

# Group Compliance Policy



<b>Prepared by</b>	AEMO Finance & Governance
<b>Document ref</b>	RC-C02
<b>Version</b>	02
<b>Effective date</b>	19 September 2024

<b>Approved by</b>	AEMO Board
<b>Title</b>	AEMO Board
<b>Date</b>	19 September 2024

This document is owned and updated by the Group Manager - Risk & Compliance and will be reviewed annually or as needed to reflect changes in the regulatory environment or AEMO Group's organisational structure or strategic objectives.

Any queries or suggestions for improvement should be addressed to the Group Risk & Compliance Team.

## Version History

Version	Effective date	Changes
01	3 February 2022	Initial
02	19 September 2024	Updated and aligned to AS ISO 37301:2023. Updated to reflect AEMO's organisational context, revised compliance risk appetite, and roles and responsibilities under Three Lines Model.

## Contents

1	Purpose .....	3
2	Application .....	3
3	Description .....	3
4	Roles and Responsibilities .....	3
5	Implementation .....	4
6	Compliance .....	5
7	Definitions .....	5
8	Related Documents .....	6

# 1 Purpose

The Group Compliance Policy ('Policy') outlines the position, approach and commitment of Australian Energy Market Operator Limited ('AEMO') and its Subsidiaries' (together, the 'AEMO Group') to compliance management. AEMO Group recognises the importance of a strong compliance culture, and is committed to demonstrating adherence to all relevant laws, codes, rules, and regulations. This policy reinforces the principles and guidelines outlined in AEMO Group's Compliance Management Framework (CMF) and other relevant related policies and procedures.

# 2 Application

This Policy applies to all AEMO Group Personnel as well as external parties involved in AEMO Group's operations and is guided by the principles and requirements set out in AS ISO 37301:2023 Compliance Management Systems – Requirements with guidance for use.

# 3 Description

AEMO Group's compliance environments are complex and diverse which creates a higher level of inherent compliance risk. AEMO Group operates in a highly regulated environment and is subject to a wide range of compliance obligations under energy industry specific legislation and Federal and State legislation. The source of AEMO Group's compliance obligations include, but are not limited to:

- Laws, regulations and rules.
- Orders and guidance issued by regulatory agencies.
- Relevant industry codes and compulsory standards.
- Judgments of courts and administrative tribunals.

AEMO Group's operating context is described in the CMF.

# 4 Roles and Responsibilities

The AEMO Group's Code of Conduct requires all Personnel to comply with the law, act consistently with the principles and standards of the Code of Conduct, comply with AEMO Group's policies and procedures and to work towards establishing an effective compliance culture within their areas of responsibility.

The Group Compliance Policy implements the Three Lines Model for effective compliance management. Each line has distinct and essential roles in overseeing and managing compliance within the AEMO Group.

## Board

The Board monitors compliance with ethical, legislative and regulatory requirements including occupational health and safety, equal opportunity, environmental, corporate governance and reporting obligations.

The Board has assigned specific functions to various sub-committees to assist in its oversight duties, with each Committee operating under an approved charter outlining its roles and responsibilities. Compliance with laws, regulations, industry codes, and internal policies is a core responsibility, with a particular focus on WH&S compliance and the Code of Conduct culture, managed by the People & Remuneration Committee.

The sub-committee for Finance, Risk and Audit regularly reviews updates from management, general counsel, and the company secretary on compliance issues that could impact operations. It ensures there is a process for immediate reporting of significant non-compliance or litigation. The sub-committee also oversees the handling of whistleblower reports, focusing on matters related to audits, financial statements, internal controls, and fraud. It reviews fraud reports and ensures compliance with exemption criteria when the company is exempt from licensing or authorization requirements.

Refer to 9.7 of the Board Committee Charter: Finance, Risk and Audit for detailed roles and responsibilities.

### Third Line

The third line, including Internal Audit, is responsible for providing independent and objective assurance and advice on the adequacy and effectiveness of compliance management.

Regulated market audits across electricity and gas markets are performed annually by an independent external auditor. Established cross-function responsibilities set out clarity of roles and responsibilities across first, second and third lines.

### Second Line

The second line, including Enterprise Risk, Compliance, and Legal, is tasked with overseeing and supporting effective compliance management practices, advising on compliance and controls to enhance compliance management maturity.

They also provide methodologies, tools, and best practices for managing compliance obligations and are responsible for reporting compliance performance information to Executives and the Board.

### First Line

The first line, consisting of all Personnel, handles day-to-day compliance management by identifying, reporting, and managing compliance obligations related to their roles. Their responsibilities include identifying compliance obligations, developing controls, and supporting a positive compliance culture. They adhere to compliance management policies and this framework, make compliance-informed decisions, monitor and execute compliance controls strategies and treatment plans. They are also responsible for identifying and self-reporting an emerging compliance risk, incident or potential breach in a timely manner.

### Executives

Executives, as part of the first line, are primarily accountable for managing and overseeing compliance obligations within their divisions, including resource allocation for effective compliance management and compliance incident investigations.

Detailed descriptions of the Three Lines Model and roles and responsibilities related to compliance management are provided within the CMF. The CMF elaborates on the specific expectations and responsibilities assigned to each role.

## 5 Implementation

AEMO Group will develop and maintain the CMF to implement this policy including guidance on the principles of compliance management systems. Compliance management system is a set of requirements and guidelines for establishing, developing, implementing, evaluating, maintaining and improving an effective compliance management system within an organization. The development of the CMF is a dynamic and

iterative process, based on continual improvement, customised to AEMO Group's requirements, culture and values.

The CMF addresses the following key elements of effective compliance management:

- Compliance risk governance
- Compliance culture and behaviours
- Compliance policy and framework (this Policy)
- Compliance management (obligation identification and compliance risk management)
- Compliance incident and breach management
- Training and awareness
- Compliance assurance
- Regulatory change management
- Systems, technology, continuous improvement and accessibility

Compliance is supported by a dedicated Compliance Function and appropriate tools, training and support is provided to all Personnel.

## 6 Compliance

AEMO Group is committed to fostering a culture of identifying and managing compliance, with a low tolerance for material non-compliance<sup>1</sup> or behaviours that compromise compliance. All AEMO Group Personnel must ensure they maintain compliance with their obligations. Any deliberate and /or reckless non-compliant activity will be dealt with via internal disciplinary procedures, which may include dismissal.

In rare circumstances, where Personnel becomes aware of circumstances that require non-compliance with an obligation to minimise adverse consequences for market outcomes and/or maintain system security and reliability, both internal and (where relevant) external escalation processes are to be followed to effectively manage any consequences. This applies to every potential impact level and does not rely on materiality level.

Non-compliance by Personnel may result in disciplinary action in accordance with relevant AEMO Group's policies, including the Code of Conduct and Discipline Policy.

## 7 Definitions

The following words have the below meaning when used in this Policy:

---

<sup>1</sup> *Material non-compliance - A compliance breach that is rated as Major or Extreme in accordance with AEMO Group's Risk Rating Criteria.*

Term	AEMO	AEMO Services Ltd (ASL)	Transmission Company Victoria Pty Ltd (TCV)
AEMO Group	Australian Energy Market Operator Limited and its Subsidiaries.		
The Board	AEMO Board.	ASL Board.	TCV Board.
Committee	Finance, Risk and Audit Committee.	Risk, Compliance & Audit Committee.	N/A.
Entity Leader	Chief Executive Officer of AEMO.	Executive General Manager AEMO Services.	Chief Executive Officer of AEMO.
Executive Management	Executive Leadership Team.	Executive Team.	N/A.
Personnel	All AEMO Personnel (Directors, employees, contractors, secondees and/ or consultants working for or on behalf of AEMO).	All ASL Personnel (Directors, employees, contractors, secondees and/ or consultants working for or on behalf of ASL).	All TCV Personnel (Directors, employees, contractors, secondees and/ or consultants working for or on behalf of TCV).

## 8 Related Documents

Control Document	Document Ref	Description
Group Compliance Management Framework	RC-C01	Outlines AEMO Group's approach to compliance management