

High-Altitude Licence Due Diligence Guidance

High-altitude licence-holders are required to have suitable internal assurance and due diligence processes in place to understand the nature of the payloads they intend to fly, verify that the payloads fit within the scope of the licence, and to assess customer background and intentions. This will allow the licence-holder to:

- manage the risks associated with services or data being provided to entities that may negatively impact New Zealand's national security or national interest, such as sanctioned or terrorist entities;
- ensure assessment and action can be taken if there are changes in the business relationship with customers, such as a change of ownership or the onboarding of new customers; and
- manage the risk of the payload or any collected data being used for a purpose it was not intended for.

Guidance on how to implement internal assurance and due diligence processes can be found here:

- PSR's [Due Diligence Assessments for Foreign Interference and Espionage Threats](https://www.protectivesecurity.govt.nz/assets/protective-security-requirements/resources/psr-due-diligence-assessments.pdf) (pgs. 21-29) (<https://www.protectivesecurity.govt.nz/assets/protective-security-requirements/resources/psr-due-diligence-assessments.pdf>); and
- NZSIS's [New-Zealands-Security-Threat-Environment-2024.pdf](https://www.nzsis.govt.nz/assets/NZSIS-Documents/New-Zealands-Security-Threat-Environment-2024.pdf) (pgs. 14-46) (<https://www.nzsis.govt.nz/assets/NZSIS-Documents/New-Zealands-Security-Threat-Environment-2024.pdf>).

The degree of due diligence conducted should be proportionate to the potential risks. However, as a starting point, operators should consider the following questions regarding customers to help build an approach to due diligence:

- Who is the parent company?
- Who is the ultimate owner?
- What is the country of ownership?
- Is the organisation associated with a country that has different strategic objectives to New Zealand, or a country with different democratic and ethical values from our own?
- Does the proposed partner have any involvement in research on behalf of the military or police with links to a hostile state?
- Could your intellectual property (IP) or research be misused or have unintended negative applications?
- Are there potential reputational or ethical risks to you or your organisation or the individuals you employ?
- Would proceeding with the relationship raise potential conflicts of interest with existing businesses or research partners? Would it lead to an opportunity cost?

- Are you providing existing IP, research data, classified or personally identifiable data to the project or relationship? If so, how is this going to be protected?
- What contractual requirements are you able to put in place to protect the interests of your organisation?
- How upfront and transparent is the partner about affiliations, parent companies, and their intent?
- Is a foreign entity or individual involved or influential in the arrangement, including funding?
- Are the individuals or organisations that you want to do business with free from state direction and intervention? Some governments exercise a high degree of control over universities, state-owned enterprises, and private companies.

An operator intending to fly payloads on a high-altitude vehicle must submit to MBIE a description of its internal assurance and due diligence processes, in accordance with the above guidance. MBIE must be satisfied that the operator's processes are adequate.

Licence-holders are also required to keep records of flights and customers, and provide these to MBIE at specified intervals.