



# MODERN SLAVERY STATEMENT

1 JULY 2021 TO 30 JUNE 2022



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# INTRODUCTION

At Munro Footwear Group (“MFG”), we understand that our actions must be comprehensive and wide-reaching if we are to minimise the risks of modern slavery in our organisation and supply chains.

For the prior two reporting periods our focus has been directed towards implementing and refining business systems, processes and procedures that work to minimise the risks of modern slavery. During this reporting period, alongside our continued operational focus, we extended our efforts to measure the effectiveness of our actions taken. This included benchmarking against the footwear industry and human rights leaders in our endeavours to play a leading role in this space.

The learnings and insights from our benchmarking highlighted the progress made across many areas of our compliance framework. It also helped identify several areas that could benefit from enhancements or updates, which we commit to addressing in the fourth reporting period.

On behalf of Munro Footwear Group Pty Ltd, and its subsidiaries, we believe this statement demonstrates the significant work undertaken in the reporting period and speaks to our ongoing commitment to minimising the risk of modern slavery in our organisation and supply chains.

Jay Munro and Marcus Bartlett  
Munro Footwear Group  
Co-Chief Executive Officers

**At MFG, we take an honest approach regarding our progress and are proud of the significant steps made to identify risks of modern slavery in our organisation and supply chains.**

CRITERIA 1  
REPORTING  
ENTITY



# REPORTING ENTITY

Munro Footwear Group Pty Ltd ABN 59 614 250 501 (referred to as MFG) is an Australian company headquartered in Melbourne, Australia<sup>1</sup>, operating in the footwear sector.

As the parent company of several wholly owned entities that operate in Australia and New Zealand, MFG is Australasia's largest privately-owned footwear company. With an extensive portfolio of trusted footwear brands designed from its headquarters in Melbourne, Australia, MFG utilises a global supply chain to manufacture its products.

All thirteen internally designed brands are sold directly through MFG's own multi-branded and single-branded channels or to external retailers through its wholesale division, Styling Services.

**For over 50 years, the Munro family have taken pride in crafting and selling quality footwear that all Australians can enjoy. But at MFG we do more than make or sell shoes. We give people the confidence to live all of life's moments to the fullest. Our range of high-quality products are designed by some of the world's leading talent, and are developed with the care and skill that comes with 50 years of experience.**

<sup>1</sup> Munro Footwear Group Pty Ltd ABN 59 614 250 501 (MFG) is an Australian company headquartered in Melbourne, Australia. The registered office is located at 28 Victoria Crescent, Abbotsford, Victoria 3067.

This statement is made by MFG and is in accordance with the Modern Slavery Act 2018 (Cth).

This statement is for the reporting period of 1 July 2021 to 30 June 2022.



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CRITERIA 2  
STRUCTURE,  
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# STRUCTURE

MFG's subsidiaries are subject to the same governance, structure, policies and procedures, and are managed and controlled by a common Board and Executive team.

Furthermore, all entities are supported by a shared services model consisting of People & Culture, Finance, Logistics, Operations, Distribution and Marketing, as well as specialist teams to support individual brand and division objectives.

MFG's subsidiaries are:

- > 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



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# OPERATIONS

MFG operations are both broad and complex, with a combination of internally and externally designed and developed brands being distributed through company owned and operated retail stores, and third-party wholesale customers. Within its direct-to-consumer operations, there are also single-branded and multi-branded channels.

## MUNRO FOOTWEAR GROUP

### SHARED SERVICES

### DISTRIBUTION CENTRE

Single-Branded Retail	Multi-Branded Retail	Designed and Developed Brands	Third-Party Distributed Brands	Third-party co-design and developed brands
<p>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>Multi-Branded Retail Operations consist of retail and online stores that sell internally designed and developed footwear and externally sourced merchandise.</p>	<p>MFG designs and develops fashion and comfort footwear that considers the latest seasonal trends and inspirations for:</p> <ul style="list-style-type: none"> <li>- Internal retail channels; brands exclusively sold through owner operated retail channels.</li> <li>- Domestic and International wholesale customers; department stores through to retail chains and small independent boutiques.</li> </ul>	<p>Housing distribution rights to a range of international footwear brands; these products are sold through multi-branded retail operations and Styling Services to wholesale customers.</p>	<p>Supporting Australian apparel businesses through co-designing and developing quality footwear catering to their seasonal ranges.</p>
<p><b>ONLINE &amp; PHYSICAL STORE</b> MIDAS</p> <p><b>ONLINE</b> ZIERA DIANA FERRARI COLORADO MOLLINI</p>	<p><b>ONLINE &amp; PHYSICAL STORES</b> WILLIAMS MATHERS MOUNTFORDS CINORI</p> <p><b>ONLINE</b> STYLE TREAD</p>	<p>LYNX I LOVE BILLY SHAW AND SMITH MIDAS DIANA FERRARI MOLLINI SUPERSOFT BY DIANA FERRARI TOP END ZIERA DJANGO AND JULIETTE</p>	<p>WODEN BLOWFISH GABOR GEOX</p>	<p>HUSK BLUE ILLUSION</p>







As of June 2022, MFG had 255 stores and over 1,800 employees across Australia. Given the international footprint and globalisation of its supply chain, MFG also employs five employees out of Guangdong, China, and two international in-house contractors to help manage the manufacturing of its internally designed and developed products.

### RETAIL



### SUPPORT



### ONLINE



### MANUFACTURING



### WHOLESALE



# SUPPLIERS AND SUPPLY CHAINS

In the reporting period, MFG directly engaged 527 suppliers across 25 countries. MFG categorises suppliers into one of three areas:

## 1 PRODUCTS

- > Factories – footwear production.
- > Product materials – leather, cotton, rubber, cork, synthetics, adhesives, cardboard and plastics.
- > Warehouse operations – lessors, labour-hire, personal protective equipment, hardware and equipment.
- > Distribution – freight and logistics nationally and internationally.

## 2 CUSTOMER FACING SERVICES

- > In-store – lessors, cleaning, furnishing, store consumables, couriers, and fit-out.
- > Online – designers, developers, IT hardware, data storage and analytics.

## 3 BUSINESS ADMINISTRATION

- > Office management – cleaning, administrative suppliers, couriers and catering.
- > Corporate services – legal, marketing, insurance, IT, training, auditors and professionals.



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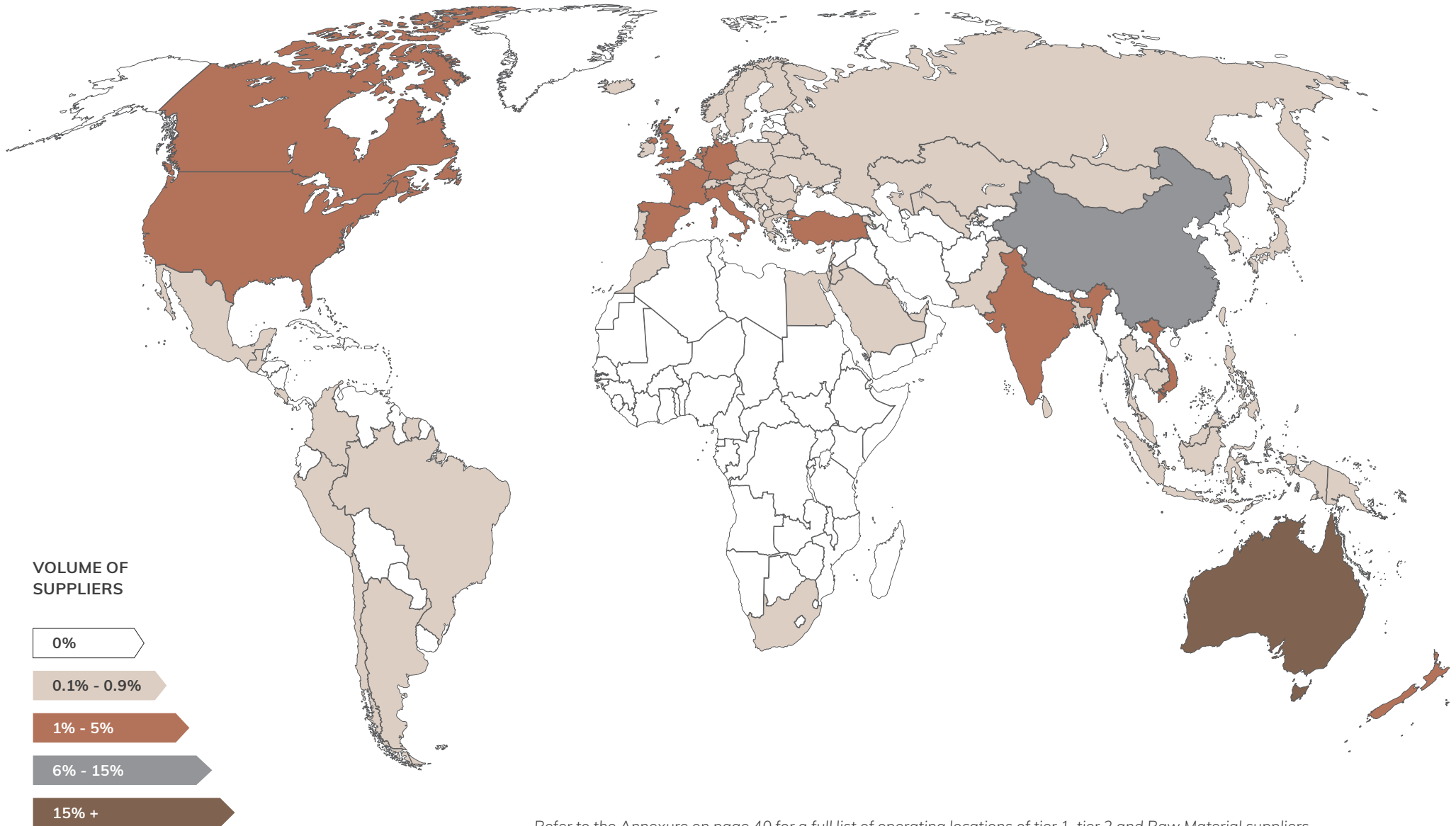
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## Supply Chains

Of the 527 suppliers engaged across 25 countries, the majority of suppliers are based in Australia.



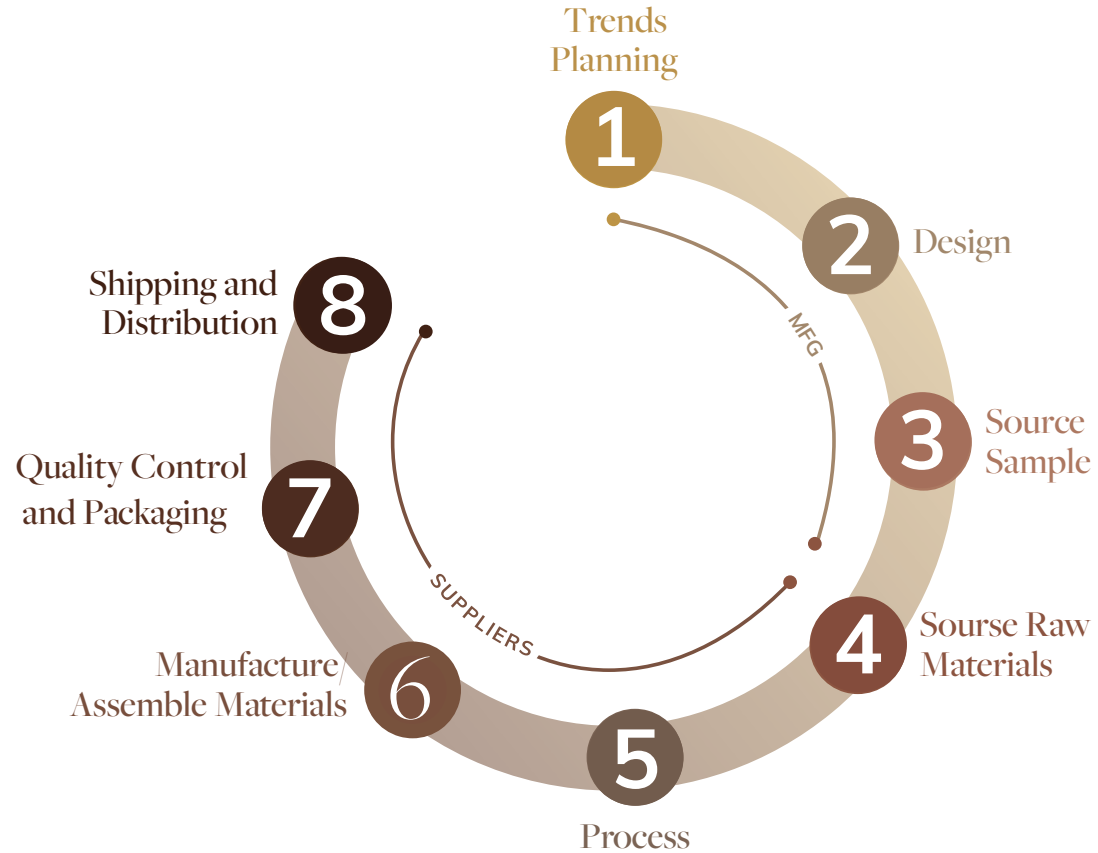
Refer to the Annexure on page 40 for a full list of operating locations of tier 1, tier 2 and Raw Material suppliers.

# SUPPLY CHAINS

## Product

MFG does not directly manufacture its footwear, instead, it partners with trusted, long-term Factory Partners<sup>2</sup> and Trading Companies<sup>3</sup>. Of these suppliers, the large majority are long-term existing suppliers to ensure the continuity of the quality and standard of its products.

The complexity of its supply chain depends on the types of goods and services procured. Suppliers involved in the development of footwear, which incorporates eight key phases, are particularly complex.



<sup>2</sup> Factory Partners are a tier one supplier who MFG engages directly to manufacture its internally designed products.

<sup>3</sup> Trading Companies are engaged to manage and coordinate the end-to-end production of its products internationally. As a representative they are responsible for coordinating the development and manufacturing process, conducting quality control, reducing time-to-market, whilst operating in line with the Company's corporate compliance and ethical behaviour policies.



### Manufacturing Supply Chains

A key focus of MFG during this reporting period was to gain deeper transparency and understanding of its product supply chains. MFG has mapped all tier 1 suppliers and is in the process of mapping its tier 2 suppliers and raw materials sources of origin.



41 **Factory Partners**

46 **Trading Companies**



CRITERIA 3  
RISKS OF  
MODERN  
SLAVERY



# RISKS OF MODERN SLAVERY

MFG appreciates that as an organisation operating within the footwear industry, there are industry-specific risks that can cause, contribute to, or be directly linked to modern slavery.

The supply chains of companies operating in the footwear industry may present factors such as low paid labour, low skilled workers, short lead times and manual production. These factors expose the industry to forced labour and modern slavery risks. Due to these factors, MFG recognises its responsibility to conduct thorough assessment of modern slavery risks within its operations and supply chains.

Recognising the risks within product manufacturing, MFG has expanded upon its framework for identifying risks of modern slavery. This included broadening its scope of modern slavery indicators<sup>5</sup>, and the introduction of living wage calculations. MFG also expanded its risk assessment to include other issues such as bribery, corruption, environmental contraventions and political exposure.

**MFG considers the UN Guiding Principles as to whether it may cause, contribute or be directly linked to modern slavery in its risk assessment framework for modern slavery.**

<sup>5</sup> Indicators of modern slavery may include: underpayment, health and safety breaches, retention of identification documents, lack of transparency, migrant workers and child labour.



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# RISKS OF MODERN SLAVERY



## Case Study: Cleaning

It is well documented that industries involving labour hire, such as security and cleaning, present higher risks of modern slavery. Such service providers must complete MFG's engagement and due diligence process as described in this statement.

In the reporting period, MFG received a report from an employee concerning potential risks regarding a labour-hire entity. Such a report involved noticing children assisting a cleaner after hours. After such disclosure, an investigation commenced, including engagement with the labour-hire entity in accordance with MFG's remediation process.

Such disclosure demonstrates the effectiveness of MFG's training program and the avenues available for employees to report any suspected human rights matters.

### Operational Risk

Within its operations, MFG considers the risk of modern slavery practices to be low. MFG has a strong governance structure with supporting policies, procedures and resources, including, for example:

- Modern slavery training, policy and procedures
- Whistleblowing policy and procedures
- Anti-bribery and corruption policy
- Production and product development policy
- Code of Conduct
- Employee Assistance Program

Furthermore, in the reporting period MFG continued to conduct employee training to further educate its employees on what modern slavery is how to identify modern slavery and the avenues available to report. MFG also included its modern slavery training into its induction program for new employees.

Based on MFG's risk assessment on its operations, MFG considers the following areas to be at higher risks of modern slavery:

- Cleaning - outsourcing and subcontracting (typically unknown or unauthorised)
- Security - outsourcing and subcontracting (typically unknown or unauthorised)



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# RISKS OF MODERN SLAVERY

## Supply Chain Risks

In addition to recognising the challenges faced due to the global nature of footwear production, MFG applies a variety of risk factors in assessing its supply chains:

**1 GEOGRAPHIC RISK**  
MFG sources goods and services in locations that are higher risk for modern slavery.

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**2 PRODUCT RISK**  
Certain products and commodities present higher risks of modern slavery, for instance, raw materials such as cotton, leather, rubber and synthetics.

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**3 ENTITY RISK**  
Certain entities present higher risks than other, for example, limited governance structures or unauthorised subcontracting.

MFG recognises that modern slavery practices may be present deeper in its supply chains where transparency is limited. Like many organisations, a lack of visibility deeper in supply chains presents risks to which MFG is not immune. This has been further impacted by the limitations COVID-19 has had on overseas travel and visiting manufacturers in person. Subsequently, MFG took a proactive approach and made the following assumptions about modern slavery risk, and put in place mitigating actions throughout this reporting period.



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RISK SECTOR	RISK FACTORS	RISK TYPE
<b>MANUFACTURING</b>	Industry, geographic and entity risk	Forced labour, child labour, deceptive recruitment, migrant exploitation, extreme overtime
<b>FOOTWEAR, RAW MATERIALS</b>	Industry, geographic and entity risk	Forced labour, child labour, unsafe working conditions, deceptive recruitment, migrant exploitation extreme overtime
<b>CLEANING</b>	Industry and entity risk	Debt bondage, migrant exploitation and deceptive recruitment
<b>LOGISTICS</b>	Industry and geographic risk	Migrant exploitation, human smuggling, forced labour and deceptive recruitment

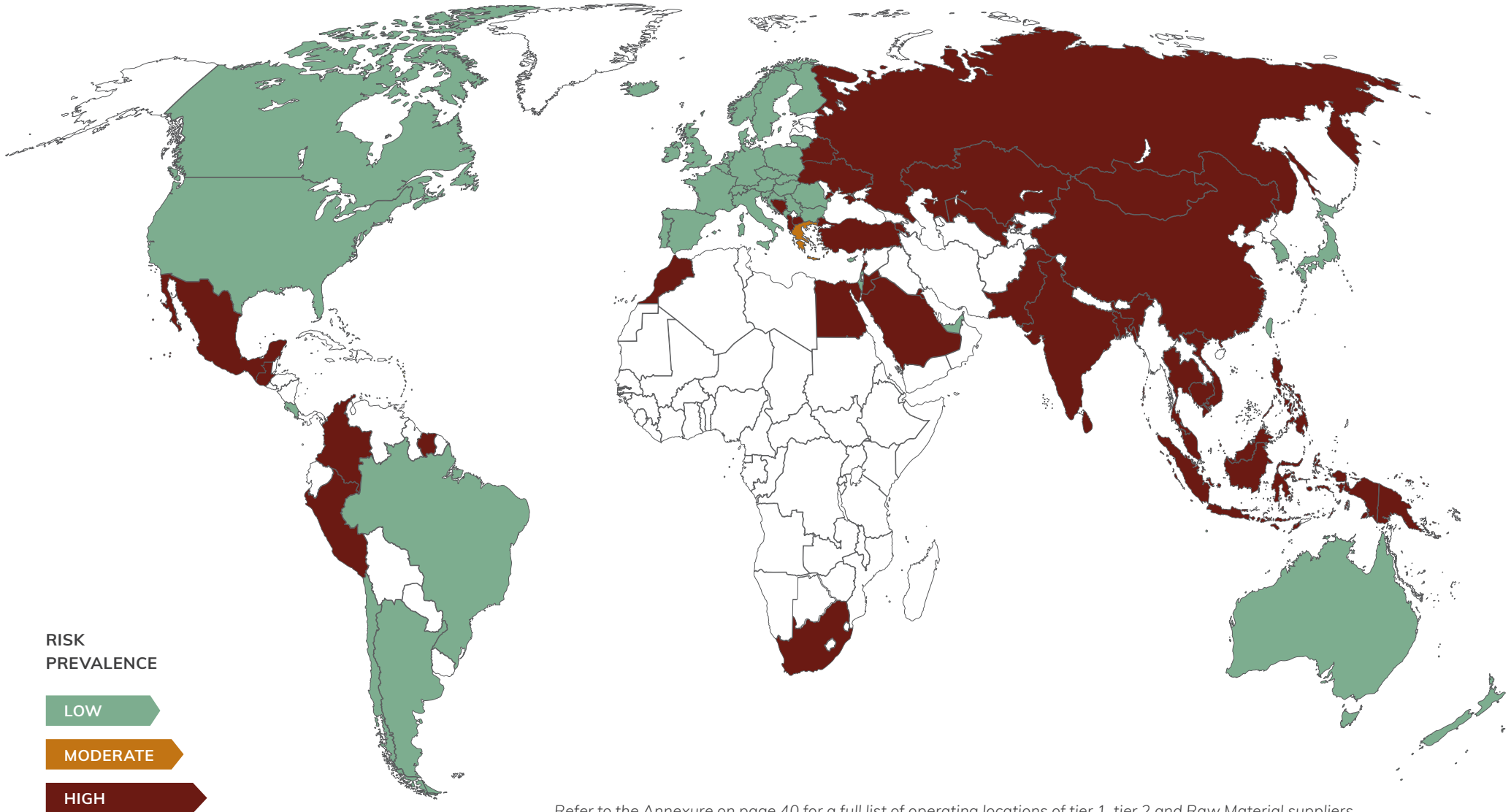
The Xinjiang region in China is known for producing a significant amount of China’s cotton. It has been widely documented that Uyghur and minority groups in Xinjiang suffer alleged human rights abuses. To that end, MFG is cognizant of the position of international jurisdictions, such as the commencement of the Uyghur Forced Labor Prevention Act in the US.

MFG is aware of the complex nature of global supply chains and complexity involved in identifying inputs from Xinjiang.

## Supply Chain by Risk

Using resources such as the Global Slavery Index, MFG assesses the risk of its suppliers and considers where they are based, taking a risk based approach to due diligence. Such that, where there is a higher presentation of risk, more due diligence is required.

Below is a summary of where suppliers are based and associated risk.



Refer to the Annexure on page 40 for a full list of operating locations of tier 1, tier 2 and Raw Material suppliers.

CRITERIA 4  
ACTIONS TAKEN  
TO ADDRESS  
MODERN  
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# ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

In the reporting period, MFG's systems and processes matured, enabling further opportunities to assess risk and implement steps to identify potential risks of modern slavery. MFG continued to take significant and meaningful steps to evaluate and address the modern slavery risks in its operations and supply chains.

MFG takes a multi-faceted approach to its actions, understanding that there is not a single method that can be used to uncover modern slavery or forced labour practices.

“Taking meaningful and substantive action to identify risks of modern slavery in its supply chains, new initiatives were implemented as well as expanding on previous initiatives.”



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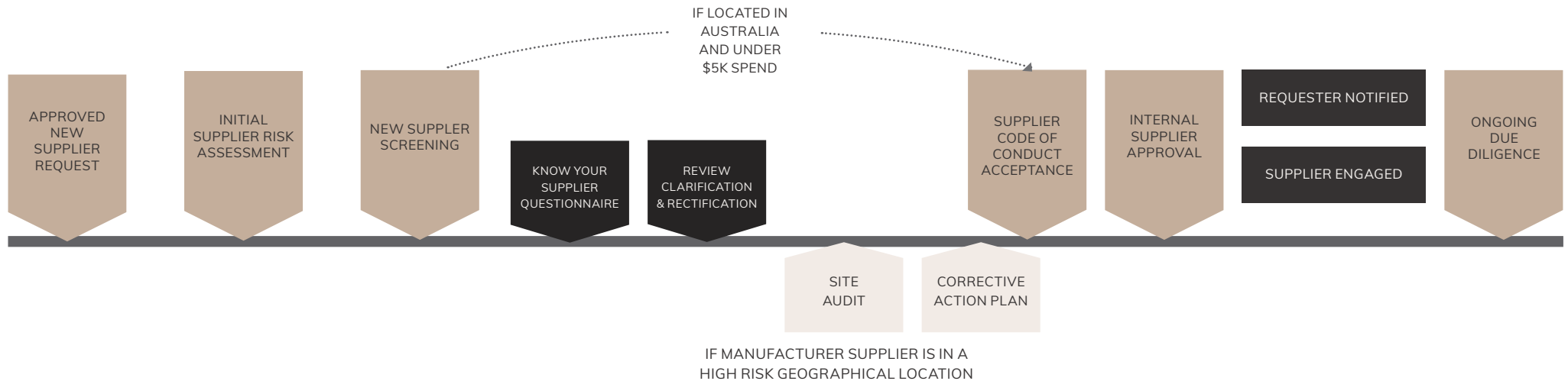
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# OVERVIEW OF COMPLIANCE FRAMEWORK

MFG's compliance framework ensures that all new suppliers go through the following steps prior to formal engagement.



**APPROVED NEW SUPPLIER REQUEST**  
MFG team members submit requests for new suppliers to be approved by MFG senior leadership, initiating due diligence on the potential supplier.

**INITIAL SUPPLIER RISK ASSESSMENT**  
The initial supplier risk assessment applies a supplier risk rating considering geographical location and operating industries.

**NEW SUPPLIER SCREENING**  
Analytics software, using publicly available information, screens suppliers for risks associated with the following criteria:  
**Integrity risks** – corruption and bribery, serious and organised crime, terror, anti-competitive behaviour, government connections, fraud, money laundering, tax non-compliance and sanctions  
**Environmental, social and governance risks** – modern slavery, animal welfare, sales and marketing practices, health and safety, human rights, environmental degradation, employment practices, governance and management, regulatory enforcement  
**Data and cyber risks** – intellectual property, personal data privacy, data security  
**Operational and quality risks** – industry presence, product and service quality, operational quality and business continuity  
**Identity risks** – transparency, source of wealth  
**Financial risks** – financial stability, financial irregularities.

**KNOW YOUR SUPPLIER QUESTIONNAIRE**  
Suppliers are issued an online questionnaire, via The Supplier Platform, with a focus on their operations, including processes and systems in place to identify risks of modern slavery.

**REVIEW, CLARIFICATION AND RECTIFICATION**  
Based upon the result and risk assessment of the supplier questionnaire, additional due diligence may be completed. An example of this is the interactive supplier modern slavery training module.

**SITE AUDIT**  
Manufacturing suppliers in high risk geographical locations have an ethical audit conducted on their facilities.

**CORRECTIVE ACTION PLAN**  
Based on provided site audits and related non-compliances, corrective action plans are managed via The Supplier Platform.

**SUPPLIER CODE OF CONDUCT ACCEPTANCE**  
All suppliers are required to declare acceptance and acknowledgment of the MFG Supplier Code of Conduct.

**INTERNAL SUPPLIER APPROVAL**  
Incorporating each stage risk assessments and due diligence findings, final internal MFG approvals occur. Once approved, the MFG team member is advised of the approval, after which they can initiate formal engagement with the supplier.

**NOTIFICATION AND ENGAGEMENT**  
Once approved, both the internal MFG team member requesting the new supplier and the approved supplier are automatically notified of the completion of required compliance framework.

**ONGOING DUE DILIGENCE/SPEND MONITORING**  
Supplier spend is monitored on a monthly basis; suppliers that continue to be engaged within future reporting periods are included in annual due diligence updates.



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## GOVERNANCE

ITEM	OVERVIEW	EXAMPLE
GUIDANCE	In addition to continuing its engagement of a specialist third-party law firm experienced in modern slavery compliance, in this reporting period MFG also engaged this firm to conduct two in-person workshops on how best to mitigate modern slavery from its supply chains.	Through weekly meetings, MFG receives guidance on all modern slavery governance areas. From ensuring MFG is abreast of legislative developments through to assisting MFG in conducting gap analysis of its systems and, or processes.
REPORTING	Expanding upon the monthly Board report, in this reporting period MFG introduced a monthly dashboard that outlined the new supplier insights and status of identified critical non-compliance areas.	Through regular and transparent reporting and communication, the Board is more informed in making decisions pertinent to the company's supply chain strategy.
REVIEW OF POLICIES AND PROCEDURES	MFG conducted a comprehensive review of its policies, procedures and code suite to ensure they were fit for purpose and clearly set the minimum expectations and standards for its supply partners.  This reporting period also saw the introduction of MFG's remediation policy.	The Supplier Code of Conduct was updated to include expectations around working hours and employee treatment to closely align with the ILO Fundamental Principles to Rights at Work.
COMPLIANCE REVIEW	MFG values its relationships with all its suppliers, and will continue to work with and engage suppliers that share common values. During this reporting period, MFG conducted an extensive audit of its supply chain to identify which suppliers were and were not current with MFG's compliance requirements.	During the reporting period, MFG engaged 572 suppliers. This was a 39% reduction from the total supplier base in the previous reporting period. Part of the reason that this was possible was due to the new procurement procedure and policy that was adopted, which allowed different areas of the business to have transparency around which suppliers were engaged and their purpose. Further, in some instances, proposed suppliers refused to cooperate with the due diligence process, and as such were removed from the approved supplier list.
DATA AUDITING	With the introduction of new reporting mechanisms across the broader MFG network, and the introduction of new platforms and technology, MFG has introduced a monthly data auditing process.	MFG has been conducting monthly data audits to ensure that due diligence has been conducted in accordance with spend.  Data auditing identified 15 instances where suppliers were re-engaged without due diligence being conducted. This process demonstrates how the data auditing process is instrumental to ensure adherence to MFG's policies and procedures.





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## DUE DILIGENCE

ITEM	OVERVIEW	EXAMPLE
PLATFORM EXPANSION	<p>The Supplier Platform is fully auditable, tracking risk, conducting due diligence and supplier communications. MFG continued to expand the Supplier Platform including:</p> <ul style="list-style-type: none"> <li>• site audit tracking to monitor risk profiles and outstanding non-compliances for all suppliers;</li> <li>• expansion of tier 2 suppliers tracking;</li> <li>• updated stages to reflect suppliers that have responded to multiple questionnaires or communications;</li> <li>• use of actions to communicate directly with suppliers regarding any comments or requirements on an individual basis; and</li> <li>• inclusion of monthly spend tracking to identify irregularities which may place pressures on suppliers.</li> </ul> <p>The fully auditable and customisable nature of the Supplier Platform means that MFG has a source of truth that contains the most recent information on all MFG suppliers.</p>	Expanding The Supplier Platform has been instrumental in assisting MFG to commence deeper tracing of its supply chain.MFG began identifying tier 2 and tier 3 suppliers, particularly connected to manufacturing suppliers. This process demonstrates that MFG is taking proactive actions to identify risk and inputs deeper into its supply chain.
SUPPLIER ONBOARDING	Whilst recognising that conducting due diligence prior to the engagement of new suppliers is an effective process for the early identification of modern slavery risks, MFG also wishes for this process to be seamless for its prospective supply partners. As such, in this reporting period, MFG undertook work to automate the onboarding process for both suppliers and internal stakeholders.	All 146 new suppliers engaged in FY22 were processed through the new supplier compliance framework before formal engagement occurred.
RISK ASSESSMENT	MFG takes a risk-based approach to due diligence. Based on this risk-based approach, if a supplier is assessed at a higher risk, more controls are implemented.	Suppliers who are in certain sectors and geographic locations are required to complete additional due diligence, such as site audits.
SUPPLY CHAIN TRACING PROJECT	<p>With a view to increasing traceability and closing gaps of knowledge with MFG's tier 1 suppliers, MFG commenced a detailed supply chain tracing project. The project involved reaching out to every tier 1 supplier with the aim of improving MFG's understanding of its suppliers and how they operate.</p> <p>MFG has already seen the benefit of the supply chain tracing project, which greatly increased efficiency in direct communications with suppliers. The project has also helped MFG to educate suppliers about modern slavery and engage in what MFG's direct suppliers are doing internally and in their own supply chains to mitigate modern slavery risks.</p>	Throughout the supply chain tracing project, all tier 1 suppliers were contacted to obtain relevant contact details ensuring that MFG's due diligence processes were appropriately targeted.







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**SITE AUDITS**

A key area that MFG prioritised during the reporting period was the commencement of its external site audit framework for its tier 1 suppliers involved in the manufacturing of footwear. This work was carried out by a third-party specialist auditing firm who use The Higg Facility Tool to measure an individual factory's social and environmental performance. Furthermore, all audits were reviewed and assessed by MFG's third-party specialist legal firm.

Due to the travel restrictions that have been imposed since the outset of COVID-19, MFG has been unable to physically visit its overseas manufacturing locations. Initially, MFG developed a site audit pack and engaged with its Agents to conduct site audits. Whilst MFG considers this to be an effective measure in monitoring compliance, results from selected site audits indicated that an authorised and accredited site audit body was needed where critical non-compliance was suspected.

The key findings from the conducted site audits are summarised on page 27.



# RESULTS OF DUE DILIGENCE

The below table illustrates the different phases of due diligence completed by existing and new suppliers in the reporting period.

Tier 1 Suppliers			
Due Diligence	Number of suppliers	% of supplier base	% of factories
Initial Supplier Risk Assessment	631	100%	100%
Supplier Screening	631	100%	100%
Know Your Supplier Questionnaire	209	33%	71%
Training/Education	14	2%	7%
MFG Supplier Code of Conduct	273	43%	71%
Recognised/Accepted Site Audit*	11	2%	26%
MFG Initiated Site Audit	9	1%	21%
Unannounced Site Audit**	1	0%	2%

Tier 2 Suppliers - Factory Partners		
Due Diligence	Number of suppliers	% of factories
Initial Supplier Risk Assessment	36	100%
Supplier Screening	36	100%
Recognised/Accepted Site Audit*	21	58%

\* Recognised accepted site audits are accepted by authorised bodies, including but not limited to Sedex, QIMA Ltd, BSI Group, Beureau Veritas and INTERTEK.

\*\* MFG prefers to work with suppliers regarding site audits however in some instances based on engagement or risk, unannounced site audits may be elected.



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# SITE AUDIT NON-COMPLIANCES

Of non-compliances identified, the key non-compliances were:



During the reporting period, MFG did not identify any explicit modern slavery. However, certain risks and indicators were identified, to which MFG commenced remediation.



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## REMEDIATION

ITEM	OVERVIEW	EXAMPLE
<p><b>SITE AUDIT NON-COMPLIANCE CLASSIFICATIONS</b></p>	<p>In parallel to the site audit framework, MFG developed a non-compliance classification matrix which defined three overarching non-compliance categories and the applicable remediation expectations that sit alongside them.</p> <ul style="list-style-type: none"> <li>• Critical - a critical non-compliance highlights actual or very serious risk of modern slavery practices, and rectification is required by MFG as soon as possible. A critical non-compliance may also include where the risk of worker injury is significantly increased, or where criminal practices are evident.</li> <li>• Major – a major non-compliance highlights events or risk indicators that require attention by MFG to rectify.</li> <li>• Minor - a minor non-compliance is less significant and does not require immediate attention from MFG.</li> </ul>	<p>MFG acknowledges that the working of overtime is prevalent in the manufacturing industry. Whilst MFG is conscious of its role in contributing to modern slavery risks and endeavours to place reasonable deadlines on its suppliers, MFG is aware that there is a distinction between workers voluntarily working and being compensated for overtime as opposed to the working of overtime on an involuntary basis, which is regularly over legal maximums, or where workers are unable to decline without fear of retribution. A situation such as this is deemed a critical non-compliance. Whereas, a major non-compliance for overtime would be poor/inadequate documentation of overtime.</p>
<p><b>REMEDIATION POLICY</b></p>	<p>MFG implemented its remediation policy. The policy requires that supplier non-compliances are remediated within certain timeframes. Depending on the severity of non-compliances, remediation timeframes are implemented as follows.</p> <ul style="list-style-type: none"> <li>• Critical Non-Compliance: 1 month. Factories should be contacted ASAP.</li> <li>• Major Non-Compliance: 3 months. To be addressed once critical non-compliances have been handled (if applicable).</li> <li>• Minor Non-Compliance: 6-12 months. Factories may not be contacted immediately.</li> </ul> <p>In addition to the introduction of the remediation policy, which sets out the process and procedure for remediation of non-compliance, MFG also introduced a new role to assist with the remediation of identified areas; General Manager of Procurement.</p>	<p>MFG arranged for a site audit of one of the suppliers that is engaged in Turkey. The site audit report indicated that one of the emergency exit stairwells was locked and could not be used in the event of an emergency. MFG immediately contacted the factory in Turkey to communicate that this was a critical issue that required remediation. Within 24 hours, the factory provided evidence that this non-compliance had been remediated and that the exit was unlocked and could be used in an emergency.</p>





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<p><b>TRAINING</b></p>	<p>In addition to conducting employee modern slavery training, MFG also assigns training regarding modern slavery risks to suppliers. This training is issued and translated via MFG's Supplier Platform, with the completion documented against the supplier's file.</p>	<p>Through the onboarding process, a proposed new footwear manufacturing supplier was identified to have insufficient processes to recognise and mitigate potential risks of modern slavery. MFG issued via the Supplier Platform the Modern Slavery Training, which was required to be completed prior to being engaged to ensure that they were able to sufficiently identify and address potential risks of modern slavery.</p>
<p><b>NEW SUPPLIER REMEDIATION</b></p>	<p>The compliance framework is designed to ensure that potential modern slavery risks are identified prior to the engagement of new suppliers.</p> <p>Where modern slavery risks are identified, MFG will work with suppliers to ensure that these risks are mitigated prior to engagement.</p>	<p>Through the due diligence process for all new suppliers, it was identified a supplier had an indicator of modern slavery. MFG worked with the supplier to create a timeline for remediation which needed to be completed before engagement could be initiated.</p>



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# ASSESSING THE EFFECTIVENESS OF ACTIONS

MFG embraces the need to continually review whether the systems and processes implemented are effective and fit for purpose. MFG takes an honest approach to its position and understands that ongoing refinement of systems, processes and actions are essential to ensure their effectiveness.

In the last two years, a key focus of MFG has been implementing and refining systems, processes and procedures. The reporting period allowed MFG to commence reviewing actions implemented in consideration of how its systems and processes are evolving and maturing.

**MFG takes an honest approach regarding its journey to obtaining supply chain transparency and has prioritised improvements of actions in the reporting period.**



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ITEM	OVERVIEW	MEASURES
<b>POLICIES &amp; CODES</b>	In the reporting period MFG reviewed its Supplier Code of Conduct and Modern Slavery Policy. This review involved considering whether the Supplier Code of Conduct and Modern Slavery Policy were fit for purpose and effective.	Updates were made such as revising the Supplier Code of Conduct to include specific child labour and excessive overtime provisions.
<b>KNOW YOUR SUPPLIER QUESTIONNAIRE</b>	Substantial amendments were made to the Know Your Supplier Questionnaire in the reporting period. These amendments are to commence in the next reporting period. A key focus for MFG was to expand its understanding of risks regarding international suppliers.	An example of an update made to the Know Your Supplier Questionnaire included; building questions and calculations regarding living wage as opposed to minimum wage, specific raw material and child labour questions.
<b>GAP ANALYSIS</b>	<p>MFG undertook a gap analysis of its suppliers to identify gaps in due diligence.</p> <p>This included identifying long-term existing suppliers who had failed to complete MFG's Know Your Supplier Questionnaire following its launch in FY21.</p> <p>Importantly, it also made MFG consider the mechanisms in place to identify changes in risk profiles, including actions to refresh due diligence.</p> <p>After completing the gap analysis, MFG commenced its supply chain tracing project, directly reaching out to suppliers to request data and completion of due diligence. This body of work was supported by the specialist third-party law firm MFG engages to support with its governance practices.</p>	Through the gap analysis process for revised due diligence and initiation of the supply chain tracing project, the collaboration and compliance of all tier 1 suppliers increased by 125% in the reporting period compared to the previous reporting period.
<b>RAISING AWARENESS</b>	Through the process of MFG's gap analysis and supply chain tracing project, it became evident that raising awareness of modern slavery risks, both within MFG's organisation and externally, was required. In the next reporting period, MFG is endeavouring to launch a Supplier Speak Up program as well as implementing a plan for wider training of suppliers and refreshing training internally at MFG.	Throughout the supply chain tracing project, all active tier 1 suppliers were contacted to confirm relevant operational details. Through this process it became apparent that a considerable portion of suppliers required high-level context regarding MFG's obligations and modern slavery concepts.

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<b>BENCHMARKING REPORT</b>	<p>A significant task that was completed at the end of the reporting period was to have external advisors benchmark the modern slavery compliance framework. This exercise aimed to assess the actions implemented and identify areas for improvement.</p> <p>Engaging a third party to undertake the benchmarking exercise allowed for objectivity. The report identified and made recommendations for areas of improvement, including governance and policies, training and engagement, due diligence and further actions.</p>	<p>Utilising key resources including the Global Slavery Index (Walk Free Foundation), the benchmarking reporting reviewed MFG's performance against relevant industry entities in the areas of governance, policies, training, supplier engagement, due diligence and additional actions.</p> <p>In the next reporting period, MFG is undertaking a process to review such recommendations and develop a roadmap for implementation.</p>
<b>SITE AUDIT PROCESS</b>	<p>Site audits are an important component of MFG's due diligence framework. In the reporting period, MFG conducted training of an agent to undertake the site audits on MFG's behalf. However, due to the types of non-compliances being identified, it became evident that MFG needed to engage an authorised third-party body to conduct site audits on its behalf.</p> <p>MFG also implemented a system for the site audits with new manufacturing suppliers. This is based on a risk matrix including factors such as high risk geographic locations. MFG recognises that early engagement and identification of potential risks is key, resulting in the implementation of this process in the reporting period.</p>	<p>MFG's amended site audit process incorporates key ethical audit concepts including worker health, safety and hygiene, environmental management, child labour, working hours, wage/benefit records and broader labour practices. Additionally, all site audits consider geographical and industry risk profiles, average scores and common findings.</p>
<b>PEER REVIEW</b>	<p>As a result of participating in forums such as Baptist World Aid Ethical Fashion Report, MFG undertook significant analysis against peers to identify key areas for improvement in its ethical framework.</p>	<p>MFG identified areas for improvement including transparency and tracing beyond tier 1 suppliers and worker empowerment. MFG is prioritising improving such areas.</p>



CRITERIA 6  
CONSULTATION



# CONSULTATION

With all Munro Footwear Group Pty Ltd entities subjected to the same governance structure, policies, and procedures, including modern slavery compliance, the Corporate Social Responsibility (CSR) team have central oversight and management of MFG's modern slavery compliance framework for the entire group.

The CSR team continues to engage the Board and Executive team across the business through formal procedures such as monthly Board briefings. Other business areas are also engaged through the modern slavery compliance framework, including accounts payable, merchandise and procurement divisions. Furthermore, consultation across MFG is extensive when initiatives involve other business units, such as training.



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CRITERIA 7  
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# LOOKING FORWARD

MFG has continued to make significant progress in identifying the risks of modern slavery, but acknowledges that it still has work to do. This is particularly relevant for suppliers responsible for sourcing raw materials such as leather, rubber, and synthetic material, as well as those using these inputs in the production of MFG shoes.

In the next reporting period, MFG will, amongst other matters:

- continue to expand its site audit program and remediate non-compliances as identified;
- launch a new “Supplier Agreements” along with a “Supplier Speak Up” program to educate and inform suppliers how to report concerns or grievances to MFG;
- continue to work on MFG’s supply chain traceability, expanding its knowledge on tier 2 suppliers, focusing on high-risk raw materials, including the development of an “Ethical Sourcing Policy”; and
- identify gaps in due diligence and expand actions taken to measure effectiveness.
- MFG will also, as necessary, engage with third parties to provide guidance and assistance with its modern slavery compliance framework.

“MFG recognises the significant progress made in the reporting period regarding the traceability of our supply chains and due diligence undertaken but recognises that such work must continue.”



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# APPROVAL BY THE MFG BOARD

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



**Jay Munro**  
Munro Footwear Group  
Chairman & Co-Chief Executive Officer  
Date:



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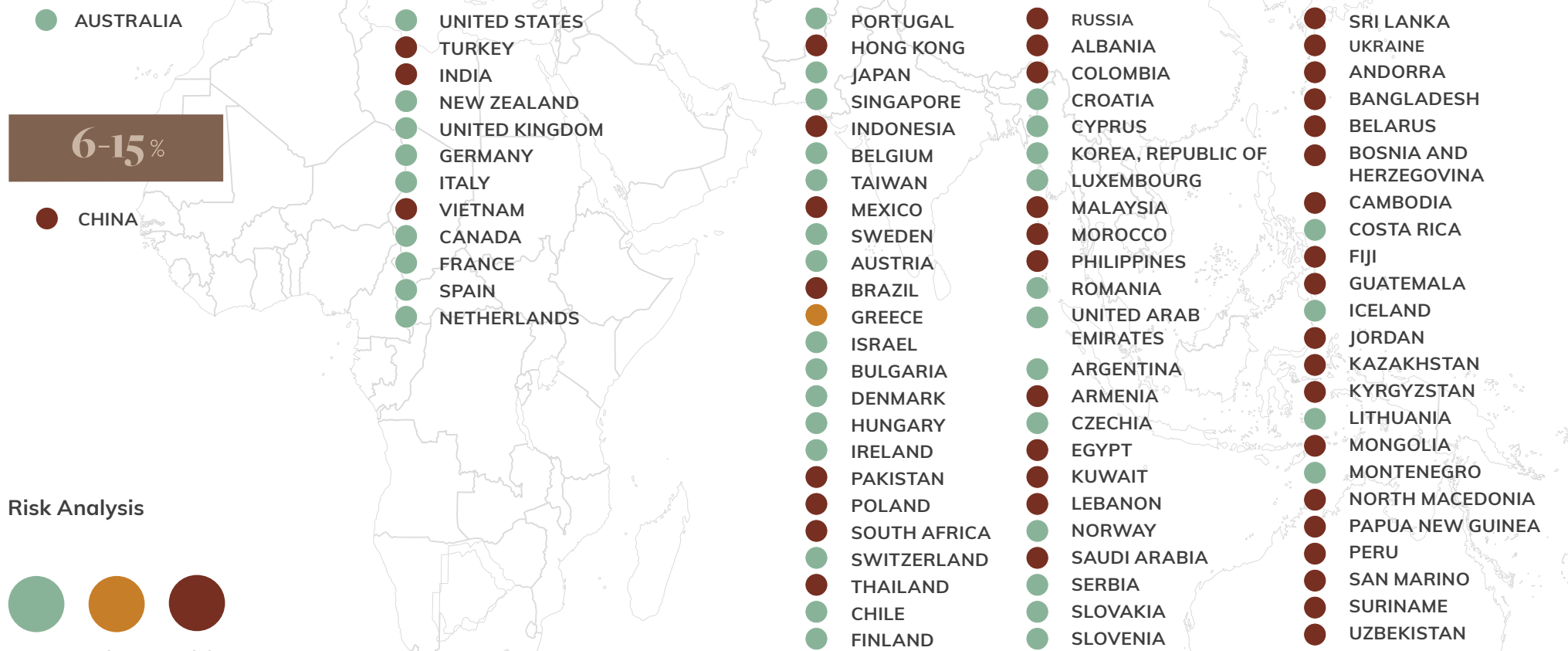
THANK YOU

Munro Footwear Group Pty Ltd Modern Slavery Statement



# ANNEXURE

## Supplier by Volume



## Risk Analysis

