

# Compliance Management Policy

## SQE-00-POL-008

23 May 2023

### Revision Control

Revision	Date	Issue	Author	Reviewed	Approved	Signature
000	23/05/2023	Final/Issued	Jordan Biron	Corporate Risk & Compliance Committee	Jason Willoughby	

### Confidentiality

This document contains proprietary and confidential information, which is provided on a commercial in confidence basis. It may not be reproduced or provided in any manner to any third party without the consent of Squadron Energy Pty Ltd.

© Copyright Squadron Energy 2023. This work and the information contained in it are the copyright of Squadron Energy Pty Ltd. No part of this document may be reprinted or reproduced without the consent of Squadron Energy Pty Ltd.

### Disclaimer

Whilst every effort has been made to ensure the accuracy of this information, the publisher accepts no responsibility for any discrepancies and omissions that may be contained herein.

# Contents

<b>Related documents</b>	<b>1</b>
<b>1 Introduction</b>	<b>1</b>
1.1 Purpose	1
1.2 Scope	1
<b>2 Definitions</b>	<b>1</b>
<b>3 Policy Statement</b>	<b>1</b>
<b>4 Compliance Management</b>	<b>2</b>
4.1 Compliance Commitment	2
4.2 Compliance context	2
4.3 Compliance Management Framework – An Overview	3
4.3.1 Principles	3
4.3.2 Approach	4
4.3.3 Compliance Benefits	4
<b>5 Compliance Culture</b>	<b>4</b>
<b>6 Audit/Review</b>	<b>5</b>
<b>7 Variation</b>	<b>5</b>
<b>8 Relevant legislation and standards</b>	<b>5</b>
<b>9 What happens if this Policy is not followed</b>	<b>5</b>

# Related documents

Type	Title
<b>Process</b>	Compliance Management Process
<b>Procedure</b>	Compliance Attestation Procedure
<b>Form</b>	Compliance Attestation Questionnaire
<b>Register</b>	Compliance Obligation Register

# 1 Introduction

## 1.1 Purpose

The purpose of this policy is to outline Squadron Energy's expectations for compliance across the organisation, fostering a positive culture of compliance and establishing a Compliance Management Framework.

## 1.2 Scope

The Compliance Management Policy (**Policy**) applies to Squadron Energy Pty Ltd and its affiliates (including trusts) in the Squadron Energy group of companies ('**SQE**').

This policy applies to all employees and all persons performing work at the direction of, or on behalf of, SQE (for example, contractors, consultants, temporary staff and 'workers' as otherwise defined under the Work Health and Safety Act 2011), collectively referred to as 'Staff'.

This Policy does not form part of any Staff contract of employment or any contract for services between SQE and any Staff who does not have a contract of employment with SQE.

# 2 Definitions

<b>Compliance</b>	Adhering to all the organisation's compliance obligations.
<b>Compliance obligation</b>	Laws, regulations, codes, standards, policies and procedures SQE is required to comply with.
<b>Conformance</b>	Adhering to a compliance control framework requirement.
<b>Control Framework</b>	A set of interrelated or interacting elements of an organisation to establish policies, objectives and processes to achieve those objectives.
<b>Non-compliance</b>	non-fulfilment of compliance obligations.
<b>Obligation Owner</b>	An individual with primary accountability for the internal control. That person must design and implement a system of internal controls which supports and promotes conformance. Others may be responsible for compliance.

# 3 Policy Statement

This Policy aligns with *International Standard 37301:2021 Compliance management systems – Requirements with guidance for use* (ISO 37301:2021) and enables SQE to manage compliance in a proactive, efficient and effective manner. It assists in the management of risk, enhances existing business practices and is integral to performance and achieving our strategy.

Non-compliance with our obligations and contacts can result in a range of adverse outcomes, including harm to individuals, code of conduct breaches, civil and criminal action against individuals or the organisation, reputational damage, impeded performance, and failure to achieve our strategy. Consequently, compliance with our obligations is the responsibility of all Staff.

SQE will:

- Outline SQE's compliance commitment
- Detail the principles to apply to management of compliance.

- Provide an overview of the Compliance Management Framework.
- Promote and foster a culture of compliance.
- Ensure all Staff understand their obligations under this Policy.

## 4 Compliance Management

### 4.1 Compliance Commitment

SQE and its Staff are committed to fulfilling all obligations and operating lawfully, to maintain the trust of its partners and the community.

To do this we must understand the obligations relevant to our work, and know how to comply and fulfil them lawfully, consistently and effectively.

We achieve this by having effective systems of control that promote voluntary compliance, and prevent, detect and respond to non-compliance. Obligation Owners of these systems are accountable for ensuring we are informed of our obligations and how to fulfil them. Obligation Owners will periodically assess control effectiveness to ensure arrangements are proportional to risk, and to drive continuous improvement.

SQE has **zero tolerance** for wilful, or malicious non-compliance.

This approach is sustained by embedding proactive compliance management in our culture and behaviours. This Policy provides an overview of why compliance management is important and how the Compliance Management Framework will help to drive proactive, efficient and effective compliance management across SQE. Effective compliance management does not just manage risk, it is integral to SQE's performance and achieving desired outcomes. In particular, the Policy provides an overview of SQE's:

- compliance context; and
- Compliance Management Framework, including principles, approach and benefits.

Detailed compliance management guidance and information to help Staff implement the Framework in practice can be located in Process and Procedural guidance.

### 4.2 Compliance context

SQE is an energy company operating in the National Electricity Market and National Gas Market. The compliance risk inherent in SQE's operating environment is complex and diverse, with its activities being highly regulated. In addition, it is subject to a range of administrative requirements, including (but not limited to) governance, financial management, performance, taxation, work health and safety and other human resources obligations. As such, SQE must be able to demonstrate the highest standards when acquitting its obligations to maintain its social license to operate and community trust.

Compliance obligations will be considered and assessed in the context of current and proposed activities and services to ensure SQE has the ability to meet these obligations, manage the identified risks and support the needs and expectations of stakeholders. Under the approved Risk Appetite Statement (within the Risk Management Policy), relating to Legal and Compliance, SQE has a **low Risk Appetite**.

### 4.3 Compliance Management Framework – An Overview

The Compliance Management Framework (the Framework) is comprised of this Policy, Process, Procedures and a supporting toolkit. The Framework establishes an annual compliance cycle that integrates with (and adds value to) existing risk management and assurance processes (Figure 1). SQE applies the Framework to identify, analyse and evaluate its Compliance Obligations and the effectiveness of Systems of control or ‘*control frameworks*’ in reducing the risk of non-compliance.

This suite will support the business areas, to implement the Framework and ensure that:

- Staff are fully aware of the obligations they must fulfil in the course of their role / duties;
- Business processes make it as easy as possible for all Staff to fulfil their obligations; and
- non-compliance is prevented, detected and responded to effectively.



Figure 1: Conceptual Compliance planning cycle (aligned with ISO 37301:2021)

#### 4.3.1 Principles

The key principles which underpin SQE’s Compliance Framework, and the compliance management activities performed by Obligation Owners include:

- **Clear accountability** – there is clarity surrounding key compliance management roles and responsibilities, coupled with an understanding that compliance with obligations is a shared responsibility of all Staff.
- **Integrated and efficient** – the Framework is integrated with existing business planning, risk management and quality / assurance frameworks to minimise administrative burden and generate additional value from existing processes.
- **Proportionality** – compliance management activities are proportionate to the degree of risk associated with non-compliance.
- **Proactive** – forward focused; compliance activities focus on preventative measures to identify and manage compliance risks before they occur.
- **Agile** – a non-prescriptive, principles-based Framework that can adapt to SQE’s varied operations.
- **Continuous improvement** – monitoring and evaluation processes are embedded within the organisation to ensure compliance management activities are refined and improved over time.
- **Sustainable** – processes are simple, easily understood and repeatable. Effective compliance management does not just manage risk, it is integral to performance and achieving desired outcomes.
- **Awareness and culture** – a focus on raising the ‘*compliance consciousness*’ of SQE and building a positive culture towards compliance, through the use of education, training, and two-way communication.

### 4.3.2 Approach

The Framework reflects the compliance management principles outlined above and utilises a four-phase compliance management cycle that aligns with ISO 37301:2021 (**Table 1**).

**Table 1: Compliance Management Plan-Do-Check-Act Cycle (PDCA)**

PDCA	Componenets
<b>Plan</b>	<ul style="list-style-type: none"> <li>Establish a Framework that details the context, scope, requirements and guiding principles for Compliance Management System.</li> <li>Confirm roles and responsibilities for compliance obligations.</li> <li>Identify and risk assess to inform the prioritisation of compliance effort (e.g. financial and resource requirements) to ensure on-going compliance.</li> <li>Create Executive oversight and articulates leadership's expectations via a policy.</li> </ul>
<b>Do</b>	<ul style="list-style-type: none"> <li>Determine and provide the resources needed for the establishment, management and continual improvement.</li> <li>Implement the Framework, identifying and reporting instances of non-compliance.</li> <li>Provide training, communications and awareness on a regular basis.</li> <li>Document, control and retain information relevant to the compliance management.</li> </ul>
<b>Check</b>	<ul style="list-style-type: none"> <li>Undertake quality assurance processes (three-lines of defence<sup>1</sup>) to evaluate the implementation of the Framework to ensure compliance objectives are achieved.</li> <li>Obtain attestations and compliance results to inform future potential areas of focus.</li> </ul>
<b>Act</b>	<ul style="list-style-type: none"> <li>Implement identified corrective actions to support continuous improvement.</li> </ul>

### 4.3.3 Compliance Benefits

A mature Framework will achieve the following benefits:

- An awareness across all aspects of the business of our obligations, including new and amended obligations over time, and how we ensure they are met;
- A consistent understanding of, and approach to, compliance management;
- Control frameworks have tools that make it easy for the organisation to understand and comply with obligations, as they are supported to design and maintain mature controls commensurate with risk;
- Compliance management is proactive, committed to continuous improvement, and embedded within the organisation;
- Remediation and assurance activities are planned and regular, rather than a reaction to instances of non-compliance, reviews or audits; and
- Instances of significant non-compliance are escalated and addressed.

## 5 Compliance Culture

SQE leadership team strongly supports and encourages the consistent management of compliance obligations. SQE, through the Framework, promotes a positive compliance management culture by the:

- establishment of a robust compliance management system, including on-going training and open communication on compliance issues;

<sup>1</sup> Institute of Internal Auditors Three Lines of Defence Model

- b. promoting the design and establishment of supporting processes and systems that make compliance as easy as possible; and
- c. identifying the linkage between SQE's objective and individual roles (in job descriptions and performance management processes), to demonstrate that compliance is essential to achieve the organisational outcomes.

A positive compliance management culture is one where compliance is encouraged, facilitated and managed in a consistent manner across SQE and where Staff at all levels can move from a position of reactive (after the event) management of non-compliance to a position of proactive management of compliance obligations.

Staff at all levels are required to be aware of relevant compliance obligations and implement controls in their day-to-day business activities, including actively monitoring and reporting compliance issues and incidents.

SQE has practices and initiatives to prompt Staff to consider compliance obligations throughout all aspects of their operations, ensuring that compliance is always front of mind when performing day-to-day operations.

## 6 Audit/Review

A review of this Policy and its associated records is required 24 months from the date of approval.

## 7 Variation

SQE reserves the right to vary, replace or terminate this Policy from time to time. SQE undertakes to regularly review this policy to take account of changes in relevant legislation. All Staff are required to comply with this Policy as varied or replaced.

## 8 Relevant legislation and standards

Type	Title
Standards	International Standard 37301:2021 Compliance management systems – Requirements with guidance for use

## 9 What happens if this Policy is not followed

The directions contained within this Policy are authorised by the Chief Executive Officer for SQE. Failure to comply with a direction contained in this document or its related documents may constitute a breach of the Code of Conduct and / or may also result in the potential breach of the associated legislation.

Squadron Energy is Australia's leading renewable energy company. Proudly Australian owned, our mission is to be a driving force in Australia's transition to a clean energy future by providing green power to our customers.

We develop, operate and own renewable energy assets in Australia.

With proven experience and expertise across the project lifecycle, we work with local communities and our customers to lead the transition to Australia's clean energy future.

Squadron Energy acknowledges the Traditional Owners of Country throughout Australia. We pay our respects to Elders past, present and emerging.



[SQUADRONENERGY.COM](https://www.squadronenergy.com)