Sparknz
hello tomorrow

MODERN SLAVERY
STATEMENT

Modern Slavery Statement 2023

At Spark, we respect the freedom and human rights of every individual, regardless of who they are, or where they are from. Modern slavery is a complex human rights challenge we are committed to address. It includes the exploitation of any person in any form including through forced labour, debt bondage, forced marriage, slavery, human trafficking or where they cannot leave due to threats, violence or deception.

Our people are at the heart of our business, and we have tools and policies in place to uphold the rights of everyone working for Spark. This means treating every person with respect and ensuring that we provide fulfilling employment that rewards and recognises each individual fairly. While we comply fully with the law, our approach is to go above and beyond compliance by acting professionally, ethically, and responsibly to create an inclusive environment for our people as we deliver customer outcomes, contribute to the community, and create shareholder value.

As a telecommunications and digital services business, our supply chain is vast and diverse, which makes our ability to influence the practices of every organisation outside of our own a challenge. However, we are committed to address issues, and are working with our industry to assess, prevent, mitigate, and remedy human rights impacts across our broader operations and value chain. This means sourcing our products and services from suppliers that provide safe working conditions, treating workers with respect and dignity, and conducting business in an environmentally and socially responsible manner.

This report provides a summary of our approach to addressing modern slavery, including actions taken over the past year to strengthen our systems and processes.

This Modern Slavery Statement is made on behalf of Spark New Zealand Limited ('**Spark**' and its subsidiaries, the '**Spark Group**') for the period from 1 July 2022 to 30 June 2023. It has been published in accordance with the requirements of the 'Australian Modern Slavery Act 2018' and was approved by the Board on 17 August 2023.

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

Justine Smyth, CNZM
Chair

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About Spark

Spark is New Zealand's largest telecommunications and digital services company. Our customers range from individual New Zealanders and households to small businesses, not-for-profits, government and large enterprise clients. Across all our services – mobile, broadband, cloud services, digital services and entertainment – we have relevance for almost every New Zealander.

98%
of New Zealanders reached by our 4G network

99%
of the population reached by our Internet of Things network[1]

63
retail stores

699k
broadband connections
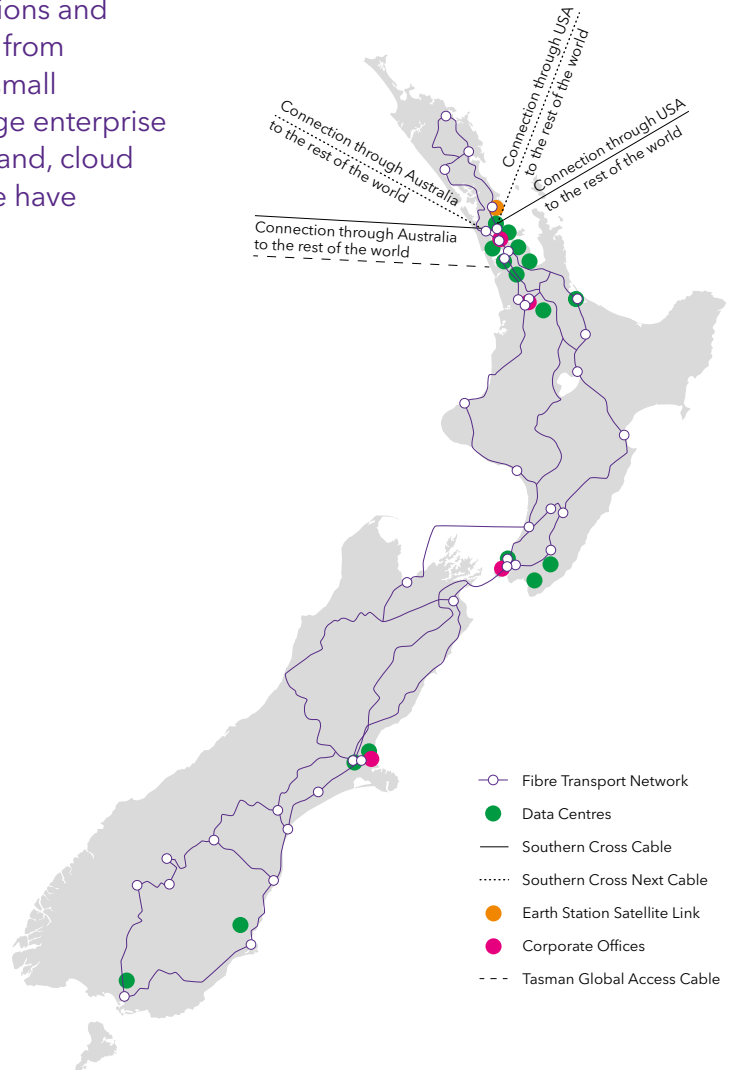
24
regional business hubs

16
data centres

Active infrastructure on

~1,500
mobile sites supporting more than 2.7 million mobile connections

5,432
New Zealand employees

Connection through USA to the rest of the world

Connection through Australia to the rest of the world

Connection through USA to the rest of the world

Connection through Australia to the rest of the world

- Fibre Transport Network
- Data Centres
- Southern Cross Cable
- Southern Cross Next Cable
- Earth Station Satellite Link
- Corporate Offices
- Tasman Global Access Cable
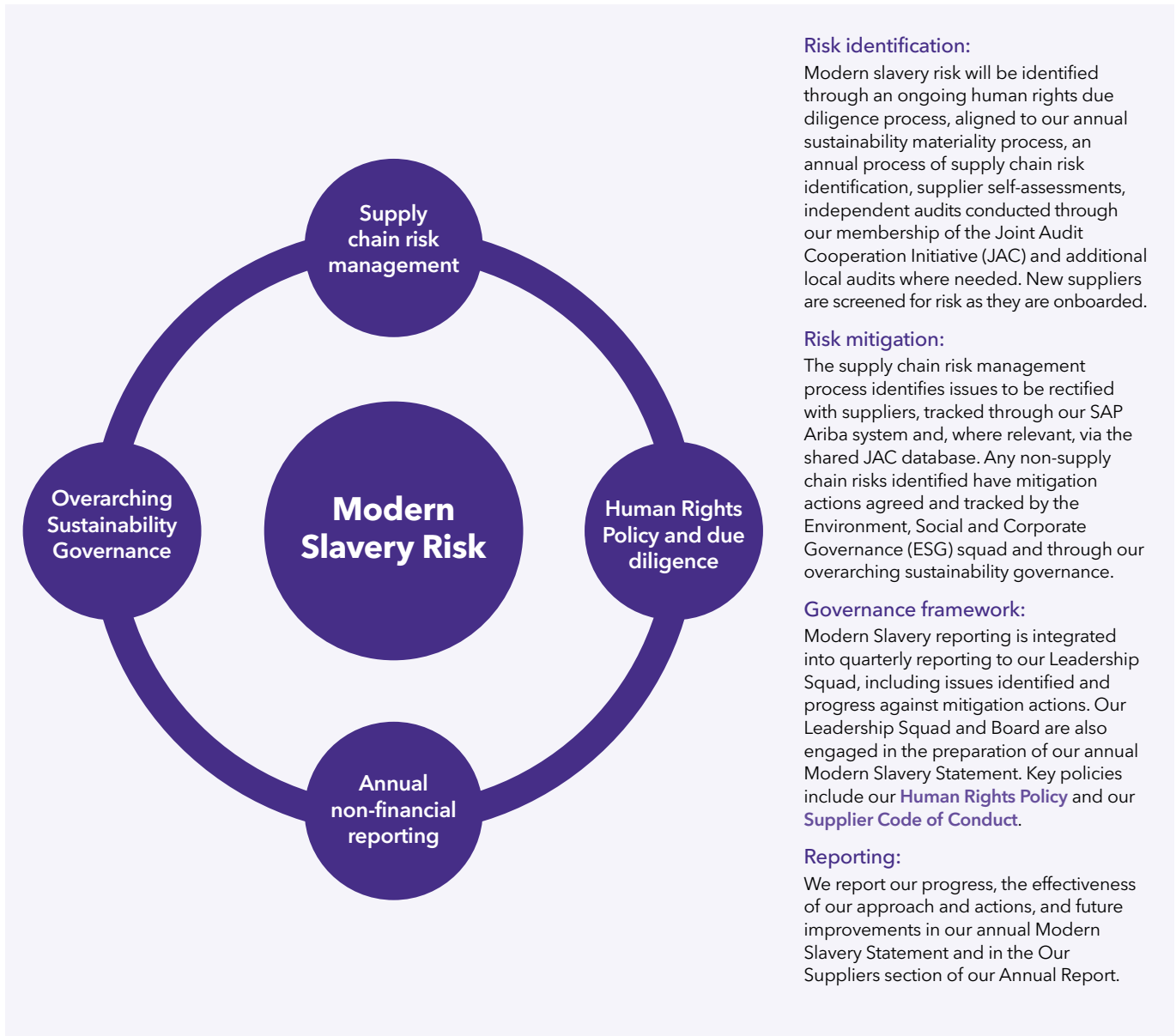
1 Cat-M1 Internet of Things network.

We operate the following brands and businesses

Consumer	Business	Community	Growth markets	Other brands
Spark^{nz}	Spark Business Group	Spark^{nz} Foundation	Spark Health	Spark^{nz} Wholesale
Skinny	CCL Digital Island*	Skinny Jump	Spark^{nz} IoT	entelar group
	Qrious leaven.		MATTR	

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. Spark engaged and consulted with the relevant companies we own or control (the Spark Group) in the development of this Statement. As of 30 June 2023, the Spark Group comprised 26 controlled entities. See Appendix 1 for a full list of Spark subsidiaries.

More information on our financial performance and business strategy is on our corporate website.

Spark's approach to modern slavery

Risk identification:
Modern slavery risk will be identified through an ongoing human rights due diligence process, aligned to our annual sustainability materiality process, an annual process of supply chain risk identification, supplier self-assessments, independent audits conducted through our membership of the Joint Audit Cooperation Initiative (JAC) and additional local audits where needed. New suppliers are screened for risk as they are onboarded.

Risk mitigation:
The supply chain risk management process identifies issues to be rectified with suppliers, tracked through our SAP Ariba system and, where relevant, via the shared JAC database. Any non-supply chain risks identified have mitigation actions agreed and tracked by the Environment, Social and Corporate Governance (ESG) squad and through our overarching sustainability governance.

Governance framework:
Modern Slavery reporting is integrated into quarterly reporting to our Leadership Squad, including issues identified and progress against mitigation actions. Our Leadership Squad and Board are also engaged in the preparation of our annual Modern Slavery Statement. Key policies include our **Human Rights Policy** and our **Supplier Code of Conduct**.

Reporting:
We report our progress, the effectiveness of our approach and actions, and future improvements in our annual Modern Slavery Statement and in the Our Suppliers section of our Annual Report.

Spark has a combination of policies and systems in place to prevent, mitigate and identify instances of modern slavery or human rights violations as part of our overarching sustainability and risk management approach. This approach, which is outlined in our Modern Slavery Framework (see diagram above), forms part of our broader Toitū Sustainability Framework. Further detail can be found in our **Sustainability at Spark** overview on our website.

Spark's approach to modern slavery (continued)

We have high standards of operational performance, corporate governance, and risk management that support our efforts, and our Board regularly reviews and assesses these processes to ensure they remain consistent with international best practice.

Spark's corporate governance policies, practices, and processes, including Spark's **Annual Corporate Governance Statement**, can be found on the Governance section of our website.

We have a dedicated Human Rights Policy which commits to respecting all internationally recognised human rights and sets clear expectations on how we will address human rights issues across our value chain. This policy also identifies human rights topics that are relevant to our broader value chain and are addressed through our Supplier Code of Conduct.

We have a range of **reporting mechanisms** for our people to pursue if they are concerned about Spark or any of our people who are not living up to our values, our Code of Ethics, or Human Rights Policy, including any instances relating to human rights violations and modern slavery.

These are set out in detail in our whistleblowing process, which is documented and available to all Spark people. Spark's **Honesty Box** process is an online reporting tool that enables investigation by specialist employees of any concerns raised, 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.

These policies and systems are underpinned by our **Values**, *Tūhono: we connect, Māia: we are bold, Whakamana: we empower, and Matomato: we succeed together*. Our values are the cornerstones of our culture and guide our behaviour.

Our people

Our direct workforce

As of 30 June 2023, Spark directly employed 5,432 people, with more than 99% of these people located in New Zealand.

Our people have 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 New Zealand-based direct workforce, and in many cases goes above and beyond statutory requirements. Our Hiring People policy ensures that 'right to work' checks are undertaken, and work cannot commence without valid documentation.

Spark seeks to remunerate our people with competitive salaries, paying in line with the market so we can recruit and retain the best talent. Minimum full-time remuneration is $54,100, which is above the Living Wage. In FY23 Spark reviewed its contribution model and salary processes to offer more flexibility in how pay increases are provided for the start of FY24 (1 July 2023), as a result of engagement with our people and to ensure that our remuneration remains competitive in a tight employment market.

Spark has a diverse workforce and a robust diversity, equity and inclusion programme that is focussed on ensuring our people feel valued, respected, and confident to bring their whole selves to work. We use regular engagement 'pulse checks' with our people, which enables individuals to share their views and experiences, and supports leaders to create positive work environments for their people. Spark people undertake compliance training on a range of topics including (but not limited to) our Code of Ethics, health and safety, security and privacy, and our policies around discrimination, bullying, diversity and inclusion, and harassment. In addition, our people leaders receive training through our People and Culture team, as well as leadership development programmes that ensure they have an understanding of the robust standards and expectations in place for the protection of our people.

Spark employs interns across our business in a range of areas. We have a general policy of paying our interns at least the minimum wage (rather than requiring them to give their time free), and we ensure they are given meaningful career opportunities. Around one in five of these interns are engaged through programmes such as the First Foundation[1] as part of our focus on diversity and inclusion. These interns are supported with scholarships, work experience, and mentoring. Occasionally we have people that volunteer their time 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 people with the majority located in New Zealand and approximately 400 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 also 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 employment law and employed on a range of contractual arrangements depending on the type of work they do and where they have been engaged. Our independent contractors and agency staff who contract directly to Spark are all engaged in accordance with our own employment hiring process in terms of proof of right to work and rates of pay.

1 See www.firstfoundation.org.nz for more information.

Our people (continued)

Of our people located offshore, the majority are in the Philippines, 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 the Philippines 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.

As part of our membership of the Joint Audit Cooperation (JAC) initiative we will audit one of our partner's call centre sites in the Philippines, located in Manila. This audit is scheduled for August 2023 and we intend to report the results of this audit in our FY24 reporting. For more information on JAC see the section on page 9 of this document.

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 2023 it was a little over 100 people, with around two thirds based in New Zealand and a third offshore in India or Australia. We also plan to audit this supplier in FY24.

Our retail network

We operate 63 retail stores and 24 Business Hubs located throughout New Zealand. We also have dealership arrangements with major retail chains across New Zealand to sell Spark products and services.

Spark directly operates all its retail stores, and all the people working in Spark stores have an Employment Agreement directly with Spark.

Our Business Hubs are operated by third-party licensees. We require within the licence terms that the terms of employment between the licensee and the staff member must "comply with all statutory and legal requirements". Under the licence agreement, licensees must 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 supply chain

About our supply chain

We rely on a combination of local and global suppliers and partners to operate our business. We have around 2,000 suppliers, ranging from the largest global technology businesses to small local operators. Each year we spend around $2 billion to support our business and meet our customers' needs.

Our global supply chain is complex, with many indirect suppliers providing the source materials and components required to deliver consumer electronics and network infrastructure. We set clear expectations for our suppliers related to social and environmental performance through our Supplier Code of Conduct (see adjacent column). All new suppliers are requested to sign up to the Code, or demonstrate commitment to an equivalent code of practice, as part of their onboarding process. 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 services;

- Goods and services sold to Spark for the purposes of maintaining and providing telecommunications 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.

Of our total spend, around 90% is with our top 100 suppliers.

Spark's Supplier Code of Conduct

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 sets out the minimum standards we expect from all our suppliers across labour and human rights, health and safety, environmental sustainability, and ethical business practices. See: www.sparknz.co.nz/suppliers/

The Supplier Code of Conduct was first introduced in FY18. To embed the Code, we worked with our top 100 suppliers by contract value to ensure they were signed up to the Code or could demonstrate they were adhering to an existing equivalent code of practice.

All new suppliers are requested to sign up to the Code, or demonstrate commitment to an equivalent code of practice, as part of their onboarding process.

Our supply chain (continued)

Improving our Risk Management and Supplier Engagement processes

We recognise the need to improve the effectiveness of the actions we take to assess and address modern slavery risks in our supply chain. Since the introduction of our Supplier Code of Conduct we have completed a small number of supplier audits, focussed on New Zealand based suppliers of accommodation, software, IT services, and infrastructure businesses. These audits did not find any material issues of non-compliance with the Spark Code of Conduct.

We are in the process of transitioning our supplier management system to the SAP Ariba platform. We have migrated supplier data into the SAP Ariba system and are engaging with our most significant suppliers in waves to enrich the data we hold on each supplier, with our first wave of suppliers representing our largest global and local suppliers. This system provides improved processes for data collection from suppliers, including self-assessment questionnaires and compliance declarations, covering topics such as modern slavery and science-based emissions reduction targets. The system also includes a risk module that enables us to monitor suppliers across 300+ incident types (such as ethical practices, labour compliance, legal incidents, and operational disruption), and then segment suppliers into risk profiles as a result.

An initial risk assessment and supplier prioritisation, using existing supplier data, identified 53 suppliers for further engagement, with 21 considered higher risk. This assessment considered data from the risk monitoring element of SAP Ariba, geographic risk aligned to World Economic Forum risk factors, and a prioritisation of strategic suppliers. This list continues to inform the targets of our supplier audits through JAC, which is overviewed in more detail in the following section.

We will continue to evaluate the effectiveness of our supplier engagement processes as we implement these new systems.

Auditing suppliers – Membership of Joint Audit Cooperation (JAC) initiative

JAC is an international association of telecommunications operators aiming to align around a common set of requirements and KPIs for ICT suppliers to uphold human rights, social, labour, and environmental standards. The association aims to verify, develop, and assess the Corporate Social Responsibility (CSR) implementation across the manufacturing centres of suppliers in the industry.

JAC has been running for over a decade and has been gradually growing as new operators join the initiative. JAC members share resources and best practices. As of June 2023, the association encompasses 26 telecommunications operators.

As a JAC member Spark is required to audit a minimum of five supplier locations each calendar year. The suppliers and locations are mutually agreed and allocated across the members. Findings and corrective actions are also shared among all JAC members, which provides visibility of risk across a larger number of suppliers than Spark would be able to audit individually and a platform for collective industry engagement to improve performance.

Across all of its members, JAC has conducted a total of 910 audits and surveys since its establishment in 2010 through to 2022. In the 2022 calendar year a total of 98 audits were carried out. Across these audits 549 corrective actions were raised during audits by category of issue. The top audit findings were related to Health and Safety, Environment, and Working Hours.

As we share many common global suppliers with our industry peers many of the sites audited are relevant to our own supply chain, including a significant number of sites within the past two years. Details shared among JAC members are covered by a Non-disclosure Agreement, which means we cannot share details of JAC audits conducted by other members publicly, but we can use this information in our own internal risk assessment, to inform our engagement with suppliers, and to prioritise and select sites for auditing.

Our supply chain (continued)

To undertake the assessments we have engaged a third-party auditor experienced in delivering site assessments against the JAC methodology. The five sites selected include two manufacturing sites in Asia, two service providers with significant numbers of workers working offshore, including our outsourced call centre operations in the Philippines, and one of our key suppliers in New Zealand. The first of these audits are scheduled for August 2023, with our commitment to complete five on-site audits by the end of the 2023 calendar year. We intend to report the findings of these audits in our FY24 reporting.

Of the five supplier sites we initially selected one supplier manufacturing site in Asia had already been audited by another JAC member within the past two years, meaning we already had access to a recent assessment of performance. Because of this we have selected a different supplier, a service provider based offshore, for our 2023 audit programme.

For more information see:
www.jac-initiative.com

Appendix:

Spark Group structure and subsidiaries

Information on significant subsidiaries and controlled entities in the Spark Group as at 30 June 2023 (including ownership percentages and principal activity information) is available in the Spark Annual Report on page 149.

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 to assist in funding the group's operations. Spark Finance has debt securities listed on the NZDX as SPF.

Spark subsidiaries

SUBSIDIARY COMPANY	PRINCIPAL ACTIVITY
Computer Concepts Limited	IT infrastructure and Cloud services
Connect 8 Limited	Mobile infrastructure business
Digital Island Limited	Business telecommunications provider
Entelar Group Limited	Telecommunications and IT infrastructure build and maintenance services, and distribution and supply chain services
Entelar Limited	Mobile phone repair and equipment distribution
Gen-i Australia Pty Limited	Provides international wholesale and outsourced telecommunications services
MATTR Limited	Software company focussed on decentralised identity and verifiable data
Qrious Limited	Data analytics business
Revera Limited	IT infrastructure and data centre provider
Spark Finance Limited	Group finance company
Spark New Zealand Cables Limited	Investment company
Spark New Zealand Trading Limited	Telecommunications and digital services company
Spark Trustee Limited	Trustee company
TCNZ Australia Investments Pty Limited	Australian operations
TCNZ (Bermuda) Limited	Holding company
TCNZ Financial Services Limited	Investment company
TCNZ (United Kingdom) Securities Limited	Holding/investment company
Teleco Insurance Limited	Group insurance company
Teleco Insurance (NZ) Limited	Mobile phone insurance
Telecom Capacity Limited	Holding company
Telecom Enterprises Limited	Investment company
Telecom New Zealand (UK) Enterprises Limited	Holding/investment company
Telecom New Zealand USA Limited	Provides international wholesale telecommunications services
Telecom Pacific Limited	Holding company
Telecom Southern Cross Limited	Holding company
Telecom Wellington Investments Limited	Investment company