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## MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2020



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# Modern Slavery and Human Trafficking Statement 2020

This statement, pursuant to s54(1) of the Modern Slavery Act 2015 (UK) and the Australian Modern Slavery Act 2018 (Cth), sets out the actions taken by the Qantas Group to address modern slavery and human trafficking risks in our business and supply chain over the financial year ending 30 June 2020.

## OUR APPROACH AND PROGRESS TO DATE

This is our fifth statement, and it describes our actions over the past year to strengthen our policies and performance in line with the requirements of the UK Modern Slavery Act and the Australian Modern Slavery Act. It outlines our continued efforts to broaden the scope of our programs; detect the risk of modern slavery and human trafficking across our business and supply chain; and ensure that we have in place the most appropriate responses to that risk.

As part of our broader human rights program, we continue to develop our approach and focus on preventing and addressing modern slavery and human trafficking related risk. The three principles that guide us are: operating with integrity; strong corporate governance; and transparency in reporting. The ways by which we act to meet these principles are described in greater detail in the governance section on the Qantas Group’s [Corporate Site](#).

In addition to the work we have done in our own operations and supply chain, we have been active in our collaboration with other organisations to share knowledge, discuss approach, and build on learnings to address this growing global issue.

### KEY AREAS OF ACTION IN 2019/20

- Continued refinement of our supply chain assurance program by reviewing our risk triggers and formalising our procedures with the aim of reducing our exposure to modern slavery through improved risk assessment, due diligence, remediation and monitoring processes.
- Developed and issued our Human Rights Policy statement.
- Worked with suppliers to provide and support remediation actions.
- Continued stakeholder engagement with investors, shareholders, non-government organisations and other businesses to better understand their perspectives on the role of the aviation industry in respecting human rights and to collaborate on prevention of modern slavery.
- Finalised the development of training for key personnel to detect and prevent human trafficking. The launch of the training has been postponed due to the impacts of Covid-19.

## Progress against our Short-Term Priorities

PRIORITIES	ACTIVITIES
Assurance	<ul style="list-style-type: none"> <li>• Continued implementation and enhancement of the Supply Chain Assurance program through:                             <ul style="list-style-type: none"> <li>• Identification of opportunities for enhanced reporting and analysis;</li> <li>• Reviewing and refining the risk triggers for identification of potential human rights risks;</li> <li>• Formalisation of our due diligence assessment procedures to ensure standardisation and consistent application of risk and due diligence methodology.</li> </ul> </li> </ul>
Policy and Training	<ul style="list-style-type: none"> <li>• Issued our first Human Rights Policy Statement.</li> <li>• Incorporated the delivery of modern slavery and human trafficking awareness content in training for our offshore employees and agents.</li> <li>• Finalised the development of training on avoiding involvement in human trafficking. Timing of the roll out to be co-ordinated into the business recovery from Covid-19.</li> </ul>

For more details relating to our priorities, refer to the 'looking forward' section on page 10.

### OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

The Qantas Group’s main business is the transportation of customers using two complementary airline brands — Qantas and Jetstar. Our airline brands operate regional, domestic and international services. The Group’s broad portfolio of businesses also includes Jetstar, Qantas Freight Enterprises and Qantas Loyalty.

The Qantas Group’s headquarters are in Sydney with our key hubs in Australia, Singapore, the United Kingdom and the United States. In 2019 we provided air transportation services to over 55 million passengers across 25 countries including destinations across the Asia Pacific, North America and the UK. In 2019 our global workforce consisted of more than 30,000 employees, contractors or agents across approximately 80 countries. Our direct employees are engaged either by contract or under award agreements. We have approximately 55 collective industrial instruments and 18 unions, with whom our employees are free to associate.

The impact of Covid-19 on the global airline industry has been devastating. For the Qantas Group, flight volumes initially dropped to as low as 5% domestically and 1% internationally compared with pre-Covid-19 levels. Recovery from these levels has been slow, having regard to the imposition of Australian State border lockdowns, bans on international flights and/or onerous quarantine requirements, and the impacts of a 2nd Covid-19 wave in the Australian State of Victoria. While the Group has a plan to accommodate increased domestic flying as State border restrictions relax, the international division is unlikely to experience any meaningful recovery until late 2021.

Regrettably, the near complete collapse in demand for airline travel compelled the Group to stand-down (or furlough) a large proportion of its workforce, at one point up to 23,000 of employees. A large number remain stood-down as at the date of this Statement. Like many of its airline peers, the Group has also had to make large numbers of employees redundant, as the employment roles that existed pre-Covid-19 have disappeared for the foreseeable future.

At full operational cadence, the Qantas Group sources significant quantities of goods and services, ranging from stationery to uniforms, catering and onboard products, and to aircraft and aircraft parts. In 2019, the Group worked with 9,000 suppliers globally, with the majority of our annual \$12.5bn supplier spend occurring with our first-tier suppliers located in Australia, followed by the United States, Singapore and New Zealand. The onset of Covid-19 saw a proportional reduction in the extent of sourcing by the Group with new sourcing activities limited to initiatives, such as the introduction of the Group’s Fly Well program, including gloves and sanitary items for use inflight.

Our global supply chains are extensive, with a high proportion of our extended suppliers located in the Asia region. We are aiming to progressively develop a more comprehensive supply chain map, to better demonstrate the geographic location and nature of products and services sourced.

The diversity of the products, geographic locations, markets and regulatory systems associated with these purchases can potentially expose the Group to a myriad of risks. We apply a systematic approach to all risk disciplines, including in our procurement processes, practices and dealings with suppliers, which we know is an essential element of progressing the global eradication of modern slavery and human trafficking.

Further information on our business, supply chain and how we are looking ahead, delivering today and acting responsibly is available on the Qantas Group [Corporate Site](#).

### Pre-Covid-19 operations, Qantas group:



Operated Qantas Group aircraft in **25 countries**



Global workforce consisted of more than **30,000** employees in 2019



**9,000** suppliers globally

### POLICIES AND GOVERNANCE APPROACH

The Group has a robust corporate governance framework in place, with the Qantas Board overseeing our broader human rights program through the Qantas Audit Committee. Underpinning this framework are the Group’s suite of policies, several of which are relevant to modern slavery. This includes our [Code of Conduct and Ethics](#), the Board approved Non-negotiable Business Principles referenced in the [Qantas Group Business Practices](#), our [Human Rights Policy](#), our [Procurement Policy](#) and our [Whistleblower Policy](#). Our [Corporate Site](#) contains more detail on our approach to corporate governance.

We continue to articulate our expectations to suppliers through our [Supplier Code of Conduct](#) and [Supplier Requirements](#), which are also available on our website. Although our standard contractual terms include a requirement to comply with these documents, we are aiming to further strengthen our management of modern slavery by embedding bilateral modern slavery compliance clauses into our precedent contracts

Accountability for addressing modern slavery and human rights risk is cross-functional and our internal business units work together, at Group level and across our entities, to embed our initiatives and supporting processes. In recognition of the complexity of this Global issue, the Group continues to build capacity of our people on modern slavery risk management, including seeking external expert input for guidance on our approach.

The Group’s Business Integrity & Compliance function, reporting to the General Counsel and Group Executive, Office of the CEO, is responsible for the development and implementation of the Group’s broader human rights program, including modern slavery and human trafficking initiatives. While the impact of Covid-19 on the Qantas Group has necessitated the standing-down of resources within the Business Integrity & Compliance function, the Group remains committed to re-building the function to continue the program when the Group’s operational footprint makes that feasible.



### ASSESSMENT AND MITIGATION OF MODERN SLAVERY RISK

Our management of modern slavery risk in our operation and supply chain falls within our broader approach to human rights risk and is assessed and managed consistently with our established enterprise-wide risk framework. The Group's Audit Committee is responsible for providing oversight on behalf of the Board. Further information relating to the risk management framework program can be found in the Governance section of the Group's [Corporate Site](#).

To ensure that we minimise the risk of modern slavery and the potential exposure to human rights risk more broadly, we utilise tools to strengthen our risk assessment program, including the Global Slavery Index. We also consider information and resources made available through organisations such as the [Global Compact Network](#), [TRACE International](#), the [Transparency International Corruption Perceptions Index](#), and the [Modern Slavery Registry](#).

Whilst we recognise that modern slavery and human trafficking risk may occur in our organisation and extended supply chain, we know that the level of risk is influenced by factors such as vulnerable populations, product and service category, industry and geographic location. Accordingly, we have tailored our risk processes to ensure that we are focussing our efforts on those areas that present an

elevated risk of exposure. We have assessed that of all the products and services we procure, those within the categories of textiles, catering, information technology supplies and people services, present an elevated risk of modern slavery.

Steps that we have taken to assess and mitigate risk in our supply chain include: consideration of human rights risk indicators in our in-country risk assessments; working with suppliers to strengthen their internal policies and procedures including, but not limited to, worker labour and payroll conditions; undertaking factory audits to validate workplace practices; and using our leverage to work with the supplier to implement solutions that meet international human rights standards.

Our enterprise-wide risk framework defines the escalation threshold for reporting of risks to the relevant governance committee. Whilst our Supply Chain Assurance Council receives visibility over our supplier risks, we are currently redefining the appropriate Group governance committee and escalation path for modern slavery issues, to ensure accountability and oversight of remediation and treatment strategies.

### OUR SALIENT HUMAN RIGHTS

In our previous statement we outlined the details of the 2018 independent saliency assessment<sup>1</sup>, undertaken to better understand our salient human rights priorities. This exercise confirmed that labour rights risk, associated with third party contracted labour, is the Group's most salient human rights issue. This was assessed in relation to:

- The likelihood of an occurrence;
- The severity of impact on the individual;
- The business's leverage to create change.

Our other priorities are described in greater detail in the governance section on the Qantas Group's [Corporate Site](#).

In 2020, we started our second independent saliency assessment, however, the activity was interrupted by the onset of Covid-19. As the business recovers from Covid-19 this initiative will be undertaken to reassess our salient issues and confirm our future priorities, whilst taking into account the impacts of Covid-19 on our business and our Supply Chain.



<sup>1</sup>Salient human rights issues are those human rights that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships (UNGPs).

## DUE DILIGENCE PROCESS

Qantas takes a proactive approach to eradicating modern slavery risk from our supply chain. Our risk-based due diligence process, constructed with reference to the UN 'Protect, Respect and Remedy' framework which underpins the United Nation Guiding Principles on Business and Human Rights (UNGPs), is part of our broader Supply Chain Assurance program and is designed to identify and assess a range of potential risks in the supply chain, including human rights.

### Due Diligence

As part of our Supply Chain Assurance program, all new suppliers, as well as renewing suppliers, are subjected to our due diligence process, prior to onboarding or contract award. Initially, suppliers are requested to answer a brief prequalification questionnaire administered in the Group procurement contract management system. This triage process helps us to identify potential areas of risk, and where identified, the supplier will be referred for further due diligence.

We utilise a third-party technology platform to perform our Human Rights due diligence assessment, which provides an initial assessment of risk for each supplier based on the information from the prequalification questionnaire and other publicly available information. Where a potential risk is evaluated as medium or above, the supplier is referred for a more detailed assessment, undertaken by our Business Integrity and Compliance team.

This may include requiring the supplier to furnish relevant internal policies and procedures or independent site audit reports. In some instances, the Group will sponsor an independent audit of the supplier's operations or undertake a site visit.

We favour working with suppliers to resolve or substantially mitigate issues instead of ending the relationship with the supplier because of the potential adverse effects on the livelihood of the supplier's employees. Achieving this takes time, and the Qantas Group is committed to working with its suppliers to eradicate modern slavery from their supply chain. Additionally, the Group shares its expertise to support suppliers to build their capability to meet international standards.

Suppliers that are identified as presenting a risk through the due diligence process will be subjected to continuous monitoring by our third-party technology platform. This monitoring activity provides auto-generated alerts of any publicly available potential adverse information, enabling us to review and, if necessary, undertake appropriate action in a timely manner.

We will continue to explore opportunities to ensure we are appropriately identifying, assessing and mitigating the risk of perpetuating modern slavery.

### Supply Chain Assurance

We procure a large range of goods from a broad range of industries both domestically and internationally, and we acknowledge that modern slavery may occur in our global supply chain.

Our Supply Chain Assurance program, launched in FY18, standardises the Group's approach to modern slavery and human trafficking due diligence. Importantly, this program helps us to understand how our suppliers are producing or sourcing the goods and services we procure to ensure they comply with the Group's [Supplier Requirements](#).

When undertaking advanced due diligence of our first tier suppliers, there has been some instances where we have discovered potential modern slavery risks relating to second- and third-tier suppliers. Whilst our current Modern Slavery Roadmap focusses on due diligence of our first-tier suppliers, where these instances have been identified we have worked with the first-tier supplier to support the implementation of appropriate remediation in the extended supply chain.

### Grievances and Remediation Processes

We are committed to the protection and respect of human rights across our business and supply chain. Where we identify impacts that we may have caused, or to which we may have contributed or be directly linked, we will seek to address this in line with the guidance provided under the UNGPs.

We have established reporting procedures and mechanisms where employees and third parties can report any concerns regarding unethical or illegal conduct, including in relation to modern slavery or human trafficking. Employees can report to their manager, or if they wish to remain anonymous, employees and third parties are able to report through our independently operated Whistleblower system, via phone, email or an online portal.

Where issues are investigated and substantiated, we take appropriate action. Further information regarding the investigation process are available in the [Whistleblower Policy](#), and on our [Corporate Site](#).

The Group has established internal grievance resolution guidelines which outline procedures and resolution options for our employees.

We will continue to evolve our approach to deal with such issues, including development of external grievance procedures for third parties, which we will make available to our suppliers and business partners.

### Measuring Effectiveness

While there is extensive work being undertaken at a global level to understand and value respect for human rights, there are currently no fundamental units of measurement or international standards for measuring human rights impact. This is a complex issue that presents a challenge for all corporates in terms of providing credible measurements as to their effectiveness in addressing modern slavery risk.

Certain processes within our Supply Chain Assurance program provide us with a mechanism to help track the effectiveness of our program. For example, where a supplier may have been subject to an ethical audit and detailed action plans have been put in place to address findings, we work with the supplier, both first- and second-tier, to ensure that the action plans are implemented in a timely manner. We undertake monitoring at progressive stages, followed by a further independent audit later to ensure that the actions are effective, sustainable and permanent. This provides us with assurance of the improvement in the working conditions for the employees involved and validates the effectiveness of our actions on the ground.

Our progress against our modern slavery roadmap, which outlines our strategic initiatives is monitored by the Supply Chain Assurance Council, chaired by the Group Procurement Officer. This forum also receives updates on supplier risk and assurance activities and provides a forum for dialogue on consistency of practice and shared learnings. We will continue to explore further mechanisms to assess the effectiveness of actions we undertake to address modern slavery and human trafficking risk.

### Stakeholder Engagement and Collaboration

Cooperation with our suppliers, our business partners and relevant government agencies to effect change is a key feature in our strategy to eradicate modern slavery.

We are committed to collaborating with government and other businesses to eradicate modern slavery. We recognise the need for issues, including the risk of modern slavery in our collective supply chains.

Prior to the onset of Covid-19, we continued to participate in multi-stakeholder forums and collaborate on human rights issues with the following key groups:

- **Global Compact Network Australia (GCNA)**  
Qantas is a signatory to the UNGC, the world's largest corporate sustainability initiative. We are also an active member of the GCNA, the Australian based organisation that brings together the signatories to the UNGC to advance corporate sustainability and the private sector's contribution to sustainable development, including human rights and modern slavery. Through this, we also participate in the GCNAs Modern Slavery Community of Practice.
- **Corporate Business Integrity Council**  
Qantas is the founding member of this council, which is a network of ethics and compliance practitioners from leading Australian companies across a range of business sectors. The council meets quarterly and is aimed at advancing best practice through sharing knowledge and initiatives in the area of corporate business integrity.
- **TRACE International**  
TRACE International is a business association funded by over 500 members. The association leverages a shared-cost model to develop anti-bribery and human rights compliance tools, services and resources.
- **Department of Home Affairs**  
Qantas participated in the Australian Government's national consultations on the proposed Modern Slavery Reporting Requirement. This consultation process played a significant role in shaping the reporting requirement to ensure it was appropriate and practical in the Australian context.

We also focussed on improving our stakeholder engagement on broader human rights issues to help inform the Group's approach to implementation of our commitments under the UNGPs, the UN Global Compact and other international standards.



## TRAINING

Every three years all Qantas Group employees undertake training aimed at providing context around the Qantas Group Policies, our Non-Negotiable Business Principles, Brand Values and Qantas Group Beliefs.

Training and awareness are key controls in addressing the risk of modern slavery and human trafficking. We recognise the need to build the capability of our employees, particularly our procurement practitioners and our front-line staff, to identify potential red flags of modern slavery and human trafficking and the actions required to respond appropriately.

We have continued to provide our Procurement team with tailored training on risk identification and due diligence processes. For other employees, we have developed a training module to help build their awareness of global modern slavery and human trafficking so they are in a better position to understand, identify and report incidents. In FY19, we took the opportunity to expand the content of our face to face Anti Bribery training, which is delivered both onshore and offshore, to also incorporate awareness of modern slavery.

While both training initiatives have been temporarily suspended during the Covid-19 crisis, they will be reinstated when it is safe and suitable to do so as the Group recovers from the impacts of the crisis.

While we have not yet broadened the scope of our formal training programs beyond the Qantas Group, we believe our interactions with our suppliers and those in our extended supply chain are a valuable experiential learning opportunity. We invest time and resources in building the understanding of international standards on human rights and modern slavery of those in our supply chain and their capability to implement appropriate solutions to address risks.



**LOOKING FORWARD**

Modern slavery risk management requires continuous commitment and ongoing collaboration, both from within our business and through ongoing multi stakeholder dialogue in international and domestic policy forums, and with local governments of host countries and civil society. In our previous statement, we outlined our longer-term priorities out to 2021. Progress on most of the

planned activities have been significantly impacted by the effects of Covid-19 on the business, leading to a delay in the completion. We have reviewed these priorities and reaffirm our commitment to deliver these outcomes progressively as the Group progresses through it’s Strategic Covid-19 Recovery plan over the next 3 years.

PRIORITIES	ACTIVITIES
Stakeholder dialogue	<ul style="list-style-type: none"> <li>Engage relevant stakeholders in our salient human rights assessment activity</li> <li>Broaden stakeholder engagement to include other business units and organisations, including civil society</li> <li>Confirm the most appropriate governance committee for oversight and escalation of modern slavery issues</li> <li>Commence development on interactive supply chain map, providing stakeholders with insight into where our suppliers operate and the nature of the product/service supplied</li> <li>Continue to work with key industry partners to operationalise a program of works for the detection and prevention of the use of aviation as means to transport victims of human trafficking</li> </ul>
Assurance	<ul style="list-style-type: none"> <li>Explore mechanisms to measure the effectiveness of actions we undertake to address modern slavery and human trafficking risk</li> <li>Continue to share detail relating to non-conformances and other findings through the risk assessment and due diligence processes</li> <li>Develop a practical approach to extend the scope of the Supply Chain Assurance program to include risk-based assessment of second-tier suppliers</li> <li>All new and recontracted suppliers to be assessed through the Supply Chain Assurance program and where appropriate, managed and monitored effectively</li> </ul>

In addition to the above, our areas of focus also include:

**DUE DILIGENCE**

Enhance reporting and analysis capability of our Supply Chain Assurance program.

**POLICY AND GOVERNANCE**

Continue to update our precedent contracts to incorporate human rights and modern slavery clauses.

**REMEDY**

Formalise grievance mechanisms and procedures for third parties.

We are proud of our progress to date, but we recognise there is more to do. We are committed to the ongoing delivery of our initiatives and partnering with our stakeholders to eradicate modern slavery.

This statement was approved by the Board of Qantas Airways Limited.

Signed,



Alan Joyce  
 CEO Qantas Group  
 December 2020

