

Chorus Limited Modern Slavery Statement FY21

1. Introduction

This statement is Chorus Limited's second under the Modern Slavery Act 2018 (Cth), covering the reporting period of the financial year ended 30 June 2021.

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. Our structure, operations, and supply chains

Corporate structure

Chorus Limited (ARBN 152 485 848) 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 (NZ Company number 3454256) (**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 (NZ Company number 5533045) (**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 FY21 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.

As at the end of FY21, we had approximately 820 permanent and fixed term employees and an additional 140 independent and agency contractors engaged in our core operations.

Supply chains

Chorus' supply chains span around 1100 direct suppliers with approximately \$1bn procurement spend in FY21.

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
- Sustainability 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 our 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 cost-reduction or other activities may inadvertently facilitate or incentivise modern slavery in our supply chains. We work to mitigate this risk in our contracted field work force by conducting analysis to satisfy 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 extended contractual supply chains. For example, in electronics manufacturing and the source materials for that manufacturing.

4. How we 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 FY21 on the implementation of initiatives recommended by the review. We've taken several actions, with on-going implementation and monitoring, including:

- establishing governance mechanisms 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 FY21 reporting period, we have continued to progress 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.

Grievance mechanism outcomes

During FY21 we received 47 complaints of mistreatment of workers. Of these 32 came direct to Chorus through our staff or the Chorus whistle blower line. The remaining 15 were made directly to our key service companies.

All the complaints were fully investigated. As a result, 3 companies work for Chorus was terminated and those companies and their directors were black-listed from any future work for Chorus. Forty-four cases were remediated, the majority for minor matters. These companies are monitored closely to ensure that no repeat of the breaches of our Supplier Code of Practice occurs.

Completion of investigations of pre FY21 complaints during the year also lead to a further 4 companies and their directors being black-listed.

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.

Case study: Tango I Te Kaupae Muri

The Ministry of Business, Innovation and Employment (MBIE) sponsored a conference, Tango I Te Kaupae Muri, Take the Next Step, Collaborating together to end modern day slavery and worker exploitation within Aotearoa New Zealand.

Chorus was asked by MBIE to participate in a panel discussion on Chorus' worker welfare programme. Chorus presented along with the Labour Inspectorate and MartinJenkins describing the situation that led to Chorus' worker welfare programme, the steps taken by Chorus to

eliminate or mitigate the risks of exploitation and the learnings from the programme as it has developed. The conference is reported on MBIE's website here:

<https://www.employment.govt.nz/about/news-and-updates/tango-i-te-kaupae-muri-take-the-next-step-conference/>

Chorus is committed to playing a leadership role in elimination of modern slavery and exploitation. Participation in events such as this are examples of that in action.

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. Chorus does this through a communication and training programme to ensure our personnel and those in our supply chain are aware of the risks and encouraged to report any concerns they may have.

COVID-19

COVID-19 has continued to have a considerable impact on our business and our people during FY21 especially through ongoing uncertainty and disrupted supply chains. The impacts are monitored by an executive steering group that prioritises the health, safety and wellbeing of our people.

Engagement with key suppliers

Beyond our service company partners, we have continued to engage with key suppliers to better understand their risks and responses to modern slavery.

We believe that our suppliers share our commitment to the proper treatment of all workers and that they are taking steps to address the risks of modern slavery. 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. In FY21, we have made use of resources made available by the Australian Government, including the Procurement Toolbook available at: <https://modernslaveryregister.gov.au/resources/>

Case study: Hexatronic

Micro-duct is an essential component for the roll out of our telecommunications network infrastructure. It's the 'pipe' that runs to individual premises that houses our fibre optic cable. We purchase the bulk of our micro duct from Hexatronic New Zealand Limited, a part of the Hexatronic Global Group headquartered in Gothenburg, Sweden.

Hexatronic has shared the results of a risk analysis that it commissioned into its supply chain in 2020. Modern slavery risks were identified in the Middle East across the supply of raw materials which is used for the production of the finished micro-duct.

Hexatronic has taken positive steps to address those risks, including a desk-top survey to its suppliers and an update of the code of conduct for suppliers related to the areas of human rights and fair employment conditions.

Due to Covid-19, Hexatronic has not been able to conduct its usual onsite audit program in 2020 or 2021. When safe travel conditions have been established, Chorus plans to join an audit of a manufacturing facility to witness first-hand the treatment and conditions of workers.

5. The effectiveness of our actions to address modern slavery risks

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, and continued into FY21, 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 Committee meets quarterly and, among other items, discusses the risks Chorus faces in achieving its strategic goals and how these are being managed

6. Consultation within Chorus

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

22 December 2021

15 June 2022 Revision note: The original version of this statement, lodged on 22 December 2021, accidentally omitted the Chair's signature. That has been rectified in this version.