



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

August 2021

Financial year ending 30 June 2021

AEMO's Modern Slavery Statement for the financial year ending 30 June 2021 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 2021

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This statement was approved by the Board of AEMO

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. For more information about our members, visit the [Our members](#) page on our website.

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. 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 to maintain secure power and gas systems, plus 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 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 rapid and transformational change faster 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.

To achieve our mission and vision, our cultural values guide our behaviour and associated ways of working: Inclusive; Integrity; Empowered; and Excellence, all 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:

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

Group Procurement

The Group Procurement team is responsible for creating and managing AEMO's purchasing policy, sourcing and contract management frameworks, plus 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 reveals it to be a rare occurrence given the control structures we have in place. However, due to the potential reputational risk associated with modern slavery, the consequence is rated as moderate. As such, a rare likelihood with a moderate consequence, determines a residual risk rating of Medium.

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.

2. OUR APPROACH AND PROGRESS

This is AEMO's second Modern Slavery Statement and describes the actions taken during the financial year ending 30 June 2021 to strengthen our approach, policies, and procedures, in line with the requirements of the *Modern Slavery Act 2018*. 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 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 implemented a wide range of initiatives to support AEMO's contribution towards reducing the risk of Modern Slavery.

KEY ACTIONS DELIVERED IN 2020/21

We have continued to build our understanding of Modern Slavery through the establishment of 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 continuously reviewed and updated.

We have begun using a guided buying tool and a set of supplier pre-qualification questions that include requirements for our suppliers to comply with the *Modern Slavery Act 2018*.

Our supplier selection and on-boarding processes have been further developed to perform due diligence on high-risk spend category suppliers. This assists AEMO to determine if they have appropriate control procedures in place to mitigate Modern Slavery risk, as appropriate for their business.

AEMO's Purchasing Policy and associated Procedures have been updated and now require all 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.

We have worked with Border Force to develop Modern Slavery awareness training. 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 several high-risk categories.

A Modern Slavery Policy which was approved by the AEMO Board on 04 February 2021.

We have begun collaborating with other organisations to share knowledge, discuss approaches, and build on learnings. This will enable us to work better together to address Modern Slavery risks.

Our People and Culture team has established exception reporting to compare data held in Payroll and HR systems, against pay scales, to identify any errors in employees' pay rates.

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.

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

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 particularly 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 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 our Risk and Audit Committee.

KEY DOCUMENTS

Document	Scope	Relevance to Modern Slavery
Modern Slavery Policy	All AEMO	This policy establishes the framework for managing Modern Slavery risks and affirms our commitment to contribute to

Document	Scope	Relevance to Modern Slavery
		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> .
Bullying, Discrimination & Harassment Policy & Procedures	All AEMO	These preventative policies and procedures outline AEMO's responsibilities in line with national legislation, detailing appropriate remedial actions for breaches.
Code of Conduct Policy	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.
Remuneration & Benefits Policy & Guidelines	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).
AEMO Enterprise Agreement	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.
Recruitment & Selection Policy & Procedure	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.
Grievance Resolution Policy	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.
Diversity & Inclusion Policy	All AEMO	This policy outlines AEMO's commitment to a diverse and inclusive workplace and culture, where all employees are treated equally.
Procurement Policy	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.
Risk Management Policy	All AEMO	The Policy provides direction to all staff to mitigate risk and support the achievement of AEMO's strategic and operational objectives. In particular, the Policy provides guidance to AEMO staff involved in purchasing. It covers the way we identify,

Document	Scope	Relevance to Modern Slavery
		assess, manage, and mitigate risks, using the most cost-effective controls within our operating environment and area of influence with external stakeholders.
Whistleblower Policy	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> .
WHSE & HR Contractor Management Procedure	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.

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 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 every quarter at 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 identify and minimise/mitigate any Modern Slavery risk within our supply chain. Our risk-based due diligence process has been constructed with reference to the United Nations 'Protect, Respect and Remedy' framework, that 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 all new and renewing suppliers, are subject to a review process prior to onboarding or contract award. Suppliers are now requested to answer a brief prequalification questionnaire that is administered in the procurement contract management system. This process helps us to identify potential areas of risk, and if evaluated above a medium residual risk rating, the supplier is referred to our Risk and 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*.

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 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 proactively work with our tier one 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 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 Modern Slavery concerns. Employees and third parties can report to their manager, or if they wish to remain anonymous, 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.

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 to provide credible measurements as to their effectiveness in addressing Modern Slavery risk.

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. To ensure compliance with the *Modern Slavery Act 2018*, 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 eradicate 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 2021, 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

PROPOSED KEY AREAS OF ACTION IN 2022 & BEYOND

Term	Action
1 – 2 Years	While AEMO's 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 contactor contracts expire, reassess through the procurement pre-qualification and assurance program. Where appropriate, further manage and monitor.
	Update all AEMO expiring supply contracts with a Modern Slavery clause.
	Further enhance our Modern Slavery reporting capability through our Contract Management tools and framework.
	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 will be revised. Additions made to strengthen advertising and communication obligations.
	The Work Experience Policy will be revised to meet obligations to contacting parents or carers when required.
	Update the termination process to include notification to Department of Immigration and Multicultural and Indigenous Affairs of termination of foreign employees.
Analyse 2021 Organisational Health Index Survey results and develop detailed action plans designed to address accountability and fairness culture issues.	
2 – 3 Years	Continue to share detail relating to non-conformances and other findings through the risk assessment and due diligence processes with our members and suppliers.

AEMO is proud of its progress made to date, but recognises that we are on a continuous journey, with more to do. 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

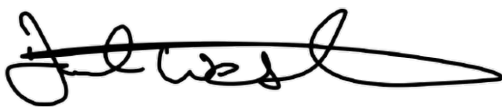
This document uses many terms that have meanings defined below.

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 <i>Modern Slavery Act 2018</i> .
Modern Slavery Act	<i>Modern Slavery Act 2018 (Cth)</i> .

10. VERSION CONTROL

Version	Release date	Changes	RAC Approval Date	Board Approval Date
A	31/03/2021	First Edition	02/12/2020	04/02/2021
A.1	31/12/2021	Second Edition	26/08/2021	04/11/2021

Signed by Chief Executive Officer of, Australian Energy Market Operator Limited



Daniel Westerman
 Chief Executive Officer
 Australian Energy Market Operator