

MODERN SLAVERY AND HUMAN TRAFFICKING  
STATEMENT 2017



# Modern Slavery and Human Trafficking Statement 2017

This statement, pursuant to s54(1) of the Modern Slavery Act 2015, sets out the actions taken by the Qantas Group<sup>1</sup> to address modern slavery risks in our business and supply chains over the financial year ending 30 June 2017.

## OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Qantas operates air transportation services to 25 countries using three complementary airline brands operating regional, domestic and international services. Our broad portfolio of subsidiary businesses include Qantas Freight Enterprises and Qantas Loyalty.

Qantas headquarters are in Sydney and our significant operational hubs are across the Asia Pacific, North America, Dubai and the UK. Over 2016/2017, we worked with more than 9,900 first-tier suppliers headquartered in over 80 countries. Further information on our business, supply chain and how we build and protect value is available in the [Qantas Annual Review](#) (Annual Review).

Given our size and geographic reach, ensuring we avoid any involvement in modern slavery, particularly beyond our first-tier suppliers, is a discernible challenge. Despite this challenge, we are committed to continually improving how we work with government, business and civil society to meet our moral and ethical obligation to combat modern slavery and to make sure it does not occur in our business or supply chain.

## KEY AREAS OF FOCUS IN 2016/2017

- Extending our understanding of modern slavery risk across our first-tier suppliers through investing in innovative supplier management systems.
- Developing and piloting a Supply Chain Assurance program for progressive roll out across our sourcing and operations.
- Becoming a signatory to the United Nations Global Compact (UNGC).
- Building capacity amongst our procurement professionals and impacted business unit leaders to understand the implications of our footprint and associated modern slavery risks and indicators.
- Developing clear short and medium-term priorities as we work towards best practice human rights governance.

## Over Financial Year 2016/2017, Qantas:



<sup>1</sup>Qantas Group' means Qantas Airways Limited ABN 16 009 661 901, and its related bodies corporate, as defined in Section 50 of the Corporations Act 2001 (Cth)

<sup>2</sup>DAE Report 2016 – Qantas Group Economic Contribution

**POLICIES AND GOVERNANCE APPROACH**

Under the [Qantas Group Code of Conduct and Ethics](#), we are committed to building and fostering a culture in which employees, customers and suppliers are treated with dignity, respect and fairness. Our Code of Conduct and Ethics states that Qantas employees, including directors, agents, contractors and others who represent our business, must respect and support human rights.

Our policy and governance approach to modern slavery is guided by two key external-facing documents. They are our Code of Conduct and Ethics and the Board approved Non-negotiable Business Principles referenced in the [Qantas Group Business Practices](#). In May 2017 we adjusted our Code of Conduct and Ethics and our internal Non-negotiable Business Principles policy document to explicitly state our respect for, and support of, human rights. We also outlined our expectations of our suppliers' management of human rights and workplace conditions in the [Supplier Requirements](#), which forms part of our contractual relationship with all Qantas Group suppliers.

In this year's Annual Review, we outlined our management structure for human rights, including the establishment of a dedicated Business Integrity and Compliance function to manage risks associated with:

- bribery and corruption;
- trade sanctions;
- human rights; and
- privacy compliance.

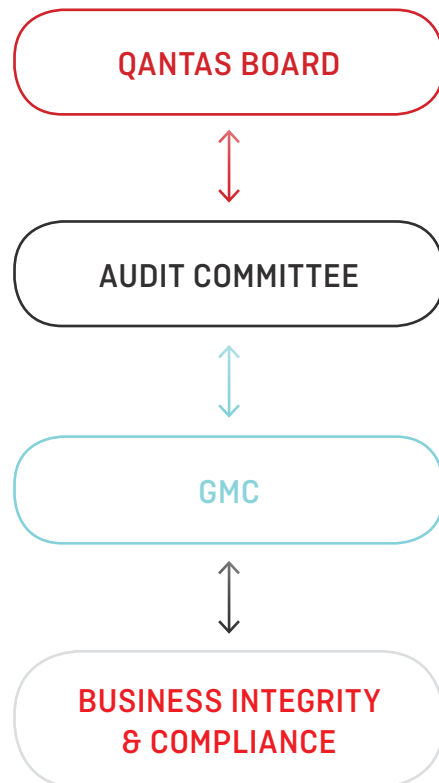
The function, with Board level oversight through the Audit Committee, is responsible for the implementation of a coherent and effective strategy for managing corporate compliance. It will focus on the Qantas Group's ability to prevent, detect and address gross unethical conduct while meeting the growing expectations of global regulators and stakeholders.

In this year's Annual Review, we also committed to align our business to the United Nations Guiding Principles on Business and Human Rights (UNGPs) and aim to deliver a stand-alone statement of commitment to human rights.

As we continue to align our approach to the UNGPs, we will call on the expertise of a range of peers, partners and civil society to ensure multi-stakeholder engagement.

**'Responsible business is about creating and taking opportunities just as much as it's about responding to challenges. The more companies that realise that, the bigger the global value chain becomes - benefitting everyone.'**

Alan Joyce, Qantas Group CEO, letter to UN Secretary General



**RISK DETECTION AND MANAGEMENT**

At Qantas, when our people are making decisions and taking action, risk is a primary consideration. We are continually monitoring our risk profile to ensure we have appropriate controls in place. This includes providing our people with the tools they need to help them discover, understand and respond to risk in the most appropriate way.

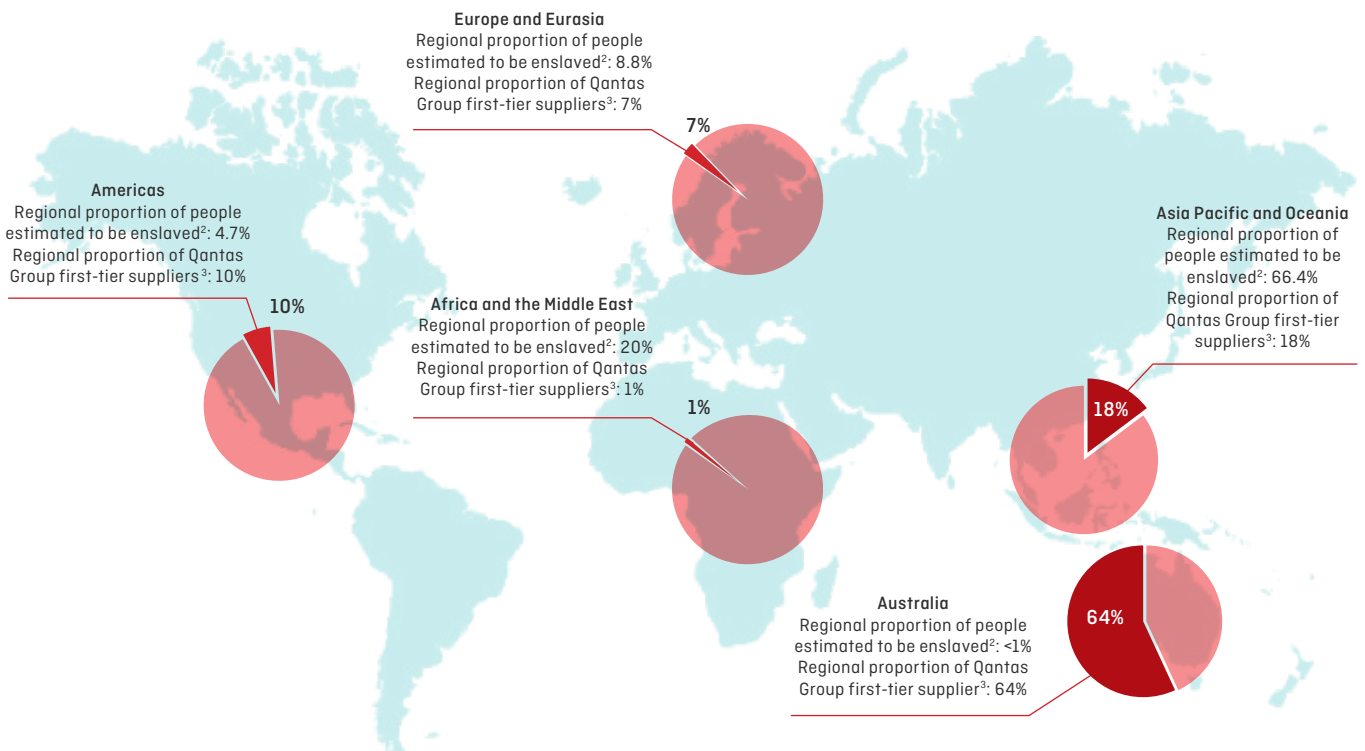
Our approach to the detection of modern slavery risk in our supply chain is based on various factors. These include the nature of our relationship with suppliers, their geographic location, the types of goods or services being provided, and existing local human rights protections offered to workers. Through the development and piloting of a Group-wide ethical supply chain framework, the Supply Chain Assurance program, we have strengthened our understanding of localised human rights risks. We have also used focussed, knowledge-sharing platforms to better understand where those risks may intersect with our supply chain.

We recognise that modern slavery does not occur as a stand-alone crime and, as a result, the Supply Chain Assurance program aims to holistically consider risk associated with:

1. bribery and corruption;
2. modern slavery<sup>1</sup>;
3. illegal logging;
4. workplace health and safety; and
5. cyber security.

The Supply Chain Assurance program is closely mapped to the Qantas Group risk assessment guide (certified to ISO Standard 31000), which is also applied consistently to our business and operations. The Qantas Group risk assessment guide informs the development of the Group’s risk profile, and ensures prioritisation of internal and external facing activities to reduce the level of risk while continuously improving our controls.

Throughout the development of the program, we have aimed to leverage technology, systems and existing capability to ensure effective risk identification and management. At the same time we conduct internal assurance through a mature risk governance framework.



Regional proportion of Qantas Group first-tier suppliers and regional proportion of people estimated to be enslaved, from the Supply Chain Assurance program Modern Slavery Toolkit for procurement professionals.

<sup>1</sup> For the purpose of this Statement, ‘modern slavery’ refers to crimes of human trafficking, slavery and slavery like practices, forced labour, the sale or exploitation of children and debt bonded labour.

<sup>2</sup> Global Slavery Index 2016

<sup>3</sup> Supplier headquarters location

**DUE DILIGENCE PROCESS**

Advanced due diligence relating to social practices and modern slavery risk is undertaken on suppliers that present an elevated risk to the Group. Over 2016/2017, we conducted 90 independent supplier audits relating to bribery and corruption, workplace health and safety, environmental practices and social practices.

**Supply Chain Assurance**

The development of the Supply Chain Assurance program, expected to be fully operational in 2018, standardises our approach to due diligence throughout the supplier lifecycle. The process commences prior to onboarding – with prequalifying questionnaires aimed at identifying the risk associated with individual suppliers – and continues through the supplier lifecycle.

During the pilot phase of the program we have used emerging technology to conduct comprehensive reputational assessments, which assist in determining the need for advanced due diligence.

As we embed our reputational risk assessment process, suppliers who progress through to advanced due diligence will undertake a range of activities. This may include requests for specific information, as well as desktop and onsite audits designed to detect modern slavery.

At the completion of advanced due diligence, corrective action plans will be put in place, where applicable, and the supplier will enter an automated monitoring program.

Over 2016/2017, our due diligence procedures identified eight suppliers with audit non-conformances relating to modern slavery risk. Corrective action plans have been put into place across each of these suppliers and we will continue to support them to ensure their practices improve.

While our advanced due diligence procedures rely heavily on desktop and onsite audits, we recognise the challenge in detecting modern slavery through a standardised audit approach. Modern slavery is illegal and largely hidden, often making it extremely difficult to detect. We are in the early stages of piloting and implementing our Supply Chain Assurance program. As we work towards best practice, we aim to test the effectiveness of the program by continuing to build capability and understanding of the indicators, risks and impacts of modern slavery both within our business and our suppliers.

**Whistleblower Procedure**

As outlined in our Business Practices document, Qantas has also established a Whistleblower reporting and investigation framework. This allows reporting of breaches of any law, regulation, or Qantas Group Policy – including concerns relating to modern slavery. Using multiple technologies, employees are able to report grievances or issues anonymously and Qantas will take all practicable steps to protect their identity. All reports pertaining to any breach of law, regulation or policy are taken very seriously and are assessed and investigated accordingly.



**Training and partnerships**

Over 2016/2017, we have focussed our efforts on building capacity among procurement professionals and affected business unit leaders, through bespoke training and awareness building materials. As we move to fully implementing the Supply Chain Assurance program, this training will continue and expand beyond procurement professionals to a broader group of Qantas employees. We also aim to include our suppliers. The Qantas Group partners with numerous organisations that support our ability to understand and proactively respond to modern slavery and other social impact risks.

These include:

**Corporate Memberships**

**TRACE International**

As part of the Business Integrity and Compliance function, we are a member of TRACE International, 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.

**Sedex**

Through the oneworld alliance, the Qantas Group is a member of Sedex. This membership enables knowledge sharing and constructive conversation between airlines in relation to human rights risks including modern slavery.

**UNGC**

Qantas is a signatory to the UNGC, the world’s largest corporate sustainability initiative. The Group is committed to operating responsibly and in alignment with the 10 principles of the UNGC, including supporting and respecting internationally proclaimed human rights.

**International Development and Initiatives**

**UNICEF**

Our partnership with UNICEF Australia through the Change for Good program has raised over \$33 million to assist vulnerable children around the world. These funds contribute to programs that help protect children and families from social and economic conditions that could otherwise expose them to exploitation. These programs include those aimed at increasing youth empowerment and voice, and building the capacity of child protection systems. As we further develop our approach to human rights governance we hope to deepen our relationship with UNICEF to allow us to better understand impacts of our business on children.

**Centre for Policy Development (CPD)**

For the past two years we have partnered with CPD to support the think tank’s convening of The Asia Dialogue on Forced Migration as part of the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime.





**PLANNING AHEAD**

Throughout our 98 years of operation, Qantas has seen significant change. We have responded by transforming and adapting our business and setting milestones for how aviation can support the global community along the way. We intend to apply these principles in the way we manage human rights within our organisation.

Our experiences lead us to define sustainability in simple terms, which includes our approach to human rights and social impact. We will continually monitor global forces that can affect the way we grow and succeed in the decades ahead. We will hold ourselves accountable by giving others the opportunity to evaluate our performance based on robust, publicly-available information.

These global forces, along with stakeholder dialogue and collaboration, will help us identify our most salient human rights issues and set our strategic priorities to mitigate risk and maximise opportunities over the short, medium and long-term.

In 2016, we determined the global forces that affect – and will continue to affect – our business, described in further detail on our [Sustainability Portal](#).

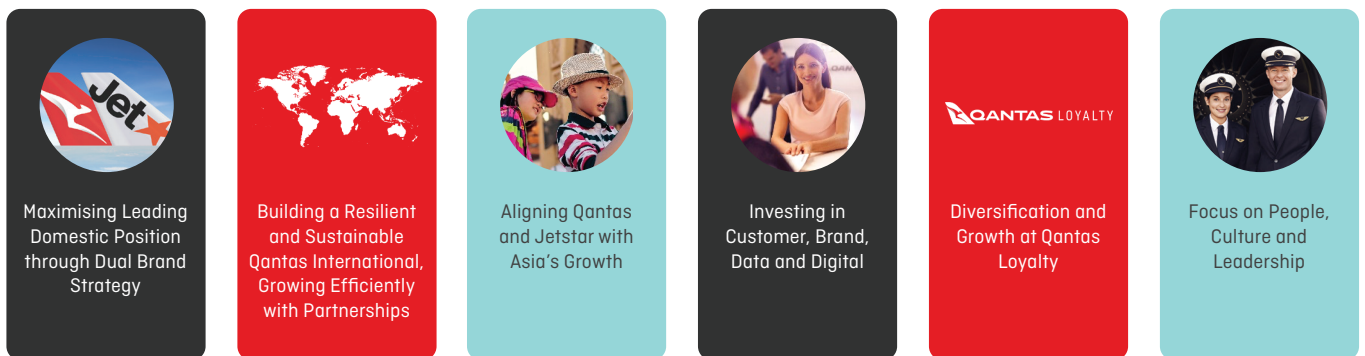
**LOOKING AHEAD**

Through 4 Global Forces



**DELIVERING TODAY**

Through Clear Strategic Pillars



**ACTING RESPONSIBLY AND TRANSPARENTLY**

Through our Financial Framework and Non-Negotiable Business Principles



**STRATEGIC PRIORITIES**

**Business Context**

As we develop and communicate our strategic priorities relating to modern slavery risk and due diligence, we recognise two key external developments linked to the global forces that will continue to inform our next steps.

**1. Rapidly evolving regulatory framework**

The UNGPs clearly outline the role of government in ensuring human rights are protected. There are many benefits in government taking a leading role in setting an appropriate human rights agenda. Despite this, many countries around the world do not have appropriate protections in place. In August 2017, the Australian Government released a proposed reporting requirement for transparency across supply chains, a development welcomed by the Qantas Group. The rapidly evolving regulatory environment at home and abroad will not set our course, but may influence our targets and disclosure.

**2. The impact of changing geopolitical influence on the worker**

The last decade has seen rapid economic development particularly in the Asia-Pacific region, which is expected to continue. Over the next 20 years, four of the five fastest-growing markets will be in Asia. This growth, combined with the changing nature of the workforce due to inexpensive goods, automation and mobile or migrant workers has led to decreasing labour standards and deteriorating worker conditions. Rapid change in the economy and political systems of the countries where we have a footprint affects our people, our suppliers and how we work, particularly in relation to ensuring we understand and address localised human rights concerns.

**A clear social purpose attracts new generations of customers and employees; a proactive response to climate change gives us the licence to grow over the long-term; robust supply chain policies help us expand responsibly into emerging markets – the list goes on.**

– Alan Joyce, Qantas Group CEO, letter to UN Secretary General

**Short Term Priorities – baseline**

**Stakeholder dialogue**

- Complete modern slavery awareness training for all procurement professionals, legal, sales and human resources functions.
- Form a comprehensive understanding of salient human rights issues across the Group and communicate in the 2018 Annual Review.

**Assurance**

- Launch the Supply Chain Assurance program and introduce detailed reporting of the number and nature of risks detected.
- Leverage findings from Supply Chain Assurance program to effectively prioritise industry and category approach.
- Establish a compliance statement that adapts the Group’s expectations to meet the risk level presented by the supplier.

**Policy**

- Develop a comprehensive statement of the Qantas Group’s commitment to human rights, incorporating our position on modern slavery risk, due diligence and remediation.

**Medium Term Priorities – implement**

**Capacity building**

- Roll out a tailored modern slavery training program to employees whose responsibilities are exposed to human rights risks.
- Review the due diligence program to ensure that it addresses key salient human rights risks and is fit-for-purpose.

**Assurance**

- Assess all first-tier suppliers through the Supply Chain Assurance program, including managing and monitoring suppliers with an elevated risk.
- Develop a practical approach to extend the scope of the Supply Chain Assurance program and include a valid, risk-based assessment of second-tier suppliers.

**Industry solutions**

- Collaborate with International Air Transport Authority Association (IATA) and 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.

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

Signed,



Alan Joyce

CEO Qantas Group

