

PURPOSE

The purpose of this policy is to articulate EQL's expectations for compliance across the EQL Group. This policy is fundamental to Energy Queensland being a safe, successful and sustainable organisation.

POLICY STATEMENT

Energy Queensland is committed to having an effective compliance management framework and an enterprise-wide culture of good corporate governance, ethics, integrity and compliance. Compliance across the EQL Group is achieved by actively fostering a culture of continuous improvement in our compliance performance, supported by effective, sustainable systems, processes and tools.

All EQL personnel are required to:

- take personal responsibility and accountability for satisfying compliance obligations in their day-to-day activities; and
- contribute to a positive and proactive compliance culture of best practice governance, ethics and integrity.

Compliance is supported and encouraged across all levels of the EQL Group. Compliance is integrated across all business functions and day-to-day operations. Compliance issues, compliance risks and non-compliances are communicated early and transparently.

IMPLEMENTATION

Scope

The EQL Group is subject to a wide range of legal, regulatory and governance requirements, as well as best practice standards, ethics and community expectations. This policy covers all EQL Group's compliance obligations, including:

- legislative obligations, including State and Commonwealth Acts, Regulations, local laws, by-laws, planning schemes and rules
- permits, licences, approvals and other authorisations
- contractual obligations
- regulatory policies, guidelines (such as the Australian Energy Regulator's Electricity Distribution Ring-Fencing Guideline) and codes
- industry codes and standards
- shareholding Minister and other State and Commonwealth government requirements
- Energy Queensland's policies, procedures, Code of Conduct, strategies, plans and delegations.

This policy applies across the EQL Group to directors, officers, employees, contractors and service providers (where applicable) and any other person notified that this policy applies to them.

Principles

Energy Queensland's compliance management is based on the following principles:

1. Leadership

Leadership at all levels demonstrating a commitment to, and promotion of, integrity, ethics and compliant behaviour; compliance is supported and encouraged across all levels of the organisation.

2. Awareness

Compliance obligations are identified, compliance risks evaluated; compliance issues and compliance risks are addressed through sustainable, effective controls.

3. Integration

Compliance management is integrated across all business functions and day-to-day operations through effective controls such as systems, processes, tools, education and awareness-raising activities.

4. Evaluation

Adequacy, effectiveness and efficiency of controls are evaluated and improved (where necessary); compliance issues, compliance risks and non-compliances are managed, analysed and reported early and transparently; compliance performance measured and improved (where necessary).

Responsibility and Accountability

Compliance is everyone's responsibility. Energy Queensland expects all directors, officers, employees, contractors and service providers across the EQL Group to:

- be aware of and adhere to this policy, other policies and procedures relating to their workplace activities and compliance obligations
- act in accordance with the Code of Conduct and perform their duties in an ethical, lawful and safe manner
- satisfy all compliance obligations in their day-to-day activities
- contribute to the EQL Group's positive compliance culture
- integrate compliance management into their day-to-day activities
- undertake training and education to support compliance
- pro-actively communicate, report and escalate all compliance issues, compliance risks and non-compliances.

Compliance issues, compliance risks and non-compliances should be assessed using the EQL Risk Evaluation (Impact and Likelihood) Matrix and escalated in accordance with the Risk Escalation and Reporting Mechanism. Any compliance issues, compliance risks and non-compliances with a High or Extreme risk level should also be reported to the Enterprise Compliance Team.

Specific compliance responsibilities are set out in the table in **Annexure A**.

REFERENCES

EQL Directors' Code of Conduct Policy

EQL Employee Code of Conduct Policy

EQL Compliance Management Guide

AS/NZS ISO 19600:2015 *Compliance management systems – Guidelines*

EQL Risk Appetite Statement and Risk Evaluation (Impact and Likelihood) Matrix

EQL Risk and Organisational Resilience Policy

EQL Risk and Compliance Committee Charter

DEFINITIONS

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|-------------------------------|--|
| Compliance | Outcome of the EQL Group meeting all compliance obligations |
| Compliance Management | A process by which Management plans, organises, controls and leads activities that ensure compliance with compliance obligations. Compliance Management is supported by effective, sustainable systems, policies, procedures and tools to ensure compliance obligations are met and that EQL appropriately responds to any compliance issue, compliance risk or non-compliance |
| Compliance issue | Any concern, event or incident relating to a compliance obligation |
| Compliance obligations | Requirements the EQL Group either must comply with (such as legislative obligations, licences, policies, contracts) or chooses to comply with (such as industry codes and standards) |
| Compliance risk | Occurrence of a particular set of circumstances that may have an impact on the EQL Group meeting compliance obligations |
| Culture of compliance | Values, ethics, beliefs and behaviours that create and support compliance across the EQL Group |
| Non-compliance | A failure to meet any compliance obligation |
| This policy | This policy and any related documents |

ENFORCEMENT

Behaviour that creates and supports compliance is encouraged. Behaviour that compromises compliance and is not in accordance with the Code of Conduct will not be tolerated and may result in appropriate action.

VARIATION

This policy is not intended to detract from, or add to, any rights held by a person covered by this policy under a contract of employment or enterprise agreement. Subject to any consultation obligations, Energy Queensland may vary, add to, withdraw, or replace this policy, at its discretion, at any time.

This policy should be reviewed at least every two years.

This policy may only be varied by the Board or appropriately delegated Board sub-committee. The CEO or the Company Secretary can approve administrative changes to Board approved policies (i.e. minor updates, amendments or corrections not involving changes to delegations or the provisions of the policy).

Minor amendments reviewed and approved by the Company Secretary on 22 December 2020.

CATEGORY

Governance

The Company Secretary is responsible for the development, implementation and oversight of the enterprise-wide compliance management framework and processes. For all enquiries regarding this document please contact the Manager Risk and Compliance.

COMPLIANCE MANAGEMENT POLICY



Annexure A – Roles & Responsibilities

The table below sets out specific roles and responsibilities for compliance management. These responsibilities are in addition to those that apply to everyone as set out in the policy.

| Division/Position | Responsibility |
|-------------------------------|--|
| EQL Board | The responsibility of the Board is to oversee and ensure that EQL has in place an appropriate Compliance Management Policy and Framework and to monitor compliance. |
| Risk and Compliance Committee | The responsibilities of the Risk and Compliance Committee are to assist the Board in fulfilling its compliance oversight responsibility, as articulated in the Risk and Compliance Committee Charter. |
| CEO | Accountable to the EQL Board for ensuring EQL's compliance with Compliance Obligations. This includes: <ul style="list-style-type: none"> • Supporting and encouraging proactive, transparent and accountable compliance management • Promoting a positive compliance culture within the EQL Group • Requiring everyone across the EQL Group carries out their duties in an ethical and responsible manner, protecting the community interest and the organisation's integrity |
| Company Secretary | Appointing and retaining an adequately resourced and skilled Enterprise Compliance Team that has the authority and capacity to act independently |
| Executive General Managers | Each Executive General Manager is: <ul style="list-style-type: none"> • Accountable to the CEO for compliance obligations for which they are responsible (both within their business units and across the EQL Group) • Responsible for overseeing the pro-active management of those compliance obligations for which they are responsible, the on-going identification, assessment, management, reporting, review and monitoring of compliance issues, compliance risks and non-compliances • Ensuring adherence to this policy and providing periodic compliance certification. |
| Company Secretary | Accountable for: <ul style="list-style-type: none"> • Implementation, review and management of the EQL Group's compliance management strategy • Reporting on compliance issues, compliance risks and non-compliances directly to the Executive General Managers, the CEO, the Risk and Compliance Committee and the Board as required Has the support of the CEO to access: |

COMPLIANCE MANAGEMENT POLICY



| Division/Position | Responsibility |
|---|---|
| | <ul style="list-style-type: none"> • all levels of the EQL Group, including direct access to the Chair of the Board, Board, Risk and Compliance Committee, CEO, Executive General Managers and General Managers • all documented information and data needed to support compliance management • expert advice on relevant laws, regulations, codes and standards (as required) |
| <p>General Manager Internal Control and Audit</p> | <p>May be requested by the Audit Committee to review compliance tools and processes against set criteria to:</p> <ul style="list-style-type: none"> • provide a level of assurance on the effectiveness of the compliance controls and/or processes • provide a level of assurance on compliance obligations • investigate compliance issues or non-compliances <p>The General Manager Internal Control and Audit may also be requested by the CEO or Board, through the Audit Committee, to review compliance tools and processes.</p> |
| <p>General Managers, Managers and Supervisors</p> | <p>Responsible for:</p> <ul style="list-style-type: none"> • Ensuring identification of compliance obligations, compliance issues, compliance risks and non-compliances • Implementation and maintenance of effective compliance controls and/or processes • Adherence to this policy and associated procedures, systems and guidelines (including reporting of compliance issues, compliance risks and non-compliances) <p>Encouraged to identify and raise areas of concerns and/or improvement with the Enterprise Compliance Team and for any ring-fencing specific compliance issues, compliance risks and non-compliances with the Legal, Regulation and Pricing Team.</p> |