



Amd Date 13/10/09

Policy Statement

Stanwell is committed to conducting its business activities lawfully and in a manner that will enhance the qualities valued by Stanwell, in particular ethics, integrity and individual accountability and to:

- ensure that its Representatives 'get it right' in relation to Stanwell's legal obligations (that is, compliance with legislation, Stanwell's Australian Financial Services License and the National Electricity Rules, compliance with Stanwell's policies, procedures and guidelines and compliance with Stanwell's contractual commitments);
- maintain and raise the level of awareness of Stanwell's legal obligations by the provision of a Legal Compliance Manual, education systems, legal advice and legal updates;
- develop and deploy appropriate practices and processes to ensure compliance with Stanwell's legal obligations;
- monitor Stanwell's compliance with its legal obligations;
- take appropriate corrective action against its Representatives with the view to preventing recurrence of compliance breaches; and
- take appropriate disciplinary action against its Representatives, who wilfully breach the law or wilfully fail to comply with Stanwell's legal obligations. Further, Stanwell will not provide support to such Representatives in the event of a prosecution at law.

All Representatives are expected to adhere to high ethical standards when acting on behalf of Stanwell and to strictly comply with all relevant laws and regulations.

Stanwell recognises that it will achieve its goals and objectives more efficiently through the implementation of a Legal Compliance System to better manage its legal compliance risks. Stanwell will exercise good corporate governance and encourage proactive, accountable management by maintaining and continuously improving its Legal Compliance System.

To achieve these goals, Stanwell seeks to provide compliance tools to its Representatives so as to enable them to meet their legal and ethical obligations. Accordingly, Stanwell expects those compliance tools to be utilised.

As part of continuous improvement, this policy may change from time to time.

Scope

This policy applies to all areas and all activities of Stanwell and includes Stanwell's subsidiaries.

Objectives

This policy seeks to provide:

- a uniform approach to ensure compliance with all laws, licenses, rules, regulations, industry and internal codes of conduct which impact on the day to day activities of Stanwell;
- promote a compliance culture at Stanwell;
- uphold good corporate governance practices; and
- risk treatments in respect to compliance which will be commensurate with risks facing Stanwell.

Policy

Legal and Regulatory Compliance



Amd Date 13/10/09

The policy seeks to ensure consistency in Stanwell's approach to compliance and that there is consistency between laws, by-laws, regulations and industry codes with Stanwell's policies, procedures and guidelines.

The more detailed operational procedures supporting Stanwell's Compliance Policy are specified in Stanwell's Legal Compliance Manual.

Policy Outline

Stanwell's Compliance Policy is based on the best practice *Australian Standard AS3806: Compliance Systems*.

The obligation for Stanwell to comply with all relevant legislation, laws, regulations, standards and Codes originates from its initial corporatisation as a company government owned corporation, pursuant to the *Government Owned Corporations Act 1993 (Qld)*.

The key principles applying to Stanwell are:

- clarity of objectives;
- management autonomy and authority;
- accountability for performance;
- ethics; and
- integrity.

To achieve this Stanwell:

- has established a Legal Compliance Manual that details the statutory obligations of Stanwell;
- maintains a detailed list of all Commonwealth and State legislation which impacts upon Stanwell's operations;
- provides education and training as part of the implementation of the Legal Compliance System, detailing individual responsibilities, reporting and communication methods;
- ensures the effectiveness of the Legal Compliance System by conducting internal audits in accordance with Stanwell's Audit Plan and Integrated Audit Schedule;
- promotes an ethical and positive compliance culture in relation to the law;
- reports on a quarterly basis (and any other time during the quarter as necessary) to the Board via the ARMC on breaches, non-compliance risks and complaints and related actions undertaken or proposed;
- will report on an annual basis (and any other time during the year as necessary) to the Board via the ARMC on proposed improvements to the Legal Compliance System; **and**
- will include significant compliance responsibilities in position descriptions and key performance indicators and discussions at performance reviews (where appropriate for the particular position).

Definitions

Key definitions for Compliance, based on the Australian Standard AS3806: Compliance Systems, are as follows:

Code: Mandatory industry codes and voluntary industry codes with which Stanwell has chosen to comply.

Policy

Legal and Regulatory Compliance



Amd Date 13/10/09

Compliance: Ensuring that the requirements of laws, regulations, bylaws, Codes and organisational standards are met.

Executive Leadership Team: Chief Executive Officer and the Executive General Managers.

General Manager, Risk, Compliance and Insurance: Responsible for the coordination of the Legal Compliance System throughout Stanwell.

Legal Compliance: Effective control of legal risks in order to ensure that the law is complied with (due diligence).

Legal Compliance System: Legal Compliance System includes this compliance policy, compliance procedures and Stanwell's Legal Compliance Manual.

Manager Legal & Financial Compliance: Responsible for the coordination of the Trading Compliance Work Procedure and provides specialist advice to the General Manager, Risk, Compliance and Insurance.

Managers: Managers, Team leaders, Site Managers and Department Heads (excluding General Managers).

Organisational standards: Any code of ethics, codes of conduct, good practices and charters that Stanwell may deem appropriate standards for day to day operations.

Representatives: Representatives include Board members, employees (full-time, part-time and casual), agents and contractors.

Risk Plan: In line with Stanwell's Risk Management Policy and Guidelines, Risk Plans detail all information relating to a risk, its risk assessment (potential, current and target), owner, and the relevant controls in place to limit a risk's likelihood or impact.

Risk Ranking: In line with Stanwell's existing Risk Management Policy, the risk of breaching statutory obligations and matters of non-compliance are to be assessed to ascertain the level of exposure to Stanwell.

Specialist adviser: Specialist staff member/s appointed as responsible for compliance with a particular legislation.

Trading Compliance: Ensuring that the terms and conditions of Stanwell's Australian Financial Services Licence and related legislative requirements and standards are met.

Trading Personnel: Employees engaged in electricity dealing activities on behalf of Stanwell including Managers within the Trading Division.

Responsibilities

In accordance with Stanwell's Code of Conduct, it is the responsibility of all Representatives (commensurate with their roles, functions and span of control) to comply with relevant statutory obligations.

Policy

Legal and Regulatory Compliance



Amd Date 13/10/09

The Board

The Board retains the ultimate responsibility for legal compliance and for determining the appropriate level of compliance that the Board is willing to accept in the conduct of Stanwell's business activities. The Board has established the Audit and Risk Management Committee (ARMC) to provide assurances concerning the management of risks within Stanwell.

The Board has among its primary responsibilities the establishment and monitoring of systems of internal control and risk management. In addition, Stanwell is required to include in its Annual Report details of the processes in place for managing, reviewing and communicating risks. Risks associated with non-compliance with the law are encapsulated in these requirements.

Audit and Risk Management Committee (ARMC)

The ARMC is delegated by the Board with overall responsibility for overseeing the compliance activities of Stanwell and approving appropriate compliance procedures and measurement methodologies across the organisation. The ARMC is responsible for reporting higher level compliance and risk exposures to the Board. The responsibilities and detailed administrative duties of the ARMC are set out in the Board approved Audit and Risk Management Committee Charter.

Chief Executive Officer (or delegate)

The Chief Executive Officer or delegate is responsible for notifying the Crime and Misconduct Commission if the Chief Executive Officer or delegate suspects that a complaint, information or matter involves, or may involve, official misconduct under the *Crime and Misconduct Act 2001*.

Executive Management

Executive Management are accountable for the identification, analysis, treatment and reporting of legal compliance risks and legal compliance breaches. This includes notifying the Chief Executive Officer or CMC Liaison Officer of any suspicion that a complaint, information or matter involves, or may involve, official misconduct under the Crime and Misconduct Act 2001 (Qld). They are responsible for the ultimate sign off of all risk information which they present to the ARMC.

Managers

Managers assume responsibility for ensuring effective implementation and maintenance of this Policy and that all personnel adhere to the associated systems and guidelines. Managers are then responsible for the regular reporting of the status of controls, compliance breaches and their improvement to Executive Management. This includes notifying the CMC Liaison Officer of any suspicion that a complaint, information or matter involves, or may involve, official misconduct under the *Crime and Misconduct Act 2001* (Qld).

Executive General Manager Governance and Corporate Strategy

The Executive General Manager Governance and Corporate Strategy is responsible for the oversight of the Legal Compliance System implementation and operation. It is their duty to ensure that non-compliance issues are adequately investigated and all issues reported to appropriate parties in a timely manner.

All enquiries to the Australian Securities and Investments Commission (ASIC) are to be dealt with by the Company Secretary. Otherwise there must be no communication to ASIC without prior approval from the Company Secretary.

Policy

Legal and Regulatory Compliance



Amd Date 13/10/09

General Manager, Risk, Compliance and Insurance

To demonstrate its commitment to compliance with the law, the General Manager, Risk, Compliance and Insurance is responsible for coordinating legal compliance.

The General Manager, Risk, Compliance and Insurance is responsible for:

- the provision of reporting, guidance, policy and legal advice to Stanwell in relation to corporate compliance matters;
- ensuring that new laws and changes to the law are appropriately recorded, communicated and responded to across the organisation;
- conducting regular assessments on the impact and exposure of the legislation to each area;
- facilitating the development and continuous improvement of an corporate-wide Legal Compliance System;
- overseeing the implementation and continuous improvement of legal compliance structures and processes in place throughout the organisation;
- liaising with external parties;
- ensuring that throughout the organisation, compliance risks have been identified and assessed and appropriate controls developed to reduce the current risks to levels acceptable to the Board;
- This position is the contact point for any personnel wishing to confidentially report any non-compliance concerns or questions in relation to legal compliance issues.

Responsible Managers

Responsible Managers have been nominated to manage the obligations under Stanwell's Australian Financial Services Licence ('AFSL') and ensure that those obligations have been discharged. In their role, they must be capable of:

- Managing the financial services aspects of the business;
- Ensuring the quality of the financial service provided to its customers; and
- Ensuring the business is run in accordance with AFS requirements.

Manager Legal & Financial Compliance

The Manager Legal & Financial Compliance has been appointed to ensure that the objectives contained within the Marketing & Trading Compliance work procedures have been satisfied. This includes:

- Complying with the obligations set out in the Marketing & Trading Compliance work procedures and Marketing & Trading Risk Plans;
- Reviewing Compliance Reports from Reporting Managers;
- Investigate and Report on non-compliance and breach issues;
- Maintain the Marketing & Trading Compliance and Breach Register;
- Monitor rectification of non-compliances; and
- Liaise with the General Manager, Risk, Compliance and Insurance on financial services and other compliance issues.

Specialist Advisers

A Specialist Adviser possesses specialist knowledge in an identified risk area and has a thorough understanding of all Stanwell policies or processes, laws, regulations, standards and guidelines applicable to that area. For example, the Corporate Health and Safety Advisor is the designated Stanwell Compliance advisor for all workplace health and safety laws with which Stanwell must comply, whilst the Financial Controller occupies the same position in relation to financial issues.

Policy

Legal and Regulatory Compliance



Amd Date 13/10/09

All Representatives

All Representatives have a responsibility to ensure that their activities on behalf of Stanwell and those of their colleagues comply with all applicable laws. All Representatives are required to:

- comply with all relevant legislation;
- familiarise themselves with Stanwell's policies concerning compliance with specific areas of legislation that affect their workplace activities;
- report perceived breaches, risks, hazards, incidents and complaints;
- refer to the relevant Stanwell policy before they act if they are uncertain as to what is legally compliance behaviour in a given situation; and
- implement the practices learned in training provided by Stanwell.

Policy Content

To improve Stanwell's strong corporate governance and due diligence environment, Stanwell is committed to continuing to maintain and improve the existing Legal Compliance System. The Legal Compliance System is a management tool for identifying, monitoring and reporting on legal risk.

The key elements of the Legal Compliance System are:

- the areas within Stanwell that are affected by each statutory requirement;
- penalties for non-compliance;
- processes and procedures currently in place to ensure compliance;
- any identifiable gaps in the current processes;
- risk ranking of statutory obligations and any identified gaps;
- last review date of relevant risks; and
- education and training.

Identified statutory obligations will be risk assessed by the General Manager, Risk, Compliance and Insurance. This will allow the ARMC, with the support of the General Manager, Risk, Compliance and Insurance and Executive General Manager Governance and Corporate Strategy, to initially target resources to those areas of Stanwell where the greatest potential exposure lies.

Any subsequently identified non-compliance matters will also be risk assessed.

Monitoring and Reporting

Corporate

Compliance is a dynamic environment with changes occurring both in internal processes and the statutory guidelines. As responsibility for compliance lies with all Representatives, reporting will operate through existing management reporting structures.

The General Manager, Risk, Compliance and Insurance in conjunction with the specialist advisers for each division, will monitor the laws, regulations and codes for any changes or new statutory requirements. The Managers will monitor changes in internal processes to ensure that compliance is not negatively impacted. Continual consultation will be required between the General Manager, Risk, Compliance and Insurance, General Managers, Managers and the Specialist Advisers, to ensure that Stanwell is adhering to statutory requirements at all times.

A quarterly compliance reporting process has been developed. General Managers are asked to report on alleged breaches, risks of non-compliance and complaints received in the legislative area for which they

Policy

Legal and Regulatory Compliance



Amd Date 13/10/09

have responsibility. They are required to detail remedial action taken to resolve breaches and prevent their recurrence and strategies and controls in place, or being developed, to better manage compliance risks.

The General Manager, Risk, Compliance and Insurance will prepare a consolidated report on the outcomes of this process for the ARMC.

In some circumstances, General Managers and Managers will be required to report on alleged breaches, risks of non-compliance and complaints received on an urgent basis. This includes, for example, where they suspect that a breach of a policy or law involves, or may involve, official misconduct under the Crime and Misconduct Act 2001 (Qld). In these circumstances, the matter should be immediately notified to the CMC Liaison Officer. For further information, refer to the [Prevention of Fraud and Whistleblower/Dishonesty Procedure](#).

Trading Specific Activities

In relation to Stanwell's trading specific activities, the Manager Legal & Financial Compliance will monitor and report to the Responsible Managers on the Trading Division's financial services activities in order to identify and correct non-compliances with the terms and conditions of Stanwell's Australian Financial Services Licence.

The Trading Compliance Work Procedure, Compliance Reporting Work Procedure and Breach and Non-Compliance Reporting Work Procedure outline the reporting and monitoring requirements.

Continuous Improvement

Reviews will be conducted to cover legal compliance in core business areas as part of the bi-annual Legal Compliance Manual review. They will be conducted by the General Manager, Risk, Compliance and Insurance and/or Managers and specialist advisers. The reviews are carried out in addition to internal audits.

The results of these reviews shall be reported to the Managers, General Managers, Company Secretary and the ARMC (if Management considers appropriate). This will provide the Board with a level of comfort that the Legal Compliance System is effective and will highlight areas within the process that can be improved.

Education and Training

Corporate

There are existing specialist areas within Stanwell:

- Finance & Commercial Services (including Corporate Real Estate);
- Governance & Corporate Strategy (including legal, compliance and audit);
- Human Resources & Stakeholder Engagement;
- Operations (including Workplace Health and Safety and Environment); and
- Marketing & Trading.

The General Managers and Managers, who are specialists in these areas, will provide invaluable support and guidance for staff in the maintenance and improvement of the Legal Compliance System.

The General Manager, Risk, Compliance and Insurance, in conjunction with external legal advisors, will provide education and training to staff in relation to the Corporate Legal Compliance System. This education will be provided using newsletters, updates, presentations and specific advice on an as required basis. The newsletters will be issued by the General Manager, Risk, Compliance and Insurance to advise of any

Policy

Legal and Regulatory Compliance



Amd Date 13/10/09

compliance changes and detail the anticipated impact on Stanwell and the specific divisions. Training will be provided to personnel on specific legislative requirements on an as needs basis.

- + In some circumstances, General Managers and Managers will be required to report on alleged breaches, risks of non-compliance and complaints received on an urgent basis. This includes, for example, where they suspect that a breach of a policy or law involves, or may involve, official misconduct under the Crime and Misconduct Act 2001 (Qld). In these circumstances, the matter should be immediately notified to the CMC Liaison Officer. For further information, refer to the [Control Procedure for the Prevention of Fraud and Official Misconduct/ Whistleblower](#) Doc# 789411.

Trading Specific Activities

In relation to Stanwell's Trading activities, specific training will be available to Trading and Financial Risk Management Services personnel on issues relating to the provision of financial services and their principle accountabilities. The opportunity to participate in specific training will be coordinated by the Senior Risk and Compliance Analyst and the Corporate Training Coordinator. Training needs requirements should form part of individuals development plans and assessed as part of individual performance appraisals in accordance with Stanwell's Corporate Training Framework.

All Responsible Managers and authorised trading personnel must meet the required expertise standards required for financial services activities. In the case of trading personnel and Responsible Managers, those dealing and authorising derivative transactions must hold AFMA Electricity Accreditation or suitable industry experience under ASIC's Policy Statement 164 - Licensing: Organisational Capacities.

Review and Audit

Audit and risk management facilitates good governance by periodically reviewing the continuing sustainability and effectiveness of this policy and reporting to ARMC any findings and recommendations for improvement.

Bi-annually, the General Manager, Risk, Compliance and Insurance with the support of the Company Secretary will perform a review of the Legal Compliance System.

Communication Plan

The policy will be communicated to key stakeholders using education and training as detailed above and via the Intranet.

Review

This Policy will be reviewed by the Board at least every three years.

Links and References

- Australian Standard for Compliance Systems, AS3806;
- Stanwell's Legal Compliance System (available via intranet);
- All Commonwealth and State laws, regulations, standards, guidelines, policies applicable to Stanwell's operations (as listed in Schedule 2 of the Legal Compliance System);
- User Guide to Completing the Quarterly Report – Compliance Forms

Policy

Legal and Regulatory Compliance



Amd Date 13/10/09

- [Prevention of Fraud and Dishonesty / Whistleblower Procedure](#)
- [Integrity Act 2009 \(Qld\)](#)
- [Crime and Misconduct Act 2001 \(Qld\)](#)

[Return To Top](#)