

Air New Zealand Limited: Slavery and Human Trafficking Statement

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 (UK) and the Modern Slavery Act 2018 (Australia), and constitutes the Air New Zealand Limited slavery and human trafficking statement for the financial year ending 30 June 2020.

Our Business

We are a provider of air passenger and cargo transport services within New Zealand, as well as to and from Australia, the Pacific Islands and North America. Due to the 2020 COVID-19 pandemic, the scope of our services have significantly reduced, including the discontinuance of services to and from the United Kingdom and South America. We employ close to ~8,000 people worldwide.

Within Air New Zealand

In September 2015, Air New Zealand became a signatory to the United Nations Global Compact (**UNGC**) confirming our support of the ten principles of the UNGC on human rights, labour, environment and anti-corruption and expressing our commitment to making the UNGC and its principles part of the strategy, culture and day-to-day operation of our business.

Our fifth annual UNGC [Communication on Progress](#) was published on 18 November 2020. Our Communication on Progress describes our efforts to implement the ten principles of the UNGC. Of relevance in this context, principle one sets out the need to support and respect the protection of internationally proclaimed human rights, principle four requires the elimination of all forms of forced and compulsory labour and principle five supports the effective abolition of child labour. Our Communication on Progress describes our ongoing commitment to these principles and our [Sustainability Report 2020](#) further demonstrates how we are advancing our sustainability programme, including the UNGC principles at Air New Zealand.

Our People

We comply with applicable employment laws relating to employee terms and conditions and constantly work to build an engaged employee culture. We recognise that we are a multi-faceted company – a transport, customer service, tourism, hospitality, digital and engineering business. This requires a vast range of knowledge, experience and diversity to succeed. We believe that building an inclusive and supportive culture where we encourage, understand and respect our differences, ensures our people thrive and our customers benefit. The absolute fundamentals of safety and security remain our core priorities, and despite the impact of Covid-19, we will continue to explore opportunities to strengthen our employee engagement and promote diversity and inclusion. You can read more about our People-related targets and progress towards those, in our [Sustainability Report 2020](#). The [Air New Zealand Code of Conduct](#) sets out the behaviour we expect from our employees and describes our business principles. The Code of Conduct makes it clear that we will not tolerate child labour and are committed to the elimination of all forms of forced and compulsory labour. Through our Code of Conduct we also commit to the application of social, ethical and environmental considerations in our procurement and supply chain decisions. All employees (under all contract forms) are required to abide by the Code of Conduct.

We protect whistle-blowers and encourage all employees to raise concerns about potentially unethical or illegal conduct, while assuring confidentiality and protection against retaliation or any form of harassment. An independent, free 'Speak Up' service (phone and online) is provided for situations where raising concerns via the individual's manager or human resources business partner is not appropriate. Our Just Culture and Reporting policy and procedures support a fair and confidential process.

Our Supply Chain

We operate a centralised supply chain. Our supply chain sources significant quantities of goods and services from around the globe, including aircrafts and aircraft parts, onboard products, catering, and corporate and digital solutions. Given the international nature of our operations, our supply chain consists of a broad variety of suppliers operating within different geographical and regulatory environments. We recognise that the international nature of our supply chain requires constant monitoring and review to ensure that we minimise the possibility of modern slavery or human trafficking in our supply chain.

In response to Covid-19, our supply chain had to adjust quickly to the changing demands of our business. Despite the impact of Covid-19 on our organisation and supply chain, we remain focused on identifying risks within our organisation and in our supply chain, and minimising or mitigating such risks as appropriate. We have also continued to look at opportunities to develop and evolve our processes and approach. While Covid-19 has provided some obstacles, our commitment to minimising any possibility of modern slavery or human trafficking in our supply chains or in any part of our business has not diminished.

To identify and mitigate risk in our supply chain, we have a Procurement Policy and a Procurement Standard which prescribe the process for appointing new suppliers, conducting supplier due diligence, establishing supply arrangements, executing supply contracts as well as making purchases and placing orders. Thereafter, we have established systems to identify, assess and monitor potential risk areas in our supply chains. Where particular products, services or geographies present a higher sustainability risk, additional assessment and monitoring procedures may be applied.

For example, since the inception of our direct sourcing arrangement with several Chinese manufacturing companies in 2013, we have conducted annual audits through our third-party auditor. The audit programme is designed to build awareness of modern slavery risk, practices and standards with these manufacturing companies. The audit programme is aligned to SA8000 certificate, is modelled on ISO standards and is designed to encourage organisations to develop, maintain, and apply socially acceptable practices in the workplace by assessing over 150 checkpoints. We continue to monitor critical, major and minor non-compliance incidents and matters, and where specific instances have been raised, we ensure detailed remedial plans are prepared and implemented.

We are committed to the highest standards of social and environmental responsibility and ethical conduct. In 2015, we launched a [Supplier Code of Conduct](#) to ensure that these same commitments are made by our supply chain. The Supplier Code of Conduct outlines the behaviours we expect from suppliers, particularly around sustainability and improving supply chain transparency. Through the Supplier Code of Conduct, we encourage our suppliers to embrace international standards relating to human rights. Suppliers must respect the labour rights of their employees in the workplace and monitor human rights within their supply chain. As a minimum, suppliers must ensure that employees engaged in the manufacture and supply of products and services are voluntarily employed, and under no circumstance is any form of forced, coerced, bonded, indentured or involuntary labour used.

Our standard supply contract templates include a contractual obligation on the supplier to comply with the Supplier Code of Conduct. Suppliers are required to report any non-compliance, implement remedial plans as appropriate and, if remediation is not possible or not undertaken, the contract may be terminated. We also commit to observe the principles within the Supplier Code of Conduct.

We continue to focus effort on achieving our goal of having adoption of our Supplier Code of Conduct by all of our suppliers¹. To achieve this, we have recently purchased a digital supplier management platform to enable a seamless and comprehensive assurance process across our supply chain and provide us with enhanced reporting and analytics. We are in the process of integrating and implementing

the platform into our systems. We intend to use the platform to effectively assess and track ongoing supplier risk factors and dependencies throughout our supply chain, including but not limited to expanding our Supply Code of Conduct assurance requirements, establishing a supplier self-assessment questionnaire to support the identification of modern slavery and human trafficking risks, improve communication between us and our suppliers, improve transparency of our supply chain including enabling an enterprise view of each supplier relationship, and allow us to prevent, mitigate and implement appropriate corrective actions.

Our newly established supply chain risk programme is responsible for monitoring our supply chain, as well as ensuring appropriate due diligence processes are undertaken throughout the supplier selection, onboarding and management processes.

You can read more about our Sustainable Procurement performance, in our [Sustainability Report 2020](#).

Training and building capability

All Air New Zealand employees are required to undergo training modules on an annual basis, including training relating to the Air New Zealand Code of Conduct. Code of Conduct training completion reports are reported to the Air New Zealand Policy Management Committee and the Audit Committee.

In 2018, we introduced targeted training for our Cabin Crew and Pilots, which has been developed by our Group Security team to assist in the detection and prevention of human trafficking. The expansion of training for cabin crew and pilots is a crucial element in protecting human rights of some of our vulnerable passengers, and we continue to refine and implement dedicated policies, procedures and reporting protocols for when such incidents occur.

Training in the detection and prevention of human trafficking is now also provided to our front of house ground employees, airport managers and airport operational managers, and is regulated through the Operator Security Programme.

We are also looking at developing modern slavery and human trafficking awareness training for our employees responsible for management of our supply chain.

We will continue to work with other airlines and industry experts to ensure that the training that we introduce will be effective so that we can play our part in eliminating human trafficking.



Dame Therese Walsh, Chairman

Air New Zealand Limited

Date: 18 December 2020



Greg Foran, CEO

ⁱ Excludes fuel, airport fees, taxes and labour. Where supply agreements are not in place and supplier spend is less than \$150,000, Air New Zealand's purchase order terms and conditions are used to apply the Supplier Code of Conduct.