



Australian Energy Market Operator's (AEMO's) Modern Slavery Statement

4 February 2021

Financial year ending 30 June 2020

AEMO's Modern Slavery Statement for the financial year ending 30 June 2020 is made in accordance with the Modern Slavery Act 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 2020

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1. OUR STRUCTURE, OPERATIONS & SUPPLY CHAIN

AEMO's Structure:

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 1,000 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. Visit the Our [members page](#) for more information about our participants.

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 (GGB) 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 we operate. Our 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 of a secure power and gas system and competitive wholesale markets, and the effective operation of retail electricity and gas markets. AEMO's operating environments are complex and diverse which creates a higher level of inherent compliance risk. AEMO is required to comply with approximately 4,500 energy regulatory obligations. 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.

AEMO's Mission, Vision and Value:

Our Mission is the design and operation of a sustainable energy system that provides affordable, safe and reliable energy for all Australians.

Our Vision is to be a world-leading energy system planner and market operator.

Our Mission and Vision reflect our commitment to deliver value to consumers and industry in a time of unprecedented change in the Australian energy environment. The energy industry in Australia is undergoing unprecedented, rapid and transformational change. This change is occurring faster in Australia than in almost all other developed economies, and in a physical and operating environment that poses greater technical and design challenges. AEMO is committed to leading and converting these challenges into sustained advantages for energy consumers.

AEMO will achieve our critical mission and vision because our cultural values that guide our behaviour and associated ways of working: Inclusive; Integrity; Empowered; and Excellence, are embedded in our organisation

to match our purpose and resolve. For more information about our operations and our Corporate Plan, visit: AEMO's [Corporate website](#).

AEMO's Supply Chain:

AEMO's Supply Chain is split into two separate and distinct procurement teams:

Group Procurement and Vendor Management

The Group Procurement and Vendor Management team are responsible for reviewing, consulting on, amending or creating procurement, contract management and vendor management policies, processes, tools/systems for all purchasing Group Procurement and Vendor Management centrally support procurement for the professional and corporate services categories as well as technology and operational procurement that are decentralised activities.

Transmission Procurement

The Transmission Procurement team is responsible for administering the tender process and negotiating and awarding contracts for major transmission network and non-market ancillary services projects. Transmission Procurement also 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).

2. OUR APPROACH AND PROGRESS

This is AEMO's first Modern Slavery Statement and describes the actions taken during the financial year ending 30 June 2020 to strengthen our approach, policies and procedures, in line with the requirements of the Modern Slavery Act. It outlines our continued 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 ever evolving and 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 guiding corporate values and behaviour. The ways by which we act to meet these values are described in greater detail on AEMO's [Corporate website](#).

Over the past 12 months, we have continued to deepen the scope of our responsibility in order to operationalise our human rights commitments, by implementing a wide range of initiatives to mitigate the occurrence of human rights related risks, including Modern Slavery.

KEY AREAS OF ACTION IN FINANCIAL YEAR 2019/20

We developed a category structure and segmented our supply base in order to identify and address spend where there is a greater risk of Modern Slavery practices occurring in our operations and supply chains (Contingent labour, Property and Corporate Services).

We built our understanding of Modern Slavery through establishing a cross functional group of AEMO functional leads, which began building out AEMO’s Modern Slavery roadmap to identify and address risks of Modern Slavery practices occurring in our operations and supply chains

We began developing a guided buying tool and a set of supplier pre-qualification questions that included requirements for our suppliers to comply with the Modern Slavery Act

We are investigating a third-party service and a set of tools that will help automate and simplify the monitoring and management of AEMO’s supply base and the associated Modern Slavery obligations

We began updating our Purchasing Policy and associated Procedures to require “that all suppliers who participate in a formal selection process adhere to all statutory obligations under current Occupational Health and Safety, Environment Management, Employment and Equality Legislation and the Modern Slavery Act”

We included a requirement under our Supply agreement templates to ensure prospective suppliers of goods and services demonstrate compliance and report any non-compliance with their Modern Slavery obligations.

A Diversity and Inclusion Policy was created in April 2019 that outlined AEMO’s commitment to a diverse, inclusive and equal workplace which in turn is connected to AEMO’s values (Inclusive, Integrity, Empowered, Excellence).

In addition to the work we have done in our own operations and supply chain programs, we have begun collaborating with other organisations to share knowledge, discuss approaches, and build on learnings to enable us to work better together and address risks.

3. POLICIES AND GOVERNANCE

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

We know that setting clear expectations is very important. Summarised below are our policies, which collectively set the standards we require, encompassing the prevention of 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 outlines what we do and how we should do it, ensuring that we live up to our values. We regularly monitor our risks and compliance with our obligations and policies, and report on how we’re doing to our Risk and Audit Committee.

Policy	Scope	Relevance to Modern Slavery
Modern Slavery Policy	ALL of AEMO in scope.	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 and outlines our approach to reducing the risk of modern slavery practices within our supply chains and operations. This Policy also supports the intent of international conventions, treaties and

Policy	Scope	Relevance to Modern Slavery
		protocols relevant to combatting modern slavery and the Modern Slavery Act (Cth) 2018.
Bullying, Discrimination & Harassment	All of AEMO in scope.	Preventative Policy & Procedures outlining AEMOs responsibilities in line with national legislation and detailing appropriate remedial actions for breaches in order to protect all AEMO employees.
Code of Conduct	All of AEMO in scope.	The Code of Conduct applies to all Directors, Employees and representatives of AEMO and the undertaking of all business activities. It applies to a range of AEMO Policies/Procedures and relevant State and Commonwealth laws. This policy also extends to laws and customs beyond the borders of Australia when undertaking business in host countries.
Remuneration & Benefits	All of AEMO in scope.	Guidelines and Policy that outlines the appropriate remuneration frameworks that governs employee conditions in conjunction with the AEMO Enterprise Agreement 2018.
Grievance Resolution	All of AEMO in scope.	A broad ranging Policy outlining AEMOs responsibilities and commitment to adequately resolve workplace grievances and disputes in the interests of all concerned.
Diversity & Inclusion	All of AEMO in scope.	A policy that outlines AEMO’s commitment to a diverse and inclusive workplace and culture where all employees are treated equally.
Recruitment & Selection	All of AEMO in scope.	A policy and procedure that outlines the sourcing processes and expectations of AEMO management to ensure that anti-discrimination policies are adhered to as well as allowing new employees to be contracted, employed and onboarded within the appropriate governance frameworks.
AEMO Enterprise Agreement	All of AEMO in scope.	The AEMO Enterprise Agreement ensures protection for all employees it covers with above minimum wage guarantees and employment conditions in line with national employment standards.
Procurement	All of AEMO’s Procurement activity in scope.	AEMO’s procurement policy provides guidance to employees and contractors involved in purchasing to maximise business value in a way that is accountable, auditable, transparent and efficient.
Risk Management	This policy applies to all AEMO, its directors, employees and contractors. It provides direction to all on the effective management of risk to support the achievement of AEMO’s strategic and operational objectives.	The AEMO Risk Management policy ensures that all AEMO staff are provided the guidance and support to effectively manage Modern Slavery risks i.e. in the way we identify, assess, manage and mitigate these risks with the most cost effective controls within our operating environment and area of influence with external stakeholders.
Whistleblower	The Whistleblower Protection Policy applies to all of AEMO ensuring that employees, contractors and other specified stakeholders can report misconduct within the organisation without fear of reprisal.	This policy and AEMO’s associated internal procedures and systems are important tools for deterring and uncovering any organisational misconduct and for ensuring that individuals who disclose wrongdoing can do so safely, securely and with confidence that they will be protected and supported. This misconduct includes

Policy	Scope	Relevance to Modern Slavery
		practices that could be a direct non-compliance of the requirements under the Modern Slavery Act.
WHSE & HR Contractor Management Procedure	All of AEMO in scope.	The WHS and HR Contractor Management Procedure is to assist AEMO in meeting its legal and workplace health and safety obligations in the engagement and management of contractors. This procedure covers both the Workplace Health and Safety and Human Resources aspects of the engagement and management of contractors.

Although our standard contractual terms include a requirement to comply with these documents and laws, we are currently in the process of further strengthening our management of Modern Slavery by embedding Modern Slavery compliance clauses into our evolving precedent contracts. During the financial year ending 30 June 2020, we also updated our procurement procedure for due diligence to be undertaken prior to supplier onboarding, contract award or any commercial agreement.

Our [Corporate website](#) contains more detail on our approach to corporate governance.

4. RISK ASSESSMENT & MITIGATION

Our management of Modern Slavery risk in our operation and supply chain falls within our broader approach to human rights risk and is assessed and managed consistently with our established enterprise-wide risk policy and framework aligned to ISO31000: 2018 – Risk Management. AEMO’s 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](#).

Whilst 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 category, industry and geographic location. Accordingly, we have tailored our risk processes to ensure that we are focusing our efforts on those areas that present an elevated risk of exposure. We have assessed that of all the products and services we procure, those within the categories of labour, property and corporate services, present an elevated risk of Modern Slavery.

Risks at AEMO are reviewed every quarter as a minimum at the department level and every six months at the corporate level. Key risks (both strategic and operational) are reported to the 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 (ELT) and Board Committees.

5. SUPPLIER DUE DILIGENCE

AEMO takes a proactive approach to eradicating Modern Slavery risk from our supply chain. Our risk-based due diligence process, constructed with reference to the UN’s ‘Protect, Respect and Remedy’ framework which underpins the United Nations Guiding Principles on Business and Human Rights (UNGPs), is part of our broader risk and compliance program and is designed to identify and assess a range of potential risks in the supply chain, including human rights.

Due Diligence:

We are working on a process where all new suppliers, as well as renewing suppliers, will be subjected to a due diligence process, prior to onboarding or contract award. Initially, suppliers are requested to answer a brief prequalification questionnaire administered in the procurement contract management system. This process will help us to identify potential areas of risk, and where identified, the supplier will be referred for further due diligence.

Where a potential risk is evaluated above a medium rating, the supplier is referred for a more detailed assessment, undertaken by our Risk and Legal team. This may include requiring the supplier to attest and/or demonstrate their compliance with requirements under the Act.

Supply Chain Assurance:

AEMO procures a large range of goods from a broad range of industries predominantly domestically and internationally, and we acknowledge that Modern Slavery may occur in our global supply chain.

When undertaking due diligence of our tier one suppliers, there have been some instances where we have identified potential Modern Slavery risk categories relating to second and third-tier suppliers. Whilst our current Modern Slavery Roadmap focuses on due diligence of our first-tier suppliers, when these instances are identified we will work with our tier one supplier 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 Operation and Supply Chain. When we identify impacts that we may have caused, or to which we may have contributed or be directly linked, we will seek to address this in line with the guidance provided under the United Nations Guiding Principles.

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

6. MEASURING EFFECTIVENESS

While there is extensive work being undertaken at a global level to understand and value respect for human rights, there are currently no fundamental units of measurement or international standards for measuring human rights impact. This is a complex issue that presents a challenge for all corporates in terms of providing credible measurements as to their effectiveness in addressing Modern Slavery risk.

Certain processes within AEMO's policies and procedures provide us with a mechanism to help track the effectiveness of our risk and compliance program. For example, where a supplier may have a potential breach scenario, we work with the supplier as required to ensure they comply with the requirements under the Act and by extension their contractual obligation.

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 eradicate Modern Slavery. We are committed to collaborating with government and other businesses to eradicate Modern Slavery. We recognise we are in the early stages of our journey, but we understand the need for and support a coordinated approach to addressing human rights issues, including the risk of Modern Slavery in our collective supply chains.

For the financial year ending 30 June 2020, we continued to participate in multi-stakeholder forums and collaborate on diversity and inclusion and human rights issues with groups like Power of Engineering.

8. LOOKING FORWARD

KEY AREAS OF ACTION IN 2021 & BEYOND

Term	Definition
1 – 2 Years	Develop Modern Slavery awareness training to raise and ensure awareness of the risks AEMO faces in its operations and supply chains.
	Maturing our Supply Chain processes to reduce our exposure to Modern Slavery risk through improved risk assessment, due diligence, remediation and monitoring processes.
	Enhance reporting of our risks and compliance with the Act and improve timeliness of processing suppliers who could find themselves with an elevated risk of non-compliance.
	Mature our human rights considerations in our sourcing and vendor management process as part of our Modern Slavery and Purchasing Policy.
	Focus on broadening our stakeholder engagement with investors, members, non-government organisations and other businesses to better understand their perspectives on the role of the gas and electricity industries in respecting human rights and to collaborate on the prevention of Modern Slavery.
	Develop training for Supply Chain personnel to detect and prevent Modern Slavery to be launched in 2021 and continuation of training in Modern Slavery risk indicators.
2 – 3 Years	Mature our supplier on-boarding process to that we perform due diligence on all suppliers to determine their risk level and control procedures in relation to ethical sourcing and Modern Slavery as appropriate for its business.
	Explore mechanisms to measure the effectiveness of actions we undertake to address Modern Slavery risk.
	Continue to share detail relating to non-conformances and other findings through the risk assessment and due diligence processes with our members and suppliers.
	All new and recontracted suppliers to be assessed through the Supply Chain Assurance program and where appropriate, managed and monitored effectively.

We are proud of our progress to date, but we recognise that we are at the beginning of a journey and there is more to do. The Board, the Managing Director and Chief Executive Officer and the Executive Leadership Team are committed to ensuring that we address the risk of Modern Slavery occurring within our operations or supply chains and we shall continue to promote awareness of our responsibility through the application of the above policies and processes and the provision of relevant training and guidance to our employees.

This statement was approved by the Board of AEMO.

9. GLOSSARY

This document uses many terms that have meanings defined below.

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

Signed for, and as Interim Chief Executive Officer of, Australian Energy Market Operator Limited,

Nino Ficca



Interim Chief Executive Officer

Australian Energy Market Operator