



ASX & Media Release

Update on CEO Terms and Board Succession Planning

12 August 2021

AGL Energy Limited (AGL) refers to the announcement made on 30 June 2021, which confirmed AGL's intention to undertake a demerger to create two leading energy businesses with separate listings on the Australian Securities Exchange. Under the proposed demerger, AGL will become Accel Energy Limited (Accel Energy) and a new entity, AGL Australia Limited (AGL Australia), will be demerged. As part of that announcement, AGL confirmed that Graeme Hunt had been identified as the Managing Director & CEO of Accel Energy and Christine Corbett had been identified as the Managing Director & CEO of AGL Australia.

AGL advises that the terms of the service agreements for each of Mr Hunt and Ms Corbett have now been finalised and a summary of the material terms of those agreements are set out in the Attachment. During this finalisation process, it was determined that Graeme Hunt would be appointed Managing Director & CEO of AGL on a fixed term permanent basis, effective 1 July 2021. Both remuneration packages were determined having regard to independent expert advice, comparator group analysis for each role and the relative experience of Mr Hunt and Ms Corbett.

Peter Botten, AGL Chairman said "Graeme is a highly experienced CEO and we are pleased to confirm his permanent appointment as Managing Director & CEO of AGL.

When Mr Hunt was appointed to the interim Managing Director & CEO role in April 2021, his fixed remuneration was set at a similar level to the previous Managing Director & CEO, and the Board determined that he would not participate in either the short term or long term incentive plans given the interim nature of his role. In lieu of these incentive plans, restricted shares to the value of \$600,000 were to be allocated to Mr Hunt in FY22.

To reflect his permanent appointment and to align Mr Hunt's incentive arrangements with company performance, Mr Hunt will now be eligible to participate in AGL's Short Term Incentive Plan for FY22 and, subject to shareholder approval, the FY22 Long Term Incentive Plan. Having regard to Mr Hunt's participation in AGL's FY22 incentive plans, the value of the restricted shares to be allocated to Mr Hunt has been reduced from \$600,000 to \$165,354 to reflect the interim period of Mr Hunt's appointment between April and July."

Update on Board Succession

Given the transition of Graeme Hunt from Chairman to Managing Director & CEO and the retirement of John Stanhope at AGL's AGM in September, the Board is currently undertaking a process to consider additional appointments to the Board of AGL in FY22, including the appointment of a Director with expertise in climate change risk, ESG governance and industry transition.

The proposed demerger of AGL requires the consideration of the composition of the Boards of each company to ensure that each Board (and each Board committee) has the skills and experience to fulfil their responsibilities on implementation of the demerger. The Board is working carefully through a structured process to identify Directors with skills and experience in climate change risk and ESG, energy markets, environmental issues, digital retail, technology, customer markets and other relevant skills and experience that will be required for the demerged entities.



On the topic of Board succession planning Mr Botten said “The Board understands the critical importance of the decarbonisation of the energy sector and the acceleration of the energy transition. We are aiming to appoint a Board member with specialist skills in this area in the first half of FY22”.

Authorised for release by AGL’s Board of Directors

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About AGL

Proudly Australian for more than 180 years, AGL supplies around 4.5 million energy and telecommunications customer services¹. We’re committed to becoming a leading multi-product retailer, making energy and other essential services simple, fair and transparent. AGL operates Australia’s largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as Australia’s leading private investor in renewable energy to now lead the business of transition to a low emissions, affordable and smart energy future in line with the goals of our Climate Statement. We have a passionate belief in progress and a relentless determination to make things better for our communities, customers, the Australian economy and our planet.

¹ Services to customers number is as at 31 December 2020 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL owns a 50% equity stake of the retail operations.

ATTACHMENT – KEY TERMS OF CEO APPOINTMENTS



Set out below is a summary of the material terms of the Service Agreement between:

- Graeme Hunt and AGL Energy Limited; and
- Christine Corbett and AGL Australia Limited.

AGL Energy Limited – Graeme Hunt

Position	Chief Executive Officer and Managing Director
Commencement Date	1 July 2021
Term	<p>The earlier of:</p> <ul style="list-style-type: none"> • 30 June 2025; and • if AGL undertakes a demerger, the third anniversary from the date the demerger becomes “Effective” under <i>the Corporations Act 2001</i> (Cth), <p>unless terminated earlier by either party in accordance with the Service Agreement.</p>
Total Fixed Remuneration (TFR)	\$1,550,000 per annum inclusive of superannuation contributions. The TFR is subject to annual review.
Short Term Incentive (STI)	Mr Hunt will be eligible to participate in AGL’s Short Term Incentive Plan. For FY22, a target award of 44% of TFR applies, with a maximum opportunity of up to 67% of TFR.
Long Term Incentive (LTI)	<p>Subject to any required shareholder approvals, Mr Hunt be eligible to participate in AGL’s Long Term Incentive Plan.</p> <p>The LTI award to be made during FY22 will be subject to shareholder approval at the 2021 Annual General Meeting and will have a maximum opportunity of 167% of TFR. Vesting of this award will be subject to performance conditions as determined by the Board.</p>
One-off Equity grant	Given Mr Hunt ceased to act on an “interim basis” effective 30 June 2021 and his participation in the FY22 incentive awards referred to above, the value of the one-off equity grant referred to in AGL’s announcement dated 22 April 2021 has been reduced from \$600,000 to \$165,354.
Notice Period	12 months. Nil in the case of serious misconduct.
Termination Entitlements	On termination of employment following notice, AGL will pay all TFR and any statutory entitlements owing.

Other provisions	<p>A 6 month restraint provision applies.</p> <p>The agreement also contains general provisions regarding confidential information and intellectual property rights.</p>
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AGL Australia Limited – Christine Corbett

Position	Chief Executive Officer and Managing Director
Commencement Date	Subject to and conditional on the demerger becoming “Effective” under the Corporations Act 2001 (Cth), Ms Corbett’s new employment terms will commence on the Effective Date of the demerger. Ms Corbett will continue as Chief Customer Officer of AGL Energy until the Effective Date.
Term	No fixed term. The agreement will continue until terminated by either party in accordance with the Service Agreement.
Total Fixed Remuneration (TFR)	\$1,200,000 p.a (inclusive of superannuation). The TFR is subject to annual review.
Short Term Incentive (STI)	Ms Corbett will be eligible to participate in STI arrangements offered by AGL Australia from time to time. For FY23, Ms Corbett’s Target STI is 92% of TFR, with a maximum opportunity of 110% of TFR.
Long Term Incentive (LTI)	Subject to any required shareholder approvals, Ms Corbett will be eligible to participate in AGL Australia’s Long Term Incentive Plan. The LTI award to be made during FY23 will have a maximum opportunity of 120% of TFR. Vesting of this award will be subject to performance conditions as determined by the Board.
Notice Period	<p>12 months.</p> <p>Nil in the case of serious misconduct.</p> <p>Ms Corbett may also terminate the agreement on 3 months’ notice if her duties, status or responsibilities are materially diminished or she ceases to hold the most senior management role within the Company or ceases to report directly to the Chair (Fundamental Change).</p>



Termination Entitlements	On termination of employment following notice, AGL Australia will pay all TFR and any statutory entitlements owing. If Ms Corbett terminates the agreement due to a Fundamental Change, she will also be entitled to an additional 9 months' TFR.
Other provisions	A 12 month restraint period applies. The agreement also contains general provisions regarding confidential information and intellectual property rights.