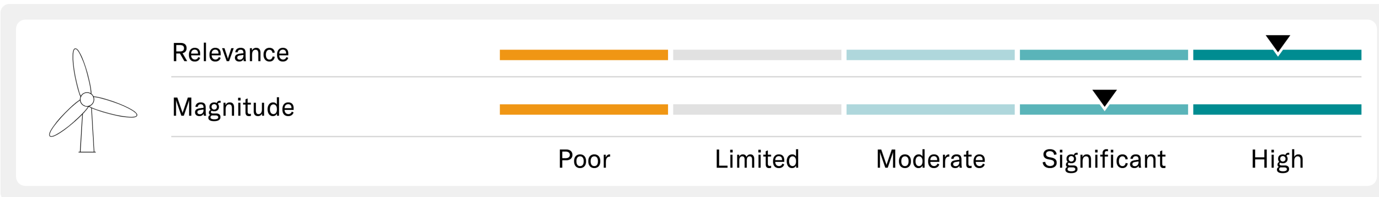
The framework demonstrates a significant overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of significant, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to sustainability is significant, based on the relevance and magnitude of the eligible project categories. Given AGL's indication that the majority of proceeds will be allocated to the first category, we have correspondingly weighted the score of the first category in our assessment. A detailed assessment by eligible category has been provided below.

Renewable energy and energy storage

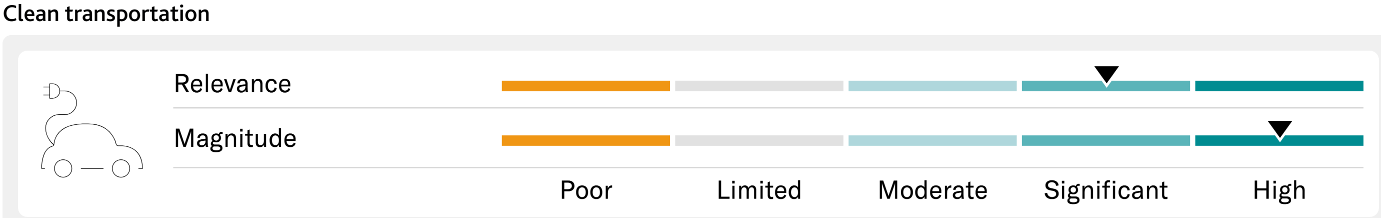


Renewable energy and energy storage projects financed under this category are highly relevant in supporting both national and corporate objectives for achieving net zero emissions by 2050. As of 2024, Australia's electricity mix remains primarily reliant on fossil fuels, with approximately 65% of total generation sourced from coal, natural gas, and oil.[2] The Australian government has set a national target of generating 82% of electricity from renewable sources by 2030, including a commitment at COP28 to triple the installed capacity of renewable energy.[3] The development in energy storage systems will further facilitate Australia's energy transition by enhancing the flexibility and reliability of intermittent resources such as solar and wind. According to AGL's CTAP 2025, investing in renewable energy and energy storage projects is vital for transforming the issuer's energy portfolio. AGL aims to add 6 GW of new renewable and firming capacity by Financial Year 2030 (FY30) and increase this to 12 GW by 2035, along with reaching 3 GW of battery capacity by FY30.

The magnitude score assigned to the renewable energy and energy storage category is significant, reflecting the anticipated scale and climate mitigation potential of the financed activities. At this stage, the majority of proceeds are expected to be allocated to energy storage. These projects are designed to facilitate the integration of renewable energy sources, a critical factor in managing intermittency and maintaining grid stability. Financed energy storage projects, aligned with Australian Sustainable Finance Taxonomy (ASFT)'s climate change mitigation technical screening criteria (TSC) for activity D7, cover a diverse array of technologies including mechanical, thermal, pumped hydropower, and electrochemical systems, and are primarily intended to support renewable energy.

Beyond energy storage, the financed technologies predominantly employ best available technology standards or adopt the most stringent thresholds. This includes solar photovoltaic (PV), onshore and offshore wind and geothermal projects, in alignment with ASFT TSC for activities D1, D2 and D5 respectively. Additional positive contributions stem from investments in low-carbon gas transmission infrastructure and renewable-based remote and micro-grid systems, complying with ASFT's TSC for activities D11 and D12. Financed hydropower projects, compliant with D4 TSC of the ASFT. However, more stringent standards exist in the market for hydropower projects. In addition, despite being in line with ASFT's TSC for activities D6 and C10, reliance on certified energy crops introduces potential environmental risks, such as land use change and resource competition. Biogas projects lack robust emission reduction thresholds, which limits visibility into their decarbonization effectiveness.

Clean transportation



The relevance of clean transportation is significant as the projects financed under this category will contribute to the decarbonization of Australia's transport sector, which represents approximately 22% of national greenhouse gas emissions - making it one of the largest and fastest-growing sources of emissions in the country.[4] EV adoption in Australia is expected to advance rapidly over the next decade.[5] Supporting infrastructure, such as EV charging systems, will play a crucial role in enabling this transition. The relevance is further underscored by the company's strategy to advancing transportation electrification as outlined in its latest CTAP, which projects to power 1 million EVs by 2035.[6] The significant relevance also considers that e-mobility solutions currently constitute a relatively small and emerging segment for AGL compared to its core energy business.

This eligible category exhibits a high magnitude, as most of the funding is anticipated to be allocated toward EV charging solutions that support long-term climate change mitigation efforts. Given AGL's current business scope, its e-mobility services aim to make EV ownership and charging more accessible and affordable for Australians through access to services like EV subscription services, public EV charging networks, and EV charging management systems. AGL has confirmed that these assets will comply with the ASFT TSC requirements for activities I1 and I14 (specifically related to EV charging solutions). These zero tailpipe emission vehicles along with their supporting infrastructure are recognised as best available technologies with minimal lock-in risks and limited negative externalities. While these will deliver substantial long-term environmental benefits, the short-term gains depend largely on how quickly the grid transitions to decarbonization. While infrastructures supporting other transport modes and technologies also qualify under this category, they are not expected to be the primary focus for financing in the near future. If financed, they will be required to align with the Australian Taxonomy TSC for activities I14, I15 and I16.

Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

AGL Energy Limited has a robust environmental, social and governance (ESG) risk management framework in place, embedded within its enterprise-wide risk management system and overseen by the Board. ESG risks are managed in line with AGL's ISO 31000-aligned risk management framework and are integrated into strategy setting, capital allocation and operational decision-making. In FY25, AGL implemented an enterprise-wide ESG decision-making framework to ensure environmental, social and climate-related risks and opportunities are systematically considered across key governance forums and major business decisions. At the project level, the SDC is responsible for supervising the identification and management of eligible assets across the lifespan of the instruments, in collaboration with the AGL Sustainability team. Environmental incidents are reported by AGL throughout each project's duration in accordance with environmental compliance requirements. Initial environmental and social risks are evaluated during internal decision-making and incorporated within the Environmental Impact Statement and planning approval processes. These procedures are expected to be supported by AGL's various ESG policies including those on biodiversity and human rights.

Financed projects are considered aligned with AGL's sustainability strategy. As of fiscal year 2025, AGL's coal-fired power plants represented over 50% of its total generation capacity and contributed to 80% of its electricity output. These stations are responsible for approximately 20% of Australia's electricity sector Scope 1 emissions. In addition to its coal-fired assets, AGL owns and operates several gas-fired generation facilities. This includes Torrens Island B power station, which utilises conventional boiler technology, as well as three flexible gas-power stations equipped with open-cycle gas turbines or reciprocating engines: Barker Inlet Power Station, Somerton Power Station, and Kwinana Swift Power Station. AGL updated its transition strategy in 2025 to cover climate targets across Scope 1, 2, and 3 emissions. The strategy outlines action plans to increase renewable and firming capacity, phase out coal-fired assets, and financial planning for the transition. The effectiveness of this strategy appears to be backed up by the track records of retirement of the Liddell Power Station in April 2023 and the decommissioning of the Camden Gas project, marking AGL's exit from upstream gas exploration and production. AGL is targeting to exit coal-fired generation by the end of FY35. Retirement dates have been set for Bayswater to be by the end of 2033 and Loy Yang A by the end of FY35. On the gas generation side, Torrens Island B is scheduled for retirement by mid-2028 under a government-backed reliability agreement. Other flexible gas assets will continue to provide peaking power and grid support. While AGL is still investing in expansions (e.g. adding 250 MW to Kwinana by 2029) and firming technologies as it gradually retires legacy coal plants, AGL's historical and planned capital allocation is consistent with its climate objectives. In FY25, approximately 44% of total capital expenditure was directed towards climate solutions, including grid-scale renewable generation, batteries, pumped hydro, retail electrification, and decentralised sustainable business energy solutions for customers and retail transformation. For FY26–30, AGL expects to allocate 70% of capital expenditure to climate solutions, supporting its transition goals.

Appendix 1 - Alignment with principles scorecard for AGL's Framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Best practices	Aligned
		Definition of content, eligibility and exclusion criteria for nearly all categories	A		
		Location	A		
		BP: Definition of content, eligibility and exclusion criteria for all categories	Yes		
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices	
		Coherence of project category objectives with standards for nearly all categories	A		
		BP: Objectives are defined, relevant and coherent for all categories	Yes		
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Aligned	
		Measurability of expected benefits for nearly all categories	A		
		BP: Relevant benefits are identified for all categories	No		
		BP: Benefits are measurable for all categories	Yes		
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	No		
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes		
Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A	Best practices	Best practices
		Disclosure of the process	A		
		Transparency of the environmental and social risk mitigation process	A		
		BP: Monitoring of continued project compliance	Yes		
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Aligned	Aligned
		Periodic adjustment of proceeds to match allocations	A		
		Disclosure of the intended types of temporary placements of unallocated proceeds	A		
		BP: Disclosure of the proceeds management process	Yes		
		BP: Allocation period is 24 months or less	No		
Reporting	Reporting transparency	Reporting frequency	A	Aligned	Aligned
		Reporting duration	A		
		Report disclosure	A		
		Reporting exhaustivity	A		
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	No		
		BP: Clarity and relevance of the indicators on the sustainability benefits	No		
		BP: Disclosure of reporting methodology and calculation assumptions	No		
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes		
		BP: Independent impact assessment on environmental and social benefits	No		
Overall alignment with principles score:					**Aligned**

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The two eligible categories included in AGL's Framework are likely to contribute to three of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 7: Affordable and Clean Energy	*Renewable Energy & Energy Storage*	7.2: Increase substantially the share of renewable energy in the global energy mix
		7.3: Double the global rate of improvement in energy efficiency
GOAL 9: Industry, Innovation and Infrastructure	*Renewable Energy & Energy Storage*	9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
GOAL 11: Sustainable Cities and Communities	*Clean Transportation*	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in AGL's Framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Renewable Energy & Energy Storage	- D1. Energy Generation from Solar Photovoltaic (PV) and Concentrated Solar Power (CSP) - D2. Energy Generation from Onshore and Offshore Wind - D4. Energy Generation from Hydropower - D5. Geothermal Energy Generation - D6. Energy Generation from Bioenergy - D7. Storage of Electricity - D11. Transmission and Distribution of Renewable and Low-carbon Gases - D12. Remote and Micro-grid Systems - C10. Manufacture of Biogas	Climate change mitigation	Sample impact reporting metric: - New renewable and firming capacity (MW)
Clean Transportation	- I1. Road Passenger Transport – Motorbikes, Cars and Light Commercial Vehicles - I14. Low-carbon Road Transport Infrastructure - I15. Micromobility and Active Transport Infrastructure - I16. Low-carbon Public Transport Infrastructure	Climate change mitigation Pollution prevention and control	Sample impact reporting metrics: - Number of customers on EV plans - Number of EV charging stations/points

Endnotes

1 Point-in-time assessment is applicable only on date of assignment or update.

2 IEA, Sources of electricity generation in Australia, accessed on 15 March 2026.

3 Australian Government, Australia's 2035 Nationally Determined Contribution, 2025.

4 Department of Climate Change, Energy, the Environment and Water, Reducing transport emissions, 29 September 2025.

5 Australia's National Science Agency, Electric vehicle projections 2024, February 2025.

6 AGL, Climate Transition Action Plan, 2025.

REPORT NUMBER 1478693