

Modern Slavery Statement

Financial year 2021



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Board Approval

Reporting Entity

Fitness & Lifestyle Group Bidco Pty Ltd

Australian Business Number

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*Empower our
global community
to live stronger and
happier lives*



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GROUP

Introduction

Modern slavery is a crime and a violation of fundamental human rights.

Fitness and Lifestyle Group (FLG) provides their full support and endorsement of the Modern Slavery Act 2018 and has a zero tolerance policy for practices related to modern slavery.

FLG recognises the importance of addressing modern slavery risk within its operations and supply chain, acknowledging the severity of its impacts and committing to focus on increasing transparency and improving its responsible business practices.



Criteria 1:

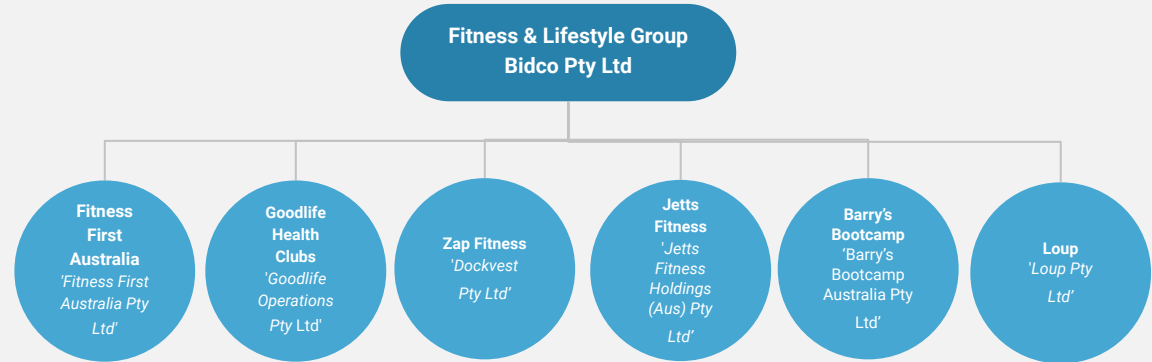
Reporting Entity

This is the second Modern Slavery Statement (“**the Statement**”) issued by Fitness & Lifestyle Group Bidco Pty Ltd (“**FLG**”) and covers the period 1 July 2020 to 30 June 2021 (“**Reporting Period**”). The Statement has been prepared in accordance with the requirements of the Australian *Modern Slavery Act 2018 (Cth)* (**Act**).

This is a joint statement which has been prepared in consultation with FLG’s wholly owned Australian based subsidiaries including:

- Fitness First Australia Pty Ltd trading as Fitness First
- Goodlife Operations Pty Ltd trading as Goodlife Health Clubs
- Dockvest Pty Ltd trading as Zap Fitness
- Jetts Fitness Holdings (Aus) Pty Ltd trading as Jetts Fitness
- Barry’s Bootcamp Australia Pty Ltd trading as Barry’s Bootcamp
- Loup Pty Ltd trading as Loup

(collectively referred to herein as “**FLG Reporting Entities**” or “**we**”, “**us**”, “**our**”).



Criteria 2:

Operations & Supply Chain

Operations

FLG is Asia Pacific's leading health & wellness group, with headquarters in Australia, as well as regional offices in New Zealand and across South East & East Asia. FLG exists to make a meaningful, positive impact in people's lives through innovative and diversified health and wellness offerings across physical and digital platforms.

FLG's portfolio of globally recognised brands includes Fitness First Australia, Goodlife Health Clubs Australia, Barry's Bootcamp Asia-Pacific, Jetts Fitness, Zap Fitness, California Fitness & Yoga, California Centuryon, Yoga Plus, and ERI International Clinic. In addition to its physical health clubs, FLG is also a global leader in on-demand digital health and fitness programs via its Loup business including Centr and Emily Skye Fit. With over 510 locations spreading across Australia, New Zealand and South-East Asia, FLG employs approximately 11,000 employees and helps over 800,000 members live healthier and more active lives.

Supply Chain

FLG has a diverse supply chain and procures a range of goods and services from both domestic and international markets. During the Reporting Period, FLG Reporting Entities engaged directly with 1,663 tier one level suppliers. The geographical locations of these suppliers includes:

- 90% from Australia;
- 4% from Ireland;
- 3% from New Zealand; and
- 2% from United States of America.

The remaining 1% of goods and services were procured from a further 15 countries.

FLG Reporting Entities mainly procure in the sectors of construction, property maintenance, cleaning services, fitness equipment, technology and marketing.



Criteria 3:

Risks of Modern Slavery Practices

Operations

FLG recognise modern slavery can occur within its supply chain, as well as in its own operations. In the Reporting Period, FLG employed 6,265 direct employees in Australia and 4,038 across New Zealand, Thailand, Vietnam and Singapore. Additionally, FLG Reporting Entities' have approximately 2,000 contracted personal trainers, as well as 137 Jetts Australia franchised clubs and 12 Hypoxi franchisees. Franchisee networks and contractors have been identified as an area of potential modern slavery risk due to the limited control and visibility of operations.

FLG Reporting Entities' utilise various controls to manage the risk of modern slavery within its workforce, franchisee network and contractor population. FLG Reporting Entities' engage employees via enterprise agreements, Modern Awards, and contracts underpinned by the Fair Work Act or National Employment Standards. Specifically for franchisee networks, compliance reviews are conducted across business practices, pay rates, and hours worked.

Furthermore, the internal recruitment function of FLG is centralised for support office employees and decentralised for in-club roles. Reputable recruitment agencies are also used on an ad hoc basis. This allows FLG Reporting Entities' to maintain control and visibility of recruitment practices within the business to minimise the risk of modern slavery. To mitigate modern slavery risks further, FLG Reporting Entities' conduct regular audits on visa terms, visa holder working restrictions, as well as on working hours.



Criteria 3:

Risks of Modern Slavery Practices

Supply Chain

FLG assess supply chain risk based on geographical location, industry risk, and product risk.

Within the first tier level of FLG Reporting Entities' supply chain, 10% of goods and services are sourced from international regions. FLG acknowledges that international supply can pose a higher risk of modern slavery, however the majority of good and services sourced by FLG Reporting Entities' are from countries which present a lower inherent risk of modern slavery.

In terms of product and industry risk, FLG Reporting Entities' have identified areas of its supply chain that may pose a higher risk of modern slavery. These include goods and services pertaining to:

- technology;
- construction;
- food and beverage products;
- property maintenance;
- cleaning services;
- fitness equipment;
- marketing, including branded merchandise; and
- garments including uniforms.

FLG's Reporting Entities recognise the depth and potential impact of its direct and indirect supply chain. FLG Reporting Entities' endeavour to improve its ability to implement its risk management initiatives beyond tier level one.



Criteria 4:

Actions to Address Modern Slavery Risk

FLG Reporting Entities took various steps in the 2021 financial year to assess and address the risk of modern slavery in its operations and supply chain.

Framework

FLG developed and implemented a Modern Slavery Framework which underpins its approach to complying with the Act. The Framework contains FLG's guiding principles, internal governance structure, and actions it has and will undertake to minimise the risk of modern slavery. FLG Reporting Entities' will continue to review and improve the Framework as necessary.

Policies & Procedures

FLG has policies and procedures in place which govern the way we operate internally and engage with suppliers. During the Reporting Period, FLG Reporting Entities' continued to review and update key policies to ensure compliance with the Act, including:

- Procurement Policy
- Whistleblower Policy
- Employee Code of Conduct

As such, employees, contractors and suppliers have clearer grievance mechanisms related to modern slavery concerns.

Procurement Processes & Contractual Arrangements

FLG Reporting Entities' have embedded modern slavery expectations and obligations into tender documentation, supplier onboarding applications and contractual agreements. The inclusion of modern slavery in precedent and future contractual agreements is an ongoing effort.

Training

During the Reporting Period, FLG conducted a review of its Learning Management System (LMS). FLG will be implementing a new LMS in the 2022 financial year, together with modern slavery training. Dedicated modern slavery training will increase awareness of risk factors amongst employees and improve our ability to address instances or concerns of modern slavery.



Criteria 4:

Actions to Address Modern Slavery Risk

FLG Case Study:

In the Reporting Period, FLG Reporting Entities tendered one of its largest categories of spend, cleaning services. Cleaning is a significant element of member experience and health & safety, however it is an industry identified as having a higher inherent risk of modern slavery. FLG Reporting Entities were engaging in excess of 15 suppliers and lacked visibility of employment and operational arrangements. The procurement process gave an opportunity to assess supplier risk with a questionnaire, as well as establish expectations and contractual obligations in relation to modern slavery practices.

Supplier Due Diligence

In the Reporting Period, FLG Reporting Entities developed a Supplier Assessment Questionnaire (SAQ). The SAQ contains 15 questions assessing operational metrics and risk, general understanding of modern slavery risk factors, and supply chain risk management practices. Following initial supplier mapping, FLG Reporting Entities' prioritised 61 existing suppliers who were identified as being of higher risk due to their geographical location, industry and/or product offering. These suppliers were requested to complete an SAQ.

In the Reporting Period, FLG Reporting Entities had a 10% SAQ completion rate. Although external variables, for example COVID-19 could have affected the capacity of some suppliers to respond to the SAQ, FLG Reporting Entities intend to focus on increasing completion rates moving forward.

Collaboration

Given the devastating impact of COVID-19 on FLG and the fitness industry as a whole, progress on our collaboration initiatives have been delayed. FLG Reporting Entities had initial conversations with an industry association and will endeavour to revisit this in the future.



Criteria 5:

Effectiveness of Actions

In the previous reporting period, FLG Reporting Entities planned several key initiatives in response to the Act. FLG Reporting Entities were able to achieve the following:

- ✓ Form a Modern Slavery Working Group
- ✓ Develop a Modern Slavery Framework
- ✓ Review policies, supplier onboarding & contractual agreements
- ✓ Review franchisee practices
- ✓ Establish clear grievance channels
- ✓ Develop and distribute a supplier risk assessment
- ✓ Explore collaboration opportunities
- ✓ Investigate training programs

When critically evaluating our response to the Act in this Reporting Period, we conclude that our internal communication and collaboration efforts were restricted as a result of COVID-19 impacts on our workforce. FLG Reporting Entities are hopeful communication, collaboration and as previously mentioned, SAQ responses, can be improved in the next reporting period.

Criteria 6:

Consultation

In the Reporting Period FLG established a Modern Slavery Working Group. The Working Group consists of representatives from Procurement, People & Culture, and Legal with overarching endorsement from the FLG Executive Committee and Board.

The Modern Slavery Working Group ensures cross-functional engagement in relation to FLG's modern slavery response, as well as a comprehensive and cohesive approach across the Group and its various brands. The Working Group meet on a frequent basis to discuss progress in our response to the Act.

FLG Reporting Entities continue to engage more closely with franchisees and independent contractors particularly those who choose to engage/employ staff, to ensure that their business practices are in line with our expectations regarding managing the risks of modern slavery.



Criteria 7a:

COVID-19 Impacts

FLG continued to be significantly impacted by the COVID-19 pandemic. In the Reporting Period, FLG was affected by persistent temporary closures, reduced operating capacity, social distancing and increased cleaning regimes. These impacts directly affected FLG employees and suppliers.

FLG continue to work constructively with its employees and suppliers on COVID-19 issues related to health, safety, supply chains and procurement.

The increasing vaccination rates are encouraging and FLG endeavour to efficiently reopen all sites, redeploy its workforce and minimise the impact to supplier relationships as soon as restrictions allow.

Criteria 7b:

Future Initiatives

FLG is committed to strengthening its modern slavery response. FLG will progress the following initiatives in the 2022 financial year reporting period:

- Review and if required, update FLG's Modern Slavery Framework
- Continue to review company policies, as well as precedent and new contractual agreements for inclusion of modern slavery expectations
- Review modern slavery risks within FLG's contractor population, specifically personal trainers
- Review internal recruitment policies and practices
- Improve internal communication and awareness of modern slavery risk
- Implement modern slavery risk training for employees
- Continue to distribute Supplier Risk Assessment using a risk-based approach, as well as increase response rates
- Explore alternate risk management controls, including audits
- Explore collaboration opportunities within the health & fitness industry, other modern slavery reporting companies and Non-Government Organisations

**This statement was approved by
the Board of Fitness & Lifestyle
Group Bidco Pty Ltd**

**Greg Oliver
Chief Executive Officer &
Managing Director**

*All enquiries or feedback in relation to this statement should be
directed to FLG's Procurement team via email:
procurement@fitlg.com*



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