



Notice of 2019 Annual General Meeting of Shareholders

Date

**Thursday
19 September 2019**

Time

10.30am

Venue

**International Convention
Centre Sydney**
14 Darling Drive
Sydney NSW 2000

AGL Energy Limited
ABN 74 115 061 375
Level 24, 200 George Street
Sydney NSW 2000

Chairman's Letter

Dear Shareholder

I am pleased to invite you to attend the 2019 Annual General Meeting of Shareholders, which has been scheduled as follows:

Date: 19 September 2019

Time: 10.30am

Venue: International Convention Centre, 14 Darling Drive, Sydney, New South Wales

The business to be dealt with at the AGM is provided on pages 5 to 7 of this Notice of Meeting. The Notice of Meeting includes three resolutions requisitioned by two small groups of Shareholders (Items 5(a), 5(b) and 6). The Board respects the rights of Shareholders to put forward resolutions. However, the Board does not consider the requisitioned resolutions to be in AGL's best interests and recommends that Shareholders vote against them for the reasons set out on pages 24 to 29.

Please bring the enclosed Voting Form with you to facilitate registration at the AGM.

If you do not plan to attend the AGM, you are encouraged to lodge your vote directly or alternatively, appoint a proxy to attend and vote on your behalf. You can do this online at www.linkmarketservices.com.au or by completing the enclosed Voting Form and returning it in the envelope provided. Instructions on how to vote directly or appoint a proxy are detailed on the Voting Form. Voting Forms must be received no later than 10.30am (Sydney time) on 17 September 2019 to be valid for the AGM. Voting Forms may be lodged online or returned by mail or by fax on 02 9287 0309.

Enclosed with this Notice of Meeting is a Shareholder Question Form, which provides an opportunity for you to ask questions ahead of the AGM. Details of how to lodge those questions are set out on the Shareholder Question Form.

If you are unable to attend the AGM you may view our live AGM webcast via our website www.agl.com.au/agm

We look forward to seeing you at the AGM.

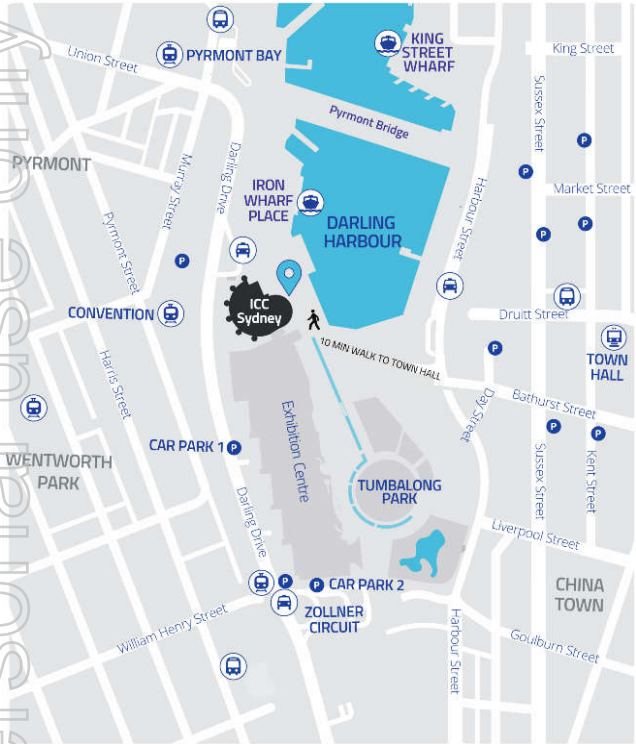
Yours sincerely



Graeme Hunt, Chairman

8 August 2019

How to find the International Convention Centre



By Train

Town Hall station is a 10 minute walk to the ICC.



By Light Rail

ICC Sydney is served by a number of light rail stops, the closest being Convention station.



By Car

ICC car parks 1 and 2 are located within walking distance.



By Taxi

Taxis can enter from Zollner Circuit and Iron Place Wharf.

For more specific information about public transport routes and timetables, contact Transport NSW on 131 500 or visit transportnsw.info/trip

Conduct of AGL's Annual General Meeting

Our Annual General Meeting (**AGM**) is intended to give Shareholders the opportunity to:

- hear presentations from the Chairman and Managing Director and Chief Executive Officer about the operations and performance of AGL and the outlook for the year ahead;
- consider and vote on the resolutions contained in the Notice of Meeting; and
- ask questions of the Board, management and the auditor on the Items of Business, the management of AGL, and the conduct of the audit and the Auditor's Report.

To achieve these objectives we will:

- webcast the AGM for the benefit of those Shareholders that are unable to attend in person. The AGM can be viewed live at www.agl.com.au/agm. The webcast will also be recorded and made available on AGL's website after the AGM. Please note that if you attend the AGM in person, you may be included in photographs or the webcast recording;
- give Shareholders the opportunity to ask questions prior to the AGM – please see the enclosed Shareholder Question Form for details; and
- allow a reasonable opportunity for Shareholders as a whole to ask questions or make comments at the AGM.

We ask that Shareholders:

- are courteous and respectful to all other Shareholders attending the AGM; and
- please keep questions brief to allow as many Shareholders as possible who wish to ask a question at the AGM an opportunity to do so.

Business of the AGM

1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report of AGL and its consolidated entities and the Reports of the Directors and Auditor for the financial year ended 30 June 2019.

2. Remuneration Report¹

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"To adopt the Remuneration Report for the financial year ended 30 June 2019, as set out in the Directors' Report section of the 2019 AGL Annual Report."

3. Election and Re-election of Directors

(a) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Jacqueline Hey, a Director who retires by rotation at the close of the AGM in accordance with Clause 58 of AGL's Constitution and being eligible, is re-elected as a Director of AGL."

(b) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Diane Smith-Gander, a Director who retires by rotation at the close of the AGM in accordance with Clause 58 of AGL's Constitution and being eligible, is re-elected as a Director of AGL."

(c) To consider and, if thought fit, to pass the following as an ordinary resolution:

"That Patricia McKenzie, a Director who retires at the close of the AGM in accordance with Clause 56.2 of AGL's Constitution and being eligible, is elected as a Director of AGL."

4. Grant of Performance Rights under the AGL Long Term Incentive Plan to Brett Redman²

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given for AGL to grant to its Managing Director and Chief Executive Officer, Brett Redman, 214,108 performance rights under AGL's Long Term Incentive Plan in respect of the financial year ending 30 June 2020 on the terms set out in the Explanatory Notes which accompany the Notice of Meeting."

1. Note – the vote on this resolution is advisory only and does not bind the Directors or AGL. A voting exclusion applies to this resolution – see page 12 for details

2. A voting exclusion applies to this resolution – see page 13 for details

Business of the AGM_{continued}

The following resolutions are NOT SUPPORTED by the Board:

5. Resolutions Requisitioned by a Group of Shareholders

The resolutions in Items 5(a) and 5(b) were proposed by a group of shareholders holding approximately 0.0229% of AGL Shares.

Special Resolution - Amendment to the Constitution

(a) To consider and, if thought fit, to pass the following resolution as a special resolution:

"To amend the constitution to insert at the end of Clause 32 'General Meetings - Business' the following new sub-clause: 'The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. However such a resolution must relate to a material risk as identified by the Company and cannot either advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company.'"

Transition Planning Disclosure

(b) Subject to and conditional on the resolution in Item 5(a) being passed by the required majority, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"Shareholders note the 2018 Global Investor Statement to Governments on Climate Change and its accompanying briefing paper, which calls for a reduction in greenhouse gas emissions to meet the goals of the Paris Agreement, necessitating the phase out of coal power generation by no later than 2030 in OECD countries, including Australia. Shareholders therefore request that the company, in annual reporting from 2020, disclose strategies to reduce scope 1 and 2 emissions in line with the climate goals of the Paris Agreement, including short, medium and long term targets."

The Board unanimously recommends that Shareholders vote against Items 5(a) and 5(b) for the reasons set out on pages 24 to 27 of the Explanatory Notes.

Please note: The resolution in Item 5(b) is a contingent resolution and will only be put before Shareholders at the meeting if Item 5(a) is first passed by special resolution. If the resolution in Item 5(a) is not passed, the contingent advisory resolution will not be put to the meeting.

The Chairman of the meeting intends to vote all available proxies **AGAINST** Items 5(a) and 5(b).

6. Resolution Requisitioned by a Group of Shareholders

The resolution in Item 6 was proposed by a group of shareholders holding approximately 0.0189% of AGL Shares.

Public health risks of coal operations

Subject to and conditional on the resolution in Item 5(a) being passed by the required majority, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"Shareholders request that, by 30 June 2020, the board prepare and disclose an assessment of the capital and operating expenditure required to install and maintain pollution controls at the Bayswater and Loy Yang A coal-fired power stations, sufficient to mitigate public health risks associated with non-carbon air pollution at those operations. The assessment should be prepared at reasonable expense and omit proprietary information."

The Board unanimously recommends that Shareholders vote against Item 6 for the reasons set out on pages 27 to 29 of the Explanatory Notes.

Please note: The resolution in Item 6 is a contingent resolution and will only be put before Shareholders at the meeting if Item 5(a) is first passed by special resolution. If the resolution in Item 5(a) is not passed, this contingent advisory resolution will not be put to the meeting.

The Chairman of the meeting intends to vote all available proxies **AGAINST** Item 6.

By Order of the Board

John Fitzgerald



Company Secretary
8 August 2019

Highlights

Who we are

AGL is a leading integrated energy business that has been operating for more than 180 years and has a proud heritage of innovation. We operate Australia's largest private electricity generation portfolio, with a total capacity of 10,413 MW, which accounts for approximately 20% of the total generation capacity within Australia's National Electricity Market. We are an active participant in gas and electricity wholesale markets with more than 3.7 million customer accounts, including residential, small and large business and wholesale customers.

Statutory Profit after tax

\$905m

↓ **from \$1,582m**
in FY18

Underlying Profit after tax

\$1,040m

↑ **2.2 %**
from FY18

Statutory earnings per share

138.0cents

Underlying earnings per share

158.6cents

Final dividend per share

119cents

↑ **from 117.0 cents**
in FY18

Return on equity

12.5%

↓ **0.6**
percentage points

Proudly
Australian

68% employee
engagement



6 percentage points

\$50m

customer affordability
program implemented
in FY19

Over

180

years old

Over

3.7m

customer accounts

\$1.9b

new energy supply
projects completed
or in construction

Explanatory Notes

These Explanatory Notes form part of this Notice of Meeting and should be read in conjunction with it. These Explanatory Notes have been prepared to provide Shareholders with important information regarding the Items of Business proposed for consideration at the AGM. Capitalised terms in this Notice of Meeting are defined in the Glossary on page 37.

Determination of entitlement to vote

For the purpose of voting at the AGM, the Directors have determined that AGL Shares will be taken to be held by persons registered as Shareholders as at 7.00pm (Sydney time) on Tuesday, 17 September 2019. This means that transfers of AGL Shares registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

Shareholder voting & proxies

Appointing a proxy

Each Shareholder who is entitled to vote at the AGM may appoint a proxy, who need not be a Shareholder, to attend and vote at the AGM on the Shareholder's behalf. A Shareholder who is entitled to attend and cast two or more votes at the AGM may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise on a poll. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes that each may exercise, each may exercise half of the votes (disregarding fractions) on a poll.

Further details about proxy voting are set out below.

Direct voting

Alternatively, a Shareholder may vote directly in accordance with the instructions contained on the Voting Form. If a Shareholder who is entitled to vote at the AGM appoints a proxy, they may specify the way that the proxy is to vote in relation to a resolution and indicate that the specification is to be regarded as a direct vote. A direct vote will enable Shareholders to vote on resolutions considered at the meeting by lodging their votes with the Company prior to the meeting. Direct voting is another way for Shareholders to exercise their voting rights without needing to attend the meeting.

Please note that a Shareholder who has cast a direct vote may attend the meeting, but their attendance will cancel the direct vote.

Lodging your Voting Form

A Voting Form (and any Power of Attorney or other authority (if any) under which the Voting Form is signed, or a certified copy of that document) must be received by AGL at least 48 hours before the time for holding the AGM – that is, by **10.30am (Sydney time) on Tuesday, 17 September 2019**. Voting Forms received after this time will not be effective for the AGM.

Voting Forms may be lodged:

- i. online at the AGL Share Registry's website:
www.linkmarketservices.com.au
- ii. by posting them in the accompanying reply-paid envelope to:
AGL Energy Limited
C/ Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
- iii. by sending them by fax to the AGL Share Registry on
02 9287 0309
- iv. by delivering them by hand to the AGL Share Registry located at:
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Corporate Representatives

A company wishing to appoint a person to act as its representative at the AGM must provide that person with a letter executed in accordance with the Corporations Act authorising him or her to act as the Shareholder's representative.

Directing your own proxy how to vote

If you want to direct your proxy how to vote on a particular Item of Business please mark the appropriate box on the Voting Form.

If you mark the abstain box for a particular Item of Business you are directing your proxy not to vote on that Item.

If you do not mark any box on a particular Item of Business, you are directing your proxy to vote as he or she decides, subject to any voting exclusions that may apply to the proxy.

Proxy voting by members of AGL's Key Management Personnel

If you appoint a member of AGL's KMP (which includes the Directors) as proxy, they will not be able to cast your vote on Items 2 or 4, unless you direct them how to vote or the Chairman of the meeting is your proxy (see below).

Explanatory Notes^{continued}

The Chairman of the meeting acting as proxy

You may appoint the Chairman of the meeting as your proxy. The Chairman of the meeting will also be deemed to be your proxy if you sign a Voting Form but do not name a proxy or if the person you appoint as proxy does not attend the AGM.

If you provide a voting direction on a particular Item of Business, the Chairman must vote in accordance with that direction on a poll.

If the Chairman of the meeting is or becomes your proxy and you do not give any voting instructions for Items 2 and 4, then by completing and submitting the Voting Form you will be expressly authorising the Chairman to exercise the proxy as the Chairman sees fit in respect of those Items of Business even though those Items of Business are connected directly or indirectly with the remuneration of AGL's KMP.

The Chairman intends to vote undirected proxies **IN FAVOUR** of Items 2 to 4 and **AGAINST** Items 5(a), 5(b) and 6.

VOTING EXCLUSION STATEMENTS

Item 2

Item 2 is a resolution connected directly with the remuneration of members of AGL's KMP. The Corporations Act restricts KMP and their closely related parties from voting on these Items. A "closely related party" of a KMP is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

In accordance with these requirements, AGL will disregard any votes cast on the resolution in Item 2:

- i. by or on behalf of a member of AGL's KMP named in the Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- ii. as a proxy by a person who is a member of the KMP at the date of the AGM or their closely related parties.

However, AGL will not disregard votes cast on Item 2 if they are cast as proxy for a person entitled to vote on that Item:

- iii. in accordance with the directions on the Voting Form; or
- iv. by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though Item 2 is connected with the remuneration of AGL's KMP.

Item 4

Item 4 is a resolution relating to the grant of Performance Rights to AGL's Managing Director and Chief Executive Officer under AGL's LTIP. AGL will disregard any votes cast on Item 4:

- i. in favour of the resolution by or on behalf of Brett Redman or any of his associates, regardless of the capacity in which the vote is cast; or
- ii. as a proxy by a person who is a member of AGL's KMP at the date of the AGM or their closely related parties.

However, AGL will not disregard votes cast on Item 4 if they are cast as proxy for a person entitled to vote on Item 4:

- iii. in accordance with the directions on the Voting Form; or
- iv. by the Chairman of the meeting pursuant to an express authorisation in the Voting Form to exercise the proxy even though Item 4 is connected with the remuneration of a member of AGL's KMP.

Business

ITEM 1

To receive and consider the Financial, Directors' and Auditor's Reports for the financial year ended 30 June 2019

The 2019 AGL Annual Report can be found on AGL's website (www.agl.com.au/2019annualreport) and has been sent to those Shareholders who have requested a copy.

During the discussion of this Item of Business, there will be an opportunity for Shareholders to ask questions about, or comment on, the 2019 AGL Annual Report and the management and performance of AGL. You may also submit written questions in advance of the AGM (see the enclosed Shareholder Question Form for details).

AGL's auditor, Deloitte Touche Tohmatsu, will be available at the AGM to answer questions from Shareholders relevant to the audit, AGL's accounting policies, their Auditor's Report and their independence as auditor.

ITEM 2

Adoption of the Remuneration Report for the financial year ended 30 June 2019

AGL is required under the Corporations Act to include, in the business of its AGM, a resolution that its Remuneration Report for the financial year ended 30 June 2019 be adopted. The resolution is advisory only and does not bind the Directors or AGL. However, the Directors will take into account the outcome of the vote when reviewing AGL's remuneration policies and practices. During discussion of this Item of Business, there will be an opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report.

Directors' Recommendation

The Directors unanimously recommend the adoption of the Remuneration Report.

ITEM 3

Election and Re-election of Directors

Information on each candidate standing for election or re-election at the AGM is set out below.

(a) Jacqueline Hey

Qualifications: BCom, Grad Cert (Mgmt), GAICD

Term: Non-executive Director since March 2016.

Independent: Yes.

Committees: Chair of the Safety, Sustainability & Corporate Responsibility Committee, Member of the Audit & Risk Management Committee and the Nominations Committee.

Directorships: Director of Qantas Airways Limited, Bendigo and Adelaide Bank Limited, Cricket Australia and Member of Brighton Grammar School Council. Ms Hey will be Chair of Bendigo and Adelaide Bank Limited from 29 October 2019.

Experience: Ms Hey enjoyed a successful executive career prior to becoming a full-time company director in 2011. Ms Hey has extensive experience in the areas of information technology, telecommunications and marketing. Ms Hey worked with Ericsson for more than 20 years in finance, marketing and sales and in leadership roles in Australia, Sweden, the UK and the Middle East.

The Directors consider Ms Hey's skills and experience, in particular Ms Hey's commercial and leadership experience are valuable to the Board's existing skills and experience. Ms Hey also adds considerable strength and leadership to the Committees on which she serves, including as Chair of the Safety, Sustainability & Corporate Responsibility Committee.

For these reasons, the Directors support the re-election of Ms Hey as a Director.

Directors' Recommendation

The Directors (excluding Ms Hey) recommend that Shareholders vote in favour of the re-election of Ms Hey as a Director.

(b) **Diane Smith-Gander AO**

Qualifications: BEc, MBA, FAICD, FGIA, Hon. DEc, FAIM, GAICD

Term: Non-executive Director since September 2016.

Independent: Yes.

Committees: Chair of the People and Performance Committee, Member of the Nominations Committee and Safety, Sustainability and Corporate Responsibility Committee.

Directorships: Director of Wesfarmers Limited, Chair of Safe Work Australia and the Asbestos Safety and Eradication Council, Director of the Committee for Economic Development of Australia (CEDA), North Queensland Airports Group and Keystart Loans Group, Deputy Chair of The UWA Business School Advisory Board and Member of the Norton Rose Fulbright Australia Partnership Council.

Experience: Ms Smith-Gander has extensive Australian and international experience in banking and finance, technology, and strategic and management consulting. This includes as a Partner at McKinsey in Washington DC and New Jersey in the US, and Group Executive IT and Operations, Westpac Banking Corporation.

The Directors consider Ms Smith-Gander's skills and experience, in particular Ms Smith-Gander's experience and leadership in financial, strategic and consulting roles, are valuable to the Board's existing skills and experience. Ms Smith-Gander also adds considerable strength and leadership to the Committees on which she serves, including as Chair of the People & Performance Committee.

For these reasons, the Directors support the re-election of Ms Smith-Gander as a Director.

Directors' Recommendation

The Directors (excluding Ms Smith-Gander) recommend that Shareholders vote in favour of the re-election of Ms Smith-Gander as a Director.

(c) **Patricia McKenzie**

Qualifications: LLB FAICD

Term: Non-executive Director since 1 May 2019

Independent: Yes.

Committees: Member of the Audit & Risk Management Committee, People & Performance Committee and the Nominations Committee.

Directorships: Director of The Housing Connection. Ms McKenzie was also a director of APA Group from January 2011 until March 2019.

Experience: Ms McKenzie has more than 40 years' experience in the Australian energy sector with particular focus on matters of market design, industry governance and regulatory reform. Ms McKenzie was previously the Chair of Essential Energy and a director of Macquarie Generation and Transgrid. She was CEO of the Gas Market Company from 2001 to 2008 and a member of the Gas Market Leaders Group representing gas market operations from 2005 to 2010. In these roles, she was a key participant in the Council of Australian Government's National Energy Reform, a major outcome of which was the establishment of the Australian Energy Market Operator (AEMO), of which she was a Director from 2009 to 2011.

The Board arranged checks on Ms McKenzie's character, experience, education, criminal record and bankruptcy history ahead of her appointment. The Board confirms that those checks did not reveal any information of concern. The Directors consider Ms McKenzie's skills and experience, in particular her significant experience in the energy sector, is valuable to the Board's existing skills and experience.

For the reasons above, the Directors support the election of Ms McKenzie as a Director.

Directors' Recommendation

The Directors (excluding Ms McKenzie) recommend that Shareholders vote in favour of the election of Ms McKenzie as a Director.

ITEM 4

Grant of Performance Rights under the LTIP to Brett Redman

Shareholder approval is being sought for the proposed grant of 214,108 Performance Rights to AGL's Managing Director and Chief Executive Officer, Brett Redman, under the LTIP in FY20, comprising:

- (a) 107,054 Performance Rights with a three year performance period (Bridging Tranche); and
- (b) 107,054 Performance Rights with a four year performance period (FY20 Tranche),

the terms of which are outlined below.

Background

The Remuneration Report, on pages 58 to 81 of the 2019 AGL Annual Report, sets out details of Mr Redman's current remuneration.

AGL's LTIP provides executives with the opportunity to earn variable awards through the achievement of company performance targets over the relevant performance period.

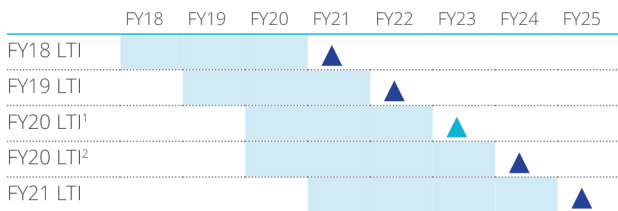
The LTIP is designed to reward executives for long-term performance, encourage shareholding and deliver long-term value creation for Shareholders. It is the Board's view that the current LTIP supports these objectives.

Performance Rights are granted under the LTIP and will vest upon the satisfaction of agreed performance conditions. Each Performance Right entitles Mr Redman to receive, upon vesting, one AGL Share. Performance Rights have no entitlement to dividends or voting.

Transition to four year performance period

As noted in the Remuneration Report on page 61 of the 2019 AGL Annual Report, the Board has determined to extend the performance period for the LTIP from three years to four years to better reflect the long-term horizon of the business planning cycle.

The extension of the LTIP performance period from three years to four years will result in a year (FY23) when no LTIP awards would be due to be tested (and potentially vest if the performance conditions are achieved) as demonstrated in the table following.



1. Bridging grant.
2. New four-year LTI grant.

Performance Period
 ▲ Performance Right vesting date
 Transitional vesting year

To ensure a smooth transition to the extension of the performance period, a Bridging Tranche of Performance Rights will be granted to eligible LTIP participants, including Mr Redman, that will be tested after three years, in addition to the FY20 Tranche that will be tested after four years. In FY21 and for future years, a four year performance period will apply to awards made under the LTIP and no further Bridging Tranches will be awarded.

Therefore in FY20, Mr Redman's Performance Rights comprise the Bridging Tranche, which will be tested against the performance conditions (described below) over a three year period commencing from 1 July 2019, and the FY20 Tranche, which will be tested against the performance conditions over a four year period commencing from 1 July 2019.

The outcome against the performance conditions will be assessed at the end of the relevant performance period for each tranche and the Board will notify Mr Redman of any Performance Rights that have vested at that point. Any Performance Rights which do not vest upon this assessment will lapse. Therefore, Mr Redman will not receive any value if the performance conditions are not met, or the Performance Rights otherwise lapse.

Determination of the number of Performance Rights

The number of Performance Rights to be granted to the Managing Director and Chief Executive Officer is 214,108 Performance Rights, which comprises 107,054 Performance Rights for the three year Bridging Tranche and 107,054 Performance Rights for the four year FY20 Tranche.

The number of Performance Rights in each tranche has been determined by dividing the face value of the Managing Director and Chief Executive Officer's annual LTIP opportunity (130% of FR, being \$2,145,000) by the volume weighted average price of AGL Shares over the 30 calendar days up to 30 June 2019 (being \$20.0366).

The number of Performance Rights that ultimately vest for Mr Redman under each tranche will depend upon the extent to which the performance conditions have been satisfied over the relevant performance period. The maximum number of Performance Rights will only vest if the highest performance levels for each performance condition are achieved as outlined below (relative TSR at or above the 75th percentile and ROE at or above 12.5%). The outcomes of the LTIP offer will be included in the Remuneration Report for the relevant financial years (i.e. FY22 and FY23).

Performance Conditions

The Performance Rights granted in respect of each of the Bridging Tranche and the FY20 Tranche are subject to the achievement of two performance conditions, equally weighted, being relative Total Shareholder Return (**TSR**) and Return on Equity (**ROE**). These measures have been used since FY16, and were selected to focus participants on value creation for Shareholders through relative share price growth and improvement in earnings combined with efficient use of capital.

Relative TSR is a market based performance condition which measures the performance of AGL Shares relative to those of the constituent companies in the S&P/ASX 100 index (**Peer Group**). Relative TSR was selected as an LTIP measure because it provides a relative, external market performance benchmark against the Peer Group. Relative TSR essentially compares the returns a Shareholder would receive over a period through holding an AGL Share with the returns the Shareholder would have received by holding a security in other constituent companies of this Peer Group. The Board has the discretion to adjust the Peer Group to take into account certain events including takeovers, mergers, de-mergers and similar transactions that might occur over the relevant performance period.

ROE assesses Shareholder returns based on underlying profit after tax as a percentage of the capital shareholders have invested. ROE is used as a performance measure as it determines how effectively AGL is deploying Shareholder capital.

An explanation of the way AGL sets ROE targets under the LTIP is set out in the Remuneration Report on page 72 of the 2019 AGL Annual Report. The Board has approved a vesting range of 8.5% to 12.5% for the FY20 LTIP from a base ROE in FY19 of 12.5%.

The number of Performance Rights that vest at the end of the relevant performance period for each tranche will be determined as follows:

Performance Measure	Weighting	Measured Against	Outcome	Performance Rights vesting
Relative Total Shareholder Return (TSR)	50%	Constituent companies in the S&P/ASX 100	<50th percentile	0%
			50th percentile	50%
			Between 50th - 75th percentiles	Straight-line vesting from 50-100%
			>75th percentile	100%

Performance Measure	Weighting	Calculation	Outcome	Performance Rights vesting
Return on Equity (ROE)	50%	Net profit after tax as % of capital shareholders have invested	<8.5%	0%
			8.5%	50%
			Between 8.5% - 10.5%	Straight-line vesting from 50-90%
			Between 10.5% - 12.5%	Straight-line vesting from 90-100%
			>12.5%	100%

Cessation of employment

Except in limited circumstances, Mr Redman must be employed by AGL at the relevant vesting dates in order to be eligible to receive any AGL Shares upon satisfaction of the performance conditions. However, the Board has discretion to determine a different treatment if Mr Redman's employment with AGL ceases due to death, redundancy, retirement, incapacity or other circumstances where the Board determines good leaver treatment is appropriate. In particular, the Board can allow some or all of Mr Redman's unvested Performance Rights to remain on foot subject to performance conditions, can bring forward testing of the performance conditions or can waive the performance conditions. Where good leaver treatment is appropriate, the Board's starting position will be that the tranche of Performance Rights with the longest unserved performance period at the date of cessation of employment will lapse in full.

In exercising these discretions, the Board would have regard to relevant circumstances, including the reasons for cessation, AGL's performance, Mr Redman's contribution to AGL and prevailing market practice and stakeholder expectations.

Clawback

The Board maintains the discretion to prescribe clawback events in which any unvested equity awards may be clawed back from executives, including the LTIP awards being proposed for Mr Redman.

Clawback events include where the executive has committed any act of fraud or gross misconduct in relation to the affairs of AGL, materially breached their obligations to AGL, or has hedged the value of, or entered into a derivative arrangement in relation to, an unvested equity award or where any unvested equity award has vested as a result of a material misstatement in the financial statements of AGL.

Change of control

In circumstances where there is a likely or actual change in the control of AGL, the Board has discretion to determine how to treat unvested Performance Rights including whether to vest some or all of the Performance Rights.

Shareholder approval

Under ASX Listing Rule 10.14, a Director may only acquire shares or rights to shares under an employee incentive scheme if the Director's participation has been approved by an ordinary resolution of shareholders. Approval from Shareholders is being sought in relation to Mr Redman's participation in the LTIP in FY20, namely for the Bridging Tranche and the FY20 Tranche.

If Shareholder approval is not provided, then, subject to the achievement of the relevant performance and service conditions, it is intended that the LTIP awards will be provided to Mr Redman in cash at the end of the relevant performance periods, in each case equivalent in value to the LTIP award he would have received had shareholder approval been received.

Further information required by ASX Listing Rule 10.15

ASX Listing Rule 10.15 requires the following further information to be disclosed in relation to Performance Rights which may be granted to Mr Redman under the LTIP:

- (a) No other Director or associate of a Director has acquired Performance Rights under the terms of the LTIP except for Mr Redman.
- (b) No Directors or associates of Directors are entitled to participate in the LTIP except for Mr Redman.
- (c) A voting exclusion statement is included in the Notice of Meeting.

- (d) There is no loan applicable in relation to the acquisition of Performance Rights or the AGL Shares underlying them because Mr Redman is not required to make any payment for the Performance Rights or the AGL Shares underlying them.
- (e) The Performance Rights are expected to be granted to Mr Redman in October 2019 (but in any event no later than 12 months after the date of the AGM) on the conditions described in these Explanatory Notes.
- (f) If approval is given for this Item of Business, approval will not be required for ASX Listing Rule 7.1 and the Performance Rights will not count towards AGL's 15% 'cap' on new issues of securities.

Directors' Recommendation

The Directors (excluding Mr Redman) recommend that Shareholders vote in favour of the grant of Performance Rights under the LTIP to Brett Redman.

The following resolutions are NOT SUPPORTED by the Board

ITEM 5

Resolutions Requisitioned by a Group of Shareholders

A group of Shareholders representing approximately 0.0229% of AGL Shares has proposed the resolutions in Items 5(a) and 5(b) under section 249N of the Corporations Act and has requested pursuant to section 249P of the Corporations Act that AGL give to Shareholders the supporting statements set out in Appendix 1 and Appendix 2 to this notice.

(a) Amendment to the Constitution

The Board respects the right of Shareholders to requisition a resolution to amend the Constitution, however, the Board believes that the proposed resolution is not in the best interests of the Company.

The proposed resolution is seeking to amend the Constitution to include a new provision that would enable Shareholders, by ordinary resolution, to express an opinion or request information about the way in which a power of the Company vested in the Board has been or should be exercised.

The Board has the power to manage the business of AGL under the Constitution. It is important that the Board is able to make decisions that affect the business and affairs of AGL in the best interests of the Company as a whole. Shareholders are able to hold the Board to account for their decisions by voting on the appointment and removal of Directors at AGL's Annual General Meetings.

The Board believes that the proposed amendment to the Constitution could have the effect of enabling groups of Shareholders to promote their own interests, which do not take into account the interests of the Company as a whole.

Shareholders are already provided with a number of opportunities in which they can engage with the Company. AGL operates an investor relations program to facilitate two-way communication with Shareholders. The program aims to keep Shareholders informed about AGL's activities and to listen to issues or concerns raised by Shareholders. AGL also holds regular investor briefings and asset tours, webcasts these events where practicable and provides all materials, archived recordings and transcripts via its website. Further, with respect to the Annual General Meeting, Shareholders are invited to submit questions before the meeting which help the Company to understand Shareholder issues and concerns, and address key areas of Shareholder feedback. The Chairman also

encourages Shareholders at the AGM to ask questions and make comments about AGL.

For these reasons, the Directors recommend that Shareholders vote **AGAINST** the proposed resolution.

Directors' Recommendation

The Directors recommend that Shareholders vote **AGAINST** the resolution to amend the Constitution.

(b) Transition Planning Disclosure

Resolution 5(b) is an "advisory resolution" and will only be presented at the meeting for consideration if Item 5(a) is passed by special resolution. If resolution 5(a) is not passed, this item will not be put to the meeting. However, the Company intends to allow a reasonable opportunity at the AGM for Shareholders to ask questions on the subject matter of this Item.

The Board does not endorse the resolution and recommends that Shareholders vote against it for the reasons set out below.

As Australia's largest greenhouse gas emitter, AGL recognises that it has a responsibility to be transparent about climate change and the risks and opportunities it poses to its business, the community and the economy more broadly. Over the last few years, AGL has regularly released transparent and clear reporting in relation to its commitments to transition to a low-carbon economy. This includes:

- AGL's Greenhouse Gas Policy released in 2015. This policy sets out AGL's commitment to a range of measures that will drive the orderly decarbonisation of the energy sector, while continuing to focus on customer affordability and system reliability, including the closure of all of AGL's existing coal-fired power stations by 2050 and AGL's investment in new renewable energy and near-zero emissions technologies.
- Reporting in accordance with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). In August 2018, AGL released its report 'Powering a Climate Resilient Economy, AGL's approach to climate-related financial risk', which outlined AGL's approach and strategy on climate change in accordance with the TCFD framework. In February 2019, the requisitioning group, Market Forces, released a report on TCFD reporting by ASX 100 companies. In that report, Market Forces concluded that AGL was one of three companies reporting in line with all the recommendations of the TCFD.

- AGL's FY19 Carbon Scenario Analysis report, prepared in accordance with the TCFD framework, indicates that AGL's plans for the eventual closure of its coal-fired power stations by 2050 remain on track and AGL's current timeline is not inconsistent with reducing greenhouse gas emissions to a level consistent with limiting warming to below 2 degrees above pre-industrial levels. During FY20, a further scenario analysis will be undertaken to understand the impacts on AGL's portfolio and closure plans under scenarios that limit warming to below 1.5 degrees above pre-industrial levels.

In addition to the above, AGL has disclosed in its 2019 Annual Report a summary of AGL's governance and risk management processes in relation to climate change, as well as performance measures relating to AGL's greenhouse gas emissions.

In keeping with AGL's Greenhouse Gas Policy, AGL will continue to support action consistent with the goals of the Paris Accord. However, the Board is of the view that this resolution is not required given AGL's clear policy position, transparent reporting practices and existing strategy and commitments to an orderly decarbonisation of its generation portfolio.

The Board has given serious consideration to the risks and opportunities associated with the energy sector's transition towards a low-carbon economy and considers that a staged decarbonisation of the economy is a fundamental imperative.

Therefore, while AGL agrees with the sentiment expressed in this resolution about the importance of managing carbon risk, AGL considers that any approach to decarbonisation should be based on a just transition process for customers, employees, Shareholders and communities. In particular, ensuring system reliability and improving affordability are key priorities that must be met within any decarbonisation strategy.

In the short term, AGL is focusing on strategies to enable the decarbonisation transition to occur including further investment in and sourcing of energy from renewable assets, as well as developing a pipeline of flexible generation assets such as pumped hydro and batteries.

AGL will continue to take careful account of the range of carbon risks in its own business planning. However, AGL does not consider it to be in the best interests of Shareholders, customers or the community at large for AGL to take unilateral steps, such as making commitments to phase out coal power generation by no later than 2030.

For these reasons, the Board considers that the proposed resolution is not in the best interests of Shareholders.

Directors' Recommendation

The Directors recommend that Shareholders vote **AGAINST** the resolution in relation to transition planning disclosure.

The following resolution is NOT SUPPORTED by the Board

ITEM 6

Resolution Requisitioned by a Group of Shareholders

A group of Shareholders representing approximately 0.0189% of AGL Shares has proposed the resolution in Item 6 under section 249N of the Corporations Act and has requested pursuant to section 249P of the Corporations Act that AGL give to Shareholders the supporting statement set out in Appendix 3 to this notice.

Resolution 6 is an "advisory resolution" and will only be presented at the meeting for consideration if Item 5(a) is passed by special resolution. If resolution 5(a) is not passed, this item will not be put to the meeting. However, the Company intends to allow a reasonable opportunity at the AGM for Shareholders to ask questions on the subject matter of this item.

The Board does not endorse the resolution and recommends that Shareholders vote against it for the reasons set out below.

Public health risks of coal operations

AGL operates Australia's largest electricity generation portfolio, supplying almost one quarter of the electricity consumed across the National Electricity Market annually. The portfolio comprises thermal generation fuelled by coal and gas, and renewable sources, including hydro, wind and solar. The combustion of fuel to generate electricity results in the emission of combustion products to the atmosphere.

As a responsible provider of this essential service, AGL is committed to protecting the environment and community from risks and harm while continuing to provide affordable, reliable and sustainable energy.

AGL supports the role of the regulatory authorities in each jurisdiction in setting conditions and emission limits for the electricity sector to ensure communities and the environment are protected, and a consistent approach is taken by all participants. AGL recognises that licensing conditions need to be risk based, informed by scientific research and data, to provide confidence in the regulatory system and reflect community expectations.

AGL considers that these regulatory authorities are best placed to conduct a thorough and robust assessment of emissions standards, emission reducing technologies and health risks across the electricity sector and should not be determined by asset owners who risk investing shareholder capital in emissions mitigation activities that may not deliver a public benefit. To this end, AGL and other electricity generators are currently working with the Victorian and New South Wales Environment Protection Authorities in relation to their licence review of coal-fired power stations, including whether new emission limits should be imposed. The results of these reviews are expected to be made public within the 2020 financial year.

AGL is committed to ongoing transparent engagement with members of the community and other stakeholders, including the requisitioning group, ACCR, who may be concerned about air emissions from our operations. We convene regular forums by which the local communities can engage with AGL on these matters. Throughout licensing reviews, AGL has engaged constructively with interested community stakeholders and regulators.

AGL complies with the specific emissions limits set out in its environmental protection licences and in state and federal legislation, and monitors and reports on air emissions in accordance with the requirements of those licences. Furthermore, AGL has recently upgraded its monitoring systems across its coal-generation fleet. AGL's Loy Yang and Macquarie power stations are now fitted with continuous emissions monitoring system technology, ensuring accurate real time data is available to enable efficient responses where needed.

AGL's air emissions data and submissions to regulatory authorities on this matter are publicly available. AGL has reported multi-year emissions data for several years, including in the Annual Report data centre. AGL also reports air emissions from its operations to the Federal Government's National Pollutant Inventory (NPI) each year. The NPI is a publicly available database of emissions from Australian industrial facilities. Air emissions are also reported to state government regulators, as required.

Therefore, the Board considers that AGL is taking a conscientious approach to the environment and emission levels, including by complying with relevant laws and obligations, actively engaging with members of the community and other stakeholders who may be concerned about air emissions from our operations, adopting transparent reporting practices and taking active steps to reduce emission levels over the long term.

The Board also considers that any decisions in relation to the appropriate level of emissions and health risks across the energy sector should be made by regulatory authorities based on a holistic set of data collected by those authorities in relation to the broader energy industry.

Having regard to these reasons, the Board considers the proposed resolution is not in the best interests of Shareholders.

Directors' Recommendation

The Directors recommend that Shareholders vote **AGAINST** the resolution in relation to the public health risks of coal operations

Appendix 1

The Shareholders who requisitioned the resolution in Item 5(a) have requested, pursuant to section 249P of the Corporations Act, that the following statement accompany the resolution.

The Board and AGL **DO NOT** endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Supporting statement for resolution 5(a)

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian cousins in this respect.

A board of Directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In rare situations the appropriate course of action for shareholders dissatisfied with the conduct of board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings such as the AGM to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

The Constitution of AGL is not conducive to the right of shareholders to place resolutions on the agenda of a shareholder meeting.

In our view, this is contrary to the long-term interests of AGL, the AGL board and all AGL shareholders.

Passage of this resolution – to amend the AGL constitution – will simply put the company in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand.

We encourage shareholders to vote in favour of this resolution.

Appendix 2

The Shareholders who requisitioned the resolution in Item 5(b) have requested, pursuant to section 249P of the Corporations Act, that the following statement accompany the resolution.

The Board and AGL **DO NOT** endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Supporting statement for resolution 5(b)

AGL has stated its support for the climate goals of the Paris Agreement.¹ However, our company's currently disclosed strategy is inconsistent with the energy transition required to meet those goals.²

Given the significant financial risks and opportunities a Paris-aligned energy transition presents, shareholders require further disclosure to ensure AGL's strategy aligns with its support for the Paris climate goals.

Energy transition and investor expectations

Signed by almost 200 countries, the Paris Agreement sets out the goals of: "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels."³

The greenhouse gas emissions reductions needed to meet these goals requires the phase out of coal-fired power in OECD countries, including Australia, by 2030.⁴ Investors around the world have accepted and reiterated this deadline.

The Global Investor Statement to Governments on Climate Change (GISGCC) has been signed by 477 investors representing over US\$34 trillion in assets.⁵ Australian signatories include: AustralianSuper, BTFG, CareSuper, Catholic Super, Cbus, Christian Super, Colonial First State, First State Super, HESTA, IFM Investors, LUCRF, Local Government Super, Mercer, Statewide Super, VicSuper, and Vision Super. International signatories with significant AGL holdings include: Schrodgers, Aberdeen Standard Investments, Kempen Capital Management, Pictet Group, and PGGM.

1 AGL Greenhouse Gas Policy (April 2015); Standing firm on the Paris Agreement (June 2017)

2 Carbon Tracker, AGL Profile (May 2019); Climate Analytics, Implications of the Paris Agreement for coal use in the power sector (November 2016)

3 Paris Agreement, art 2(1)(a)

4 Climate Analytics (2016)

5 GISGCC (December 2018, signatories updated June 2019)

The GISGCC calls on governments to “phase out thermal coal power worldwide by set deadlines.” The Briefing Paper accompanying the GISGCC sets out these deadlines, including the elimination of coal power in OECD countries by no later than 2030.⁶ The GISGCC’s asks were recently restated in an open letter to governments.⁷ A recent Climate Analytics report states: “The Paris Agreement’s 1.5°C limit requires that coal fired electricity be phased out by around 2030 in developed countries including Australia.”⁸

In December 2018, 89 investors with US\$11.5 trillion under management asked power companies to plan for a net-zero carbon future:

Specifically, we request companies to set out transition plans consistent with the goal of the Paris Agreement, including compatibility of capital expenditure plans. We expect explicit timelines and commitments for the rapid elimination of coal use by utilities in EU and OECD countries by no later than 2030.⁹

With this resolution, shareholders make the same request for transition planning disclosure of AGL.

Current plans

AGL owns and operates three coal-fired power stations:¹⁰

	Capacity	Fuel	Emissions intensity	Commissioned	Planned closure
Liddell	2000MW	Black coal	0.9’3 t/MWh	1971	2022
Bayswater	2640MW	Black coal	0.89 t/MWh	1985	2035
Loy Yang A	2210MW	Brown coal	1.18 t/MWh	1985	2048

AGL’s plans clearly involve operating both Bayswater and Loy Yang A well beyond the deadline imposed under a Paris-aligned energy transition scenario. Carbon Tracker’s analysis shows AGL’s plans are not Paris-aligned, and highlights the following question: “Is AGL Energy planning to align its business model with the Paris agreement by closing all existing coal-fired power stations in its portfolio by 2030?”

6 GISGCC Briefing Paper
7 Open letter to governments (June 2019)
8 Climate Analytics, Australia’s power supply: brown and polluting (May 2019)
9 Power companies must accelerate decarbonisation (Financial Times, 20 December 2018)
10 AGL website; NGERs data (2017-18 intensity figures)

Financial risks

According to Bloomberg New Energy Finance, wind and solar energy with battery storage will be cheaper than energy produced by existing coal power stations almost everywhere by 2030,¹¹ with this tipping point having already been reached in “many parts of Australia.”¹²

This changing energy mix is consistent with a 2°C warming pathway. A more rapid transition will be required to achieve the Paris climate goals, suggesting regulatory and market changes could further impact the cost competitiveness of coal power.

For example, the state government of Victoria (home to Loy Yang A) will announce 2025 and 2030 emissions reduction targets by March 2020, and a strategy to meet those targets soon after.¹³

In the event that these targets are aligned to the Paris climate goals, regulatory changes to bring about the reductions pose a significant risk to our company, given its plans to continue operating Loy Yang until 2048.

AGL's scope 3 (indirect) emissions also expose our company to financial risks presented by market and regulatory moves to reduce emissions in line with the Paris goals. Along with the scope 1 and 2 reduction strategies requested in this resolution, AGL should also describe how it will manage risks posed by its scope 3 emissions.

The age of AGL's coal power stations also presents financial risks. The extended outage of one of Loy Yang A's four units is expected to reduce FY20 underlying profit after tax by \$60 million to \$100 million.¹⁴ Since December 2017, Loy Yang A has experienced 29 breakdowns, more than any other Australian power station. Liddell has had 13 breakdowns and Bayswater five.¹⁵ Further capital expenditure to keep Loy Yang and Bayswater operating until 2048 and 2035 respectively risks becoming stranded due to technological, market and regulatory changes required for a Paris-aligned energy transition.

Shareholder support required

Shareholder support for this resolution is required to ensure our company is prepared for the rapid transition to a low carbon economy required to meet Paris climate goals. AGL should demonstrate through improved disclosure how its strategy will align with this transition.

We encourage shareholders to vote in favour of this resolution.

11 Bloomberg New Energy Outlook (June 2019)

12 Renew Economy, Age of cheap coal power is over for Australia, says BNEF (8 May 2019)

13 DELWP, Climate Change: Reducing Victoria's Greenhouse Gas Emissions (June 2019)

14 AGL, ASX Release: FY20 impact of extended unit outage at Loy Yang (7 June 2019)

15 The Australia Institute, Breaking Brown (June 2019)

Appendix 3

The Shareholders who requisitioned the resolution in Item 6 have requested, pursuant to section 249P of the Corporations Act, that the following statement accompany the resolution.

The Board and AGL **DO NOT** endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Supporting statement for resolution 6

Our company operates three coal-fired power stations: Bayswater and Liddell in NSW, and Loy Yang A in Victoria. The burning of coal to generate electricity is a major contributor to climate change, and it produces air pollution and coal ash, both of which are harmful to public health.

Public health impacts from air pollution include heart disease, stroke, asthma attacks, low birth weight of babies, lung cancer and type 2 diabetes¹. Air pollution from NSW's five coal-fired power stations is estimated to lead to 279 early deaths every year for people aged 30 to 99². It is estimated that operating Bayswater and Liddell until their planned closure dates will cause an additional 792 deaths, 660 low birth weight babies, and 991 cases of new onset diabetes in NSW³. These estimates are based only on PM_{2.5} pollution, so there are likely to be broader health impacts from other emissions.

Unlike other OECD countries, Australia does not impose limits on stack emissions (the amount of pollution that is allowed to leave the power station stack) at a national level. Emissions limits vary for each state and each power station. Typically, each state-based Environmental Protection Authority (EPA) sets emissions limits on each power station within the terms of their licences.

While our company may comply with the emissions limits in its licences, on almost all measures, the licence limits themselves — imposed on the Bayswater, Liddell and Loy Yang A power stations — are far less stringent than limits applied in China, the European Union and the United States⁴:

1 Ewald, B., The health burden of fine particle pollution from electricity generation in NSW, November 2018.

2 *ibid.*

3 *ibid.*

4 Environmental Justice Australia, Toxic and Terminal, August 2017.

Power station / Jurisdiction	Sulfur dioxide (SO ₂)	Oxides of nitrogen (NO _x)	Mercury	Particles
Bayswater (NSW)	1716 mg/m ³	1500 mg/m ³	1000 µg/m ³	100 mg/m ³
Liddell (NSW)	1716 mg/m ³	1500 mg/m ³	1000 µg/m ³	100 mg/m ³
Loy Yang A (VIC)	2370 mg/m ³	677 mg/m ³	No limit in licence	258 mg/m ³
United States	1517 mg/m ³	875 mg/m ³	1.5 µg/m ³ (black coal) 14 µg/m ³ (brown coal)	125 mg/m ³
European Union	400 mg/m ³	200 mg/m ³	30 µg/m ³ (Germany only)	50 mg/m ³ (black coal) 100 mg/m ³ (brown coal)
China	200mg/m ³	200 mg/m ³ (400 mg/m ³ for provinces with high sulfur coal)	30 µg/m ³	30 mg/m ³

Note: mg = milligrams, µg = micrograms

In other jurisdictions, power station operators must install modern pollution controls in order to comply with the stricter licence limits. These include:

- Flue Gas Desulfurisation (FGD), which reduces SO₂ emissions by as much as 99%;
- Selective Catalytic Reduction (SCR) which reduces NO_x emissions by 95%; and
- activated carbon injection to reduce emissions of mercury by about 90%.

While our company reports monthly and annual aggregate air pollution statistics, it has not disclosed any assessment of the risk of public health impacts, nor has it disclosed a financial assessment of the capital and operating expenditure required to retrofit and maintain Bayswater and Loy Yang A with modern pollution controls (Liddell is scheduled to close in 2022, making an upgrade unfeasible).

It is imperative that our company take measures to reduce the impacts on public health from the Bayswater and Loy Yang A power stations, which are scheduled to close in 2035 and 2048, respectively. Our company's failure to address air pollution between now and the announced closure dates for Bayswater and Loy Yang A exposes our company to as yet undetermined but potentially serious legal, regulatory and reputational risks.

Appendix 3 continued

Legal and regulatory risk

In Europe, various legal actions have been taken against national governments for failing to address air pollution, including Italy, Poland and the United Kingdom⁵. In China, civil society organisations have filed a number of lawsuits against companies responsible for air pollution⁶. Our company faces the credible threat of litigation if it fails to adequately address air pollution.

As the public health impacts of air pollution are more widely understood and demonstrated in research, it is likely that state-based EPAs will come under increasing pressure to strengthen air pollution standards on existing licences for coal-fired power stations. Our company is therefore vulnerable to abrupt regulatory change requiring unplanned expenditure, rather than via planned, orderly upgrades and scheduled maintenance.

Reputational risk

Our company has in excess of 2 million individual customers, and one of its three strategic priorities is its social licence⁷.

Our company says that “social licence is about meeting and exceeding community expectations”⁸. Those communities most affected by air pollution from coal-fired power stations expect our company to minimise harm. It is in the interests of shareholders that our company take appropriate steps to protect its social licence.

It is likely that the capital and operating expenditure required to retrofit and maintain adequate pollution controls at Bayswater and Loy Yang A will have a material impact on our company's financial position. In order to better assess our company's short to medium term profitability, shareholders must be informed about the costs required to protect public health and protect our company's social licence to operate.

ACCR urges shareholders to vote for this proposal.

⁵ <https://www.clientearth.org/air-pollution/>

⁶ <https://www.newsecuritybeat.org/2018/08/people-vs-pollution-empowering-ngos-combat-pollution-environmental-law/>

⁷ <https://www.agl.com.au/about-agl/who-we-are/our-strategy>

⁸ *ibid.*

Glossary

In this Notice of Meeting, the following terms have the respective meanings unless the context otherwise requires:

2019 AGL Annual Report means the Annual Report of AGL for the financial year ended 30 June 2019.

AGL means AGL Energy Limited ABN 74 115 061 375.

AGL Share means a fully paid ordinary share in AGL.

AGM means the 2019 Annual General Meeting of Shareholders.

Board means the Board of Directors of AGL.

Bridging Tranche means the 107,054 Performance Rights proposed to be granted to Mr Redman during FY20, which will be subject to a three year performance period.

Company means AGL Energy Limited ABN 74 115 061 375.

Constitution means the Constitution of AGL.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a Director of AGL.

FR means fixed remuneration.

FY20 means the 12 months ending 30 June 2020.

FY20 Tranche means the 107,054 Performance Rights proposed to be granted to Mr Redman during FY20, which will be subject to a four year performance period.

KMP means key management personnel including the Directors and those executives who have the authority and responsibility for planning, directing and controlling the activities of AGL. The Remuneration Report identifies the KMP for AGL for the financial year ended 30 June 2019.

LTIP means the AGL Long-term Incentive Plan, an incentive plan providing executives with the opportunity to earn variable rewards through the delivery of Shareholder value creation over the relevant performance period.

Notice of Meeting means the notice pursuant to which the AGM is convened.

Performance Right means a right to receive one AGL Share in the future subject to meeting specified performance and/or employment conditions.

Remuneration Report means the section of the Directors' Report contained in the 2019 AGL Annual Report entitled 'Remuneration Report'.

ROE means Return on Equity, a metric calculating returns based on underlying profit after tax as a percentage of the capital Shareholders have invested.

Shareholder means a holder of AGL Shares.

TSR means the total return to a shareholder from holding a share (capital gains plus dividends) over a period of time.

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Questions from Shareholders

AGL welcomes your feedback and questions ahead of the AGM. Please see details on how to do this in the enclosed Shareholder Question Form or via www.linkmarketservices.com.au

The Chairman will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to shareholders.

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AGL Energy Limited

ABN 74 115 061 375

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

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BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: +61 1800 824 513 (free call within Australia)

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.

LODGEMENT OF A VOTING FORM

This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:30am (AEST) on Tuesday, 17 September 2019**, being not later than 48 hours before the commencement of the Meeting. Any Voting Form received after that time will not be valid for the scheduled Meeting.

Voting Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Voting Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Voting Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your vote by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

QR Code



HOW TO COMPLETE THIS SHAREHOLDER VOTING FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

VOTING UNDER BOX A - VOTE DIRECTLY

If you ticked the box under Box A you are indicating that you wish to vote directly. Please only mark either "for" or "against" for each item. Do not mark the "abstain" box. If you mark the "abstain" box for an item, your vote for that item will be invalid.

If no direction is given on all of the items, or if you complete both Box A and Box B, your vote may be passed to the Chairman of the Meeting as your proxy.

Custodians and nominees may, with the Share Registrar's consent, identify on the Voting Form the total number of votes in each of the categories "for" and "against" and their votes will be valid.

If you have lodged a direct vote, and then you attend the Meeting, your attendance will cancel your direct vote.

The Chairman's decision as to whether a direct vote is valid is conclusive.

VOTING UNDER BOX B - APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted in accordance with the Board recommendations set out overleaf, including where the items are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS - PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Voting Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Voting Form and the second Voting Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

VOTING FORM

I/We being a member(s) of AGL Energy Limited (**Company**) and entitled to attend and vote hereby appoint:

A VOTE DIRECTLY



elect to lodge my/our
vote(s) directly (mark box)



in relation to the Annual General Meeting of the Company to be held at **10:30am (AEST) on Thursday, 19 September 2019**, and at any adjournment or postponement of the Meeting.

You should mark either "for" or "against" for each item. Do not mark the "abstain" box.

OR

B APPOINT A PROXY



the Chairman of
the Meeting
(mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am (AEST) on Thursday, 19 September 2019, at International Convention Centre, 14 Darling Drive, Sydney, New South Wales** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Items 2 & 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, then by submitting this Voting Form you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Items 2 & 4, even though the Items are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote all available proxies in **favour** of Items 2 to 4 inclusive.

The Chairman of the Meeting intends to vote all available proxies **against** Items 5(a), 5(b) and 6.

The Company encourages all shareholders who submit proxies to direct their proxy how to vote on each Item.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Board-endorsed Items.

The Board recommends shareholders vote **FOR** Items 2 to 4 inclusive

2 Remuneration Report

3(a) Re-election of Jacqueline Hey

3(b) Re-election of Diane Smith-Gander

3(c) Election of Patricia McKenzie

4 Grant of Performance Rights under the AGL Long Term Incentive Plan to Brett Redman

Board
Recommendation

FOR

FOR

FOR

FOR

FOR

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Non Board-endorsed Items.

The Board recommends shareholders vote **AGAINST** Items 5(a), 5(b) and 6

5(a) Amendment to the Constitution (*special resolution*)

5(b) Transition Planning Disclosure

6 Public Health Risks of Coal Operations

Board
Recommendation

AGAINST

AGAINST

AGAINST

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

AGL PRX1901N