



MODERN SLAVERY STATEMENT

1 July 2019 to 30 June 2020



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INTRODUCTION

The Munro Footwear Group ("MFG") opposes slavery in all its forms. This is Munro Footwear Group's first modern slavery statement and has been developed in accordance with the Australian Modern Slavery Act 2018 (Cth) ("Act"). This statement, in line with the criteria as set out by the Act, covers the reporting period of 1 July 2019 to 30 June 2020.

This statement is submitted by Munro Footwear Group Pty Ltd ABN 59 614 250 501 on behalf of all the reporting entities within MFG and is referred to as the reporting entity in this statement.

¹ The term modern slavery is used to denote practises defined in the 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.

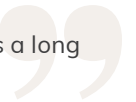


MFG is committed to, and takes seriously, its role in identifying and managing modern slavery¹ risks within its operations and supply chains. To achieve this, and in recognition that MFG is only as strong as its supply partners, we have formally started our journey to embedding processes that further strengthen already existing relationships, supporting our culture of openness, collaboration, and trust. This will work to supplement our strong internal culture where employees are encouraged to assist in maintaining legal, proper, and ethical operations by reporting any suspected concerns in the business, supply chains or of supplier partners, contractors, agents, and sub-contractors through our Whistleblower Policy.

Modern slavery is a systemic problem, to which Australia is not immune. Whilst we acknowledge that our responsibility and contribution in this regard needs to be wider and greater, we are pleased to have taken preliminary steps to understand, prevent, mitigate, and, where appropriate, remedy modern slavery in our operations and supply chains. To date, our initiatives include:

- » Appointment of a Head of Corporate Social Responsibility (CSR) to lead MFG's initiatives on sustainability and modern slavery
- » Completion of an initial scoping exercise to identify and assess modern slavery risks within our operations and supply chains
- » Third party site audits on primary suppliers
- » Review of existing supplier code of conduct
- » Updating of our supplier terms and conditions.

Whilst these actions are only the first in what is required, right and just, MFG accepts that the journey ahead is a long one, but one we are committed to.



Jay Munro
Munro Footwear Group
Chief Executive Officer & Chairman



OVERVIEW

The Munro family have been shaping the Australian footwear industry since 1962. From humble beginnings, through hard work and ambition, MFG is now Australia's largest privately owned footwear company, with hundreds of stores and thousands of employees across Australia.

MFG and all its subsidiary companies are committed to promoting and supporting a culture of corporate compliance and ethical behaviour by limiting the risks of modern slavery occurring within our operations, supply chains and all other business relationships. It is recognised that the contribution of our employees and supplier partners is essential to achieving this.



CRITERIA 2

OUR STRUCTURE, OPERATIONS & SUPPLY CHAINS


The legal entities owned, controlled, and governed by MFG are as follows:

- » Australian Footwear Pty Ltd
- » Cinori Shoes Pty Ltd
- » Colorado Group Sourcing Pty Ltd
- » Diana Ferrari Pty Ltd
- » Fusion Retail Brands Pty Ltd
- » MFG Shared Services Pty Ltd
- » Munro Mountfords Pty Ltd
- » Styletread Pty Ltd
- » Styling Services (NZ) Pty Ltd
- » Styling Services Pty Ltd
- » Munro Wanted Pty Ltd

OUR STRUCTURE

MFG is the parent company for several wholly-owned entities that operate in Australia. All entities are subject to the same governance structure, policies, and procedures and are managed and controlled by MFG.

The MFG business model is comprised of four divisions that are controlled by a common Board and Executive:

VALUE	<p>WILLIAMS</p> <p>The value division provides the price-conscious Australian family with a mix of internally designed, third-party exclusive distributed and externally branded footwear.</p>
COMFORT	<p><i>Cinori</i> MOUNTFORDS Mathers</p> <p>The comfort division caters to customers who place an importance on fit and comfort but don't want to compromise on style. It consists of internally designed, third-party exclusive distributed and externally branded footwear.</p>
FASHION	<p>MIDAS <i>Wanted</i> SHOES  style tread</p> <p>Taking the latest seasonal trends and inspirations, the fashion division provides quality footwear catering to different customer segments across a variety of styles and categories.</p>
WHOLESALE	<p>STYLING SERVICES</p> <p>The wholesale division provides MFG designed and developed fashion and comfort footwear to a range of retailers, from department stores to retail chains and small independent boutiques across Australia and overseas.</p>

CRITERIA 2 OUR STRUCTURE, OPERATIONS & SUPPLY CHAINS





OUR BRANDS

With a portfolio housing some of Australia’s most iconic and beloved brands, MFG is committed to understanding and addressing the needs of its entire customer base. Our diverse product offering includes Women’s, Men’s and Kids footwear, delivering across a range of comfort, fashion and value divisions.

Out of our Melbourne headquarters, MFG internally designs and develops 80% of our products, with sourcing and manufacturing spread across over 20 countries. The remaining portion of product is sourced directly from a range of Australian and international footwear and handbag suppliers.

Our internally designed and developed brands include; Colorado, Diana Ferrari, Django & Juliette, Lynx, I Love Billy, Midas, Mollini, Silent D, Supersoft by Diana Ferrari, Top End, Isabella Rossi, Shaw and Smith and Ziera. These brands are sold directly through MFG retail channels and to external retailers through our wholesale division.

All of MFG’s brands, whether developed internally or externally, fall into three key categories:

<p>MULTI-BRANDED RETAIL OPERATIONS</p>	<p> WILLIAMS MOUNTFORDS Mathers   style tread  Mollini </p> <p>Our Multi-Branded Retail Operations consist of retail and online stores which sell internally designed and developed footwear as well as externally sourced merchandise.</p>
<p>SINGLE-BRANDED RETAIL OPERATIONS</p>	<p>diana ferrari ZIERA MIDAS COLORADO</p> <p>Our Single Branded Retail Operations exclusively range self-branded footwear. With a rich heritage across Australia and New Zealand, these brands are sold across retail and online stores and to wholesale partners.</p>
<p>THIRD-PARTY DISTRIBUTED BRANDS</p>	<p> WODEN[®]  Gabor GEOX </p> <p>Housing the distribution rights to this range of international footwear brands, this product is sold through our Multi-Branded Retail Operations.</p>

CRITERIA 2 OUR STRUCTURE, OPERATIONS & SUPPLY CHAINS

OUR OPERATIONS

MFG is a privately owned Australian company headquartered in Melbourne, Australia². With more than 1,800 employees employed nationally across retail operations, warehousing and specialist departments, our teams work collaboratively to carefully design, manufacture, distribute, market, and sell our footwear.

As a retailer and wholesaler of footwear, MFG operations for the reporting period, 1 July 2019 to 30 June 2020 consisted of:



² Registered office located at 28 Victoria Crescent, Abbotsford, Victoria 3067.

OUR SUPPLIER RELATIONSHIPS

Suppliers are an integral part of MFG's activities. In selecting our suppliers, we work hard to choose reputable partners who share our values, principles and commitments in maintaining legal, proper, and ethical operations.

To ensure continuity of products, MFG's immediate supplier relationships are stable and long term. In an effort to continue working openly and collaboratively, MFG prioritises working with its suppliers to identify and develop corrective action where possible or necessary.

MFG rarely engages short term suppliers outside of Australia. Examples of short term suppliers in Australia include, for instance, footwear models.



CRITERIA 2 OUR STRUCTURE, OPERATIONS & SUPPLY CHAINS

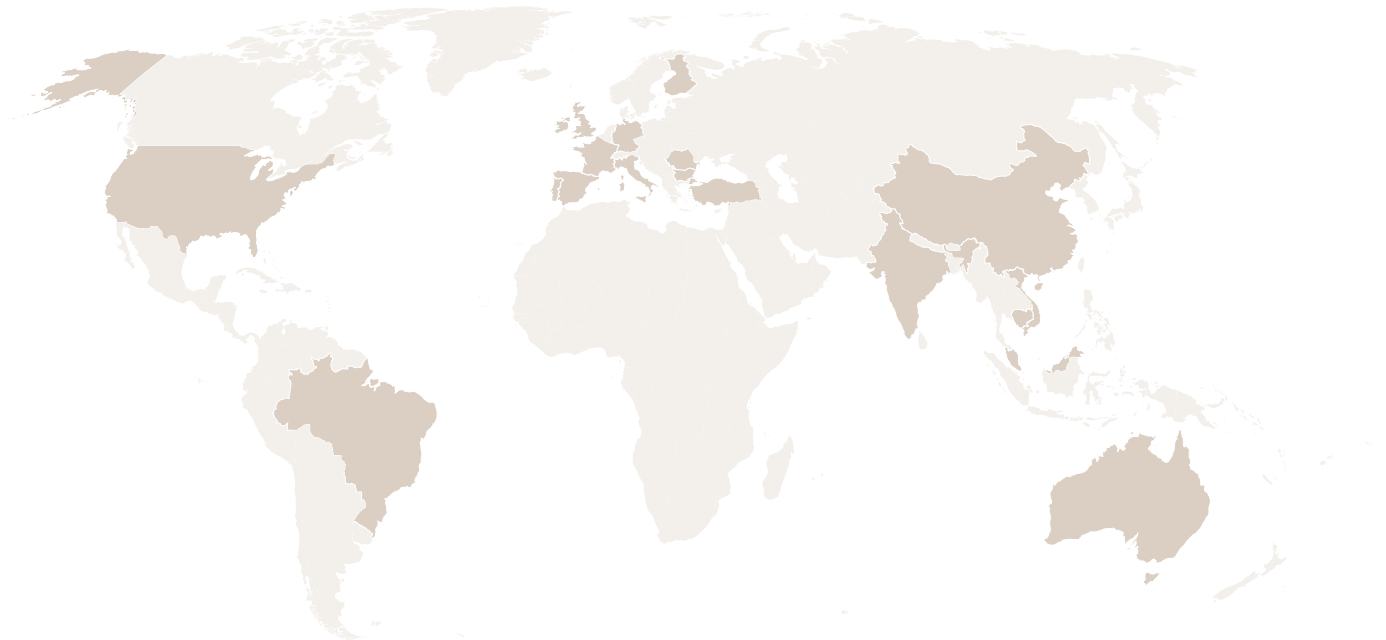
OUR SUPPLY CHAINS

In the reporting period, MFG transacted with approximately 950 suppliers. Of these suppliers, the large majority are long term existing suppliers.

To date, our sourcing approach depends on the goods or services required, monetary value, and criticality of supply. These approaches can include direct negotiations, tenders, and requests for proposals.

The breakdown of MFG's tier one suppliers is as follows:

	LOCATION % OF TOTAL	SPEND % OF TOTAL
OCEANIA	82%	58%
ASIA	9%	36%
EUROPE	7%	4%
N' AMERICA	1%	1%
S' AMERICA	1%	1%



CRITERIA 2 OUR STRUCTURE, OPERATIONS & SUPPLY CHAINS

As demonstrated by the breakdown of MFG's tier one suppliers, the majority of tier one suppliers are based in Australia. At the time of this statement, MFG sourced from 50 international factories with 2 factories exclusively manufacturing MFG products.

Our supply chains can be classified into the following three overarching categories:

1

CUSTOMER-FACING SERVICES

MFG engages a range of suppliers to assist in providing personalised customer experiences throughout our retail stores and online. This extends to:

- » Instore – lessors, fit-out providers, furnishing providers, cleaning and repair services, buy now pay later providers and store consumables
- » Distribution – freight and logistics services nationally and internationally
- » Online – designers, developers, IT hardware, domains, data storage, website and analytics providers.

2

PRODUCT DEVELOPMENT

MFG harnesses a global supplier network to manufacture its footwear. This extends to:

- » Factories – footwear production
- » Product materials – leather, cotton, rubber, cork, synthetics, and adhesives
- » Warehouse operations – lessors, labour hire, personal protective equipment, hardware, and equipment.

3

BUSINESS ADMINISTRATION

MFG uses suppliers to support its primary operations. This extends to:

- » Corporate services – legal advice, marketing, insurance, underwriting agencies, IT service providers, training providers, OH&S auditors, and professional services.

CRITERIA 3 RISKS OF MODERN SLAVERY

MFG acknowledges that the apparel and footwear industry is high risk for modern slavery practices. In addition to this industry related risk, MFG understands that risks within our supply chains are also influenced by vulnerable populations and higher risk locations. As such, with consideration to the aforementioned, MFG recognises that certain aspects of our supply chains may be exposed to heightened risks of modern slavery due to outsourcing, labour hire and country of sourcing.

SCOPING EXERCISE

In the reporting period, MFG had the intention to undertake a due diligence exercise on tier one suppliers following a comprehensive, internal preliminary scoping exercise. This scoping exercise took a detailed look into areas identified by the following questions:

- » Do we have a robust new supplier process and accurate records?
- » Do we have high visibility over our supply chains?
- » Do we have both a practical and actionable processes to help identify and manage modern slavery risks in our operations and supply chains?
- » What will we do if we find modern slavery?
- » How do we measure our effectiveness at preventing modern slavery as part of our ongoing strategy?

Due to internal challenges combined with external influences such as COVID-19 during the reporting period, MFG was not able proceed to the intended due diligence phase. MFG has, however, mapped out a plan based on the preliminary scoping exercise, and has committed to not only commencing a due diligence exercise in the next reporting period, but to taking meaningful and robust actions to reduce risks and practices of modern slavery within our operations and supply chains. The scoping exercise will help MFG to understand in detail where heightened risks of modern slavery may be present.

CRITERIA 3 RISKS OF MODERN SLAVERY

NEXT STEPS

MFG is genuinely committed to identifying modern slavery risks and practices in our operations and supply chains. Recognising the inherent risks the footwear industry has, particularly in the sourcing and manufacturing of products, this due diligence exercise would work to characterise all tier one suppliers as either high, medium, or low risk. Factors such as spend, industry and location would be considered to further assist in assessing where risks of modern slavery practices may be present within our immediate tier one suppliers. In the next reporting period, considering the framework developed by the Department of Home Affairs, MFG will prioritise due diligence by considering the following:

	CAUSE...	CONTRIBUTE TO...	BE DIRECTLY LINKED TO...
OVERSEAS OPERATIONS	The manufacturing industry for footwear presents a higher prevalence of modern slavery risks. Therefore, MFG recognises by exclusively engaging factories, there is a risk that our operations may directly cause modern slavery.	MFG recognises that the apparel industry presents a higher risk for modern slavery practices. As such, MFG intends on reviewing its procurement practices to consider whether it contributes to modern slavery risks in this regard.	MFG considers that it is at most risk for being directly linked to modern slavery practices, particularly relating to the sourcing and manufacturing of its internally designed footwear. This is on the basis that MFG: <ul style="list-style-type: none"> » sources higher risk products such as cotton, synthetics and rubber; » uses suppliers in higher risk sectors including, textiles and fashion; and » uses suppliers in higher risk geographical locations.
AUSTRALIAN OPERATIONS	With consideration to the fact that all MFG is committed to ensuring employees are paid in line with employment Awards, and most Australian suppliers are mature businesses with similar values and principles, MFG considers its Australian operations to be a low risk in directly causing modern slavery.	MFG is aware of its heightened responsibilities when it comes to suppliers with whom it has exclusive distribution rights. MFG takes seriously its position of influence over these suppliers and their sourcing practices.	MFG recognises there is inherent risk of modern slavery within its retail operations. This is on the basis that MFG: <ul style="list-style-type: none"> » uses suppliers in higher risk sectors including, labour hire, cleaning, and security; and » sources high risk products for fit outs such as construction materials, synthetics, and visual merchandising materials.



CRITERIA 3 RISKS OF MODERN SLAVERY

Based on the aforementioned, in the first instance MFG will prioritise due diligence on factories by which it has direct control as well as high risk international suppliers. MFG understands that some countries present a higher risk than others. Based on our analysis of countries within our supplier base, MFG will prioritise due diligence on suppliers and their operations based in the following countries³:



PAKISTAN

Pakistan has a high prevalence of modern slavery with approximately 16 people in every 1,000 living in modern slavery. There is a high vulnerability to modern slavery which has been amplified by on-going conflict in the country. The government response to modern slavery is low and has reduced over time. This presents long term barriers for improvements modern slavery.

Suppliers: 1 (large supplier) **Risk:** High



CHINA/HONG KONG

China and Hong Kong have a low to moderate prevalence of modern slavery with approximately 0.28 percent of the population in modern slavery. The vulnerability to modern slavery is above the region average, with instances of forced labour prevalent in the textile and manufacturing industries. There are also instances of state-imposed labour. The government response is poor and below the region average, indicating a barrier to future improvement of modern slavery conditions.

Suppliers: 52 **Risk:** Moderate



TURKEY

There is a moderate prevalence of modern slavery in Turkey. The population has a moderate risk of vulnerability with approximately 0.65 percent of the population living in modern slavery. Turkey has an above average government response, however governance issues within the country have impacted the ability to address modern slavery.

Suppliers: 12 **Risk:** Moderate



VIETNAM

The prevalence and vulnerability of modern slavery in Vietnam is moderate, with approximately 0.45 percent of the population living in modern slavery. The government response to modern slavery is low but sits above the region average.

Suppliers: 2 **Risk:** Moderate



INDIA

India has a moderate prevalence and vulnerability of modern slavery, with debt bondage practices being common in manufacturing industries. Although a low proportion of the population is living in modern slavery, this still equates to 7.9 million people living in modern slavery. India has a good government response to modern slavery, being higher than the region average. The effects of conflict and governance are barriers to improving conditions.

Suppliers: 5 **Risk:** Moderate

³ Figures and risks have been obtained from the Global Slavery Index, available at <https://www.globalslaveryindex.org/>



CRITERIA 3 RISKS OF MODERN SLAVERY



BULGARIA

The prevalence of modern slavery in Bulgaria is moderate. The population is also moderately vulnerable to modern slavery, with approximately 0.45 percent of the population living in modern slavery conditions. The government response is good and has been improving.

Suppliers: 2 Risk: Moderate



ROMANIA

Romania has a low to moderate prevalence and vulnerability to modern slavery. The government response to modern slavery is low and below average for the region.

Suppliers: 1 Risk: Moderate



ITALY

Italy has a low to moderate prevalence and vulnerability to modern slavery. Risks of modern slavery are prominent in the textile production industry with poor working conditions and low pay. There is a particular risk for migrant and undocumented workers. Whilst Italy has a good government response, the influx of immigrants has led to difficulty in regulating modern slavery.

Suppliers: 6 Risk: Low



PORTUGAL

Portugal has a low prevalence of modern slavery with approximately 0.25 percent of the population in modern slavery. The vulnerability for modern slavery is very low, with good criminal justice. The government response is also good with a focus on addressing risks

Suppliers: 10 Risk: Low



SPAIN

The prevalence of modern slavery in Spain is low with approximately 0.23 percent of the population in modern slavery. Vulnerability of modern slavery is very low with victims of modern slavery being offered support by the government. The government response is good with a focus on addressing risks.

Suppliers: 30 Risk: Low

CRITERIA 4

OUR ACTION TAKEN

MFG is committed to promoting and supporting a culture of corporate compliance and ethical behaviour by taking meaningful and robust actions to identify modern slavery risks and practices within our operations, supply chains, and all other business relationships.

Over recent years MFG has undertaken a number of acquisitions which have required a focus on numerous systems, logistics and supply chain migration projects. Whilst these projects may have been unrelated to modern slavery initiatives, the knowledge, information, and data output has and will be critical in helping us to understand and mitigate the risks of modern slavery across MFG.

MFG valued the need to start at the beginning and take a methodical approach. With these integration projects largely completed during the reporting period, we shifted our focus to a company-wide scoping exercise to identify the risks of modern slavery and develop appropriate mitigating actions.

The scoping exercise consisted of an extensive review and gap analysis of the following:

- » New supplier processes and the ongoing management of existing suppliers
- » Existing policies, procedures, processes, and supplier agreements
- » Operational practices across all entities and supply chains
- » Supplier site audits and our approach to training and education.

As a result of the aforementioned, MFG had planned to implement a number of modern slavery actions and initiatives during the reporting period. This was substantially impacted by external factors, namely COVID-19, which required a reallocation and refocus of internal resourcing and efforts.

Notwithstanding this, during the reporting period MFG recognised the need to put in place a modern slavery risk due diligence suite. Being in the early stages of establishing our modern slavery risk due diligence suite, our actions in the reporting period included:

- » Weekly progress meetings between the Head of CSR and the Chief Financial Officer (CFO) to access and scope internal operational and supply chain initiatives
- » Regular meetings between the Head of CSR and the Chief Product Officer (CPO) to review and assess current procurement and development practices
- » Annual insights delivered to the Board by the Head of CSR to discuss MFG's approach and response to modern slavery initiatives
- » Priority, ad-hoc meetings between the Head of CSR, CFO and CEO to clarify, propose and seek agreement on next steps to continue with required momentum
- » Review and access site audits conducted by third-party provider
- » Reviewing and assessing visual site audits as reported to CPO performed by MFG employees during factory/site visits

THE IMPACT OF COVID-19

The impact of COVID-19 has been felt around the world and highlighted human rights risks on workers' health and safety, and modern slavery in vulnerable populations and higher risk locations. To help minimise the risk to overseas workers, MFG has worked collaboratively with its supply partners by:

- » Honouring every order placed. MFG didn't cancel any existing agreements, contracts or orders, nor did MFG action any force majeure clauses as a consequence of COVID-19
- » Liaising with suppliers daily to help them manage their capacity limits/concerns, with adjustments only made to delivery periods; some delayed, some brought forward
- » Actively working to understand the impact of COVID-19 on workers through daily conversations with factories deemed to present the highest risk
- » Confirming COVID Safe protocols were in place, including sufficient Personal Protective Equipment (PPE)
- » Supporting Local Government and Province restrictions and COVID Safe practices
- » Supporting our wholesale customers by postponing, adjusting and, or cancelling orders upon their request.

The impact of COVID-19 was also felt within MFG and presented countless challenges during this reporting period, severely impacting our wholesale, retail, and online businesses, leading to stand downs and redundancies across the business. First and foremost was the safety and health of our employees and customers. With the

exception of online, warehousing, and support office (the latter two being temporarily reduced in capacity) MFG initiated a national shutdown of its retail operations on Thursday 26 March 2020. Whilst this initial shut-down ended in May, a number of state-based retail shutdowns were actioned as a result of COVID-19 restrictions throughout the remainder of the reporting period.

Due to the severity and impact COVID-19 had on sales, several MFG entities qualified for the Federal Government JobKeeper wage subsidies from April 1 to June 30, 2020.

Upon the reopening of our stores our teams were supported in managing their safety and wellbeing through:

- » COVID Safe protocols, accompanied with instore collateral and resources
- » The provision of PPE in retail sites, support office and our Distribution Centre
- » Extensive training on safety and how to adapt to a COVID Safe way of working and serving our customers
- » Targeting wellness initiatives across the entire MFG Community
- » Increased promotion of MFG's longstanding Employee Assistance Program (EAP).

Throughout this period, MFG continued to adapt to the challenges before it. The impact, however, on daily operations through to larger initiatives, projects and more importantly our people, was considerable. One of the many impacted areas was our modern slavery strategy.

CRITERIA 5

MEASURING OUR EFFECTIVENESS

The priority for this first reporting period for MFG was to take an honest, methodical approach to reviewing current business operations and supply chains through the scoping exercise. In reviewing the findings from the reporting period, more than ever, it is apparent that the journey ahead is a long one, but it is one that MFG is committed to.

Following the implementation of the modern slavery risk due diligence suite, in the next reporting period, MFG will be in a position to better assess the effectiveness of our actions in a more formal and objective capacity in line with the following:

- » Compliance with the modern slavery policy and the implementation of modern slavery KPI's across the business
- » The number of new suppliers that had due diligence completed
- » The number of employees that have completed modern slavery training
- » The number of suppliers that have completed modern slavery supplier training
- » The tracking of all initiatives taken at an individual supplier level through the Portal.



CRITERIA 6 CONSULTATION

As the parent company, all entities within Munro Footwear Group Pty Ltd are subject to the same governance structure, policies, and procedures.

This governance extends to modern slavery compliance, with all initiatives taken to assess and address risks, including due diligence and remediation processes falling under the responsibility of MFG. On this basis, further consultation was not required.



CRITERIA 7 LOOKING FORWARD

As demonstrated previously, due to various internal and external factors MFG was not able to implement all of its intended initiatives planned in the reporting period. However, MFG is genuinely taking proactive and meaningful steps to address risks of modern slavery practices within its operations and supply chains.

This is supported by the MFG Board endorsement in establishing a **modern slavery risk due diligence suite**. On this basis, and based on the comprehensiveness of the action to be taken, MFG has committed to implementing the following specific initiatives in the next reporting period:

- » Engaging a third party to provide guidance, advice and recommendations to meet and address modern slavery obligations
- » Engaging a third party to provide a technology solution to establish an overall risk profile for all tier one suppliers
- » Asking supplier partners to be honest and transparent about their operations and supply chains through a “Know Your Supplier Portal” (“Portal”)
- » Compiling a list of tier one suppliers to commence a preliminary screening exercise and supply chain mapping

- » Applying the internal risk matrix against, preliminary screening matrix via the Portal, commencing a formal due diligence program on existing suppliers
- » Implementing a comprehensive new supplier process that is supported by a supplier induction pack
- » Updating the existing supplier code of conduct
- » Implementing a modern slavery policy, supported by modern slavery employee awareness training
- » Ensuring that all contracts, and, or orders with third parties include a modern slavery clause
- » Resourcing efforts by appointing a Corporate Social Responsibility Coordinator to help coordinate the modern slavery risk due diligence suite
- » Remediating any identified risks for immediate tier one suppliers; and
- » Centralising MFG’s procurement processes and embedding the requirement for modern slavery due diligence on new suppliers.

As can be seen from the above actions to be implemented in the next reporting period, MFG will be implementing a compliance framework, systems and procedures which will lay a foundation going forward.

APPROVAL BY THE MFG BOARD

This modern slavery statement for the reporting period was approved by the MFG Board.



Jay Munro
Munro Footwear Group
Chief Executive Officer & Chairman
Date: Tuesday 9 March 2021



THANK YOU

Munro Footwear Group Pty Ltd Modern Slavery Statement

