

# A guide for Directors

AUGUST 2025





## **Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful**

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

### **More information**

Information, examples and answers to your questions about the topics covered here can be found on our website: [www.employment.govt.nz](http://www.employment.govt.nz)

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This guide helps you as a director understand ethical and sustainable work practices from a labour rights perspective. Find out what those rights are and why they are important for you.

# Understand ethical and sustainable work practices

Today's consumers, employees, procurers and investors expect certain ethical standards. They increasingly want organisations to treat workers fairly, ethically and sustainably – not just their own employees but also the workers in the organisations they engage with.

New Zealanders are becoming more aware of exploitation and mistreatment of workers, especially of migrants, and do not want to engage with businesses that exploit their workers. When deciding where to shop, consumers consider how businesses treat their workers.

## What ethical and sustainable means

Having ethical work practices means treating your workers legally, fairly and with dignity. It includes providing safe working conditions and meeting or exceeding all employment standards.

Sustainability means working in a way that meets the needs of your business or industry now and in the long term.

Exploitation, forced labour, human trafficking and slavery are the opposite of ethical and sustainable work practices.



### ETHICAL AND SUSTAINABLE WORK PRACTICES

Go to [www.employment.govt.nz](http://www.employment.govt.nz) and search 'ethical work practices'

## Why good work practices matter

Behaving ethically and sustainably is the right thing to do.

Good work practices help create a level playing field where those who meet employment obligations cannot be undercut by those who cut corners using unfair work practices. Good work practices can have a positive impact on customer goodwill, loyalty and demand for your goods and services. They can also help to attract and retain good workers. On the other hand, employment practices that are not legal, ethical or sustainable can hurt your reputation and brand. This could reduce your company's revenue, profit, financial viability and market value.

Businesses that have been fined, penalised or ordered to pay compensation for exploiting or mistreating their workers are almost always identified in publicly available information. They may also be restricted from supporting visa applications and put on the employer stand-down list for a specified period.

## Why ethical and sustainable work practices are important for directors

Directors must exercise reasonable care, skill and diligence, and uphold ethical standards in the organisation they direct. Ensuring that the organisation's managers are behaving ethically and sustainably is not only the right and legal thing to do – it is part of your responsibilities as a director.

You must ensure your organisation's work practices create a fair environment and make it harder for others to get away with unfair work practices. Unethical and unsustainable practices can hurt your reputation as a director.

If your organisation has a reputation as an ethical and sustainable employer, it will be more attractive to talented workers. For example, offering the living wage or more will help your organisation stand out in the job market and attract more skilled and talented workers.

Directors and other key people in an organisation can be held personally liable (responsible) for breaching employment standards under the Employment Relations Act 2000. Courts have found directors personally liable several times and made them pay fines, penalties and other costs.

Your organisation may have responsibilities under Australian law too.

## What you can do

Below we suggest some things you can do, and questions you can ask, to promote ethical and sustainable work practices in your organisation.

You can ask...	The answer should...
1. Do we have mission and value statements that say how workers are valued and treated?	...include details of your organisation's statements or policy about how workers are treated. Ask for the most recent examples of these documents.
2. Do we have a code of conduct that outlines our expectations about ethical behaviour and employment practices, for example, how conflicts of interest or unethical decision-making will be managed?	...include details of your organisation's code of conduct – ask for the most recent example.
3. Does everyone in our organisation know our code of conduct? Have we shared it with important stakeholders like suppliers and business partners?	...include who you have told, when and how (including where they can find the information), and how you share policies with new workers and suppliers.
4. Do members of your organisation and your supply chain receive training on spotting the warning signs of modern slavery and worker exploitation and how to report it?	...describe what training staff in your organisation and supply chain receive and how often.
5. Do we regularly do any corporate social responsibility reporting, including reporting on fair treatment of workers?	...explain what you report, when and how. Ask for the most recent example of the report. This could also be covered in an annual report.

6. Do we hold any relevant certifications, or have we considered becoming certified?	...tell you if the organisation is certified and if so, which certification they hold.
7. Which areas in our operations and supply chain are most at risk of unethical and unsustainable work practices, for example, breaching employment standards for New Zealand employees?	...include information that the organisation has identified in a map of its supply chain, or in a risk table.
8. Do we have any systems and processes in place to identify and mitigate non-compliance?	...explain how your organisation identifies and manages actual issues that present in the organisation itself, as well as across its supply chain and business networks, and how regularly it reviews the supporting systems and processes. The answer should identify which specific tools are in place — for example, third-party audits, worker-voice tools and an internal escalation process for reporting worker exploitation—and how it checks what suppliers and business partners have in place.
9. Do recruitment processes include questions to identify whether a person may have been trafficked, paid a premium (fee) to get a job or was exploited whilst seeking employment?	...tell you if questions that can help identify whether someone has been exploited whilst seeking employment are asked as part of the recruitment process.
10. Are suppliers required to tell your organisation if the Labour Inspectorate, Employment Relations Authority or Employment Court investigates them? Have any suppliers reported this?	<p>...tell you what expectations your organisation has set around this, and if any suppliers have been investigated. If they have, the response should include information about:</p> <ul style="list-style-type: none"> <li>› what the findings were, and</li> <li>› what has been done to address any non-compliance.</li> </ul>

## Why a code of conduct or policy is important

A code of conduct tells workers what your organisation's goals, values and rules are. It can also empower workers to speak up if the code is breached.



### CREATE A CODE OF CONDUCT

Go to [www.employment.govt.nz](http://www.employment.govt.nz) and search 'create a code of conduct'. Click into the page called Employers approach to ethical and sustainable work practices.

# Reporting requirements for New Zealand organisations trading overseas

Many of New Zealand’s trading partners have modern slavery legislation which businesses exporting products need to comply with. If your organisation is trading overseas, you may be required to report on what your organisation is doing to identify, assess, and address the risks of modern slavery practices in your operations and supply chain. You or another director on the board may also have to sign an anti-modern slavery statement as a responsible member of the company.

If you’re not required to report but supply to an organisation that is, you could be asked to make a similar declaration. You can prepare for this by developing a set of frequently asked questions (FAQs) and responses.



## GUIDANCE ON DEVELOPING FAQs

Mekong Club has guidance on developing FAQs, including a set of sample questions and responses. Go to [themekongclub.org](http://themekongclub.org) and search ‘FAQ guidance for SME’

## Learn more and use our free resources

### Resources on our website

Go to [www.employment.govt.nz](http://www.employment.govt.nz)

To learn about...	...search for
Director’s approach to assuring ethical and sustainable work practices	Director’s approach
Identifying and minimising labour rights issues in your business, including creating a code of conduct and educating workers	Code of conduct Click into the page titled Employer’s approach to ethical and sustainable work practices
Risk factors to manage	Risk factors to manage Click into the pdf titled Risk factors procurers
Employee rights and responsibilities	Employee rights and responsibilities
Meanings of terms	Glossary



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