Fraud and Corruption Prevention Policy

Policy Statement

AEMO is the operator and planner of energy markets across six states and one territory in Australia. Fraud and corruption have the potential to cause significant financial and reputational damage to AEMO. Fraudulent and corrupt behaviour by AEMO employees or contractors can undermine key stakeholder confidence in AEMO.

AEMO is committed to creating and maintaining a culture of corporate compliance and ethical behaviour in which employees are responsible and accountable, behave with honesty and integrity and are empowered to raise concerns regarding unethical, unlawful, or undesirable conduct, without fear of reprisal.

This Fraud and Corruption Prevention Policy (Policy) seeks to comply with the Australian Standard AS 8001 - 2021 Fraud and corruption control and align with AEMO's Board approved Risk Tolerance and Appetite Statements.

Scope

The Policy is established to facilitate the development of controls that support the detection and prevention of fraudulent or corrupt activity.

This Policy should be read in conjunction with AEMO's Fraud and Corruption Prevention Framework which can be accessed from the Resources section on Mo. This Policy applies to all AEMO Employees, Consultants, Contractors and Directors.

Fraud and Corruption Prevention Context

Fraud and corruption includes the misappropriation of assets, the manipulation of reporting and the abuse of position for personal gain. For the purposes of this policy:

- Fraud is a dishonest and intentional activity committed to secure an unfair or unlawful gain, regardless of whether deception is used.
- Corruption is a dishonest and intentional activity in which an individual acts against the interests of AEMO and abuses their position of trust to achieve personal gain for themselves, another person or entity. Examples include (but are not limited to):
- Bribes, secret commissions or other improper payments or benefits
- The deliberate falsification, concealment, destruction or use of falsified documentation;
- The improper use of information or position;
- Theft of cash or benefits;
- Accounting fraud (for example, false invoicing);
- Giving or taking bribes or secret commissions or improperly accepting gifts;
- Using AEMO intellectual property, information or resources (including computers) for personal gain;
- Theft or misuse of AEMO assets, equipment or facilities;
- Use of AEMO's corporate credit card for personal expenses;
- Not disclosing conflicts of interest; or
- Improper conduct in procurement and/or contract management processes.

Fraud and Corruption Prevention Attitude

AEMO's Board approved Risk Appetite and Tolerance Statements provides guidance to all staff on the amount of risk the company is prepared to accept or undertake to achieve its objectives. AEMO has zero tolerance for fraudulent activities and will implement effective fraud controls and corporate governance processes to prevent, detect and report any potentially fraudulent activities and regularly tested.

Roles and Responsibilities

- The Board is the owner of this Policy. It reviews and monitors the leadership and commitment given to fraud and corruption prevention and detection and receives reports on material breaches. These responsibilities are carried out with the assistance of the Risk and Audit Committee.
- The Chief Executive Officer is responsible for the implementation of this policy and is accountable to the Board for establishing and maintaining an ethical culture and monitoring and reporting obligations under this policy. The Chief Executive Officer is also responsible for approving disciplinary action.
- Management is responsible for the on-going identification, assessment and management of potential/perceived risks relating to fraudulent activities and corrupt behaviour. Management is also charged with understanding the obligations that they are responsible for, implementing systems and processes including raising awareness in relation to fraud and corruption prevention and detection, and adapting them where breaches occur.
- It is the responsibility of all staff and directors to undertake their obligations diligently and to report any activities that may be or appear to be irregular or suspicious.
- Employees must report any actual or perceived instances of fraud and / or corruption to their manager, HR Business Partner, ELT, a member of the Compliance and Audit or using the whistleblowing framework. Staff or Managers must not initiate their own investigation.
- The Chief Governance Officer and Chief People Officer will determine the most appropriate approach for any Fraud and Corruption related investigation. An outcome of the investigation will be presented to the Risk and Audit Committee. Any disciplinary action will be undertaken in accordance with AEMO's Code of Conduct Policy.

Best Practice

AEMO fosters a culture that encourages all employees to be proactive in the prevention of fraud and corruption by achieving high standards of conduct and ethical behaviour in all its activities.

To support application of this policy, AEMO's fraud and corruption prevention procedures comprises of the following best practice elements that include but are not limited to:

Prevention

- Implementing and operating an integrity framework, including a Code of Conduct and risk management policy.
- Implementing this Policy and accompanying Fraud and Corruption Prevention Framework.
- Managers and employees taking accountability for preventing, detecting, and responding to instances of fraud and corruption.
- Training and awareness programs, both mandatory and on-going (e.g. Code of conduct, Fraud awareness, Risk Management).
- Internal Controls to prevent the possibility of fraudulent activities (e.g. segregation of duties, delegation of authority, access management, pre employment checks).

Detection and reporting

- Fraud and corruption reviews (e.g. risk reviews, Internal Audits, External Audit).
- Fraud and corruption detection controls (e.g. peer review, exception reporting, Budget monitoring and reconciliations, staff security clearances).
- Whistleblower program and other avenues for reporting suspected incidents.

Response

- Internal reporting and investigation.
- Disciplinary procedures.

Implementation

AEMO's objective of a culture of proactively preventing fraud will be achieved by:

- Establishing a system of internal controls and procedures for the identification, prevention and detection of fraud or corruption.
- Maintaining a high level of awareness of the potential for fraud and corruption and the requirements of ethical conduct throughout the corporation through the provision of education programs.
- Reinforcing the requirement for all staff (e.g. mandatory training) to comply with procedures designed to prevent fraud and corruption, refrain from fraudulent or corrupt activity and encourage reporting of any such activity.
- Monitoring and testing the design and effectiveness of internal controls implemented to manage and mitigate fraudulent activities and/or corrupt behaviours through risk reviews and internal audit.
- Undertaking periodic fraud and corruption risk assessments to assess the continuing relevance and application of established controls and requirement for new controls.
- Developing a response to deal with any suspected incident of fraud or corruption promptly and in an appropriate manner.

This policy is supported by the Fraud and Corruption Prevention Framework which assists in the planning and resourcing, prevention, detection, response to and recovery from, fraud and other improper conduct that negatively impacts AEMO.

AEMO's Whistleblower policy is also relevant to the reporting of and response to fraud or corruption.

Review

- This Policy will be reviewed by the Risk and Audit Committee every two years at a minimum or in response to an event or change of circumstances requiring a review of policy. The updated policy will be presented to the Board for approval.
- This Policy is managed by the Audit and Compliance team within the Governance Department.

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Approved by the Board
Date approved: 05 May 2022