



# Modern Slavery Statement

## Policy and Guidelines

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| <b>Prepared by</b>    | Curtis Mackenzie                  |
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### Approved for distribution and use by:

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| <b>Approved by</b> | <b>Drew Clarke</b> |
| <b>Title</b>       | Chair, AEMO        |
| <b>Date</b>        | 8 September 2022   |

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AEMO's Modern Slavery Statement for the financial year ending 30 June 2022 is made in accordance with the *Modern Slavery Act 2018* (Cth) and the reporting requirement. AEMO's Modern Slavery Statement sets out the actions taken by AEMO to assess and address Modern Slavery risks in our business operations and supply chain for the financial year ending June 2022

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This document is owned and updated by Finance & Governance Department and will be reviewed periodically.

Any queries or suggestions for improvement should be addressed to Curtis Mackenzie.

# 1 Our Structure, Operations & Supply Chain

## 1.1 AEMO's Structure

### 1.1.1 AEMO

Australian Energy Market Operator Limited (ABN 94 072 010 327) (AEMO) is a not-for-profit public company limited by guarantee and incorporated under the *Corporations Act 2001* (Cth). Established on 1 July 2009, AEMO is led by a board of nine Non-Executive Directors and the Managing Director and Chief Executive Officer. AEMO has approximately 1,100 employees.

AEMO's membership comprises two types of members: government and industry. Our members comprise the Commonwealth of Australia and the Queensland, New South Wales, Victorian, South Australian, Tasmanian, Western Australian and Australian Capital Territory governments. Our industry members are drawn from electricity and gas generation, transmission, distribution, retail, and resources businesses across Australia. For more information about our members, visit the [Our members page](#) on our website.

### 1.1.2 AEMO Services

An independent subsidiary, AEMO Services Ltd (ASL), has been established to carry out specific mandates of NEM jurisdictions (who want to solve their state-based energy challenges) without causing conflicts with other jurisdictions. AEMO Services acts as the NSW Consumer Trustee, procuring generation and storage capacity in the interests of NSW consumers under the State Government's Electricity Infrastructure Roadmap.

## 1.2 AEMO's operations

### 1.2.1 AEMO's Operations

AEMO is responsible for operating and managing electricity and gas markets and systems across Australia, helping to ensure Australians have access to affordable, secure, and reliable energy and to shape a better energy future for all Australians.

AEMO is the independent electricity and natural gas system planner and system and market operator for the National Electricity Market (NEM), the Victorian Declared Shared Network (DSN), the Victorian Gas Declared Transmission System (DTS), the Declared Wholesale Gas Market (DWGM), Short Term Trading Markets (STTM), the Gas Supply Hub (GSH), Gas Bulletin Boards (GBB) and the Western Australian Wholesale Electricity Market (WEM).

Our functions are prescribed in the national electricity and gas laws, with the national electricity and gas rules and other legislative instruments providing the regulatory framework, procedures and processes for the electricity and gas markets in which we operate. AEMO is required to comply with approximately 4,500 regulatory obligations. AEMO's key operational responsibilities include the forecasting and planning of a reliable and secure power system, the forecast requirements for a reliable gas supply, the day-to-day operations to maintain secure power and gas systems, plus competitive wholesale markets, and the effective operation of retail electricity and gas markets. In addition, we are also the planner for the Victorian Declared Shared Network (DSN). However, this is not part of our role as a system or market operator.

### 1.2.2 AEMO Services operations

AEMO Services, as the NSW Consumer Trustee, works to ensure the market meets NSW's long-term needs, providing access to affordable, secure and reliable electricity for households and businesses. AEMO Services

are helping bring to life the NSW Electricity Infrastructure Roadmap (Roadmap) through the long-term planning and facilitation of private investment. This is delivered through competitive tenders to support investment, construction and operation of renewable energy generation and long duration storage infrastructure in NSW. AEMO Services is also responsible for monitoring financial risks to consumers and engaging with electricity customers on Roadmap activities.

### 1.3 AEMO's Mission, Vision and Value

AEMO's primary role is to perform the functions and exercise the powers given to us under national and Western Australian electricity and gas laws. These are outlined in documents including AEMO's constitution (article 2), the National Electricity Law (part 5), the National Gas Law (chapter 2, part 6), the National Energy Retail Law, the Australian Energy Market Operator (Functions) Regulations 2015 (WA) (section 4) and the Wholesale Energy Market Rules (WA) (clause 2).

These functions seek to promote the efficient investment in, and efficient operation and use of, gas and electricity for the long-term interests of Australian consumers in relation to price, quality, safety, reliability and security. This translates to the following areas of responsibility:

1. Maintain secure electricity and gas systems.
2. Manage electricity and gas markets.
3. Lead the design of Australia's future energy system.

AEMO Services primary role is to perform the functions and exercise the powers given to it in its capacity as Consumer Trustee under the Electricity Infrastructure Investment Act 2020 (NSW).

#### AEMO's Group Supply Chain

Responsibilities for AEMO Group Supply Chain is split into three separate and distinct procurement teams:

##### AEMO Group Procurement

The Group Procurement team is responsible for creating and managing AEMO's purchasing policy, the planning and sourcing, and supplier and contract management frameworks, and all associated tools that support AEMO's purchases. Group Procurement centrally support procurement for the professional and corporate services categories, as well as technology and operational procurement that are decentralised activities. While we recognise there is a risk that Modern Slavery may occur in our organisation, via our extended supply chain, our risk assessment suggests the risk is medium with the consequence of potential reputational damage being moderate, and our control structures reducing the likelihood somewhat.

##### AEMO Network Grid and Management Services Acquisition

The Network Grid and Management Services Acquisition team is responsible for administering the tender process and negotiating and awarding contracts for major transmission networks and non-market ancillary services projects. The team negotiates new agreements for the connection of new generators and users and is also responsible for revising existing agreements for shared transmission services on the Victorian electricity transmission Declared Shared Network (DSN).

AEMO has rated the Network Grid and Management Services Acquisition function as a low Modern Slavery risk due to the nature of the services used. In this area, our suppliers are large businesses that maintain their own Modern Slavery compliance functions. Coupled with AEMO's geographical location and strong governance function, the team's actions below accommodate the low risk.

## AEMO Services Procurement

AEMO Services is responsible for creating and managing procurement of its own goods and services. As a relatively new organisation, AEMO Services is still in the initial stages of establishing its own purchasing policy, planning and sourcing and supplier and contract management frameworks. This includes any associated tools that support AEMO Services' purchases. Where possible AEMO Services is leveraging AEMO's policies and supplier agreements. Like AEMO, we recognise there is a risk that Modern Slavery may occur in the organisation, via our extended supply chain,

## 2 Our approach and progress

This is AEMO's third Modern Slavery Statement, and our first that includes AEMO Services. This Modern Slavery Statement describes the actions taken during the financial year ending 30 June 2022 to strengthen our approach, policies, and procedures, in line with the requirements of the *Modern Slavery Act 2018* (Cth). It outlines our continued and ongoing efforts to broaden the scope of our existing operation and supply chain programs detect the risk of Modern Slavery across our business and supply chain and ensure we have in place appropriate responses to those risks.

As part of our broader operations and supply chain programs, we continue to develop our approach and focus on preventing and addressing Modern Slavery related risk, consistent with our corporate values. We describe the ways we act to meet these values in greater detail on AEMO's [Corporate website](#).

Over the past 12 months, we have implemented a range of initiatives to support AEMO's contribution towards reducing the risk of Modern Slavery.

AEMO has consulted with AEMO Services in the preparation of this Modern Slavery Statement to incorporate the initial steps undertaken as part of AEMO Services' establishment and future action to further address Modern Slavery risk.

## KEY ACTIONS DELIVERED IN 2021/22

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We have continued to develop our approach to managing the risk of Modern Slavery via a working group consisting of AEMO functional leads. To identify and address potential risks of Modern Slavery practices occurring in our operations and supply chains, AEMO's Modern Slavery roadmap is reviewed and updated periodically.

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We evolved AEMO's guided buying tool and are working to automate our supplier pre-qualification questions that include requirements for our suppliers to comply with the *Modern Slavery Act 2018*.

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Our supplier and contract management framework has been further developed to highlight the reporting requirements of Modern Slavery.

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AEMO's Purchasing Policy and associated Procedures have been updated and now request suppliers who participate in a formal selection process to adhere to the statutory obligations under current Occupational Health and Safety, Environment Management, Employment and Equality Legislation and Modern Slavery.

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We continue to educate AEMO staff (initially in the highest priority areas) using the Modern slavery awareness training developed with Border Force. The aim of this training is to raise and ensure awareness of the risks AEMO faces in its operations and supply chains. To date, training has been completed by all Supply Chain staff, in addition to those involved in purchasing in several high-risk categories.

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We have been collaborating with other organisations such as Melbourne Water and the Victorian governments Department of Justice and Community Safety to share knowledge, discuss approaches, and build on learnings. This has enabled us to work better together to address Modern Slavery risks and benchmark against others.

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Members of the supply chain and legal teams have attended external training to understand trends and learn about Modern Slavery practices in other organisations.

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Our people and culture team has established exception reporting to compare data held in Payroll and HR systems, against pay scales, which may identify pay rate issues.

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We redrafted AEMO's Code of Conduct, outlining reporting obligations and avenues to report any conduct or behaviour that is not aligned with AEMO's values. Accordingly, mandatory Code of Conduct training was developed and rolled out to all employees.

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Our people and culture team established automated reminders to relevant managers and human resource representatives, of upcoming employee visa end dates.

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AEMO Services was established, and key positions recruited. Procurement functions are in the process of being developed including procurement contract templates which include Modern Slavery obligations.

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## 3 Policies and Governance

AEMO has a robust [corporate governance framework](#) in place, with the Board overseeing our broader human rights program through the Finance, Risk and Audit Committee. Underpinning this framework are AEMO's suite of policies, several of which are relevant to Modern Slavery.

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We know that setting clear expectations is particularly important. Summarised below are our policies, which collectively set the standards we require, to mitigate against Modern Slavery in the workplace and in our supply chains. Our policies are supported by our risk and compliance management systems (policies and frameworks), that outline what we do and how we should do it. We regularly monitor our risks and compliance with our obligations and policies, and report on progress to the Finance, Risk and Audit Committee.

## KEY DOCUMENTS

| Document   | Scope                                | Relevance to Modern Slavery  |
|--|--------------------------------------|--|
| <b>Modern Slavery Policy</b>   | All AEMO                             | This policy establishes the framework for managing Modern Slavery risks and affirms our commitment to contribute to ending all forms of Modern Slavery, both in Australia and overseas. It outlines our approach to reduce the risk of Modern Slavery practices within our supply chains and operations. This Policy also supports the intent of international conventions, treaties, and protocols relevant to the <i>Modern Slavery Act 2018</i> (Cth).                            |
| <b>Bullying, Discrimination &amp; Harassment Policy &amp; Procedures</b> | All AEMO                             | These preventative policies and procedures outline AEMO's responsibilities in line with national legislation, detailing appropriate remedial actions for breaches.   |
| <b>Code of Conduct Policy</b>  | All AEMO                             | The Code of Conduct is applied to a range of AEMO Policies and Procedures, in accordance with relevant State and Commonwealth laws. AEMO extends the policy to laws and customs beyond Australian borders, when undertaking business in host countries.  |
| <b>Remuneration &amp; Benefits Policy &amp; Guidelines</b>               | All AEMO                             | The Policy and Guidelines outline the appropriate remuneration frameworks that govern employee conditions (to be read in conjunction with the AEMO Enterprise Agreement 2018).   |
| <b>AEMO Enterprise Agreement</b>   | All AEMO                             | As the AEMO Enterprise Agreement is voted and agreed upon by all staff, it provides protection for all employees. It sets out wage guarantees and employment conditions in line with national employment standards.  |
| <b>Recruitment &amp; Selection Policy &amp; Procedure</b>                | All AEMO                             | The Policy and Procedures outline the sourcing processes and expectations of AEMO management throughout the recruitment process. This ensures anti-discrimination policies are adhered to and allows new employees to be contracted, employed, and onboarded within the appropriate governance frameworks.   |
| <b>Grievance Resolution Policy</b>                                       | All AEMO                             | This is a broad ranging Policy, outlining AEMO's responsibilities and commitment to adequately resolve workplace grievances and disputes in the interests of all concerned.  |
| <b>Diversity &amp; Inclusion Policy</b>                                  | All AEMO                             | This policy outlines AEMO's commitment to a diverse and inclusive workplace and culture, where all employees are treated equally.  |
| <b>Procurement Policy</b>  | All AEMO                             | AEMO's procurement policy provides guidance to employees and contractors involved in purchasing activities. This ensures Modern Slavery risks are mitigated in a way that is simple, transparent and efficient.  |
| <b>Risk Management Policy</b>  | All AEMO                             | The Policy, and associated Risk Management Framework provides direction to all staff to identify and manage risk whilst supporting the achievement of AEMO's strategic and operational objectives. In particular, the Framework provides guidance to AEMO staff involved in purchasing. It covers the way we identify, assess, manage, and mitigate risks, using the most cost-effective controls within our operating environment and area of influence with external stakeholders. |
| <b>Whistleblower Policy</b>  | All AEMO, Contractors & Stakeholders | The Policy states that misconduct can be reported without fear of reprisal. Misconduct includes practices that could be a direct non-compliance of the requirements under the <i>Modern Slavery Act 2018</i> .   |
| <b>WHSE &amp; HR Contractor Management Procedure</b>                     | All AEMO                             | The WHS and HR Contractor Management Procedure assists AEMO meeting its legal and workplace health and safety obligations. It covers both the Workplace Health and Safety and Human Resources aspects of the engagement and management of contractors.   |

AEMO's Corporate website contains more detail on our approach to corporate governance. We continue to articulate our expectations to suppliers through our Policies, Codes, Procedures and Guidelines.

AEMO Services will implement a suite of policies which provide effective monitoring, governance, risk management and assessment to mitigate against inadvertently facilitating Modern Slavery. For the period covered by this report AEMO Services was in the process of implementing similar policies to those listed for AEMO. Some mitigation of risk is also in place by accessing both the NSW Government and AEMO's pre-approved contractor panel which have been assessed against Modern Slavery preventative policies and practices.

## 4 Risk Assessment & Mitigation

Our management of Modern Slavery risk across our operations and supply chains, falls within our broader approach to human rights risk, which is assessed and managed consistently with our established enterprise-wide risk policy and framework (aligned to ISO31000: 2018 – Risk Management). AEMO's Finance, Risk and Audit Committee is responsible for providing oversight on behalf of the Board. Further information relating to the risk management framework can be found in the Governance section of AEMO's Corporate website.

While we recognise that Modern Slavery risks may occur in our organisation and extended supply chain, we know that the level of risk is influenced by factors such as vulnerable populations, product and service categories, industry, and geographic locations. Accordingly, we have tailored our risk processes to ensure that we are focusing our efforts on those areas that may present an elevated exposure risk. Those within the categories of labour, property, and corporate services, may present an elevated risk of Modern Slavery.

Risks at AEMO are reviewed periodically at the department level and key risks are reported to the Finance, Risk and Audit Committee, with additional reporting to the People and Remuneration Committee on WHSE and other people related risks. Our risk management and reporting processes have been updated to ensure Modern Slavery related risks are reported to the Executive Leadership Team and Board Committees.

AEMO Services has its own internal governance and processes to maintain vigilance against Modern Slavery. Training will be rolled out in the next reporting period for staff involved in procurement and decision-making.

## 5 Supplier Due Diligence

AEMO takes a proactive approach to identifying and mitigating against Modern Slavery risk within our supply chain. Our risk-based due diligence process has been constructed with the United Nations 'Protect, Respect and Remedy' framework in mind, the framework underpins the United Nations 'Guiding Principles on Business and Human Rights'. References to the United Nations forms part of our broader risk and compliance program that is designed to identify and assess a range of potential risks in the supply chain, including human rights.

### Due Diligence:

We have developed a process where new and renewing suppliers within high-risk categories, are subject to a review process prior to onboarding or contract award. Suppliers are requested to answer a brief prequalification questionnaire. This process helps us to identify potential areas of risk, and if a supplier's response raises concerns, the supplier is referred to our internal legal team for further due diligence checks. This may include requiring the supplier to attest and/or demonstrate their compliance with requirements under the *Modern Slavery Act 2018* (Cth).

### Supply Chain Assurance:

AEMO procures a large range of goods from a broad range of industries, both domestic and international. We acknowledge that Modern Slavery may occur in our global supply chain. When undertaking due diligence of purchases within higher risk categories, we are aware of potential instances in Australia where Modern



Slavery could occur. Whilst our current Modern Slavery Roadmap focuses on due diligence of our higher spend suppliers, if instances are identified we will proactively work with these suppliers to support the implementation of appropriate remediation in the extended supply chain.

### Grievance and Remediation Processes:

AEMO is committed to the protection and respect of human rights across our operations and supply chain. Should we identify impacts caused by, or contributed to, or be directly linked to, we will seek to address this in line with the guidance provided by AEMO's internal legal team.

We have established reporting procedures and mechanisms where employees and third parties can report any concerns regarding unethical or illegal conduct, including Modern Slavery concerns. Employees and third parties can report to their manager, or if they wish to remain anonymous, report through our independently operated Whistle-blower hotline. Where issues are investigated and substantiated, we take appropriate action. Further information regarding the investigation process is available in the Whistle-blower Policy, and on our corporate website.

## 6 Measuring Effectiveness

AEMO works diligently to identify any new and emerging risks and then mitigate those risks through actions guided by our policies and procedures. These risks and their associated mitigation plans are reviewed at least annually to ensure effectiveness. Should we identify a supplier that may have a potential breach scenario, we would review the effectiveness of our purchasing procedures and address any shortfalls with the supplier's contractual obligations.

## 7 Stakeholder Engagement & Collaboration

Cooperation with our suppliers, our members and relevant government agencies to effect change is a key feature in our strategy to reduce the Modern Slavery. While we are committed to collaborating with government and other businesses, we recognise that we are in the initial stages of our journey but understand the need to support a coordinated approach to addressing human rights issues, including the risk of Modern Slavery.

Throughout the financial year ending 30 June 2022, we continued to participate in multi-stakeholder forums and collaborate on diversity and inclusion and human rights issues with groups such as Power of Engineering.

## 8 Looking Forward

### PROPOSED KEY AREAS OF ACTION IN 2022 & BEYOND

| Term        | Action   |
|-------------|--|
| 1 – 2 Years | While AEMO's and AEMO Services' standard contractual terms include a requirement to comply with our policies and all related laws, we will further strengthen our management of Modern Slavery by embedding Modern Slavery compliance clauses into our evolving precedent contracts. |
|             | As existing contracts continue to expire, those related to high-risk corporate services categories (cleaning, food, travel, and maintenance) will be assessed through AEMO's pre-qualification and assurance program. Where appropriate, further managed and monitored.              |
|             | AEMO's pre-qualification process will be expanded to those suppliers and contracts that relate to:   |
|             | <ul style="list-style-type: none"> <li>Vulnerable Populations (Migrant and base skill workers)</li> <li>Higher risk business models (Labour higher and outsourcing)</li> <li>Higher risk geographies (Conflict, weak rule of law, corruption)</li> </ul>                             |

| Term | Action   |
|------|--|
|      | Continue to use our precedent contract templates with new and existing suppliers in an effort apply the Modern Slavery clause to as many contracts as possible.  |
|      | Continue to evolve and automate our Modern Slavery pre-qualification and reporting capability through our Contract Management tools and frameworks.  |
|      | Focus on broadening our stakeholder engagement with members, non-government organisations and other gas and electricity industry businesses to better understand their perspectives on respecting human rights and to collaborate on the prevention of Modern Slavery. |
|      | Explore other indicators of Modern Slavery risk to enhance our processes and continuously improve.   |
|      | The Recruitment Policy has been reviewed and additions made to strengthen advertising and communication obligations.   |
|      | The Work Experience Policy has been reviewed to meet obligations to contacting parents or carers when required.  |
|      | Further establishing AEMO Services' procurement function, including leveraging AEMO's frameworks, initiatives, and training as appropriate to address Modern Slavery risks and participating in AEMO's Modern Slavery working group.                                   |

Our Board and business leaders are committed to and recognise their role in creating a culture to address the risk of Modern Slavery occurring within our operations or supply chains. We shall continue to promote awareness of our responsibilities through the application of our policies and processes and the provision of relevant training and guidance to our employees.

## 9 Glossary

The following words have the following meaning when used in this document.

| Term                      | Definition  |
|---------------------------|---|
| <b>Modern Slavery</b>     | Situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom as defined in the <i>Modern Slavery Act 2018</i> . |
| <b>Modern Slavery Act</b> | <i>Modern Slavery Act 2018</i> (Cth).   |