

Employer statement – AGL gender pay gap



In brief – AGL's gender pay gap

- Our **long-term commitment and approach to achieving gender equality** forms an important part of our inclusion strategy and is a critical enabler of our company strategy. Read more on slide 5.
- AGL has a **0% equal pay gap**, however we have a **gender pay gap (GPG) of 33.2%** between the median earnings of men and women. Read more on slides 7 and 8.
- The main **drivers of our GPG are gender imbalance at an industry, occupational and hierarchical level, along with tenure differences**. Read more on slides 10 and 11.
- We're **taking action to address our priorities, alongside industry peers**, to reduce our overall GPG. Read more on slides 12 and 13.



Foreword



Supporting and encouraging a diverse and inclusive workplace goes to the core of AGL's values. It's critical to fulfilling our purpose and creating a more inclusive energy future.

The billions of dollars invested in the energy transition over the coming decades is a significant opportunity. One that will create opportunities and demand new skills and talent for organisations, like AGL, to transform their energy portfolios and workforces. To achieve this, women must be equally represented and engaged so everyone can fully benefit from the transition.

AGL has a significant role to support gender equality and drive meaningful action and change as part of this. Gender equality has been a longstanding commitment for our business, and we recognise there's much more we can and must do to close our gender pay gap. While there are contributing external influences, we still have less women than men in senior roles and less women working at our operational sites, and the average length of time in a role is currently greater for men than women. This has led to the disappointing gender pay gap we have today.

We support the transparent publication of gender pay gap data by the Workplace Gender Equality Agency and recognise we must accelerate progress on our priorities, alongside industry peers, to achieve gender equity. Importantly, this work has already begun. Last year, AGL came together with energy peers to form the Champions of Change Coalition Energy Group. As one of the Group's founding members, there's been a positive momentum to prioritise and invest in action and partnerships to drive change across our business toward a more gender equal and inclusive AGL.

I've personally hosted a number of listen and learn sessions with our diverse teams to better understand the actions we must take to advance equality and shared these learnings with the Group. We made a commitment to the Champions of Change Panel Pledge and reset our long-term gender targets to align with the '40:40:20' vision for gender equality, which aims to increase the representation of women in senior leadership positions across Australia's largest companies to at least 40%. We continue to place significant investment in targeted leadership and development programs, and renewed our Diversity and Inclusion Council, which includes myself as Chair and our Executive team. We've also renewed our employee networks, sponsored by each Executive team member.

The actions we're taking and more, as outlined in this Employer Statement, demonstrate we're on the right path. We know there's more we must do and learn. With the support of the energy sector, and through the significant opportunities of the energy transition, I'm confident we can make progress to close the gap and create a strong legacy in diversity and inclusion for all.

Who we are

- AGL's purpose, 'Powering Australian Life' reflects the critical role we play in enabling the everyday lives of our customers and our role in leading Australia's energy transition and is underpinned by AGL's Values.
- Proudly Australian for more than 186 years, AGL supplies around 4.3 million energy and telecommunications customer services, as they decarbonise and electrify the way they live, move and work.
- AGL operates Australia's largest electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. AGL is also Australia's largest privately-owned hydro power station operator.



Our commitment to gender equality and why it's important

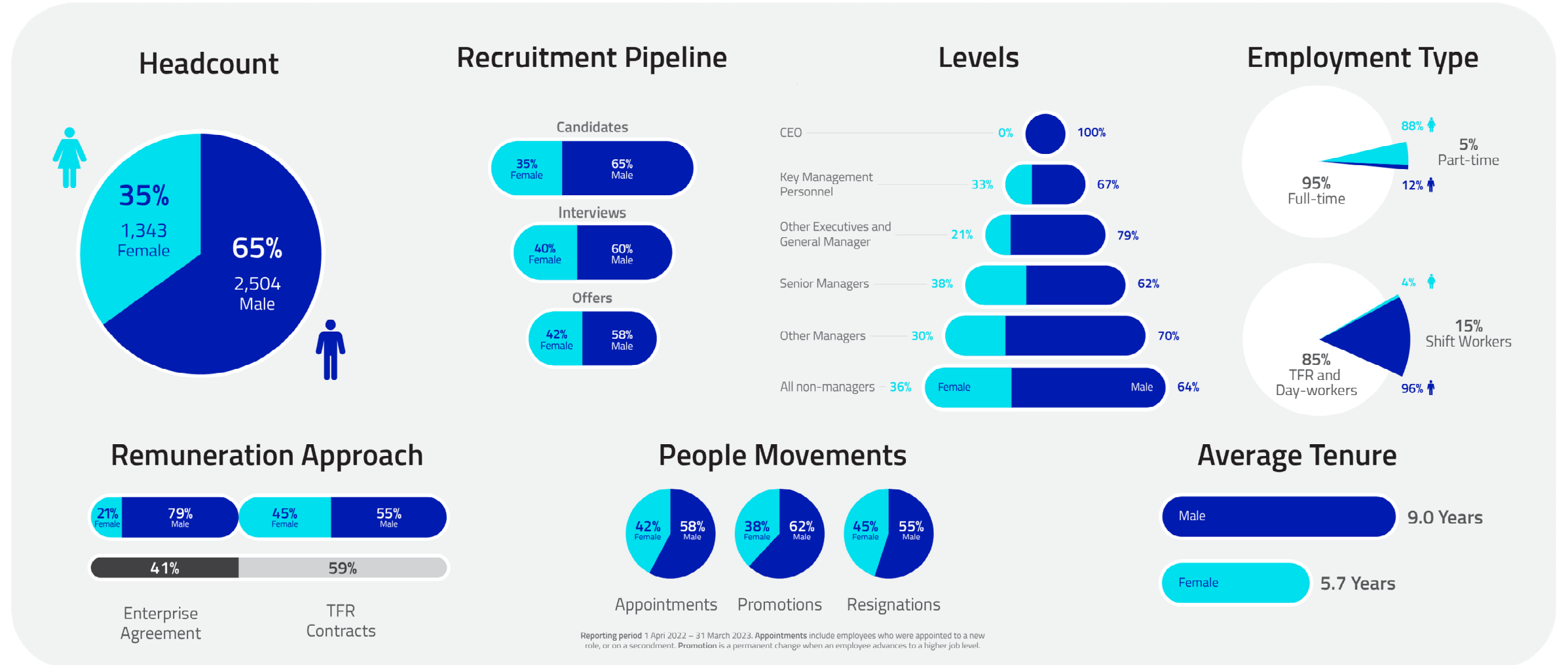
- AGL's long-term commitment to gender equality forms part of our deep focus to build a diverse workforce, an inclusive culture, and play a leading role in creating a more inclusive energy future for Australia.
- A diverse and inclusive workforce, with a broad range of experience and perspectives, has a better opportunity to understand and engage our customers and the communities in which we operate, while providing a safe and supportive, fair and respectful work environment where everyone can thrive.
- Our approach to gender equality is part of AGL's inclusion strategy, which is underpinned by our values:
 - **Bring on tomorrow:** Working as one team, being innovative, ambitious and seizing opportunities
 - **Can do. Will do:** Being flexible, positive, accountable, and making things happen
 - **Be safe. Be supportive:** Fundamental to our culture, this is about prioritising trust, honesty, inclusivity and respect in all our interactions.
- Gender equality is an important enabler of our company strategy:
 - **Transitioning our energy portfolio** – the global transition to net-zero will create new employment opportunities and transform the energy workforce, including AGL; with the demand for talent likely to outstrip supply it's critical more women and girls are attracted to and stay in the energy sector.
 - **Connecting our customers to a sustainable future** – we know a diverse and inclusive workforce leads to improved productivity, creativity and innovation that can help solve complex problems. It can also help us to strengthen our reputation as a leader that provides customers with affordable and reliable energy services while helping them decarbonise the way they live, move and work.

Our workforce



AGL has a diverse workforce with 3,847 employees spread across operational sites, call centres and enabling functions, with differing remuneration approaches utilised across the business as a result of the different industrial instruments that apply.

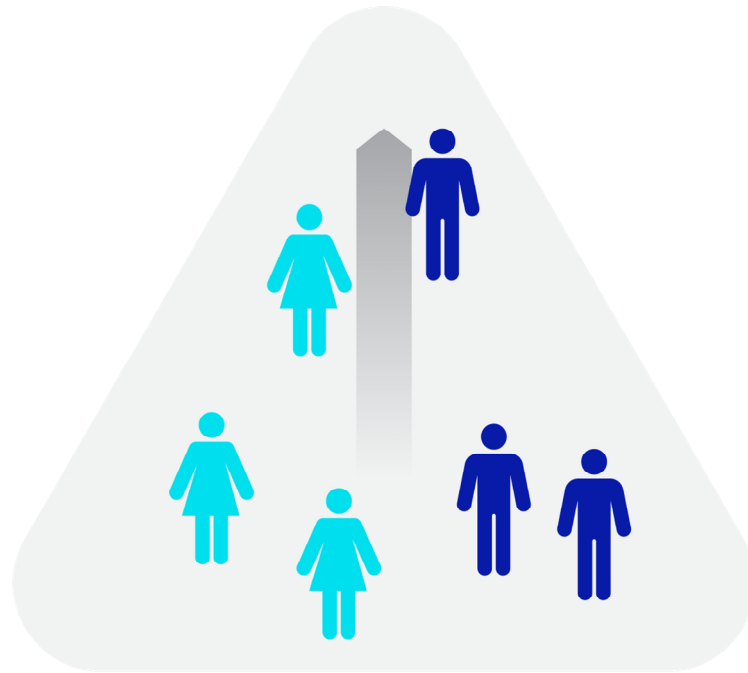
As at 31 March 2023 (the WGEA reporting period):



Reporting period 1 April 2022 – 31 March 2023. Appointments include employees who were appointed to a new role, or on a secondment. Promotion is a permanent change when an employee advances to a higher job level.

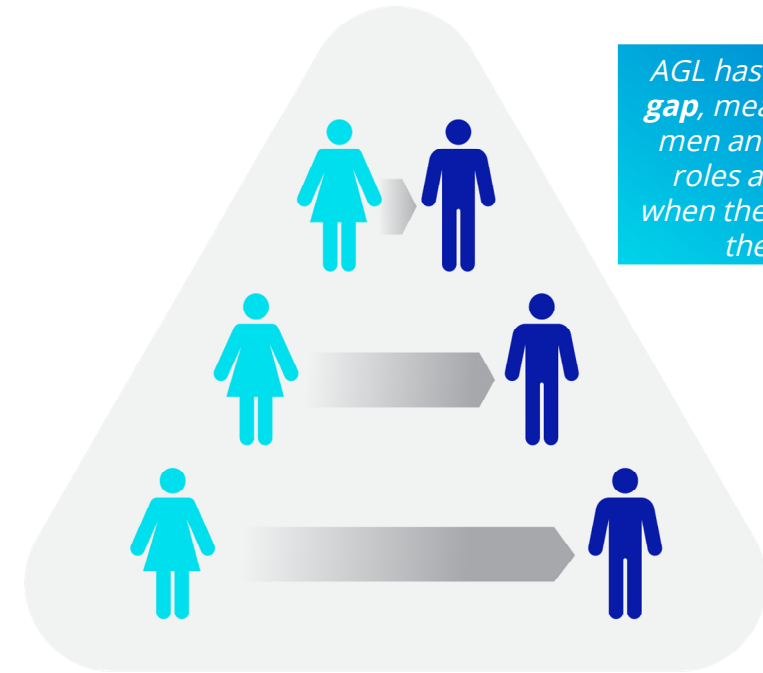
Note: Employees identified as non-binary are not included in the WGEA analysis until the agency establishes baseline level for this information.

The difference between gender pay gap and pay equity



Gender pay gap

- The gender pay gap (**GPG**) is a measure of the difference between the overall earnings of women and the overall earnings of men – it does not take into account the nature, level or location of the role.
- The GPG is expressed as a percentage of men's average earnings.
- A negative value means that women's earnings are higher than men's, a positive value means that men's earnings are higher than women's.
- The GPG is **not a comparison of like roles**.



Equal pay for equal work

- Equal pay is where women and men are paid the **same for performing the same role** or different work of equal or comparable value, subject to performance.
- In Australia, this has been a legal requirement since 1969 and AGL conducts an equal pay review twice a year for all employees on TFR arrangements. Where there is a gap, it is addressed.

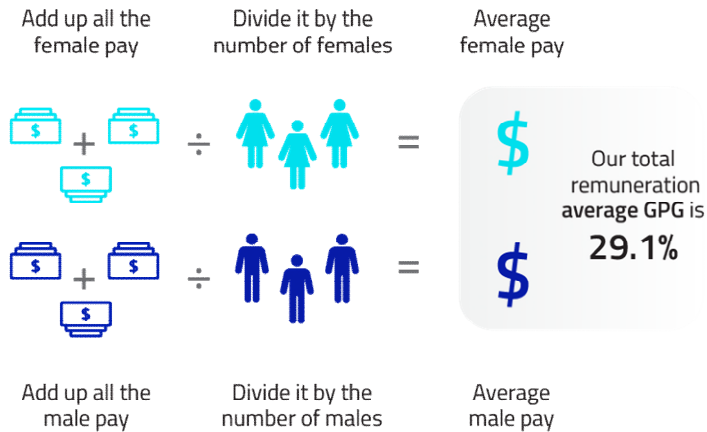
*AGL has a **0% equal pay gap**, meaning on average men and women in TFR roles are paid equally when they are performing the same role*

Our gender pay gap

Average (mean)

Our average GPG is **29.1% for total remuneration**, this means that the average male pay is 29.1% higher than the average female pay if you consider all employees across all locations, levels and roles across the organisation.

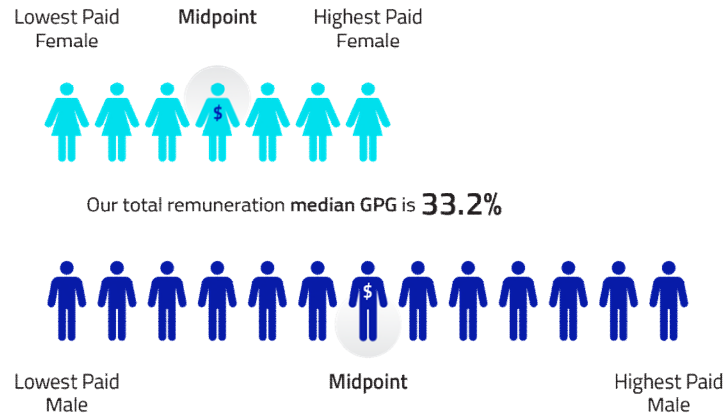
The base salary gap is 24.9%.



The middle score (median)

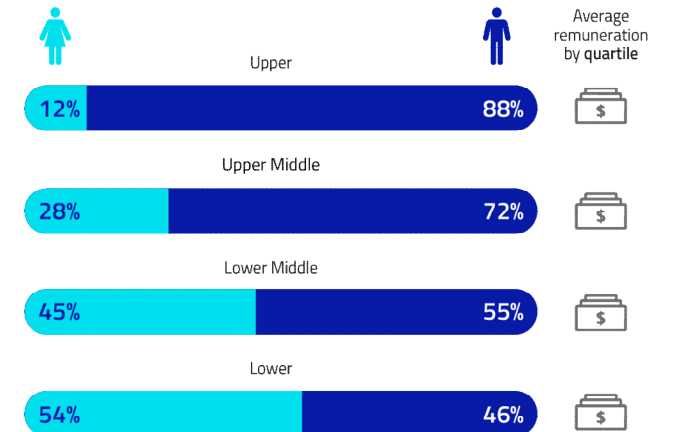
Our median GPG is **33.2% for total remuneration**, this means the middle-paid male is paid 33.2% higher than the middle-paid female if you consider all employees across all locations, levels and roles across the organisation.

The base salary gap is 30.3%.



Quartiles

Our quartile data shows that we have a lower proportion of females in higher paying positions, compared to males. The key drivers of our GPG is less women in occupations that are higher paying (e.g. roles that attract significant overtime, shift premiums) and less women in management roles.



Quartile data shows that a larger proportion of women in lower paying roles and a higher proportion of men in higher paying roles is a driver of our GPG.

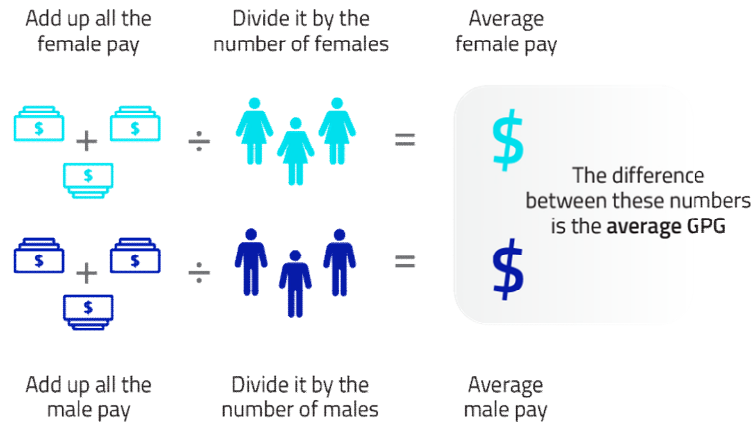
How the gender pay gap is calculated

- The GPG is a broad measure and there are different ways to calculate it – these different lenses help us understand the reasons behind the GPG.
- Using the Workplace Gender Equality Agency methodology, the GPG is calculated using:
 - *Base salary*: regular salary excluding superannuation, overtime, bonuses and other payments.
 - *Total remuneration*: includes all types of pay including base salary, superannuation, overtime, and incentive payments.

Average (mean)

The average, or mean, is calculated by adding up all employee earnings and dividing it by the number of employees.

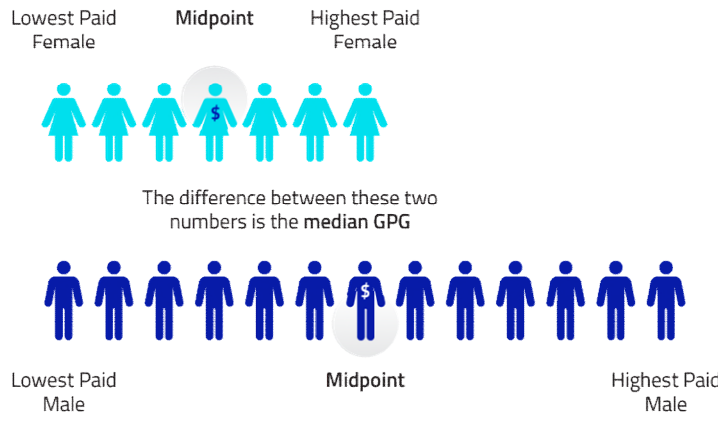
The mean shows *overall* difference in earnings between men and women, and it is sensitive to extreme values (e.g., higher paid senior roles).



The middle score (median)

The midpoint is the middle number of a data set, it compares the 'middle ranking man' to the 'middle ranking woman'.

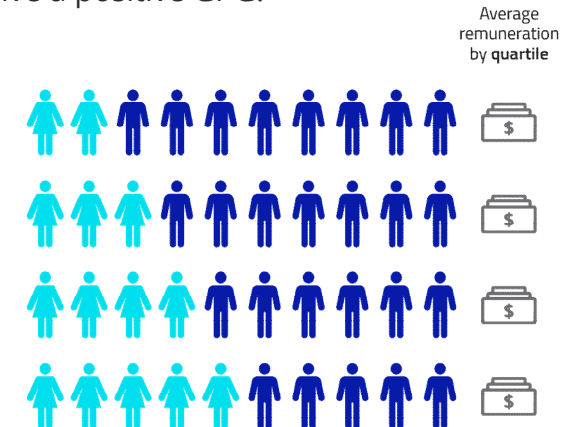
The median provides a better representation of the typical earnings of men and women as it removes outliers.



Gender composition by quartiles

Quartiles separates employees and their pay into four equal groups with the first quartile being the highest paid and the fourth being the lowest paid.

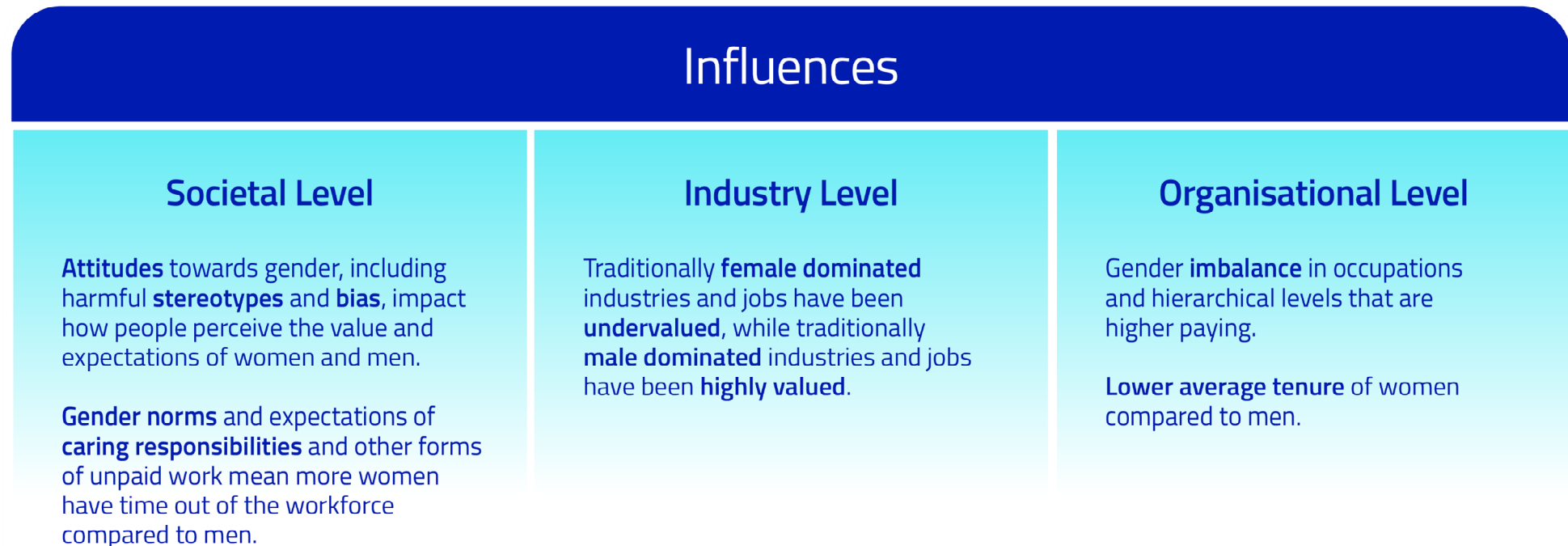
Quartile data helps compare earnings for men and women at a more granular level to identify disparities – for example, a higher concentration of men in the upper quartile can drive a positive GPG.



Quartile data shows gender composition and average pay after dividing the workforce into four groups.

What influences gender pay gaps?

- GPGs are influenced by factors at a societal, industry and organisational level. Combined, these factors can limit or enhance the earning opportunities of men and women.
- Industry and organisational level efforts to reduce the gender pay gap must be supported by a societal level shift to attitudes and beliefs that shape the career choices of men and women and their ability to participate in the workforce.



Why does AGL have a gender pay gap?



Industry

- Gender imbalance at an industry level accounts for 20% of Australia's overall GPG ⁽¹⁾
- The energy industry is among the most male dominated industries in Australia, with 26% female representation ⁽²⁾
- We see the impacts of industry gender imbalance in our recruitment data; over the calendar year 2023, 64% of job applications came from men and 34% from women
- While AGL has more women in the workforce when compared to the energy industry overall (35% compared to 26%), we have less women in higher paying roles when compared to the industry – this is the result of gender imbalance in occupations and hierarchical levels



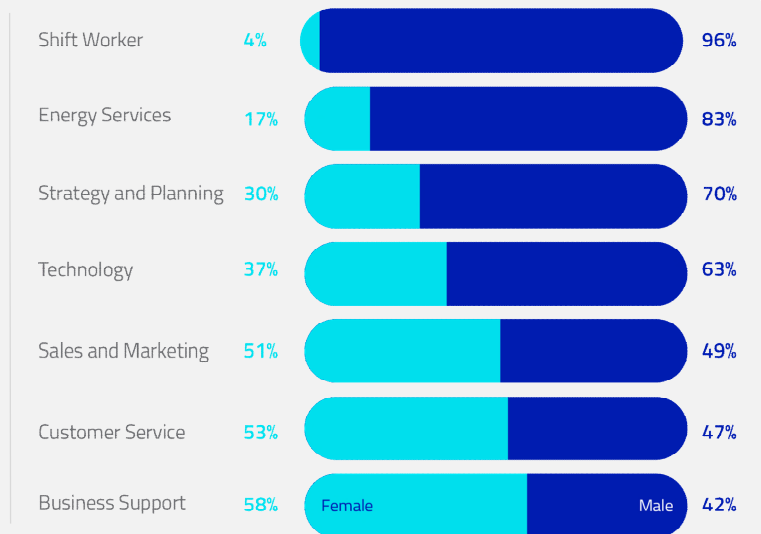
Tenure

- Longer tenure typically correlates with higher remuneration and career advancement.
- At AGL, the average tenure of males is approximately 3 years longer than the average tenure of females.



Occupation

- In Australia, there are more women in occupations that are generally lower paid ⁽²⁾
- We see the impacts of occupational gender imbalance in our workforce data, with more men in roles that attract higher remuneration and/or have access to significant overtime, shift premiums, and wage increases set by Enterprise Bargaining Agreements
- Within AGL, 15% of our workforce are shift-workers, of which 96% are male. These employees on average earn around 90% more than day workers, which is a contributor to our gender pay gap.



Hierarchy

- The proportion of women in management roles increased by 1% with 42% of management roles in Australia occupied by women in 2023 ⁽²⁾
- We see the impacts of hierarchical gender imbalance in our workforce data, with 30% of management roles occupied by women at the time of WGEA reporting (end of March 2023). Pleasingly, this has increased to 33.6% in the period April 2023 – December 2023.

(1) KPMG, DCA and WGEA report (2021) - She's Pricedless: The economics of the gender pay gap, viewed 30 October 2023

(2) WGEA Gender Equality Scorecard 2022-2023 (2023)

What actions are we taking?

A core component of our inclusion strategy is to achieve a diverse and gender balanced workforce which includes reducing the overall GPG. There are four enablers of our inclusion strategy, and our actions are aligned to how we lead, what we do, how we engage, and how we use data to inform our approach and hold ourselves accountable.

Inclusive leadership

- We have programs in place to reduce bias and the impact of harmful stereotypes through a focus on building a safe, respectful and inclusive culture and ensuring leaders and team members are equipped with the skills to apply inclusive practices.
- The ongoing rollout of our Respect@AGL program is a key action supporting this goal.

Inclusive practices

- We ensure our policies and practices create opportunities for inclusion, with ongoing focus on de-gendering parental leave, and providing support for team members with caring responsibilities.
- We have set targets to achieve or maintain a '40:40:20' gender balance, aiming for a minimum of 40% female and male representation at the Board, Executive, Senior Leadership Pipeline levels, and across the AGL workforce by the end of FY26; our recruitment and promotion processes are designed to ensure we mitigate bias and act on feedback from candidates that help us be more inclusive in how we hire.
- We have targeted development programs for women and men, to help them build skills to enhance their career growth and be ambassadors for equality and inclusion.



What actions are we taking?

Engaging inside and out

- We have a dedicated Equality committee as part of our Diversity and Inclusion Council, which helps us to engage with and understand the experiences of female and male team members.
- We are members of the Champions of Change Coalition Energy Group to help drive change at an industry level and actions required across the energy sector and identify opportunities to collaborate and accelerate progress towards reducing the industry GPG.

Data and insights

- We review our like-for-like pay gaps before and after our annual remuneration review to ensure there is a 0% pay gap between men and women performing the same work.
- We regularly review data relating to tenure, engagement, recruitment, succession, and uptake of flexible working options by women and men to monitor that our policies and practices are getting the right results.

