

2020 MODERN SLAVERY STATEMENT FOR LOYALTY PACIFIC PTY LTD

POLICY STATEMENT

Loyalty Pacific Pty Ltd (**Flybuys**) opposes modern slavery in all forms. Flybuys is committed to the highest standards of conduct and ethical behaviour in our business activities and to promoting a culture of honest and ethical behaviour, corporate compliance, and good corporate governance. This statement is made in accordance with the Australian *Modern Slavery Act 2018 (Cth)*.

THE REPORTING ENTITY - FLYBUYS

Flybuys is an Australian proprietary company limited by shares. From 2011 until November 2018, Flybuys operated as a business unit of Coles Group, where sourcing fell under the scope of the Coles Group processes and procedures. Following the demerger of Coles and Wesfarmers in 2018, Wesfarmers retained a 50% stake in Flybuys and Coles Group holds the other 50% stake.

Flybuys is headquartered in Melbourne, Victoria with its registered office in Perth, Western Australia. Flybuys has 173 employees in Australia located in Melbourne and Sydney.

This modern slavery statement describes the steps Flybuys has taken during its financial year ending 28 June 2020 to minimise the risks of modern slavery¹ occurring in our business and supply chains.

OUR STRUCTURE, OPERATIONS AND SUPPLY CHAIN

OUR OPERATIONS

Flybuys operates a loyalty program which has been in operation since 1994. The Flybuys loyalty program is one of several large Australian loyalty programs, with approximately 8.6 million active members.

With no participation fees, the Flybuys program is capable of generating significant benefits for members based on points earned from their everyday shopping activities. Flybuys members take many millions of rewards each year, and there are over 1,000 rewards to choose from, from around 26 suppliers.

Flybuys points can be collected across 22 participating brands. Flybuys also allows members to collect points via its financial, insurance and travel services partners. Approximately 11 of our participating brands are also affiliates of Flybuys (i.e. either shareholders or owned or operated by shareholders of Flybuys).

¹ The term modern slavery is used to denote practises defined in the *Modern Slavery Act 2018 (Cth)* (MS Act) and includes eight types of serious exploitation: servitude, slavery, forced labour, forced marriage, the worst forms of child labour, debt bondage, deceptive recruiting for labour or services and trafficking.

Flybuys considers that a good member experience is the core of our business and it is focused on providing a service that members value. We seek to achieve this by collaborating with a wide range of leading companies, ensuring members earn meaningful rewards for participation, and offering simple, transparent processes for points earning and reward redemption.

OUR SUPPLY CHAIN

As a technology based company, Flybuys' supply chain is not substantial with under 450 first tier suppliers. These are predominantly located in Australia with some suppliers based in the United States, United Kingdom and Asia Pacific.

A large category of spend in our supply chain relates to purchases made in the form of redemptions of loyalty points. The majority of these redemptions are spent across large Australian retailers.

Third party services to support our business constitutes another area of spend in our supply chain. The majority of these services comprise the technology suppliers Flybuys engages to manage and support our loyalty program. Flybuys has small spend categories for professional services as well as marketing and office facilities including furniture, stationary, food and beverages.

Flybuys values our relationships with our suppliers, many of whom we have had a business relationship with for a number of years. Flybuys recognises building strong relationships with our suppliers is an essential part of our broader commercial strategy and sees engaging on modern slavery risks and issues as an opportunity to enhance our working relationship with our suppliers.

IDENTIFYING THE RISKS OF MODERN SLAVERY PRACTICES IN OUR OPERATIONS AND SUPPLY CHAINS

In the first tier of Flybuys' supply chain, Flybuys considers that the risk of modern slavery is relatively low. Drawing on a number of internationally available resources including the Global Slavery Index and the 2018 List of Goods Produced by Child Labor or Forced Labor², we acknowledge that there are areas of our supply chain that may pose higher risks of modern slavery. These include technology and IT suppliers, property maintenance and cleaning services.

Many of our suppliers that provide products for points redemption obtain those products from countries considered at higher risk of modern slavery according to the Global Slavery Index and we are particularly engaging with those suppliers, through both personal contact and initial supplier questionnaires to further assess and mitigate those risks.

The developing COVID-19 pandemic poses an increased risk of modern slavery across global supply chains and we acknowledge that it is likely to have increased the vulnerability of workers in our own supply chain both globally and in Australia.

Throughout the 2021 reporting period, we will continue to gather, collate and take action where necessary based on information provided by our suppliers in our **Supplier Questionnaire** to identify risks of modern slavery. In our ongoing engagement with our suppliers in the next reporting period, we will also seek to understand how they and their supply chains have been affected by COVID-19, and whether Flybuys has any capacity to help mitigate the enhanced risks where they exist.

² Global Slavery Index in particular at <https://www.globallslaveryindex.org/2018/findings/country-studies/australia/> and The 2018 List of Goods Produced by Child Labor or Forced Labor, U.S. Department of Labor; Trafficking in Persons Report, U.S. Department of State.

ACTIONS TAKEN BY FLYBUYS TO ASSESS AND ADDRESS THE RISKS OF MODERN SLAVERY IN OUR SUPPLY CHAIN AND OPERATIONS

ASSESSING RISK - OUR DUE DILIGENCE PROCESSES

Flybuys established a working group including representatives from our legal and procurement departments as well as external human rights experts, to lead on our modern slavery actions. Over the year, Flybuys has implemented internal controls and an external due diligence process to assess modern slavery risks in Flybuys supply chain.

Flybuys conducted a preliminary assessment to identify higher level risks in our supply chain. The risk factors that were considered included:

- the nature of supplier operations;
- the geographic location of suppliers;
- the locations the suppliers' source goods;
- the services provided to Flybuys;
- the potential nature and location of their workforce; and
- the nature of goods provided to Flybuys.

This analysis resulted in the development of a draft **Risk Assessment Framework** which outlined our risk assessment and due diligence plan to address modern slavery for our first reporting period. This process is ongoing and as we engage with our suppliers, we will continue to develop a deeper understanding of our supply chain and our ongoing Risk Assessment Framework will strengthen and evolve.

SUPPLIER CONSULTATION PROCESS

As part of Flybuys due diligence process Flybuys established a supplier consultation process incorporating a questionnaire seeking information regarding suppliers' supply chains and work practices.

This year we have engaged with all our overseas suppliers and many of our redemption providers in order to further interrogate the risks of modern slavery in their operations and supply chains.

Our engagement is part of our ongoing efforts to gain further information about our suppliers and forms part of our annual due diligence. To date we have been interested to see that many suppliers currently have ethical procurement policies or are in the process of developing them, and we look forward to learning more about their processes for ensuring the application of these policies in the future.

In addition as we bring new suppliers into the business we are engaging with them on these issues, in particular with our new facilities cleaning and maintenance services as we relocated offices and engaged some new providers.

ADDRESSING RISK – OUR POLICIES, PROCEDURES AND TRAINING

Flybuys' commitment to addressing risks of modern slavery is organisation wide and is being ingrained in our policies, procedures and training programs.

Our policies and procedures have been reviewed to address the risk of modern slavery in our supply chains and operations and the amendments will be implemented in the next reporting period. We have developed a draft **Responsible Procurement Policy** which outlines our commitments to sourcing products and services responsibly, ethically and sustainably and will sit within our Procurement Policy. We have also prepared a set of draft **Supplier Minimum Standards** which set Flybuys' expectations of the standard to be applied by suppliers including upholding labour rights and other human rights, respect in the workplace, occupational health and safety, environmental protection, and information security. These Supplier Minimum Standards will be appended to our Responsible Procurement Policy when it is finalised in the next reporting period.

Flybuys recognises the need to ingrain modern slavery in our procurement processes. To do this we have undertaken a review of our standard form contracts and documents to ensure that there are appropriate inclusions. These impose contractual commitments on our material suppliers requiring them to meet minimum standards related to prevention of modern slavery and ongoing due diligence in the suppliers supply chains. For many of our smaller suppliers, supply chain due diligence is a new exercise and so our contractual commitment incorporates our willingness to work with suppliers to address risks of modern slavery in their supply chain. We are also ensuring that consultation on the risks of modern slavery are incorporated into early discussions including requests for tender (RFT) and in our on-boarding processes.

The Flybuys **Whistleblower Policy** sets out a process for Flybuys representatives to raise concerns about improper conduct. Under the Whistleblower Policy persons are required to report failures of persons to comply with legal or regulatory obligations (such as modern slavery and human rights law), as well as conduct potentially damaging to Flybuys (which could include unsafe work practices and modern slavery risks).

OUR TRAINING AND CAPACITY BUILDING

Training was delivered to the Flybuys Leadership Team which provided information regarding the nature and risks of modern slavery and the work that is required by Flybuys in order to ensure we are adequately addressing these risks.

At Flybuys, employees across all departments can be responsible for procuring goods and services for their department. We have worked with external advisors to develop an online training module for implementation in the 2021 financial year. This training will raise awareness about modern slavery, our anti-slavery policies and procedures and supply chain due diligence. In the 2021 financial year, all new employees will be required to complete the training as part of their onboarding as well as all current employees. Refresher training will be provided as necessary.

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Flybuys is committed to ensuring the actions we are taking to identify and mitigate the risks of modern slavery are effective. We have already seen some positive responses as we have begun to execute due diligence processes in our relationships with new and existing suppliers. We have an open dialogue with many of our suppliers who have indicated they have their own modern slavery policies and processes. Others, following a request to meet our supplier minimum standards, have committed to implement their own ethical sourcing procedures as a result of our enquiries. Our effectiveness will be reflected in the level of engagement we have with our suppliers, and their willingness to build practices that mitigate risks of modern slavery.

In addition, efforts to identify modern slavery will not be successful without strong education and training at least for all employees responsible for procurement. When our training is carried out in the next reporting period, Flybuys will monitor the ongoing effectiveness of our training and policies by gauging if the knowledge and awareness of our employees has increased. Flybuys will continue to monitor the effectiveness of our training and is committed to ensuring our staff are trained to report instances and concerns of modern slavery to Flybuys leadership.

FURTHER ENGAGEMENT

In preparing our modern slavery statement and identifying risks posed by modern slavery, Flybuys has consulted with external advisors for advice on modern slavery legislation and our obligations. We have undertaken a Leadership Team briefing and we have also consulted our shareholders who are particularly committed to addressing any risks of modern slavery in our supply chain. Flybuys is deeply committed to identifying and eradicating risks of modern slavery from our supply chain, and will continue to engage and consult widely within the anti-slavery community to help us fulfil this commitment.

APPROVAL

Flybuys makes this Statement in accordance with section 13 of the *Modern Slavery Act 2018* (Cth) and constitutes Flybuys modern slavery statement for its financial year ended 28 June 2020. This Statement was approved by the Flybuys Board on 12 August 2020.

Signed by:

Steven Cain
Chairman, Loyalty Pacific Pty Ltd

Signature:  _____

Date: 9 November 2020 _____