

Chorus Limited Modern Slavery Statement FY20

1. Introduction

This statement is Chorus Limited's first under the Modern Slavery Act 2018 (Cth), covering the reporting period of the financial year ended 30 June 2020.

Chorus is committed to conducting our business in accordance with high standards of social, labour and ethical conduct. We expect that all workers engaged on our behalf receive their full legal entitlements and are treated with dignity and respect. We welcome this opportunity to confirm our commitment to the elimination of modern slavery.

This statement is approved by the Board of Chorus Limited and is signed by the Chair.

2. Chorus' structure, operations, and supply chains

Corporate structure

Chorus Limited is listed under the ticker CNU on the NZX Main Board in New Zealand and the ASX in Australia. It is the borrowing entity under the group's main financing arrangements and the entity which has partnered with the Crown for the Ultra-Fast Broadband (**UFB**) build. Chorus Limited has two wholly owned subsidiaries:

- Chorus New Zealand Limited (**CNZL**) undertakes Chorus' operating activities and employs all Chorus people. CNZL has its own constitution but its Board is the same as the Chorus Limited Board.
- Chorus LTI Trustee Limited (**CLTITL**) is trustee for Chorus' long term incentive plan for selected key management personnel. CLTITL's Board comprises three members of the Chorus Limited Board.

Chorus' Annual Report for FY20 can be downloaded here:

<https://company.chorus.co.nz/reports>.

Chorus' registered office is at Level 10, 1 Willis Street, Wellington, 6011, New Zealand.

Company operations

Chorus is New Zealand's largest telecommunications infrastructure company. We operate New Zealand's existing nationwide copper-based telecommunications network. We're also the cornerstone partner in the Government's UFB initiative that will see a fibre to the premises network available to approximately 87% of New Zealanders by the end of 2022.

Our operations include building, maintaining, and operating an open access telecommunications and internet network predominantly made up of local telephone exchanges, cabinets, and copper and fibre cables.

We have approximately 870 permanent and fixed term employees and an additional 150 independent contractors engaged in our core operations.

Supply chains

Chorus' supply chains span around 1100 direct suppliers with approximately \$950m procurement spend in FY20.

We procure a wide range of goods and services across a number of categories related to our business as a regulated telecommunications network provider including network equipment and material, IT hardware and software, professional services, marketing, and property and engineering services. To secure our network field workforce, we partner through long-term contracts with a small number of sophisticated contractors who engage their personnel through a mixture of direct employment and subcontracting.

Most of our direct supplier spend is in New Zealand. We source a range of goods and services internationally, mostly from countries in Europe, North America and Asia.

Chorus' governance framework

Chorus' Board and management are committed to ensuring our people act ethically, with integrity and in accordance with our policies and values. Our corporate governance practices are outlined, and our key corporate governance documents are available, at www.chorus.co.nz/governance. Relevant policies available on that site include:

- Chorus People Code of Ethics
- Director Code of Ethics
- Health and Safety Policy
- Legal and Compliance Policy
- Managing Risk Policy

Making New Zealand better

We take a long-term view of our network infrastructure investments and our people take pride in delivering an asset for New Zealand's ongoing social and economic betterment. The broadband networks we build and maintain are closely aligned with the infrastructure-focused elements of the United Nations Sustainable Development (**UNSD**) Goals. Our work to address the risks of modern slavery aligns with UNSD Goal 8; *Decent Work and Economic Growth*, and UNSD Target 8.7; *End Modern Slavery, Trafficking and Child Labour*. More information on our approach to sustainability is available in our Annual Report.

3. The risks of modern slavery practices in Chorus' operations and supply chains

Chorus has analysed where it may cause, contribute to, or be directly linked to, modern slavery risks based on a review taking known risk factors into account, including risks related to: sector and industry; products and services; geographic and individual entities in our supply chain. Our findings include:

- **Cause** - There is negligible or no modern slavery risk related to our employees and independent contractors engaged in our core operations. These independent contractors are highly skilled and well remunerated.
- **Contribute** - We recognise that our activities may inadvertently facilitate or incentivise modern slavery in our supply chains. For example, in our field work force, we work to mitigate this risk by satisfying ourselves that we are paying enough for services to allow efficient contractors to pay their workers properly. In addition, we have implemented an extensive worker welfare programme described below.
- **Directly linked** - There are risks that we are directly connected to modern slavery through the activities of entities in our extended contractual supply chains. For example, in electronics manufacturing and the source materials for that manufacturing.

4. Describe the actions taken by Chorus to assess and address these risks, including due diligence and remediation processes

Field workforce

Chorus has implemented an extensive worker welfare programme following the identification of issues involving the mistreatment of migrant workers in our subcontracted field workforce during FY19. These issues included poor labour standard practice (e.g. poor record keeping, non-payment of holiday pay) through to a small number of more serious allegations of exploitation.

Chorus commissioned the consulting firm MartinJenkins to investigate the subcontracting model used to deliver the significant programme of work to construct our fibre to the premises network. The MartinJenkins report was released in April 2019 and is available [here](#). Chorus publicly released its Management Response to the report at the same time. The Management Response describes the approach taken by Chorus to the issues raised in the report and details specific actions and ongoing monitoring. The Management Response is available [here](#).

Chorus' Board has received regular updates during FY20 on the implementation of initiatives recommended by the review. We've taken several actions, with on-going implementation and monitoring, including:

- establishing an Executive governance group overseeing a structured program of work delivered by a cross-business unit team

- incorporating a [Supplier Code of Practice](#) into key supply contracts (which includes prohibiting forced, compulsory or underage labour)
- setting up a trust fund to support workers affected by discontinued contractors
- establishing a [Worker Welfare portal](#) and independent whistle-blower process
- requiring subcontractors to complete training that ensures awareness of minimum employment standards, along with mandatory statutory declarations of compliance
- barring companies from working on our network that treat workers poorly
- training selected employees how to identify the potential mistreatment of workers, and how to escalate any cases
- negotiating amendments to our standard terms and conditions to give Chorus additional oversight and access to data that could indicate mistreatment of workers
- challenging ourselves to ensure our contracts share risk fairly with suppliers, to avoid risk being unreasonably pushed down the supply chain to workers

During this FY20 reporting period, we have continued to implement these initiatives. We have increased our engagement with our workers through field visits and meetings. When complaints are made, whether directly or via our independent whistle-blower process, they are investigated thoroughly with the aim to remediate any problems as quickly as possible.

Chorus has ongoing engagement with relevant government departments, including the Labour Inspectorate and Immigration New Zealand, to share information with the aim to eliminate the mistreatment of migrant workers. We have made public submissions to government proposals for legislative reforms to protect workers at risk of exploitation.

As we approach the end of the build of the fibre network, we're also concentrating on the transition that will be required in the way we operate and maintain our network assets. The volume of build and connection work has begun declining and we're working closely with our service company partners to ensure we have sustainable workforce plans. Chorus remains vigilant to the risk of worker exploitation occurring in its field workforce.

COVID-19

The sudden suspension of non-essential field activity through the COVID-19 lockdown period in New Zealand placed financial strain on our service companies that could have impacted workers in the supply chain. To address that risk we chose to provide \$5 million in financial support and further assisted short term cash flow to our service companies and their subcontractors. This helped assist with reduced workflow and incomes, as well as the retention of our workforce for the rapid resumption of activity when alert levels were relaxed.

Engagement with key suppliers

Beyond our service company partners, we have surveyed targeted key suppliers to better understand their risks and responses to modern slavery. Our targeting was based on a desk

top analysis taking various factors into account. For FY20 we focussed on imported manufactured goods, especially in the electronics and telecommunications network equipment sectors.

The responses from our suppliers indicate that they share our commitment to the proper treatment of all workers and that they are taking steps to address the risk. Many of our suppliers report under the UK reporting regime and several are also submitting statements under the Australian Act.

We also manage modern slavery risks during the procurement lifecycle: including pre-qualification; robust procurement practices; strong standard terms and conditions; and an ongoing audit regime focussed on our field workforce to assess supplier performance.

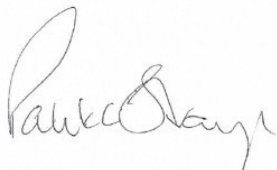
5. Describe how Chorus assesses the effectiveness of these actions

Our processes to assess the effectiveness of our actions to address modern slavery risks span right across Chorus, from field visits by our operational teams to Board risk and assurance oversight. Initiatives in place in FY20 include:

- annual planning for our worker welfare program of work and reporting on completion of that program
- targeted field workforce supplier audits to assess conformance with our terms and conditions
- review and reporting on use of our whistle-blower processes, including investigation outcomes
- our Board having an approved policy, and supporting framework, outlining how risk is managed at Chorus. The Board's Audit and Risk Management Committee meets quarterly and, among other items, discusses the risks Chorus faces in achieving its strategic goals and how these are being managed

6. The consultation process with entities that Chorus Limited owns or controls

As Chorus Limited and CNZL have the same directors, and there is a single executive team and management structure, there was no requirement for separate cross-entity consultation in the preparation of this statement.



Patrick Strange
Chair
Chorus Limited

18 March 2021