AUSTRALIAN
SHAREHOLDERS'
ASSOCIATION

Solid progress in an uncertain environment

Company/ASX Code	AGL Energy Limited (ASX: AGL)
AGM time and date	10:30am (AEST) Thursday, 1 October 2026
Location	Melbourne Convention and Exhibition Centre 1 Convention Centre Place, South Wharf, VIC
Registry	Computershare
Type of meeting	Hybrid
Monitor	Richard Jackson
Pre-AGM Meeting	Miles George Chair, Graham Cockcroft NED and People & Performance Chair, Christine Holman NED and Head of Investor Relations James Thompson

Monitor Shareholding: The individual involved in the preparation of this voting intention has no shareholding in this company.

1. How we intend to vote

No.	Resolution description	
2	Adoption the Remuneration Report	For
3	Re-election of Director – Mark Bloom Re-election of Director – Christine Holman Re-election of Director – Miles George	For
4	Grant of Performance Rights to Damien Nicks	For
5	Approval of Termination Benefits for Eligible Senior Executives	For
6	Renewal of Proportional Takeover Provisions for a further 3 years	For

2. Summary of Issues and Voting Intentions for AGM/EGM

- AGL has a well-considered strategy in an uncertain operating environment.
- The Board is well placed to deal with the challenges, although IT, AI and Cybersecurity skills could be deepened.
- Executive pay is well aligned with shareholder value.
- ASA intends to vote all undirected proxies in favour of the AGM resolutions.

See [ASA Voting guidelines] and [Investment Glossary] for definitions.

3. Matters Considered

The key long-term task for AGL is to prepare the company for the closure of its two coal-fired electricity generating plants in FY33 and FY35.

This challenging task is made more complex by the unpredictability of AGL's operating environment. For example, the past year has involved explosive growth in domestic batteries, significant new Government policy including the domestic gas reservation policy and the support for the Tomago aluminium refinery, an acceleration in future electricity demand growth from AI-driven data centres and EVs and growing public unease around transmission and renewables development projects.

The Board and senior executives of AGL have actively responded to these challenges by developing a strategy comprising;

- Implementing meaningful improvements in aspects of the business it controls, including robust cost control and significant improvement in both generation flexibility, including moving the coal fired plants away from a constant 'base load' model toward generating more electricity in periods of higher prices, and demand flexibility, through increasing assets under orchestration.
- Building a suite of development projects that provide optionality for AGL to respond to its unpredictable operating environment. AGL's pipeline of development projects includes approximately 10GW across both renewable generation and firming. AGL plans to work with external capital providers on renewable generation projects, including solar and wind farms. Firming projects such as batteries, pumped hydro and gas-fired peaking generators, which are needed to make renewable energy reliable and dispatchable, will be funded by AGL as these projects produce higher returns.
- Exploring options to create value from its existing assets, including the 'energy hubs' initiative. A key example of an energy hub is the 10,000 hectares of industrial land AGL owns in the upper Hunter Valley with extensive grid connectivity and dedicated water resources, providing a unique opportunity for regional data centre expansion.

Accounts and reports

In challenging market conditions, AGL was able to broadly maintain profitability over FY26 due mainly to a combination of improving generation flexibility and improved availability from the coal-fired plants and robust cost control. Underlying EBITDA increased 2% to $2,100m.

One weak area was an increase in the expected cost of the retail transformation project. Completion has been delayed 12 months and the cost increased from $50m to $150m. The work to date is yielding savings of around $25m pa, with annual pre-tax savings of around $80m anticipated from FY30.

$700m was spent on growth capex in FY26, with $800m forecast for FY27, approx. $600m of which was spent on the three major ‘firming’ projects the Liddell Battery, Tomago Battery and K2 gas fired peaker. Sustaining capex of around $700m will be maintained next year, including approx. $500m on the coal fired plants as two major outages are planned for FY27.

The company advised that their existing 300-megawatt operational battery fleet earned EBITDA of $57m in FY26, a 20% yield on capex. AGL is anticipating, without providing firm guidance, a material increase in EBITDA from the battery fleet as the Liddell battery ramps up in FY26 and Tomago commences operations in FY27.

Net Debt was stable in the past year, due mainly to the receipt of the proceeds of the sale of Tilt, some $739m. On current information, AGL does not appear to face immediate pressure on its Baa2 credit rating, although this may become more relevant as the company approaches the planned closure of the Bayswater coal-fired power station in 2032.

While the outlook for wholesale electricity prices in FY27 remains weak, AGL is largely hedged, which provides earnings resilience in the near term. AGL has indicated that underlying EBITDA for FY27 will be in the range $1,900m to $2,200m.

Some market commentators have raised concerns that high capital expenditure, the uncertain timing of the rollout of additional renewables and firming, weak forecast electricity prices over the next two or three years, uncertain returns from firming in the medium term and somewhat limited balance sheet flexibility could, over time, increase pressure on AGL’s dividend, notwithstanding that the current dividend appears sustainable in the near term. This concern may be reflected in AGL’s high dividend yield and low PE ratio.

The Auditor’s report identified three key matters:

- The estimated recoverable value of business units, including the existing generation fleet, containing significant amounts of goodwill and intangible assets.
- The recognition of unbilled revenue of $807m.
- The value of energy derivatives, as the valuation method is significantly influenced by inputs for which market data is not available.

Financial performance

(As at FYE)	**2026**	**2025**	**2024**	**2023**	**2022**
NPAT ($m)	756	112	711	(1264)	860
UPAT ($m)	631	640	812	281	225
Share price ($)	8.35	9.73	10.83	10.81	8.25
Dividend (cents)	50	48	61	31	26
Simple TSR (%)	(9.0)	(5.7)	5.8	34.8	3.8
EPS (cents)	93.8	95.1	120.7	41.8	34.4
CEO total remuneration, actual ($m)	2.534	2.281	3.267	2.26	2.182

Simple TSR is calculated as the change in share price plus dividends paid during the year, excluding franking, divided by the share price at the start of the year.

Governance and culture

The AGL annual report is comprehensive and clear. While a Board Skills matrix is included, it presents only an aggregated assessment. The Matrix identifies some important areas of relative weakness, notably 'operations and project delivery', 'energy assets and markets' and 'technology, digitalisation and AI'. In discussions with the Board, the ASA has highlighted the merits of targeting future additions to the Board with skills in these areas.

Eight of the nine Directors are independent, including the Chair. While diversity could be improved, as only three Directors are women, in discussions with the ASA the Board indicated their intention to recruit another woman at the next opportunity.

The election of Betsy Donaghey, who joined the Board in October last year, is consistent with the Board's discussions with the ASA regarding addressing weaker areas in the skills matrix and recruiting women Directors.

Directors' shareholdings are only modestly below ASA targets, with the exception of Betsy Donaghey who is growing her shareholding over three years in line with AGL policy.

Key 'people' metrics indicate a positive employee culture with employee engagement at 70%, attrition 10% and key talent retention 96%. Safety outcomes were mixed with TIFR for employees falling to 0.8 down from 2.7 in FY24 although TIFR for employees + contractors slipped from 2.0 in FY25 to 2.2. Improvement in female participation in senior leadership roles continues to be slow, rising to 38% from 36%, below the 2025 target of 40%.

Key events

- Construction commenced on the K2 gas peaking plant in Perth.
- The 500-megawatt Liddell Battery commenced operation.
- Construction commenced on a 500-megawatt battery at Tomago.
- Decentralised assets under orchestration increased by 250 megawatts to 1.74 gigawatts
- Sale of the telecommunications business for $115m alongside entering a long-term strategic partnership with Aussie Broadband
- Flexible generation capacity increased approx. 400 megawatts to 8.7 gigawatts including 3.3 gigawatts of coal-fired generation capacity.

Key board or senior management changes

There have been no changes to Board composition since the election of Betsy Donaghey at last year's AGM.

There has also been stability in the key executive roles since the restructuring of executive duties following the retirement of the previous COO in September. However, it is noteworthy that, in discussions with the ASA, the Board indicated that two senior executives had left the firm in recent months.

Sustainability/ESG

AGL has provided a detailed 53-page Sustainability Report in accordance with AASB S2. AGL acknowledges it faces “relatively high exposure to climate-related risks relating to policy, capital markets and stakeholder expectations”.

As noted earlier, the key long-term task for AGL is to prepare the company for the closure of its two coal-fired electricity generating plants in FY33 and FY35. AGL’s emissions profile means its progress on this task is important to Australia’s climate change objectives. If the statement that AGL accounts for just over 10% of Australian Scope 1 emissions is retained, the source, reporting year and denominator should be verified before final publication.

A key step to prepare the company for the closure of its two coal-fired plants is the development of substantial renewables.

Some market commentators argue that the reluctance of large-scale energy users to enter long-term power purchase arrangements from renewables, which is understandable given the complexity and unpredictability of the energy transition, is currently a critical barrier to the development of substantial renewables. AGL is not able to alter this market dynamic unilaterally. Further improvements to Government policy, particularly in relation to long-term power purchase arrangements, may be required.

In addition, other aspects of Government policy remain fluid. For example, the recent announcement by the Victorian Liberal/National Coalition that they will ‘review’ a proposed transmission line (Western Renewables Link) could adversely impact the proposed 600-megawatt Hexham wind farm, a key near-term AGL pipeline opportunity.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

The delay to the retail transformation project may indicate an area where stronger Board capability in technology, digitalisation and AI would be beneficial. While acknowledging that many ASX companies are competing for a limited pool of appropriately experienced director candidates, improved capability in this area would be welcome.

4. Rationale for Voting Intentions

Resolution 2: Adoption of the Remuneration Report (For)

AGL remuneration mix comprises:

- Fixed remuneration (FI) based on individual skills and experience, benchmarked to peer ASX listed companies.
- Short-term performance-based remuneration with a Target of 100% of FI and Maximum of 125% for the CEO and 70% and 84% respectively for other executives. STI is assessed annually against a mix of financial objectives 55% and safety, customer, people and individual strategic objectives 45%. 50% of actual STI is paid in cash for the CEO, with 50% paid in shares deferred for two years, 75% and 25% respectively for other executives.
- Long-Term Incentive (LTI) performance-based remuneration has a target of 100% of FI and maximum of 130% for the CEO, with a maximum of 100% for other

executives. The LTI is satisfied by the issue of performance rights tested over four years. 70% of LTI is tested against relative total shareholder return (TSR) compared to the ASX100, with 50% vesting if TSR is at the peer-group median rising to 100% at the 75th percentile. 30% of LTI is tested against carbon transition metrics, 20% related to new renewable and firming capacity and 10% emissions intensity.

The remuneration outcomes for FY2026 shed some light on the rigour of AGL remuneration policy. STI paid was 69.8% of maximum for the CEO and around 80% for other KMP. Over the 4-year testing period to 30 June 2026 AGL's relative TSR was in the 39th percentile relative to the ASX100 benchmark, although the carbon transition metrics were modestly better, resulting in a combined vesting outcome for the FY23 LTI of 12.9%.

The ASA believes that a remuneration framework focusing on key staff retention, through providing appropriate incentives, is warranted and supports the remuneration framework adopted by the Board and the ASA will vote all undirected proxies in favour of the resolution.

Resolution 3:

Re-election of Director – Mark Bloom (For)

Re-election of Director – Christine Holman (For)

Re-election of Director – Miles George (For)

Mark Bloom, AGL's longest serving NED, has an extensive background as a finance executive whose experience includes five years as CFO of Scentre Group and 11 years as Deputy CFO of Westfield. Mr Bloom is an active contributor to the Board with particular focus on capital allocation, financial performance, risk management and compliance. Mr Bloom will retire as Chair of the Board Audit and Risk Management Committee at the conclusion of the AGM. If Mr Bloom is re-elected, it is likely that he will retire from the Board at the conclusion of his three-year term.

Christine Holman is a professional NED who was formerly CFO and Commercial Director at Telstra Broadcast Services providing valuable experience in IT and cyber security. Ms Holman has strong expertise in governance gained as a past member of the AICD Corporate Governance Committee and more recently as a member of ASIC's expert panel inquiry into the ASX Group.

Miles George has been a NED of AGL since 2022 and Chair since February 2025. Mr George has extensive experience directly relevant to the formation and implementation of AGL's corporate strategy as it transitions its energy portfolio, with experience including advising the AEMO, as Chair of the Clean Energy Council, CEO of CleanCo Queensland and MD of Infigen Energy.

The ASA supports these resolutions and will vote all undirected proxies in favour of each resolution.

Resolution 4: Grant of Performance Rights to Damien Nicks (For)

This resolution seeks shareholder approval for the grant of 243,623 Performance Rights in FY27 to AGL's CEO Damien Nicks under the Long-Term Incentive (LTI) performance-based remuneration component of his remuneration. Details of this plan and the reasons for this resolution are given in the Notice of Meeting (pages 11 to 13). The grant of performance rights is consistent with the Remuneration Report which is the subject of Resolution 2. Given the ASA's support for Resolution 2, it follows that the ASA supports this proposal and will vote all undirected proxies in favour of the resolution.

Resolution 5: Approval of Termination Benefits for Eligible Senior Executives (For)

This resolution seeks shareholder approval for the continuation of AGL's policy on executive termination benefits for a further three years as required by the Corporations Act. Details of this policy and the reasons for this resolution are given in the Notice of Meeting (pages 14-16).

In assessing this proposal, the ASA has taken into consideration the loss of two senior executives in recent months in the context of fierce competition for executive talent in AGL's industry. The ASA believes that a remuneration framework, including appropriate termination benefits, which supports key staff retention is warranted. The ASA will vote all undirected proxies in favour of the resolution.

Resolution 6: Renewal of Proportional Takeover Provisions for a further 3 years (For)

This is a procedural resolution seeking shareholder approval for the retention, for a further three years of a clause in AGL's constitution blocking a proportional takeover as required by the Corporations Act. Details of this policy and the reasons for this resolution are given in the Notice of Meeting (pages 17-18). The ASA supports this proposal and will vote all undirected proxies in favour of the resolution.

Appendix 1
Remuneration framework detail

CEO rem. Framework for F26	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	$1,595,000	33%	$1,595,000	28%
STI - Cash	$797,500	17%	$1,036,750	18%
STI - Equity	$797,500	17%	$1,036,750	18%
LTI	$1,595,000	33%	$2,073,500	36%
Total	$4,785,000	100.0%	$5,742,000	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.