



Company	AGL Energy Ltd
Code	AGL
Meeting	AGM
Date	7 October 2020
Venue	Online
Monitor	Helen Manning assisted by Ian Graves

Number attendees at meeting	36 shareholders, 4 non-voting shareholders, 12 proxy holders and 311 visitors (total 363 online in real time) – as provided by Link Market Services
Number of holdings represented by ASA	545
Value of proxies	\$26.8m
Number of shares represented by ASA	1.97m (equivalent to 12th largest holder in Top 20 list)
Market capitalisation	\$8.48b, (\$13.61 x 623,033,791 shares)
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with chair Graeme Hunt

AGL shows stoicism in fending off environmental concerns at the 2020 AGM

Due to the COVID-19 pandemic the entire meeting was held virtually and is available to be viewed on the AGL website in its entirety (including the questions and answers). It went for approximately two and a half hours, most of which involved questions around environmental concerns. These concerns were particularly related to the early closure of coal fired power stations and the controversial Cribb Point project. Currently, 'Resilience' is the word that AGL seems to favour in describing itself, and looking at Graeme Hunt field these questions, one has to agree.

The voting:

Of significance was the

- 46% vote against the Remuneration Report (item 2) and the associated grant of performance rights under the LTI (against 30%) (item 4)

Such a large vote against the Remuneration is a strike against the company and will entail action from the board to avoid a second strike which would mean the entire board would need to seek re-election. According to the Financial Review this vote came from the big proxy advisors Institutional Shareholder Services and CGI Glass Lewis.

During the meeting, the chair Graeme Hunt outlined 5 areas of key concerns raised by proxy advisors relating to the financial year 2020 (FY20). Some proxy advisors were concerned that the short-term incentives (STIs) were not 'aligned' with the performance of the company and one proxy advisor specifically thought the STI financial measures were too generous. Concerns were raised on the long term incentives (LTIs) with regard to bridging grants as the LTI period transitioned from 3 years to 4 years; that the new carbon metrics for next year should be considered as just a part of the job and that the return on equity (ROE) targets were set too low.

The ASA voted for the Remuneration Report this year, although we have voted against this for 4 of the last 6 years. The Remuneration Report was broadly in line with what we supported last year. The proxy advisors had recommended a vote against the carbon transition metric. We see the carbon transition metric as one way to measure the progress of the company's stated aim of transitioning away from carbon. The metric will certainly bring a focus for discussion which will occur at least at remuneration time. This measuring and discussion can only benefit shareholders. You can rest assured that in future years, the ASA will be looking at this metric and reporting back to shareholders.

Hence the difference in the Voting recommendations.

- The 20% vote against the re-election of Peter Botten as a director.

It seems that the reason for such a large vote was due to him being on the remuneration committee. The ASA had been concerned with his work load and had hoped that he would address these concerns to the meeting. It was disappointing that he didn't do this, but Graeme Hunt pointed out that he had resigned as managing director of Oil Search and that most of the board positions were not-for-profit organisations. The ASA voted in favour of his re-election.

- The amendment to the constitution (item 7a) only attracted 5% but the early coal closure (item 7b) was higher at 20%

These items were sponsored by Australasian Centre for Corporate Responsibility (ACCR). It is interesting to note that actual changes to the constitution (7a) attract less support than the specific change that is being sort (7b). At 20%, there is some support for the early closure of coal fired power stations. In its 9th October article 'Is AGL between a BlackRock and a hard place?', Lex Hall, as reported by Morningstar attributes the vote to BlackRock, the world's largest asset manager.