Delivering the first report: practical insights from AGL

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I would like to acknowledge the Traditional Owners of the lands on which we meet today and pay my respects to their Elders past and present.

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About AGL

4.67m

Services to customers

(includes energy, telecommunications and Netflix customer services)

7,928 MW

Operated generation capacity

30.7 $MtCO_2e$

FY25 Scope 1 and 2 emissions

△ Assets owned by Tilt Renewables. Rye Park Wind Farm 45% contracted generation to AGL.
* Projects funded / owned by other parties. Sunraysia Solar Plant 50% contracted generation to AGL.
Map reflects assets as at 13 August 2025. Generation assets operated or contracted by AGL which have an installed capacity of less than 50 MW are not shown on this map.

Note: Data and map correct as at 31 December 2025 unless otherwise noted.

Our purpose – *Powering Australian Life*

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Connecting every customer to a sustainable future while transitioning our energy portfolio.

Supported by our three foundational strategic pillars:

- **Embracing ESG;**
- **Future-fit people and culture;** and
- **Technology at the core.**

AGL is focused on maximising opportunities to create value for our customers, shareholders and our other stakeholders.

Our purpose
Why we exist

Our strategic focus
What we're focussing on for success

Our foundation
Underpins everything we do

Delivering for Shareholders

Powering Australian Life

Connecting every customer to a sustainable future
Helping our customers decarbonise the way they live, move and work

Transitioning our energy portfolio
Ambition to add 12 GW of new renewable and firming capacity by the end of 2035, and seek options to accelerate where possible

We will enable this transformation by ensuring a strong foundation:

Embracing ESG
We factor ESG considerations into the work we do and the decisions we make

Future-fit, people and culture
Our people are empowered as the driving force of a safe, future focused, purpose driven business

Technology at the core
Growth and CX unlocked through technology, digitisation and AI

Shareholder Value
Providing financial stewardship, effective capital allocation, and strong returns to shareholders

Highlights of AGL's climate reporting journey

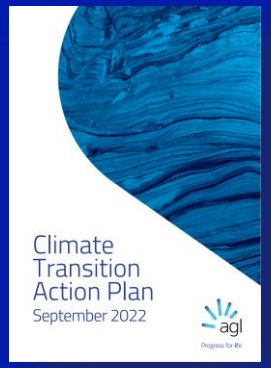
2016
AGL's first climate-related scenario analysis report was released in 2016 to outline the resilience of AGL's strategy in a "carbon constrained future"

2018
First report designed to address the TCFD recommendations

2019
Updated bespoke scenarios

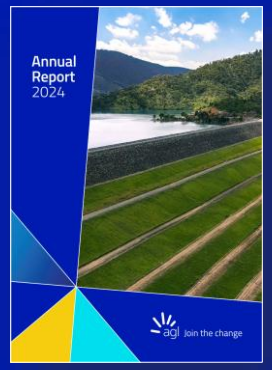
2020 & 2021
Detailed scenario analysis based on AEMO ISP

2022
First CTAP released with new market scenario analysis and targets



2023
TCFD report linking to 2022 CTAP

2024
Integrated climate–related disclosures into the Annual Report
New climate scenarios assessing physical hazards



2025
Integrated climate-related disclosure informed by AASB S2
Second CTAP, with updated scenarios

FY26 reporting:
Full alignment with AASB S2

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AGL's approach to preparing for mandatory climate reporting under AASB S2

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In FY23, AGL assessed the **implications of IFRS S2** and undertook a thorough gap analysis.

In FY24, AGL integrated climate reporting **into our Annual report** and used the draft Australian Sustainability Reporting Standards to help inform and enhance our disclosure practices.

Since the AASB S2 release, AGL has **used these standards to inform our reporting** including AGL's FY25 Sustainability Report within our Annual Report.

Board and executive engagement is key – noting that this is now a Directors' duty that can't be delegated.

A **cross-functional working group** manages the delivery and enhancement of disclosures, and to ensure compliance.

Regular updates on AGL's readiness for AASB S2 and key **assumptions and judgements are shared with Board-level committees** for oversight.

AGL engaged our auditors to perform a **gap assessment** against out FY25 disclosures and the requirements of AASB S2.

AGL is using these steps to **fill the remaining gaps** in our alignment with the AASB S2 requirements for our FY26 disclosures.

Highlights of AGL's FY25 climate reporting

AGL used the Australian Accounting Standards Board (AASB) S2 – *Climate-related financial disclosures* to inform and enhance our disclosure practices in FY25.

This was done in preparation for adopting Australia's mandatory climate reporting regime in FY26.

Report section includes:

- Summary of AGL's climate **governance approach,** including responsibilities and Board skills.
- Outline of how AGL is is responding to climate-related impacts, including **strategy** and Climate Transition Action Plan.
- **Resilience assessment** of AGL's strategy against the 'bookend' warming scenarios
- Guidepost of interaction with material information in the **financial statements**
- Summary of AGL's climate-related financial physical and transition **risks and opportunities**.
- Detailed disclosure of key **metrics and targets,** including details of assumptions and measurement approach.

Highlights of AGL's FY25 climate reporting

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Carved out Sustainability Report in Directors' Report

Contents

Resilience Assessment

Climate resilience of AGL's strategy

Low-warming scenario - 1.5° rapid transition

Rapid decarbonisation and transformation of the Australian energy system to align to a 1.5 degrees pathway, with the development of a green hydrogen export industry.[2]

Temperature outcome	Electricity demand growth	Electrification and CER uptake	Renewable build rates
1.5 degrees (RCP1.9)	Low Medium **High**	Low Medium **High**	Low Medium **High**

Under this scenario Australia's electricity sector transitions rapidly, delivering emissions reductions consistent with a 1.5 degree warming outcome, while the pace of renewable and firming capacity build-out and electrification accelerates significantly and electrification increases greatly. This scenario would require an accelerated coal closure schedule and a substantial rise in electricity demand. To support this transition, the energy sector would need to substantially accelerate the transformation of the energy system to ensure system reliability and to enable earlier coal-fired generation retirement.

This scenario presents both opportunities and risks to AGL. AGL would also be well-positioned to benefit from the rapid growth in electrification and energy demand seen under this scenario. With our electrification offerings, including residential and commercial solar and battery solutions and elec
delivery of our customer d

All coal-fired power statior
next few years would not r

Under this scenario, AGL's
As well as likely creating er
lost future earnings and a
transition activities, preser
concerns for the economy
where the power station c
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Under this scenario, AGL v
portfolio rebuild plans. Wh
development wherever po
capital to accelerate our e
would be able to adapt to

Opportunities related to th
Risks associated with polic

High-warming scenario - Above two degrees with build constraints

Renewable build rates have been constrained to historical levels, resulting in delayed energy policy delivery and an above 2 degrees aligned emissions pathways. Australia still achieves net zero energy emissions by 2050.[1]

Temperature outcome	Electricity demand growth	Electrification and CER uptake	Renewable build rates
2.6 degrees (RCP4.5)	Low **Medium** High	Low **Medium** High	Low **Medium** High

Although this scenario reflects AGL's planned coal closure dates, it assumes a slower build-out of renewable and firming capacity in the broader market due to challenging conditions for project development in Australia. These challenges may include delays in grid connections, planning approvals, supply chain constraints, and workforce availability.

The current momentum in CER adoption and electrification continues under this scenario—AGL would be well positioned to take advantage of the growth in CER and broader electrification.

A global temperature rise of approximately 2.6 degrees would also increase physical risks to AGL's assets, which may affect operating costs. To address this, AGL has robust business resilience and continuity plans, asset management and maintenance strategies and insurance in place. The technological and geographical diversity of our generation fleet further mitigates the risk of widespread disruption from individual physical hazards. The assessment of extreme weather risks to our assets and operations is detailed in Section 7.3.2.

AGL remains committed to our ambition to add 12 GW of new renewable and firming capacity by the end of 2035, and will seek options to accelerate where possible. As outlined in our CTAP, action in five key areas is needed to drive Australia's decarbonisation in pursuit of the Paris Agreement goals, and we have established clear advocacy positions relating to the policy and regulatory settings needed to deliver action. This includes advocating for streamlining connection and approval processes, acceleration of CER and large-scale renewable and firming development to support the timely and successful delivery of new energy infrastructure.

With the flexibility of AGL's strategy and our robust asset management maintenance plans for our existing fleet to address climate-related physical risks, AGL's business model would remain resilient over the short, medium and long-term. This would be underpinned by policy advocacy and relationship management with insurers.

Risk and opportunities – time horizon, value chain impact, drivers, discussion of potential financial impact and mitigation

Chronic physical risks

Sustained drought curtails generation across AGL's fleet

In the event of a serious and sustained drought, AGL's access to required water may be limited, affecting our ability to operate or rehabilitate assets that rely on water, including hydroelectric assets and steam turbine assets

Drivers

- Some types of generators within AGL's fleet require acces water in order to operate. Where there is a sustained anc severe drought that impacts water being availability for el generation, AGL may be unable to operate these assets a may be required to materially de-rate them.
- AGL's rehabilitation plans for the Loy Yang mine will requi access to water. Should drought reduce the amount of w available, there may be impacts to the nature or timing (a therefore cost) of planned rehabilitation activities.

Potential financial impact

- Reduced earnings from prolonged output reduction at hydroelectric assets.
- Reduced generation revenue if assets are de-rated or temporarily shut down due to water scarcity.
- Higher rehabilitation costs at the Loy Yang mine if water a delays or alters planned rehabilitation activities.

Value chain impacts: Downstream electricity

Mitigation

- AGL's technologically and geographically diverse fleet redi reliance on any particular asset class (including those tha on water to operate).
- AGL is developing our pumped hydro capability, which wi allow AGL to continue to use some hydro assets during lo water scenarios.
- AGL has applied for a Bulk Water Entitlement to access surface water from the Latrobe River system for water-ba rehabilitation of the Loy Yang Mine.

Changing weather patterns inhibit production capacity of renewables assets

As AGL transitions our generation fleet to a higher proportion of renewables, changing weather patterns that lead to prolonged periods of reduced solar irradiance or wind drought (or both, i.e. Dunkelflaute) may have a proportionately greater impact on AGL's fleet performance.

7.3.3 Opportunities

AGL's strategy recognises the significant opportunities arising from the decarbonisation of Australia's energy sector by embracing changing consumer needs through connecting every customer to a sustainable future and transitioning our energy portfolio. The opportunities presented by the energy transition are fundamentally related to climate and the nature of AGL's business as an integrated energy generator, investor and retailer.

AGL's climate-related opportunities can impact our financial performance through revenue growth, margin improvement, risk mitigation, and asset value enhancement. AGL's key climate-related opportunities lie in driving Australia's clean energy shift both behind the meter and at the grid scale. By leveraging these opportunities, AGL aims to strengthen our financial performance through new revenues and sustained margin, mitigate risk and secure our long-term viability in a low-carbon economy.

Financially material opportunities related to climate for AGL are summarised below:

Decarbonisation of every customer is at the heart of our strategy

Changing consumer needs and expectations as Australia and industry and energy users decarbonise.

Drivers

- Customer demand for renewable and clean energy is driving a transition towards a more decentralised energy system and electrified economy. This shift presents opportunities for AGL to expand into new and growing markets and offer new products and services to help meet consumers' and industries' changing needs.
- Decarbonisation will increase demand for electricity over the short, medium and long-term as residential and industry energy users switch from alternate energy sources such as gas or diesel to electricity. This switch is expected to reduce demand for gas over the longer term. A growing portion of electricity demand will be met by consumers' own supply of renewable energy through the expansion of consumer energy resources (CER). This includes rooftop solar PV, battery storage systems, electric vehicles and hot water systems. These changing market dynamics will promote technological development and likely support new product and service adoption.
- AGL is well positioned to respond to price volatility driven by increased solar PV uptake.
- Supply of renewable energy from Australia's electricity grids will also increase over the short, medium and long-term and support the decarbonisation efforts of industrial and residential energy users.

Potential financial impact

- Increased and diversified revenue streams as AGL captures market share in emerging segments such as decentralised energy, electrification, and clean energy products.
- Improved margins through new product offerings aligned with customer demand.
- Growth potential in industrial and commercial markets as demand for clean electricity rises, enabling AGL to shape market dynamics and introduce new business models.
- Revenue uplift from services that support grid stability and customer energy management, such as load flexibility and behind-the-meter technologies.

Value chain impacts: Downstream electricity, downstream gas

Strategic response

- AGL's strategic pillar of 'connecting every customer to a sustainable future' includes a focus on electrification, load flexibility and customer solar.
- AGL's strategy to transition our portfolio from coal-fired to renewable generation and firming is contributing to decarbonising the grid and electricity to supplied to customers.
- Growing our e-mobility solutions for residential and commercial customers through our EV subscription offer, public charging partnerships and EV charging and energy supply packages.

Low-carbon energy transition

The electricity sector has a critical role to play in decarbonising Australia's economy through the inevitable closure of ageing coal-fired power stations, delivery of a rebuilt power system based on renewables and firming, and through the electrification of other sectors.

Drivers

- Supply of renewable energy into Australia's electricity grids will increase over the short, medium and long-term and support Australia's transition to a low-carbon economy.

Potential financial impact

- AGL can capitalise on favourable conditions such as government climate targets and falling technology costs to accelerate its development pipeline and capture market share in renewable and firming capacity assets.
- Opportunities for new revenue streams from renewable generation, firming services, and grid support technologies as Australia's electricity system decarbonises.
- Investment in low-carbon infrastructure may enhance long-term asset value and improve portfolio resilience.

Value chain impacts: Upstream electricity

Strategic response

- AGL has an ambition to add 12 GW of new renewable and firming capacity by the end of 2035 with an interim target of 6 GW by FY30, and we will seek options to accelerate where possible. We have set a strategic target of having 2.1 GW of new renewable and firming capacity in development, contracted or in delivery from FY23 by FY27.

Evolution of climate reporting under AASB S2

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FY24

Risks, causes and mitigations

Key Short term (1-4 years) Medium term (5-10 years) Long term (10+ years)

Climate-related Risk Cause		Mitigation Approach
Acute hazards *Acute, event-driven hazards resulting primarily from the increasing severity of extreme weather events.*		
• Increasing frequency and severity of extreme heat, fire, and storm events impacting the operation of AGL's thermal coal fleet. • Extreme heat, fire and wind events impacting the operation of AGL's wind and solar assets. • Extreme heat leading to spikes in demand for electricity and potential electricity shortfalls. • Major flooding events causing disruption to AGL generation capabilities.		• To mitigate the impacts of acute weather and natural hazards risks, AGL has Emergency Management and Response Plans in place across our portfolio. These include bushfire management plans, and procedures for extreme weather and flood management. • The flexibility of AGL's generation fleet allows us to efficiently respond to changing generation and load profiles when acute hazards impact generation assets across the NEM. • As acute natural hazards are usually localised to a specific region, the geographic diversity of AGL's generation portfolio helps to minimise the risk of major impacts across the fleet.
Chronic shift in climate patterns *Chronic, long-term shifts in climate patterns leading to ongoing changes to environmental hazards.*		
• Extended drought periods compromising water security at thermal and hydro assets, impacting asset availability. • Ongoing increases in average temperatures leading to higher energy demand from customers.		• AGL actively monitors access to water and water availability for our assets to mitigate drought risks and ensure availability of our assets. In addition, AGL maintains water licences or entitlements for each asset. • AGL continues to invest in critical spares and equipment to support the ongoing reliability of our generation assets.
Secondary effects of hazards *Chronic and acute physical hazards that impact AGL due to their secondary effects.*		
• Extreme weather and fire events affecting the vulnerability of transmission and distribution networks, limiting AGL's ability to supply and source electricity from the market.		• As these secondary effects are inherently risks on assets that are outside of AGL's control, our ability to directly mitigate them is limited. • However, AGL actively engages with government and regulatory bodies to advocate for balanced policy outcomes within the NEM to provide reliable and affordable energy during Australia's energy transition, particularly related to transmission access and project approvals.

Another mitigation strategy that applies across all risks set out above is the implementation of the commitments made in our CTAP. This will

FY25

+ Assessed against a 'materiality' threshold

+ Qualitative consideration of *how* risks may impact AGL's financial prospects

Acute physical risks

Vulnerability of non-AGL infrastructure to climate-related risks

AGL's performance may be negatively impacted by climate-related hazards impacting parts of our supply chain (whether upstream or downstream). For example, electricity transmission and distribution infrastructure, interconnectors, gas pipelines, coal transport, or significant industrial customers.

Drivers

- As a gentailer, AGL's business relies on infrastructure operated by other parties, including transmission and distribution infrastructure, interconnectors, gas pipelines and coal transport. Increasing prevalence of extreme weather events (including bushfires, floods, storms, and heatwaves) have the potential to impact these kinds of infrastructure. In addition, AGL has limited ability to control the mitigation actions put into place by the operators of this infrastructure.
- Should our customers be materially impacted by climate-related hazards, AGL's demand profile would be expected to be affected.

Potential financial impact

- Reduced generation performance and wholesale revenue due to connection issues such as network losses and constraints, system black events, or delays caused by damage to third-party infrastructure.
- Earnings risk if major commercial or industrial customers halt operations unexpectedly due to climate-related disruptions, affecting demand and contractual revenues.
- Operational disruptions from extreme weather events impacting upstream or downstream infrastructure, potentially increasing costs and reducing reliability.

Value chain impacts: Downstream electricity, downstream gas

Mitigation

- AGL has robust, practised business resilience and continuity plans in place.
- AGL's technologically and geographically diverse generation fleet reduces the risk of a material proportion of assets being affected by localised weather events.

A fire event causes significant damage to key plant at AGL Loy Yang Power Station

An extreme heat or bushfire event may occur, leading to a serious fire in key equipment at AGL Loy Yang, which materially limits generation at AGL's Loy Yang A Power Station, and may also impact an adjacent third-party power station.

Drivers

- Climate change analysis data indicates bushfire prevalence will increase materially from 2030 under a range of different scenarios.
- There are some key components that are critical to the operation of the power station. Should these be materially damaged, Loy Yang A Power Station may be unable to generate for an extended period of time.

Potential financial impact

- Extended unplanned outages, particularly during periods of high demand or elevated market prices in Victoria, may result in significant earnings loss and increased market exposure.
- There may be significant repair and recovery costs if critical equipment is damaged by fire.

Value chain impacts: Downstream electricity

Mitigation

- AGL has significant proactive fire prevention mitigation in place, including plant maintenance strategies, plant inspections, and vegetation management plans.
- AGL also has robust response measures in place, including hot spot detection and thermal cameras, fire suppression systems, on site emergency services, and detailed business resilience and continuity plans.

FY26

+ Quantification of financial impacts to assess the impact of climate-related risks and opportunities on AGL's financial prospects

+ More detailed value chain alignment and impacts

+ Linkage to updated scenario analysis

Lessons Learnt

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Early engagement with assurance provider has been integral to help us understand gaps and minimise future assurance pain points.

Consult broadly; many **existing processes** can be used as the basis for requirements in AASB S2.

Effective **cross functional collaboration** across Sustainability, Risk, Finance, Company Secretariate, Strategy and Environment areas of an organisation is critical.

Key to consistent and robust disclosures are good **governance processes**.

Questions?

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