



# **STATEMENT ON MODERN SLAVERY**

For the period to 30 June 2020



# Modern Slavery Act Statement 2020

This is the inaugural modern slavery statement made on behalf of Spark New Zealand Limited (“Spark” and together with its subsidiaries, the “Spark Group”) for the period from 1 July 2019 to 30 June 2020. It has been prepared pursuant to the requirements of the Australian Modern Slavery Act 2018.

This report was approved by the Spark New Zealand Board on 29 March 2021.

**Justine Smyth, CNZM**  
Chair

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## Spark New Zealand Limited (NZX: SPK, ASX: SPK)

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Spark is committed to upholding human rights – both within our own operations and throughout our supply chain. This means the fair and respectful treatment of all our people, and a focus on providing fulfilling and rewarding employment. It means complying fully with the law, but also going above and beyond compliance – acting professionally, ethically, and responsibly as we deliver customer outcomes, contribute to the community, and create shareholder value. It means sourcing our products and services from suppliers that provide safe working conditions, treat workers with respect and dignity and conduct business in an environmentally and socially responsible manner.

We are committed to taking meaningful action to identify, mitigate and manage any modern slavery risks – and to continuously improving our approach.

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## Our business

**Spark’s purpose is to help all of New Zealand win big in a digital world. We are New Zealand’s largest telecommunications and digital services provider. Our customers range from consumers and households to large enterprises, and our services include mobile and broadband connectivity, cloud connectivity and IT services.**

### The Spark Group

Spark New Zealand Limited is the parent entity of the Spark Group. Spark is publicly listed, and our issued shares are quoted on the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX).

Spark is a reporting entity for the purposes of the Modern Slavery Act (Commonwealth) 2018 and our statement covers the Spark Group of entities. As at 30 June 2020 the Spark Group comprised 30 controlled entities.

Spark New Zealand Trading Limited is the main trading entity within the Spark Group and is the parent company of many of Spark’s operating subsidiaries.

Spark Finance Limited is the finance company for the Spark Group and raises debt funding in New Zealand and internationally. The majority of these funds are then advanced to other members of the Spark Group in order to assist in funding the group’s operations. Spark Finance is listed on the NZDX as SPF.

A complete list of the controlled entities in the Spark Group as at 30 June 2020 (including ownership percentages and principal activity information) is available in the Spark Annual Report 2020 on page 111.

More information on our financial performance and business strategy may be found on our corporate website at <https://investors.sparknz.co.nz/Investor-Centre/>

### Corporate Governance and risk management

Our approach to managing modern slavery risks is supported by our high standards of operational performance, corporate governance and risk management.

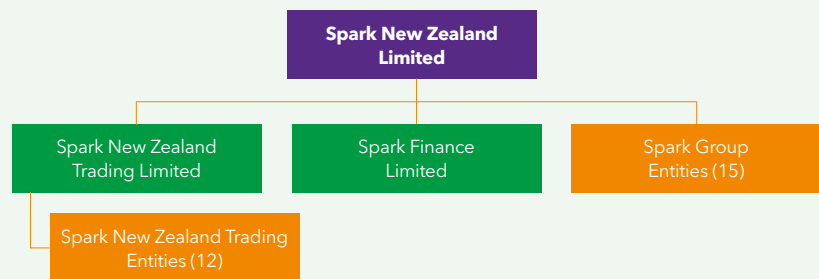
The Board regularly reviews and assesses Spark’s governance structures and processes to ensure that they are consistent with international best practice, in both form and substance. Spark’s corporate policies apply at a group level and our governance structures ensure the Spark Group of entities adhere to expected standards of conduct. Copies of, and details about, Spark’s corporate governance policies, practices and processes can be found on our website at: <https://www.sparknz.co.nz/about/governance>

Our managing risk policy and framework helps people to manage uncertainty and challenges as they pursue Spark’s strategy and business objectives. The policy, overseen by the Audit and Risk Management Committee (ARMC), confirms the objectives for identifying and managing risks that can impact Spark’s organisational performance.

The policy and framework are benchmarked to COSO ERM 2017 (COSO), a leading practice risk management standard. Spark has used this standard since July 2018 when we transitioned to the Agile Operating Model.

For more information on our risk management processes, see Spark’s Annual Report 2020, pages 46-48 and page 112.

### Our corporate structure



## Our operations

### Spark provides a broad range of telecommunications and digital services.

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Through the Spark, Skinny and BigPipe brands we provide mobile and broadband connectivity, digital services and devices, to consumers and households, and to some small businesses.

Through our Spark Business, CCL, Digital Island, Qrious and Leaven Brands we provide a range of digital services to business customers, from small to medium-sized enterprises through to government departments and large enterprises. These include cloud connectivity, IT services, data analytics and data-powered marketing, cyber security, procurement and business transformation services. Our Telegistics business assists our channel partners across New Zealand with supply chain and distribution solutions.

Spark owns a 50% shareholding in a network construction business Connect 8. For the purposes of this report, Connect 8 is treated as a supplier of network construction services to Spark, and has signed up to our Supplier Code of Conduct (see below).

Through our Wholesale business we resell telecommunications services within New Zealand and provide International Mobile Roaming connectivity to the customers of offshore telecommunications carriers. We have relationships with more than 370 of these carriers globally.

We are building businesses in emerging growth areas: we have a nationwide Internet of Things (IoT) network and platforms; through Spark Health we deliver a tailored suite of telco and IT services for the health sector and are developing a Digital Health Platform; and we have a sports streaming and production service, Spark Sport. Our emerging technology business Matr creates solutions for verifiable data and digital trust.

The Spark Foundation is the charitable arm of Spark and has a mission to ensure no New Zealander is left behind in a digital world. It seeks to achieve this by accelerating equitable access and capabilities through giving, advocacy and targeted investment opportunities.

### How we mitigate modern slavery risks in our operations

Our approach to corporate governance, as outlined above, alongside our values, Code of Ethics, Supplier Code of Conduct, and Whistleblowing procedures (all detailed below) assist us to mitigate the risks of modern slavery in our operations. We strive for a culture where Spark people are committed to doing the right thing, to using company policies (such as the Code of Ethics) to help inform and determine what the right thing is, and to feel safe raising the alarm if they have concerns.

In addition, we have checks and balances in place in specific areas. For example, our wholesale business checks all requests for roaming relationships against the UN, US, UK and NZ MFAT sanctions lists and regularly monitor these for changes. It also checks and monitors the ownership of all new and existing carrier partners – and will turn down requests for roaming agreements where we believe it is appropriate to do so.

## Our people

### Our direct workforce

As at 30 June 2020, Spark directly employed 5,224 people, with more than 99% of these people located in New Zealand.

We employ people with a broad range of skillsets, ranging from customer service to engineering to professional services.

Spark meets all the requirements of New Zealand employment law for our NZ-based direct workforce, and in many cases goes above and beyond statutory requirements. Our Hiring Policy ensures that right to work checks are undertaken and work cannot commence without valid documentation. Our remuneration structure ensures that all staff are paid rates at or above the minimum wage, with governance provided by our Human Resources & Compensation Committee.

Spark has a diverse workforce and has a strong diversity and inclusion programme to ensure our people feel valued, respected and confident to bring their whole self to work. We use an open employee feedback tool which enables our people to make their voice heard, and other internal communication tools to ensure openness and transparency regarding the way we work. Spark people undertake compliance training on a range of topics including Ways of Working.

Spark employs interns across our business in a broad range of areas. Where it is a formal internship, we have a policy of paying our interns the minimum wage (rather than requiring them to give their time for free), and we ensure they are given meaningful career opportunities. Around one in five of these interns is engaged through programmes such as the **First Foundation**<sup>1</sup> as part of our focus on diversity and inclusion. First Foundation interns are supported with scholarships, work experience and mentoring. Occasionally we have people who volunteer their time in order to gain work experience or knowledge in a particular area - for example our Agile transformation. These are short-term arrangements and we will continue to monitor this practice to ensure it is always beneficial for the volunteer.

### Our indirect workforce

We have an indirect workforce of almost 3,000 with the majority of these located in New Zealand, but approximately 500 people located offshore. We recognise our indirect workforce could potentially face higher risks of modern slavery than those employed directly by Spark, and we have checks and balances in place to mitigate this.

Our indirect workforce in New Zealand is a diverse mix of agency contractors, consultancy firms, independent contractors, and people employed by our Business Hubs - which operate under a licencing model. It includes people such as cleaners and security staff who work in Spark buildings.

Our New Zealand-based indirect employees are all protected by New Zealand labour laws and are governed by a range of different contractual arrangements depending on the type of work they do and where we have employed them. Our independent contractors and agency staff who contract directly to Spark are all engaged in line with our hiring process in terms of right to work and rates of pay.

Of our people located offshore, the majority are in Manila, where we contract with an offshore partner to run customer care centres to service our customer base in New Zealand. We require our partner in Manila to make formal commitments around its mitigation of modern slavery risk. Our partner has confirmed that it adheres to fair pay practices, including paying employees for all time worked, and that all its employees, contractors and suppliers must comply fully with its Equal Employment Opportunity Policy and applicable employment laws. We also outsource some IT Services work to contract staff at two different IT services businesses, both headquartered in India. The number of contractors from these businesses who are working with Spark fluctuates depending on the work required, but at 30 June 2020 it was a little over 100 people, with around two thirds based in New Zealand and a third offshore in India or Australia. Both

<sup>1</sup> See <http://www.firstfoundation.org.nz/> for more information

## Our people (cont.)

organisations have signed up to our Supplier Code of Conduct.

### Our retail network

As at 30 June 2020, Spark operated 66 retail stores and 24 business hubs, providing connectivity and digital solutions to small-to-medium enterprises. These are located throughout New Zealand. We also have dealership arrangements with major retail chains across New Zealand to sell Spark products and services.

Spark owns all our retail stores, and the people working in our stores have a contract directly with Spark.

Our business hubs are operated by third-party licensees. In this model we understand the need to ensure the rights of Hub employees are upheld, and we do this by requiring that the terms of employment between the licensee and the staff member must “comply with all statutory and legal requirements”. We have recently revised the licence agreement, under which licensees must now offer employment on terms substantially consistent with a template agreement provided by Spark (being a fit-for-purpose agreement that meets minimum legal requirements).

### Our values and Code of Ethics

Our values are the cornerstones of our culture. Our four values are:

- Tūhono: we connect
- Māia: we are bold
- Whakamana: we empower
- Matomato: we succeed together

Our Code of Ethics sets the standards we expect of our people when it comes to how they do business. Included in the document are the behaviours expected of Spark people, which include the expectation they will:

- Undertake their duties in accordance with Spark New Zealand’s values;
- Conduct themselves in a way that demonstrates that their honesty and integrity is beyond question;

- Conduct themselves in a professional manner that upholds and strengthens the image and reputation of Spark New Zealand;
- Deal fairly and honestly with Spark New Zealand’s people, professional advisors, customers, and suppliers;
- Not enter into transactions or make promises on behalf of Spark New Zealand that we are unable or do not intend to honour;
- Undertake their duties with care and diligence;
- Value individuals’ differences and treat people with respect in accordance with Spark New Zealand’s Equal Employment Opportunities and Anti-Harassment and Discrimination Policies.

The full Code of Ethics may be found here:

<https://www.sparknz.co.nz/about/governance/>

### Grievance mechanisms

We have a range of avenues for our people to pursue if they are concerned about Spark or people within Spark not living up to our values or our Code of Ethics – including any instances where our business or our people are instigating or allowing modern slavery practices.

### Whistleblowing policy

Spark encourages all Spark people to report any issues or concerns they have about compliance issues or serious wrongdoings. If people are not comfortable reporting an issue to their people leader, they can use Spark’s Honesty Box process, an online reporting tool that enables investigation of any concerns raised by specialist staff while maintaining the confidentiality of the reporter. We also provide avenues where people can raise concerns without providing any information about their identity at all.

Spark works with submitters to ensure they do not suffer any adverse treatment as a result of any reports made in good faith.

## Our supply chain

### About our supply chain

Our business relies on more than 2,000 local and global suppliers. Each year we spend over \$2 billion to support our business and meet our customers' needs. Our supply chain is complex, as our direct suppliers often have suppliers of their own - who themselves rely on other suppliers and so on.

Through our supply chain we source a large number of products and services from New Zealand and around the globe. Of our total spend, approximately 90% is with our top 100 suppliers - and in this report we have chosen to focus on data for those top 100 suppliers.

Around 65% of our spend is with suppliers offshore and 35% with NZ-based suppliers. Approximately 6% of spend is with suppliers based in countries identified as having higher-risk of non-compliance with human rights or modern slavery requirements<sup>2</sup>, and around 2% with suppliers in medium-risk countries. However, we recognise the need to go beyond the location of a supplier's head office when it comes to mitigating the risks of modern slavery, because the manufacture of many of our products will be in a different location to the supplier's head office. The global nature of our supply chain means we must constantly monitor and review our approach to reduce the risks of modern slavery, and we require our suppliers to be accountable for their own supply chain. This sub tier accountability is integrated into our Supplier Code of Conduct (see below).

Most of our electronics and network components spend is with large, multinational companies who supply us with finished products. We do not manufacture our own products. Instead, we work with original design manufacturers (ODM) to produce Spark-branded devices. The goods we procure are manufactured across the world. Source locations include USA, China, South Korea, United Kingdom, and Sweden. The services we procure are predominantly provided in New Zealand, Australia, India and the Philippines.

Spark's biggest categories of spend include:

- The purchase of equipment and services for our customers (primarily business customers) either when Spark is acting as a reseller or a provider of managed services. This includes items such as mobile devices, IT equipment services and support;
- Goods and services sold to Spark for the purposes of maintaining and providing telecommunication networks; and
- Goods and services sold to Spark to enable our IT environment.

The remainder is spent on a range of services such as marketing, corporate services, content rights, electricity, travel, freight and courier, office supplies, and leasing.

### Managing modern slavery risks in our supply chain

Spark is committed to sourcing our products and services from suppliers that provide safe working conditions, treat workers with respect and dignity and conduct business in an environmentally and socially responsible manner. Our Supplier Code of Conduct (the Code) sets out the minimum standards we expect from our suppliers across labour and human rights, health and safety, environmental sustainability, and ethical business practices.

Section 3.1 of the Code sets out our approach to Labour and Human Rights. This requires that our suppliers ensure workers are treated in a manner consistent with international human rights standards, including the UN Universal Declaration of Human Rights, UN Convention on the Rights of the Child, and the International Labour Organisation Core Conventions.

See [www.sparknz.co.nz/suppliers](http://www.sparknz.co.nz/suppliers) for more detail.

The Supplier Code of Conduct was introduced in FY18. To embed the Code, we worked with our top 100 suppliers by contract value to ensure they were signed up

<sup>2</sup> High risk countries as defined by guidance in the **United Nations Environment Programme Finance Initiative**. This was cross-checked with other more recent data sources to ensure we've identified the most important geographies.

## Our supply chain (cont.)

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to the Code or could demonstrate they are adhering to an existing equivalent code of practice. We also used the Code as a basis for four comprehensive, paper-based audits of large, offshore-based suppliers. These were significant suppliers operating in high risk and medium risk locations. The assessments, which were validated through evidence provided and assertions by Supplier Management, showed all four suppliers were adhering with the Code.

We endeavour to ensure all new suppliers sign up to the Code as part of their onboarding process. We do have a small number of legacy or non-standard processes which do not yet require a supplier must sign the Code, and we will be working to remove and/or update those early in FY22. After this time, signing up to the Code will be fully integrated into our procurement processes across all spend categories. In FY20 the only suppliers who did not sign up to Spark's Code were either global suppliers that have their own code of conduct which Spark deemed equivalent to the Spark Code, or suppliers deemed low risk based on the services provided and the nature of the supplier - for example if the business is subscribing to a piece of software for a short period of time, and there is no request for proposal (RFP) process involved in selecting it.

If we become aware that a supplier is unable to meet the requirements of the Code, we work with them to implement our process of remediation plans and timeframes. We have ongoing conversations

with suppliers that are managed in our framework. Our Code enables us to suspend or cancel a non-compliant supplier's supply of any goods or services to Spark, including suspending the payment of any associated invoices, until that non-compliance is remedied to Spark's satisfaction. It also enables us to terminate any or all of the supplier's contracts with Spark.

The arrival of COVID-19 in FY20 restricted our ability to carry out audits on compliance with the Code. Instead, our focus in FY20 was on incorporating environmental, social and ethical considerations into our supplier selection processes. We have also matured our approach and now include a scored section in our Request for Proposal (RFP) process where we seek information from suppliers on their non-financial performance and credentials.

While our initial focus has been on our top 100 suppliers, we are conscious there may be suppliers who do not sit in this category who also bring risks of modern slavery due to the nature of their business - for example, those that employ migrant labour. In the remainder of FY21 (to 30 June) and in FY22 we will investigate how we can more effectively monitor and mitigate any modern slavery risks within this part of our supply chain.

Our Supplier Code of Conduct is underpinned by our Spark Value Management Policy, which sets out detailed guidelines for Spark people who are engaging suppliers - including the requirement to source and procure goods and services ethically and responsibly. We also require suppliers to sign up to Spark's Supplier Health and Safety Policy.



## Effectiveness of Spark's approach

### Spark is committed to identifying, monitoring, and measuring the risks of modern slavery in our operations and supply chain.

We have strong foundations in place to do this, by way of an established operating model to monitor achievements against our objectives. This includes strong risk and issues management, along with processes to ensure we adapt and respond to planned and unplanned challenges where necessary. We are focused on maintaining and enhancing this awareness across Spark and its supply chain and have people and processes align to deliver this. We are a values and purpose-driven business, with a strategic focus on building a diverse and inclusive culture, a track record of strong corporate governance, and a Code of Ethics and a Supplier Code of Conduct - both of which are deeply embedded in our relevant business systems and processes. These are all underpinned by a culture that encourages our people to speak up if they are uncomfortable or concerned about anything they see.

As a publicly listed, consumer-facing and high-profile (within New Zealand) business, we are subject to a healthy level of scrutiny from our stakeholders. Our shares are held by a geographically diverse shareholder base who hold us to account on issues of sustainability and social responsibility. Sustainability is a key pillar of our business strategy, and we have been continuously improving and expanding our disclosure on our non-financial performance in the past few years. Our Annual Report for FY20 was prepared in accordance with the International <IR> Framework and the GRI Core Option.

We are a New Zealand-based company with the vast majority of our operations, people and customers located in New Zealand and subject to New Zealand's strong labour, employment, and anti-corruption legislation. This means we have a lower risk of modern slavery in our operations than we would otherwise, but we cannot be complacent.

There have been recent instances of modern slavery in New Zealand and we recognise the need to raise awareness of slavery risks amongst our people, many of whom may assume "that doesn't happen here".

To fully assess our effectiveness in this area, we will need to benchmark ourselves against other, similar, organisations and evaluate our strengths and weaknesses. We will be doing further evaluation of our approach, and will identify actions for improvement, in the remainder of FY21 and through FY22.

One of our first steps will be to back up our Supplier Code of Conduct with regular audits of our direct suppliers, to ensure we are assessing for modern slavery risks effectively and we will be planning for this in the remainder of FY21 and implementing it in FY22.

We also recognise that while our Supplier Code requires our suppliers to provide assurance there are no instances of modern slavery in their own supply chains, best practice is to identify modern slavery risks beyond our immediate supplier relationships. We will be investigating possible avenues for assessing risk in this sub tier in the coming months.

