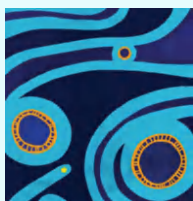


# Corporate Governance Statement 2023

# Contents

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<b>Corporate Governance Statement</b>	<b>1</b>
Corporate Governance Framework	1
AGL's Purpose and Values	2
AGL's Board	3
Board Committees	8
AGL's Executive Team	11
Diversity and Inclusion	12
Risk Management Framework and Financial Reporting	15
AGL's Key Corporate Governance Policies	18
Shareholder Engagement	19



AGL recognises the Aboriginal and Torres Straits Islander peoples as the Traditional Owners of the lands on which we work, and acknowledges those communities' continuing connections to their lands, waters and cultures. We pay our respects to their Elders, past and present.

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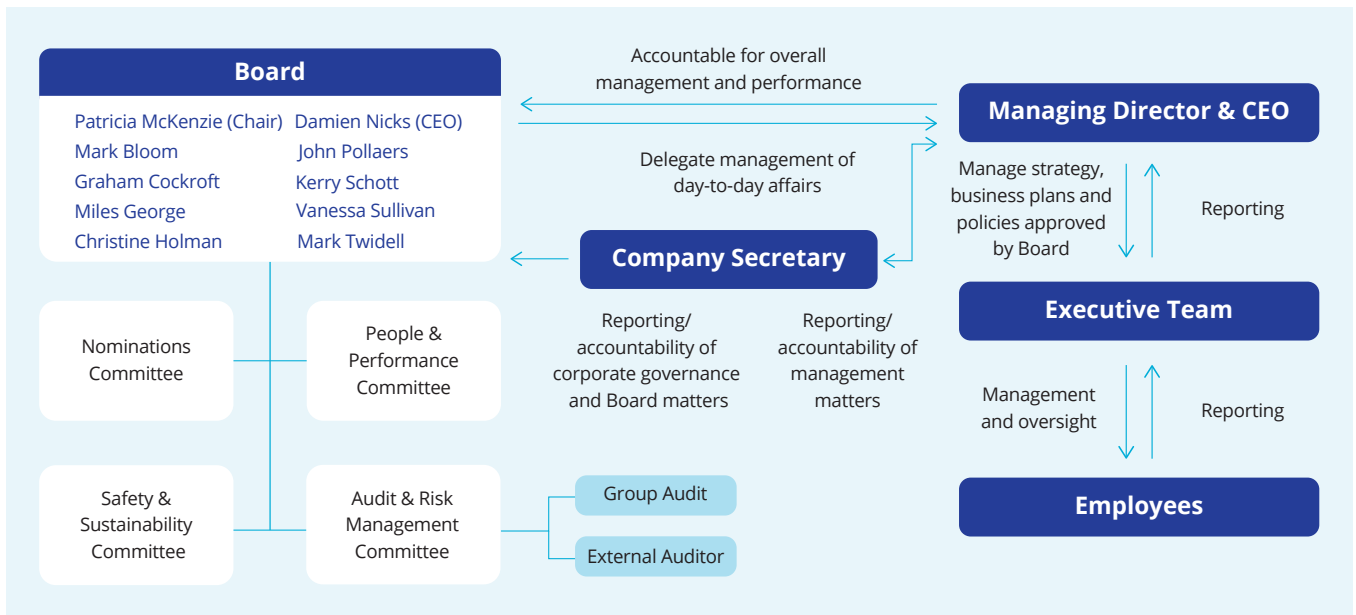
# Corporate Governance Framework

This corporate governance statement describes AGL Energy Limited (AGL) and its corporate governance framework, policies and practices. This statement has been approved by the Board and is current as at 10 August 2023.

Throughout FY23, AGL's corporate governance arrangements were consistent with the fourth edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (ASX Principles). Our Appendix 4G, which is a checklist cross referencing the ASX Principles to the relevant disclosures in this Corporate Governance Statement, the 2023 Annual Report and the AGL website, has been lodged with the ASX.

AGL is committed to ensuring that its corporate governance framework, policies and practices reflect a high standard of corporate governance. Delivering on this commitment requires AGL to have a sound understanding of current governance requirements and practices, as well as being attuned to emerging governance trends and shifting stakeholder expectations. The AGL Board believes that best practice corporate governance standards support sustainable performance by AGL over time.

AGL's governance framework is summarised below.



AGL has adopted a number of corporate governance policies and documents. The corporate governance policies and documents referred to in this Corporate Governance Statement are published on the AGL [website](#).

# AGL's Purpose and Values

AGL has recently undergone significant change, with a refreshed Board, including a new Chair, Managing Director & Chief Executive Officer (CEO) and the announcement of a new strategy. This provided a unique opportunity to realign AGL's purpose and values with the expectations of our people, customers, community and stakeholders, and deliver on our strategic objectives. In FY23, the Board approved a new purpose and new values for AGL which are set out below.

## AGL's Purpose

AGL's purpose - Powering Australian Life - reflects the critical role we play in enabling the everyday lives of our customers and our role to be a leader in Australia's energy transition.

At an enterprise level, AGL's purpose provides AGL and its Directors, employees and contractors with the foundations for actions and, together with AGL's values, guides AGL's thinking and decision-making. Further information about AGL's purpose can be found on AGL's [website](#).

## AGL's Values

AGL's three core values are: Bring on tomorrow; Can do. Will do; and Be safe. Be supportive. They are disclosed on AGL's [website](#) and set out below.

These values underpin AGL's operations and the Board and senior management are guided by these core values when making decisions for AGL, including in relation to its corporate governance policies and practices.

AGL's new values were developed after substantial consultation with AGL's people. The Executive Team is responsible for instilling AGL's values across AGL and continually references and reinforces AGL's values with AGL's people, including through values campaigns.

Senior management oversees the provision of training to employees about AGL's values. The Board engages with senior management regularly to get comfort that AGL's core values align with the "lived experience" of the business. The Board recognises the need for continuous improvement in this area and looks for new ways to build its understanding of how AGL's values are lived in practice (including detailed reporting on employee, customer and stakeholder feedback).

## Our Purpose is centred on Powering Australian Life

At AGL, we believe energy makes life better.  
That's why we're passionate about powering the way Australians live, move and work.



### Bring on tomorrow.

Seize the opportunity. The work we do today impacts the Australia we leave for future generations. We don't have all the answers. But through continuous improvement and working together, we'll uncover opportunities that make history. For all of us. Bring it on.



### Can do. Will do.

Make things happen. We show up with a positive attitude. We're resilient, confident, and flexible in the way we work. Combine this with our expertise and insight, we always deliver. For ourselves, each other, and our customers.



### Be safe. Be supportive.

Be a good human. Upholding a safe environment at work is on all of us. So we back ourselves and we back each other. Creating a culture where everyone feels included, heard and safe, every day.

# AGL's Board

As at 10 August 2023, AGL's Board comprised nine Non-Executive Directors and AGL's Managing Director & CEO, Damien Nicks. An overview of the qualifications, appointment date, experience and special responsibilities of each Director is set out on pages 60 to 64 of AGL's 2023 Annual Report.

## Roles and Responsibilities of the Board

The Board is responsible for the overall governance of AGL. The role of the Board is to safeguard AGL's interests and to protect and foster sustainable value creation while taking into account the reasonable interests of shareholders, employees, customers, the communities in which AGL operates and other relevant stakeholders.

The Board reviews and approves AGL's strategic direction and provides oversight of management. Additionally, the Board is responsible for guiding AGL's company culture by establishing the "tone from the top" and by monitoring the implementation of, and broader adherence to, AGL's core values, policies and related processes. This includes approving AGL's purpose and values and monitoring AGL's approach to the management of both financial and non-financial risks, such as its exposure to environmental risks, health and safety risks, potential damage to AGL's reputation and the interests of broader stakeholders.

Responsibilities reserved to the Board are set out in a formal Board **Charter**, which the Board reviews at least every two years. The Board Charter was reviewed in FY23. Key aspects of the Board's roles and responsibilities, and how they were relevant during FY23, are set out below.

Area of responsibility	Board's role	Relevance during FY23
<b>Strategy</b>	Reviewing and approving AGL's strategic direction, its business plan and budget, and significant strategic initiatives and plans.	<p>Key focus areas for the Board in FY23 in relation to strategy were:</p> <ul style="list-style-type: none"> <li>the announcement of the outcomes of the review of strategic direction whereby AGL committed to a strategy to deliver a responsible and accelerated low carbon future with an aim to reshape AGL's energy portfolio into a cleaner and more flexible portfolio, transitioning away from coal and focusing on new renewable and firming capacity;</li> <li>the release of AGL's inaugural Climate Transition Action Plan (<b>CTAP</b>), endorsed by AGL's shareholders at the 2022 Annual General Meeting (<b>AGM</b>), which demonstrates AGL's commitment to transparent communication with its stakeholders about its approach to decarbonisation. AGL's CTAP will be subject to a non-binding shareholder vote every three years at AGL's AGM, unless there are material changes to the plan, in which case a revised plan will be put to shareholder vote at the following AGM; and</li> <li>the implementation of AGL's new strategy, including approving a targeted early closure of Loy Yang A Power Station by FY35, the early closure of Torrens Island "B" Power Station in 2026, investments in renewable energy initiatives, AGL's debt refinancing program, various customer experience improvement initiatives and the release of AGL's refreshed strategy at its Investor Day in June 2023.</li> </ul>
<b>Governance, oversight of management and Board membership</b>	Approving changes to the composition, structure and size of the Board and approving remuneration and succession plans for other key management roles.	<p>Board renewal and succession planning for management continued to be a key focus of the Board during FY23. In particular:</p> <ul style="list-style-type: none"> <li>the Board appointed Miles George as a Non-Executive Director to the Board on 19 September 2022;</li> <li>the Board appointed Patricia McKenzie as Chair of the Board, following the resignation of Peter Botten as Chair on 19 September 2022;</li> <li>Christine Holman, John Pollaers, Kerry Schott and Mark Twidell were elected by shareholders as Non-Executive Directors of the Board at the 2022 AGM; and</li> <li>the Board appointed Damien Nicks as permanent CEO and Gary Brown as Chief Financial Officer on 19 January 2023.</li> </ul> <p>The Board also considered and approved changes to AGL's remuneration framework, effective from FY24.</p>
<b>Customers</b>	Approving and monitoring management's implementation of policies governing AGL's relationship with customers.	<p>The Board had significant oversight of AGL's relationship with customers during FY23, including:</p> <ul style="list-style-type: none"> <li>AGL's customer strategy, which aims to connect AGL's customers to a sustainable future and lead them through the energy transition, including the continued implementation of various retail transformation programs which are aimed at unlocking value, enabling growth and improving the customer experience;</li> <li>AGL's new brand - Join the Change - which invites customers (and Australians more generally) to join in and to work in partnership with AGL as the energy industry transitions to a low carbon future; and</li> <li>AGL's pricing strategy and oversight of the implementation of customer affordability measures, particularly in light of cost of living pressures.</li> </ul>

## AGL's Board (continued)

Area of responsibility	Board's role	Relevance during FY23
<b>Finance, operations and capital management</b>	Oversight of financial and operating results on an ongoing basis and approving decisions affecting AGL's capital structure.	<p>During FY23, the Board:</p> <ul style="list-style-type: none"> <li>provided significant oversight of AGL's financing arrangements, including approving AGL's capital management plan and debt refinancing program;</li> <li>monitored AGL's operating performance, including maintenance programs, unplanned outages (including the Loy Yang Unit 2 prolonged forced outage) and the impacts of the closure of the Liddell Power Station;</li> <li>monitored AGL's financial results on an ongoing basis, including close oversight of financial performance against FY23 guidance, particularly during a time of unprecedented energy market volatility and energy market intervention; and</li> <li>provided earnings guidance for FY24 and updated AGL's dividend policy.</li> </ul>
<b>Risk Management and Compliance</b>	Approving and monitoring AGL's risk management framework and Risk Appetite Statement and monitoring the effectiveness of AGL's systems of risk management and control and overseeing AGL's systems for managing compliance	<p>During FY23, the Board:</p> <ul style="list-style-type: none"> <li>approved the risk management framework, revised Risk Appetite Statement and updated Tier 1 Risks;</li> <li>had oversight of AGL's cyber resilience capabilities, including IT disaster recovery and incident response plans;</li> <li>had oversight of AGL's business resilience capabilities, including business continuity plans and crisis management activities; and</li> <li>reviewed the effectiveness of a number of AGL group policies and approved various amendments to those policies.</li> </ul>
<b>Social and ethical impact of AGL's activities</b>	Considering the social and ethical impact of AGL's activities	<p>During FY23, the Board:</p> <ul style="list-style-type: none"> <li>oversaw the safe closure of the Liddell Power Station, transition of Liddell employees to the Bayswater Power Station and the planning for the rehabilitation of the site and re-use as an integrated energy hub;</li> <li>approved AGL's third Modern Slavery Statement; and</li> <li>received regular updates on the social and ethical impact of AGL's activities and attended various education sessions on climate-related and reputational issues presented by independent experts.</li> </ul>
<b>Culture and ethical and responsible decision-making</b>	Approving AGL's purpose and values and monitoring standards of behaviour and culture. Promoting ethical and responsible decision-making.	<p>During FY23 the Board:</p> <ul style="list-style-type: none"> <li>approved AGL's new purpose and values;</li> <li>approved AGL's updated Anti-Bribery, Corruption and Fraud Policy, Code of Conduct and Whistleblower Protection Policy; and</li> <li>monitored the effectiveness of AGL's ethics and whistleblower programs.</li> </ul>
<b>Health (including wellbeing), safety and environment</b>	Considering the environmental impact of AGL's activities and oversight of programs and initiatives aimed at promoting and enhancing the health and wellbeing of AGL's people and the development and implementation of systems, policies and procedures which enable AGL to operate its business safely.	<p>During FY23 the Board:</p> <ul style="list-style-type: none"> <li>received regular updates on AGL's safety and environmental performance and compliance programs;</li> <li>oversaw the implementation of AGL's health &amp; wellbeing programs and attended an education session on sexual harassment and Respect@Work; and</li> <li>received updates on AGL's Diversity and Inclusion Strategy, including AGL's Disability Action Plan, Reconciliation Action Plan and gender diversity strategy.</li> </ul>

### Responsibilities of the Chair

Under AGL's **Constitution**, the Board elects a Chair from amongst the Non-Executive Directors. This means that the roles of the Chair and the CEO are not exercised by the same individual. It is also a requirement of AGL's Board **Charter** that the Chair be independent.

The Chair presides over AGL's Board meetings and shareholder meetings. Some of the key responsibilities of the Chair include:

- leading the Board in reviewing and discussing Board matters;
- facilitating effective contributions by all Directors and monitoring Board performance;
- reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- maintaining a regular dialogue with the CEO, and being the principal communication channel between the Board and management.

Our Chair is Patricia McKenzie. The Board is satisfied that Patricia McKenzie is, and has been throughout the financial year, an independent Director.

## AGL's Board (continued)

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### Board Meetings

The Board met 21 times during the financial year. Directors' attendances are set out on page 64 of the 2023 Annual Report. The Board held 11 regular scheduled meetings throughout FY23, and 10 additional meetings (primarily in connection with AGL's review of strategic direction).

In addition to the Board considering strategic matters at each Board meeting, the Board held a separate full day session in May 2023 to discuss AGL's strategy.

It is usual for the Non-Executive Directors to confer, without management being present, at the start of each scheduled Board meeting. Otherwise, the Executive Team is invited to participate in Board meetings as required.

### Independence

The Board regularly assesses the independence of each Director and has determined that each Non-Executive Director is, and was throughout the entirety of the financial year, independent. In accordance with the ASX Principles, the Board has determined that Damien Nicks' role as CEO means that he is not considered to be an independent Director.

AGL considers a Director to be independent if the Director is independent of management and is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of AGL as a whole rather than in the interests of an individual shareholder or other party.

When assessing the independence of a Director, the Board considers the matters potentially affecting the independence status of a Director as described in Box 2.3 of the ASX Principles. Materiality is assessed on a case by case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds. As at the date of this statement and throughout the year, there were no relationships or associations of the kind referred to in Box 2.3 of the ASX Principles in relation to AGL's Non-Executive Directors.

### Board Composition

#### Skills and capabilities

AGL seeks to maintain a Board with a broad range of skills, knowledge and experience necessary to provide effective oversight over management and guide the strategic direction of the company. The Board uses a skills matrix to identify the key skills and experience the AGL Board is seeking to achieve in its membership. The skills matrix is updated regularly by each Director rating their skills, expertise and experience from 1 to 3 for each identified skill. The self-assessment ratings are subsequently considered and approved by the Board. The skills matrix as at 10 August 2023 is set out in the table below.

In conducting the assessment, Board members were assessed using the following skills rating levels:

**Significant Experience** – regarded to have expert or highly qualified proficiency, knowledge and experience in the subject matter or domain and has been seen to contribute these skills in Board and Committee conversations and critical thinking.

**Developed Understanding** – developed a sound working knowledge and understanding of the subject matter through either past executive or management roles, extensive on-the-job application of skills in Board and Committee activities and/or through training and professional development activities.

**General Familiarity** – possesses an awareness and base literacy around the subject/topic and its relevance to the organisation and the Board.

Individual Board member assessments were aggregated to inform an assessment of the overall level of capability represented across the Board in each of the identified priority areas.

In the eleven identified areas, the Board as a whole was rated either as having Significant Experience or Developed Understanding.

# AGL's Board (continued)

## Board Skills Matrix

Skills, experience & knowledge	Key Competencies	Competency Level		
Operations and Project Governance	• Industrial and large asset operations management			
	• Operational efficiency and optimisation	General	Developed	Significant
	• Wholesale customer strategies			
	• Project governance and management			
Customer Markets	• Experience with large customer base			
	• Retail customer experience	General	Developed	Significant
	• Product innovation and multi-product packaging			
	• Customer-led transformation initiatives			
	• Responsive to new market entrants and disruption			
	• B2B marketing			
Stakeholder Management and Communications	• Electrification opportunities			
	• Effective Government relationships	General	Developed	Significant
	• Championing NEM transition			
	• Advocate to stakeholders of role in transition			
Entrepreneurship, Commercial Leadership and Growth	• Investor Relations			
	• Commercial development and planning of sites			
	• Responsive to changing market conditions	General	Developed	Significant
	• Entrepreneurship to develop new opportunities			
	• Capitalise on growth opportunities, including M&A			
Industrial Relations	• Transition and Transformation			
	• Large workforce management			
	• Transitioning workforce	General	Developed	Significant
Energy Markets	• Highly unionised workforce			
	• Renewables and development			
	• Fuel sourcing	General	Developed	Significant
	• Trading			
	• Effective risk management			
Technology	• Effective gas strategy in a supply constrained market			
	• Decentralised energy and orchestration			
	• Technology and digital enablement			
	• New and emerging technologies	General	Developed	Significant
Financial/Capital Markets	• Development of customer solutions			
	• Cyber risk management			
	• Funding and credit sourcing in ESG constrained environment	General	Developed	Significant
ESG and Climate Change Risks and Opportunities	• Financial governance (audit and controls)			
	• Accounting, financial reporting and capital management			
	• ESG experience			
	• Rehabilitation and transition experience, including the impact on stakeholders	General	Developed	Significant
	• Climate change risk management and opportunities			
	• Social risks management and opportunities			



## AGL's Board (continued)

Skills, experience & knowledge	Key Competencies	Competency Level		
Governance	• Effective risk management			
	• Compliance management	General	Developed	Significant
	• ASX listed experience			
	• Experience in highly regulated business			
HSE	• Safety			
	• Health and wellbeing	General	Developed	Significant
	• Effective environmental risk management			

### Board renewal

The following changes were made to the AGL Board in FY23:

- on 19 September 2022:
  - Peter Botten and Diane Smith-Gander resigned as Non-Executive Directors;
  - Patricia McKenzie was appointed Chair of the Board; and
  - Miles George was appointed as a Non-Executive Director;
- on 30 September 2022, Graeme Hunt stepped down from his role as AGL's Managing Director & CEO and Damien Nicks was appointed as Interim CEO;
- at the 2022 AGM held on 15 November 2022, shareholders elected Christine Holman, John Pollaers, Kerry Schott and Mark Twidell as Non-Executive Directors of AGL; and
- on 19 January 2023, Damien Nicks was appointed permanent Managing Director & CEO.

### Nominations and Appointment

The Nominations Committee oversees matters related to the composition of the Board, including arrangements for the selection and appointment of new Directors. When considering the appointment of a new Director, the Nominations Committee typically engages the services of an executive recruitment firm to assist in identifying suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks (including due diligence of a person's character, experience, education, criminal record and bankruptcy history) before the Board makes an offer to a preferred candidate. This process was followed in relation to the appointment of Miles George who was appointed as a Non-Executive Director on 19 September 2022. Christine Holman, John Pollaers, Kerry Schott and Mark Twidell were elected as Non-Executive Directors at the 2022 AGM. AGL also undertook appropriate reference checks on each of Christine Holman, John Pollaers, Kerry Schott and Mark Twidell ahead of their election.

Newly appointed Directors must stand for election at the next AGM after their appointment. The Notice of Meeting for the AGM provides shareholders with material information about each Director standing for election or re-election, including details of their relevant skills, independence, experience, other directorships and whether the Board supports the election or re-election of the Director. Directors seeking election and re-election are also given the opportunity to address the AGM and to answer questions from shareholders at the AGM.

New Directors receive a formal letter of appointment that sets out their duties, responsibilities, rights and remuneration entitlements, together with an induction pack.

### Board Effectiveness

#### Building director capability

The formal letter of appointment and induction program provided to a newly appointed Director includes detailed information to allow the new Director to gain an understanding of:

- AGL, its operations and governance systems;
- the rights, duties and responsibilities of Directors;
- the role of each Board Committee;
- the roles and responsibilities of the Executive Team; and
- AGL's financial, strategic, and operational risk management position.

AGL's Director induction program includes a series of meetings with members of AGL's Executive Team and deep dives on AGL's key business areas.

Directors also undertake a program of ongoing Director education, including presentations on a range of topics generally relevant to AGL's business activities, including compliance training and presentations by external industry and subject matter specialists. This year, Directors were given the opportunity to have discussions with a range of external presenters, including in relation to First Nations engagement, energy markets and transition, environment, social and governance (ESG) matters, corporate reputation, competition and consumer law, whistleblowing, health and

# Board Committees

wellbeing (with particular reference to sexual harassment, psychosocial safety and Respect@Work). In addition, "fireside chats" with management are held regularly to facilitate deep dives on key and emerging issues affecting the business.

AGL also periodically reviews whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.

## Performance and Evaluation

The Board regularly reviews its own performance, the performance of Board Committees and the performance of individual Directors. Given the appointment of five Non-Executive Directors during FY23, the Board decided that it was most appropriate to undertake an internal review of its performance in FY23. The Board intends to undertake an externally facilitated Board Review in FY24 once the full Board has been working together for at least 12 months.

During FY23, the Board assessed its effectiveness having regard to:

- the responsibilities of the Board; and
- a number of other matters including Board processes, relationships with management and oversight of strategy.

Overall, the FY23 review concluded that the Board is continuing to function effectively in the discharge of its responsibilities. A number of opportunities were discussed to further strengthen oversight of key areas of the business, including enhanced reporting in Board papers and priority areas for FY24.

## Board Committees

The Board has established four standing Committees as follows:

- Audit & Risk Management Committee (**ARMC**);
- Nominations Committee;
- People & Performance Committee (**P&PC**); and
- Safety & Sustainability Committee (**SSC**).

Each standing Committee's roles and responsibilities and membership requirements are set out in its **Charter**. The Board and Committee Charters were reviewed in FY23. Details of the number of Committee meetings held in FY23, and each member's attendance at those meetings, are set out on page 64 of the 2023 Annual Report. An overview of the purpose and responsibilities, composition and membership of each standing Committee as at 10 August 2023 is set out in the table below. Each Committee reports to the Board and makes recommendations to the full Board for its consideration as appropriate.

Composition	Membership	Purpose and Responsibilities
<b>Audit &amp; Risk Management Committee (ARMC)</b>		
<p>Comprises at least 3 members, all of whom must be independent Non-Executive Directors.</p> <p>Chair must be a member of the Committee who is not Chair of the Board.</p> <p>Committee members must have working familiarity with basic accounting and finance practices with at least one member having financial expertise. Members between them must have sufficient understanding of the industry in which AGL operates.</p>	<p><b>Current members:</b></p> <ul style="list-style-type: none"> <li>• Mark Bloom (Chair)</li> <li>• Graham Cockroft</li> <li>• Miles George (appointed to the Committee on 21 September 2022)</li> <li>• Christine Holman (appointed to the Committee on 6 December 2022)</li> <li>• John Pollaers (appointed to the Committee on 6 December 2022)</li> <li>• Kerry Schott (appointed to the Committee on 6 December 2022)</li> </ul> <p><b>Former members (during FY23):</b></p> <ul style="list-style-type: none"> <li>• Patricia McKenzie (ceased to be a member of the Committee on 21 September 2022)</li> </ul>	<p>The ARMC assists the Board to fulfil its responsibilities through the effective identification, assessment, monitoring and management of risks and compliance with legal and regulatory requirements.</p> <p>Specifically, the ARMC's primary responsibilities include overseeing:</p> <ul style="list-style-type: none"> <li>• the integrity of <b>financial reporting</b> including ESG and climate risks reporting and disclosure;</li> <li>• <b>external audit</b> engagement, independence and quality of the audit;</li> <li>• independence and performance of AGL's <b>internal audit</b> function;</li> <li>• <b>risk management framework</b>, including controls, policies and procedures; and</li> <li>• policies and procedures for ensuring AGL's <b>compliance</b> with laws and regulations.</li> </ul>
<b>Nominations Committee</b>		
<p>Comprises all independent Non-Executive Directors of AGL (unless the Board determines otherwise).</p> <p>Chair is the Chair of the Board.</p>	<p><b>Current members:</b></p> <ul style="list-style-type: none"> <li>• Patricia McKenzie (Chair)</li> <li>• Mark Bloom</li> <li>• Graham Cockroft</li> <li>• Vanessa Sullivan</li> </ul>	<p>The Nominations Committee assists the Board in fulfilling its responsibilities to Shareholders through making recommendations to the Board in relation to the optimal composition of the Board.</p> <p>The Committee's purpose is to review and recommend to the Board matters relating to:</p> <ul style="list-style-type: none"> <li>• optimal <b>Board composition</b>;</li> </ul>

## Board Committees (continued)

Composition	Membership	Purpose and Responsibilities
	<ul style="list-style-type: none"> <li>Miles George (appointed to the Committee on 21 September 2022)</li> <li>Christine Holman (appointed to the Committee on 6 December 2022)</li> <li>John Pollaers (appointed to the Committee on 6 December 2022)</li> <li>Mark Twidell (appointed to the Committee on 6 December 2022)</li> <li>Kerry Schott (appointed to the Committee on 6 December 2022)</li> </ul> <p><b>Former members (during FY23):</b></p> <ul style="list-style-type: none"> <li>Peter Botten (resigned as a Director (and Chair of the AGL Board) on 19 September 2022)</li> <li>Diane Smith-Gander (resigned as a Director on 19 September 2022)</li> </ul>	<ul style="list-style-type: none"> <li>Director independence; and</li> <li><b>succession planning</b> for the Board.</li> </ul>
<b>People &amp; Performance Committee (P&amp;PC)</b>		
<p>Comprises at least 3 members, all of whom must be independent Non-Executive Directors.</p> <p>Chair must be a member of the Committee who is not Chair of the Board.</p>	<p><b>Current members:</b></p> <ul style="list-style-type: none"> <li>Graham Cockroft (Chair)</li> <li>Vanessa Sullivan</li> <li>Christine Holman (appointed to the Committee on 6 December 2022)</li> <li>John Pollaers (appointed to the Committee on 6 December 2022)</li> <li>Mark Twidell (appointed to the Committee on 6 December 2022)</li> </ul> <p><b>Former members (during FY23):</b></p> <ul style="list-style-type: none"> <li>Diane Smith-Gander (resigned as a Director on 19 September 2022)</li> <li>Patricia McKenzie (ceased to be a member of the Committee on 6 December 2022)</li> </ul>	<p>The primary function of the P&amp;PC is to assist the Board in fulfilling its responsibilities through the appropriate recruitment, retention and remuneration of senior managers and other employees with the capabilities and skills necessary to execute AGL's business strategy.</p> <p>Specifically the primary responsibilities of the P&amp;PC include:</p> <ul style="list-style-type: none"> <li>recommendations to the Board in respect of <b>AGL's remuneration practices and framework</b> to ensure alignment with AGL's core values, risk appetite and desired company culture;</li> <li>the <b>performance and remuneration of senior management</b>;</li> <li>AGL's <b>employment policies, procedures and programs</b>;</li> <li>recommendations to the Board in relation to <b>Director and CEO remuneration</b>, employment-related policies applicable to AGL's <b>senior management, talent management and succession planning</b> for key management roles and measurable <b>diversity objectives</b>; and</li> <li>reviewing reports on <b>conduct and culture</b> and making recommendations in line with AGL's values.</li> </ul>
<b>Safety &amp; Sustainability Committee (SSC)</b>		
<p>Comprises at least 3 members, all of whom must be independent Non-Executive Directors.</p> <p>Chair must be a member of the Committee who is not Chair of the Board.</p> <p>There must be at least 1 member from each of P&amp;PC and ARMC to allow for effective coordination and communication between the Committees.</p>	<p><b>Current members:</b></p> <ul style="list-style-type: none"> <li>Vanessa Sullivan (Chair)</li> <li>Mark Bloom</li> <li>Miles George (appointed to the Committee on 21 September 2022)</li> <li>Mark Twidell (appointed to the Committee on 6 December 2022)</li> <li>Kerry Schott (appointed to the Committee on 6 December 2022)</li> </ul> <p><b>Former members (during FY23):</b></p> <ul style="list-style-type: none"> <li>Diane Smith-Gander (resigned as a Director on 19 September 2022)</li> </ul>	<p>The SSC reviews and oversees, on behalf of the Board the development and implementation of policies and procedures that enable AGL to operate its business <b>safely, ethically and sustainably</b>.</p> <p>Specifically, the SSC's primary responsibilities include:</p> <ul style="list-style-type: none"> <li>monitoring AGL's compliance with relevant Health Safety and Environment (HSE) legislation and regulations and the culture that management is promoting within AGL to facilitate compliance with and responsibility for HSE;</li> <li>monitoring the reputational impacts of AGL's business strategies (including sustainability and climate policies) and practices and external developments that are likely to impact AGL's reputation; and</li> <li>reviewing AGL's initiatives and practices in relation to community engagement, environmental and social responsibility.</li> </ul>

# Board Committees (continued)

A summary of the key focus areas for the standing Board Committees during FY23 is set out below:

Audit & Risk Management Committee	Safety & Sustainability Committee
<ul style="list-style-type: none"> <li>Overseeing the issues, incidents and risks identified by management in Group Audit, compliance and risk reports and ensuring there is clear accountability for, and effective closure of relevant issues.</li> <li>Overseeing AGL's financial reporting processes, including consideration of AGL's half-year and full-year reports.</li> <li>Reviewing any disclosures to be made by AGL in relation to climate change risks, including alignment with the Task-force on Climate-related Financial Disclosures recommendations.</li> <li>Overseeing AGL's funding and debt strategy.</li> <li>Overseeing the management of AGL's trading and portfolio risks.</li> <li>Reviewing AGL's insurance renewal options and strategy.</li> <li>Reviewing the effectiveness of AGL's governance and risk management systems and identifying ways to further strengthen governance, accountability and culture within AGL.</li> <li>Overseeing AGL's business resilience and cyber resilience programs.</li> <li>Overseeing AGL's preparedness for peak period operations.</li> <li>Post-implementation reviews of major projects, including processes to improve the delivery of major projects generally.</li> <li>Reviewing reports from management on emerging sources of risk and mitigation measures in place to deal with those risks, including in relation to cyber security and climate change.</li> </ul>	<ul style="list-style-type: none"> <li>Site visits to the Liddell, Loy Yang A and Torrens power stations.</li> <li>Overseeing planning activities for the safe closure of the Liddell Power Station, proposed future use of the Liddell site and the impact of the closure on the community and employees.</li> <li>Meeting with groups of employees to discuss safety (physical and mental health and wellbeing) issues affecting AGL personnel.</li> <li>Oversight of AGL's safety, culture, systems, capability and risk, including overseeing initiatives to improve health, wellbeing, safety and environmental performance and participation in site critical control checks.</li> <li>Meeting with community representatives to discuss key issues and areas of focus for the communities in which AGL operates.</li> <li>Oversight of AGL's engagement with First Nations peoples and the implementation of AGL's Reconciliation Action Plan.</li> <li>Deep dives on the sustainability and social licence aspects of AGL's proposed energy hubs.</li> <li>Oversight of AGL's ESG Framework, ESG metrics and sustainability opportunities.</li> <li>Overseeing the HSE Audit program.</li> </ul>
Nominations Committee	People & Performance Committee
<ul style="list-style-type: none"> <li>Board renewal and succession planning, including the appointment of Miles George as a Non-Executive Director to the Board during FY23 (noting that Christine Holman, John Pollaers, Mark Twidell and Kerry Schott were elected as Non-Executive Directors at the 2022 AGM).</li> <li>CEO succession planning, including appointing Damien Nicks as permanent CEO in January 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Overseeing the preparation of AGL's FY23 Remuneration Report.</li> <li>Executive talent succession planning.</li> <li>Consideration of AGL's Diversity Targets.</li> <li>Consideration of changes to the FY24 remuneration framework having regard to AGL's revised strategy.</li> <li>Monitoring organisational culture, engagement and conduct.</li> </ul>

## Evaluation of Board Committees

The Charters for each of the standing Board Committees require that each Committee annually review its own performance. During FY23, each Board Committee discussed its performance over the past 12 months. Each Committee considered, together with relevant members of management, whether it had achieved its objectives for the financial year and reviewed the effectiveness of the Committee and how its members had worked together, including with management. Following this review, each Committee was satisfied that it had been effective in performing its responsibilities under its Charter.

# AGL's Executive Team

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The Board has delegated to the CEO, Damien Nicks, the authority to manage AGL's day-to-day affairs and the authority to manage AGL's affairs in relation to all matters, other than those responsibilities reserved by the Board to itself or to its standing Board Committees, including in the Board and Board Committee Charters.

The CEO's role includes:

- leading AGL's Executive Team;
- accounting to the Board for AGL's overall management and performance; and
- management of AGL in accordance with the strategy, business plans and policies approved by the Board.

The CEO has authority to sub-delegate to the Executive Team. The Executive Team comprises the CEO and senior managers who report directly to the CEO.

Specific limits on the authority delegated to the CEO and the Executive Team are set out in a Delegations of Authority Policy approved by the Board.

Each member of AGL's Executive Team (including the CEO) is employed under a Service Agreement that sets out the terms on which the Executive is employed including details of the Executive's duties, responsibilities, rights and remuneration entitlements. The Service Agreement also sets out the circumstances in which the employment of the Executive may be terminated by either AGL or the Executive, including details of notice periods and the amounts payable to the Executive as a consequence of the termination by AGL of the Executive's employment.

When considering the appointment of a new Executive, AGL carries out appropriate reference checks (including due-diligence in respect of the candidate's character, experience, education, criminal record and bankruptcy status) before AGL makes an offer of employment to the candidate.

While Executive Team members have individual accountability for their respective business functions, the Executive Team has collective accountability for management of risk across AGL. This is supported by, among other things, regular results and priorities meetings where emerging risks and key decisions affecting the business are discussed and agreed by Executive Team members.

The CEO and other members of the Executive Team regularly attend Board and Committee meetings to report on and discuss key issues and the existing and emerging risks of the business. The Directors have the opportunity, where required, to question the Executive Team and hold Executives to account in relation to particular issues that may arise.

## Remuneration

The Remuneration Report on pages 66 to 92 of the 2023 Annual Report sets out AGL's policies and practices for remunerating non-executive Directors and Executives. The arrangements that apply to the CEO and Executive Team are different to those of Non-Executive Directors.

## Performance Evaluation

The Board reviews the CEO's and Executive Team's performance annually against agreed performance objectives and other relevant factors.

Executive Team performance evaluations were conducted for FY23 in accordance with this process. Details of the evaluation process and the linkages between the result of performance evaluations and remuneration are disclosed in the Remuneration Report on pages 66 to 92 of the 2023 Annual Report.

## Company Secretary

The Board is responsible for the appointment of AGL's Company Secretary.

AGL's General Counsel & Company Secretary, Melinda Hunter, acts as secretary of the Board and each Board Committee, attending all meetings of the Board and Board Committees. Melinda fulfils other management responsibilities in addition to company secretarial duties in her role as General Counsel. The formal reporting line of Melinda Hunter is to the CEO.

The Company Secretary is accountable to the Board through the Chair on all corporate governance matters and all matters to do with the proper functioning of the Board.

# Diversity and Inclusion

AGL's purpose "Powering Australian Life" reflects the critical role we play in enabling the everyday lives of our customers, our role in being a leader in Australia's energy transition, and is underpinned by AGL's values: 'Bring on tomorrow', 'Can do. Will do', and 'Be safe. Be supportive'. Living these values requires an inclusive workplace culture where diversity is embraced and where AGL's people feel safe, included, respected, and confident to contribute their ideas and perspectives.

AGL recognises that a diverse workforce, with a broad range of experience and perspectives, has a better opportunity to understand and engage AGL's customers and the communities in which it works. AGL also recognises that an inclusive culture creates the conditions for diverse perspectives to be leveraged to solve the complex challenges and harness the opportunities the energy sector faces.

AGL's **Diversity and Inclusion Policy** describes AGL's approach to diversity and inclusion and how these attributes are to be embedded in AGL workplaces. It provides a framework to effectively embed and support a diverse and inclusive workplace for all employees and describes behaviours, including discrimination, harassment, and bullying, that are unlawful and unacceptable at AGL.

AGL's Diversity & Inclusion Council (**Council**) supports the achievement of a diverse workforce and an inclusive culture. The Council, chaired by the CEO, brings together AGL's six Diversity Employee Network Groups and Operational Site Employee Networks to explore ways to make diversity and inclusion part of strategic and everyday performance at AGL.

The P&PC recommends measurable objectives for achieving gender diversity to the Board for adoption each year and receives regular reports on the progress in achieving those objectives.

The FY23 diversity and inclusion objectives, and progress against those objectives are set out in the table below.

FY23 Diversity Objective	Progress made
1 At least three female Directors and three male Directors will continue to be represented on the Board.	The AGL Board currently comprises four female Directors and six male Directors.
2 35% representation of females at AGL.	As at 30 June 2023, 35% of AGL's workforce was female.
3 50% representation of females at AGL in non-Operations roles.	As at 30 June 2023, 48% of AGL's non-Operations roles was female.
4 50% representation of females in the non-Operations Senior Leadership Pipeline (SLP).	As at 30 June 2023, 38% of AGL's non-Operations SLP was female.
5 13% representation of females in the Operations SLP.	As at 30 June 2023, 8% of the Operations SLP was female.
6 Deliver on the Disability Action Plan and targets.	75% complete.
7 Deliver on the Reconciliation Action Plan and targets.	85% complete.
8 Establish a Culture and Linguistic Diversity Action Plan.	Complete.

As at 30 June 2023, the proportion of women employed by the AGL Group (as compared to 30 June 2022) was as follows:

	FY22	FY23
Female Directors on the Board	43%	40%
Female employees in Executive Positions <sup>1</sup>	44%	67%
Female employees in SLP <sup>2</sup>	35%	33%
Female employees in the AGL Group	34%	35%

1. An AGL Executive is defined as the CEO and each direct report to the CEO. As at 30 June 2023, there were seven Executives.

2. SLP includes Management Levels: Enterprise Leadership Team (which comprises the Executive Team and each direct report to an Executive Team member), A and B, as per AGL's Position Framework.

In FY23 AGL became a member of the Champions of Change Coalition as a founding member of the Energy Group, which has a vision for inclusive gender equality across the participating energy sector employers by 2030. As part of this commitment, AGL has adopted the *40:40 Vision*, an investor led initiative to achieve a gender balance of 40% men, 40% women and 20% any gender across Executive Leadership positions. AGL has adopted this approach to setting gender diversity targets for FY24-26.

AGL's FY24-26 strategic theme for diversity and inclusion is *Inclusivity for Impact* and positions diversity and inclusion as a strategic and everyday enabler of performance at AGL. AGL has a clear aspiration for six diversity dimensions which are supported by Employee Network groups from across AGL's diverse workforce - see the table below. More information is available about AGL's Diversity Programs on our [website](#).

Caring	Support our people to thrive in integrating their personal, work, family, and caring priorities.
Cultural Identity	Reflect the cultural identities of the communities we operate in within our workforce.
Disability	Create an accessible and inclusive workforce for people with disability.
Gender	Achieve gender diversity and equality at all levels.
First Nations	A unified and inclusive Australia where Aboriginal and Torres Strait Islander peoples are respected and have equal voice, rights and opportunities for prosperity.
LGBTQ+	Inspire a culture where LGBTQ+ people feel valued, safe and can be their best everyday.

## Diversity and Inclusion (continued)

AGL's Board approved FY24-26 diversity targets, which have been set against two strategic goals of AGL's diversity and inclusion strategy:

1. to achieve a gender equal and diverse workforce; and
2. to build an inclusive culture.

Objective	Measure	FY23 Status	30 June 2024 Target	30 June 2025 Target	30 June 2026 Target
Inclusive Culture	Inclusion Index <sup>1</sup>	70%	75%	78%	≥80%
Gender Diversity	Female representation (Board) <sup>2</sup>	40%	≥40%	≥40%	≥40%
	Female representation (Senior Executive) <sup>3</sup>	67%	≥45%	≥45%	≥45%
	Female representation (Senior Leadership Pipeline) <sup>4</sup>	33%	35%	40%	≥40%
	Female representation – AGL workforce <sup>5</sup>	35%	36%	38%	≥40%
	Deliver on the Reconciliation Action Plan and targets.				
Diverse Workforce	Deliver on the Disability Action Plan and targets.				
	Deliver on the Culturally and Linguistic Diversity Action Plan and targets.				

1. AGL's Inclusion Index is calculated on the % favourable scores to the Inclusion Factor questions in AGL's annual Employee Listening Survey.

2. Board includes Non-Executive Directors and the MD & CEO.

3. Senior Executive includes the Executive Team directly reporting to the MD & CEO.

4. Senior Leadership Pipeline includes Management Levels: Enterprise Leadership Team (which comprises the Executive Team and each direct report to an Executive Team member), A and B, as per AGL's Position Framework.

5. AGL Workforce includes all permanent and maximum term employees.

AGL has supported a number of priority activities during FY23 to increase the proportion of women in SLP roles and across the AGL Group and to promote diversity & inclusion at AGL. Details of key activities and broader diversity & inclusion initiatives are summarised below.

### 1. Gender Equality

AGL has maintained a 0% gap in pay equity for like-for-like roles for the fourth consecutive year and continues to review pay equity bi-annually outside of the annual remuneration review. In March 2023, AGL celebrated International Women's Day (IWD) with a celebration over a week that commenced with hosting a table in Sydney and Melbourne at the United Nations IWD lunch with 16 high-potential women from across the organisation in attendance. The keynote speaker, Lisa Stephenson, was livestreamed across eight AGL sites and AGL's people were invited to identify how to form new habits to 'crack the code' and drive innovation to achieve gender equality. Employee Network groups also collaborated to deliver a variety of intersectional events ranging from a First Nations 'Women's Business' yarning circle, to a panel discussion on Women in Science, Technology, Engineering and Mathematics (STEM).

### 2. Supporting Employees to Thrive at Work and Home

In FY23, AGL was certified as a Family Inclusive Workplace for the third consecutive year and received endorsement for AGL's Family Friendly Action Plan from Family Inclusive Workplaces. AGL was also certified as a 'best practice' Breastfeeding Friendly Workplace for the eleventh consecutive year. In FY23, AGL committed to paying a superannuation guarantee on unpaid parental leave, which will be implemented from the commencement of FY24.

### 3. Advancing Reconciliation

AGL commissioned 15 Times Better to complete a comprehensive cultural review of AGL's people policies and recommend improvements. AGL updated existing policies in line with the recommendations and in February 2023 a new policy 'Sorry Business Leave' was introduced. Cultural confidence training 'The Seven Steps to Reconciliation' has also been developed and will form part of required learning for AGL's people in FY24.

In FY23, First Nations' recruitment agencies were engaged to join AGL's provider panel to provide expertise and support in First Nations recruitment. In addition, AGL partnered with the highly respected Rachelle Towart OAM at Pipeline Talent to individually engage AGL's Aboriginal and Torres Strait Islander peoples for a deeper understanding of their experiences at AGL and the changes they would like to see to improve workplace cultural safety, employee value proposition, retention, and professional development opportunities.

## Diversity and Inclusion (continued)

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### **4. Supporting Customers and Employees in the LGBTQ+ Community**

In November 2022, AGL introduced a new gender-neutral title to complement existing prefixes, Miss, Mrs, Ms and Mr. The title Mx is a gender-neutral Australian Standard for those who do not identify as being of a particular gender, or do not want to be identified by the male or female gender. AGL successfully petitioned the Australian Energy Market Operator to introduce the gender-neutral title for customers in the National Electricity Market.

AGL has been awarded Platinum Employer status by Pride in Diversity, which is the highest obtainable recognition within the Australian Workplace Equality Index.

### **5. Recognising and Celebrating Cultural Diversity**

AGL has launched a career support network for culturally and linguistically diverse employees, which supports professional development through providing a network of trusted mentors, allies and advocates for culturally diverse employees to discuss career advancement. AGL's first Cultural and Linguistic Diversity Action Plan has also been developed.

### **6. Improving Accessibility for Customers and Employees**

AGL Ability continues to foster a safe and supportive workplace for AGL's people with disability. In FY23, AGL Macquarie was the first operational site within the energy industry to undertake an Australian Network on Disability (AND) premises audit to identify opportunities to improve accessibility.

In FY23, ten AGL employees participated in the AND Positive Action towards Career Engagement mentoring program. AGL also hosted two interns as part of AND's Stepping Into program. Disability Confident Leadership training was provided to 30 employees. AGL participated in AND's Access and Inclusion Index for the third consecutive year, achieving a score of 50% (down from 54% in FY22). The focus is now on making improvements in various areas, including digital accessibility for AGL's people and customers.

### **7. Building a Culture of Respect**

AGL has launched Respect@Work training to reinforce AGL's commitment to providing a workplace free from discrimination and sexual harassment. This coincided with a successful #IChooseRespect campaign which invited AGL's people to make a public pledge to respectful behaviours at work.



# Risk Management Framework and Financial Reporting

## Risk management framework

AGL faces a wide variety of risks due to the nature of its operations. Details of AGL's strategic risks, including AGL's economic, environmental and social risks and how these risks are managed, are set out in the Operating and Financial Review section of AGL's 2023 Annual Report on pages 6 to 54.

AGL is committed to ensuring that risk management practices are embedded into all business processes and operations in order to drive consistent, effective and accountable action, decision-making and management practice.

The Board has adopted a **Risk Management Policy** that sets out AGL's objectives for risk management and clearly articulates the responsibilities of all AGL personnel in relation to the management of financial and non-financial risks. AGL has also adopted a Risk Appetite Statement, which is approved by the Board and overseen by the ARMC. AGL's Risk Appetite Statement was updated and approved by the Board in FY23.

AGL seeks to embed risk management principles and practices into strategy development and day-to-day business processes to achieve robust and responsible commercial outcomes. AGL's Risk Management model is based on the "three lines of defence" and is illustrated in the table below.

Oversight	Board of Directors		
	Board Audit & Risk Management Committee		
	Governance Committees		
Accountability & responsibility	1st Line of defence	2nd Line of defence	3rd Line of defence
	Business Units/ Operational Management Responsible for effectively identifying, assessing & managing risk to achieve AGL's objectives in accordance with AGL's risk and compliance management standards	Group Risk & Compliance Responsible for enterprise wide risk and compliance standard systems. Oversight and support.	Group Internal Audit & External Audit Activities Responsible for independent assurance on governance, risk management and internal control processes.

AGL is committed to reporting in line with the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

At the 2022 AGM, AGL's shareholders voted in favour of a non-binding advisory "say on climate" resolution to adopt AGL's 2022 Climate Transition Action Plan (CTAP). AGL intends to provide its shareholders with a non-binding advisory vote every three years to allow shareholders to express their views on whether AGL's approach remains suitable. This interval will allow time for AGL to make progress towards the CTAP, but also ensure the evolution of technology, science, markets, investment and policy over time is taken into account in AGL's approach to the energy transition.

AGL's FY23 TCFD report is available from AGL's [website](#) and a summary of TCFD disclosures is also included on page 29 in AGL's 2023 Annual Report.

AGL systematically examines all operational and financial activities to identify material risk exposures using an enterprise-wide risk program aligned with ISO 31000, the international standard for risk management. This program is supported by:

- AGL's Risk Management Policy; and
- AGL's Risk Management & Assessment Standard, the objectives of which are to provide guidance to AGL employees on how to conduct risk assessments, ensure consistency and simplicity in approach to risk identification, evaluation and management, and establish a common 'risk' language across the business.

AGL has implemented a number of other policies that directly or indirectly serve to mitigate and manage risk (including the **Securities Dealing Policy** and the **Market Disclosure Policy**). AGL also has in place a number of business unit and/or site-based policies and procedures to allow for the safe and reliable operation of power generation plants and other operating assets.

# Risk Management Framework and Financial Reporting (continued)

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## Roles of the Board and ARMC

The Board is responsible for approving and monitoring the implementation of policies governing AGL's systems of internal compliance, risk management and control.

The ARMC, among other things, reviews and recommends AGL's risk management policies and material strategic risks (Tier 1 Risks) to the Board for approval and reviews and monitors the implementation of policies and procedures for identifying, assessing, monitoring and managing risk. During FY23, the ARMC and the Board considered and approved AGL's Tier 1 Risks and Risk Appetite Statement.

The ARMC receives presentations from management on AGL's material strategic risks (both financial and non-financial) and the controls in place to mitigate or manage those risks at ARMC meetings. The ARMC and the Board annually review AGL's strategic risks and the risk management framework to ensure that it continues to be sound and operating effectively and within the risk appetite set by the Board. During FY23, the Board reviewed and approved AGL's risk management framework and found that the framework was sound, aligned to relevant standards and appropriate for AGL's business context.

In addition, the ARMC has assumed responsibility for overseeing the issues, incidents and risks identified by management in regular compliance and risk reports, and ensuring there is clear accountability for, and effective closure of, relevant issues.

The ARMC receives presentations from management throughout the year on specific risk topics, for example cybersecurity, plant readiness for peak period operations, treasury and trading operations, competition and consumer law compliance and insurance. The ARMC also has responsibility for approving the internal audit plan submitted annually by Group Audit. The internal audit plan is primarily based on an assessment of AGL's material strategic risk exposures and covers financial, operational, reputational and HSE risk areas.

## Internal audit

Group Audit is AGL's internal audit function which provides assurance over the governance, risk management and internal control frameworks of AGL. Group Audit provides the Board and senior management with an independent and objective evaluation of the adequacy and effectiveness of management's control over risk. Group Audit's responsibilities include providing regular reports to the ARMC and raising any significant issues with the ARMC, including how each issue is to be addressed and the timeframes within which management has committed to remediate the issues identified. Any overdue actions identified by Group Audit are also reported to the ARMC.

The General Manager, Group Audit has a direct reporting line to the Chair of the ARMC and an administrative reporting line to the General Counsel & Company Secretary. Group Audit is governed by a Charter which is approved by the ARMC that sets out the purpose, role, scope and high-level standards for the function.

Group Audit delivers its objectives through accessing the professional skills and capabilities of:

- trained audit professionals who are part of the Group Audit function; and
- services provided by external consultants in respect of specialist technical or operational areas.

Group Audit's approach to developing the annual Audit Plan involves the consideration of existing and emerging areas of risk, as well as areas of significant change, both within AGL and across the energy industry. This is then assessed in the context of previous audit coverage and outcomes, other sources of assurance, and stakeholder input.

## Financial and other corporate reporting

The Board receives reports from management about AGL's financial condition and operational results at each scheduled Board meeting.

The ARMC reviews and discusses the half-yearly and annual financial reports with management and the external auditors, including the disclosures made in those reports and recommends to the Board whether the financial reports should be approved.

Before the Board approves the financial statements for a financial period (including the full-year and half-year), the CEO and CFO provide declarations to the Board that, in their opinion, the financial records of AGL have been properly maintained and that the financial statements comply with the Accounting Standards and give a true and fair view of the financial position and performance of AGL. They also provide confirmation that these opinions have been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

AGL is committed to providing clear, concise and effective disclosure to shareholders and other stakeholders in its corporate reports. In circumstances where AGL's auditor has not been required to review a periodic corporate report, AGL conducts an internal verification exercise (with assistance from third party professional services firms where appropriate) to ensure that such reports are materially accurate, balanced and provide investors with appropriate information to make informed investment decisions. Material statements in these documents are verified by relevant business management prior to approval for release to the market.

## Risk Management Framework and Financial Reporting (continued)

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### **External auditor**

The role of the external auditor is to provide an independent opinion that AGL's financial reports are true and fair and comply with applicable regulations.

AGL's external auditor is Deloitte. Deloitte attends the AGM each year and shareholders have the opportunity to ask the auditor written questions in advance of the AGM or to ask questions at the AGM relevant to the audit.

AGL's **Auditor Independence Policy**, updates to which were approved by the Board in FY23, contains details of the procedures for the selection, appointment, independence and performance of the external auditor.

Under the Auditor Independence Policy, the external auditor is precluded from providing any services that might threaten their independence, or conflict with their assurance and compliance role.

Reports on the provision of auditing and related services are provided to the ARMC on a regular basis. The ARMC and the Board concluded that non-audit services provided during FY23 did not compromise the external auditor's independence requirements under the Corporations Act 2001 (Cth).

The performance of the external auditor is discussed by the ARMC following completion of the full year financial statements. The Chair of the ARMC subsequently meets with the external auditor to discuss recommendations for improvements to the conduct of the audit.

# AGL's Key Corporate Governance Policies

Details of AGL's key corporate governance policies are summarised below – copies are available on AGL's [website](#).

## Code of Conduct

AGL has a **Code of Conduct** that applies to AGL and its Directors, employees and contractors and sets out the standards of responsibility and ethical conduct required of 'our People'. The Code of Conduct was refreshed in FY23 to reflect AGL's new purpose and values. AGL's commitments under the Code of Conduct are as follows:

- We act with integrity.
- We observe the law, our obligations, voluntary commitments and internal standards.
- We value and maintain professionalism in all of our dealings - Can Do. Will Do.
- We respect privacy and confidentiality.
- We manage conflicts of interest.
- We look after our People and encourage our People to Be safe. Be supportive.
- We recognise our responsibilities to our stakeholders in order to Bring on tomorrow.
- We uphold our values and behaviours outlined in the Code of Conduct.

Training on the Code of Conduct is part of the induction process for new AGL people. In addition, all AGL people complete online refresher training modules on the Code of Conduct annually.

The Code of Conduct provides a mechanism to enable AGL's people to report actual or suspected breaches, including an independent service to allow for anonymous reporting. An Ethics Panel oversees the application of the Code of Conduct at AGL, including overseeing the investigation of alleged breaches of the Code of Conduct where appropriate, monitoring compliance and recommending amendments to the Board.

Any material breaches of the Code of Conduct are reported to the Board and monitored until the relevant breach is considered closed.

## Whistleblowing

AGL's **Whistleblower Protection Policy** encourages reporting of suspected unethical, illegal or undesirable behaviour and promotes a culture of honest and ethical conduct. This policy is reviewed every two years (or earlier if required) and was updated in FY23.

A third party whistleblower service provider facilitates AGL's employees and other stakeholders speaking up regarding any concerns that AGL or its people are failing to meet ethical or legal standards.

A report on any material whistleblower incidents is provided at each in-person Board meeting.

## Continuous Disclosure

AGL's **Market Disclosure Policy** describes AGL's continuous disclosure obligations and how they are managed by AGL. This policy is reviewed every two years (or earlier if required) and was updated in FY23.

AGL's Market Disclosure Committee comprises the CEO, the Company Secretary, the CFO and the Head of Investor Relations. The Committee is responsible for monitoring compliance with the policy including determining whether market sensitive information should be disclosed to the ASX. In addition, all members of the Executive Team provide a quarterly confirmation in relation to continuous disclosure compliance.

Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available from AGL's [Media Centre](#).

## Compliance Management Policy

AGL is committed to maintaining a culture of compliance and ethical behaviour that is underpinned by its purpose, values and the AGL Code of Conduct.

AGL's **Compliance Management Policy** sets out AGL's compliance management objectives, AGL's compliance management approach and clearly articulates responsibilities of all AGL personnel in relation to compliance. Building and maintaining a strong compliance culture is critical to achieving AGL's strategic, operational and commercial objectives.

## Anti-bribery and Corruption

AGL's **Anti-Bribery, Corruption and Fraud Policy** prohibits any AGL activities that cause, support, or conceal corruption or bribery in any form. This policy is reviewed every two years (or earlier if required) and was updated in FY23.

Any material breaches are reported to the Board.

## Dealings in AGL Shares

AGL's **Securities Dealing Policy** outlines when AGL employees may deal in AGL securities, or the securities of other companies. This policy is reviewed every two years (or earlier if required) and was updated in FY23.

This policy specifically prohibits AGL's Directors, Executives and employees from using derivatives in relation to any unvested AGL securities that have been granted under any of AGL's equity-based remuneration schemes.

Derivatives may be used in relation to AGL securities that have vested, provided any dealing in those derivatives complies with the other requirements of AGL's Securities Dealing Policy.

# Shareholder Engagement

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AGL operates an investor relations program to facilitate effective two-way communication with investors. This program seeks to keep shareholders informed about AGL's activities and to listen to issues or concerns raised by shareholders.

AGL holds regular investor briefings, webcasts these events (where practicable) and provides materials, archived recordings and transcripts via the AGL website.

As well as attending broker-sponsored conferences, AGL participates at several industry conferences throughout the year.

Copies of new and substantive investor or analyst presentations are lodged with the ASX ahead of the presentation and, where practicable, shareholders are provided with the opportunity to participate in such presentations.

AGL also regularly engages with corporate governance advisory firms, shareholder representative bodies, institutional investors, proxy advisers and retail investor groups to understand market expectations on topics including governance, ESG and remuneration. The Chair of the Board and the Chair of the P&PC both participate in meetings with such organisations so the Board can be in a better position to receive direct feedback about the effectiveness of AGL's corporate governance arrangements.

Fundamental to AGL's investor relations program is the management of our continuous disclosure obligations, which facilitates all shareholders having access to important company information. In addition to lodging this information with the ASX, AGL uses its [website](#) to make information about the company and its activities available to shareholders. The [Investor Centre](#) on AGL's website contains a wide range of information relevant to shareholders including copies of past Annual Reports and ASX announcements and an Investor Calendar.

Shareholders may elect to receive all shareholder communications, including dividend statements and announcements by email and may also communicate with AGL and the Share Registry (Computershare) electronically.

In relation to AGMs, shareholders are invited to submit questions before the meeting. This helps the company understand shareholder issues and concerns and address key areas of shareholder feedback. The Chair also encourages shareholders to ask questions and make comments about AGL's operations and the performance of the Board and senior management at the AGM. The Chair may respond directly to questions or, at her discretion, may refer a question to another Director, the CEO or a member of the Executive Team. All resolutions at the AGM are decided by a poll.

Shareholder meetings are webcast and analyst/media briefings in relation to half-year and full-year financial results and other significant events can be heard by teleconference.

The AGL Share Register is managed and maintained by Computershare Limited. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Personal Identification Number (PIN), via [www-au.computershare.com/Investor](http://www-au.computershare.com/Investor) or by emailing [aglenergy@computershare.com.au](mailto:aglenergy@computershare.com.au).

## **AGL'S 2023 ANNUAL GENERAL MEETING**

This year AGL's AGM will be held at the City Recital Hall (Sydney) on 21 November 2023. Further details about the AGM will be included in the Notice of Meeting, which is scheduled to be released in October 2023.

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



Join the change