14. Remuneration Report

This Remuneration Report forms part of the Directors' Report.

Message from the Chair of the People & Performance Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for AGL Energy Limited (AGL) and its consolidated entities for the year ended 30 June 2019 (FY19).

A year to 'reset' senior executive remuneration

AGL's Executive Remuneration Framework is designed to be competitive so as to attract and retain the right person for the job and to reward executives for delivering financial returns and AGL's strategy, both aimed at creating greater shareholder value.

The People & Performance Committee has considered the sentiments of our shareholders, our customers and the broader community towards levels of executive remuneration. As we have had a year of change in our Executive Team, we have taken this opportunity to 'reset' senior executive remuneration, starting with our new Managing Director & CEO.

AGL's performance in FY19

FY19 was another strong year for AGL. Statutory Profit after tax for FY19 was down to $905 million however Underlying Profit after tax reached $1,040 million, up 2% from the prior year. The principal driver of the increase was margin growth in Wholesale Markets from higher wholesale electricity prices and lower compliance costs in Eco Markets. This was offset to some degree by Customer Markets margin compression reflecting a continued competitive environment. In addition, there was higher depreciation and amortisation in Group Operations due to AGL's increased capital investment in recent years.

Underlying operating cash flow before interest and tax was $2,013 million. This was down $461 million from the prior year mainly due to higher margin calls that AGL was required to provide due to higher forward electricity prices. A large portion of the margin calls will be recovered in future earnings. Excluding the impact of the margin calls, AGL's conversion of EBITDA to cash flow was 96%.

AGL declared dividends of 119 cents per share, 2 cents higher than the prior period, consistent with AGL's profit growth.

Capital expenditure was $939 million, with investments being made to keep our ageing thermal plant operating, as well as investment in new projects such as the Barker Inlet power station.

AGL's balance sheet remains strong. Gearing was 23.5% and AGL maintained its Baa2 credit rating through the year.

The average annual return on equity (ROE) continues to perform strongly at 12.5%.

A new Managing Director & CEO

After an extensive domestic and international search, AGL announced the permanent appointment of Brett Redman as Managing Director & CEO effective 1 January 2019. Given Mr Redman's extensive experience as Chief Financial Officer (CFO) and across the energy industry, the Board is confident that AGL has the right leader to deliver our transformative initiatives and our desired customer and shareholder outcomes.

This Report details Mr Redman's remuneration arrangements, along with other changes to the key management personnel (KMP) over FY19.

FY19 remuneration outcomes

Fixed reward

AGL's approach is to set remuneration levels with regard to market benchmarks and commensurate to the skills and experience of the individual. Generally, for internal promotions, remuneration levels will be set low compared to market on appointment, to allow executives 'room to grow into the role'.

The Board looked to the market and listened to stakeholder views on contemporary CEO remuneration levels to set fixed remuneration for Mr Redman. This resulted in a reduction in fixed remuneration of more than 25% from the previous Managing Director & CEO. This is not a reflection on Mr Redman or the Board's view of his suitability for this role. It is a recognition that the expectations of our stakeholders regarding executive remuneration levels has changed since the appointment of the previous Managing Director & CEO.

The Board also re-weighted the Managing Director & CEO's package away from short-term in favour of the longer-term to more closely align with our need to deliver on our long-term strategic objectives.

Damien Nicks has been promoted to the role of CFO. His fixed remuneration is lower than that of Mr Redman who held the CFO role for six years before his appointment as Managing Director & CEO. As this is Mr Nicks' first CFO role, his remuneration has been set towards the lower end of market comparators.

Variable reward outcomes

The starting point for considering short-term incentive (STI) outcomes is Statutory Profit. The Board adjusts Statutory Profit for non-cash fair value movements in financial instruments and may adjust for other significant items on a case-by-case basis.

Statutory Profit after tax in FY19 was $905 million, down from $1,582 million in FY18. When adjusted for the impact of fair value movements in financial instruments and significant items, Profit after tax was $1,040 million, up 2%.

STIs reward executives for financial and strategic achievements throughout the year. They reflect not only what the company achieved, but how those outcomes were achieved against customer, people, operational and strategic targets. For FY19, executives achieved STI awards at or around target opportunity levels (between 67% and 103% of target) reflecting performance and demonstrated progress against AGL's strategy. The outcome was adjusted for the impact of the Loy Yang A Unit 2 outage.

The performance conditions for the FY17 long-term incentive (LTI) plan were tested as at 30 June 2019 and this grant vested at 50%. The company did not meet the relative total shareholder return (TSR) measure (being placed at the 38.20th percentile in comparison to the S&P/ASX100 peer group) however it met and exceeded the three-year average ROE measure, achieving an average annual ROE of 11.37% excluding share buybacks.

Non-Executive Director fees

Non-Executive Director fees are set reflective of the time commitment and responsibilities associated with the role and to be competitive in attracting and retaining Non-Executive Directors to the AGL Board. In this context a number of adjustments were made, effective 1 January 2019:

- the Board Chair fee was increased by 6.2%
- the Chair of the People & Performance and Safety, Sustainability & Corporate Responsibility Committees were increased by 7.8%, and
- remaining Board and Committee fees were increased by 2.1%.

Changes to the remuneration framework for FY20 and beyond

This year, we continued to review and refine our Executive Remuneration Framework. In addition to the 'reset' of fixed pay referred to above, to more strongly align the Executive Remuneration Framework with our strategic priorities, AGL's values and the expectations of stakeholders, we have made a number of changes for FY20. Details of these changes are included on the following pages.

Previous Managing Director & CEO

AGL's previous Managing Director & CEO, Andy Vesey, was paid his contractual entitlements on ceasing to be employed by AGL. He was eligible to receive a STI award in respect of the first half of FY19 as he remained employed by the company. LTI retained on foot to be tested against applicable performance conditions at the relevant performance periods. Details of these arrangements are included in this Report.

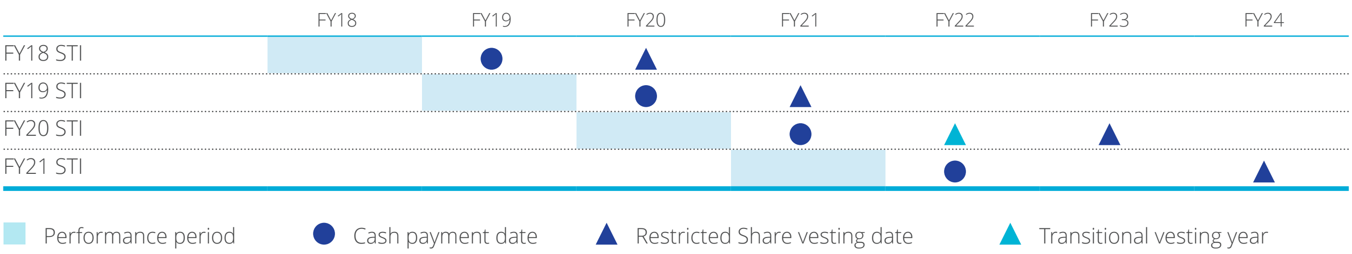
I invite you to read our Remuneration Report and trust you will find that it clearly outlines the links between our strategy, performance and executive remuneration outcomes. Your directors welcome your feedback on our remuneration practices and disclosures and look forward to your continued support at our 2019 AGM.

Yours sincerely

Diane Smith-Gander
Chair, People & Performance Committee

Changes to remuneration framework for FY20

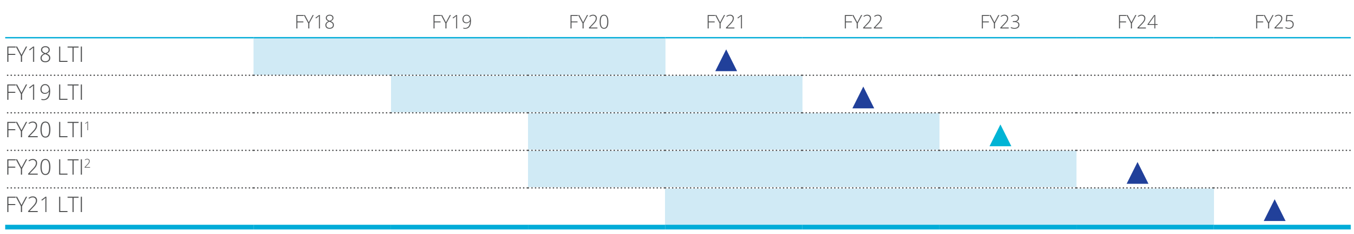
Remuneration element	Current structure	Refined structure	Rationale	Transition
Short-term incentive				
STI opportunity (% fixed remuneration) – *Reduce maximum & simplify approach*	**Other executives:** • 70% target • 100.8% max	**Other executives:** • 70% target • 84% max	*Removal of individual performance moderator:* Simplification of performance scorecard, and reduction in the maximum STI award for other executives to 120% of STI target opportunity from 144%. Change does not apply to the Managing Director & CEO as this was considered when setting his remuneration package upon appointment.	Effective 1 July 2019; no transition required.
Deferral component & period – *More STI paid in shares & restricted for longer*	**Other executives:** • 90% cash • 10% Restricted Shares **All executives (incl. Managing Director & CEO):** • Restricted Shares vest one year after allocation date.	**Other executives:** • 75% cash • 25% Restricted Shares **All executives (incl. Managing Director & CEO):** • Restricted Shares vest two years after allocation date.	*Increased Restricted Share component (excluding the Managing Director & CEO):* providing improved retention, encouraging earlier achievement of AGL minimum shareholding requirements and stronger alignment with shareholder experience. The Managing Director & CEO will continue to have 50% of his STI award deferred. *Increased Restricted Share deferral period:* providing greater retention and stronger alignment with shareholder experience. Provides enhanced clawback opportunity for any material misstatement.	*For current executives:* to ensure executives a smooth transition to increased deferral, 50% of any deferred FY20 STI award will vest after one year and 50% after two years. In FY21, the full deferral component will be subject to a two-year restriction period. *For incoming new executives:* two-year deferral period with no transitional arrangement. A diagram demonstrating the rationale for the transitional arrangement is shown below.



Remuneration Report

For the year ended 30 June 2019

Remuneration element	Current structure	Refined structure	Rationale	Transition
Long-term incentive				
LTI opportunity (% fixed remuneration) – *Adjust threshold/maximum*	**Other executives:** • 35% threshold • 70% max	**Other executives:** • 50% threshold • 100% max	*Increased maximum LTI opportunity:* providing a remuneration package more heavily weighted towards long-term performance and reward. Change does not apply to the Managing Director & CEO as this was considered when setting his remuneration package upon appointment.	*For current executives:* to ensure a smooth transition to the extension of the performance period, a bridging grant will be made at the same quantum as the FY20 grant to supplement the new four-year grant by providing an opportunity for LTI vesting every year. The bridging grant will be tested after three years.
Performance period – *Longer performance period*	Three-year performance period.	Four-year performance period.	*Increased performance period:* performance period extended from three years to four years to better reflect the business planning cycle.	The Board will have the discretion to lapse in full the LTI grant with the longest unserved performance period at the date of cessation of employment during the transition period. In FY21, no further bridging grants will be made. *For incoming new executives:* four-year performance period with no bridging grant. A diagram demonstrating the rationale for the bridging grant is shown below.



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

Performance Period

Performance Right vesting date

Transitional vesting year

Remuneration Report

For the year ended 30 June 2019

Summary of FY19 performance and remuneration outcomes

How we create value

Business Value Drivers	CUSTOMERS; COMMUNITY & RELATIONSHIPS; PEOPLE; ENVIRONMENT; INFRASTRUCTURE; FINANCE; SYSTEMS & PROCESSES

How we think and act

AGL Values	Care in every action; Integrity always; Better together; Deliver your best; Shape tomorrow

What we want to achieve

Strategic Priorities	Growth	Transformation	Social Licence

	Short-term incentive	Long-term incentive
FY19 performance: achievements and progress	**Profit:** Underlying Profit after tax was $1,040 million, up 2%. These results reflect the strong operation of AGL's energy supply portfolio. The outcome was adjusted for the impact of the Loy Yang A Unit 2 outage. **Customer:** Net Promoter Score (NPS) has improved significantly. Ombudsman complaints reduced by around 2% largely due to a reduction in complaints related to connections and credit issues. **Growth:** Currently approximately $1.9 billion of new wind, solar and gas firming projects under construction as a result of AGL's investment in enhancing energy supply and another approximately $2 billion of projects subject to feasibility, including two pumped hydro projects at Bells Mountain and Kanmantoo. **Transformation:** Digital transformation to improve our customer experience, as well as tools to standardise and streamline internal processes and improve employee experience.	**Relative TSR:** Three-year TSR to 30 June 2019 of 22.42%, equating to the 38.20th percentile against the S&P/ASX100 Index. **ROE:** 11.37% average ROE over the three-year performance period ended 30 June 2019 (excluding buybacks).

	Fixed remuneration	Short-term incentive	Long-term incentive
FY19 remuneration outcomes: rewards delivered	Following their permanent appointments, Mr Redman and Mr Nicks received increases in fixed remuneration. Only one executive remaining in the same role received a fixed remuneration increase during FY19, being Mr Wrightson. Further details are provided in section 14.3.2.	STI awards **Managing Director & CEO:** • 103% of target • 66% of maximum **Other executives:** • 67-102% of target • 46-71% of maximum	FY19 vesting (FY17 grant) **TSR:** • 50% of grant • 0% of Rights vesting **ROE:** • 50% of grant • 100% of Rights vesting

Remuneration Report
For the year ended 30 June 2019

14.1 Introduction

The directors present the Remuneration Report for AGL Energy Limited (AGL) and its consolidated entities for the year ended 30 June 2019 (FY19), prepared in line with the *Corporations Act 2001 (Cth)*. The Report forms part of the Directors' Report and provides shareholders with an understanding of the remuneration principles in place for key management personnel (KMP) and the resulting outcomes for FY19.

AGL KMP are the Managing Director & CEO and certain AGL executives with operational and/or financial responsibility (together referred to in this Report as 'executives'), and the Non-Executive Directors. For FY19 the executives defined as KMP are the Managing Director & CEO, the Chief Financial Officer (CFO) and the Executive General Managers (EGMs) of the three major operating segments: Customer Markets, Wholesale Markets and Group Operations.

During FY19 the following changes to the executives occurred:

- On 24 August 2018, AGL announced that Managing Director & CEO Andy Vesey would cease to be on the AGL Board effective immediately, and cease employment with AGL on 31 December 2018.
- AGL's existing CFO, Brett Redman, was appointed Interim CEO effective 24 August 2018. Following an extensive domestic and international search, Mr Redman was permanently appointed as AGL's Managing Director & CEO effective 1 January 2019.
- Damien Nicks was appointed as Interim CFO on 24 August 2018. Following the announcement of Mr Redman's permanent appointment as Managing Director & CEO, and a subsequent recruitment process to identify an ongoing CFO, Mr Nicks was permanently appointed as AGL's CFO on 31 May 2019.
- AGL's Chief Customer Officer, Melissa Reynolds, ceased employment with AGL on 30 November 2018. Mark Enzinger was appointed as Interim Chief Customer Officer effective 16 November 2018 and Ms Reynolds ceased to be KMP from this date. Christine Corbett joined AGL as its new Chief Customer Officer on 1 July 2019.

Table 14.1.1: Key management personnel

Name	Position	Dates
Non-Executive Directors		
Current		
Graeme Hunt	Chairman	Full year
Peter Botten	Non-Executive Director	Full year
Jacqueline Hey	Non-Executive Director	Full year
Les Hosking	Non-Executive Director	Full year
Patricia McKenzie	Non-Executive Director	From 1 May 2019
Diane Smith-Gander	Non-Executive Director	Full year
John Stanhope	Non-Executive Director	Full year
Former		
Belinda Hutchinson	Non-Executive Director	Until 12 December 2018
Executives		
Current		
Brett Redman	Managing Director & CEO	Full year
Mark Enzinger	Interim Chief Customer Officer	From 16 November 2018[1]
Doug Jackson	EGM, Group Operations	Full year
Damien Nicks	CFO	From 24 August 2018
Richard Wrightson	EGM, Wholesale Markets	Full year
Former		
Melissa Reynolds	Chief Customer Officer	Until 16 November 2018[2]
Andy Vesey	Managing Director & CEO	Until 23 August 2018[3]

1. With the appointment of Ms Corbett, Mr Enzinger ceased to be a KMP on 30 June 2019.
2. Ms Reynolds ceased to be a KMP on 16 November 2018 and an employee on 30 November 2018.
3. Mr Vesey ceased to be on AGL's Board and therefore a KMP on 23 August 2018 and an employee on 31 December 2018.

14.2 Remuneration strategy and framework

The remuneration strategy is underpinned by AGL's purpose of supporting progress for all of its stakeholders. Within this purpose, the objective of the remuneration strategy is to support and drive our strategic priorities of Growth, Transformation and Social Licence.

The Executive Remuneration Framework is underpinned by the AGL Business Value Drivers: Customers, Community & Relationships, People, Environment, Infrastructure, Systems & Processes, and Finance, with the aim of creating long-term value for our shareholders and other stakeholders. AGL reviews its remuneration framework regularly to ensure it continues to evolve and be fit-for-purpose and drives performance outcomes that deliver on AGL's strategy.

AGL strives to create an Executive Remuneration Framework that drives a performance culture, ensuring there is a strong link between executive pay and the achievement of company performance and returns to shareholders. This is supported by a minimum shareholding policy that applies to all executives and non-executive directors. The three main elements of AGL's remuneration framework are detailed on the following page.

AGL is committed to ensuring that its remuneration framework is equitable and supports the objective of increasing female representation at all levels of the company.

Refinements to the framework agreed during FY19 will be implemented for executives in FY20. A table outlining the changes and rationale is provided after the message from the Chair of the People & Performance Committee preceding this Report.

FY19 Executive Remuneration Framework

Fixed remuneration	Short-term incentive (STI)	Long-term incentive (LTI)
Objective		
To attract and retain executives with the right capability and experience.	To reward executives for delivering financial returns and progress relative to AGL's strategy.	To reward executives for long-term performance, encourage shareholding and deliver long-term value creation for shareholders and other stakeholders.
Inputs		
• Skills and experience • Role complexity • Responsibility Benchmarked against companies ranked 11-50 on the ASX.	**Annual performance period** • Financial measures 60-70% • Strategic measures 30-40% • Performance outcome range 0-120% • Individual performance moderator (IPM) against stretching, quantifiable metrics (0-1.2 multiplier). Multiplier not applicable for Managing Director & CEO in H2. *Award (% of fixed remuneration)* **Managing Director & CEO (HY1/HY2):** • 85/60% target • 122.4[1]/100% maximum **Interim executives**: • 30-40% target • 43.2-57.6% maximum[1] **Other executives:** • 70% target • 100.8% maximum[1]	**Three-year performance period** • 50%: relative TSR measured against the S&P/ASX100 • 50%: ROE *Award (% of fixed remuneration)* **Managing Director & CEO (HY1/HY2):** • 42.5/65% threshold • 85/130% maximum **Interim executives:** • 25% threshold • 50% maximum **Other executives:** • 35% threshold • 70% maximum
AGL approach		
AGL initially sets fixed remuneration at a level reflective of the inputs above. Fixed remuneration is reviewed annually by the Board, considering performance during the year, relevant market data, tenure and experience.	The starting point for considering STI outcomes is Statutory Profit. The Board may adjust Statutory Profit in consideration of any non-recurring significant items that materially affect AGL's financial results. This is to ensure that management are not unfairly advantaged or disadvantaged by items outside their control. An executive delivering against all financial and strategic objectives would normally achieve a target STI outcome.	Relative TSR provides a comparative performance benchmark against the external market. Straight line vesting from 50-100% of award for 50th to 75th percentile performance against peer group. ROE provides a measure of the effectiveness with which AGL is deploying shareholders' funds. Vesting from 50-100% of the award for performance against the approved ROE range.
Delivery		
Base salary and superannuation.	Cash and Restricted Shares (restrictions lifted after twelve months) **Managing Director & CEO (HY1/HY2):** • 70/50% cash • 30/50% Restricted Shares **Interim executives:** • 100% cash **Other executives:** • 90% cash • 10% Restricted Shares	Performance Rights which vest after three years, subject to meeting the performance conditions.

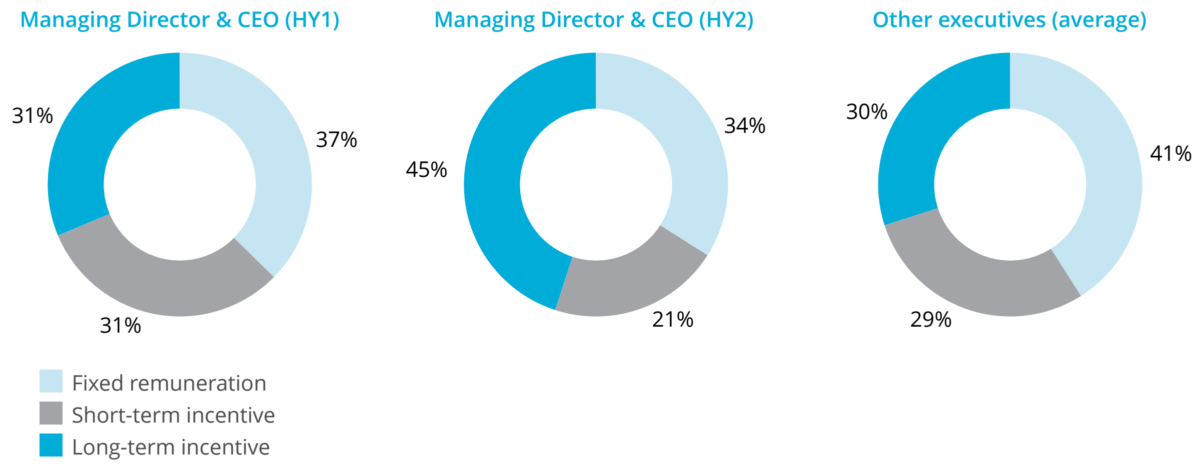
Total Remuneration

The level and mix of remuneration is designed to reward the achievement of both short and long-term objectives which, in turn, align executive and shareholder experiences through share ownership and value.

1. Includes maximum IPM.

14.2.1 Remuneration mix

The remuneration mix is structured to attract and retain appropriately. The FY19 remuneration mix for executives (excluding interim executive remuneration) is summarised below.



The variable/at-risk component of total remuneration is 66% and 59% for the Managing Director & CEO and other executives respectively (excluding interim executive remuneration). The level of variable/at-risk remuneration is broadly consistent with the average in S&P/ASX50 Index companies.

14.3 FY19 performance and executive remuneration outcomes

14.3.1 AGL five-year performance

Element	FY19	FY18[1]	FY17	FY16	FY15
Statutory Profit/(Loss) ($m)	905	1,582	539	(408)	218
Underlying Profit ($m)	1,040	1,018	802	701	630
Statutory earnings per share (EPS) (cents)	138.0	241.2	80.5	(60.5)	33.3
Underlying EPS (cents)	158.6	155.2	119.8	103.9	96.4
Dividends (cents)	119	117	91	68	64
Closing share price at 30 June ($)	20.01	22.48	25.50	19.29	15.55
Return on equity (%)[2]	12.5[3]	13.1[3]	10.2[3]	8.3	7.2

1. Restated for adoption of AASB 9 Financial Instruments and AASB 16 Leases.
2. Used to calculate a portion of executives' LTI outcomes.
3. Includes share buybacks.

14.3.2 Fixed remuneration approach and outcomes

The overall objective in establishing fixed remuneration is to attract and retain the right person for the job to lead AGL in tackling the challenges confronting the energy industry. Fixed remuneration at AGL therefore needs to be competitive to ensure the company is able to attract and retain those executives with experience in companies or industries undergoing similar transformation.

AGL's approach is to set executive's fixed remuneration initially at a level reflecting their skill and experience that allows progressive increases to apply as the executive performs and becomes more experienced in their role. Generally, for internal promotions, fixed remuneration levels will be set towards the lower end of market comparators. Fixed remuneration is reviewed annually in the context of market positioning and performance. This may or may not result in an increase for executives.

Mr Wrightson received an increase in fixed remuneration of 21.74%, effective 1 September 2018. This increase more closely aligns Mr Wrightson's fixed remuneration with external market benchmarks, performance, expertise and experience in the role.

In determining the fixed remuneration for the incoming Managing Director & CEO, the Board considered market benchmarks and listened to stakeholder views on contemporary CEO remuneration levels. The Board determined that a shift in the remuneration mix was appropriate, with a greater part of the variable reward opportunity being linked to long-term performance to more closely align with expectations on delivering the long-term objectives of AGL. This resulted in a reduction in fixed remuneration for the new Managing Director & CEO of more than 25% from the previous incumbent.

Mr Nicks was promoted to the role of CFO effective 31 May 2019 having previously acted in the role for nine months. As this is Mr Nicks' first CFO role, and in line with AGL's position on internal promotions, his fixed remuneration has been set towards the lower end of market comparators.

AGL is committed to gender pay equity across employees, including executives. With respect to the current executives in roles of equivalent size, there is no gender gap in fixed remuneration.

14.3.3 STI approach and outcomes

The objective of the STI is to reward executives for delivering financial returns and progress relative to AGL's strategy consistent with the delivery of value creation for shareholders.

Executives have a STI scorecard which establishes performance expectations across financial (70%) and strategic or performance focus (30%) measures. The STI scorecard for Mr Wrightson encompasses 60% financial and 40% strategic or performance focus measures, as the Wholesale Markets business does not have material operating expenditure. Assessment of actual performance against these measures determines the scorecard outcome for each executive in the range 0-120% percent of target. In general, the Board expects an executive delivering against all financial and strategic or performance focus objectives to achieve a target outcome of 100%. STI outcomes are then moderated in the range 0-1.2 by individual performance outcomes against measures linked to strategy.

Mr Redman was permanently appointed as Managing Director & CEO effective 1 January 2019. His FY19 STI award has been divided into two tranches, reflecting the period before and after permanent appointment. For the first half of FY19 Mr Redman's target STI opportunity was 85% of fixed remuneration, with a maximum award of 122.4% of fixed remuneration, using the methodology described above. For the second half, and in conjunction with an uplift in long-term incentive opportunity to shift more of the variable pay from cash into equity, the Board has reduced his target STI opportunity to 60% of fixed remuneration, with a maximum award of 100% of fixed remuneration. The individual performance moderator has been removed for the second half, pre-empting the refinements to the Executive Remuneration Famework to be implemented for FY20.

Net profit after tax and operating expenditure are the key financial measures to drive shareholder returns and operate as efficiently as possible in the market within which AGL operates. The strategic measures are focused on transformation and growth to drive the overall AGL objectives consistent with the delivery of value creation for shareholders.

Executive STI scorecard outcomes and individual performance moderators are detailed in Tables 14.3.3.2 and 14.3.3.3 FY19 was another strong year for AGL. The key drivers of the incentive outcomes included:

- FY19 Statutory Profit after tax was $905 million. Profit after tax adjusted for non-cash fair value movements in financial instruments and significant items (Underlying Profit) was $1,040 million, up 2% from the prior year. The outcome was adjusted for the impact of the Loy Yang A Unit 2 outage.
- The principal driver of the increase was margin growth in Wholesale Markets from higher wholesale electricity prices and lower compliance costs in Eco Markets, which was partially offset by Customer Markets margin compression.
- In addition, there was higher depreciation and amortisation in Group Operations due to AGL's increased capital investment in recent years.
- Underlying operating cash flow before interest and tax was $2,013 million. This was down $461 million from the prior year mainly due to higher margin calls that AGL was required to provide due to higher forward electricity prices. A large portion of the margin calls will be recovered in future earnings. Excluding the impact of the margin calls, AGL's conversion of EBITDA to cash flow was 96%.
- Capital expenditure was $939 million, with investments being made to keep our ageing thermal plant operating, as well as investment in new projects such as the Barker Inlet power station.
- AGL's balance sheet remains strong. Gearing was 23.5% and AGL maintained its Baa2 credit rating through the year.

Table 14.3.3.1: Actual FY19 STI outcomes

Executive[1]	Total STI award $	Cash $[2]	Restricted Shares $[3]	Total STI paid as % of target opportunity %	Total STI forfeited as a % of target opportunity %	Total STI paid as % of maximum opportunity %
B Redman	967,661	560,766	406,895	102.8	0.0	66.0
M Enzinger[4]	113,905	113,905	-	101.8	0.0	70.7
D Jackson	371,450	334,305	37,145	66.8	33.2	46.4
D Nicks[5]	237,161	237,161	-	99.6	0.4	69.1
R Wrightson	434,753	391,278	43,475	88.7	11.3	61.6

1. Includes executives who were KMP at 30 June 2019.
2. To be paid in September 2019.
3. To be allocated once the full-year financial results have been disclosed to the market, generally in August/September 2019.
4. Interim KMP during FY19. Interim KMP do not have any STI deferral component. Disclosed for KMP period only.
5. Interim KMP during FY19. As Mr Nicks was appointed as a permanent KMP on 31 May 2019, his STI deferral will commence in FY20. Disclosed for KMP period only.

Table 14.3.3.2: STI scorecard – performance measures and FY19 outcomes

				B Redman Managing Director & CEO						M Enzinger Interim Chief Customer Officer					
Strategic Priorities	Goal Type	Performance Measure	Business Value Drivers	Weighting	Min		Target		Max	Weighting	Min		Target		Max
Growth, Transformation and Social Licence	Financial	AGL profit after tax	$	60%				●		60%				●	
		AGL/business unit operating expenditure	$	10%			●			10%				●	
	Performance focus goals	**Customer:** AGL's NPS ranking against tier 1 competitors		15%			●			15%			●		
		Growth: Drive AGL's growth agenda	$	15%				●							
		Transformation: Deliver key project deliverables	$							15%					●

	D Jackson EGM, Group Operations				D Nicks CFO				R Wrightson EGM, Wholesale Markets				
	Weighting	Min	Target	Max	Weighting	Min	Target	Max	Weighting	Min	Target	Max	Outcome
	60%			●	60%			●	60%			●	Underlying Profit after tax was $1,040 million, up 2%. These results reflect strong operation of AGL's energy supply portfolio. The outcome was adjusted for the impact of the Loy Yang A Unit 2 outage.
	10%		●		10%			●					Overall operating expenditure slightly behind budget with some business units ahead of budget.
	15%		●		15%		●		15%		●		AGL's NPS improved significantly over FY19 to the highest level obtained since using this measure, with customers reporting more positive perceptions of the AGL brand as being one they can trust, and rating AGL's services and prices more favourably than in previous years. Ombudsman complaints have reduced by around 2% in the past year, largely due to a reduction in complaints related to connections and credit issues.
					15%			●					Demonstrated strong financial discipline with respect to potential investments maintained, with milestones to growth pathways met, including decision to cease due diligence work on Vocus Group acquisition. Approximately $1.9 billion of new wind, solar and gas firming projects under construction as a result of AGL's investment in enhancing energy supply and another approximately $2 billion of projects subject to feasibility.
	15%		●						25%	●			Digital transformation program to improve customer experience, as well as tools to standardise and streamline internal processes and improve employee experience. Delivered real-time analytical data to customers through Energy Insights, a product that gives customers greater control to manage their energy. Crib Point LNG import jetty project first gas delivery now expected second half of FY22.

Table 14.3.3.3: Individual performance moderators and FY19 outcomes

The individual performance moderator has the capacity to increase or decrease the scorecard outcome within the range of 0-1.2. The moderator applies to the overall financial and strategic outcomes in the scorecard, not the weighting.

				B Redman Managing Director & CEO						M Enzinger Interim Chief Customer Officer					
Strategic Priorities	Goal Type	Performance Measure	Business Value Drivers	Weighting	Min		Target		Max	Weighting	Min		Target		Max
Growth, Transformation and Social Licence	Safety	Health, safety and environment leadership, near misses, Total Injury Frequency Rate (TIFR)		15%		●				15%		●			
	People / Culture	Employee engagement		15%				●		15%				●	
	Customer	Digital adoption								20%					●
		Develop and implement energy innovation for customers								20%				●	
	Financial	Financial performance measures													
		Commercial availability and lost capacity factors of fleet													
	Social licence	Regulatory, customer and business processes and reporting		35%				●		30%					●
		Reduction in reportable environmental incidents													
	Strategic	Improve organisational effectiveness – new ways of working		35%				●							

D Jackson EGM, Group Operations				D Nicks CFO				R Wrightson EGM, Wholesale Markets				
Weighting	Min	Target	Max	Weighting	Min	Target	Max	Weighting	Min	Target	Max	Outcome
15%				15%				15%				While the number of reportable incidents has increased (driving TIFR upwards), the severity of incidents is reducing year on year, with the majority of FY19 TIFR injuries being low to moderate in severity.
15%				15%				15%				AGL achieved a 6% improvement in the employee engagement score over FY19, driven by a focus on delivering on employee promises and creating an environment where people feel safe to speak up.
												Material increase in digitisation of customer interactions with a strong reduction in call volumes and enhanced digital experience for customers.
												Opportunities in distributed energy identified including bringing to market residential battery offerings, expanding view to consider e-mobility and utilising smart home and energy efficiency technologies that aim to leverage the convergence of data and energy. Growth in customer numbers through innovative products and services. Customer account numbers have increased by 1.8% over the year despite intense competition in the market, with consistently high customer churn. There was a 7% increase in large business customer accounts in FY19.
				20%				30%				Optimisation program well underway. Strong outcomes delivered by Wholesale Markets financial measure.
45%												Outcome adjusted for the impact of the Loy Yang A Unit 2 generator failure.
				20%				20%				First phase of enhanced trading capabilities and technological advancements, including machine trading and artificial intelligence. Improved data security and process governance with no reportable privacy incidents and no notifiable data breaches realised by a material risk relating to cyber security, data governance or failure of internal controls.
25%												Proactive management of environmental risks, specifically by taking precautionary measures with respect to Macquarie suspending coal ash sales after test results identified elevated levels of metals which could exceed limits set by the NSW Environment Protection Authority (EPA). External advice confirmed no risk to human health or the environment therefore resumed supply of fly ash in June 2019.
				30%				20%				Digitisation enabling greater personalisation of service to customers delivered with increased flexibility and speed-to-market for new products and offerings through new ways of working. Similarly, the implementation of AGL's enterprise resource planning (ERP) platforms has improved the employee experience with technology and improved efficiencies through new ways of working.

Following the previous Managing Director & CEO's cessation of employment, Mr Vesey was eligible to a pro-rated FY19 STI award in respect of the half year he was employed by the Company. The award was assessed at the financial half-year end and outcomes were achieved at target against financials and below target against strategic measures. A STI award equal to 82% of the pro-rated target amount and 49% of the pro-rated maximum amount was paid in February 2019.

14.3.4 Prior year STI awards – Restricted Shares

Table 14.3.4.1: FY18 STI Restricted Share awards outstanding (FY18 STI deferral)

Executive[1]	Allocation date	Number of awards allocated	Value at allocation date $[2]	Vesting date
B Redman	21 August 2018	3,476	74,699	21 August 2019
D Jackson	21 August 2018	2,839	61,010	21 August 2019
R Wrightson	21 August 2018	1,471	31,612	21 August 2019

1. Includes executives who were KMP at 30 June 2019.
2. Calculated based on allocation price of $21.49 (actual weighted average price paid for shares for all participants receiving STI deferral), rounded to the nearest dollar. Due to the residual amount being less than the value of a share, value at allocation date is slightly lower than values reported in Table 14.4.1.1.

Table 14.3.4.2: FY17 STI Restricted Share awards vested during FY19 (FY17 STI deferral)

Executive[1]	Allocation date	Number of awards vested	Value vested $[2]	Vesting date
A Vesey	23 August 2017	56,415	1,150,302	23 August 2018
D Jackson	23 August 2017	2,813	57,357	23 August 2018
B Redman	23 August 2017	3,571	72,813	23 August 2018

1. Includes executives who were KMP at the vesting date.
2. Calculated based on closing share price on the vesting date, being $20.39.

14.3.5 LTI approach and outcomes

The objective of the LTI is to reward executives for delivering long-term performance, to encourage shareholding and deliver long-term value creation for shareholders.

The LTI is a Performance Rights plan which assesses AGL's performance against two key metrics, relative TSR and ROE, over a three-year period. Relative TSR provides a comparative, external market performance benchmark against a peer group of companies. ROE provides a measure of the effectiveness with which AGL is deploying shareholders' funds by dividing profit after tax for a given period by the monthly average of shareholders' equity for the same period. To ensure sustained performance, average ROE over the three years is calculated at the end of the performance period. Both LTI measures are key to AGL's long-term success as they clearly link to the creation of absolute and comparative shareholder value.

Pre-FY16 LTI plan – LTI transitional grants

To ensure executives were not unfairly disadvantaged by the closure of the pre-FY16 annual banking plan, the Board introduced a transitional arrangement for FY16 and FY17 under which impacted executives were provided a grant of Restricted Shares. This was to provide continuity in the annual vesting opportunities (in FY16 and FY17) under the old plan. The transitional share grants were subject to a twelve-month restriction period from grant, being September 2016 and September 2017.

- The first transitional share grant (relating to FY16) was granted in September 2016 and vested in September 2017.
- The second and final transitional share grant (relating to FY17) was granted in September 2017 and vested in September 2018.

Further details of the transitional grants and how they are calculated were provided in section 3.5 of the FY17 Remuneration Report.

Table 14.3.5.1: FY17 LTI transitional Restricted Share awards vested during FY19

Executive[1]	Allocation date	Number of awards vested	Value vested $[2]	Vesting date[3]
B Redman	29 September 2017	4,073	79,424	1 October 2018
D Jackson	29 September 2017	620	12,090	1 October 2018
R Wrightson	29 September 2017	581	11,330	1 October 2018

1. Includes executives who were KMP at the vesting date.
2. Calculated based on closing share price on the vesting date, being $19.50.
3. Vesting scheduled for 29 September 2018, therefore occurred on the next available trading day.

FY17 LTI offer – vested during FY19

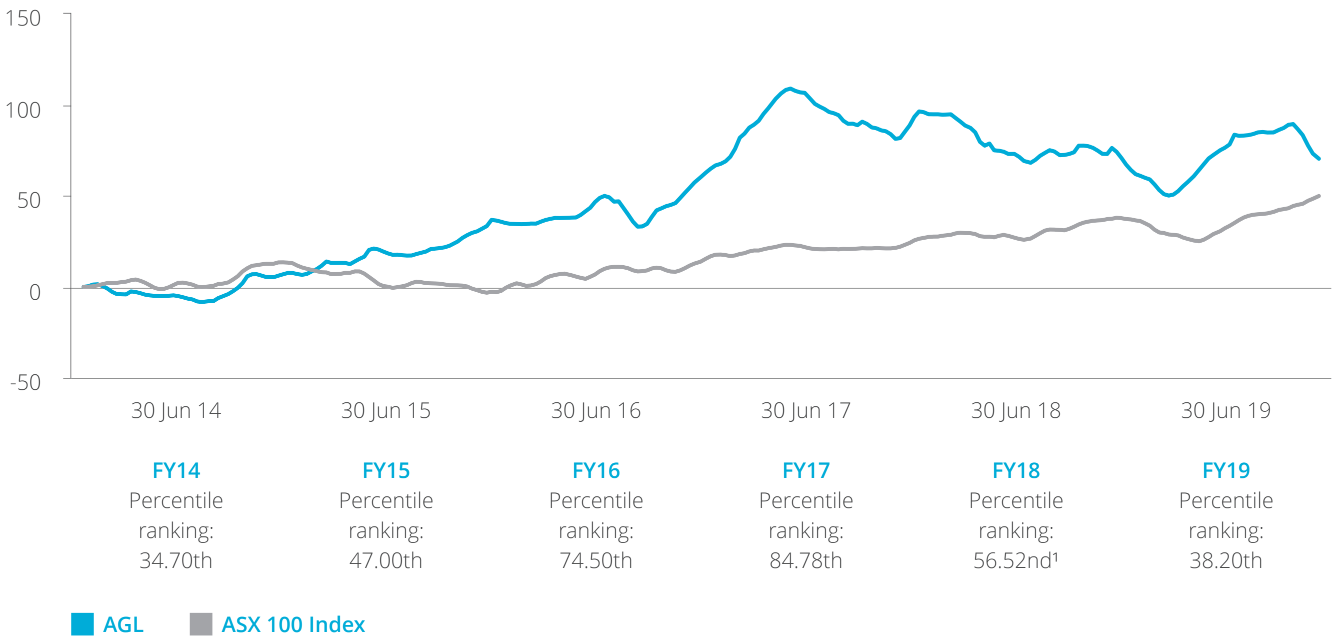
In assessing outcomes under the LTI, the Board will assess the quality of the results and the manner in which they were achieved as well as ensuring that those outcomes are aligned with the experience of AGL's shareholders.

The metrics for the FY17 plan that vested at the end of the year were relative TSR (compared to the constituent companies in the S&P/ASX100 Index) and ROE.

The vesting outcome of the FY17 LTI offer is detailed below.

Metric	Vesting schedule	Outcome	Commentary
Relative TSR	Straight-line vesting between 50-100% for 50th to 75th percentile	38.20th percentile Nil vesting	AGL's relative TSR performance over the three-year performance period ended 30 June 2019 was at the 38.20th percentile, resulting in nil vesting for this metric.
ROE	Straight-line vesting between 50-100% for 9% to 10%	11.37% average annual ROE 100% vesting	The average annual ROE for AGL over the three-year performance period was 11.37% excluding buybacks, resulting in full vesting for this metric.
Total		**50% vesting**	**The combined vesting outcome for the FY17 LTI is therefore 50%.**

Relative TSR: AGL and ASX100



1. The peer group of companies for the relative TSR component of the FY16 LTI plan was Amcor, Ansell, Aristocrat Leisure, Asciano (delisted), ASX, Aurizon Holdings, AusNet Services, Brambles, Cochlear, Computershare, CSL, DUET Group (delisted), Federation Centres (now: Vicinity Centres), Healthscope, Insurance Australia Group, Medibank Private, Orora, Primary Health Care, Qantas Airways, Ramsay Health Care, Scentre Group, Sonic Healthcare, Sydney Airport, Tatts Group (delisted), Transurban Group and Woolworths.

Table 14.3.5.2: Vesting/Lapse of FY17 LTI Performance Rights

Executive[1]	Grant date	Number of awards granted	Value at grant date $[2]	Vesting date	Number of awards vested	Value vested $[3]	Number of awards lapsed	Value lapsed $[3]
B Redman	21 October 2016	36,367	448,764	30 June 2019	18,183	363,842	18,184	363,862
M Enzinger	21 October 2016	6,811	84,043	30 June 2019	3,405	68,134	3,406	68,154
D Jackson	21 October 2016	28,907	356,708	30 June 2019	14,453	289,205	14,454	289,225
D Nicks	21 October 2016	7,257	89,547	30 June 2019	3,628	72,596	3,629	72,616
R Wrightson	21 October 2016	7,992	98,621	30 June 2019	3,996	79,960	3,996	79,960

1. Includes executives who were KMP at 30 June 2019. Mr Vesey ceased to be a KMP on 23 August 2018 and an employee on 31 December 2018. Mr Vesey retained a pro-rata number of FY17 LTI Performance Rights on cessation of employment (122,758) and half of them (61,379) vested following testing of the performance conditions.
2. Calculated based on fair values shown in Note 33 to the consolidated financial report, being $7.96 for relative TSR and $16.72 for ROE.
3. Calculated based on closing share price on 30 June 2019, being $20.01.

FY18 LTI offer – outstanding

The terms of the FY18 LTI offer were detailed in the FY18 Remuneration Report.

Table 14.3.5.3: FY18 LTI Performance Rights outstanding

Executive[1]	Grant date	Vesting date	Number of awards granted	Value at grant date $[2]	Maximum value yet to vest $[2,3]
B Redman	3 November 2017	30 June 2020	26,477	409,197	409,197
M Enzinger	3 November 2017	30 June 2020	4,959	76,636	76,636
D Jackson	3 November 2017	30 June 2020	21,572	333,395	333,395
D Nicks	3 November 2017	30 June 2020	5,586	86,332	86,332
R Wrightson	3 November 2017	30 June 2020	11,153	172,364	172,364

1. Includes executives who were KMP at 30 June 2019.
2. Calculated based on fair values shown in Note 33 to the consolidated financial report, being $10.05 for relative TSR and $20.86 for ROE.
3. The minimum value of the grant is zero.

FY19 LTI offer – grant

The metrics for FY19 are relative TSR, compared to the constituent companies in the S&P/ASX100 Index, and ROE.

Table 14.3.5.4: FY19 LTI Performance Rights

Executive[1]	Grant date	Vesting date	Number of awards granted	Value at grant date $[2]	Maximum value yet to vest $[2,3]
B Redman	24 October 2018	30 June 2021	41,337	481,572	481,572
M Enzinger[4,3]	24 October 2018	30 June 2021	11,478	143,751	143,751
D Jackson	24 October 2018	30 June 2021	25,754	300,034	300,034
D Nicks	24 October 2018	30 June 2021	16,164	188,311	188,311
M Reynolds[5]	24 October 2018	30 June 2021	27,558	321,051	-
R Wrightson	24 October 2018	30 June 2021	22,695	264,392	264,392

1. Includes executives who were KMP at the grant date, except Mr Enzinger who was KMP on 16 November 2018.
2. Calculated based on fair values shown in Note 33 to the consolidated financial report, being $7.18 for relative TSR and $16.12 for ROE.
3. The minimum value of the grant is zero.
4. Mr Enzinger received a subsequent LTI grant on 14 December 2018 recognising his appointment to the interim Chief Customer Officer role. 5,920 awards granted on original grant date and 5,558 awards granted on alternate grant date. Subsequent grant calculated based on alternate fair values shown in Note 35 to the consolidated financial report, being $9.78 for relative TSR and $17.13 for ROE.
5. Ms Reynolds ceased employment on 30 November 2018. FY19 LTI award fully forfeited on cessation of employment.

FY19 LTI offer – terms

Relative TSR vesting schedule

AGL's relative TSR ranking against comparator group	Vesting of award subject to relative TSR measure (% of maximum)
Less than 50th percentile	0%
50th percentile to 75th percentile	Straight-line vesting between 50% and 100%
At or above 75th percentile	100%

ROE vesting schedule

AGL's average annual ROE outcome	Vesting of award subject to ROE measure (% of maximum)
Less than 10%	0%
10% to 12%	Straight-line vesting between 50% and 90%
12% to 14%	Straight-line vesting between 90% and 100%
At or above 14%	100%

14.3.6 Movement in Performance Rights

Table 14.3.6.1: FY19 movement in executive Performance Right holdings under the LTI plan

Executive	Balance at start of year	Acquired during year as part of remuneration	Performance Rights vested but not yet allocated[1]	Other changes during year[2]	Balance at end of year
Current					
B Redman	62,844	41,337	(18,183)	(18,184)	67,814
M Enzinger	-	11,478	(3,405)	8,364	16,437
D Jackson	50,479	25,754	(14,453)	(14,454)	47,326
D Nicks	-	16,164	(3,628)	9,214	21,750
R Wrightson	19,145	22,695	(3,996)	(3,996)	33,848
Former					
M Reynolds[3]	23,083	27,558	-	(50,641)	-
A Vesey[4]	254,142	-	-	(254,142)	-
Grand total	**409,693**	**144,986**	**(43,665)**	**(323,839)**	**187,175**

1. Includes Performance Rights vested under the FY17 LTI plan but will not be allocated as shares to executives until August/September 2019.
2. Represents balance adjustments for executives joining or leaving KMP, and any units forfeited under the LTI. Includes Performance Rights forfeited under the FY17 LTI plan but will not lapse for executives until August/September 2019.
3. Ms Reynolds ceased to be a KMP on 16 November 2018 and an employee on 30 November 2018. As such, her closing balance has been adjusted to reflect no further holdings as a KMP (39,731 Performance Rights lapsed at cessation of employment and 10,910 Performance Rights retained for post-employment vesting). Ms Reynolds is eligible to participate in the relevant vesting event on a pro-rata basis for the FY18 grant. Ms Reynolds forfeited the full FY19 grant on cessation of employment.
4. Mr Vesey ceased to be a KMP on 23 August 2018 and an employee on 31 December 2018. As such, his closing balance has been adjusted to reflect no further holdings as a KMP (77,749 Performance Rights lapsed at cessation of employment and 176,393 Performance Rights retained for post-employment vesting). Mr Vesey is eligible to participate in the relevant vesting events on a pro-rata basis for the FY17 and FY18 grants.

14.4 Executive remuneration disclosure

14.4.1 Statutory remuneration

Table 14.4.1.1: Executive remuneration and benefits for FY19 (prepared in accordance with the statutory accounting requirements)

Executive	Year	Short-term benefits: Cash salary/ fees $[1]	Short-term benefits: Total cash incentive $[2]	Short-term benefits: Non-monetary benefits $[3]	Short-term benefits: Other short-term benefits $[4]
Current					
B Redman	**FY19**	**1,744,686**	**560,766**	**18,924**	**-**
	FY18	954,951	672,296	15,702	-
M Enzinger	**FY19 (from 16 Nov 2018)**	**362,170**	**113,905**	**7,776**	**-**
D Jackson	**FY19**	**773,844**	**334,305**	**19,681**	**-**
	FY18	771,097	549,101	16,103	-
D Nicks	**FY19 (from 24 Aug 2018)**	**579,720**	**237,161**	**13,455**	**-**
R Wrightson[9]	**FY19**	**658,635**	**391,278**	**15,605**	**-**
	FY18	554,951	284,625	12,676	350,000
Former					
S Mikkelsen	FY18 (until 28 Sep 2017)	234,641	-	3,072	-
M Reynolds[10]	**FY19 (until 30 Nov 2018)**	**345,612**	**-**	**6,914**	**-**
	FY18	829,951	572,985	9,067	-
A Vesey[11]	**FY19 (until 31 Dec 2018)**	**1,150,000**	**338,790**[12]	**240,746**	**-**
	FY18	2,300,000	1,201,750	296,270	-
TOTAL	**FY19**	**5,614,667**	**1,976,205**	**323,101**	**-**
	FY18	5,645,591	3,280,757	352,890	350,000

1. Represents cash salary and fees including any salary-sacrificed items (such as additional superannuation contributions and charitable donations).
2. Represents cash payments under the STI achieved in the year (payable in September following the relevant financial year-end), excluding the Restricted Share portion (to be allocated in August/September following the relevant financial year-end). The Restricted Share portion is disclosed under STI Restricted Shares.
3. Includes benefits such as, but not limited to, the provision of car parking, expatriate benefits and fringe benefits tax (FBT) on all benefits, where applicable. FBT included is in respect of the FBT year ended 31 March 2019.
4. Includes retention payments and other cash benefits.
5. Includes the value of all STI Restricted Shares expected to be granted in relation to the performance year.
6. Includes a proportion of the fair value of all outstanding LTI offers at the start of the year or offered during the year (including the LTI transitional grants). Under Australian Accounting Standards, the fair value is determined as at the offer date and is apportioned on a straight-line basis across the expected vesting period after adjusting at each reporting date for an estimation of the number of shares that will ultimately vest.
7. Includes a proportion of the fair value of all Restricted Shares held at the start of the year, or which were granted during the year, generally for retention or sign-on purposes.
8. Represents the sum of cash STIs and Performance Rights/Restricted Shares/other equity as a percentage of total remuneration, excluding termination payments.
9. Mr Wrightson received a retention payment of $350,000 in FY18 with respect to his role prior to becoming KMP. FY18 was the final payment under this arrangement.
10. Ms Reynolds ceased to be a KMP on 16 November 2018, however amounts have been disclosed until 30 November 2018 when Ms Reynolds ceased employment. All termination benefits were provided in accordance with the terms of her employment contract and includes leave entitlements paid on cessation of employment.
11. Mr Vesey ceased to be a KMP on 23 August 2018, however amounts have been disclosed until 31 December 2018 when Mr Vesey ceased employment. All termination benefits were provided in accordance with the terms of his employment contract and includes leave entitlements paid on cessation of employment.
12. On cessation of employment, Mr Vesey remained eligible for a pro-rata FY19 STI award based on performance objectives. Following the announcement of AGL's half-year financial results in February 2019, it was determined that Mr Vesey would receive a STI award of $677,580, equalling 29% of his fixed remuneration (49% of his maximum STI opportunity). The award was delivered as 50% cash and 50% AGL shares.

Post-employment benefits	Share-based payments					
Superannuation/ pension $	STI Restricted Shares $[5]	LTI equity $[6]	Other equity $[7]	Total $	Performance-related %[8]	Termination benefits $
20,531	**406,895**	**446,240**	**-**	**3,198,042**	**44.2%**	**-**
20,049	74,700	208,060	-	1,945,758	49.1%	-
12,832	**-**	**63,068**	**-**	**559,751**	**31.6%**	**-**
20,531	**37,145**	**329,853**	**-**	**1,515,359**	**46.3%**	**-**
20,049	61,011	161,397	-	1,578,758	48.9%	-
17,556	**-**	**103,365**	**-**	**951,257**	**35.8%**	**-**
20,531	**43,475**	**178,326**	**-**	**1,307,850**	**46.9%**	**-**
20,049	31,625	92,107	-	1,346,033	30.3%	-
5,012	-	(77,817)	-	164,908		938,685
10,266	**-**	**49,808**	**-**	**412,600**	**12.1%**	**883,214**
20,049	63,665	137,582	-	1,633,299	47.4%	-
-	**338,790**[12]	**601,677**	**-**	**2,670,003**	**47.9%**	**2,429,894**
-	1,201,750	759,295	-	5,759,065	54.9%	-
102,247	**826,305**	**1,772,337**	**-**	**10,614,862**		**3,313,108**
85,208	1,432,751	1,280,624	-	12,427,821		938,685

14.5 Non-Executive Directors' remuneration

14.5.1 Fee pool

The maximum aggregate fee pool for Non-Executive Directors is $2.75 million per annum. The fee pool is regularly reviewed by the Board and, if appropriate, adjusted (subject to shareholder approval), having regard to the anticipated time commitment, workload and responsibilities attached and the fees paid by comparable organisations. The current fee pool was approved by shareholders at the 2016 AGM.

14.5.2 Fee policy

Non-Executive Directors receive a base fee. Members of a Committee receive a Committee fee to recognise the associated higher workload and extra responsibilities, and chairing a Committee attracts a higher fee. The Chairman of the Board receives a higher base fee in recognition of the added responsibility and time commitment; but does not receive any extra remuneration for participating in or chairing any Committees. Fees are inclusive of superannuation. There are no additional fees in relation to the Nominations Committee.

In setting Non-Executive Directors' fees, the Board considers the following:

- time commitment
- workload
- risk and responsibility, and
- market benchmark data, sourced from companies with a similar market capitalisation.

To ensure independence, Non-Executive Directors do not receive performance-related remuneration. This allows the Board to focus on governance and both short and long-term strategy.

14.5.3 FY19 fees

During the year, adjustments were made to the fees for Non-Executive Directors, effective 1 January 2019. The Board Chair fee was increased by 6.2%, and the Chair fee for the People & Performance and Safety, Sustainability & Corporate Responsibility Committees were increased by 7.8%. The remaining Board and Committee fees were increased by 2.1% in line with Consumer Price Index (CPI) movements.

Table 14.5.3.1: Non-Executive Director fees (effective 1 January 2019)

Board/Committee	Chair fee $	Member fee $
Board base fee	591,000	197,000
Audit & Risk Management Committee	54,100	27,100
People & Performance Committee	44,000	20,800
Safety, Sustainability & Corporate Responsibility Committee	44,000	20,800

Table 14.5.3.2: Non-Executive Director remuneration for FY19

Non-Executive Director	Year	Cash fees $	Superannuation $	Total $
Current				
G Hunt	**FY19**	**553,169**	**20,531**	**573,700**
	FY18	460,508	20,049	480,557
P Botten	**FY19**	**206,432**	**19,518**	**225,950**
	FY18	192,968	18,332	211,300
J Hey	**FY19**	**243,619**	**20,531**	**264,150**
	FY18	230,959	20,049	251,008
L Hosking	**FY19**	**221,819**	**20,531**	**242,350**
	FY18	224,698	20,049	244,747
P McKenzie	**FY19 (from 1 May 2019)**	**35,011**	**3,376**	**38,387**
D Smith-Gander	**FY19**	**237,419**	**20,531**	**257,950**
	FY18	224,785	20,010	244,795
J Stanhope	**FY19**	**248,569**	**20,531**	**269,100**
	FY18	243,751	20,049	263,800
Former				
B Hutchinson	**FY19 (until 12 Dec 2018)**	**98,323**	**9,207**	**107,530**
	FY18	217,501	20,049	237,550
J Maycock	FY18 (until 27 Sep 2017)	127,154	5,012	132,166
TOTAL	**FY19**	**1,844,361**	**134,756**	**1,979,117**
	FY18	1,922,324	143,599	2,065,923

14.6 Remuneration governance

14.6.1 Role of the People & Performance Committee

The primary purpose of the People & Performance Committee is to aid the Board in fulfilling its responsibilities through the recruitment, retention and remuneration of executives with the capabilities and skills necessary to execute AGL's strategy.

The People & Performance Committee reviews and makes recommendations to the Board on the remuneration arrangements for the Managing Director & CEO, Non-Executive Directors and executives. More generally, the People & Performance Committee aids the Board in relation to matters such as monitoring remuneration and employment policies, procedures and programs. In addition to its remuneration responsibilities, the People & Performance Committee's duties include overseeing talent/leadership development, providing guidance in respect of employee relations and employee engagement, and other people matters as they may arise. The complete People & Performance Charter is reviewed at least every two years and is available on AGL's website: **agl.com.au/BoardAndCommitteeCharters**.

The People & Performance Committee includes independent members of the Board, which are reviewed periodically. To assist in performing its duties and making recommendations to the Board, the People & Performance Committee has access to management and independent external consultants to seek advice on various remuneration-related matters as required. The Board's protocols in respect of the engagement of remuneration advisers are outlined in section 14.6.2.

14.6.2 Remuneration advisers

Any recommendations made by consultants in relation to remuneration arrangements of KMP must be made directly to the Board without any influence from management. There are arrangements in place to ensure any advice is independent of management. During FY19, the People & Performance Committee engaged *KPMG 3dc* to act as independent remuneration advisers. *KPMG 3dc* did not provide any remuneration recommendations as defined in the *Corporations Act 2001 (Cth)* to the People & Performance Committee during FY19.

14.6.3 Executive contract terms

Remuneration and other terms of employment for executives are formalised in service agreements. The service agreements provide for participation in short and long-term incentives in accordance with the terms of the respective plans. All service agreements are for an unlimited duration.

Table 14.6.3.1: Information relating to service agreements of executives

	Notice period[2]			
Executives[1]	**By executive**	**By AGL**	**Termination payment**[3,4]	**Post employment restraint period**
B Redman	6 months[5]	6 months	N/A	12 months
M Enzinger	3 months	6 months	N/A	6 months
D Jackson	6 months[5]	3 months	9 months	12 months
D Nicks	6 months[5]	3 months	9 months	12 months
R Wrightson	6 months[5]	3 months	9 months	12 months

1. Includes executives who were KMP at 30 June 2019.
2. AGL can, at its election, make a payment in lieu of part or all of the notice period.
3. Maximum termination payment (exclusive of any payment in lieu of notice) payable if AGL terminates the executive's employment other than for cause.
4. Termination payments reference fixed remuneration.
5. Executives may also terminate their agreement with three months' notice in the event of a 'fundamental change', which includes circumstances where there has been a substantial diminution of role and responsibility of the executive, in which event they will be entitled to a payment equivalent to nine months' fixed remuneration.

14.6.4 Equity plan governance

Key elements of equity plan governance

Element	Details
Clawback	The Board has discretion to prescribe clawback events in which any unvested equity awards may be clawed back from executives. Clawback events include where the executive has committed any act of fraud or gross misconduct in relation to the affairs of AGL, materially breached their obligations to AGL, or has hedged the value of, or entered into a derivative arrangement in relation to, an unvested equity award or where any unvested equity award has vested as a result of a material misstatement in the financial statements of AGL.
Change of control	The Board will determine at the time a change of control event occurs how to treat unvested equity in accordance with the plan rules, and ultimately has absolute discretion in determining this treatment, taking into consideration market practice.
Hedging policy	AGL has a policy in place that prevents executives from entering into any derivative or other financial product in relation to equity plans.
Cessation of employment	*Prior to vesting date:* if an executive leaves AGL before the scheduled vesting date, they are generally not entitled to participate in the vesting event. The Board has discretion to determine the relevant treatment at termination in the event of redundancy or other involuntary termination, including bona fide retirement. *Post-vesting date:* once equity has vested, generally no further employment or other restrictions apply.
Board discretion	In relation to assessing equity awards, including treatment at vesting, the Board's overarching discretion will apply, particularly when determining whether an extraordinary event should be taken into consideration in relation to assessing the performance of AGL for the purposes of the vesting event.

14.6.5 KMP share ownership

Minimum shareholding policy

To provide for shareholder alignment, AGL has implemented a minimum shareholding policy for KMP and other executives reporting to the Managing Director & CEO. Shareholdings are reported in Table 14.6.5.1. As set out in the table, certain KMP are not yet at the recommended level of shareholding corresponding to their tenure. This is because any acquisition of AGL shares by KMP must be in compliance with AGL's Securities Dealing Policy, which prevents KMP from acquiring shares during a blackout period or when they are in possession of inside information. Those KMP not yet at the recommended level of shareholding corresponding to their tenure have indicated their intention to acquire further AGL shares once the FY19 results blackout period has ended, subject to compliance with AGL's Securities Dealing Policy.

The minimum shareholding policies stipulate that:

Non-Executive Directors	Executives
• over a four-year period, directors should accumulate and thereafter maintain AGL securities to the value of 100% of the base annual director's fee • half of the above requirement should be accumulated within two years of the date of appointment for new directors, and • each newly appointed director is encouraged to acquire AGL securities equal to at least 10% of the base annual director's fee by the financial year-end in which they are appointed.	• the Managing Director & CEO should accumulate and thereafter maintain AGL securities equal to the value of 100% of fixed remuneration • the CFO should accumulate and thereafter maintain AGL securities equal to the value of 75% of fixed remuneration • remaining executives should accumulate and thereafter maintain AGL securities equal to the value of 50% of fixed remuneration, and • the above requirement should be accumulated within five years of the end of FY16 or up to five years from the date of appointment for new executives.

Movement in AGL shares

The movement during FY19 in the number of AGL shares, including Restricted Shares, held by each KMP, including their related parties, is shown below. Restricted Shares generally relate to the STI deferral, or for attraction/retention purposes in certain circumstances.

Table 14.6.5.1: KMP shareholdings

FY19	Balance at start of year	Acquired during year[1]	Other changes during year[2]	Balance at end of year	% base fees[3]
Non-Executive Director					
Current					
G Hunt	4,000	12,500	(4,000)	12,500[4]	127%
P Botten	2,390[4]	5,000	-	7,390[4]	75%
J Hey	7,783	445	-	8,228	84%
L Hosking	6,201	2,500	-	8,701	88%
P McKenzie	-	-	-	-	0%
D Smith-Gander	5,670[4]	-	-	5,670[4]	58%
J Stanhope	7,950[5]	301	-	8,251[6]	84%
Former					
B Hutchinson[7]	9,156[4]	-	(9,156)	-	
Non-Executive Director total	**43,150**	**20,746**	**(13,156)**	**50,740**	

1. Includes purchase of ordinary shares during FY19 and Dividend Reinvestment Plan.
2. Includes sale of ordinary shares during FY19 and balance adjustments for directors joining or leaving KMP.
3. Calculated based on closing share price on 30 June 2019, being $20.01.
4. All shares held indirectly.
5. Includes 5,260 shares held directly and 2,690 shares held indirectly.
6. Includes 5,561 shares held directly and 2,690 shares held indirectly.
7. Ms Hutchinson ceased to be a KMP on 12 December 2018. As such, her closing balance has been adjusted to reflect no further holdings as a KMP.

FY19	Balance at start of year	Granted / acquired during year[1]	Received upon vesting / exercise[2]	Other changes during year[3]	Balance at end of year	Performance Rights vested but not yet allocated[4]	% FR[5,6,7]
Executive							
Current							
B Redman	62,402	3,476	8,892	-	74,770	18,183	113%
M Enzinger	-	-	-	1,101	1,101	3,405	15%[8]
D Jackson	31,266	5,183	6,916	-	43,365	14,453	146%
D Nicks	-	-	-	428	428	3,628	11%
R Wrightson	11,203	1,471	-	-	12,674	3,996	48%
Former							
M Reynolds[9]	-	2,963	-	(2,963)	-	-	
A Vesey[10]	399,506	55,931	49,799	(505,236)	-	-	
Executive total	**504,377**	**69,024**	**65,607**	**(506,670)**	**132,338**	**43,665**	
Grand total	**547,527**	**89,770**	**65,607**	**(519,826)**	**183,078**	**43,665**	

1. Includes purchase of ordinary shares during FY19, Restricted Shares allocated under FY18 STI and Dividend Reinvestment Plan.
2. Includes shares acquired upon vesting of LTI awards during FY19.
3. Includes sale of ordinary shares during FY19 and balance adjustments for executives joining or leaving KMP.
4. Includes shares vested under the LTI but will not be allocated as shares to executives until August/September 2019.
5. Calculated based on closing share price on 30 June 2019, being $20.01.
6. Including Performance Rights vested but not yet allocated.
7. Percentage of fixed remuneration (FR).
8. Calculated as a percentage of fixed remuneration including higher duties allowance.
9. Ms Reynolds ceased to be a KMP on 15 November 2018. As such, her closing balance has been adjusted to reflect no further holdings as a KMP.
10. Mr Vesey ceased to be a KMP on 23 August 2018. As such, his closing balance has been adjusted to reflect no further holdings as a KMP.