

Compliance Policy

Policy Statement

The Australian Energy Market Operator (AEMO) recognises the importance of a strong compliance culture, and is committed to demonstrating adherence, to all relevant laws, rules, and regulations. The purpose of the Compliance Policy (Policy) is to set out AEMO's compliance management objectives, its commitment to maintaining a culture of risk-based compliance, and to clearly articulate compliance responsibilities for all AEMO personnel.

This Policy is supported by AEMO's Compliance Framework and relevant procedures, in alignment with the principles and requirements set out in ISO 37301:2021 Compliance Management Systems and in accordance with AEMO's values.

AEMO's Compliance Context

AEMO is a not-for-profit public company limited by guarantee, incorporated under the *Corporations Act 2001*. AEMO is the independent system and market operator, with the primary responsibility of managing and maintaining energy system security for all Australians, while keeping costs as low as reasonably practicable. AEMO's operating environments are complex and diverse which creates a higher level of inherent compliance risk.

AEMO operates in a highly regulated environment and is subject to a wide range of compliance obligations. The source of AEMO's compliance obligations include, but are not limited to:

- Laws and regulations.
- Orders, rules, and guidance issued by regulatory agencies.
- Relevant industry codes and compulsory standards.
- Judgements of courts and administrative tribunals.
- AEMO's organisational requirements including policies and procedures.
- Obligations arising under contractual arrangement with third parties.

Objectives

AEMO's objectives in relation to managing compliance risk are:

- Fostering a strong compliance culture that encourages all employees and contractors to identify and report actual and potential compliance breaches. This not only ensures ongoing improvements to systems and processes, but includes actions taken to change regulations that improve compliant outcomes.
- Demonstrating a commitment to the highest standards of ethics and compliance with all applicable laws, regulations, rules, and policies.
- Promoting an enterprise-wide approach to compliance management through alignment with AEMO's Corporate Strategy, Objectives, Values, Risk Management Policy and Risk Tolerance Statements.
- Identifying and managing AEMO's compliance obligations through assessing compliance materiality and developing appropriate controls and processes.

- Maintaining a high level of organisational awareness of obligations through the provision of education programmes, legal advice, and regular updates.
- Developing and deploying appropriate practices and processes to support employees and contractors in complying with their obligations.
- Monitoring changes to our obligations occurring from rule changes, changes to law, and regulations. Then ensuring processes are reviewed to certify ongoing compliance.
- Monitoring and testing compliance with the obligations through a combination of market audits, targeted inquiries, exception reporting and internal audits.
- Taking appropriate corrective action to prevent recurrence of compliance failures.
- Providing timely and accurate compliance reporting to the Executive Leadership Team (ELT) and the Risk and Audit Committee of the Board.
- Ongoing monitoring, review, and improvement of the Compliance Framework.

Scope

This policy applies to all AEMO personnel, its directors, employees, and contractors.

Compliance Commitments

Compliance Framework

AEMO is committed to developing and implementing a Compliance Framework that meets the compliance objectives detailed in this Policy. The Compliance Framework articulates AEMO's approach to compliance management, describes roles and responsibilities for compliance, and describes the processes AEMO has in place to manage rule changes and response to alleged breaches of our compliance obligations.

Compliance Awareness and Training

Business areas are responsible for managing their compliance risks and ensuring employees and contractors understand and are aware of their compliance obligations. AEMO offers a training program aimed at providing employees with the necessary competencies to understand their compliance obligations, relevant to their roles.

Compliance Management

The Audit and Compliance team, within the Governance Department, monitor for changes in compliance obligations and works with the various departments across AEMO to implement controls that mitigate the risk of non-compliance, in accordance with the principles of ISO37301:2021 and aligned to AEMO values.

Reporting

AEMO fosters a strong compliance culture of proactive self-reporting potential or actual breaches, including remediation actions. Through the establishment of a systematic compliance reporting process, the ELT and the Board maintain oversight of the Compliance Program. Regulators receive reports as necessitated by legislative requirements.

The Whistleblower Protection Policy supports AEMO's commitment to ethical business conduct by ensuring that employees, contractors, and other stakeholders can report misconduct within the organisation without fear of reprisal.

Audit

To comply with requirements under the National Electricity Rules, National Gas Rules and Wholesale Electricity Market Rules, market audits are performed annually. The findings are presented to the Board and Management to demonstrate the effectiveness of our control environment, then published on the AEMO website.

Responsibilities

While we recognise that compliance is undertaken by every employee and contractor, there are specific responsibilities for assuring compliance within AEMO:

- The AEMO Board, as the owner of this Policy, mandate an active, visible, consistent, and sustained commitment towards a common standard of compliant behaviour and conduct. The Risk and Audit Committee, as delegated by the Board, reviews, and monitors all elements of AEMO's Compliance Framework and receives reports on significant or systemic breaches.
- The Managing Director & Chief Executive Officer is responsible for the implementation of this policy and is accountable to the Board for fostering a positive, transparent, and risk-based compliance culture and for monitoring and reporting on adherence with AEMO's obligations.
- The Audit and Compliance team, within the Governance Department, is responsible for:
 - ✚ Facilitating a risk-based approach to compliance management and supporting the business to manage compliance obligations, processes, and controls that help maintain ongoing compliance
 - ✚ Regular reporting to the ELT and the Board on compliance matters.
- The ELT of AEMO is charged with understanding the obligations that they are responsible for, implementing systems and processes to support compliance, regularly reviewing the effectiveness of controls, and adapting processes and controls to remediate causes of breaches.
- It is the responsibility of all employees and contractors to undertake their obligations diligently and to report any actual or potential breaches as soon as practicable.
- Compliance is supported throughout the organisation by a dedicated compliance function and appropriate tools, training and support is provided to all employees and contractors.

Compliance function

A compliance function exists within the Governance Department at AEMO. This function includes resources to provide the required support to all staff to maintain on-going compliance with AEMO's obligations under the various rules, regulations, and statutes. This collaborative support function includes the provision of a Compliance Framework and Guidelines, compliance training, plus processes and tools for breach reporting internally and to regulatory bodies as required.

Non-compliance with AEMO's compliance obligations

AEMO is committed to fostering a culture of identifying and managing compliance, with a low tolerance for non-compliance or behaviours that compromise compliance. All AEMO personnel must ensure they maintain compliance with their obligations. Any deliberate non-compliant activity will be dealt with via internal disciplinary procedures, that could result in a dismissal.

In rare circumstances, where management become aware of the need to breach an obligation to reduce the consequence of market outcomes, both internal and external escalation processes are followed to effectively manage any consequences.

Review

- This Policy will be reviewed by the Risk and Audit Committee every two years at a minimum or in response to an event or change of circumstances requiring a review of policy. The updated policy will be presented to the Board for approval.
- This Policy is managed by the Audit and Compliance team within the Governance Department.

Approved by the Board

Date approved: 3 February 2022