

For your
information.

AGL Energy Limited

Legislative Compliance Policy

This document describes the governance framework for delivering legislative and regulatory compliance across AGL Energy Limited ("AGL"). The Policy is endorsed by the AGL Board.

It is supported by the AGL Legislative Compliance Plan which describes the practices and procedures to implement this Policy.





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1. Introduction

The operations of AGL Energy Limited (AGL) are subject to a wide range of legal requirements. These are embodied in legislation, regulations, and a variety of licences and legally enforceable codes, guidelines and similar instruments (individually and collectively, Law). Some of these legal requirements, such as the Trade Practices Act and Corporations Act, apply to companies generally in Australia. Others are specific to the industry in which AGL operates.

AGL is committed to complying with all applicable Law. Not only is this the right thing to do, it is also good business.

This document sets out AGL's policy for compliance with the Law and the governance structures, responsibilities and processes that have been established to give effect to the Policy.

2. Legislative Compliance Policy

Consistent with its Code of Conduct, AGL is committed to the highest standards of integrity, fairness and ethical conduct, including full compliance with all relevant legal requirements. AGL in turn requires that all its Directors (including its Chief Executive Officer), Chief Financial Officer, officers, managers, employees, and contractors acting on its behalf meet those same standards of integrity, fairness and ethical behaviour. This includes compliance with the requirements of any Law.

There is no circumstance under which it is acceptable for AGL or any of its employees or contractors to knowingly and deliberately not comply with the Law or to act unethically in the course of performing or advancing AGL's business.

3. Objective

The Board's objective is that, through active and consistent management, AGL's business will be conducted in full compliance with the Law at all times and in all areas of its operation.

4. Governance Structure

The principal legal requirements under which AGL operates can be divided into a number of well-defined groupings or "strands". The governance structures established by the Board to manage and ensure compliance in each of those strands is illustrated in Appendix A.

5. Governance Responsibilities

5.1. The Board

The Board, through its Audit and Risk Management, Safety, Sustainability and Corporate Responsibility, and People and Performance Committees will:

- › Review and monitor the leadership and commitment given to legislative compliance through active promotion of AGL's Legislative Compliance Policy.
- › Review compliance management objectives and plans for legislative compliance.
- › Monitor compliance performance by way of periodic management reports and assurances.
- › Review AGL's Legislative Compliance Policy annually and amend as required.

5.2. Group Risk and Executive Team

Group Risk is responsible for:

- › Preparing legislative compliance objectives and plans for review and consideration by the Audit and Risk Management Committee.
- › Monitoring performance against endorsed legislative compliance objectives and plans and reporting to the Audit and Risk Management Committee on progress toward accomplishment of objectives.
- › Review and report annually to the Audit and Risk Management Committee on the effectiveness of the management systems established to deliver legislative compliance.
- › Analyse material breaches, near misses, and identified compliance system weaknesses for systematic trends and ensure that any adverse trends are addressed.
- › Promote a standardised approach to legislative compliance, consistent with AS3806, and ensure that activities relating to legislative compliance are managed actively and constantly throughout AGL.
- › Review this Policy annually and where appropriate recommend amendments for adoption by the Board.

Group Risk is assisted and supported in the performance of its functions by the Executive Team.

The Executive Team is responsible for promoting a culture of effective legislative compliance across AGL.

5.3. Compliance Function Managers

Responsibility for the compliance program for each strand of principal legal requirements under which AGL operates is assigned to a designated Compliance Function Manager.

Each Compliance Function Manager is required to establish, maintain and administer a compliance program for the relevant compliance strand by reference to AS3806. Their principal duties are:

- › Promoting an ethical and positive compliance culture.
- › Communicating to those in AGL expected to comply with the Law or a related AGL Policy, the existence and requirements of the Law or Policy.
- › Providing procedures, education and training to guide the behaviour of employees, and where appropriate, contractors, agents, and others.
- › Monitoring compliance with the Law and related AGL Policies and procedures.
- › Overseeing processes for the management and resolution of compliance non-conformances including breaches and near misses.
- › Reporting to the Board via Group Risk no less frequently than semi-annually on breaches, non-compliance risks and related actions undertaken or proposed.

5.4. Leaders

Leaders are responsible for actively promoting compliance and for establishing and maintaining a culture and systems within their respective workplaces which ensure that breaches of the Law do not occur by:

- › Conforming to and applying relevant requirements of the Law within those workplaces.
- › Consistently supporting and implementing the Policy and ensuring the systems and procedures established to make it effective are operational and effective.
- › Ensuring that Colleagues (and, where relevant, contractors and agents etc.) are trained so that they have the necessary knowledge and understanding to perform their duties in compliance with the Policy and all relevant requirements of the Law.
- › Including significant compliance responsibilities and accountabilities in position descriptions and engagement profiles and in discussions at performance reviews.
- › Reporting and participating in the investigation of any incident or occurrence thought or known to constitute a breach of any requirement of a Law.
- › Designing and implementing system enhancements to correct weaknesses that could result in a breach of a requirement of a Law and to avoid the continuance or recurrence of any breach which does occur.
- › Providing periodic formal assurances as to the state of compliance within the area of the business managed by the Leader.

5.5. Colleagues

AGL people at all levels are responsible for being aware of the requirements of any Law that apply to their day to day activities and for complying with them. They must:

- › Observe the Policy and adhere to the systems and procedures established to make it effective.
- › Report immediately any incident or occurrence thought or known to constitute a breach of a requirement of a Law, whether or not it is within the person's immediate area of responsibility.
- › Seek advice from their Leader if they are uncertain about any aspect of the relevant Law.
- › Where appropriate, suggest ways in which practices, systems and procedures could be improved so as to reduce the likelihood of a breach occurring.

6. Reporting

All incidents and breaches of the Law are to be reported. These include:

- › Breaches and non-compliances - where it is suspected or confirmed that AGL has failed to comply with a requirement of a Law.
- › Near-misses and non-conformances - where a breach or non-compliance might have occurred if circumstances had been different, or where there are defects in systems, procedures and/or practices such that failure to rectify the situation could lead to a breach or non-compliance.

Management are charged with the responsibility of investigating the incident or near miss and taking appropriate action to prevent/reduce recurrence.

7. Reviewing and Maintaining The Policy

The Policy is reviewed and confirmed annually by the AGL Board on the basis of recommendations of the Audit and Risk Management Committee.

8. Management Assurance

Management's accountability for compliance is reinforced by a twice-yearly requirement for Business Unit managers to provide a formal assurance, ultimately to the AGL Board, as to the state of compliance within the areas of their management responsibility. The assurances are required in July and January each year to coincide with the Corporate results cycle.

Where a significant breach has occurred within a Business Unit manager's area of responsibility during the reporting period the Letter of Assurance must include relevant details including what breach occurred, why it occurred, action taken and any amendments to systems and processes to prevent any recurrence.



9. Audit and Review

Group Audit facilitates good governance by periodically reviewing the continuing suitability and effectiveness of the Policy and reporting its findings and recommendations for improvement to the Audit and Risk Management Committee.

Group Audit also conducts ongoing audits of compliance performance and the compliance programs established throughout the business.

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