



Compliance Policy

Prepared by AEMO Finance & Governance
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Title AEMO Board
Date 12 December 2025

This document is owned by the Group Manager, Risk & Compliance and will be reviewed once every two years or as required to reflect changes in the regulatory environment, AEMO's organisational structure or strategic objectives.

For any queries or suggestions for improvement, please contact the 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.
03	12 December 2025	Clarified roles and responsibilities across Three Lines Model and updated to align with Compliance Management Framework.

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1 Purpose

The Compliance Policy (Policy) outlines the position, approach and commitment of Australian Energy Market Operator Limited (AEMO) and its Subsidiaries (together, the AEMO Group) to effective compliance management. AEMO recognises the importance of a strong compliance culture and is committed to adhere and demonstrate adherence to all relevant laws, codes, rules, and regulations.

The Compliance Management Framework (CMF), along with other related policies and procedures, supports and reinforces the principles and guidelines outlined in this Policy.

2 Application

This Policy applies to all AEMO Personnel and external parties engaged in AEMO's operations. It is guided by the principles and requirements outlined in AS ISO 37301:2023 Compliance Management Systems – Requirements with guidance for use.

3 Description

AEMO's compliance environments are complex and diverse, resulting in a higher level of inherent compliance risk. AEMO operates in a highly regulated environment and is subject to extensive compliance obligations under energy specific laws and rules and other Federal and State/ Territory laws. The Policy addresses the sources of AEMO's compliance obligations which may include:

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

4 Roles and Responsibilities

The AEMO'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's policies and procedures and to work towards establishing an effective compliance culture within their areas of responsibility.

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

Roles	Responsibilities
The Board	The Board has overall accountability for compliance oversight, monitors compliance with ethical, legislative and regulatory requirements including energy laws and rules, workplace health and safety, diversity and inclusion, environmental, climate, sustainability, corporate governance and reporting obligations.
Board Committees	Each Board Committee is governed by an approved charter which stipulates its responsibilities. General responsibilities within the Board Committee's compliance management oversight role include:

Roles	Responsibilities
	<ul style="list-style-type: none"> • Review effectiveness of AEMO’s approach to achieving compliance • Obtain regular updates regarding compliance matters that may have a material impact on AEMO’s activities. • Review reports on legislative and regulatory compliance, including any material instances of breach or non-compliance. • Ensure there is a process for Board Chair and Committee Chair to be immediately informed of any issues of significant non-compliance or litigation and/or review any fraud reports. • Review compliance with exemption criteria and reporting requirements where AEMO has been exempted from the need to hold a licence or authorisation required under legislation. • Oversee process for dealing with disclosures received in accordance with the AEMO’s whistleblower program, and also complaints regarding matters relating to audit, the financial statements, internal controls pr possible fraud. <p>Refer to the relevant Board Committee Charter for detailed roles and responsibilities.</p>
Third Line	<p>The third line, Internal Audit, is responsible for providing independent and objective assurance to Management and the Board on the design and operating effectiveness of the governance, risk management and internal control processes.</p>
Second Line	<p>The second line, including teams in Enterprise Risk, Compliance, General Counsel and Enterprise Portfolio Office, oversees risks, risk controls and compliance, including:</p> <ul style="list-style-type: none"> • Advising on the interpretation of laws, rules and other instruments and engagements with regulatory agencies • Overseeing and supporting effective compliance management practices. • Advising on compliance and controls to enhance compliance management maturity. • Provides methodologies, tools, and best practices for managing compliance obligations. • Responsible for reporting compliance performance information to Executive Management and Board.
First Line	<p>The first line, comprised of all Personnel, is responsible for the day-to-day compliance management, including:</p> <ul style="list-style-type: none"> • Identifying, reporting, and managing compliance obligations related to their roles. • Developing mitigating controls. • Supporting a positive compliance culture. • Adhere to compliance management policies and framework. • Make compliance-informed decisions. • Monitor and execute compliance controls strategies and treatment plans. • Identifying and self-reporting an emerging compliance risk, compliance incident or potential breach in a timely manner. <p>As part of the first line, Executive Management has primary accountability for the management and oversight of compliance obligations within their divisions,</p>

Roles	Responsibilities
	including resource allocation for effective compliance management and compliance incident investigations.

5 Implementation

The implementation of this Policy is supported by AEMO’s CMF, which provides guidance on the principles of compliance management systems. A 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 organisation. The development of the CMF is a dynamic and iterative process, based on continual improvement and customised to AEMO’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 (this Policy)
- 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 management is supported by a dedicated Compliance team, with appropriate tools, training and support provided to all Personnel.

6 Compliance

AEMO is committed to fostering a culture that prioritises compliance and actively manages compliance risk, with low tolerance for material non-compliance (i.e. a compliance breach which is rated “Major” or “Extreme” in accordance with AEMO’s risk rating criteria) or behaviours that compromise compliance. All AEMO Personnel are responsible for maintaining compliance with AEMO’s obligations. Any deliberate or reckless non-compliant activity will be addressed through internal disciplinary processes, which may include disciplinary action in accordance with relevant AEMO’s policies, including the Code of Conduct and Discipline Policy.

Under this Policy, effective compliance monitoring is achieved through a multi-faceted strategy that ensures both internal and external oversight. Key components include:

- Market Audit: Leveraging regulated market audit as a mechanism to monitor compliance effectiveness and validate adherence to market obligations.
- External Regulatory Compliance Reviews: Independent reviews providing objective assurance on compliance performance.

- Regular Internal Audits: Systematic internal audits to identify gaps and enforce internal policies.
- Comprehensive Employee Training: Ensuring all Personnel are well informed about compliance management requirements and responsibilities.
- Technology Enablement: Utilising GRC (Governance, Risk, and Compliance) software to automate processes, track compliance activities, and maintain transparency.
- Robust Root Cause Analysis: Investigating compliance breaches or near misses to prevent recurrence and strengthen controls.

In rare circumstances, where Personnel becomes aware of circumstances requiring 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 resulting impacts. This requirement applies regardless of the potential impact level and is not dependant on materiality.

7 Definitions

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

Term	AEMO	AusEnergy Services Ltd (ASL)
AEMO	Australian Energy Market Operator Limited and its Subsidiaries.	
The Board	AEMO Board.	ASL Board.
Board Committee	Finance, Risk and Audit Committee.	Risk, Compliance & Audit Committee.
Entity Leader	Chief Executive Officer of AEMO.	Chief Executive Officer of ASL.
Executive Management	AEMO Executive Leadership Team.	ASL Executive Team.
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).

8 Related Documents

The Policy must be read in conjunction with these related internal documents

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

Control Document	Document Ref	Description
Code of Conduct		Maintained by People and Culture
Discipline Policy		Maintained by People and Culture