



MODERN SLAVERY STATEMENT

1 July 2020 to 30 June 2021



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APPROVAL
by the MFG Board



INTRODUCTION

Previously I've spoken to MFG's commitment to identifying and managing modern slavery¹ risks within its operations and supply chains. With preliminary activities and infrastructure in place, MFG recognised that the next phase of the journey needed to be considered and multifaceted, given the nature of the high-risk industry and locations in which it operates.

During the latest reporting period, MFG undertook an extensive review of its operations that led to the implementation of auditing and testing processes to ensure both immediate impact and sustained progress with respect to meeting its obligations. The review extended to analysing how MFG could be inadvertently contributing to modern slavery through its practices, such as how it procures.

I'm proud of what MFG has been able to achieve during this reporting period, as demonstrated by the measures implemented to address risks of modern slavery through enhancements to systems, processes, and procedures across the business. Key highlights include:

- » Detailed scoping exercise with third-party specialists (Lawyers)
- » Implementation of policies, procedures, and processes
- » Establishment of MFG Supplier Platform
- » Supplier due diligence framework
- » Site auditing of tier one and tier two manufacturing footwear suppliers
- » Review and update supplier code of conduct
- » Standard contract clause review
- » Compliance and governance training
- » Reviewing and centralising systems and processes
- » Expansion of the Corporate Social Responsibility team
- » Collaboration initiatives.

As a result of these initiatives, there have been significant changes to the way teams work, with almost all departments impacted in some way. However, through the training and collaboration initiatives undertaken, MFG has not only adopted these new ways of working but has genuinely understood and accepted the significance of why the changes are needed. With some real momentum in this space, I'm confident in saying that MFG's goal of becoming a role model in the industry is within reach.

Jay Munro
Munro Footwear Group
Chief Executive Officer & Chairman

¹The 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.

CRITERIA 1 REPORTING ENTITY

ABOUT

As Australia's largest privately-owned footwear company, beyond its commitment to taking meaningful and genuine action to identify, and if necessary, remediate any risks of modern slavery in its organisation and supply chains, MFG is working towards a vision of becoming a role model within the industry. With hundreds of stores and thousands of employees across Australia and abroad, MFG recognises that it must play its part in mitigating what is a global issue.

MFG and its subsidiary companies are committed to promoting and supporting a culture of corporate compliance and ethical behaviour. In addition to mitigating modern slavery from within its supply chain, MFG also believes it is imperative to consider its environmental impact and social factors in the way it operates. MFG strives to be a good corporate citizen, ensuring its customers can feel comfortable knowing where their footwear originates.

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

MFG opposes slavery in all its forms. MFG is committed to not only operating in a manner to meet its social obligations, including human rights and labour standards but also its environmental and governance responsibilities.

Pursuant to the Modern Slavery Act 2018 (Cth), this is MFG's second modern slavery statement and relates to the reporting period 1 July 2020 to 30 June 2021. MFG has implemented significant and meaningful actions in the reporting period and is proud to publish these achievements.



CRITERIA 2 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

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

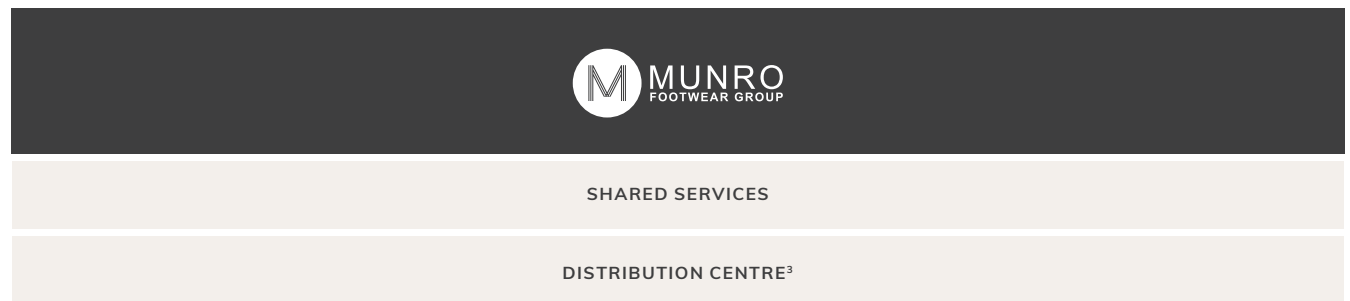
³ MFG operated Distribution Centre exclusively manages the distribution of its Mountfords, Ziera, Cinori, Midas, Wanted, Styletread and Styling Services brands. For its Willaims and Mathers operations, MFG engages third-party logistics (3PL) warehousing services to manage their distribution requirements.

STRUCTURE

Munro Footwear Group Pty Ltd ABN 59 614 250 501 (referred to as MFG) is an Australian company headquartered in Melbourne, Australia².

MFG is the parent company for several wholly-owned entities that operate in Australia and New Zealand. All entities are subject to the same governance structure, policies, and procedures and are managed and controlled by a common Board and Executive team. MFG has a branch in Guangdong, China with five employees operating out of this site.

The MFG business model is comprised of four divisions:



	VALUE	COMFORT	FASHION	WHOLESALE
DIVISION	The value division provides the price-conscious Australian family with a mix of internally designed, third-party exclusive distributed and externally branded footwear.	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.	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.	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.
OPERATING BUSINESS	<p>WILLIAMS</p> <p>MOUNTFORDS</p> <p>ZIERA <i>Cinori</i></p>	<p>Mathers</p>	<p>Mollini</p> <p> style tread</p> <p>MIDAS <i>Wanted</i> SHOES</p>	<p>STYLING SERVICES</p>




CRITERIA 2 STRUCTURE, OPERATIONS & SUPPLY CHAINS

BRANDS

Catering to a broad customer base, MFG offers an extensive portfolio of trusted brands, ensuring all Australians can find quality footwear and unmatched value. This diverse product offering includes Womens, Mens and Kids footwear, delivering across a range of comfort, fashion and value divisions.

With a heritage in footwear design and manufacturing, MFG continues to design and develop 80% of its offering across thirteen of its own brands; 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's own retail channels and to external retailers through its wholesale division.

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

<p>MULTI-BRANDED RETAIL OPERATIONS</p>	<p>  </p> <p>Multi-Branded Retail Operations consist of retail and online stores that sell internally designed and developed footwear as well as third-party non-distributor brands such as Adidas.</p>
<p>SINGLE-BRANDED RETAIL OPERATIONS</p>	<p>  </p> <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>THIRD-PARTY DISTRIBUTED BRANDS</p>	<p>  </p> <p>Housing distribution rights to this range of international footwear brands, these products are sold through the Multi-Branded Retail Operations.</p>

CRITERIA 2 STRUCTURE, OPERATIONS & SUPPLY CHAINS

OPERATIONS

With more than 1,800 employees employed nationally across retail operations, warehousing, and specialist departments, and five employees employed out of Guangdong China, teams work collaboratively to carefully design, manufacture, distribute, market, and sell its footwear. MFG does not directly manufacture its footwear, instead partnering with trusted, long term Factory Partners and Trading Companies.

As a retailer and wholesaler of footwear, MFG operations for the reporting period, 1 July 2020 to 30 June 2021 consisted of:



CRITERIA 2 STRUCTURE, OPERATIONS & SUPPLY CHAINS

SUPPLY CHAINS

In the reporting period, MFG directly engaged with 939 suppliers across 30 countries.

Of these suppliers, the large majority are long term existing suppliers. To ensure continuity of products, MFG rarely engages short-term suppliers outside of Australia, preferring to utilise stable and long-term supplier relationships. An example of short-term suppliers within Australia includes footwear models who are typically engaged for a one-off campaign.

The main types of goods and services MFG procures are:

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

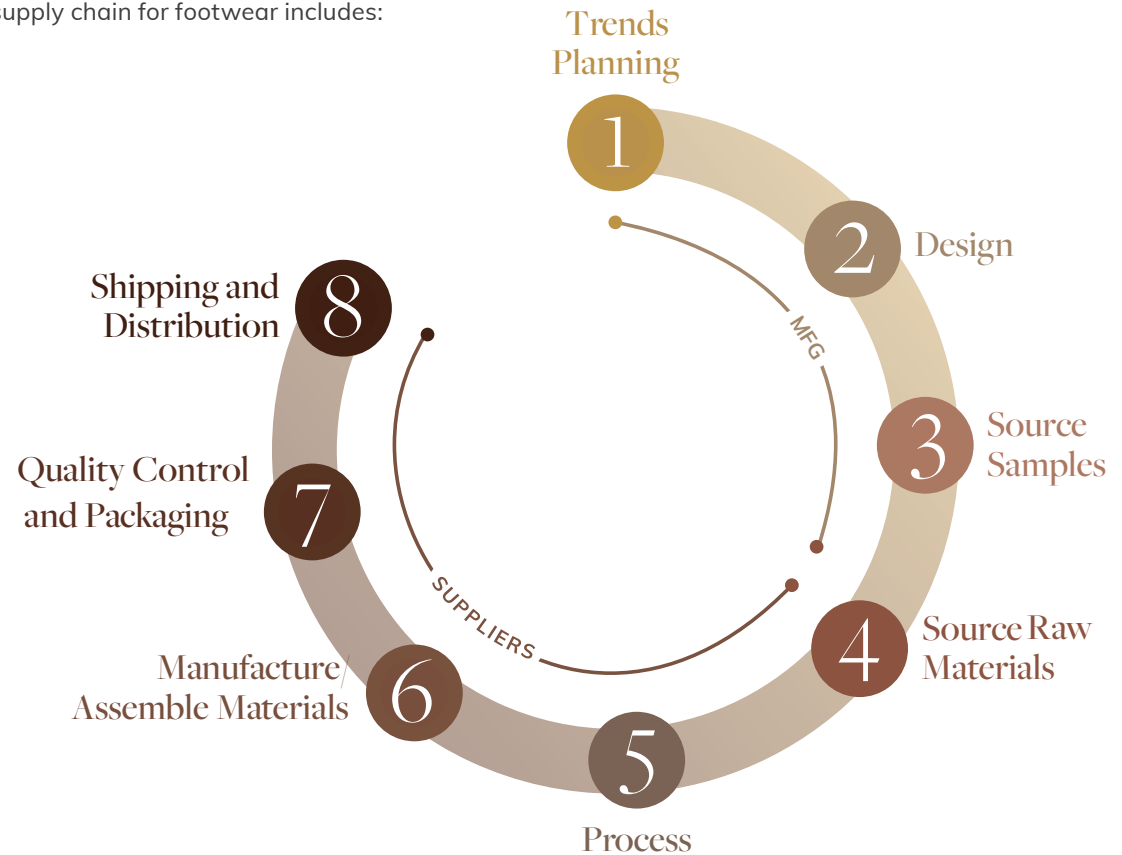
BUSINESS ADMINISTRATION

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

CRITERIA 2 STRUCTURE, OPERATIONS & SUPPLY CHAINS

MFG's supply chains differ depending on the goods and services procured. Equally, dependent on the style of footwear, some supply chains are complex, taking significantly longer from design to dispatch, whereas others are relatively less involved. To support with the production of its internally designed footwear, MFG engages the services of Trading Companies⁴, which manage relationships between factories and raw material suppliers in selected regions. In other regions, MFG works directly with Factory Partners⁵ and, or their Agents⁶. Agents and Trading Companies do not produce goods and do not own the factories. Furthermore, MFG engages the services of Brand Representatives⁷ domestically and internationally and Brand Distributors⁸ to facilitate and coordinate orders between the Company and wholesale customers and suppliers.

A typical supply chain for footwear includes:



⁴ 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 MFG's corporate compliance and ethical behaviour policies.

⁵ Factory Partners are a tier one supplier who MFG engages directly to manufacture its internally designed products.

⁶ An Agent is a representative for one or more international Suppliers. As an Agent, paid directly by the Factory Partner or Trading Company, they are responsible for facilitating and coordinating orders between MFG and the supplier(s). By extension, the Agent acts as the main point of contact for MFG during the production process. MFG pays the Factory Partner or Trading Company directly, not the Agent.

⁷ A Brand Representative is responsible for facilitating and coordinating orders between MFG and wholesale customers. Brand Representatives are paid directly by MFG.

⁸ A Brand Distributor facilitates the on-sale of MFG products to wholesale customers. Brand Distributors purchase goods directly from MFG, not the wholesale customer.

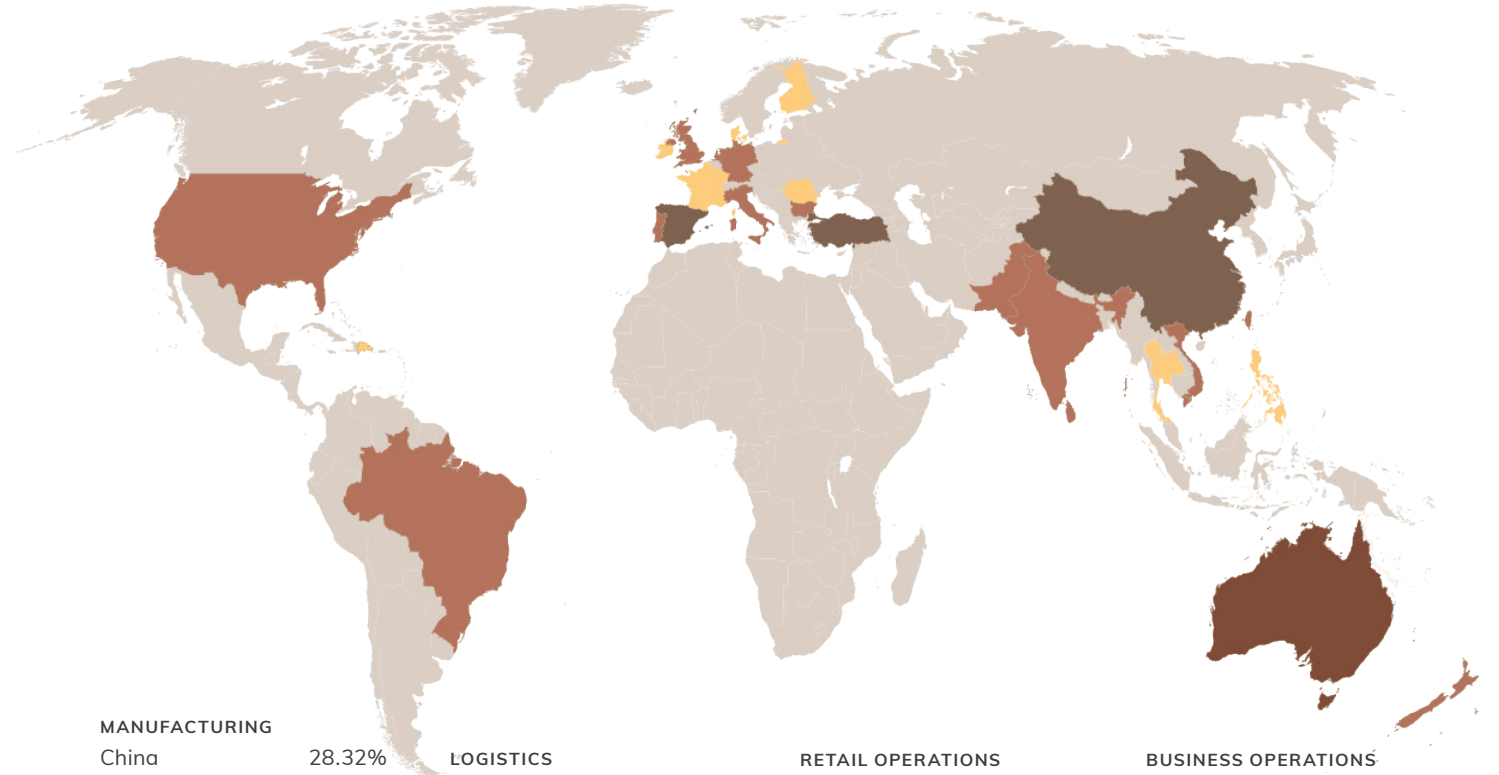
CRITERIA 2 STRUCTURE, OPERATIONS & SUPPLY CHAINS

GEOGRAPHICAL FOOTPRINT

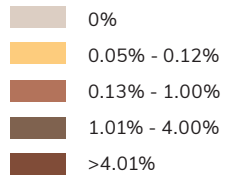
MFG engages with suppliers across many countries. In the reporting period, MFG undertook a detailed supply chain mapping exercise. Extending beyond its tier-one suppliers, MFG commenced a deeper mapping exercise into its supply chains.

TIER ONE SUPPLIER LOCATIONS

The locations of the goods and services provided to MFG by its tier one suppliers are as follows:



Tier 1 Suppliers by Volume



MANUFACTURING

China	28.32%
Spain	14.96%
Turkey	13.39%
Hong Kong	9.45%
Portugal	7.09%
India	4.72%
Australia	2.36%
Italy	2.36%
Taiwan	2.36%

4 countries 1.57% each

11 countries 0.79% each

LOGISTICS

Australia	88.89%
China	6.67%
Hong Kong	2.22%
United States	2.22%

THIRD-PARTY DISTRIBUTED BRANDS

Australia	66.65%
Germany	16.67%
Hong Kong	16.67%

10 countries 1.01% each

RETAIL OPERATIONS

Australia	100%
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THIRD-PARTY NON-DISTRIBUTER BRANDS

Australia	74.75%
Spain	10.01%
Germany	3.03%
Netherlands	2.02%

WAREHOUSING

Australia	100%
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BUSINESS OPERATIONS

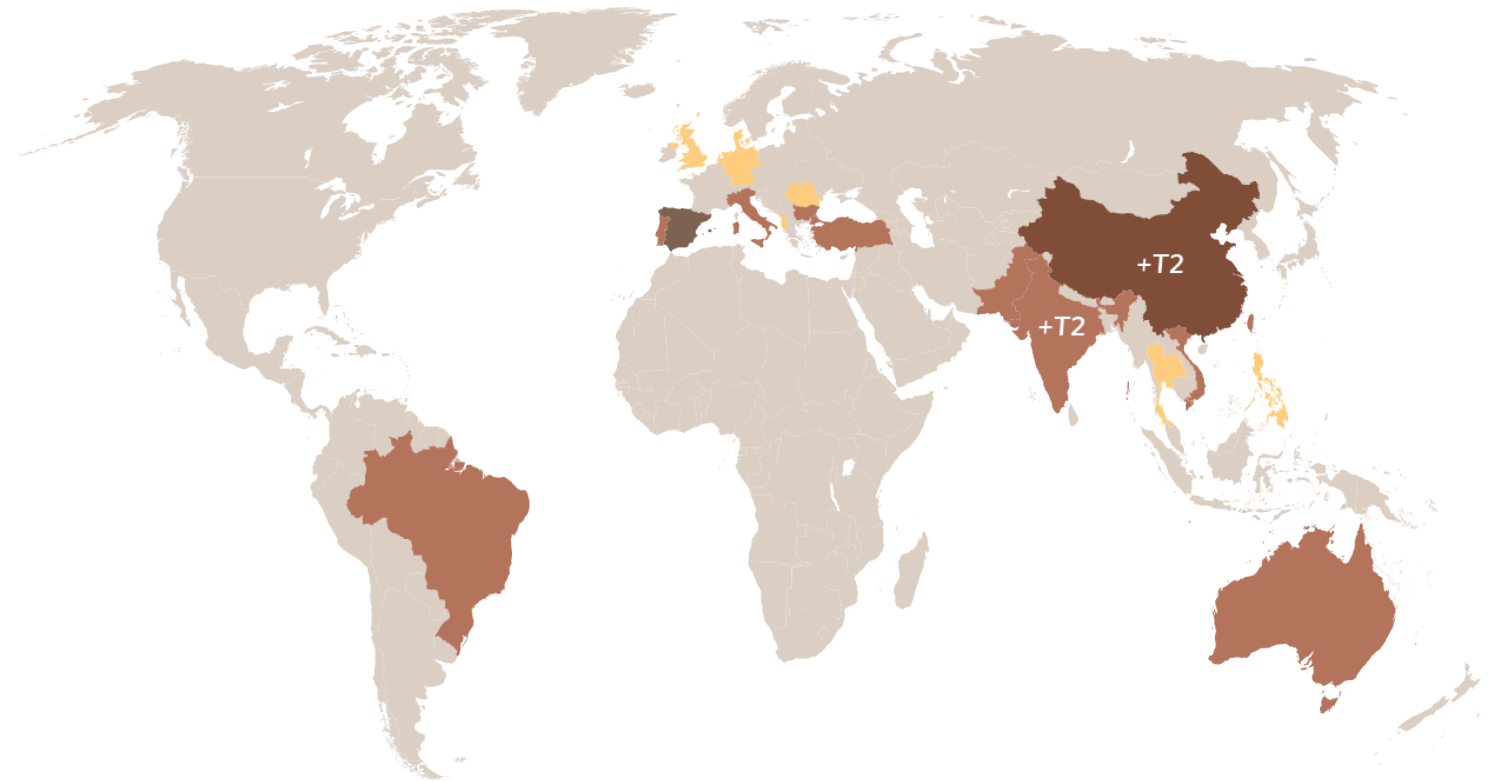
Australia	96.66%
United States	0.66%
New Zealand	0.45%
Hong Kong	0.45%
Italy	0.45%
Spain	0.45%

4 countries 0.22% each

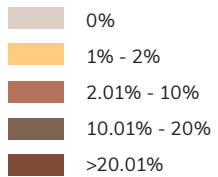


CRITERIA 2 STRUCTURE, OPERATIONS & SUPPLY CHAINS

MFG has 93 tier one factories and has mapped 34 tier two footwear suppliers; their locations are as follows.



Footwear Manufacturers by Volume

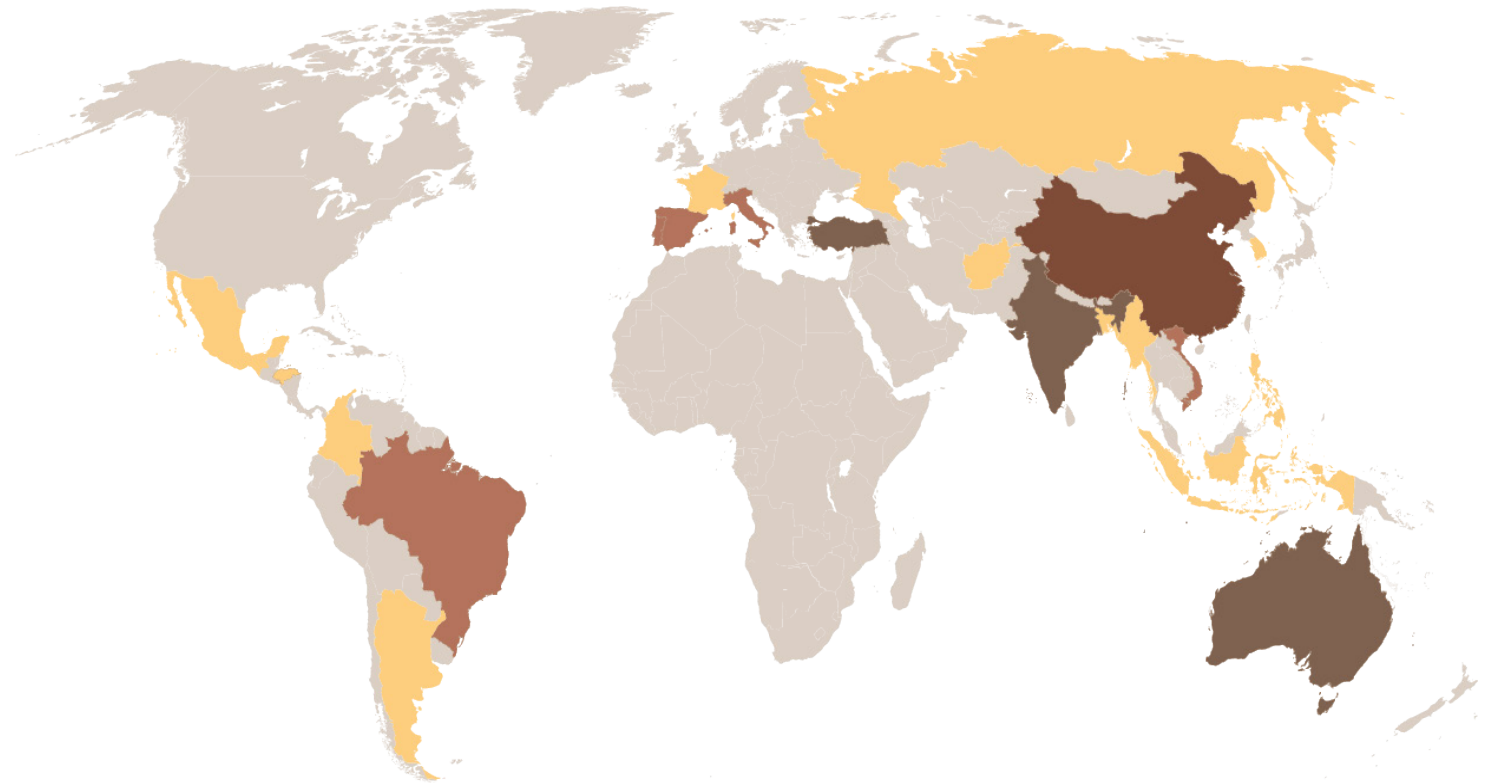


+T2 Including Tier 2 Locations

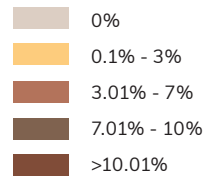
CRITERIA 2 STRUCTURE, OPERATIONS & SUPPLY CHAINS

RAW MATERIALS BY VOLUME

Looking deeper into the supply chains, MFG commenced mapping source locations of raw materials. Of those mapped to date, 20% of suppliers are characterised as high risk and 15% characterised as moderate risk. Source locations of raw materials are as follows:



Raw Material Locations by Volume



CRITERIA 3

RISKS OF MODERN SLAVERY

MFG understands that modern slavery is a complex global issue. Many factors can contribute to modern slavery, including vulnerable populations, high-risk locations, and higher-risk products. Further, MFG is acutely aware that modern slavery can be connected to other issues such as bribery and corruption, fraud, serious and organised crime and money laundering. MFG also recognises that there can be indicators of modern slavery, such as poor employment conditions and underpayment of employees. When considering the risks of modern slavery, MFG adopts the position that all of these factors must be considered.

SCOPING EXERCISE

In the reporting period, MFG undertook a detailed scoping exercise to ascertain where modern slavery risks lie within its operations and third parties that are connected to MFG, such as agents and suppliers.

MFG acknowledges that the apparel and footwear industry is at high risk for modern slavery practices. In addition to this industry-related risk, MFG recognises that certain aspects of its supply chains may be exposed to heightened risks of modern slavery due to outsourcing, labour-hire and country of sourcing.

Accordingly, in scoping its modern slavery risks within its operations and supply chains, in line with the UN Guiding Principles, MFG considered whether it caused, contributed to, or was directly linked to modern slavery.

CRITERIA 3 RISKS OF MODERN SLAVERY

MFG'S MODERN SLAVERY RISKS

Following the initial scoping exercise, which captured internal and external touchpoints within its operations and supply chains, MFG established a roadmap. A vital element of the roadmap was a detailed risk matrix that factored in spend, industry, and location, allowing all tier one suppliers to be assessed as high, medium or low risk across consistent criteria and benchmarks.

A summary of MFG's key risks areas are as follows:

RISK AREA	CAUSE/CONTRIBUTE/ DIRECTLY LINKED	TYPE OF RISK	OPERATIONS OR SUPPLY CHAINS
Cleaning, security, repairs, and maintenance	Contribute or Directly Linked	Industry risks present within the maintenance of MFG premises. Cleaning, security, and maintenance services are exposed to higher risks of modern slavery practices, including debt bondage, migrant exploitation, deceptive recruitment, and substandard working conditions. These risks are often amplified by complex subcontracting arrangements and poor regulatory mechanisms.	Operations and Supply Chains
Manufacturing	Contribute or Directly Linked	Industry and geographic risks present within factories and their operations. Factories are exposed to higher risks of child labour, deceptive recruitment, migrant exploitation, restricted freedom of movement, and other modern slavery practices. These risks are often combined with limited transparency over the factory's internal practices.	Supply Chains



CRITERIA 3

RISKS OF MODERN SLAVERY

RISK AREA	CAUSE/CONTRIBUTE/ DIRECTLY LINKED	TYPE OF RISK	OPERATIONS OR SUPPLY CHAINS
Garments – uniforms and PPE	Contribute or Directly Linked	Geographic risks present due to outsourced supply. The garment industry is exposed to higher modern slavery risks, including child labour, forced labour, debt bondage, restricted freedom of movement, and substandard working conditions. These risks are often amplified during periods of increased demand and reliance on an unskilled, dispensable workforce.	Supply Chains
Logistics, freight, shipping	Directly Linked	Industry and geographic risks present within warehouses and global distribution chains. The logistics industry is subject to modern slavery risks such as migrant exploitation, human smuggling, forced labour, and deceptive recruitment.	Supply Chains
Raw Materials – cotton, rubber, leather and synthetics	Directly Linked	Geographic risks present due to outsourced supply. Raw material extraction and processing is exposed to high modern slavery risks due to the frequent use of forced labour, deceptive recruitment, unsafe working conditions, and dispensable workers.	Supply Chains



CRITERIA 3 RISKS OF MODERN SLAVERY

OPERATIONS

Within its Australian operations, MFG considers the risk of modern slavery practices to be low. MFG has a strong governance structure with supporting procedures including a whistleblowing policy, an anti-bribery and corruption policy, a code of conduct and an Employee Assistance Program. Furthermore, in the reporting period, MFG conducted employee training to further educate its employees on what modern slavery is and how to identify and report on it.

It is also necessary to consider MFG’s international footprint. Based on the international footprint, the modern slavery risk profiles of these countries were considered.

INTERNATIONAL FOOTPRINT	
OPERATIONS	NEW ZEALAND
OUTPOST	CHINA AND UK
BRAND REPRESENTATIVE	UK, USA, NETHERLANDS, AND DENMARK
BRAND DISTRIBUTORS	UAE, UK, USA, HONG KONG, SINGAPORE, CANADA, AND JAPAN

Canada, Denmark, Hong Kong, Japan, Netherlands, New Zealand, Singapore, UK, UAE and USA: These countries are low risk for modern slavery⁹. Across these countries, modern slavery and human trafficking are taken seriously, with measures implemented to mitigate modern slavery risks. On this basis, combined with working closely with all its international parties, MFG considers the risks of modern slavery within this part of the business to be low.

China: MFG acknowledges that the risks of modern slavery in China are moderate⁹. Specifically, the limited oversight in some areas of China increases the modern slavery risks. Acknowledging the increased risks, MFG works closely with its China Outpost and consider the modern slavery risks associated with the Outpost in China to be low.

Employment and, or remuneration of individuals paid directly by MFG are remunerated in accordance with its governance structure as well as local laws, resulting in risks of modern slavery being low.

⁹ According to the Global Slavery Index



CRITERIA 3

RISKS OF MODERN SLAVERY

SUPPLY CHAINS

MFG recognises that risks of modern slavery practices are more likely to present within its supply chains due to its industry. Like every organisation, a lack of visibility, particularly deeper within its supply chains presents risks. MFG is not immune to these risks.

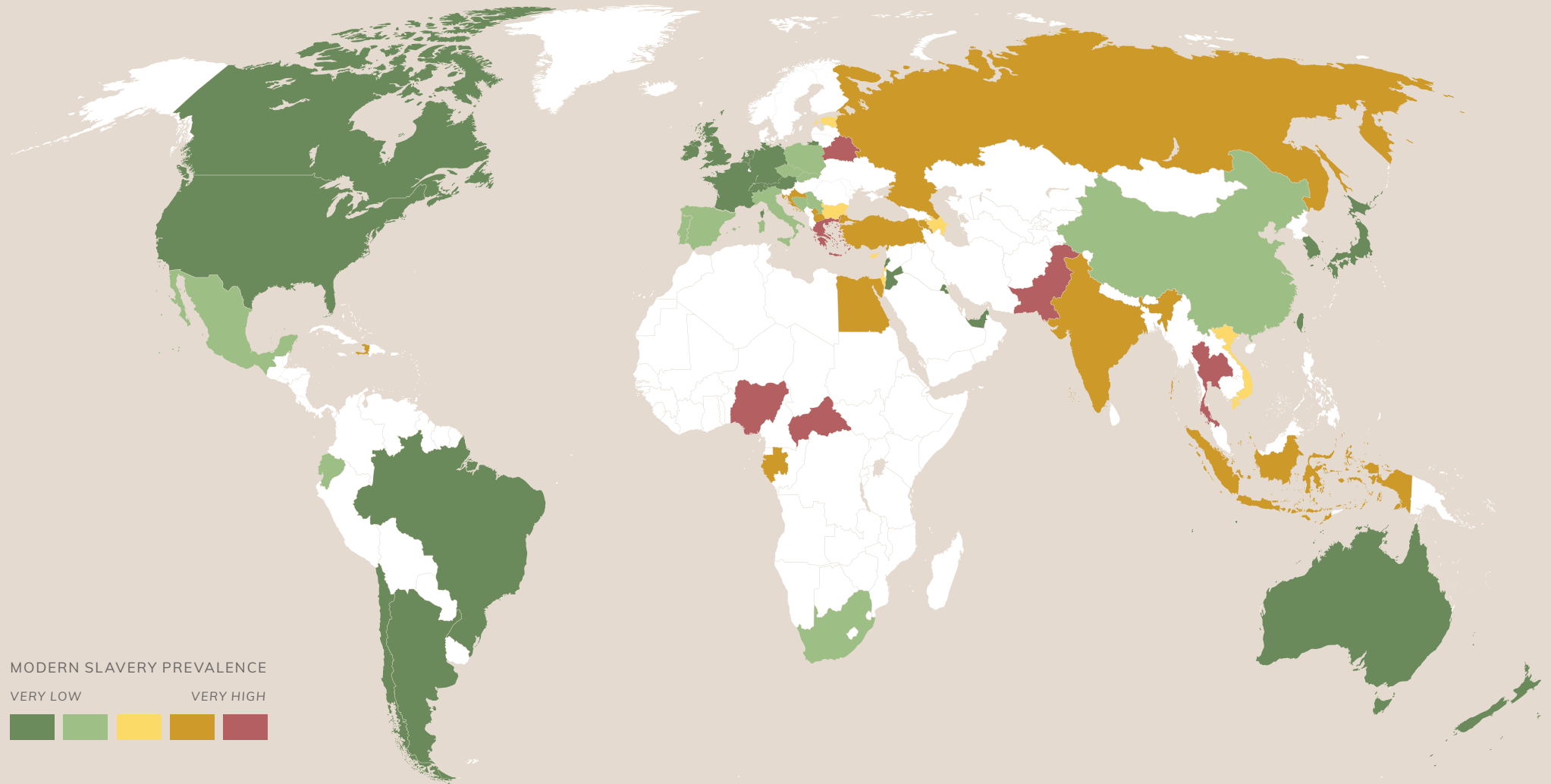
A detailed scoping exercise has provided MFG with analytics and a deeper understanding of the presentation of risk, not only with its tier one suppliers but also further down its supply chains.

The following maps demonstrate the risk profiles of its tier one suppliers, tier two suppliers, and source locations of raw materials.



CRITERIA 3 RISKS OF MODERN SLAVERY

TIER ONE SUPPLIERS RISK ANALYSIS

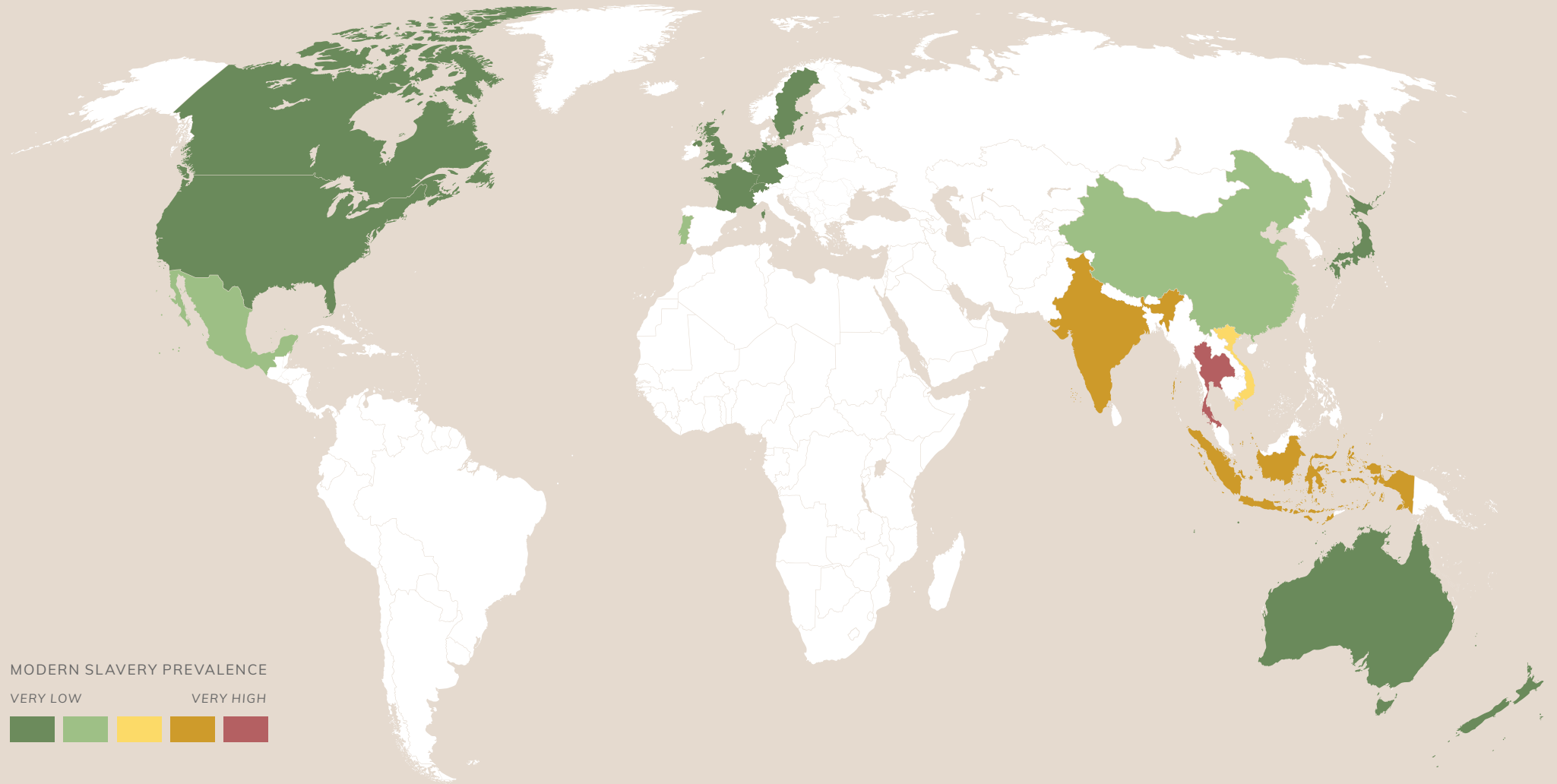


MODERN SLAVERY PREVALENCE
VERY LOW VERY HIGH



CRITERIA 3 RISKS OF MODERN SLAVERY

TIER TWO SUPPLIERS RISK ANALYSIS



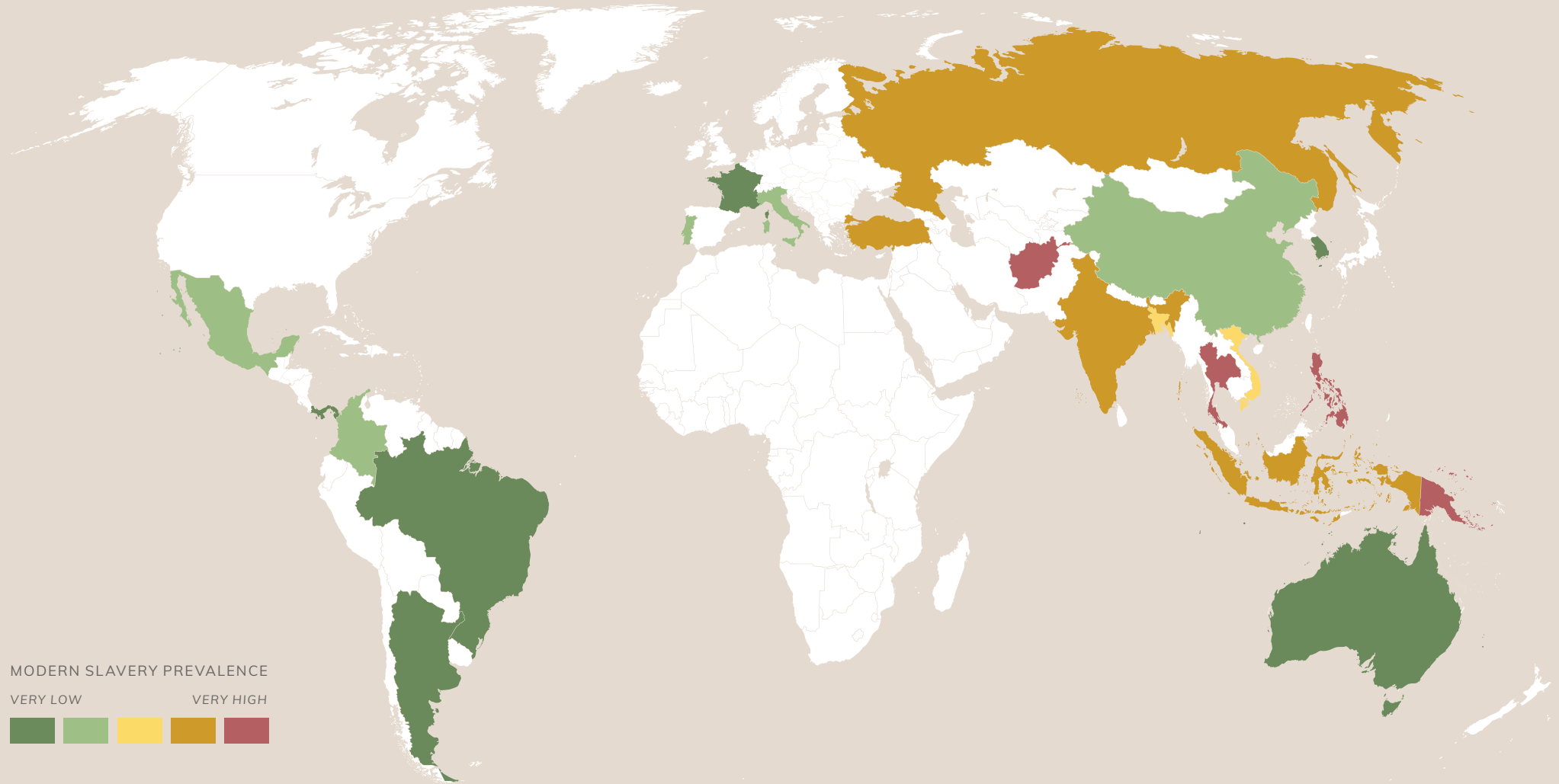
MODERN SLAVERY PREVALENCE

VERY LOW VERY HIGH



CRITERIA 3 RISKS OF MODERN SLAVERY

SOURCE LOCATIONS OF RAW MATERIAL RISK ANALYSIS



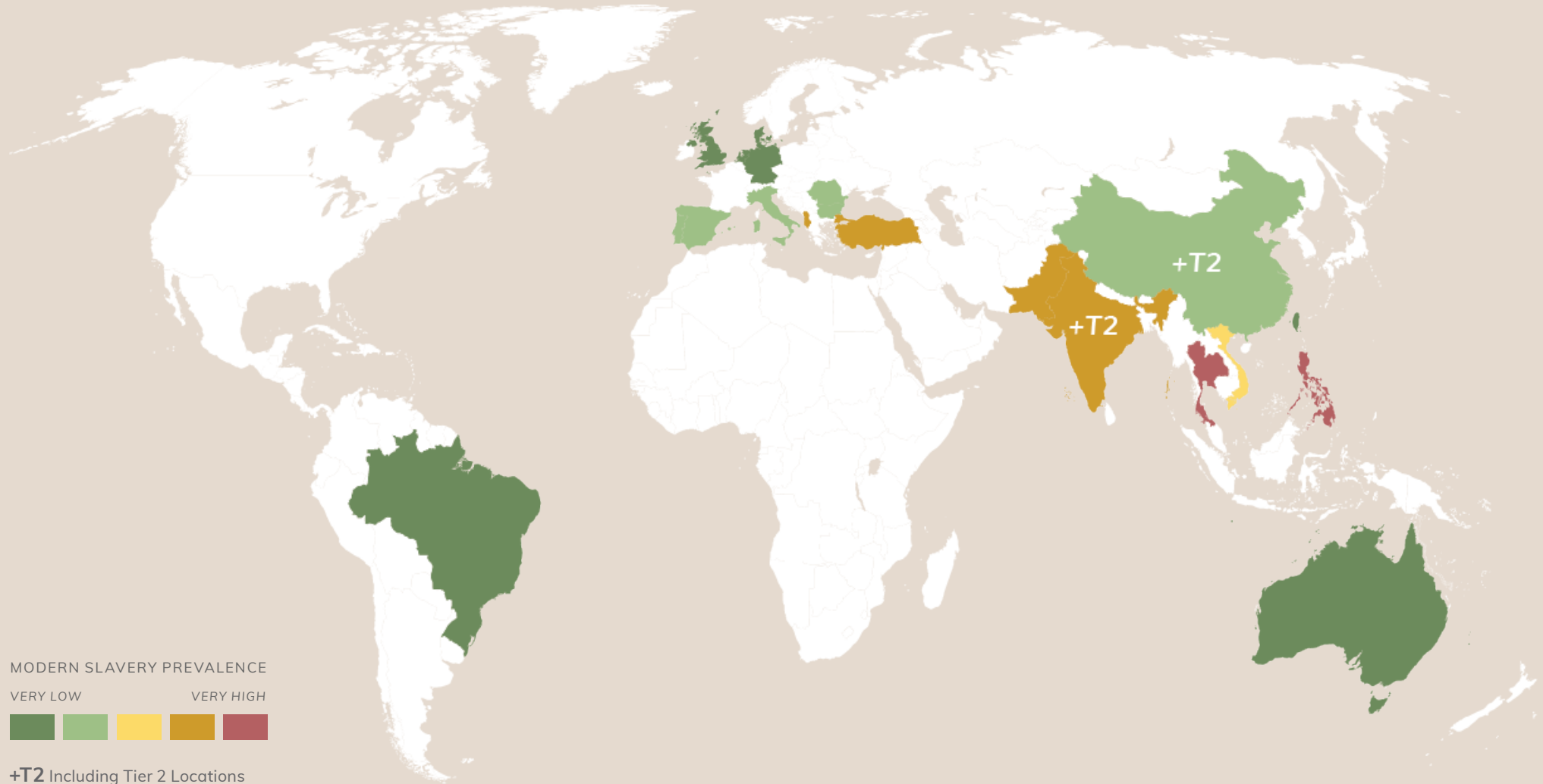
MODERN SLAVERY PREVALENCE
VERY LOW VERY HIGH



CRITERIA 3 RISKS OF MODERN SLAVERY

FOOTWEAR MANUFACTURERS RISK ANALYSIS (TIER ONE AND TIER TWO)

A key focus of MFG has been to consider the risk profiles of factories connected to it, not only its tier one factories but also tier two footwear suppliers. MFG also sets out risk profiles of its factory locations.




MODERN SLAVERY PREVALENCE

VERY LOW VERY HIGH



+T2 Including Tier 2 Locations



A hand is shown tying a black leather boot with laces and a buckle. The boot is placed on a wooden chair with slatted seating. The background is a blurred outdoor setting with gravel and greenery.

CRITERIA 3 RISKS OF MODERN SLAVERY

PROCUREMENT PRACTICES

In the reporting period, MFG undertook an extensive review of its longstanding product development and procurement practices. The review provided an opportunity to reassess the way MFG develops and procures footwear and identify areas of action to mitigate potential risks. One such area was taking broader internal accountability for the way goods were procured to help alleviate any potential or inadvertent stresses placed on suppliers that could contribute to heightening risks of modern slavery. This review has identified areas for immediate action, including an extensive update of its Product and Procurement Policy, procedures, and practices.

CRITERIA 4

ACTION TAKEN

MFG is committed to promoting and supporting a culture of corporate compliance and ethical behaviour. In the reporting period, MFG took meaningful and robust action to address the risks of modern slavery within its operations and supply chains.

MFG also appreciates that detecting modern slavery may not always be obvious and deceptive methods can be used to hide modern slavery. Given MFG's global reach, taking a targeted, risk-based approach is necessary and important; implementing processes to mitigate risks of modern slavery are essential.

- **GUIDANCE**

- » Engaging a third-party specialist

- **LEADERSHIP AND GOVERNANCE**

- » Expansion of Corporate Social Responsibility team
- » Corporate Social Responsibility Steering Committee
- » Corporate Social Responsibility Task Force

- **SCOPING EXERCISE**

- » Gap Analysis
- » Department-specific procedural workshops

- **LAUNCHING AND IMPLEMENTING THE MFG ESG FRAMEWORK**

- » Policies and Procedures
- » Training Program
- » Annual strategy
- » Reporting

- **ESTABLISHING AND IMPLEMENTING THE MFG SUPPLIER PLATFORM**

- **DUE DILIGENCE**

- » Risk matrixing
- » Screening
- » Questionnaires
- » Deep Dive Due Diligence
- » Site Audits
- » Tracking and monitoring

- **CONTRACTING**

- **EMPLOYEE AND SUPPLIER TRAINING**

- **COLLABORATION**

CRITERIA 4 ACTION TAKEN

GUIDANCE

At the commencement of the reporting period, MFG recognised that it was necessary to engage with a third-party experienced in implementing a solid Environmental, Social and Governance (ESG) framework. This guidance has been vital in influencing the overall strategy and ensuring that MFG meets its objectives and milestones whilst maintaining objectivity.

In conjunction with the third-party, MFG developed a two-year modern slavery strategy. As part of this guidance, the Corporate Social Responsibility (CSR) team meets weekly with the third-party on its progress and implementation of core initiatives, and where applicable, reviews legal advice on identified risks. This includes specific operational and supplier analysis and making legal recommendations as to next steps with suppliers via the MFG Supplier Platform.

LEADERSHIP AND GOVERNANCE

Strong governance and leadership are integral to the success of MFG. The MFG Board is ultimately responsible for operating practices, including its ESG framework, which is further supported by the Executive team. MFG is acutely aware that to create a culture of genuine engagement and corporate compliance, it is necessary to lead from the top.

To support MFG's compliance obligations:

- » MFG's CSR team steers the day-to-day ESG compliance framework.
- » MFG's CSR Steering Committee provides oversight on key initiatives and progress towards strategic milestones. The Committee, which meets monthly, comprises the Chief Executive Officer, Chief Product Officer, Chief Merchandise Officer, Chief People Officer, the General Manager of Marketing and is facilitated by the Head of CSR.
- » A CSR Task Force was also established with the purpose to embed change throughout MFG.
- » All training, policies and procedures are hosted through a Learning Management System, which tracks the completion and acknowledgement of employees across the organisation.

Regular communication is key to the ESG framework. The Head of CSR regularly engages with the MFG Board and provides a monthly report to the Board on MFG's ESG framework, including human rights risks such as modern slavery. In the reporting period, and to ensure its CSR team were adequately resourced to achieve the objectives outlined in the modern slavery strategy, the CSR team was expanded.

Recognising that governance requires a collective effort, the CSR team work collaboratively with different arms of MFG, including those who develop product, procure, engage in logistics, and manage accounts payable.

CRITERIA 4 ACTION TAKEN

SCOPING EXERCISE

Prior to implementing MFG's ESG framework, it was necessary first to undertake an extensive scoping exercise.

This exercise included a review of existing:

- » Systems and processes.
- » Policies and procedures.
- » Operational practices including the way MFG engages suppliers.
- » Contracts and contracting practices.
- » Tier one suppliers.
- » Resourcing to ensure sufficient support for processes and procedures.

In order to effectively scope and conduct a gap analysis, department workshops within procurement, finance, product development and logistics were undertaken. The purpose of these workshops was to collaborate across the business and understand the gaps, details and requirements regarding implementing the necessary change.

Once these key reviews were undertaken, MFG was then able to assess the initiatives, changes, systems and procedures required to create and underpin the new ESG framework. It also influenced the due diligence approach; given the low risk of modern slavery within the organisation, MFG's primary focus was on third-parties connected to its operations and supply chains such as suppliers.

CRITERIA 4 ACTION TAKEN

ESG FRAMEWORK

In the reporting period, MFG took significant action to address modern slavery risks by implementing and launching its ESG framework, including implementation of the following policies and procedures:

- » Modern slavery policy – sets out what modern slavery is, the requirements for due diligence and how to report suspected modern slavery.
- » Procurement and product development policy – sets out the process for engaging suppliers, including due diligence requirements.
- » Anti-bribery and corruption policy – sets out MFG’s stance on bribery and corruption, what is bribery and corruption and required approvals.
- » Supplier code of conduct – sets out MFG’s expectations for suppliers on key matters including human rights, conflict of interest, environment, business integrity, bribery and corruption, work health and safety and diversity and equal opportunity.
- » New supplier procedure – sets out the roles and responsibilities, the requirements for due diligence and required approvals.

These policies and procedures underpin existing policies, including MFG’s whistleblower policy and code of conduct.

To support these policies and procedures, an engagement and training series was developed and carried out, ensuring employees had complete understanding pertaining to the new guidelines and requirements, and were invested in the process.

Recognising that a meaningful and sustainable process requires a commitment to continuous improvement and clear accountability, the MFG Board requires an annual modern slavery strategy to be determined with key objectives specified for the next financial year. This modern slavery strategy is presented by the Head of CSR to the Board.

As foreshadowed above, with measurable objectives in place, regular reporting against the modern slavery strategy allows the Board to, on an ongoing basis, review MFG’s progress whilst providing visibility to any important developments.

CRITERIA 4 ACTION TAKEN

MFG SUPPLIER PLATFORM

A critical action that MFG implemented in the reporting period to address risks of modern slavery in its supply chains, was to invest in a Supplier Platform. This is a technology solution that specifically targets ESG compliance, including modern slavery.

The Supplier Platform is an interactive system that provides the following key functions:

- » Interactive risk dashboard to easily summarise the overall risk of its supplier base.
- » Automation of due diligence on suppliers including risk characterisation, screenings, issuing of questionnaires, reminders and automated scoring of questionnaires. This includes refreshing due diligence annually.
- » Tracking risk profiles of suppliers.
- » Tracking remediation on suppliers.
- » Issuing of translated communications to suppliers including interactive training.
- » Tracking overall risk of supplier base.
- » Storage of supplier documentation including contracts and site audit reports.
- » Extensive interactive and automated reporting.

The Supplier Platform is a centralised source of truth and contains the most recent information on all MFG suppliers. The Supplier Platform is fully auditable, allowing MFG to retain internal communications on supplier files and track the onboarding of suppliers.

All existing suppliers at the time of implementation were entered into the Supplier Platform. A new supplier induction process was launched for all new suppliers during the reporting period. This formal induction process requires any new supplier to complete an interactive supplier induction pack, including a modern slavery questionnaire. This process supports early identification and mitigation of modern slavery risks and other associated risks such as environmental. The new supplier process was made mandatory organisation-wide, such that a new supplier cannot be engaged until the interactive supplier induction pack has been completed and approved. This is a key process change in order to ensure MFG is mitigating the risks of modern slavery.



CRITERIA 4 ACTION TAKEN

DUE DILIGENCE

Modern slavery is a complex global issue. MFG is cognisant that it operates in a high-risk industry and is connected to high-risk locations. Given this, its approach to due diligence cannot be static. MFG takes a multi-dimensional approach to due diligence via its Supplier Platform in order to ensure a robust due diligence framework.

MFG's approach to due diligence includes the following key aspects:

1

RISK ASSESSMENT

2

SCREENING

3

QUESTIONNAIRES

4

SITE AUDITS AND DEEP DIVE DUE DILIGENCE

5

TRACKING AND MONITORING

CRITERIA 4 ACTION TAKEN

1

RISK ASSESSMENT

All MFG existing suppliers were risk assessed considering industry (including product and service risk) and location pursuant to a specific risk matrix (based on sources such as the Global Slavery Index). Risk assessing allows MFG to prioritise its efforts on suppliers who present the highest risk of modern slavery practices for due diligence.

In addition to conducting due diligence on current suppliers, MFG felt it was important to undertake due diligence on legacy suppliers in order to gain a deeper understanding of any historical implications that may impact the risks of modern slavery within its supply chains. MFG considered a more thorough approach would result in a complete risk assessment across current and legacy suppliers.

Further, every new supplier is risk assessed according to the matrix.

SUPPLIERS RISK ASSESSED



939
100%

CRITERIA 4 ACTION TAKEN

2

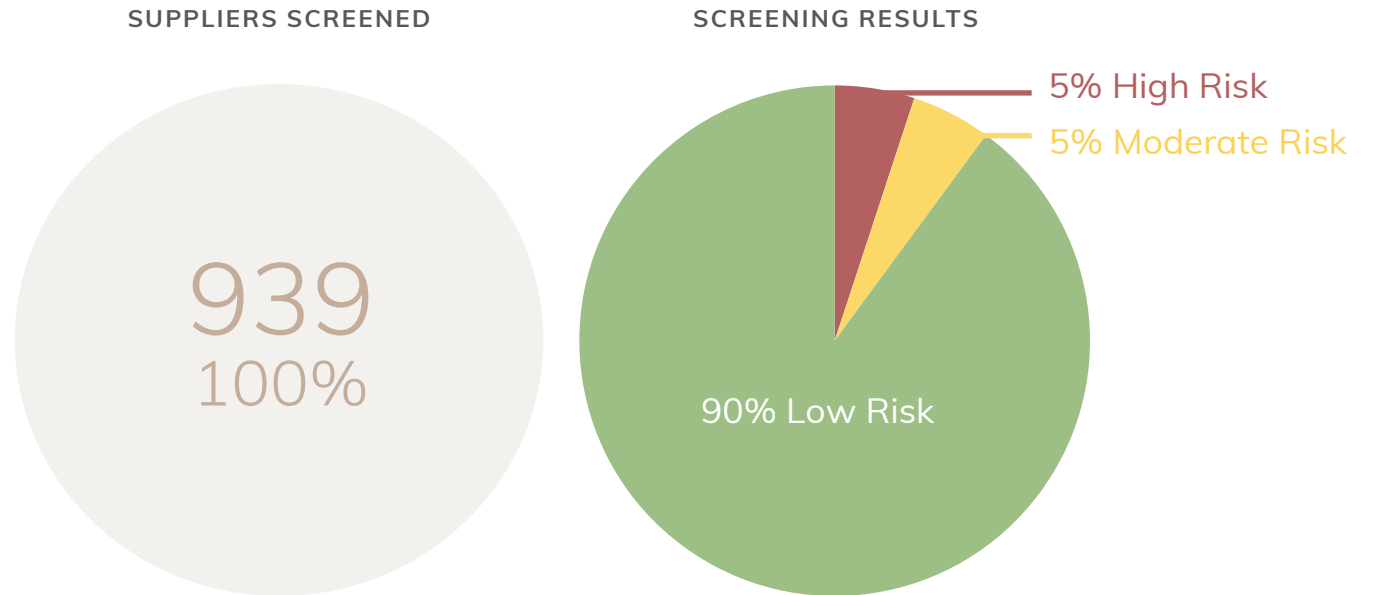
SCREENING

Using analytics software via the Supplier Platform, conducting screenings based on publicly available information is a powerful tool to help MFG identify issues or potential risks. In the reporting period, all of its tier one suppliers were screened against the following key risk areas:

INTEGRITY RISKS	Corruption and bribery, serious and organised crime, terror, anti-competitive behaviour, government connections, fraud, money laundering, tax non-compliance and sanctions and restrictions
ENVIRONMENT, SOCIAL AND GOVERNANCE RISKS	Modern slavery, health and safety, human rights, animal welfare, sales and marketing practices environmental degradation, employment practices and governance.
DATA AND CYBER RISKS	Intellectual property, personal data privacy and data security
OPERATIONAL AND QUALITY RISKS	Industry presence, product and service quality, operational quality and business continuity
IDENTITY RISKS	Transparency and source of wealth
FINANCIAL RISKS	Financial stability and financial irregularities

CRITERIA 4 ACTION TAKEN

In the next reporting period and based on information gathered with its supply chain mapping exercise, MFG will also commence screening tier two suppliers.



CRITERIA 4 ACTION TAKEN

3

QUESTIONNAIRES

In this reporting period, MFG launched its "Know Your Supplier" Questionnaire. The questionnaire is issued to suppliers via the Supplier Platform. Information requested includes:

- » How the organisation identifies modern slavery risks, what processes and systems the organisation has in place and organisational modern slavery risks;
- » Environmental considerations and risks;
- » Bribery and corruption considerations and risks; and
- » Contractual considerations and risks.

To date, MFG's focus has been on its tier one suppliers, with 506 questionnaires issued. Of these suppliers, the large majority comprises of international suppliers including, the two manufacturers that are exclusive to MFG. At a more local level, the questionnaire was also extended to Australian suppliers who operate in high-risk industries such as cleaning.

Pursuant to the modern slavery policy introduced in the reporting period:

- » all new international suppliers must complete the questionnaire prior to engagement;
- » all Australian suppliers must complete the questionnaire where the estimated spend exceeds \$5,000 per annum; and
- » all Australian suppliers with estimated annual spend under \$5,000 must agree to MFG's supplier code of conduct.

Upon completing the questionnaire, risk scoring is automated, followed by legal analysis on the supplier, including recommendations for further action if necessary. This questionnaire analysis (regarding risk assessments and screenings) allows MFG to take a bespoke approach to its suppliers and modern slavery risks.

CRITERIA 4 ACTION TAKEN

Post-implementation, based on the risk profile of the supplier, the following corrective action plans may be undertaken:

- » supplier training;
- » further liaising/remediation with the supplier;
- » deep-dive due diligence; or
- » site audit priority.

As a result of the due diligence undertaken as described above, in the reporting period:

- » twenty-one suppliers were issued with an interactive supplier training module on modern slavery. The basis of such training is to educate suppliers on the systems and processes they should introduce in order to detect modern slavery practices;
- » further liaison with nine suppliers on their operations was conducted, including discussions regarding how they recruit their workers, the documents they collect from workers, and their working conditions;
- » modern slavery statements of eight suppliers were tracked; and
- » one supplier was recommended for priority deep-dive due diligence, and a site audit was conducted based on the disclosure of past use of slave labour in its organisation.

CASE STUDY

Through the due diligence process, a factory disclosed that it had used slave labour within its organisation. Prior to conducting due diligence, due to ongoing performance issues, MFG had made the decision to reduce the scope of its relationship with this supplier. Notwithstanding that MFG's relationship with the supplier was coming to an end, MFG determined it would work with the supplier to take corrective action to ensure that there would be no use of slave labour after the relationship ceased.

CRITERIA 4 ACTION TAKEN

4

SITE AUDITS AND DEEP DIVE DUE DILIGENCE

In addition to the due diligence set out above, site audits are another component of MFG's due diligence suite. MFG set the foundation for a robust site audit program by:

- » engaging with a third-party (lawyers) to establish a Site Audit Pack. The pack sets out the essential requirements of a site audit, including taking a worker-centric approach by interviewing employees directly. To ensure the initiative was implemented effectively, MFG utilised the third-party to facilitate training, including interviewing techniques, for those responsible for conducting the site audits;
- » implementing an annual site audit plan on factories that MFG engage, prioritising factories based in higher-risk locations such as China, Pakistan, India and Turkey; and
- » reviewing completed site audits to establish baseline requirements of what qualifies as an effective and reliable site audit. This is particularly relevant as MFG could not travel in the reporting period to conduct site audits due to COVID-19 restrictions.

In the next reporting period, MFG will outsource site audits for high-risk factories and obtain information from suppliers based on recent site audits conducted by third parties.

Another dimension of the due diligence suite, MFG outsourced a deep dive due diligence report for two of its suppliers to a specialist agency. These reports delved further into the risk profiles of both suppliers.

CASE STUDY

A deep dive due diligence report was conducted on a factory based in Pakistan. The basis for the report was that the factory, based in a high-risk location, had been engaged during COVID-19, meaning that no MFG employee had sited the factory.

The report identified that the factory had sound practices regarding the environmental, social and governance risks, as well as operational and quality risks. On this basis, it was concluded that there were no immediate risks present.

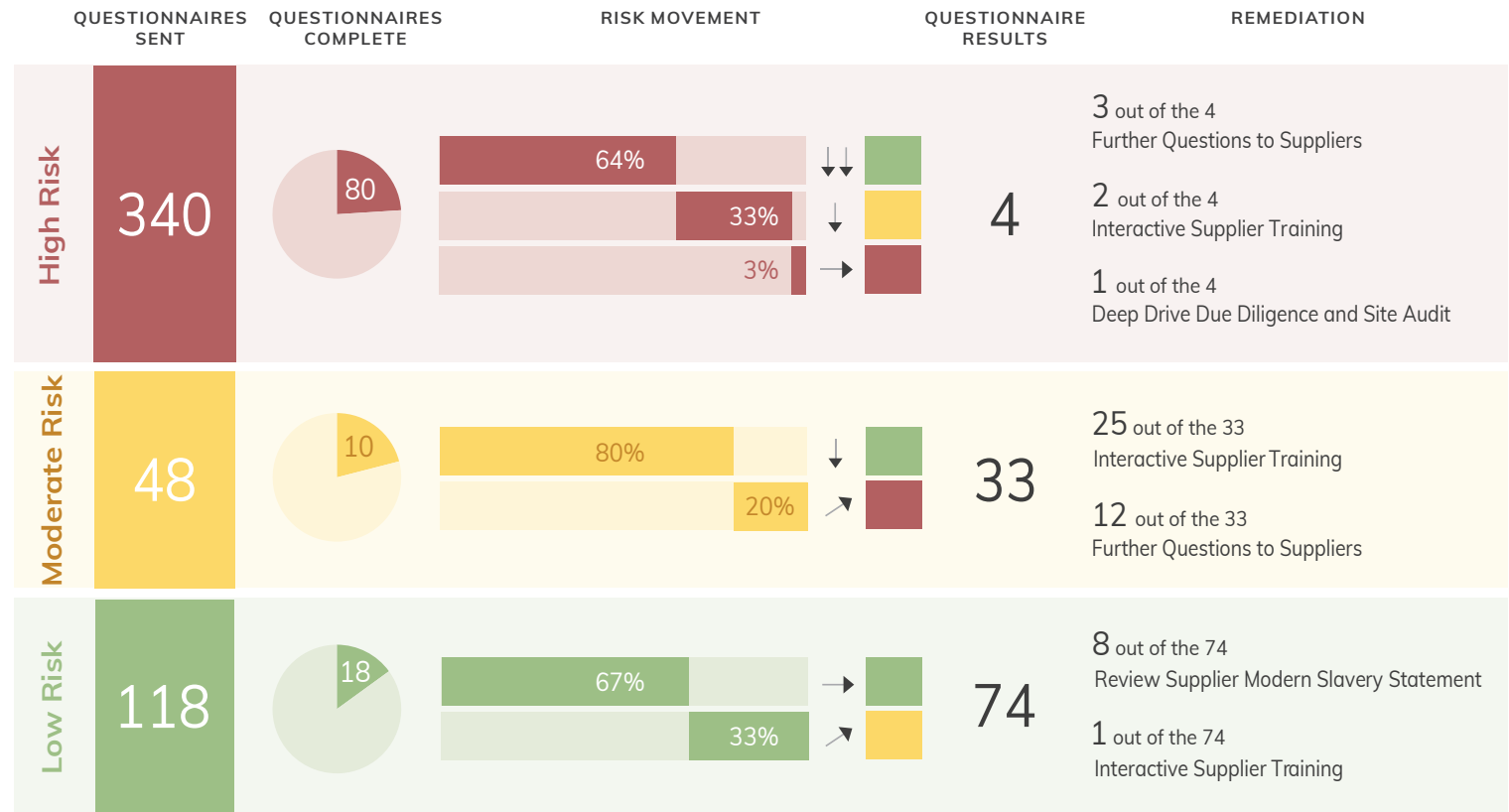
CRITERIA 4 ACTION TAKEN

5

TRACKING AND MONITORING

An important component to MFG's due diligence suite is having the ability to track and monitor suppliers. As part of this process, MFG monitors the:

- » changing risk profiles of suppliers;
- » implementation of corrective action plans; and
- » change in risk profiles as a result of corrective action plans.



CRITERIA 4 ACTION TAKEN

CONTRACTING

Early in the reporting period, MFG's gap analysis highlighted the need to review its contracting practices. While there was an immediate opportunity to encapsulate an appropriate modern slavery contract clause in its contracts, a bigger opportunity was to reconsider the way in which MFG procures its goods and services.

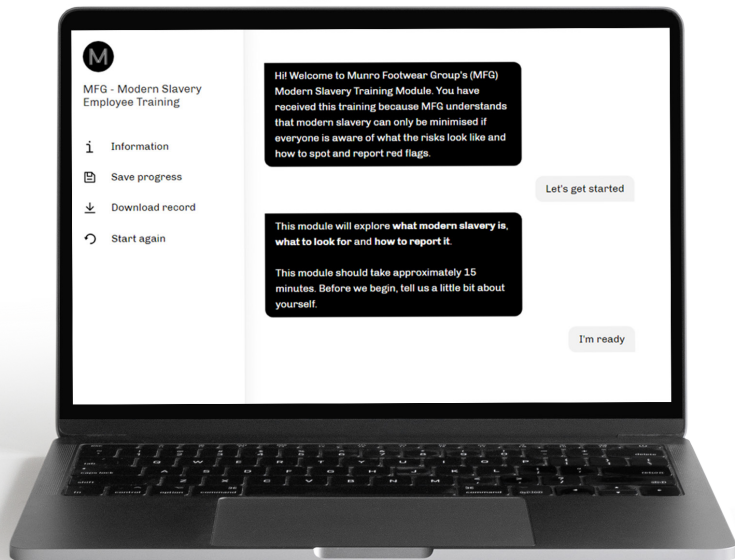
A key action in the reporting period was to review the way MFG actually contracted with third parties. With the aim to update and implement new contracts with third parties, such as agents, contracts will capture detailed performance indicators, including modern slavery requirements. This task will be implemented in the next reporting period.

EMPLOYEE TRAINING

MFG is aware that addressing and mitigating modern slavery risks in its organisation and supply chains requires employees to understand and recognise modern slavery. MFG developed and made available (via the learning management system and embedding within MFG's modern slavery policy) an interactive online modern slavery training program designed to help employees understand, identify and report actual or suspected modern slavery.

As part of its scoping exercise, MFG identified that employees that are involved in management, procurement, recruitment and accounts payable had direct exposure to supplier conduct. Accordingly, these employee groups were assigned an extra module reinforcing the importance of the due diligence process MFG had implemented.

To support and reinforce MFG's training program, department-specific modern slavery training sessions were conducted. Key themes of this training included identifying and reporting modern slavery (for example, using avenues such as MFG's whistleblower policy).



CRITERIA 4 ACTION TAKEN

COLLABORATION

Not only is collaboration essential within MFG in order to meet MFG's modern slavery strategy, but collaboration with its suppliers is essential.

Collaboration encourages suppliers to share information and work with MFG to remediate any issues identified. Via the Supplier Platform and direct communications, MFG has increased its communication with suppliers to leverage off existing long-term relationships.

Long-term existing relationships combined with MFGs leverage has resulted in positive dialogue and an understanding by suppliers that MFGs priority is to work alongside its suppliers to remediate any issues identified.

CASE STUDY

Collaboration with the factories that exclusively supply to MFG was a priority in the reporting period. This not only included conducting due diligence but also a review of its procurement practices, given the leverage over these suppliers. Via the Platform, communication, including issuing a questionnaire and requesting site audit documentation was initiated. The site audit for one of the factories revealed employees completing overtime hours. Being an indicator modern slavery practices, it resulted in additional consultation and discussions with the supplier.

CRITERIA 5

MEASURING EFFECTIVENESS

MFG embraces the need to continually evolve and 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 and auditing are essential to assess actions taken.

In the reporting period, measures were implemented to address risks of modern slavery, systems, processes and procedures. In order to assess the effectiveness of these initiatives, MFG conducted post-implementation reviews, made adjustments accordingly, and regularly reviewed the Supplier Platform data against internal data. However, further time is required to comprehensively measure and assess effectiveness prior to a formal audit being undertaken in the next reporting period.

Implementing the Supplier Platform demonstrated that a fundamental initiative for the next reporting period will be to undertake a detailed review of MFG's procurement practices. A gap analysis indicated that a key area for MFG to focus on is contracting with its manufacturing suppliers and then tracking the performance of suppliers.

In the next reporting period, the following will be undertaken to assess the effectiveness of its actions:

- » Annual modern slavery risk assessment.
- » Introduction of due diligence KPIs.
- » Auditing the Supplier Platform as against compliance with the MFG modern slavery policy.
- » Auditing employee training through company-wide Learning Management System.
- » Benchmarking – including MFGs processes and systems and those of its suppliers.

Throughout the reporting period, refinement of actions implemented was undertaken. For example, in reviewing responses to the supplier questionnaire, opportunities were identified, resulting in amendments made to the questionnaire, including additional questions. As foreshadowed above, this refinement will continue in the next reporting period.

CRITERIA 6 CONSULTATION

As the parent company, all Munro Footwear Group Pty Ltd entities are subject to the same governance structure, policies, and procedures. This governance extends to modern slavery compliance, with the CSR team having central oversight and management of MFG's modern slavery strategy and ESG framework.

The CSR team engaged with the Board and senior executives across the business. Additionally, other areas such as procurement and accounts payable were engaged as part of implementing the MFG ESG framework. This included collaboration across the business in forums such as workshops, gap analysis and process sessions and webinars. With the change to the process implemented in the reporting period, it was essential to have various areas of MFG provide input. On this basis, consultation across MFG was extensive.

CRITERIA 7

LOOKING FORWARD

MFG is proud to strive to be a good corporate citizen. To that end, MFG is genuinely taking proactive and meaningful steps to address the risks of modern slavery practices within its operations and supply chains.

To have an effective ESG framework means more than putting in place policies and procedures. Genuine engagement and collaboration are required throughout the organisation, partnerships and with suppliers. MFG is proud that its employees have embraced the significant changes to the way MFG does business, as set out in this statement.

MFG will build on the systems and processes implemented in the reporting period and, to that end, is implementing its FY22 strategy, as approved by the MFG Board.

Several large initiatives will be implemented in the next reporting period, including:

- » A significant investment in its Distribution Center. This includes an investment in:
 - o environmental benefits such as a five-star energy rating and a 600-kilowatt solar system to power the facility; and
 - o technology which will allow MFG to bring third-party distribution into one center, allowing MFG to have more visibility and oversight over its logistics and distribution operations.
- » A detailed supply chain strategy, combining geographical analysis with risk, which will help to mitigate and prevent modern slavery risks.
- » Centralising the MFG procurement function, with a focus on the way MFG contracts and procures.
- » Expansion of due diligence including implementation of the annual due diligence refreshment program.

MFG looks forward to building on the significant and positive actions taken in the reporting period.

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: Thursday 25th November 2021



THANK YOU

Munro Footwear Group Pty Ltd Modern Slavery Statement

