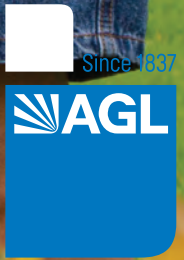




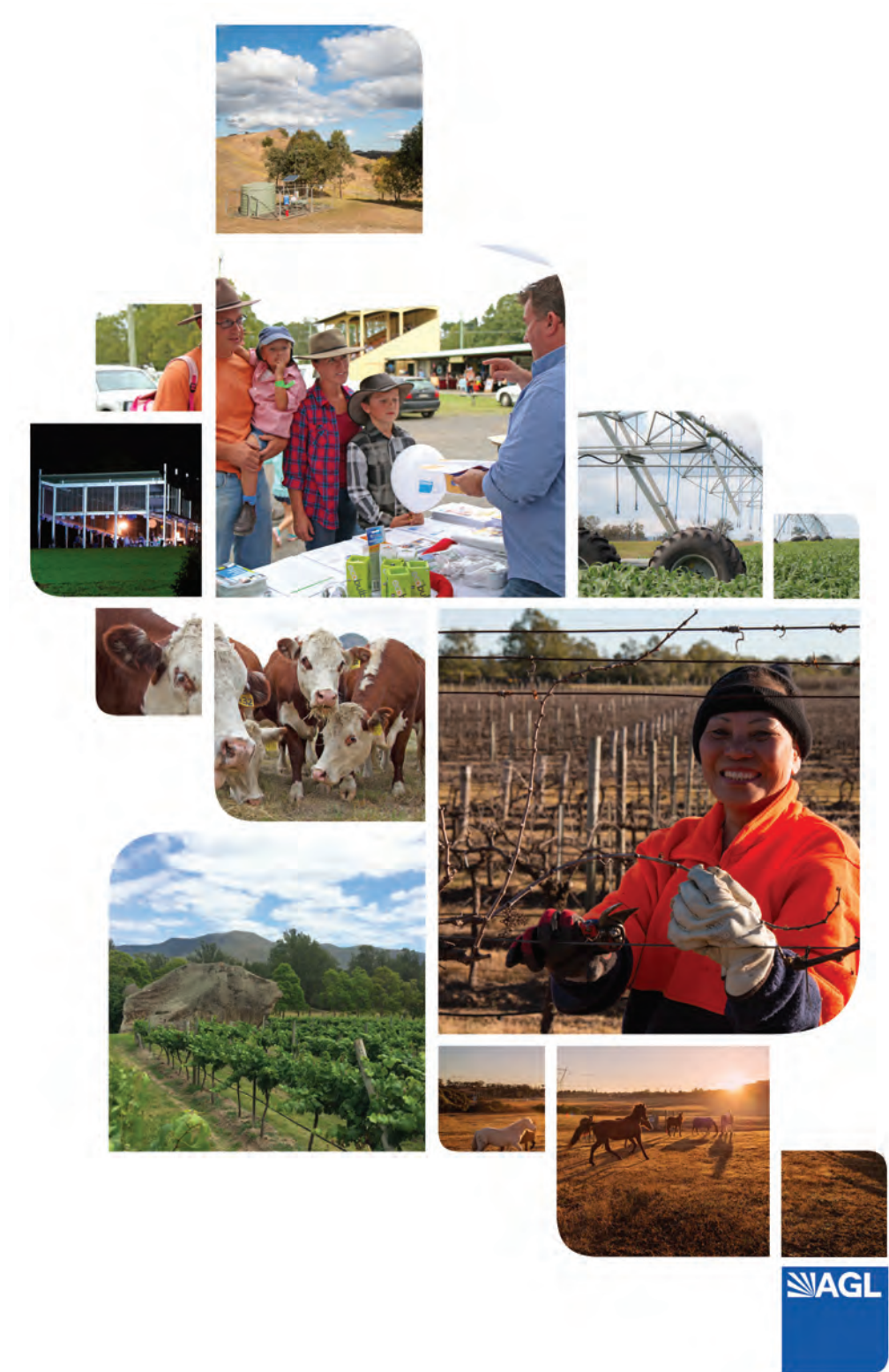
Energy in
action.[®]



Community Investment.

AGL Upstream Gas
FY 2013/14

AGL in the community.



Letter from Mike Moraza.

Delivering benefits through partnerships with local communities.

Being a good neighbour is important to AGL. This is the guiding principle for how we work with the local communities in all our coal seam gas project areas.

It can be seen in the way we care for local environments and in the way we work respectfully with landholders. It can also be seen in the way we aim to deliver economic benefit to the communities in which we work.

This can be through the purchase of goods or services from local suppliers or the wages paid to local employees.

It's what we call "economic sustainability" and it is our way of ensuring the benefits of AGL's presence are shared.

Across our project areas in Gloucester, Hunter Valley and the Macarthur region, over the course of the 2013-14 financial year, our activities directly contributed over \$45 million to the Australian economy and employed 85 workers across our gas projects.

And, of course, it also means we talk to the community about our plans and our activities so that we can best understand how not only to minimise our impacts, but also bring the most benefit.

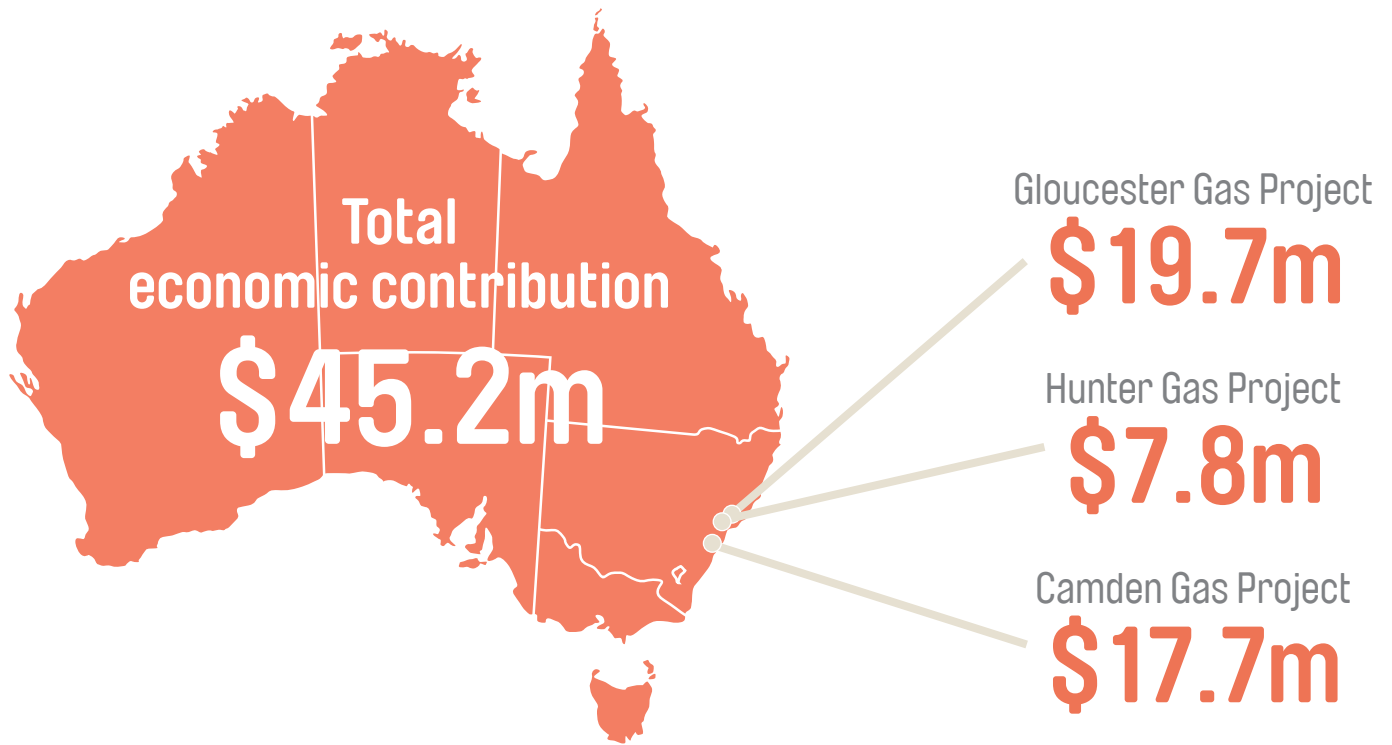
I encourage you to read this report to learn more about our work with local communities and local businesses and to visit our dedicated community website, YourSayAGL.com.au, to learn more about how we work and give us your feedback.



Mike Moraza
Group General Manager
Upstream Gas, AGL



AGL and the community.



AGL has been producing natural gas from coal seams in NSW for more than 13 years. In addition to helping meet the state's gas needs, being a good neighbour and making positive contributions in the communities in which we operate is important to us. So, engaging locally is key to the work we do.

We employ people who live in our project areas, support local providers of goods and services and support community programs and initiatives.

We believe that our work can be done safely and with minimal impact alongside agriculture, viticulture, livestock and communities.

We have our own land in some of our project areas and we use it productively; vineyards in the Hunter Valley, cattle in Broke and in Gloucester a pilot irrigation program demonstrating that produced water from coal seams can be blended with fresh water to irrigate fodder crops.

We also want to build trust through our dealings with landholders, through access agreements based on fairness, respect and never entering a property without the owner's explicit permission.



\$10.1m

Total spend on local suppliers



364

Total local suppliers



46

Total local employees

Supporting communities.

In FY 2013/14 AGL invested almost \$110,000 in community activities and events:

- > In Camden, we were a major sponsor of the annual Camden Show, supporting the AGL Lumberjacks Spectacular and the Beef Cattle section.
- > In the Hunter, we sponsored the Award for Business Innovation at the Singleton Business Chamber Awards and supported local public schools with a variety of initiatives and improvements.
- > In Gloucester, we commenced the Local Community Investment Program which allows local organisations to apply for funding. We want to expand these efforts in 2015, including a Social Impact and Opportunity Assessment process in Gloucester to help us better understand how we can best make a positive difference in the community.

Gloucester Gas Project.

\$2.5m

contribution to Gloucester region



98

local
suppliers

21

employees



62%

are local

The Gloucester Gas Project has the potential to meet 15 percent of NSW's natural gas demand from 2018.

While proceeding to full production is a decision yet to be made, as part of our exploration program we are sourcing goods and services locally and employing local people. In the 2013/14 financial year we invested \$2.5 million in the local community.

We are also behind initiatives including the Gloucester Community Investment Program, which directs investment back into the local community via donations, sponsorships and community development programs.

Yates and Twomey Hardware: An AGL supplier.

Hardware is in Ray Twomey's blood. In 1948, his father and uncle established Yates and Twomey's Country Hardware store in the main street of Gloucester on their return from WWII.

Ray now runs the business with his wife Sandra and their four staff, continuing the country store tradition of personal service to the customer.

"I think AGL being in Gloucester makes a difference to the town," he said. "We need this energy and resource industry. Productive people are happier people, they feel useful and wanted. This type of long term industry gives people future stability and purpose."

"The extractive industry is not new to Gloucester, from the cedar cutters and gold mining of Copeland to a coal mine adjacent to the Gloucester Railway Station, it's been around for a long time."

"I look forward to a future where investments are more about enterprise, opportunity and production other than land and lifestyle as a commodity."



Yates and Twomey Hardware, Gloucester.

Tracey Relf: Local knowledge, local support.

Tracey Relf has raised her two children in the Gloucester area and due to the opportunity that AGL has provided she has been able to remain living in the Gloucester community. "In addition to myself, AGL has also employed other local people, as well as bringing new families into the area. I see this as a good thing for Gloucester".

Working as Operations Support Administrator at the AGL Gloucester Gas Project office, Tracey works alongside local businesses who provide services and supplies to AGL. "The local support has been great and I appreciate the way the local contractors and suppliers continue to support us and we are able to support them."



AGL's Tracey Relf (second from right) and Community Relations Manager Karyn Looby with local volunteers from the Westpac Rescue Helicopter service.

"I can see the benefits of having AGL in town, where AGL can utilise the local businesses. From a business perspective, it makes sense to work with contractors and suppliers who are just down the road and we are lucky to have these businesses".

"It has been very rewarding working alongside my colleagues here at AGL, and it makes me feel good to be able to help our local businesses".

Community investment.

In FY 2013/14, AGL invested more than \$47,000 in the Gloucester community by supporting community initiatives, events and organisations including:

- > the Resilience Hub program at the Gloucester High School,
- > donation of an air conditioner to the Stroud Road Public School,
- > the annual Westpac Rescue Helicopter fundraising dinner,
- > Gloucester and Stroud Shows and Stroud brick-throwing event,
- > MidCoast Science and Engineering challenge,
- > Glowalman Junior Rodeo,
- > NAIDOC week, and
- > Small Business Chamber Chillout Festival.



Camden Gas Project.

\$5.2m

contribution to Macarthur region



140 local
suppliers

47

employees



53%

are local

For the past 13 years AGL's Camden Gas Project, south-west of Sydney, has been producing around five percent of NSW's gas needs, all the while operating side-by-side with farmers, horse studs, dairies and local communities.

We are also ensuring we make a valuable contribution to local families, businesses and community groups in the Macarthur region.

More than half our staff at the Camden Gas Project are locals, as are around a third of our suppliers and contractors.

We are regularly consulting with the community through our local Community Consultative Committee (CCC) and AGL proudly sponsors a wide variety of community events from the annual Camden Show to the Christmas in Narellan festival.

Being close to Sydney, the Camden Gas Project also lets us showcase how we work and our efforts to protect the environment and the community. At community events and Open Days guests have the opportunity to hear from our scientists and engineers, visit operating coal seam gas wells and learn about our operations.

AGL Land Officer Kevin Rofe with local landholder Scott Wade.



Keiran Fetterplace: A growth partnership.

Being a supplier to AGL's Camden Gas Project has helped grow Keiran and Shellie Fetterplace's business.

Fetterplace Civil started in the Macarthur region 15 years as a single operation; Keiran and Shellie now employ three permanent local staff and up to 10 contractors at a time.

Their business does civil works for infrastructure projects such as the Camden Gas Project, which includes laying pipelines and water gathering lines, constructing drill pads, and doing site rehabilitation when needed.



Keiran Fetterplace from Fetterplace Civil.

"We wouldn't be where we are now if it wasn't for being a supplier to AGL for the last 11 years," Keiran says.

"We had one plant, and now have up to four plants. We've gone from a small operation to a sustained business with four staff and contractors."

"Also, working as part of the Camden Gas Project has really made us step up in terms of safety and using proper management systems. Not many companies our size have this and AGL encouraged us right from the word go."

Aaron Clifton: Protecting the environment all in a day's work.

For seventh-generation Camden local Aaron Clifton, making sure the region's environment is protected isn't just a job, it's a way of life.

Aaron has been with the Camden Gas Project since 2003 and as AGL's Environment Manager NSW Operations, he is responsible for ensuring all our NSW natural gas operations are operating safely and comply with all applicable environmental protection legislation and licence conditions.

You'll also find Aaron at Open Days and other events talking to the community as well as addressing forums such as the Camden CCC.

"When I have the opportunity to speak with a community member, it's important to provide them accurate answers to their questions so they'll walk away with a greater confidence in the work we're doing."

Aaron presenting to Macquarie University students as part of an open day.



Hunter Gas Project.



AGL is still exploring for natural gas in the Hunter Valley. But while we are not producing gas at the moment, what we are doing is showing how we can operate sustainably in a community that already has well-developed agriculture, tourism and wine industries.

AGL maintains over 100 acres under vine in the Broke-Fordwich region of the Hunter, producing chardonnay, sauvignon blanc, semillon and verdelho, alongside our core holes and pilot wells.

You'll also find us sponsoring the annual AGL Hunter Wine Excellence Scholarship, which gives NSW and local winemakers the chance to use grapes from AGL's vineyards to enter wine shows. The prize is a study tour to Europe or North America to learn more about the craft.

Simon Nagle: Keeping it local.

The lifestyle and economy of the Hunter Valley has traditionally been based around resources and rural industry, and the way Simon Nagle sees it, AGL's Hunter Gas Project is a natural fit for the region.

"Over the past few years the region has seen a downturn with the rise of the Australian dollar and the decline in coal prices," says Simon, who as the owner of Valley Wide Electrical, been providing a variety of services to the Hunter Gas Project.

"We started doing work for AGL about five years ago around Broke and Bulga, looking after outbuildings, wells and pumps on the company's rural properties.

"All my employees are local guys," says Nagle, "and AGL supports that. AGL go out of their way to source whatever they can locally and they've asked me to use local electrical wholesalers wherever I can as well," he says.

"I think AGL have tried really hard to get involved in the community, whether it's the Singleton Show or community events, and they are always willing participants when it comes to helping out schools," Simon says.





Simon with part of AGL's Hereford cattle herd.

Simon Bannister: Committed to the land.

In the Hunter Valley and Gloucester, we are farmers ourselves.

It's the job of Simon Bannister, AGL's Upstream Gas Agriculture Manager, to keep track of it all, with the help of a team of five employees, all local to the areas in which they work.

A lifelong farmer who was a station manager in Queensland before joining AGL three years ago, Simon makes sure these ventures bring as much benefit to the local community as possible.

"We engage with local businesses and our agriculture department is really the representative of AGL in the Broke community. We invest locally and purchase locally where we can."

"That can be anything from a small purchase at a local shop, hundreds of dollars a week to fuel our farm vehicles, or even buying farm equipment," Simon says.

"Doing business locally is good business. When it comes to agriculture and the community, AGL is a progressive and engaging company," he says.

Community investment.

In FY 2013/2014, AGL's Hunter Gas Project invested over \$30,000 for the benefit of the local community through a number of initiatives, including:

- > the AGL Hunter Wine Excellence Scholarship using grapes from AGL's Spring Mountain and Yellow Rock Estate vineyards and highlighting the talent of NSW and local winemakers,
- > key sponsor of the Singleton Agricultural show since 2012 and providing a new lighting and sound system for the showground,
- > sponsorship of the award for Business Innovation at the Singleton Business Chamber awards,
- > financial support towards initiatives at the Broke, Kirkton, Milbrodale and King Street Primary Schools,
- > support for the Hunter Valley Off Road Racing group, which holds an annual event to support children with cancer, and
- > our continued partnership with the Dungog Gresford Land and Beef Group.



Join AGL's online community

www.YourSayAGL.com.au

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Email: c&sr@agl.com.au

Web: www.agl.com.au/naturalgas

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