

Chorus Limited Modern Slavery Statement FY22

1. Introduction

This is Chorus Limited's statement under the *Modern Slavery Act 2018* (Cth), covering the reporting period for the financial year ended 30 June 2022.

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**) was trustee for Chorus' long term incentive plan for selected key management personnel. The trust for that LTI scheme has been wound up and CLTITL was removed from the NZ companies register on 21 July 2022. CLTITL's Board comprised two members of the Chorus Limited Board.

Chorus' Annual Reports 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 has brought a fibre to the premises network to approximately 87% of New Zealanders.

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 FY22, we had approximately 790 permanent and fixed term employees and an additional 132 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 FY22.

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 with a small number of sophisticated service companies 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

Connecting Aotearoa so that we can all live, learn, work and play

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 and in our Sustainability Report, available here: <https://company.chorus.co.nz/sustainability>.

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.

In FY22 Chorus tendered and contracted new field services agreements for the majority of our field workforce. Worker welfare principles and obligations were incorporated throughout the tender process and negotiations with suppliers. The contracts have extensive provisions covering sustainability, audit, onboarding support of subcontractors and technicians, and compliance with Chorus' Supplier Code of Practice. This is supported by an ongoing worker welfare audit programme to give Chorus comfort that the requirements are being met.

In FY22, we completed 231 subcontractor audits. The audits included reviews of employment agreements, pay records and visa status to provide assurance that employees of subcontractors in Chorus' service companies are meeting employment obligations, and are compliant with immigration obligations and Chorus' Supplier Code of Practice.

In response to travel restrictions and the ongoing impact of the COVID-19 pandemic, the New Zealand government issued new visa categories providing both short term and long-term pathways to residency. The impact of this started to be felt in FY22 as migrant workers in Chorus' wider workforce applied for and secured residency in greater numbers than before. To ensure the associated risk was managed, Chorus promoted our "Tell Chorus" whistle-blower line to give workers an avenue to raise concerns.

Chorus' Board has received regular updates during FY22 on the ongoing worker welfare programme, including in relation to:

- 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)
- a trust fund to support workers affected by discontinued contractors
- 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

Grievance mechanism outcomes

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.

During FY22 we received 14 complaints of mistreatment of workers. Complaints were received directly through our staff, via our whistle blower line, and to our key service companies.

All the complaints were investigated. As a result, 2 companies work for Chorus was terminated. Six complaint 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. In two cases no breach was found. Four cases, involving two companies, remain under investigation.

Completion of investigations of pre FY22 complaints during the year also led to one company and its directors being black-listed.

Collaboration with Industry

When Chorus established our worker welfare programme, we committed to collaborate with industry and government on the issue of worker exploitation. In early 2022 we engaged with Kainga Ora to share our experiences on the worker welfare journey. In meetings over the next few months, we shared our programme and resources such as job descriptions and contract clauses. We are pleased to have shared our insights with Kainga Ora as they have developed their own worker welfare programme.

Chorus is an active participant in the Collaborative Advantage group, a working group comprised of New Zealand business participants. Co-hosted by Kathmandu and Deloitte, the group shares insights and drives collective action to collaboratively address the social and environmental challenges common to all.

COVID-19

COVID-19 has continued to have a considerable impact on our business and our people during FY22 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.

When New Zealand went into level 4 lockdown in August 2021 Chorus, as it had done in the March 2020 lockdown, initiated a subcontractor support payment to supplement the government's wage and support subsidies assisting our subcontractors. As an essential service provider, Chorus continued to perform maintenance services throughout the lockdown, but all non-urgent work was deferred.

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 continue to refine our management of modern slavery risks during the procurement lifecycle: including pre-qualification; robust procurement practices; strong standard terms and conditions; an ongoing audit regime focussed on our field workforce to assess supplier performance; and directly asking how suppliers in high risk industries engage their workers and for assurance that those workers receive the benefit of all relevant employment laws.

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, including:

- annual planning for our worker welfare programme of work and reporting on completion of that programme
- 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.



Mark Cross

Chair

Chorus Limited

14 December 2022