

Directors' Interest Protocol



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This document is owned and updated by Group Company Secretary and will be reviewed at least every 2 years or more frequently as required.

Any queries or suggestions for improvement should be addressed to the Group Company Secretary.

Version Release

Version	Effective date	Changes
1.0	30 October 2025	Revised new version with inclusion of additional guidance re AEMO structure and tender processes

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1 Purpose

The Directors' Interest Protocol (Protocol) outlines Australian Energy Market Operator Limited's (AEMO) approach to managing actual, potential or perceived conflicts of interest for Directors of AEMO (AEMO Directors). The Protocol is a component of AEMO's commitment to integrity. The Protocol should be read and applied in conjunction with the Directors' Conflicts of Interest, Gift and Hospitality Policy (Policy).

2 Application

This Protocol applies to all:

- AEMO Directors and independent appointees to Board Committees (collectively referred to as Directors); and
- in some circumstances, Directors may have additional obligations, restrictions or requirements (**requirements**) under legislation or other instruments. At all times, where there is a conflict between this Protocol (including any supporting documents) and the additional requirements for Directors, the more stringent requirements must be adhered to. If there is uncertainty as to which obligations are applicable, clarification should be sought from the Group Company Secretary.

3 Introduction

3.1 Conflicts of duty and conflicts of interest

This Protocol addresses both conflicts of duty and conflicts of interest. Directors have fiduciary duties that oblige them to act in the interests of the relevant corporation. Conflicts of duty should be avoided.

AEMO Directors also have statutory obligations to disclose material personal interests, which must be managed in accordance with the *Corporations Act 2001* (Cth) (Corporations Act) and this Protocol.¹

Conflicts of interest may be able to be managed, but some conflicts of interest should be avoided.

These are discussed in more detail below.

This Protocol also applies to other persons who are "Directors" (as defined above) but who are not subject to those fiduciary duties or statutory obligations.

3.2 Definition of Conflicts

Conflicts arise when a Director has a real or substantial possibility of conflict between their personal duties or interests and:

- the Director's duties to AEMO in their capacity as a Director; or
- the interests of AEMO or the AEMO Group;

(a **Conflict**).²

The existence of a Conflict is determined from the standpoint of an objective observer, with knowledge of all material facts and circumstances. An interest that gives rise to a conflict may be financial or non-financial in nature.

¹ Sections 191 – 195 of the Corporations Act.

² "Real or substantial possibility of conflict" is the threshold commonly used by Courts for a breach of duty in relation to conflicts of interest. The existence of a conflict is an objective test.

A material personal interest is an interest which provides a direct or indirect advantage to a Director or close relative, associate or entity controlled by the Director and gives rise to a real or substantial possibility of a Conflict.³

Conflicts can include actual conflicts, perceived conflicts and potential conflicts:

- **actual conflicts** arise when there is a current conflict between the Director's duties to the company or the Company's interests and the Director's personal duties or interests;
- **perceived conflicts** arise when the public or a third party, with knowledge of all material facts, could reasonably form the view that a Director's personal duties or interests could conflict with their duties as a Director or the interests of the company; and
- **potential conflicts** arise when there is a substantial possibility that a Director's personal duties or interests could conflict with their duties as a Director or the interests of the company in the future.

3.3 AEMO structure

AEMO's Board is responsible for the overall governance and performance of the company. As an independent, not-for-profit company, AEMO is committed to transparent and accountable financial and risk management.

AEMO's functions are prescribed in its Constitution and in legislative instruments, such as the National Electricity Law and Rules and National Gas Law and Rules, as well as Western Australian provisions such as the Electricity System and Market Rules.

In carrying out statutory functions, AEMO therefore operates within a detailed framework of laws and rules and also must have regard to the applicable market objective, such as the National Electricity Objective in the case of the NEM and the National Gas Objective in the case of east coast gas markets.

AEMO has a range of governance mechanisms in place. The roles of each are outlined below.

Members

AEMO is a not-for-profit company limited by guarantee. Its members do not hold shares and receive no financial benefit as members. Members' voting power is allocated under the AEMO Constitution between government members (60%) and industry (40%).

Members have no decision-making power with respect to the performance of statutory functions by AEMO, which are the responsibility of the Directors (to the exclusion of the members) under its Constitution.

Individual industry members therefore have no ability as members to influence AEMO decisions, and AEMO and its Board have no obligation to consider the interests of individual industry members.

Any matter concerning an industry member arising in the performance of a statutory function (or otherwise) is considered and decided by disinterested Directors.

Accordingly, there is no structural conflict with the interests of members and any conflict of interest that arises in the performance of AEMO's functions is managed appropriately.

³ Material personal interest is not defined in the Corporations Act. The description here reflects case law. A material personal interest is an interest that is (1) material and (2) personal. An interest is material if it can be "seen to have a capacity to influence the vote of the particular director upon the decision to be made" and gives rise to a conflict that is of "real or substantial kind". For an interest to be personal, it must be linked to the relevant director (for example, if there is a direct or indirect advantage to the director). Section 191(2) sets out a defined list of circumstances where a Director need not give notice of a material personal interest.

Energy and Climate Change Ministerial Council

AEMO is accountable to the Energy and Climate Change Ministerial Council (ECMC), which appoints AEMO Directors (other than the Managing Director) following a recommendation by an independent selection panel established by the ECMC and receives reports on AEMO's performance against the priorities set out in its strategic corporate plan.

The Board

AEMO's Board is responsible for the performance of AEMO, including of its statutory functions. The Board oversees AEMO's activities to ensure it meets its responsibilities under relevant laws and rules. The Board has oversight of AEMO's policies, budget, fee structures and long term strategy, and monitors the performance and cost-effectiveness of, and risks associated with, AEMO's operations and systems. It is also responsible for approving corporate strategy, annual budgets, major capital expenditures and risk management frameworks.

As noted above, any matter concerning an industry member or market participant arising in the performance of a statutory function (or otherwise) is considered and decided by disinterested directors.

4 Description

4.1 Conflicts of duty

All Directors owe fiduciary duties to AEMO. Directors are obliged to act honestly, in good faith and for a proper purpose, to ensure that they do not fetter their powers or misuse their position as a Director, to keep information about the company confidential, and to disclose all information coming to their attention (in any capacity) that may be relevant to the business and affairs of the AEMO Group.

A Director who, for example, owes duties as a Director of two different companies whose interests in a matter are not aligned must not receive information about, and must absent themselves from consideration of, the relevant matter at both companies. The Conflict of duty must be avoided: in this example, the Director cannot be in a position where they are obliged to keep information received from one company confidential while also having a duty to disclose that information to the other company.

4.2 Conflicts of Interest

Generally, under Australian law, Directors who have a material personal interest in the subject matter of a decision should not be part of the briefing, deliberation and voting process relating to that decision unless the interest has been disclosed and the disinterested Directors have approved the participation of the relevant Director in the matter.

The failure of a director to comply with this requirement may result in:

- that director breaching their statutory and fiduciary duties. For example, if a director with a material personal interest in a matter is present for the discussion of the matter and no valid permission is obtained, that director would have committed a criminal offence under section 195 of the Corporations Act. Other criminal and civil penalties may also apply under the Corporations Act arising from a breach of the director's statutory duties;
- the decision of the Board being challenged as not valid; and/ or
- damage to AEMO's reputation that may impact the trust industry members and consumers have in AEMO.

4.3 AEMO position

The position of AEMO is that duties of the Director or interests of the Director, close relatives, associates or entities controlled by the Director which create an actual, potential or perceived Conflict with a Director's obligations to the Company must be avoided or, where legally permissible, managed in a manner approved by the AEMO Board.

Directors are expected:

- to make timely declarations of personal duties and interests that create an actual, potential or perceived Conflict;
- to avoid Conflicts of duty;
- to avoid Conflicts of interest to the extent possible or to manage conflicts of interest in a manner approved by the AEMO Board;
- comply with processes and plans put in place to manage Conflicts; and
- abide by all protocols, policies and guidance related to the avoidance, declaration and management of Conflicts.

Directors are not required to declare interests under this Protocol of the type which are exempt under s191 of the Corporations Act.

The position of AEMO is that where a Conflict is identified, the Director the subject of the conflict does not:

- receive materials related to the consideration of that conflicted matter;
- participate in or be present for the consideration of that conflicted matter; and
- participate in or be present for any decision making or voting on that matter.

There may be rare circumstances where this may not be possible, practical or desirable. Any departure from the requirements set out in this section must be specifically approved by the disinterested members of the AEMO Board.

4.4 Guidance Documentation

This Protocol outlines the AEMO’s approach to Conflicts for Directors. Specific guidance around the processes and obligations for conflicts management are contained within a number of supporting documents. The following table details the key support documentation and their application:

Support Documentation	Purpose	Application
Director’s Conflicts of Interest, Gifts and Hospitality Policy	<p>This Policy outlines how AEMO maintains the trust of the public and stakeholders in the integrity of the company by managing:</p> <ul style="list-style-type: none"> Conflicts of interest that are actual (real) or situations that have the potential to give rise to a conflict of interest or the perception of a conflict of interest; and the receipt of gifts and hospitality. 	<p>This Policy applies:</p> <ul style="list-style-type: none"> to all AEMO Directors including independent appointees to Board appointed Committees; to the operation of the AEMO Board and Board appointed Committees; in all Board and Board appointed Committees activities unless the management of conflicts for an activity is specifically addressed through an alternate guidance document.
Commonwealth CIS Tender Probity Plan	<p>The Commonwealth CIS Tender Probity Plan:</p> <ul style="list-style-type: none"> outlines the process by which information related to the operation of Tenders conducted by AEMO/ASL under the Commonwealth’s Capacity Investment Scheme is managed and includes guidance specific to the management of conflicts in these circumstances, including for Directors; and addresses the specific requirements of the CIS Services Contracts. 	<p>The Commonwealth CIS Tender Probity Plan applies to all Tenders conducted under the CIS Services Contracts.</p>

5 Confidentiality

Any information acquired by a Director while performing their duties that is not publicly known and has not been approved by Board for public release is confidential information of AEMO and must be kept confidential. This includes the existence and details of any Board and Management information, discussions, and decisions that are not publicly known.

A Director must not disclose the information to a third party except where that disclosure is:

- authorised by the Board; or
- required by law or a regulatory body.

Each Director's obligation of confidentiality continues after they cease to be a Director.

6 Roles and Responsibilities

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

The roles and responsibilities with regard to this Protocol are as follows:

Roles	Responsibilities
Board	The Board is responsible for overseeing management of Conflicts.
Group Company Secretary	The Group Company Secretary is responsible for the management of this Protocol and Conflicts processes and plans.
Directors	<p>All Directors are required to:</p> <ul style="list-style-type: none"> • familiarise themselves with this Protocol and all applicable policies, plans, protocols and guidance. • avoid Conflicts of duty – see Section 4.1 • avoid Conflicts of interest to the extent possible or to manage conflicts of interest in a manner approved by the AEMO Board • make timely declarations of personal duties and interests that create an actual, potential or perceived Conflict • comply with processes and plans put in place to manage Conflicts • not solicit gifts or hospitality. • refuse all gifts which could be seen as an attempt to influence business decisions. • refuse all gifts of cash or cash equivalents, personal services, gifts or hospitality/entertainment which raise a reputational risk for AEMO. • report bribes, attempts of bribery or inappropriate attempts of gifting to the Chair or in accordance with the Whistleblower Protection Policy. • seek advice if in any doubt about the management of interests.

7 Implementation

The Group Company Secretary will maintain the appropriate procedures that enable the implementation of this Protocol.

Breaches of this Protocol will result in disciplinary action. A breach includes intent to avoid reporting of Conflicts. AEMO will communicate this Protocol to all Directors to ensure strict compliance.

If a Director identifies a breach of this Protocol made by another Director, the Director should report this conduct to the Chair or Group Company Secretary as soon as practicable.

8 Definitions

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

Term	
AEMO	Australian Energy Market Operator Limited
Board	AEMO Board
Directors	Directors and independent appointees to Board Committees

Term	Definition
Bribe	Persuade someone to act in one's favour by a gift of money or other inducement.
Conflict of Interest	See section 3.2.
Declaration	The recordable notification to AEMO of a receipt of a gift or hospitality from a donor.
Fraud	Fraud is a dishonest and intentional activity committed to secure an unfair or unlawful gain, regardless of whether deception is used.
Gift	Free or discounted items and any item that would generally be seen by the public as a gift. Items can be of any value and includes consumables such as event tickets, food, travel, accommodation and vouchers.
Hospitality	The reception and entertainment of guests. Hospitality may range from light refreshments at a business meeting to expensive restaurant meals and sponsored travel and accommodation.
Recipient	The Person who accepts the gift or hospitality from a Donor and receives the benefit.