

M.J. BALE

Modern Slavery Statement

FOR FINANCIAL YEAR 2023
1 AUGUST, 2022 - 31 JULY, 2023



Introduction

This statement has been published in accordance with the Australian Modern Slavery Act 2018. It outlines the actions undertaken by M.J. Bale in the financial year ending 31 July 2023 to assess and address the risks of modern slavery in its business and supply chains, as well as key focus areas for the future. The Australian Company Number of NEWBALE CLOTHING PTY LIMITED trading as M.J. Bale is ACN 136 405 091 and ABN 33 136 405 091. The registered office details are: M.J. Bale, Suite 2.16 100 Collins St, Alexandria NSW, Australia.

References to “M.J. Bale, we, our or us” in this Statement refer to Newbale Clothing.

We do not own or control any other trading entities and therefore there was no other consultation with any other entities in preparation of this statement.

This statement was approved by the board of M.J. Bale Group in their capacity as the principal governing body of M.J. Bale on 29 January 2024.

This statement is signed by Matt Jensen in his role as the Chief Executive Officer of M.J. Bale on 30 January 2024.



Matt Jensen
Chief Executive Officer of M.J. Bale
30 January 2024

Structure & Operations

M.J. Bale Group Pty Ltd is an Australian incorporated company that is the holding company for Newbale Clothing Pty Ltd, trading as M.J. Bale.

Founded by Matt Jensen in 2009, M.J. Bale is an Australian-owned, vertically integrated business with over 80 retail locations. The company creates wardrobe solutions for men, from business and formalwear to lifestyle casuals and accessories.

All products are available via the M.J. Bale website, at M.J. Bale stores throughout Australia, department stores and a selection of online marketplaces.

The M.J. Bale Support Office is based in Sydney, Australia with both office and retail staff located nationwide, as well as a small team in Vietnam.



OPERATE IN AUSTRALIA

81

STORES ACROSS NSW, VIC, QLD, SA, TAS, ACT AND WA

70

SUPPORT OFFICE STAFF (FULL TIME & PART TIME)

416

RETAIL STAFF (FULL TIME, PART TIME & CASUAL)

As of Dec 30, 2023

Our Supply Chain

M.J. Bale sources a wide range of goods and services globally. In FY23, we directly sourced from over 80 suppliers, 41 of which are Tier 1 suppliers.

Our top 30 suppliers, based on spend, are a combination of Tier 1 and Tier 2 suppliers and are located in China, India, Italy, Japan, Korea, Thailand and Vietnam. Collectively, our top 30 suppliers represent over 95% of our FY23 production spend.

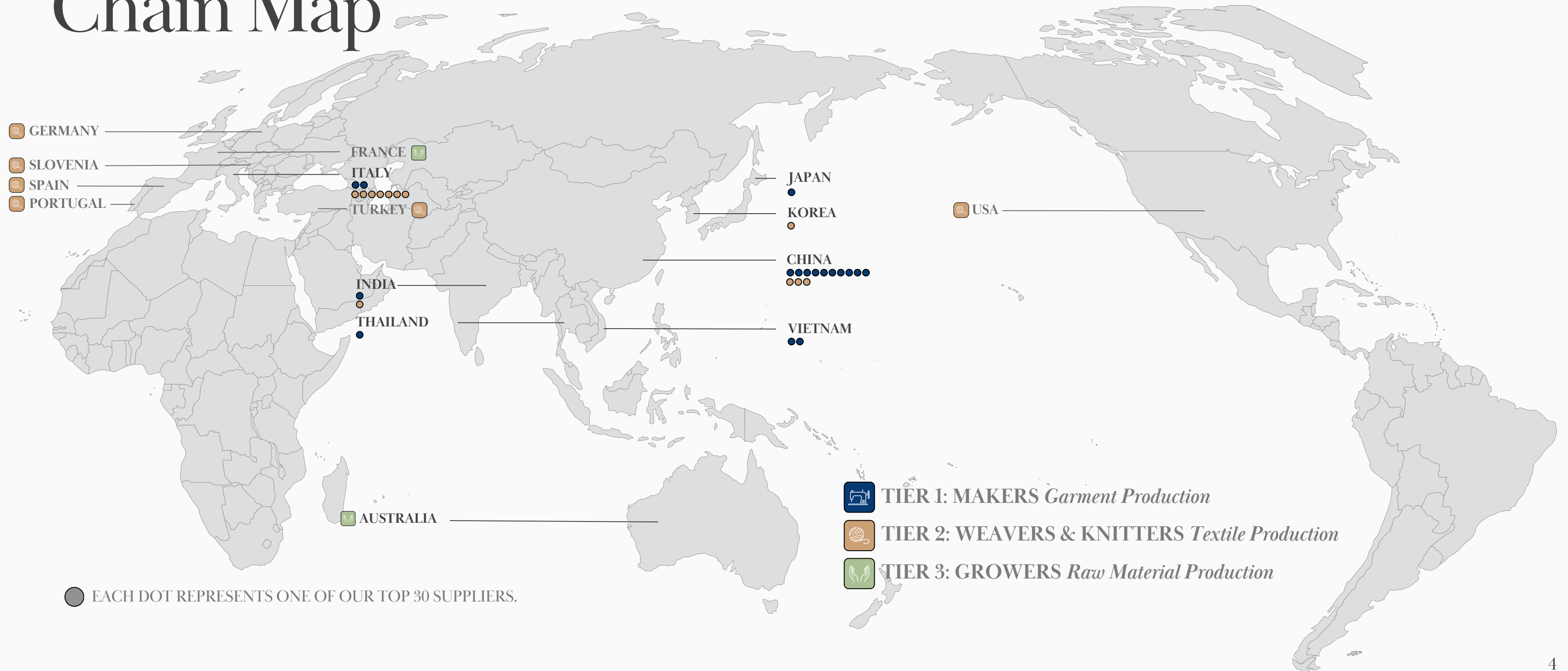
Generally, characteristics of our supply chain tiers are:

Tier		Visibility
	TIER 1 <i>Makers</i>	Finished good manufacturers such as cut, sew and assembly. 100% mapped
	TIER 2 <i>Weavers & Knitters</i>	Fabric mills who are responsible for textile production including weavers, spinners and ginners, as well as trim suppliers. Visibility into thirty-nine weavers, one spinner and eight trim suppliers.
	TIER 3 <i>Growers</i>	Raw material producers including wool, cotton and linen farms. Visibility into two wool farms in Tasmania, Australia.

Direct Suppliers provide goods or services that are found in or directly involved with our products.

Indirect Suppliers are not within our supply chain, providing goods or services that contribute to our business operations such as cleaning or consulting services.

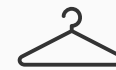
Our Supply Chain Map



Modern Slavery Risks

We have undertaken a risk assessment of modern slavery across our operations and supply chain, considering how we may be causing, contributing or directly linked to modern slavery practices. Importantly, we acknowledge that operating in the garment industry heightens the risks of modern slavery within our supply chain. Factors such as the geographical location of some of our suppliers, sourced materials for some of our products, and the nature of producing seasonal collections all play a role. We also recognise that a lack of visibility in certain areas of our supply chain may carry additional modern slavery risks due to being unable to ensure high ethical standards and practices. This is mainly for some Tier 2 Suppliers, weavers and knitters, and Tier 3 Suppliers, growers of raw materials used in our products.

The following risk factors have been identified as increasing the likelihood of modern slavery practices occurring throughout our supply chain:



Industry Risk

The key characteristics of the garment industry generally involves low-skilled workers, labour-intensive tasks and short lead times. This makes it a higher risk for certain labour and human rights impacts. These risks exist at every level of the supply chain.



Geographical Risk

Some countries are more at risk of modern slavery due to poor governance, failure to adopt international conventions, and socioeconomic challenges. These risks can lead to labour rights violations, inadequate worker protections, and high exploitation rates among vulnerable populations.



Product Risk

Some products hold a higher risk of impact than others due to the processes used to make them. For example, cotton products are known for the risks associated with forced labour and slavery practices in the harvesting of cotton.



Business Model Risk

An enterprise's business model, including the variety and frequency of product line changes, influences supply chain risk. More product lines and frequent cycles increase risks due to varied materials, production processes, and shorter production timeframes, potentially leading to labour abuses.

Assessing Modern Slavery Risks

As an Australian-owned-and-operated fashion brand, we have few modern slavery risks within our operations. However, the garment industry's supply chain is highly susceptible to modern slavery risks. The Walk Free Global Slavery Index Report 2023 identifies the garments as a top at-risk product. Other risk factors, such as geography, product and business model, add to the complexity of modern slavery in the fashion industry.

Fashion Industry Risks

The primary reason why the fashion industry is associated with higher risks of modern slavery is due to the primary product being garments. The garment industry has high rates of reported forced labour and other modern slavery practices which are made more complex to address due to opaque supply chains involving subcontractors and intermediaries.

Geographic Risks

As outlined above, the geographical location of suppliers is a risk factor for modern slavery. Several key countries including China, India, Thailand and Vietnam are known garment production locations with an increased risk for modern slavery.

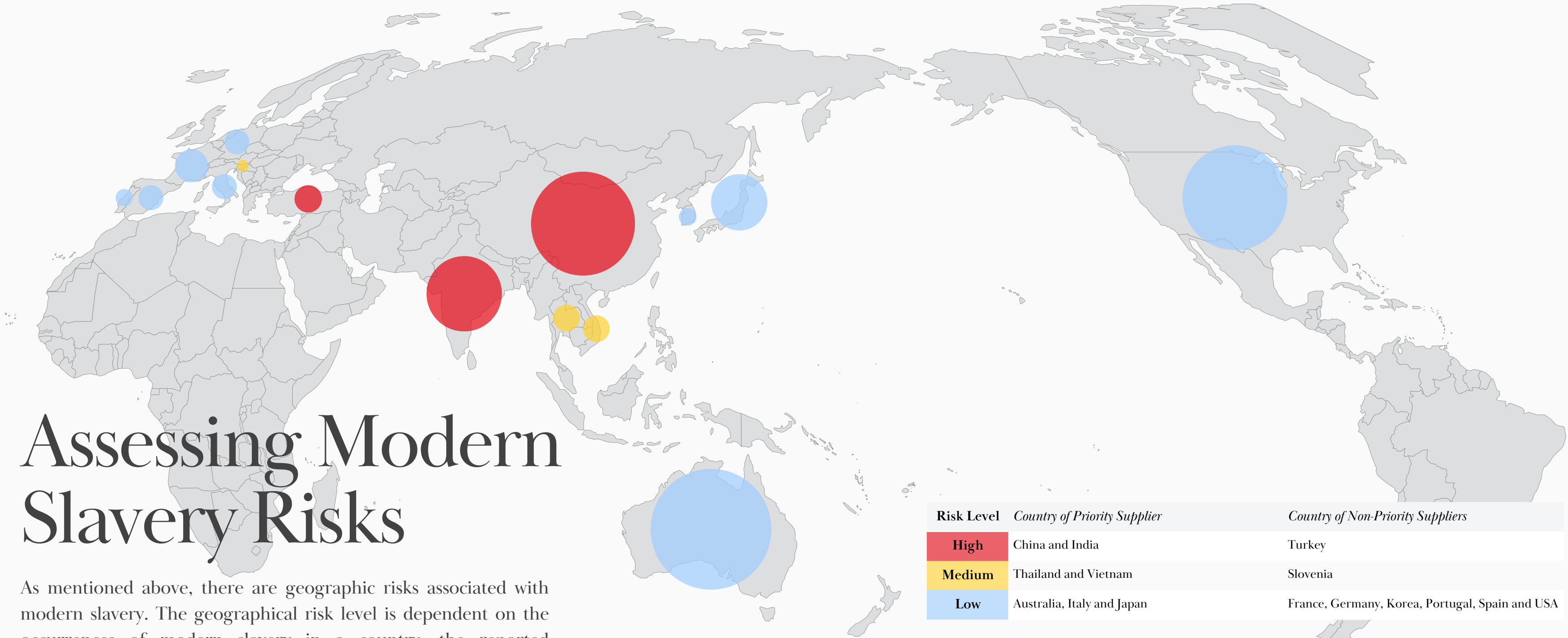
At-Risk Products

Additionally, some products involved in the garment production process further increase the risk of modern slavery throughout the supply chain, where cotton, textiles and thread/yarn were also identified, as were other at-risk products.

Business Model Risks

Lastly, it is common practice for brands to design seasonal collections which can lead to a business model risk. This is because pressure is placed on garment manufacturers to deliver products with tight turnarounds which can result in a drop in safety standards and excessive working hours. In addition, businesses often negotiate for competitive pricing with suppliers and to do so, suppliers may reduce employee wages to save on cost.





Assessing Modern Slavery Risks


























As mentioned above, there are geographic risks associated with modern slavery. The geographical risk level is dependent on the occurrences of modern slavery in a country, the reported prevalence, and government action or inaction on addressing modern slavery. The Risk Level diagram provides our risk level assessment for our direct suppliers for the reporting period.

Risk Level	Country of Priority Supplier	Country of Non-Priority Suppliers
High	China and India	Turkey
Medium	Thailand and Vietnam	Slovenia
Low	Australia, Italy and Japan	France, Germany, Korea, Portugal, Spain and USA

Priority suppliers are those whom we conduct a higher volume of business and spend greater cost value for the reporting period. These suppliers therefore are of top priority when assessing and addressing modern slavery risks.

Assessing Modern Slavery Risks

Through our Modern Slavery risk assessment, we identified certain modern slavery practices that are more likely to occur in our supply chain due to the aforementioned modern slavery risk factors.

MODERN SLAVERY RISK	WHERE RISK IS MOST LIKELY	RISK FACTOR	CONTINUUM OF INVOLVEMENT
Under age and forced child labour	1 2	  	A risk that we may be directly linked to modern slavery through our procurement of product.
Forced Labour	1 2 3	  	A risk that we may be directly linked to modern slavery through our procurement of product.
Exploitative of migrant workers	1 2 3	 	A risk that we may be directly linked to modern slavery involving our indirect workforce.
Workplace health and safety	1 2 3	  	A risk that we may be directly linked to modern slavery through our procurement of product.
Non compliance with minimum wage laws	1 2 3	 	A risk that we may be directly linked to modern slavery involving our indirect workforce.
Wages not meeting family living needs	1 2 3	  	A risk that we may be directly linked to, or without appropriate due diligence, contractual controls and monitoring processes, we may contribute to modern slavery involving our indirect workforce.
Excessive working hours	1 2 3	  	A risk that we may be directly linked to, or without appropriate due diligence, contractual controls and monitoring processes, we may contribute to modern slavery involving our indirect workforce.
Debt bondage	1 2 3	 	A risk that we may be directly linked to modern slavery through our involving our indirect workforce.
Lack of formal employment or contracts	1 2 3	  	A risk that we may be directly linked to modern slavery through our involving our indirect workforce.
Gender-based and cultural discrimination	1 2 3		A risk that we may be directly linked to modern slavery through our involving our indirect workforce.



Actions Addressing Risks

Over this reporting period, our approach to addressing modern slavery included refining our policies and procedures and implementing new measures to address gaps in our operations and supply chain. This involved reviewing and updating our Employee Code of Conduct and Supplier Code of Conduct. We also undertook a thorough review of our Bullying, Harassment, Equal Employment Opportunities and Discrimination, Grievance and Whistleblowing Policies to ensure they sufficiently address modern slavery risks. We importantly introduced a new supplier screening process that covers issues of modern slavery, alongside increased engagement with suppliers through resource guides, questionnaires, and surveys.

More broadly, we have been conducting regular internal meetings with our sustainability, human resources, and supply chain teams to align our practices with global standards and foster continuous improvement.

We also joined the United Nations Global Compact Network Australia (UNGCNA) and the Supplier Ethical Data Exchange (SEDEX). The UNGCNA has helped to guide corporate best practices and has provided access to additional learning resources for our staff. Additionally, SEDEX will function as a risk management tool that enables supply chain oversight which will be leveraged in the next reporting period, enhancing our capabilities to address and mitigate slavery risks in our supply chain.

Actions Addressing Risks

Actions we have taken in FY23 as a business to address modern slavery risks across both our operations and supply chain are summarised below.

<p>DUE DILIGENCE Alignment to global standard best practice</p>	<ul style="list-style-type: none"> • Policy Control Internal: Employee contracts and policies, such as Grievance and Risk Management, were maintained. The Employee Code of Conduct was updated with the help of specialist workplace lawyers to further improve governance practices. • Policy Control External: Updated the Supplier Code of Conduct and distributed to all Top 30 Suppliers, based on FY23 spend. The new code further aligns with international standards including the Ethical Trading Initiative base code, International Labour Organisation Conventions as well as principles from the United Nations Universal Declaration of Human Rights. • Audit and Remediation: Continued third-party audit practice where suppliers must undergo a SEDEX SMETA audit every two years and implement any required corrective actions promptly.
<p>PROVENANCE Knowledge on origins and journey of our garments</p>	<ul style="list-style-type: none"> • Supply Chain Visibility: A focus on garment origins has resulted in good supply chain visibility of Tier 1 suppliers and for select products through to Tier 3 of the supply chain. • Procurement Practices: The M.J. Bale design team are encouraged to source from suppliers directly, rather than using intermediaries. This enhances supply chain visibility, enables thorough vetting, and facilitates traceability efforts in future. • Supplier Onboarding: As part of the supplier pre-onboarding process, we have developed a new screening process for new suppliers. This process involves assessing their social, environmental, and governance practices.
<p>COLLABORATION Continuous review and ongoing improvement of our practices</p>	<ul style="list-style-type: none"> • Internal Collaboration: Regular meetings between the M.J. Bale Sustainability Manager, Head of Supply Chain, and Head of People facilitate the continuous development of the supply chain and staff engagement. • Supplier Collaboration: Engagement mechanisms such as the ESG Questionnaire and Supplier Engagement survey provide communication pathways from suppliers, enhancing business partnerships beyond commercial-focused areas. • External Collaboration: We joined SEDEX and the United Nations Global Compact Network Australia, in addition to being an existing BCI member, to support our sustainability efforts, including human and labor rights.

Assessing the Effectiveness of Actions

In line with UN Guiding Principles, we strive to ensure that our actions are effective in addressing modern slavery risks that our business may contribute to or are directly linked to. We continually assess the effectiveness of our actions by tracking them against key performance indicators (KPIs) across our three approaches: Due Diligence, Provenance and Collaboration. Some of these KPIs include grievance cases reported and remediated, suppliers who have agreed to our Supplier Code of Conduct and regular internal reviews of our governance practices. We will continue to review and develop these KPIs and improve how we address modern slavery risks over the following reporting periods.

FY23 Actions

- 75% of suppliers, based on FY23 spend, have signed to acknowledge the new M.J. Bale Supplier Code of Conduct
- Internal grievance mechanisms resolved 6 staff complaints where the documented mechanisms were the key to successful outcomes
- An annual meeting to assess our response to modern slavery with key internal leadership and regular quarterly meetings to review progress.
- Working with suppliers to check on their progress and any actions they have taken to address modern slavery risks through the ESG Questionnaire where over 10 of our Top 30 suppliers have completed
- Regularly checking third-party audit processes to ensure they are completed every 2 years for our Top 20 suppliers
- Regularly review the risk assessment and determine if new modern slavery risks have arisen based on identified risk factors relevant to the business's operations or supply chain.
- Conduct internal audits or monitoring of specific steps taken to assess and address modern slavery risks such as reviewing pre-onboarding for new suppliers.
- Lastly, M.J. Bale is currently working towards B Corp certification. As a part of this process, our approach to ESG, including our social impact program, is independently evaluated by the Australian and New Zealand B Lab Office. This non-profit network is responsible for certifying companies as B Corps.

Continual Improvement

M.J. Bale is dedicated to the continual improvement of our practices, as well as full transparency in our efforts to address the issue of modern slavery. We are committed to enhancing our operations to provide our customers and community with the assurance that we are addressing and mitigating any risks of modern slavery. Our unwavering dedication to this cause is reflected in our company's value of 'integrity' and our core belief in the importance of ethical business practices.

As a part of this commitment, we have outlined specific areas we wish to further improve across our operations and supply chain over the coming period:



FY24 Key Focuses

- Enlist an expert partner to run internal training on Procurement and Modern Slavery for senior management as well as the design and production team.
- Complete onboarding to the SEDEX platform to improve our modern slavery risk management and auditing process.
- Increase the number of suppliers who are active SEDEX members.
- Continue to review ethical audits and conduct regular third-party assessments opting for SMETA audits across top suppliers.
- Ongoing review and improvement of policies and procedures to increase effectiveness in managing modern slavery risks and to identify any gaps.
- Strengthening partnerships through increased collaboration and continuing to be an active member of industry networks and working groups.
- Continue mapping the M.J. Bale supply chain to enhance and better understand visibility beyond Tier 1.
- Include key Trims and Accessory Suppliers in the Modern Slavery Report.

Appendix

	Mandatory Criteria	Relevant Page in Statement
One	Identify the reporting entity	Page 1
Two	Describe the reporting entity's structure, operations and supply chains	Page 3 - 4
Three	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Page 5 - 9
Four	Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes	Page 6 - 10
Five	Describe how the reporting entity assesses the effectiveness of these actions	Page 11
Six	Describe the process of consultation with any entities the reporting entity owns or controls	Page 1
Seven	Provide any other relevant information	Page 12