

AGL Resources Political Engagement Practices

Philosophy and Values

We operate in a highly-regulated environment, and invest hundreds of millions of dollars in our communities each year. We are a capital-intensive, essential services business, and that requires us to be purposeful in our interactions with many different stakeholders.

Our 150+ year history recognizes that engagement in our communities brings value to our customers, our employees, and our company. Our corporate values reflect our mission and emphasize the positive roles that we should play as a corporate citizen and as individual officers and employees. We recognize that we are accountable to customers, shareholders, communities, regulators and legislators.

Our Corporate Values – Safety, Integrity, Honesty, Dignity and Respect; Stewardship; Value Seeking; Personal Responsibility and Teamwork; and Generosity of Spirit – drive our political engagement philosophy. We engage on public policy issues in a purposeful, respectful, and community-oriented way, at all times being mindful of our responsibilities as stewards of the company, our communities, and ethical conduct.

Our Company Code of Conduct states:

We strongly encourage employee involvement in the political process. In fact, the company has established several political action committees (PACs), funded by voluntary employee and board member contributions, in order to aid political candidates or political parties who support policies that are beneficial to the company.

However, campaign contribution laws are complex and subject to change. For example, federal law prohibits contributing, directly or indirectly, any company funds or assets to candidates for federal political office. The laws governing political contributions vary from jurisdiction to jurisdiction. Because of this, no employee other than the [Senior Vice President of External Affairs and Public Policy] is permitted to authorize the use of funds from the company or any of its subsidiaries for political contributions. All employees and board members are expected to comply with laws concerning campaign contributions.

Corporate Governance Processes

Our political engagement is subject to regular and active oversight by the Company's Board of Directors. The Nominating, Governance, and Corporate Responsibility Committee of the Board of Directors ("NGCR"), which is comprised solely of independent directors, regularly reviews our political engagement. NGCR asks for and receives detailed reports from management regarding external affairs, government relations, political action committee activities and compliance.

Political Action Committees

The company maintains one federal political action committee (“PAC”) and several state PACs, each of which is subject to federal and state laws and regulations. Eligible employees are encouraged to participate in the PACs, but decisions whether to participate and the level of participation are entirely voluntary, personal decisions free of undue influence or reprisal.

Each PAC is governed by a PAC board, comprised of company officers and employees, and in each case the Senior Vice President – External Affairs and Public Policy serves as the Chair of the PAC. The purpose of each PAC is to support and encourage the election to federal offices and state offices, as allowed by relevant federal and state law, of persons who support the needs of business in a free and healthy economy and to engage in political activities permitted by the federal and state election campaign laws, regulations promulgated thereunder by the Federal Election Commission, and relevant state law. Each PAC also provides programming and activities to educate and involve employees in the political process. Our PACs are subject to regular compliance audits and we routinely engage outside counsel to assist in compliance activities.

All PAC contributions are publicly disclosed on websites maintained by the Federal Election Commission and state regulatory bodies.

Each PAC board establishes criteria for the evaluation of candidates for elected office as well as the evaluation of leadership PACs and other political committees. Such decisions are to be made exclusively for the promotion of the company’s interests and without regard to the private political preferences of officers or employees. Criteria considered in determining whether to support a candidate or committee, and the amount of such support, include the candidate’s or committee’s:

- Character and integrity (an essential factor)
- Positions on domestic energy issues, especially natural gas
- Committee assignments
- District, especially overlap with our service territories
- Voting record
- Leadership in the elected body
- Committee standing and ranking

PAC budgets, including itemized contributions, are set annually by each PAC board. An unbudgeted contribution may be made only with the approval of the Chair and an affirmative vote of the majority of the PAC board.

Management provides NGCR with a detailed report on PAC contributions at least annually.

Political Expenditures from Corporate Funds

As established by the Board of Directors in adopting the Code of Conduct, no corporate funds, nor funds of any subsidiary, may be used for political expenditures without the approval of the Senior Vice President – External Affairs and Public Policy. No corporate funds may be used for federal political

contributions. Certain states in which the company or its subsidiaries operate permit the contribution of corporate funds to candidates for state and local office, but all such contributions are subject to approval by the Senior Vice President – External Affairs and Public Policy. The company has occasionally made contributions to local ballot initiatives where permitted by state law, but such contributions are the exception and made only after consultation with our chief executive officer. Management provides a report on the use of all corporate funds in political activities to NGCR at least annually.

Trade Associations and Political Organizations

The company participates as a matter of course as a member in many trade associations and other political and non-governmental organizations, and our officers and employees hold key leadership positions in many of these organizations. Associations and organizations to which the company currently contributes at least \$5,000 annually in dues and assessments include:

- The American Gas Association
- The Southern Gas Association
- Tennessee Gas Association
- Florida Gas Association
- Illinois Energy Association
- Midwest Energy Association
- Virginia Oil and Gas Association
- Georgia Chamber of Commerce
- Illinois Chamber of Commerce
- Florida Chamber of Commerce
- New Jersey Chamber of Commerce
- Virginia Chamber of Commerce
- Metro Atlanta Chamber of Commerce
- Louisiana Association of Business and Industry
- New Jersey Business & Industry Association
- US Chamber of Commerce
- Our Nation’s Energy Future Coalition
- Republican Governors’ Association
- Democratic Governors’ Association
- Southern Legislative Conference
- National Conference of State Legislatures
- Southern Governors’ Association

This list is representative of our company participation, but does not include a number of other chambers of commerce and similar organizations throughout our service territories.