Analysis: AGL's 2025 Climate Transition Action Plan (CTAP)

August 2025

ACCR

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Executive Summary

Already a late-starter to the energy transition, AGL's 2025 Climate Transition Action Plan (CTAP) offers only modest progress in place of the tenacity that investors could expect of Australia's biggest greenhouse gas emitter and electricity generator.

Necessary improvements in the 2025 CTAP include the introduction of a scope 3 target, accelerated moves into battery storage, and a welcome commitment from AGL to challenge attempts by its industry associations to slow the energy transition.

However, the 12 GW target for adding new renewable and firming capacity to its energy portfolio remains unchanged and unambitious given AGL's market size, and a sufficiently detailed electrification strategy with meaningful targets is absent. AGL has no plans to cut emissions from gas supply over the next decade, which sits at odds with recent policy signals aimed at diminishing gas use.

By missing key opportunities to accelerate decarbonisation and position the company ahead of the curve in a rapidly changing policy and market landscape, AGL risks being caught flat-footed.

As a systemically important company critical to the pace of the Australian energy transition, AGL's CTAP is of particular interest for universal owners who stand to benefit from the long-term stability of the financial system, for which climate change remains a material threat. A more ambitious CTAP would help address those risks.

Instead, the 2025 CTAP fails to address the weaknesses of the previous plan, maintaining modest ambition and lacking the clear plans and targets that would give investors confidence AGL is maximising its market-leading position to drive Australia's energy transition.

ACCR intends to vote AGAINST the Climate Transition Action Plan (Appendix 1) and executive remuneration (slide 23) at the 2025 AGM.

Key findings

- AGL remains misaligned with scientifically valid interpretations of the Paris Agreement – it is following scenarios based on 1.8-2.6°C of warming.
- Coal closure dates are largely unchanged.
- Overall ambition has not increased with the 12 GW new renewables and firming target.
- Capital allocation is heavily weighted towards firming assets, focusing first on short-duration batteries before shifting toward undisclosed mix of long-duration gas peaking, batteries, pumped hydro and new technologies.
- AGL has a new scope 3 reduction target of 60% by the end of FY35 - met primarily by the closure of the Loy Yang mine. 25% of AGL's scope 3 emissions come from gas, yet there are no plans to cut gas supply emissions in the next decade.
- Concerning absence of an electrification strategy: there are no targets, timelines, or credible plan to support customers or respond to policy momentum.
- Remuneration metrics are weak: AGL's incentives remain poorly linked to the CTAP, use flawed metrics and do not support absolute emissions reductions – an unacceptable governance oversight for a company so exposed to the transition.
- Policy advocacy is improving but still lacks focus and ambition, especially on electrification and gas phase-out. AGL's biggest lever for accelerating coal closures is advocating for policy settings that accelerate the rollout of renewables and transmission.

Paris alignment

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Aligning with a scientifically valid interpretation of the Paris Agreement

AGL's CTAP states its operational strategy and targeted coal closure dates align with a scenario consistent with limiting warming to 1.8°C.[1] The scientific community does not view a 1.8°C scenario as Paris-aligned.[2]

While the Paris Agreement does not stipulate what Paris-aligned scenarios should entail, the scientific community has communicated what a Paris-aligned scenario should look like.[2] The consensus is that the goal "*holding the increase in the global average temperature to well below 2°C above pre-industrial levels*" should be interpreted as limiting warming to 2°C with a 90% likelihood. This means overshoot should be limited to 0.1°C above 1.5°C. Hence, scenarios that exhibit peak temperatures above 1.6°C cannot be considered Paris-aligned because the likelihood of staying below 2°C is less than 90%.

The Australian Energy Market Operator (AEMO) states its Step Change scenario, which limits warming to 1.8°C (67% likelihood), aligns with Paris.[3] Acil Allen incorporated these assumptions into its modelling for AGL's scenarios.

AGL uses a "Scenario 2" and "Scenario 3", described as "below 2°C" (peak temperature 1.8°C). However, the scientific community says this peak temperature cannot be considered equivalent to meeting the Paris Agreement goals.

1. AGL, Climate Transition Action Plan 2025, Aug 2025, p. 65, 67.
2. Schleussner et al., 2022, An emission parhway classification reflecting the Paris Agreement cliamte objectives. See also: Climate Analytics, 2022, Understanding the Paris Agreement's Long Term Temperature Goal.
3. AEMO, Inputs, assumptions and scenarios report, Jul 2023, p. 41.

Scope 1 & 2 emissions

In FY25, AGL's scope 1 and 2 (operational) emissions contributed around 20% of emissions from Australia's electricity sector (Approximately 7% of Australia's total emissions). The vast majority (95%) of these emissions come from coal combustion at AGL's Bayswater and Loy Yang A power stations – which are set to retire in December 2033 & FY35 respectively.

AGL's biggest lever for accelerating coal closures is advocating for policy settings that accelerate the rollout of renewables and transmission.

Beyond the coal plant closures, AGL looks to be doing little in the way of structural decarbonisation – and is giving itself headroom for emissions to grow.

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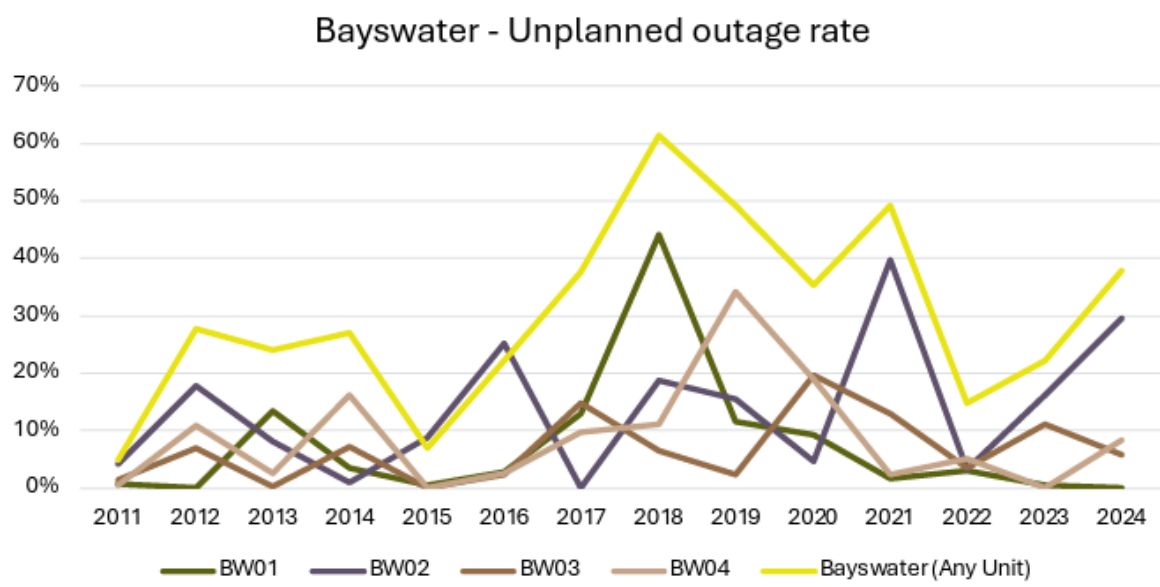
AGL has pushed out the closure of Bayswater to the latest date possible - delaying potential emissions cuts and increasing reliability risks

AGL has updated the closure of Bayswater to FY34 (Dec 2033), picking the latest possible date from the previously disclosed range of 2030 to 2033.

This update:

- results in an estimated additional 42 $MtCO_2e$ compared with a 2030 closure[1]
- signals to the market that new replacement renewables do not need to be delivered earlier, slowing transition momentum
- increases reliability risks, as the plant is already experiencing rising unplanned outages (see right), and is expected to be less reliable as it ages
- compounds a shortfall in renewables investment, with the Clean Energy Council warning that the current investment pace is insufficient to meet 82% renewables by 2030.[4]

Chart: Bayswater is becoming less reliable as it ages



Source: NEXA Advisory

1. Assuming closure in Jan 2030 and capacity factors align with AEMO's 2024 ISP Step Change average capacity factors for black coal-fired power stations.
2. Based on energy supply infrastructure developments that have made sufficient progress against AEMO's commitment criteria (Committed and Anticipated Developments); AEMO, 2025 Electricity Statement of Opportunities (ESOO), Aug 2025, p. 9.
3. NEXA Advisory, COAL PERFORMANCE IN THE NATIONAL ELECTRICITY MARKET Case Study 4 – Bayswater Power Station, Aug 2025, p. 11.
4. CEC, Quarterly investment report: Large-scale renewable generation and storage Q1 2025, May 2025, p. 5.

New interim scope 1 and 2 targets still allow headroom for emissions growth

AGL has 'bolstered' its interim scope 1 and 2 emissions reduction targets,[1] with a 17% reduction by FY26 and a 19% reduction for FY27-34 against its FY19 baseline.

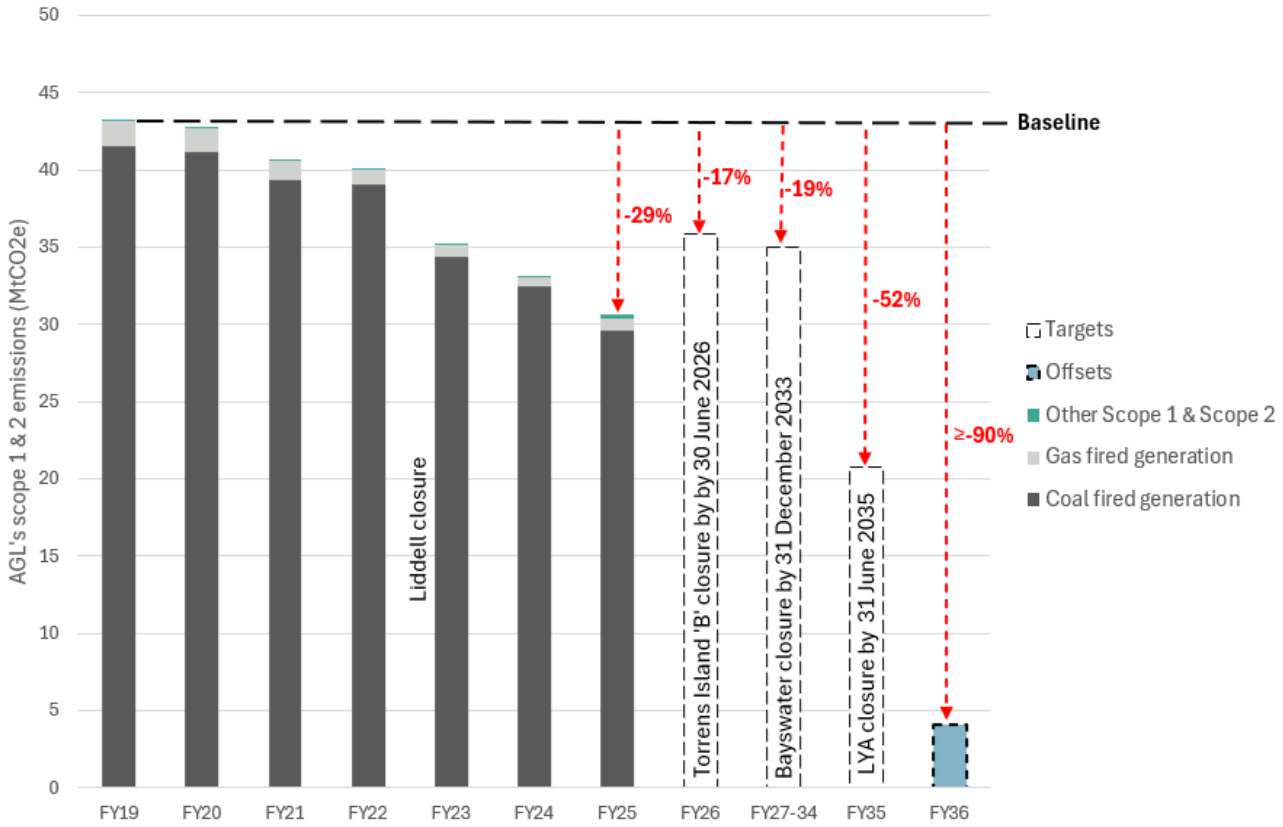
However, these targets **still allow AGL to increase its emissions from today's levels.** In FY25, AGL reduced its scope 1 & 2 emissions by 29% against its FY19 baseline. With AGL only targeting a 17% reduction by FY26, and a further 2% reduction by FY34, this allows emissions to increase 4-5 $MtCO_2e$ per year from FY25 levels.

While some variability may be expected as other plants close and renewables come online, this emissions flexibility undermines the credibility of AGL's decarbonisation plans and signals weak transition urgency.

AGL has also flagged a potential two-year extension of Torrens Island 'B', saying this would not affect its CTAP emissions targets or responsible transition approach.[1] However, this could mean an estimated additional 2.5 $MtCO_2e$ being emitted over the extension period.[2]

After AGL closes its coal plants it is relying on offsets to address residual emissions, primarily from gas generation (see slide 17).

Chart: Unambitious scope 1-2 targets give too much headroom



Source: AGL company disclosures

1. AGL, Climate Transition Action Plan 2025, p. 3, 19-20.
2. Assuming capacity factors align with AEMO's 2024 ISP Step Change average capacity factors for mid-merit gas (30% for FY27 and 28% for FY28).

AGL's cumulative emissions from electricity generation exceed normalised cumulative emissions from the Step Change, APS and NZE scenarios

AGL's operational strategy is decarbonising slower than the NEM under AEMO's Step Change and pathways for advanced economy under the IEA's APS and NZE.

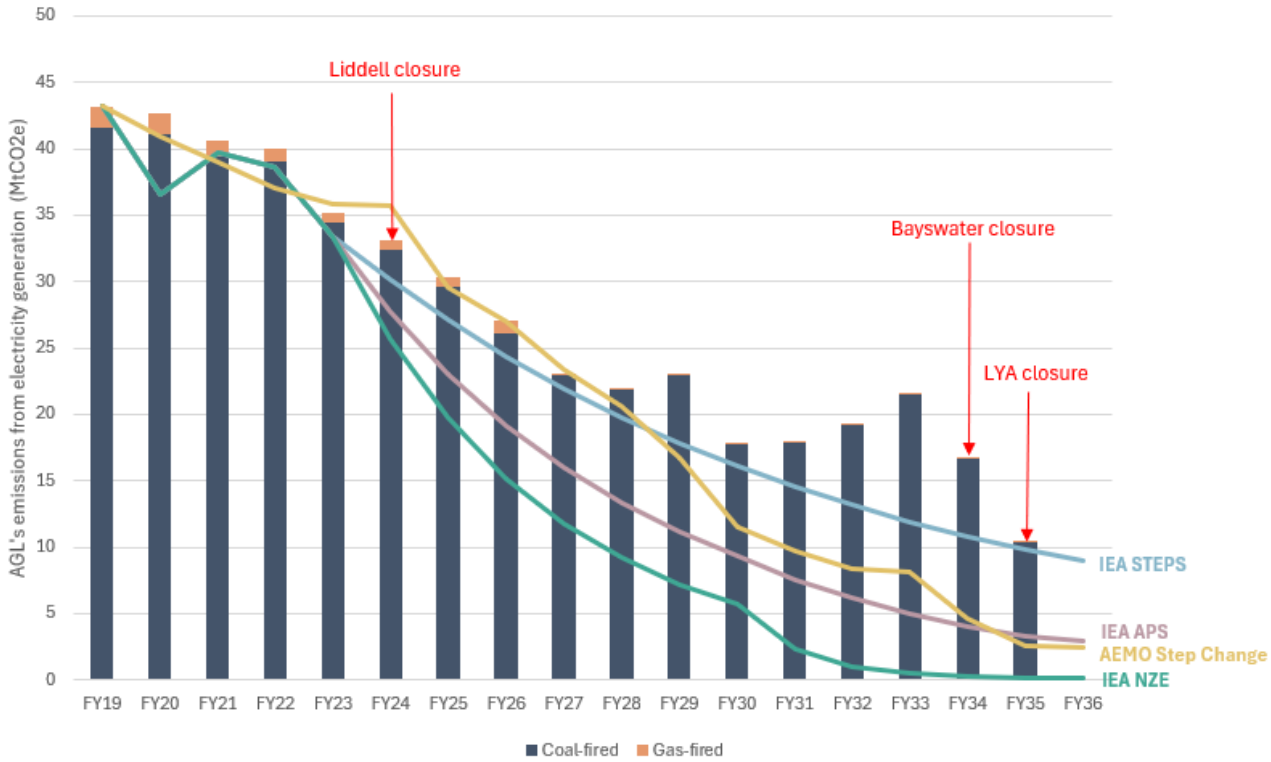
AGL's operational strategy is not aligned with the scientific interpretation of the "well below 2°C" goal contained in the Paris Agreement (see slide 7).

ACCR modelling shows AGL's FY26–FY36 cumulative generation emissions[1] exceed the:

- AEMO's Step Change scenario[2]
- IEA's APS and NZE scenarios (see right).[3]

We estimate AGL will consume more than 30% of the NEM's remaining carbon budget by FY36 under the AEMO's Step Change scenario.[4]

Chart: AGL's electricity generation operations decarbonise slower than the AEMO's Step Change and IEA's APS and NZE scenarios



Source: AGL company disclosures, ACCR modelling, IEA, AEMO

1. AGL's projected FY19–FY36 generation emissions total 463 $MtCO_2e$ (capacity factors assumed consistent with AEMO's 2024 ISP Step Change).
2. NEM's cumulative emissions under AEMO's 2024 ISP Step Change are 422 $MtCO_2e$, normalised to AGL's 2019 baseline; OpenElectricity, Scenario Explorer.
3. IEA's APS and NZE pathways for advanced economy electricity and heat sectors (STEPS: 495; APS: 356; NZE: 291 $MtCO_2e$; 2019-2050 cumulative emissions) These figures are normalised to AGL's 2019 baseline for comparison; IEA, 2024 World Energy Outlook Extended Data Set.
4. AGL's FY26-FY36 generation emissions projected at 198 $MtCO_2e$, 34% of the NEM's FY26-FY50 carbon budget under Step Change (583 $MtCO_2e$); AEMO, 2025 Inputs, Assumptions and Scenarios Report, Jul 2025, p. 51.

Scope 3 emissions

AGL has set a new scope 3 emissions reduction target of 60% by the end of FY35.

While the introduction of a scope 3 target is a necessary improvement for AGL, it is undercut by the lack of short-term targets or a structural decarbonisation plan beyond the closure of Loy Yang mine.

Scope 3 emissions in FY25 are 43% of AGL's total emissions.

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AGL is relying heavily on the closure of Loy Yang mine to meet its new scope 3 target

AGL's 60% scope 3 target by the end of FY35[1] is driven primarily by the anticipated closure of Loy Yang Mine at the end of FY35.[1]

The target assumes:

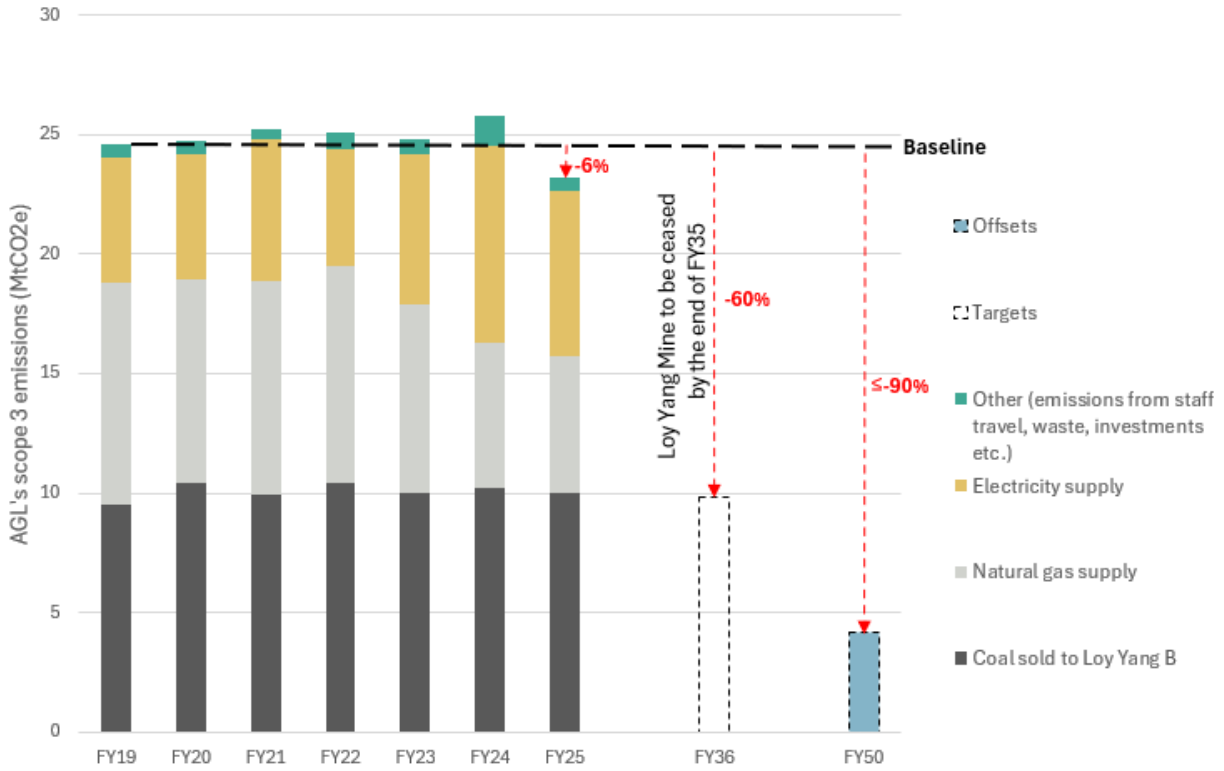
- 10 $MtCO_2e$ reduction from the supply of brown coal (Loy Yang Mine[2])
- 2 $MtCO_2e$ from grid emissions intensity reduction
- 3.5 $MtCO_2e$ from reduced gas supply, driven by electrification.

The CTAP does not detail a plan for achieving the assumed reductions to grid intensity and gas supply, raising questions whether AGL is sufficiently tackling structural decarbonisation, or relying on a mine already slated for closure.

AGL must be more forcefully advocating for policy settings and other interventions it needs to deliver on its timelines for coal closure.

To achieve net zero in FY50, AGL proposes the use of offsets to address its residual emissions, which mainly arise from the supply of natural gas and electricity.

Chart: New 60% reduction target by the end of FY35



Source: AGL company disclosures

1. AGL, Climate Transition Action Plan 2025, p. 24-25.
2. See Appendix 2.

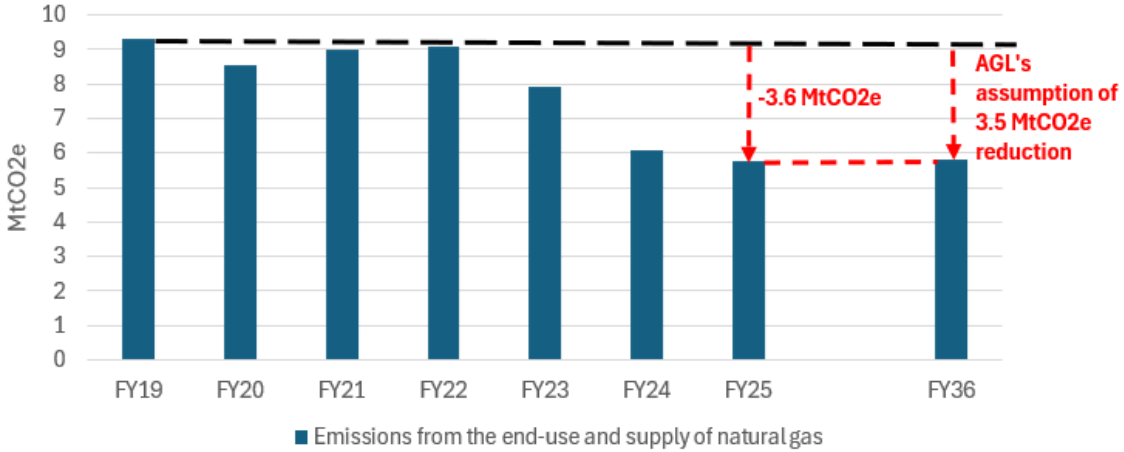
No plans to cut gas supply emissions in the next decade

25% of AGL's scope 3 emissions come from gas. Yet the CTAP provides no direct measures to reduce these emissions. Instead, it assumes a 3.5 $MtCO_2e$ reduction from its baseline as part of its 60% target, a reduction already achieved in FY25. **This suggests no further cuts are planned through FY36** (see below).

AGL's natural gas sales outlook extrapolates from the AEMO's 2025 GSOO Progressive Change scenario, a 2.6°C scenario with a slower pace of electrification as its natural gas sales 'base case'.[1]

This is inconsistent with AGL's 1.8°C operational outlook. It may inflate projected emissions from natural gas use and risk overstated future natural gas demand.

Chart: No further cuts are planned through FY36



Source: AGL company disclosures

Best practice:

- **Use the most ambitious decarbonisation scenarios and methods that drive the earliest reductions and minimise cumulative emissions, helping ensure adherence to the carbon budget.[2]**

1. AGL, Climate Transition Action Plan 2025, p. 25-26, 34, 45.
2. SBTi, SBTi Corporate Manual, Apr 2023, p. 13.

AGL has not disclosed an electrification strategy, meaningful targets or details

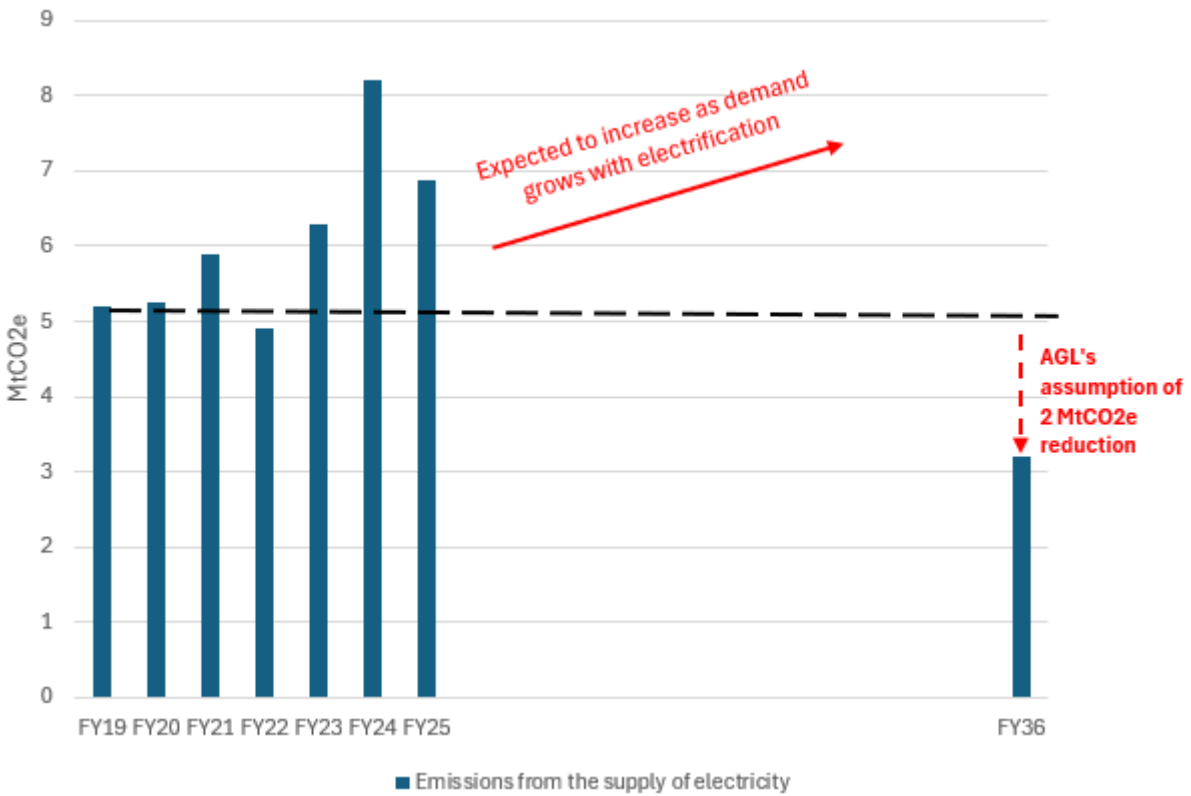
30% of scope 3 emissions come from the electricity AGL supplies. Yet, the CTAP does not quantify how AGL's targets and ambitions will impact grid emissions intensity.

Short-term targets lack ambition: No increase in the customer asset installed target since FY23;[2] demand-side flexibility ambition covers just an approximate 8% of the CER market.[3]

No quantification of impact: AGL acknowledges emissions will rise with electrification, but provides no strategy to manage this. AEMO's recent forecast shows a 21% increase in electricity consumption over the next decade under the Step Change scenario, driven by predicted data centre growth, the addition of new industrial loads, and faster business electrification.[4]

AGL's policy positions on electrification lack ambition and a proactive agenda, which means AGL is yet to fully wield its available leverage (see slide 28).

Chart: Electricity supply emissions are expected to increase



Source: AGL company disclosures

1. AGL, Climate Transition Action Plan 2025, p. 8, 25, 28-29.
2. AGL, 2023 Investor Day, Jun 2023, p. 11.
3. AEMO projects 32.1 GW of capacity from CER storage, rooftop and distributed solar, and demand-side participation by FY27 under the Step Change scenario; AEMO, 2024 Integrated System Plan chart data (Figure 2), Jun 2024.
4. AEMO, 2025 Electricity Statement of Opportunities (ESOO), Aug 2025, p. 25.

AGL is not positioning for the pace of change already underway

AGL is Australia's largest gas retailer and second largest electricity retailer, yet its CTAP fails to reflect recent policy shifts that will drive rapid electrification and reduce gas demand.[5]

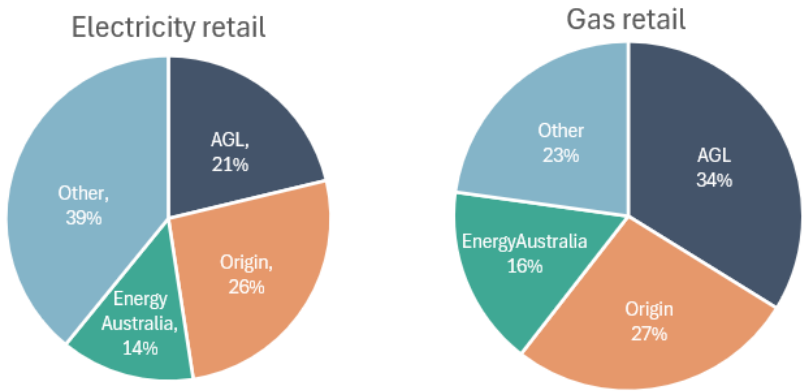
AGL leans on a gas sales outlook (2025 GSOO, published in March 2025) that is already outdated by major policy developments, including:

- **June 2025** - Victoria's ban on new gas in new homes and new commercial properties from 2027, to save 12 PJ by 2029 and 44 PJ by 2035.[2]
- **June 2025** – the City of Sydney's ban on new gas appliances from 2026.[3]
- **July 2025 –** the Federal Cheaper Home Batteries Program.[4]

These developments suggest AGL's advocacy positions on electrification are behind the curve of policy-making and lack ambition for a faster transition.

Gentailers like AGL have a critical role in helping customers electrify their homes, businesses and industries to fully capture the benefits of the transition.

Chart: AGL serves 21% of electricity customers and 34% of gas customers



Source: Australian Energy Regulator (AER)

1. AGL, Climate Transition Action Plan 2025, p. 26-27.
2. Premier of Victoria, Securing Victoria's Gas Supply While Slashing Energy Bills, Jun 2025.
3. City of Sydney, All electric buildings in city's future, Jun 2025.
4. DCCEEW, Cheaper Home Batteries Program, Jul 2025.
5. Market shares based on number of customers across residential, small and large business segments; AER, Retail energy market performance update for Quarter 3 2024–25, Jun 2025.

Use of offsets undermines AGL's net zero claims

AGL's offset reliance risks undermining its net zero claims without a credible plan to reduce emissions first.

The CTAP argues that emissions from gas-powered generators cannot be avoided and require offsets for mitigation.[1]

AGL intends to use offsets to address up to 10% of emissions from all scopes to achieve net zero:[2]

- **Scope 1 and 2 emissions** – To offset residual emissions[3] from gas generation beyond FY36, and new energy hubs, if CCS is not an option.
- **Scope 3 emissions** – To offset residual emissions from the supply and end use of natural gas by customers and the supply of electricity.

AGL's Carbon Offset Policy does not reflect best practice:

- Offsets cannot be counted towards a science-based target (e.g. net zero).[4]
- Fossil fuel emissions should not be neutralised with nature-based solutions, nor avoidance credits.
- Limited use of permanent removal credits is acceptable, but only when accompanied by rapid value chain emissions reductions.[5]

1. AGL, Climate Transition Action Plan 2025, p. 34.
2. With FY19 as baseline for emissions; AGL, Carbon Offset Policy, Aug 2025, p. 4.
3. Residual emissions represent the emissions that cannot be completely eliminated despite implementing all available mitigation measures.
4. SBTi, SBTi Corporate Net-Zero Standard, Mar 2024, p. 81; Climateworks Centre, The Climateworks Centre guide to credibility for corporate climate transition plans, Jul 2025, p. 19.
5. ACCR, Injecting integrity, Jun 2025.

12 GW ambition

AGL needs to be taking strong action to accelerate the decarbonisation of the National Electricity Market (NEM) and maximising the probability that coal plants will close early/on time.

However, the 12 GW target for adding new renewable and firming capacity to its energy portfolio is unambitious, particularly given AGL's market size.

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AGL's unchanged 12 GW target for new renewable and firming capacity to its energy portfolio by the end of 2035 is unambitious for Australia's largest generator.

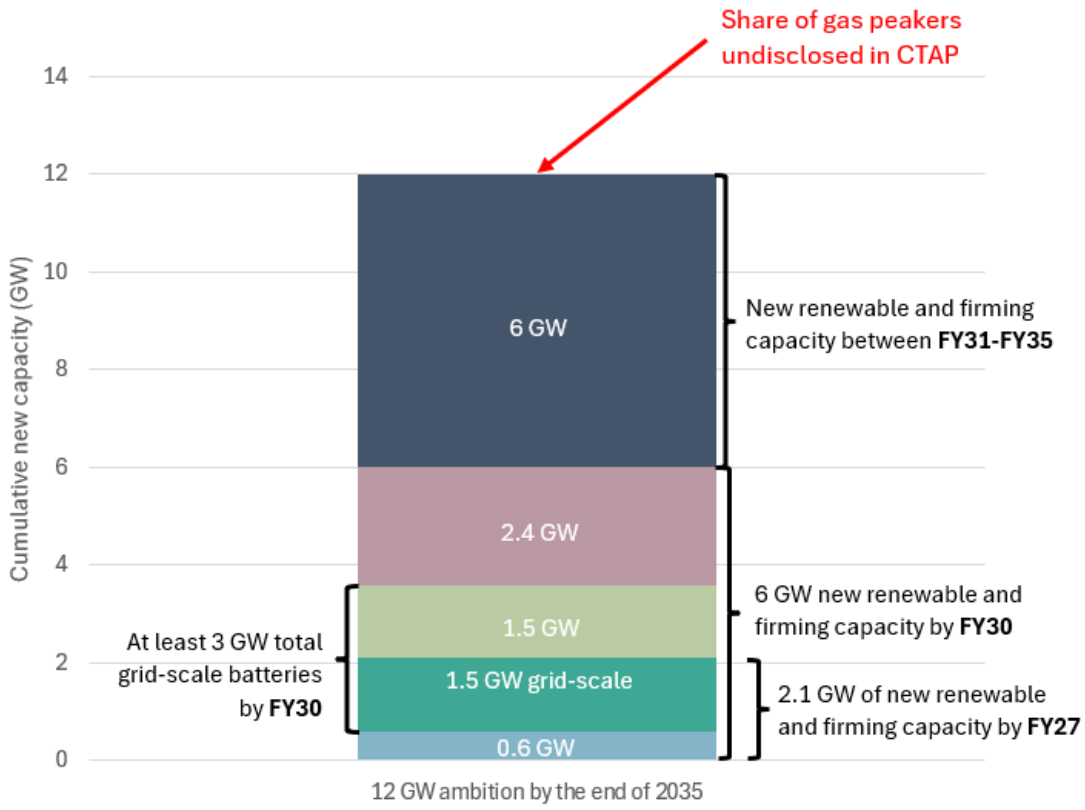
Modest ambition: The 12 GW new renewables and firming target (including offtakes and partnerships) by the end of 2035 remains unchanged. The increase in the interim target to add 6 GW (up from 5 GW) by FY30 is just a commitment to build some of it sooner.[1] The target offers little acceleration in the near-term, with half of it coming after 2030.

As the largest electricity generator in the NEM, AGL's market share has fallen from 26% in 2019[2] to 15% today,[3] and its 12 GW target would deliver only 14%[4] of the new renewables and firming capacity that the NEM needs between FY23 and FY35[5] – a modest share for a company of its size. We acknowledge that challenges such as transmission delays, lengthy approvals and social licence may affect the pace of renewable deployment, but AGL's ambition still falls short of its market position and influence.

More positively, AGL has also committed to build at least 3 GW of grid-scale batteries by 2030 as part of its interim target, signalling investment in clean firming capacity.

Undisclosed role of fossil gas: While gas may play a role as the "ultimate backstop" for reliability,[6] any fossil capacity should be disaggregated from the 12 GW target[7] to align the ambition with AGL's decarbonisation strategy and improve transparency.

Chart: The 12 GW target includes gas and half of it comes after 2030



Source: AGL company disclosures

1. AGL, Climate Transition Action Plan 2025, p. 21.
2. AER, State of the energy market 2020, p. 84.
3. AGL, Climate Transition Action Plan 2025, p. 6.
4. This figure may be overstated as it may include capacity from consumer energy resources and utility-scale assets outside the NEM.
5. AEMO's 2024 ISP Step Change scenario projects 86.8 GW of additional capacity from flexible gas, hydro, utility storage, onshore and offshore wind and utility solar between FY23 and FY35; AEMO, 2024 ISP chart data, Jun 2024.
6. AEMO, AEMO CEO speech at 2025 Australian Clean Energy Summit, Jul 2025.
7. AGL added >400 MW of flexible gas to the pipeline announced at the FY24 results presentation p. 15.

Capital allocation

Unlike peers, AGL does not disclose disaggregated outlooks to enable investors to assess if the company's capital allocation is aligned with its decarbonisation pathway.

Rising coal plant sustaining capex risks diverting capital from renewables and clean firming.

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AGL's outlook for its capital mix lacks sufficient transparency on gas firming and rising coal sustaining capex risks diverting capital away from renewables and clean firming.

Approximately A$10 billion of capital will be funded on AGL's balance sheet, heavily weighted towards a mix of short- and long-duration firming assets.[1]

In the short-term, AGL plans to prioritise short-duration batteries, while in the longer term it expects to allocate more investment towards long-duration firming assets, including gas generation, batteries, pumped hydro, and emerging technologies.[1]

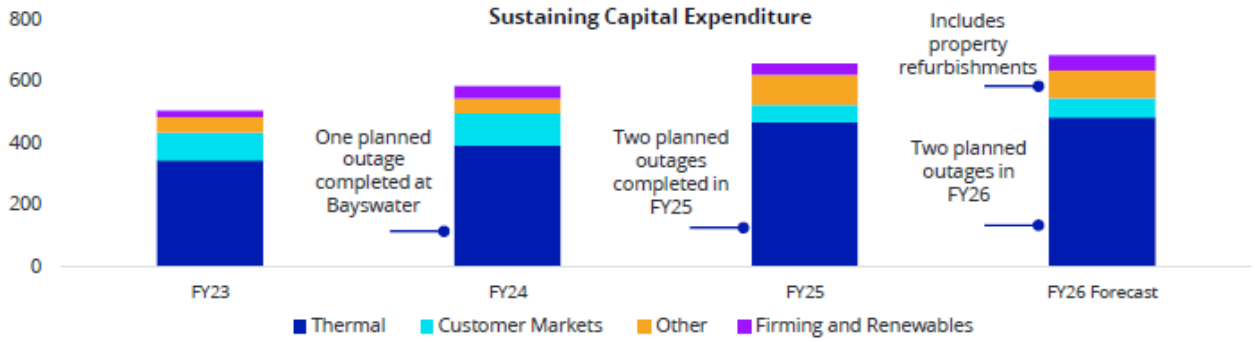
However, AGL's outlook for its capital mix[1] does not disaggregate clean energy investments from gas peaking investments. This means investors are unable to assess if the company's capital allocation is aligned with its decarbonisation pathway.

Peers like Origin separate clean energy and gas peaking investments in their outlooks.[2]

AGL also forecasts A$400 to 500 million per year in sustaining capex on coal plants over the medium-term, with spending already rising and projected to increase again in FY26 (see right). [3]

As coal plants continue to age, these costs are likely to climb further, raising concerns that growing expenditure on coal assets could divert capital away from investment in renewables and clean firming.

Chart: Rising thermal sustaining capex to keep coal plants running reliably may restrain renewables and clean firming investments



Source: AGL company disclosures

1. AGL, Climate Transition Action Plan 2025, p. 53.
2. Origin, 2025 Climate Transition Action Plan, Aug 2025, p. 26.
3. AGL, FY25 Full-Year Results, Aug 2025, p. 31.

Remuneration policy

AGL's incentives remain poorly linked to the CTAP, use flawed metrics and do not adequately support absolute emissions reductions.

ACCR will vote AGAINST the remuneration report.

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AGL's remuneration framework must evolve to drive real decarbonisation

AGL's executive incentives remain poorly aligned with its CTAP:

- Flawed carbon transition metrics like emissions intensity and green revenue uplift do not effectively incentivise the emissions reduction targets outlined in the CTAP (see Appendix 3).
- There is no link to absolute emissions reductions. Executives can achieve the metrics without materially shifting fossil operations or reducing absolute emissions.
- 0% vesting of the emissions intensity metric since its introduction[1] suggests it does not effectively incentivise meaningful emissions reductions or align executive performance with AGL's decarbonisation goals.

AGL's failure to embed credible climate metrics in pay structures is a governance risk. Without strong, science-aligned incentives, AGL risks underdelivering on its transition plan, leaving investors exposed to reputational, regulatory and financial risks.

While the higher weighting (20%) to the "new renewable and firming capacity" metric proposed in the FY26 LTIP may strengthen incentives to deliver new capacity, the underlying issues with the metrics are unresolved.

ACCR will vote AGAINST both the FY25 Remuneration Report and the FY26 LTIP grant at the 2025 AGM.

1. AGL, 2024 Annual Report, p. 102; AGL, 2025 Annual Report, p. 113.

Climate advocacy

AGL identifies policy settings as a critical factor in enabling or limiting the CTAP.

They have made significant steps forward in disclosing specific policies and improving alignment with industry associations.

However, the policy ambition in some areas is weak and AGL lags peers in aligning its lobbying with the Paris goals.

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AGL commits to more active positive advocacy to enable delivery of its strategy and CTAP

2022 CTAP

General commitment to positive advocacy

*"In our policy engagement **we will advocate for greater action** from governments to commit to progressive decarbonisation of the energy sector and policies that are **consistent with the objectives of the Paris Agreement.**"*[1]

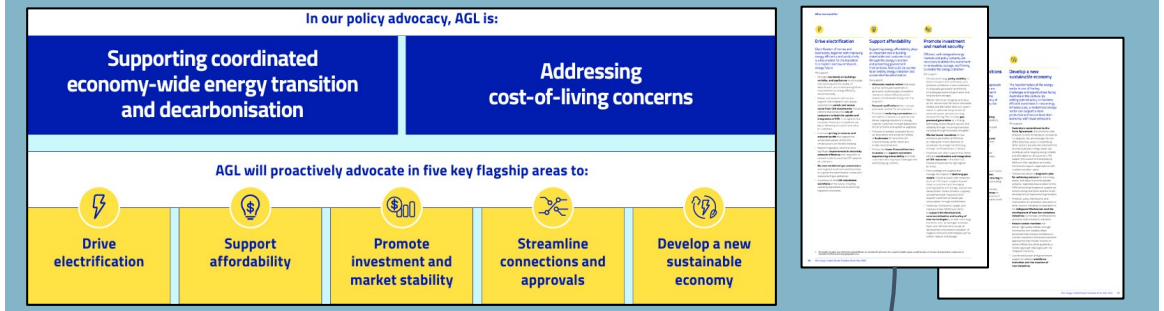
No systematic explanation of priorities or strategy for policy advocacy

2025 CTAP

Specific aim of advocating to support strategy

*"We are **working to influence** the right **regulatory and market settings** to accelerate the decarbonisation of Australia's energy markets **so that AGL can deliver on our strategy** and the pathways set out in this CTAP."*[2]

Identifies key areas of policy advocacy



Provides clarity on some key positions

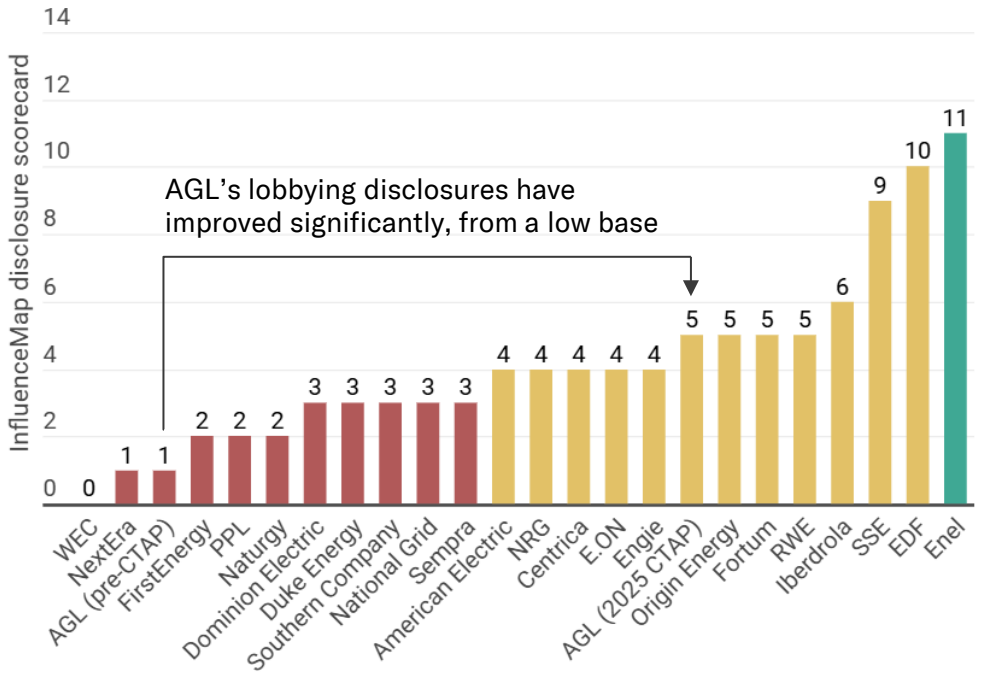
e.g. **No new residential gas connections**, and targeted restrictions and incentives to support the electrification of new and replacement gas appliances.

1. AGL, CTAP 2022, p. 9.
2. AGL, Climate Transition Action Plan 2025, p. 49.

Disclosure of indirect lobbying, via industry associations, has improved significantly from a low base

Late, but welcome increase in transparency on industry association lobbying

- AGL now publishes its assessments of industry associations and notes actions to improve alignment.
- InfluenceMap score for disclosures has improved significantly, but still behind European peers.[1]



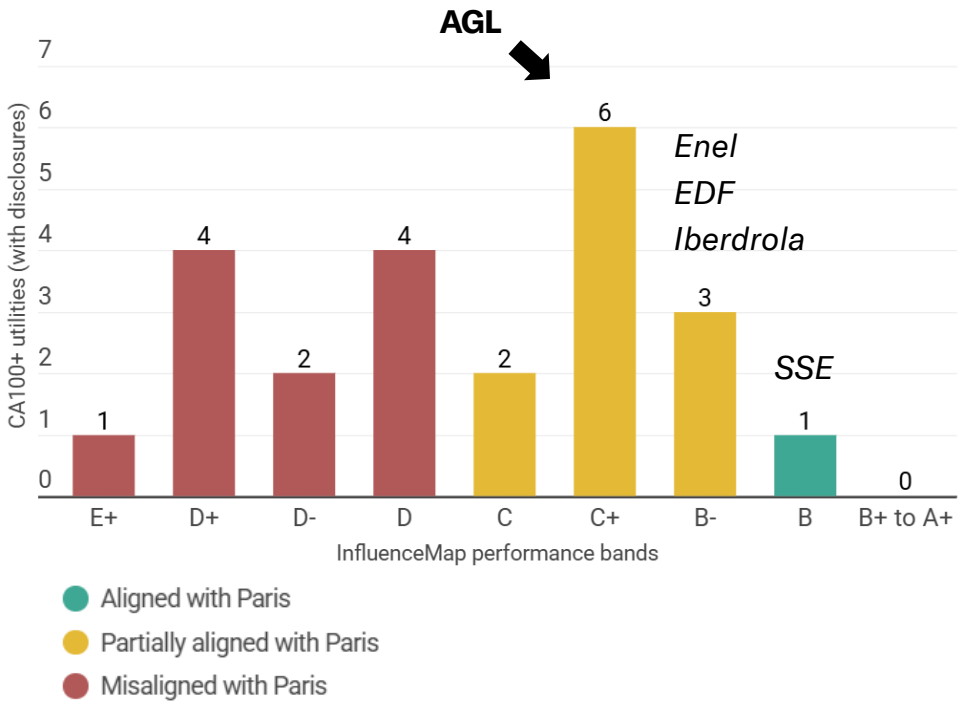
Intent to more actively govern industry associations has potential to bolster advocacy

Associations (Approx. 70% of spend on policy advocacy orgs)	AGL's concerns and planned engagement
Australian Energy Council	• 55% 2035 NDC position misaligned with AGL. • **Engage to increase ambition and AGL's utilisation.**
Business Council of Australia	• Unlimited offsets position misaligned with AGL. Level of support for gas production may be misaligned. • **Active engagement on both issues and more frequent engagement generally, including through CEO.**
Committee for Melbourne	• Sees gas as "pivotal" to Victoria and calls for more supply. • **Engage to discuss potential misalignment around the role of gas, electrification and energy efficiency.**

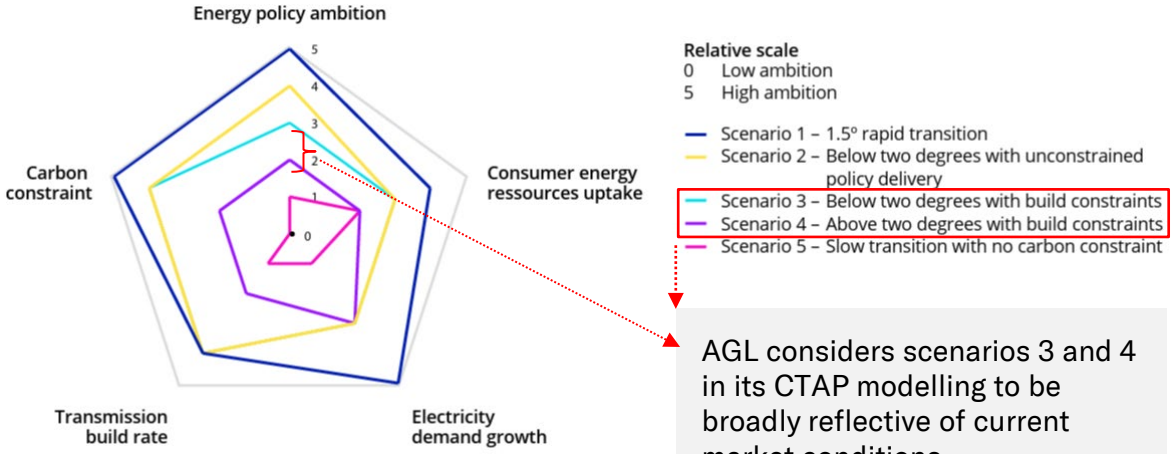
1. Chart compares InfluenceMap's disclosure scorecards for CA100+ utilities.

AGL's lobbying needs to be more supportive of the Paris goals to enable its CTAP

AGL's lobbying does not appear clearly aligned with the Paris goals. It appears less supportive of Paris than European peers, including those with coal and/or gas assets.[1]



AGL's CTAP acknowledges that the current policy environment is not clearly aligned with the Paris goals



AGL considers scenarios 3 and 4 in its CTAP modelling to be broadly reflective of current market conditions.

AGL therefore sees current policy settings as a significant limitation to delivering its CTAP.

1. Chart compares AGL's lobbying performance, as measured by InfluenceMap, to CA100+ utilities companies who have made some public attempt at governing their lobbying (i.e. have published lobbying disclosures).

AGL can improve its strategic integration of lobbying and delivery

Sharpen strategic integration and governance

- **Clearer prioritisation**: Refine focus policy areas by assessing their materiality to the CTAP and AGL's ability to influence outcomes.
- **Specify key policy positions**: Especially on decline rates for gas-use, NDC/sectoral targets, nature-positive reform (including a "climate trigger").
- **Strengthen lobbying governance**: AGL should improve its lobbying governance in line with the *Global Standard on Responsible Climate Lobbying*. InfluenceMap provides recommendations for AGL in line with the *Global Standard*.

  Priority areas to improve are a) assessment of overall progress of direct and indirect lobbying, and b) establishment of clear targets and escalation pathways for improving impact.

Pursue focused and accountable lobbying

- **Proactive advocacy on key positions, e.g.**
  - Concerted lobbying for no new residential gas connections across Australian state and federal jurisdictions.[1]
  - Ambitious program of advocacy to accelerate electrification and CER uptake, as highlighted in CTAP (pp. 44-46).
- **Interim updates to boost accountability and momentum:**
  - Publish mid-year update on efforts to improve the alignment of industry associations.
  - Publish consultation submissions on an ongoing basis and case studies on focus areas of advocacy across the year.

1. E.g. by extending advocacy in the Victorian Building Electrification RIS consultation to other jurisdictions; advocating pro-actively and in response to consultations; and explaining the materiality and desired pace of gas connection phaseout.

Appendices

ACCR

Appendix 1: Assessment against Climateworks' seven CTAP credibility criteria

Climateworks' crediblity criteria for corporate climate transition plans[1]	Gaps/Issues identified in AGL's 2025 CTAP
1. Ambitious and robust emissions targets	• 1.1 – A short-term scope 3 target has not been set (slide 12). • 1.3 – Scope 1 & 2's 1.8°C targets and the associated pathway is not aligned with the scientific consensus on Paris alignment (slide 7). The use of the 2025 GSOO Progressive Change scenario for gas sales outlook is not a Paris-aligned pathway (slide 14).
2. Feasible action plan	• 2.1 – No emissions reduction actions are outlined for scope 3 from the customers' end-use of natural gas, and the CTAP provides no information on how assumed scope 3 reductions will be achieved for either natural gas or electricity supply (slides 14 & 15). • 2.4 – A clear strategy to transition away from the supply of natural gas to customers is not outlined (slide 14).
3. Emissions reductions before carbon credits	• 3.1 – Direct emissions abatement is not prioritised for scope 3 emissions from the supply and end use of natural gas (slide 14).
4. Strategic and financial alignment	• 4.2 – AGL has previously stated support for smaller producers to underwrite new gas supplies,[2] and the CTAP and recent disclosures provide no justification or evidence that this position has changed.

1. Climateworks Centre, The Climateworks Centre guide to credibility for corporate climate transition plans, Jul 2025.
2. AGL, 2023 AGL Investor Day transcript, p. 17.

Appendix 1: Assessment against Climateworks' seven CTAP credibility criteria (cont'd)

Climateworks' crediblity criteria for corporate climate transition plans	Gaps/Issues identified in AGL's 2025 CTAP
5. Supportive policy and stakeholder engagement	• 5.1 – AGL has identified focus areas of policy engagement but it needs to more comprehensively demonstrate the strategic materiality of these, and more precisely articulate its engagement positions and approach to influencing policymakers and other stakeholders in service of its CTAP (slide 28). • 5.2 – AGL's policy advocacy is not clearly consistent with the Paris goals (InfluenceMap performance: mixed alignment) and its disclosure of policy advocacy activities can be significantly improved (InfluenceMap disclosure scorecard: 5/14) (slide 27). • 5.3 – AGL has some systems in place for monitoring and governing advocacy by its industry associations, but its methodology lacks detail, the company has not published a structured approach to addressing misalignments and it does not assess its own lobbying or have targets for this (slides 26 & 28).
6. Strong governance	• 6.3 – LTI's carbon transition metrics do not efficiently incentivise the absolute emissions reduction targets outlined in the CTAP (Appendix 3).
7. Continuous review and disclosure	Nil

ACCR's assessment against the Climateworks credibility criteria reveals numerous gaps in AGL's 2025 CTAP.

Appendix 2: Loy Yang mine closure

AGL has confirmed that it will close the Loy Yang mine by the end of FY35, while the CTAP gives no clarity on the stalled HESC project.

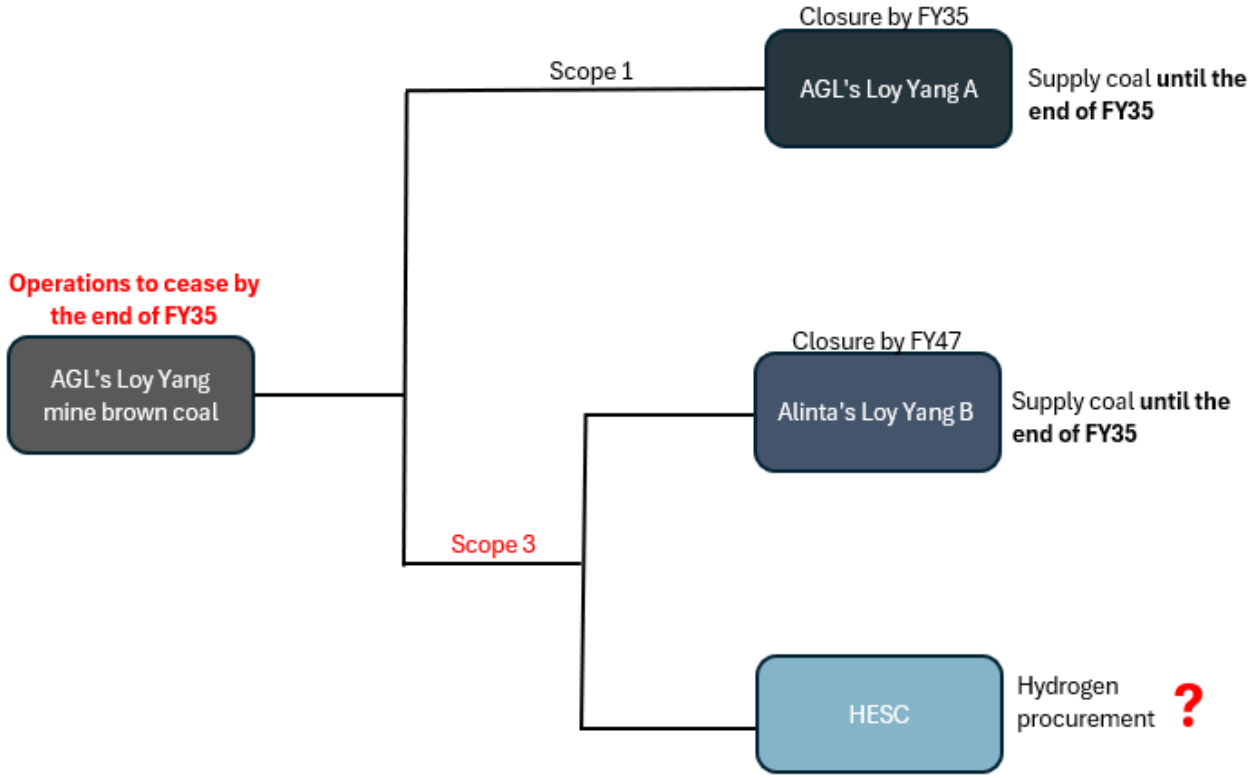
Supplying brown coal to Alinta's Loy Yang B is AGL's largest source of scope 3 emissions (43% in FY25).

Bringing the mine closure forward from FY47 to FY35 was widely expected in order to align with Victoria's 95% renewables target. This avoids an estimated 120 $MtCO_2e$ on paper,[1] but the mine would have become unnecessary after 2035.

The closure of the Loy Yang mine will deliver an estimated 10 $MtCO_2e$ reduction per year from FY36.

AGL has not disclosed the status of the stalled HESC project in this CTAP.[2]

Chart: Loy Yang mine will cease by the end of FY35



Source: AGL company disclosures, ACCR

1. 10 $MtCO_2e$ per annum for the period from FY36 to FY47.
2. The HESC project intended to use Loy Yang coal for hydrogen exports, has stalled after Kawasaki abandoned plans to source hydrogen from Australia; The Sydney Morning Herald, Multibillion-dollar plan to convert coal into 'clean' hydrogen falters, Dec 2024.

Appendix 3: Carbon transition metrics do not directly incentivise absolute emissions reduction

Carbon transition metrics (FY25)[1]	LTI weighting	Issues	FY26 changes[2]	Suggested revision
Emissions intensity of electricity supplied (tCO_2e/MWh)	10%	• Intensity-based metrics do not directly incentivise absolute emissions reductions (e.g. intensity can fall if clean generation increases, even while coal generation stays the same or total emissions increase). • Does not encourage timely coal plant retirement. • Does not address scope 3 emissions.	Remains unchanged	Update this metric to an absolute emissions reduction target, covering all scopes. Link it explicitly to the emissions reduction goals set out in the CTAP.
New renewable and firming capacity (GW)	10%	• Firming capacity includes gas, which may undermine emissions reduction outcomes. • Does not ensure that new capacity displaces fossil generation or drives absolute emissions reductions.	To increase to 20% weighting	Update this to reflect the renewable share of generation, or require clear demonstration that new capacity enables coal unit retirement or reduced fossil dispatch.
Revenue uplift of green energy and carbon neutral products & services	10%	• Revenue uplift could come from price increases, not necessarily from customer emissions reductions. • Weak linkage to absolute emissions reductions.	Removed for FY26	Tie this metric to customer gas displacement or volume-based metrics (e.g., the number of electrification upgrades supported, percentage of customers off gas by 2030).

1. AGL, 2025 Annual Report, p. 107-108.
2. AGL, 2025 Annual Report, p. 109.

About Us

ACCR is a multidisciplinary organisation with expertise in shareholder strategy, equities analysis, climate science and legal risk. Our focus is enabling investors to escalate their engagements with major, heavy-emitting listed companies in their portfolios, as a tool for managing physical climate risk.