Notices to company pursuant to ss 249N & P of the *Corporations Act 2001* (Cth)

I/we ……………………………………………………………………………………………………**(name of 'shareholder')**

of ……………………………………………………………………………………………………[residential or postal address]

……………………………………………………………………………………………………

and ……………………………………………………………………………………………………[email address]

identified by the Holder Identification Number (HIN) or SRN ……………………………………………… [HIN or SRN]

in respect of any holding of the shareholder of AGL Energy Ltd ('AGL' or ' the company') ordinary fully paid shares,

hereby give notices (in accordance with section 249N of the *Corporations Act 2001* (Cth)) to the company of each of the following ordinary and/or special resolutions the shareholder proposes to move at a general meeting of the company and request (in accordance with section 249P) that the company give to all members the statement attached at A.

1. Resolution: That, in consideration of the annual directors' report the shareholders express their concern at the absence in the report of: (a) sufficient assessment of the reasons why the greenhouse gas emissions intensity of our company's power generation activities has tripled in the past three years and now exceeds the target we set for new generation capacity in 2012 by over a third; (b) a description of a business model for future operations that demonstrates sufficient diversification of the power generation and supply activities of our company to ensure continued profitability under pathways that limit the world to 2° C warming; and (c) a quantitative target for annual reductions in the emissions from, or emissions intensity of, our power generation activities over future years.

2. Resolution: That, in consideration of the annual directors' report and in order to address our interest in the longer term success of our company, given the recognised risks and opportunities associated with climate change, the shareholders request routine annual reporting from 2016 includes further information about ongoing power generation and supply chain emissions management, generation portfolio resilience to the International Energy Agency's (IEA's) scenarios including the 'New Policies' and '450ppm' scenarios; relevant strategic key performance indicators (KPI's) and executive incentives; and our public policy positions relating to climate change. This additional ongoing reporting could build on the disclosures already made to the CDP and/or those already made within the company's sustainability reporting.

3. Resolution: That, in consideration of the annual directors' report the shareholders express their concern at the absence in the report of a description of a business model for future operations that demonstrates sufficient diversification of the power generation and supply activities of our company to ensure continued profitability under pathways that limit the world to 2° C warming.

4. Resolution: That, in the opinion of the shareholders it is in the best interests of the company that (a) the shareholders congratulate the board on the release in April 2015 of our new Greenhouse Gas Policy; and (b) this policy is extended to encompass adoption of quantitative, time bound, carbon emission reduction goals which are consistent with our continued profitability under pathways that limit the world to 2° C warming; and (c) the board issue a report by September 1, 2016, at reasonable cost and omitting proprietary information, on our plans to achieve those carbon reduction goals.

5. Resolution: That, in the opinion of the shareholders it is in the best interests of the company that routine annual reporting from 2016 includes further information about ongoing power generation and supply chain emissions management, generation portfolio resilience to the International Energy Agency's (IEA's) scenarios including the

'New Policies' and '450ppm' scenarios; relevant strategic key performance indicators (KPI's) and executive incentives; and our public policy positions relating to climate change. This additional ongoing reporting could build on the disclosures already made to the CDP and/or those already made within the company's sustainability reporting.

6. Resolution: That, in the opinion of the shareholders it is in the best interests of the company that the Directors provide to the shareholders by the time of the release of the 2016 Annual Report, a report prepared at reasonable cost and omitting any proprietary information that describes a business model for future operations that demonstrates sufficient diversification of our power generation and supply activities to ensure continued profitability under pathways that limit the world to 2° C warming.

7. Special Resolution to amend the constitution: That, at the end of Clause 31 'Notice' the following new sub-clause 31.5 is inserted: "Each year from 2016, at reasonable cost and omitting any proprietary information, routine annual reporting will include further information about ongoing power generation and supply chain emissions management, generation portfolio resilience to the International Energy Agency's (IEA's) scenarios; relevant strategic key performance indicators (KPI's) and executive incentives; and our public policy positions relating to climate change.".

8. Special Resolution to amend the constitution: That, at the end of Clause 31 'Notice' the following new sub-clause 31.5 is inserted: "That, (a) the board must prepare a business model that demonstrates sufficient diversification of the power generation and supply activities of the company to ensure continued profitability under pathways that limit the world to 2° C warming; and (b) include in future annual reporting to shareholders, at reasonable cost and omitting any proprietary information, information about ongoing power generation and supply chain emissions management benchmarked against that model. ".

In the event that an insufficient number of members support putting any of the above resolutions I give notice that I intend to put (in accordance with section 249N of the *Corporations Act 2001* (Cth)) to the company only those resolution/s as set out above that achieve the requisite support required for the resolution to be put to the annual general meeting.

In regard the statement attached below at A please ensure no amendment whatsoever is made to this statement.

SIGNED

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(Signature of individual Shareholder[1]/company director) (If applicable signature of second shareholder in a joint holding/for a

[1] Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

[Note for shareholder: please return completed document to ACCR GPO Box 1596 Canberra, ACT, 2601] company second director or company secretary)

Attachment A: Statement for distribution to all shareholders

"This statement is provided to all AGL shareholders at the request of the Australasian Centre for Corporate Responsibility and other supportive shareholders.

It deals with the content of the Annual Report. Currently, in aggregate, fossil fuel companies are estimating with 90% certainty that they will be able to extract freely (for subsequent sale and combustion) over three times more carbon than is compatible with the internationally agreed ceiling. This inconsistency between financial accounting, physical reality and political intent is referred to as the 'unburnable carbon bubble'. It is akin to a traditional speculative bubble because all investor's expectations cannot be met. As the bubble bursts it is likely fossil fuel reserves and other fossil fuel specific assets like coal fired power stations will become stranded, ie written down in value prior to the end of their economic life.[2]

Since our purchase of Macquarie Generation we have become the largest carbon emitter in Australia. We have 3 potential sources of exposure to 'unburnable carbon bubble' risk:

- compression of the profit margin on operations stemming from local or international price or regulatory changes;
- immediate on balance sheet loss resulting from write-downs of generating assets or reserves. We own brown coal and gas reserves and black and brown coal power stations;
- reputational exposure - in particular, the risk that our company becomes seen as 'part of the problem' and that results in loss of custom, diminished credibility and influence on public policy and diminished attractiveness as an employer.

The International Energy Agency (IEA) has calculated that globally, energy sector carbon intensity needs to decline by 6% by 2020, 43% by 2035 and 64% by 2050 to hold global warming to the agreed 2° C.

Carbon intensity of energy supply is exceptionally high in Australia by world standards - 35% above the world average. Likewise the Australian power grid is exceptionally carbon intensive by world standards - 54% above world average.[3] If Australia adopted public policy intended to ensure carbon intensity fell to world average by 2035 it would have to drop 57%.

Our company has 'had a policy' on carbon emissions dating back to 2010.[4] It contained 7 commitments, none of which involved any quantitative target for emissions or emissions intensity.

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[2] See http://igcc.org.au/Resources/Documents/Climate-Change-Investment-Solutions-GuideFINAL.pdf Annex A p 31.

[3] This reflects Australia's reliance on coal. In tonnes CO_2e/ MWh brown coal generation intensity is typically 1.2 (Loy Yang A) to 1.5 (Hazelwood); black coal is typically 1 (Eraring); CCGT gas generation is typically 0.5 (Darling Downs), renewables are zero or near zero. See ACIL Allen Consulting *Emission Factors* 2014 at www.aemo.com.au .

[4] See http://www.agl.com.au/~/media/AGL/About%20AGL/Documents/How%20We%20Source%20Energy/CSG%20and%20the%20Environment/Camden/Northern%20Expansion/V3_Appendix%20H.pdf p 14.

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In 2012 our board did set a quantitative target, "From next year, AGL's target will be for investments in new generation capacity to have a combined intensity lower than 0.7 tCOe/MWh." [5] There is no mention of this target on the 'Greenhouse and Energy' page of the 2014 Sustainability Performance Review[6] nor in recent Annual Reports.

In stark contrast to the 2012 target, during the period 2011 to 2014 our company's greenhouse gas emission intensity from power generation actually tripled from 0.32 to 0.97.[7] In September 2014 we purchased Macquarie Generation owner of the Liddel and Bayswater black coal fired power stations in NSW which in 2013/14 had a combined estimated emissions intensity of 1.02, further increasing our company's overall intensity.[8] In April 2015 we revised our Greenhouse Gas Policy.[9] It now contains nine commitments but, again, none of them involve any quantitative targets for emissions or emissions intensity reductions. It also contains no reference to the 2012 emissions intensity target.

Norway's Parliament recently approved a decision to divest the country's sovereign wealth fund from companies deriving more than 30% of their income from coal fired power generation. Our company falls into this category.

Norway's sovereign wealth fund is not alone. Response to climate change is assessed by international investor groups such as members of the UN PRI[10] as well as international responsible investment ratings agencies. Companies in industries like ours, which score well, are positioned to prosper in a 2° C constrained world. For example, they have targets for emissions reductions. In our view it is in the interests of all shareholders that our board positions our company in this manner. For example, our company could set target(s) to significantly reduce our emissions and/or emissions intensity and report performance against those targets to shareholders in Annual Reports.

This statement is provided to all AGL shareholders at the request of the Australasian Centre for Corporate Responsibility and other supportive shareholders"

[5] See http://2012.aglsustainability.com.au/files/assets/basic-html/page68.html .

[6] See http://agl2014.sustainability-report.com.au/environment/greenhouse-and-energy .

[7] See the graph entitled 'Carbon intensity of operated generation assets' at http://agl2014.sustainability-report.com.au/data-centre/environment .

[8] See Fig 18 of ACIL Allen Consulting *Emission Factors* 2014 at www.aemo.com.au .

[9] See http://www.agl.com.au/~/media/AGL/About%20AGL/Documents/Media%20Center/Corporate%20Governance%20Policies%20Charter/1704015_GHG_Policy_Final.pdf .

[10] See http://igcc.org.au/Resources/Documents/Climate-Change-Investment-Solutions-GuideFINAL.pdf p 15.

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