

AGL Code of Conduct

Actions not words.



AGL Energy Code of Conduct

The AGL Board and the AGL Leadership Team are firmly committed to ensuring that everyone in AGL, including themselves, observe the highest standards of ethical behaviour and conduct.

Over the years, the business environment in which AGL operates has changed significantly and will continue to do so in the future. In spite of this dynamic, the AGL commitment to a defined set of fundamental values and behaviours has not wavered.

The AGL Board has approved a Code of Conduct, a copy of which is enclosed for your reference. The AGL Code of Conduct provides the rules and guidelines that I expect everyone in AGL to observe in their dealings with each other and with customers, contractors, shareholders, and competitors.

Your copy of the Code of Conduct is an important document and one with which you should ensure you are familiar. Please read the document to ensure your understanding and commitment to the behaviour and standards the Code requires.

If you have a query about any aspect of this Code I encourage you to discuss this with your leader.

A handwritten signature in black ink, appearing to read 'Michael Fraser', with a long, sweeping flourish extending to the right.

Michael Fraser
Managing Director

10 March 2008

Our Commitment

The AGL Board and the AGL Executive Team are firmly committed to ensuring that everyone in AGL, including themselves, observe the highest standards of ethical behaviour and conduct.

AGL's Code of Conduct (Code) and ethical stance are consistent with our brand promise of actions, not words, and our values: one team, delivery, authentic, safe and sustainable and vitality. Our success depends greatly on the extent we individually and collectively reflect and abide by the behaviours and expectations described in our Code.

Delivering our brand promise, coupled with exemplary ethical behaviour and conduct is the strength and the advantage we bring, individually and collectively, to our shareholders, customers, industry and the community at large.

Our Ethical Standards

All directors, managers, employees and contractors acting on behalf of AGL are required to meet the following standards of ethical behaviour.

- Act honestly and with integrity
- Observe the rule and spirit of the law and comply with the ethical and technical requirements of any relevant regulatory bodies
- Exercise due care and diligence in fulfilling our duties and exercising the powers that may be attached to our position
- Act in the best interests of the company except where to do so contravenes any of the other ethical standards
- Avoid any conflict of interest
- Observe the principles of independence in decisions and dealings with both internal and external stakeholders
- Respect the confidentiality of all confidential information acquired in the course of our duties and to not use or disclose such information to third parties without authorisation
- Uphold our fiduciary responsibilities to our shareholders
- Respect the rights of employees, customers, suppliers, shareholders and the community at large and ensure that we meet our legal and other obligations to these parties
- Do not take advantage of property, information or position, or opportunities arising from these, for personal gain or to compete with the company.
- Set a standard of honesty, fairness, integrity, diligence and competency in all that we do, so that our conduct will not discredit AGL.

These ethical standards are underpinned by our Code of Conduct, which provides more detail about our responsibilities.

A Guide to Ethical Conduct and Decision Making

Our Code is one of a number of elements supporting a self-regulatory approach to the way we do business.

The Code is designed to provide practical assistance in performing our daily tasks and resolving situations which may present potential ethical conflicts.

While the Code provides a number of specific examples and guides regarding ethical conduct and decision making, the following simple questions or steps will assist each of us in determining whether a decision or action creates an ethical dilemma or breaches the Code.

- Is the decision or conduct lawful?
- Is the decision or conduct within the meaning or spirit of our values, our ethical standards and our Code of Conduct?
- Is the decision or conduct consistent with AGL's policies and procedures?
- Will the primary beneficiary of the decision or conduct be AGL?
- Is the decision or conduct transparent and able to withstand public scrutiny?

While the answer to all of these questions should be YES, there will be times where the answer may seem a bit 'grey' or you are still not comfortable with the decision or conduct. In these cases seek one or more of the following options:

- Clarify the matter with your leader
- Request instructions to be put in writing
- Document all actions, directions and conversations on the issue
- Seek advice from your Group Manager or Group General Manager, the Group Manager People & Culture or the General Counsel
- Seek formal review and sign-off from AGL's "Ethics Panel" (see the card at the front of this booklet).

AGL will at all times honour and respect the culture and laws of any country in which we do business. Except in circumstances where to do so would cause cultural embarrassment or break the laws of the land, all AGL employees and representatives should apply the requirements of this Code to their international dealings.

Our Responsibilities to Shareholders

Transparency

We will ensure that the Group continues to meet the expectations of our shareholders and the financial community in general by maintaining a core principle of transparency in the preparation and delivery of financial information.

Financial Integrity

We will exercise diligence and good faith in the preparation of financial information. We will ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of the organisation and complies with all applicable legislative requirements.

Safeguarding Assets

It is incumbent on all employees to ensure the maintenance of a sound system of internal controls to safeguard AGL's assets and to manage risk exposure through appropriate forms of control. All leaders are responsible for the personnel, assets and systems under their control.

Insider Trading

Directors, management and employees must not utilise their position for personal gain or for gain of another person. All of us must ensure that any information in our possession that is not publicly available and may have a material effect on the price or value of AGL's shares is not provided to anyone who may be influenced to subscribe, buy or sell shares.

Directors and senior management may buy or sell the Company's shares only during the four-week periods following the release of half-year and full year results and the Annual General Meeting unless exceptional circumstances apply. All employees are also precluded from buying or selling AGL shares at any time if they are aware of price sensitive information that has not been made public.

Our Responsibilities to Customers and Suppliers

Integrity of Behaviour

Each of us is expected to act with integrity in all our official activities, avoiding any behaviour that would reflect adversely on us or on AGL. Integrity encompasses honesty, probity and loyalty. Individuals are therefore expected, at a minimum, to apply the rules and guidelines of AGL's Code of Conduct to all business activities. Gifts, benefits, courses, entertainment etc should only be offered within the parameters established by the Code. Where a customer, supplier or any third party informs AGL that their code of ethics/conduct is stricter than AGL's, we will honour their requirements by not making offers outside of their policy.

Confidential Information (including Privacy)

AGL has a duty to protect information obtained through our operations belonging to suppliers, customers and the public in order to ensure that their rights to privacy and their commercial interests are safeguarded.

AGL has information that must be protected to allow it to operate as a business in a competitive environment and as a conscientious corporate citizen. Because of the importance of information to AGL and those with which we deal, its loss, theft or misuse is considered very serious. You should therefore take great care to maintain the integrity and security of all corporate information.

We must not access or request confidential information about third parties unless the information is required in the performance of our duties. Any such information that may have inadvertently come into your possession must be returned to the sender or your leader immediately.

Any information obtained through your job or through your work-related contacts must not be released unless:

- you are authorised to do so; or
- it is public information; or
- the law requires you to do so.

You are also expected to abide by the requirements of both the AGL Privacy Policy and the AGL Ringfencing Compliance Policy with regards to information obtained.

These policies can be found at the AGL intranet site <http://enet.agl.com.au/>

Trade Practices Act

We will at all times abide by the rules and regulations of the Trade Practices Act. This includes recognition of our market position and respect for our competitors.

AGL has in place a formal Trade Practices Compliance training program and it is incumbent on all employees to undertake an appropriate level of training at regular intervals.

Impartiality

We will act with total impartiality in our dealings with customers and suppliers.

We must take care that our expression of personal views and convictions do not compromise or appear to compromise the performance of our official duties.

Personal relationships or considerations, including bias or favouritism, must not influence decisions for or against third parties or the conscientiousness with which they deliver service.

Both internally and externally, it is inappropriate for any AGL person to act in a discriminatory manner. All submissions, applications, representations etc received by AGL must be treated equally and judged only on their merit.

Our Responsibilities to Our Employees

Health & Safety

AGL is committed to the health and safety of its employees, contractors and representatives. Life Guard is AGL's health and safety compliance program. This program identifies, implements and monitors the health and safety performance of the Company, ensuring that not only are our legislative requirements met but also that no employee is placed at unacceptable risk. It is our underlying goal to achieve and maintain a 'zero' level of lost time injury.

AGL's commitment is underpinned by our:

- Health, Safety and Environment Policy
- Substance Abuse Policy
- Rehabilitation Policy
- Safe Driving Policy
- Smoke-Free Workplace Policy
- Prescription Safety Glasses Policy

These policies can be found at the AGL intranet site <http://enet.agl.com.au/>

Discrimination and Harassment

As part of AGL's commitment to good business, employee and community relations you must contribute to a work environment that is free from discrimination and harassment. You must be aware of and abide by AGL's Anti Discrimination Policy.

Discrimination, physical or verbal harassment, violence, abuses or assault in the workplace is against the law, and will not be tolerated.

Employee Remuneration and Benefits

The Board and Senior Management are committed to attracting and retaining high performing people. Our market rated remuneration structure aligns us with other leading Australian organisations, while outside award employees have a 'line of sight' and reward structure based on the Company's financial growth and the achievement of personal performance.

Employee Support

AGL acknowledges that its people are the heart and soul of the Company. The health and well-being of everyone in AGL are therefore of great importance. The AGL Workcare Employee Assistance Program provides support and professional guidance for employees in difficult times.

Employees or immediate family members are able to access the Workcare program free of charge, obtaining confidential and independent counselling and advice. This advice can be on issues such as work-related difficulties, family issues, gambling, alcohol or drug-related problems, illness, and emotional problems.

These policies can be found at the AGL intranet site <http://enet.agl.com.au/>

Our Responsibilities to the Community

AGL's Corporate Social Responsibility

AGL is committed to proving that it is a responsible corporate citizen which fulfils its moral, ethical and legal obligations enabling our people to actively enhance the communities in which we operate.

Health, Safety and Environment

One of the major aims of AGL is to protect the environment in which we operate. Our values require it, and our Health, Safety and Environment Policy commits every AGL person to that aim. That same policy also commits AGL to strive to operate in a manner that minimises health, safety and environment risk to our customers and the public.

AGL will report openly and honestly to our employees, customers, investors, the community and to government on health, safety and environmental issues that relate to AGL's operations

Donations

Donations to many charities and worthwhile causes are undertaken through the AGL Foundation. This organisation is managed by external appointments and it receives contributions from AGL as required.

AGL employees are encouraged to make personal donations to an AGL charity of their choice through the AGL Employee Giving Programme.

AGL does not make any political donations. No AGL employee, contractor or representative can receive a donation for the Company under any circumstances.

Personal Responsibilities of Our Employees

Conflict of Interest

Conflicts of interest exist when it is likely that you could be influenced (or could be seen to be influenced) by a personal interest in carrying out your duties. Some examples that may give rise to a conflict of interest are:

- Having a financial interest in a matter AGL deals with or having friends or relatives with such an interest that you are aware of.
- Having a personal, philosophical, religious, moral or political belief or attitude that could influence or be seen to influence the impartiality of advice given.
- Having or developing personal relationships with people the Company is dealing with or investigating that go beyond the level of a professional working relationship.
- Accepting secondary employment that may, or may appear to, compromise your integrity and that of the Company.
- Participating in political activities or making political comment that may relate to, or be seen as relating to the Company's business.

In many cases you may be the only person aware of the potential for actual or perceived conflict. It is your responsibility to avoid conflicts that could compromise the impartial performance of your duties and to disclose potential, actual or perceived conflicts of interest to your Leader.

Having a conflict of interest is not 'of itself' wrong. What you may choose to do about it could be.

Gifts and Benefits

You should never solicit gifts or benefits while performing your work for AGL. You are not to accept a gift, benefit or favour that is intended to, or is likely to, cause you to act in a partial manner in the course of your duties.

It is generally advisable to decline all offers of gifts, benefits, travel, hospitality or other favours. However, it is understood that at times gifts may be offered by way of thank you for your contribution and assistance. In such cases, if the value of the gift is clearly under \$150 you may accept it without approval. However, if you believe the gift could exceed \$150, accept it to prevent embarrassment then immediately notify your leader or AGL Leadership Team member of the gift, its approximate value and the type and extent of the relationship with the person offering the gift. A decision will then be made as to whether you may keep the gift, return it, or otherwise share it with colleagues or the community (ie donate to charity).

To prevent any misunderstandings or embarrassment it is advisable that you diarise all gifts and benefits received regardless of the value. This is particularly important where you are in a position that deals directly with or decides the acceptance, performance or removal of contractors, consultants, suppliers, customers, employees or other stakeholders who could be seen to benefit from your decision.

Business Lunches, Sponsored Courses and Entertainment

The general rules applying to 'Conflicts of Interest' and to 'Gifts and Benefits' also apply here. However, it is recognised that a solid network of relationships can be of an economic benefit to AGL and as such, attendance at business related functions is necessary and appropriate. You should adopt the following guidelines when accepting such offers:

- Lunches should be of a modest nature and should not be accepted during times of real or perceived decision making e.g. during a tendering process, or during a period where performance is being questioned. Any lunches that fall outside of these guidelines should be reported to your leader.

- Courses or other major functions of a night through to several days are often sponsored by organisations with which we do business. You may accept such offers providing the function or course is relevant to AGL's business or industry AND is held locally allowing you to return home or to work. Offers interstate or internationally should be referred to your leader or AGL Leadership Team member who will make a decision based on the facts and your working relationship with the third party. AGL may not pay for all travel and accommodation costs associated with the course or function.
- Entertainment should be considered a 'benefit' and treated with the same protocols as other gifts and benefits.

Once again, to prevent any misunderstandings or embarrassment it is advisable that you diarise all business lunches, sponsored courses and entertainment received regardless of the value or location. This is particularly important where you are in a position that deals directly with or decides the acceptance, performance or removal of contractors, consultants, suppliers, customers, employees or other stakeholders who could be seen to benefit from your decision.

Confidential Information (including Privacy)

AGL has information that must be protected to allow it to operate as a business in a competitive environment and as a conscientious corporate citizen. Because of the importance of information to AGL and those with which we deal, its loss, theft or misuse is considered very serious. You should therefore take great care to maintain the integrity and security of all corporate information.

You must not access or request confidential Company information unless the information is required in the performance of your duties. Any such information that may have inadvertently come into your possession must be returned to the sender or your Leader immediately. Any information obtained through your job or through your work-related contacts must not be released unless:

- You are authorised to do so; or
- It is public information; or
- The law requires you to.

You are also required to abide by the requirements of both the AGL Privacy Policy and the AGL Ringfencing Compliance Policy with regards to information obtained.

Use of Company Resources

AGL resources are provided for the purpose of undertaking the business of AGL and are generally not for the unauthorised use of employees or contractors.

Within reason, the limited use of computers, mobile phones, stationery and motor vehicles for private purposes is acceptable, provided they are not used for private income producing purposes. AGL reserves the right to prohibit or restrict the use of its resources.

Where there is any doubt as to your right to use AGL resources for private purposes, either on a continuous basis or for a one-off 'home-project', it is your responsibility to seek approval from your leader, preferably in writing.

Whether or not AGL resources are being used for Company or private purposes it is incumbent upon you to use such resources efficiently, economically and carefully. You are also expected to abide by existing AGL security requirements when resources are within your possession.

Public Comment and Political Participation

As a member of the community you have the right to enter into public debate in your private capacity. However, you must ensure that such comment is in no way attributed to your capacity as an employee of AGL, unless that is the expressed purpose of your comment. Public comment includes public speaking engagements, comments on radio and television or in letters to newspapers and expressing views in books, journals, and notices or over the Internet where it is expected that the comments will spread to the community at large.

You must also ensure that any participation in political activities through a political party, cause, movement or lobby group does not place you in conflict with your duties within AGL. This is important because you must be seen by AGL and the public to be able to act impartially.

This does not mean that you should not participate in such activity, only that it must be at arms length. What is considered appropriate political participation depends on the nature of the issue, the extent of participation, your position within the Company and your public prominence.

It is your responsibility to avoid conflicts that could compromise the impartial performance of your duties and to disclose potential, actual or perceived conflicts of interest to your leader.

Post AGL Employment

You must not use the influence of your position to obtain opportunities for future employment. You should not allow yourself or your work to be influenced by plans for, or offers of, employment outside AGL. If you do, there is a conflict of interest.

When leaving AGL you must return all Company property in your possession as well

as any documents or items which relate to the work of AGL and which is not otherwise publicly available.

Former AGL staff are not to use, or take advantage of confidential information obtained in the course of their official duties until it has become publicly available. Where applicable, former employees are bound by contractual or legislative constraints on the use of confidential information.

You should be careful in your dealings with former AGL staff and make sure that you do not give them, or appear to give them, favourable treatment or access to privileged information.

Private Employment

Many people engage in private employment either paid or unpaid. These may include voluntary community organisations, charities, professional associations or family and part-time businesses. As a general rule, provided such employment does not create a real or perceived conflict of interest and does not reduce or diminish your work hours and performance at AGL, you have no obligation to inform the Company of such activity. However, where 'time-off' is required or conflict could be seen to exist, you are required to notify your leader of any private employment.

Where you are employed in a business which is in potential 'competition' with AGL or its normal daily business operations, eg you operate your own gas plumbing business on the week-end, then you are required to notify your leader. You should never 'redirect' business that would otherwise be AGL's to your own private employment.

Administration of the Code

The Role of the AGL Ethics Panel

The AGL Ethics Panel is an internal panel comprising the Head of Corporate Support and Company Secretary (Chairman), the Group Manager People & Culture, and the Head of Legal. This 'panel' is responsible for the regular review and updating of the Code of Conduct as well as the continuous improvement of the compliance program that supports the Code. Any changes to the Code require Board approval.

The Ethics Panel is also responsible for:

- providing interpretation guidance of the Code
- providing advice on whether a potential action or decision may be in breach of the Code
- investigating and reviewing breaches of the Code.

Breaches of the Code

Breaches of the Code of Conduct may result in disciplinary action including dismissal, formal caution or demotion. Any breaches must be passed by a leader to the Group Manager People and Culture. Where necessary, cases will be referred to the Police or other authorities. Before disciplinary action is imposed, employees will be given the opportunity to present their views on the alleged misconduct and, in cases of disagreement with the conclusion and/or disciplinary action, they may appeal to AGL's Ethics Panel for final deliberation.

Training and Compliance Program

The Code of Conduct is operated under AGL's formal Legislative Compliance program. As such it is subject to the disciplines of AS 3806 Compliance programs. The program is under regular scrutiny and continuous improvement. Appropriate training and revision are an integral part of the program.

Whistleblowing

AGL is committed to the highest ethical standards and conduct and it is every person's responsibility not only to act honestly but also to report any instances of possible corruption, breaches of the law and/or maladministration.

You can report such possible occurrences to either your Group or Group General Manager, the Group Manager People & Culture, the General Counsel or the Manager Group Audit & Risk Management. You may report such potential occurrences either personally or anonymously with a guarantee of anonymity so far as due process will allow. It should be understood that in certain circumstances the Law might require some form of formal disclosure.

In reporting such potential occurrences, provided they are not done so maliciously and without probable cause, you will not be in any way disadvantaged by your action. This includes harassment, discrimination, and future bias towards your career. Where any form of retaliatory action or recrimination occurs, the whistleblower shall have the automatic right of investigation and review by the AGL 'Ethics Panel' who may enlist the services of an external professional investigator.

All information supplied by the whistleblower will be treated with the strictest confidence and will remain under tight security.