



Spark Modern Slavery
Statement 2022

MODERN SLAVERY STATEMENT

Modern Slavery Act Statement 2022

This modern slavery statement is made on behalf of Spark New Zealand Limited (“**Spark**” and together with its subsidiaries, the “**Spark Group**”) for the period from 1 July 2021 to 30 June 2022. 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 23 August 2022.

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



Justine Smyth, CNZM
Chair

Modern slavery is a complex and important human rights challenge. It is defined as severe exploitation that a person cannot leave due to threats, violence, or deception. It includes forced labour, debt bondage, forced marriage, slavery, and human trafficking.

At Spark we are committed to upholding human rights within our own operations and to implementing processes to assess, prevent, mitigate and remedy human rights impacts across our operations and value 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.

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.

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About Spark

Spark is New Zealand's largest telecommunications and digital services company. Our customers range from consumers and households to small businesses, 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 Cat-M1 IoT network

67

retail stores

704k

Broadband connections

24

regional business hubs

16

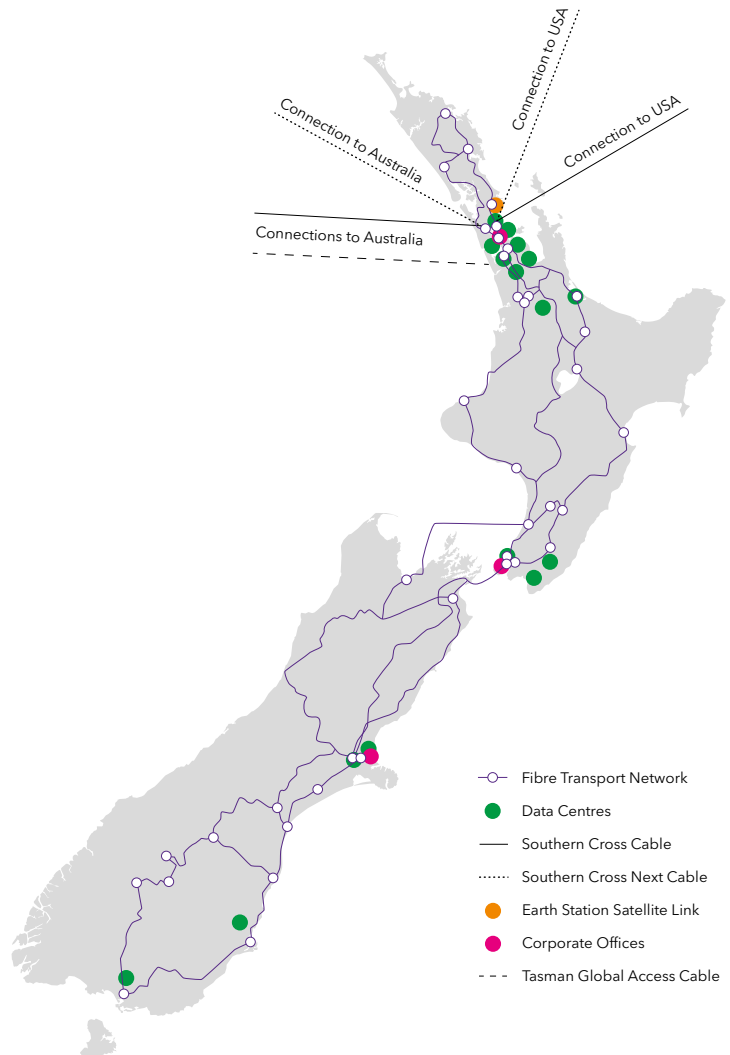
data centres

~1,500















mobile sites supporting more than 2.5 million mobile connections

5,144¹

New Zealand employees



We operate the following brands and businesses

Consumer	Business	Community	Growth markets	Other brands
  	<p>Spark Business Group</p>   <p>Qrious</p> 	 	 	   

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 at 30 June 2022 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 may be found on our corporate website at <https://investors.sparknz.co.nz/Investor-Centre>

1. Total headcount including full-time, part-time and fixed-term employees.

Spark's approach to modern slavery

Spark addresses modern slavery through a combination of policies and systems that operate as part of our overarching sustainability and risk management approach. This approach is described in our Modern Slavery Framework, which is part of our broader Sustainability Framework. Further detail can be found in our Sustainability at Spark overview on our corporate website: www.spark.co.nz/sustainability

Spark's Modern Slavery Framework



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 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's approach to modern slavery (continued)

Our approach 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 they are 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: www.spark.co.nz/about/governance

In the past year we established a dedicated **Human Rights Policy**, making an explicit commitment to respect all internationally recognised human rights, and setting clear expectations on how we will address human rights issues across our value chain. In developing the policy we identified a number of human rights topics that were relevant to our broader value chain, many of which were already addressed through existing policies and processes, including our **Supplier Code of Conduct**.

We have a range of **reporting mechanisms** for our people to pursue if they are concerned about Spark or people within Spark not living up to our values, our **Code of Ethics**, or Human Rights Policy, including any instances relating to 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 at 30 June 2022, Spark directly employed 5,144 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 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. In February 2022, the Board approved a salary review allocation for FY23 (salaries from 1 July 2022) which lifted our minimum full-time salary to \$49,200, above the Living Wage. As part of this process, we also reviewed several salary staircases to ensure that they were competitive against the market.

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 selves to work. We use an open employee feedback tool which enables our people to share their views and ideas, 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 (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 for 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 Foundation¹ 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 with the majority of these 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 licensing 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 employed on a range of different contractual arrangements depending on the type of work they do and where we have engaged them. 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 <http://www.firstfoundation.org.nz/> for more information.

Our people (cont.)

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.

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 2022 it was a little over 100 people, with around two thirds based in New Zealand and a third offshore in India or Australia. Both organisations have signed up to our Supplier Code of Conduct. These suppliers will be prioritised through our supplier risk management process for self-assessment and potential third-party auditing.

Our retail network

We operate 67 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 owns 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". 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 supply chain

About our supply chain

As a New Zealand-based telecommunications and digital services company 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 providing local services. 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. Over the past year we have worked hard to implement processes and systems to improve our monitoring of supply chain risk and compliance, and to better engage with our suppliers.

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.

Of our total spend, around 90% is with our top 100 suppliers. Around 47% of our spend with these top 100 suppliers is with suppliers offshore and 53% with New Zealand-based suppliers.

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** 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.

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.

Since the introduction of the Supplier Code of Conduct we have completed a small number of supplier audits. Given travel restrictions these have focused on New Zealand suppliers. We completed four audits at the end of FY21 and beginning of FY22, covering 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.

Improving our Risk Management and Supplier Engagement processes

We recognised the need to improve the effectiveness of our actions taken to assess and address modern slavery risks. In FY22 we began transitioning our supplier management system to the SAP Ariba platform. 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.

Our supply chain (cont.)

The migration process is enabling us to refresh and update our supplier database, with suppliers required to re-register and provide a fresh commitment to our existing Supplier Code of Conduct. We are also collecting more detailed supplier information to help us identify risk and prioritise suppliers for audits. We completed an initial risk assessment and supplier prioritisation at the end of FY22. This included data from the risk monitoring, geographic risk aligned to World Economic Forum risk factors, and a prioritisation of strategic suppliers. This process identified 53 suppliers for further engagement, with 21 considered higher risk. In the past year one of our strategic suppliers notified us of a suspected breach of their policies related to child or forced labour. This related to a subcontractor in their supply chain in the Philippines and is not connected to product or services provided to Spark. The supplier made the decision to permanently block the supplier and is undertaking remedial actions.

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

Auditing international suppliers - Membership of Joint Audit Cooperation (JAC)

Spark was accepted as a new member of JAC in FY22. 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. JAC has been running for over a decade and has been gradually growing as new operators join the initiative.

JAC enables us to audit global suppliers against a common industry methodology. As a JAC member Spark is required to audit a minimum of five supplier locations each year which we will begin to implement in FY23. 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.

JAC also runs a number of working groups for telecommunications companies to collaborate on shared issues. These include groups focused on the circular economy, human rights, and climate change. 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 2022 (including ownership percentages and principal activity information) is available in the Spark Annual Report on page 122.

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 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 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 TowerCo Limited	Telecommunications infrastructure provider ¹
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

1. Principal activity effective from 1 July 2022.

