AGL is committed to ensuring that its corporate governance framework, policies and practices reflect a high standard of corporate governance. The AGL Board believes that best practice corporate governance standards support sustainable performance by AGL over time.

Set out below is a summary of selected aspects of AGL’s corporate governance framework, policies and practices.

**Corporate Governance Statement**
Throughout FY17, AGL’s corporate governance arrangements were consistent with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. AGL’s 2017 Corporate Governance Statement is available at www.agl.com.au/CorporateGovernance. The Corporate Governance Statement outlines AGL’s arrangements in relation to its Board, Board Committees, Executive Team, risk management framework and financial reporting, diversity and inclusion, key corporate governance policies and shareholder engagement. AGL’s website also contains copies of AGL’s Board and Committee Charters and key policies and documents referred to in the Corporate Governance Statement.

**AGL’s Board**
AGL’s Board is responsible for the governance of AGL and for reviewing and approving AGL’s strategic direction and for providing effective oversight of AGL’s management. AGL’s current strategy, approved by the Board, is discussed in detail in the Chairman’s Letter, Managing Director & CEO’s Report and Operating & Financial Review, and set out graphically on page 5. The Board seeks to safeguard AGL’s interests and foster sustainable value creation while taking into account the reasonable interests of shareholders, employees, customers, the communities in which AGL operates and other relevant stakeholders.

**Composition and Renewal**
As at the date of this report, AGL has nine Directors, comprising eight Non-Executive Directors and the Managing Director & CEO, Andy Vesey. With the exception of the CEO, all of our Directors have been determined by the Board to be independent. Information about our Directors can be found in the Director’s Report on pages 12 to 13.

AGL seeks to maintain a Board which comprises individuals best able to discharge the responsibilities of Directors having regard to the execution of AGL’s strategic objectives, the requirements of the law and to the highest standards of corporate governance. During FY17, there were a number of changes to AGL’s Board:
- Bruce Phillips resigned as a Non-Executive Director at our 2016 AGM in September 2016.
- Diane Smith-Gander was elected as a Non-Executive Director at our 2016 AGM in September 2016.
- Peter Botten joined the Board as a Non-Executive Director on 21 October 2016.

AGL’s Board will reduce to eight Directors when the existing Chairman, Jerry Maycock, retires at the 2017 AGM to be held on 27 September 2017. As announced on 21 June 2017, Graeme Hunt will become Chairman following the conclusion of the 2017 AGM.

The Board has adopted a skills matrix which sets out the mix of skills and experience that the current Directors possess. A copy of the matrix is provided below and further detail can be found online in AGL’s 2017 Corporate Governance Statement. The Board considers that its current members have an appropriate mix of skills that enable the Board to discharge its responsibilities and deliver AGL’s strategic objectives.

The Board has established an Audit & Risk Management Committee, Nominations Committee, People & Performance Committee and Safety, Sustainability & Corporate Responsibility Committee. Details of each Committee are set out in the 2017 Corporate Governance Statement while Directors’ memberships of relevant Committees are noted on page 12. Each of these Committees assists the Board with specified responsibilities that are set out in the Committee Charters, as delegated and approved by the Board.

AGL’s Managing Director & CEO is responsible for AGL’s day-to-day affairs and has the authority to control AGL’s affairs in relation to all matters other than those responsibilities specifically reserved to the Board.

**Performance Evaluation and Remuneration**
AGL’s policy is to reward executives with a combination of fixed remuneration and short and long-term incentives that are designed to create value for Shareholders. Non-Executive Directors do not receive any performance-based remuneration.

The performance evaluation process for the Board and Board Committees is set out in the 2017 Corporate Governance Statement. Information about the remuneration of AGL’s key management personnel together with the process for performance evaluation is set out in the Remuneration Report, commencing on page 32.

**Risk Management**
AGL faces a wide variety of risks due to the nature of its operations. Details of AGL’s material business risks are set out in the Operating & Financial Review on pages 17 to 18. Further, a detailed report about AGL’s economic, environmental and social sustainability risks, including how these risks are managed, is included in AGL’s Sustainability Report which can be found on our website at www.agl.com.au/2017SustainabilityReport.
Diversity and Inclusion

For AGL, diversity covers demographic characteristics such as age, gender, sexual orientation, religion or national or social origin and personal characteristics such as disability, medical condition, pregnancy and other individual characteristics.

AGL’s Diversity & Inclusion Policy describes AGL’s approach to diversity and inclusion. AGL has established a Diversity & Inclusion Council to support the achievement of a diverse workforce and an inclusive workplace culture. The Council is chaired by the Managing Director & CEO, and during FY17 comprised 14 other leaders from across AGL’s major businesses, geographies and representing different diversity interests.

AGL’s diversity objectives and progress made during FY17 to achieve those objectives are set out in the 2017 Corporate Governance Statement and in the Sustainability Report.

Shareholder Engagement

AGL has an established process to ensure that it complies with its continuous disclosure obligations at all times, including a quarterly confirmation by all members of the Executive Team in relation to compliance with continuous disclosure obligations.

AGL operates an investor relations program to facilitate effective two-way communications with investors. This program seeks to keep shareholders informed about AGL’s activities and to listen to issues or concerns raised by shareholders.

During FY17, AGL’s investor relations program included:

- Encouraging questions in advance of our AGM – AGL encourages shareholders to provide questions ahead of its AGM. This helps the company understand shareholder issues and concerns and address key areas of shareholder feedback.
- Electronic communications – Shareholders may elect to receive all shareholder communications, including dividend statements and announcements, by e-mail and can also communicate with AGL and AGL’s Share Registry electronically.
- Investor briefings – AGL holds regular investor briefings and asset tours, webcasts these events and provides all materials, archived recordings and transcripts via its website. In November 2016, AGL held an investor day in Sydney, which included detailed presentations on AGL’s strategy, operations and growth investments. In March 2017, AGL hosted a site tour of the AGL Torrens power station in South Australia.
- Webcasting important company events – Shareholder meetings are webcast and analyst/media briefings in relation to half-year and full year financial results and other significant events can be heard by teleconference and are also available on AGL’s website.

Board Skills Matrix

Number of Directors with Developed Capability

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas Experience</td>
<td>6</td>
</tr>
<tr>
<td>Electricity Experience</td>
<td>6</td>
</tr>
<tr>
<td>Operations/ Asset Management</td>
<td>8</td>
</tr>
<tr>
<td>Corporate Finance</td>
<td>9</td>
</tr>
<tr>
<td>Risk Management</td>
<td>9</td>
</tr>
<tr>
<td>Customer/ Retail</td>
<td>8</td>
</tr>
<tr>
<td>Technology/ Industry Transformation</td>
<td>7</td>
</tr>
<tr>
<td>Large Public Company/ ESG Governance</td>
<td>9</td>
</tr>
</tbody>
</table>

Average Tenure: 5 years
Female Directors: 3/9

Gas Experience: Knowledge of the supply storage and transportation aspects of Australia’s gas energy markets including trading, contracting and wholesale pricing.

Electricity Experience: Knowledge of the essential elements of the National Electricity Market including trading, contracting and wholesale and retail pricing. A knowledge of the generation market (renewables, coal and gas) as well as downstream retail and commercial & industrial market dynamics.

Operations/ Asset Management: Having led or overseen the management of complex operating assets which require the leadership of a large, skilled workforce.

Corporate Finance: Experience leading or overseeing the corporate finance function within a large business or investment banking environment. Experience dealing with a range of funding sources and capital structuring models and financial accounting and reporting.

Risk Management: A working knowledge of contemporary risk and compliance management practices. Experience managing business risks and the activities necessary to manage and mitigate risk.

Customer/ Retail: Knowledge of customer segmentation models and how to influence customer behavior in an increasingly digital world. This experience would ideally come from a retail environment, however business-to-business sales in the commercial or industrial environment is also highly relevant.

Technology/ Industry Transformation: Experience and insights from industries that have been through significant technology/digital disruption or transformation. Experience with new and emerging technology.

Large Public Company/ ESG Governance: Experience as a Director of a public company Board(s), within the ASX100. Particularly relevant are businesses with large scale industrial assets with a strong track record of environmental and social governance and significant people and performance structures.