



M

MUNRO  
FOOTWEAR  
GROUP

FY24  
Modern Slavery  
*Statement*

# Contents

Criteria 1 – Reporting Entity	3
Criteria 2 – Structure, operations and supply chains	6
Criteria 3 – Risks	14
Criteria 4 – Actions taken to address modern slavery	22
Criteria 5 – Assessing the effectiveness of actions taken	33
Criteria 6 – Consultation	39
Criteria 7 – Looking forward	41
Approval by the MFG Board	43
Annexure: Supplier by volume	45

## Criteria 1 - Reporting *Entity*

# Criteria 1 - Reporting *Entity*

“At Munro Footwear Group, we’re creating a future of footwear that puts people and our planet first.”

This statement has been published in accordance with the *Modern Slavery Act 2018* (Cth).

This document details the actions taken by Munro Footwear Group Pty Ltd (ABN 59 614 250 501) and its wholly owned and controlled entities to address its modern slavery risks. The reporting period for these actions spans 1 July 2023 to 30 June 2024.

“Since our first statement, we have embarked on a significant transformational journey, introducing new brands and businesses while ensuring the right infrastructure, systems, and processes are in place to deliver exceptional customer experiences.

As we have grown and matured, so has our commitment to compliance, sustainability, and governance practices. This commitment was formalised in October 2024 with the launch of our Environmental, Sustainability, and Governance (ESG) strategy.

With ambitious but necessary targets in place, there doesn’t need to be a compromise for our customers; we can continue to deliver quality footwear that is both people and planet conscious. From using new, low-impact textiles and technologies to committing to net-zero targets, we are determined to do our part to create a more ethical and sustainable future for footwear.

During this reporting period, we continued to work closely with our manufacturing partners to ensure ethical practices, amplify worker voices, and build a future where human rights are valued by all.

We created localised and accessible programs that empower factory workers by providing them with resources and avenues to speak up, and we supported factories by training them in their obligations and, where feasible, supplied resources and templates to help alleviate any resource constraints they may be facing.

Reflecting on our fourth statement and the work we have done over these reporting periods, which we have outlined on the following page, we are pleased by our progress and even more pleased by the cooperation we have received from our supply partners. They have consistently supported our initiatives, collaborated with us to address the gaps, and openly shared their challenges. Without their involvement, the programs and the progress we have achieved would not be possible.

This statement highlights the substantial efforts made during the reporting period on behalf of Munro Footwear Group Pty Ltd and its subsidiaries. It reflects our ongoing commitment to upholding human rights and eliminating modern slavery within our operations and supply chain.

**Jay Munro**  
Munro Footwear Group  
Director & Co-Chief Executive Officer

## 2021 Establishing foundations

The evaluation of MFG’s operations led to the establishment of new auditing and testing protocols aimed at achieving immediate results and fostering ongoing improvement. These measures were reinforced through training and collaboration initiatives, highlighting the importance of the changes.

- Development of a tier 1 (T1) supplier platform and a due diligence framework featuring tailored questionnaires for stock and non-stock suppliers.
- Performed a comprehensive assessment of modern slavery risks in operations and third-party connections related to MFG.
- Implemented various policies, procedures, and processes, including the modern slavery policy, supplier code of conduct, anti-bribery and corruption policy, procurement and product development policy, and the new supplier onboarding procedure.

## 2022 Measuring effectiveness

To assess the effectiveness of actions taken in the previous reporting period an extensive benchmarking exercise was conducted. This exercise highlighted how MFG’s actions align with industry standards, uncovered further opportunities for improvement, and emphasised the significant strides made to mitigate the risk of modern slavery within its supply chains.

- Mandated that all new manufacturing suppliers must have a current site audit, with all critical non-compliances remediated before engagement.
- Established a remediation policy to assist suppliers in understanding compliance categories, applicable remediation timeframes, and evidence requirements.
- Implemented a monthly dashboard to identify insights and track critical non-compliance remediation progress.

## 2023 Collaborating with suppliers

In an effort to apply lessons learned and promote a culture of openness and accountability, a comprehensive review was conducted to evaluate how well suppliers and partners align with MFG’s values, standards, and expectations. This process led to the establishment of a preferred supplier program.

- Launched the pilot speak up program to help amplify worker voices.
- Increased manufacturing supplier compliance by 24% and non-stock supplier compliance by 21%.
- Introduction of an ethical sourcing policy that defines expectations and requirements of procurement practices for manufacturing suppliers.

## 2024 Advancing governance and ethical practices

With mature systems, processes, and data, a strong focus was placed on advancing governance and ethical practices, including expanding the compliance framework to Tier 2 (T2) manufacturing suppliers.

- Enhanced the supplier portal by integrating T2 accounts, allowing real-time access to information and promoting transparency in operational and ethical practices.
- Expanded the speak up program to Indonesia, which required significant jurisdictional engagement, consultation, and comprehensive worker training.
- To ensure the integrity of the site audit process, a comprehensive review of all audit formats was conducted. This involved shadowing auditors to guarantee consistency in application, resulting in a revised approved audit list.
- As part of the ESG strategy, significant efforts have been made to integrate an ESG risk profile for suppliers, which improves the analysis of modern slavery risks.
- Enhanced existing policies and introduced new ones to strengthen ethical sourcing, promote gender equality in our supply chains, improve access to remedies, and updated the supplier agreement and remediation process.

# Criteria 2 - Structure, Operations *and* Supply Chains

## Criteria 2 - Structure, Operations *and* Supply Chains

### Structure

“Focused on driving sustainable, long-term growth, MFG is continually investing in infrastructure, systems and capability to ensure it is best placed to respond to the needs of its customers while meeting its ethical and compliance requirements.”

Munro Footwear Group<sup>1</sup> is Australia's largest privately owned footwear company. It is headquartered in Melbourne and governed by its board of directors, which is responsible for establishing and supervising the strategy, performance, compliance, and ethical behaviour standards. The executive team implements these standards across the group's shared service model, which includes the support office, retail network, distribution centre, and China representative office.

There were no changes to the subsidiary structure and entities of Munro Footwear Group during this period. MFG's subsidiaries are set out below.

- 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

### Operations

“Leaders in designing quality footwear and building trusted brands, MFG is committed to becoming the first choice in footwear for all Australians through its market-leading omnichannel experiences.”

As a vertically integrated business, MFG's operations encompass product design, distribution, and order fulfillment through its retail network or its dedicated distribution center in Truganina, Victoria, Australia.

MFG's total number of employees across the group are 2045.

<sup>1</sup>MFG is a proprietary limited company. MFG's registered office is located at 28 Victoria Crescent Abbotsford Victoria 3067.



*Retail*

The retail operation includes single-branded stores exclusively featuring MFG’s internally designed footwear and multi-branded stores showcasing both internally and externally developed brands.

*eCommerce*

The eCommerce operations are overseen by a dedicated team of internal developers, supported by both max-term and in-house contractors.

*Wholesale*

The group’s wholesale operations sell footwear designed in-house to department stores and independent boutiques across Australia and globally.

*Concession*

During this reporting period, MFG’s partnership with David Jones expanded to include managing and operating the entire women’s footwear department in selected locations, which has also seen the introduction of Django & Juliette, Diana Ferrari, Ziera, Supersoft, and Mollini.

**Our brands**

MFG comprises 15 internally designed and developed brands, 3 distributor brands, and 98 external brands sold across its national network of retail stores, e-commerce platforms, and wholesale partners.



**Supporting functions**

To support its national footprint of retail stores, ecommerce sites and wholesale and distributor functions, MFG operates a shared service model from its headquarters in Melbourne, Australia.

*Support office*

The support office is where specialised shared services team members work to support and enable its extensive operations.

*Distribution centre*

The distribution centre uses Autonomous Mobile Robotic (AMR) technology and a warehouse management system to enhance its fulfilment operations.

*Representative office*

The China representative office manages, operates and maintains strong supplier relationships.

In Indonesia, MFG employed a labour-hire solution to assist with quality control (QC) for factories producing Bobux, ensuring product quality and compliance.

*Distribution partners and agents*

MFG collaborates with domestic and international distributor partners and sales agents to facilitate the sale of its Ziera, Bobux, and 9 brands across 20 countries.

**Supplier and Supply Chains**

“With a commitment and clear target to exceeding industry site audit standards, MFG has expanded its efforts to create localised, accessible programs that provide factory workers with the resources and confidence to speak up and speak out.”

MFG does not directly manufacture its internally designed products but rather engages reliable Factory Partners and Trading Companies to deliver high-quality, ethically produced footwear. These partnerships, many of which have been maintained over a long period, support MFG’s commitment to consistent product standards and ensure dependability throughout the production process.

These standards are achieved by fostering strong relationships founded on transparency and collaboration. Where new suppliers are engaged, MFG prioritises those dedicated to cultivating a culture of compliance and ethical responsibility within their supply chains.

In FY24, the manufacturing supply chain consisted of 83 partners across 17 countries, including 112 final assembly factories. Understanding the nuances between these suppliers, MFG’s compliance program caters for the differences between its stock suppliers and its non-stock suppliers.

**Stock:** As part of MFG’s ESG strategy and its updated compliance framework, the approach to working with stock suppliers has continued to evolve. While strong, long-term partnerships remain a key aspect of MFG’s supply chain, the focus has now shifted from mere consistency to the inclusion of clear ethical compliance standards and ESG targets for suppliers.

MFG collaborates with suppliers who are dedicated to providing high-quality materials and components and adhering to sustainability and ethical standards. These partnerships are founded on transparency and a commitment to continuous improvement, ensuring that MFG’s supply chain aligns with its operational needs and broader ESG goals in an evolving marketplace.

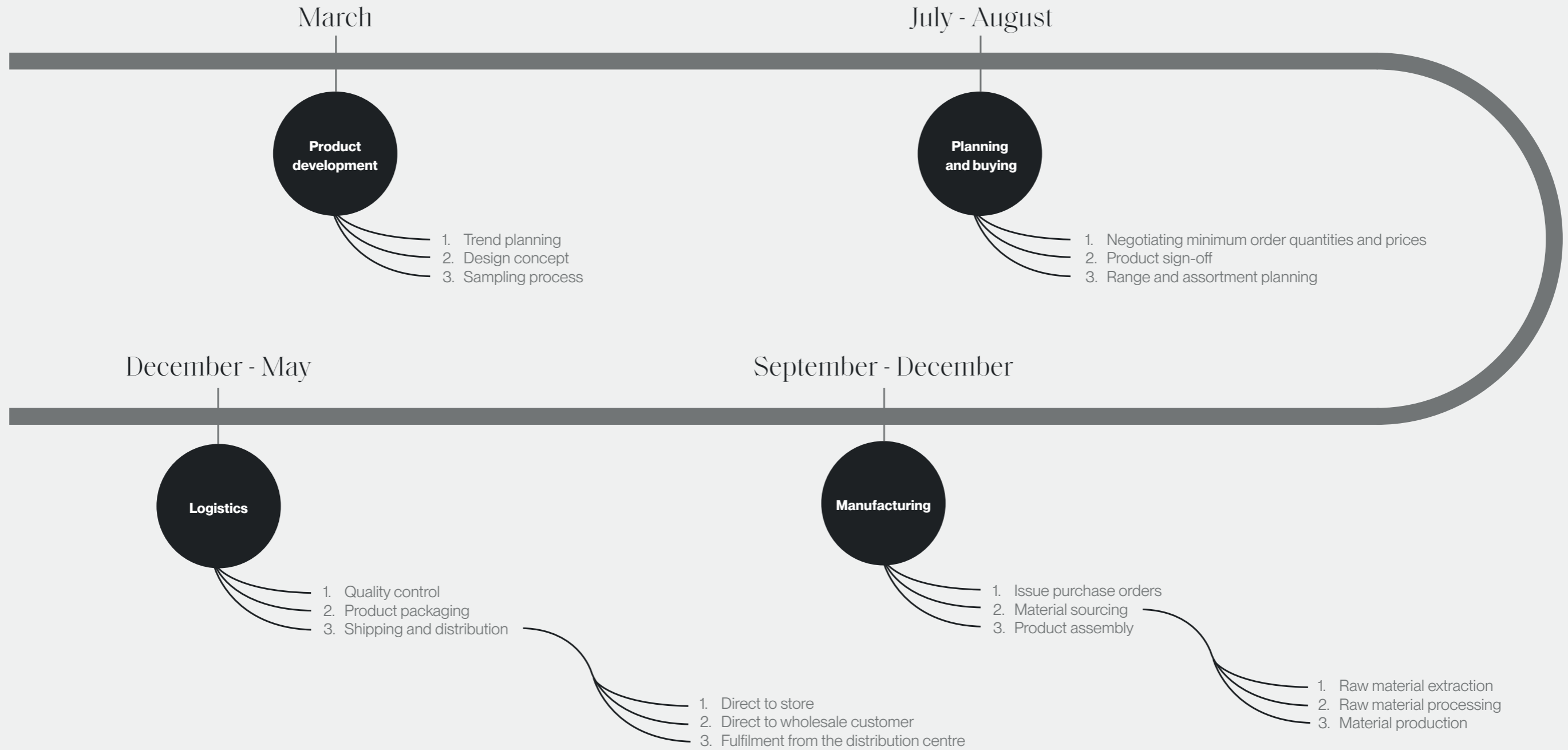
- **Trading Companies:** Trading Companies manage and coordinate the end-to-end production of MFG’s products internationally. They are responsible for coordinating the development and manufacturing process, conducting quality control, and reducing time to market while operating in accordance with MFG’s corporate compliance and ethical behaviour policies. During FY24, MFG engaged 38 Trading Companies.
- **Factory Partners:** Factory Partners are suppliers that MFG engages directly to manufacture its internally designed products. They are directly accountable for protecting worker rights and conditions and meeting MFG’s corporate compliance and ethical behaviour policies. During FY24, MFG directly engaged 33 Factory Partners.
- **Third-party stock suppliers:** The activities involved in buying, selling, and distributing both third-party distributed and non-distributed brands encompass a wide range of functions. These operations include brand representatives who are responsible for facilitating and coordinating orders between manufacturers (MFG) and third-party stock suppliers. During FY24, MFG engaged 51 third-party stock suppliers.

**Non-stock:** Non-stock suppliers play a vital role in supporting business operations, which is why MFG ensures all non-stock suppliers participate in supplier due diligence screening. During FY24, MFG engaged 502 non-stock suppliers across 14 countries.

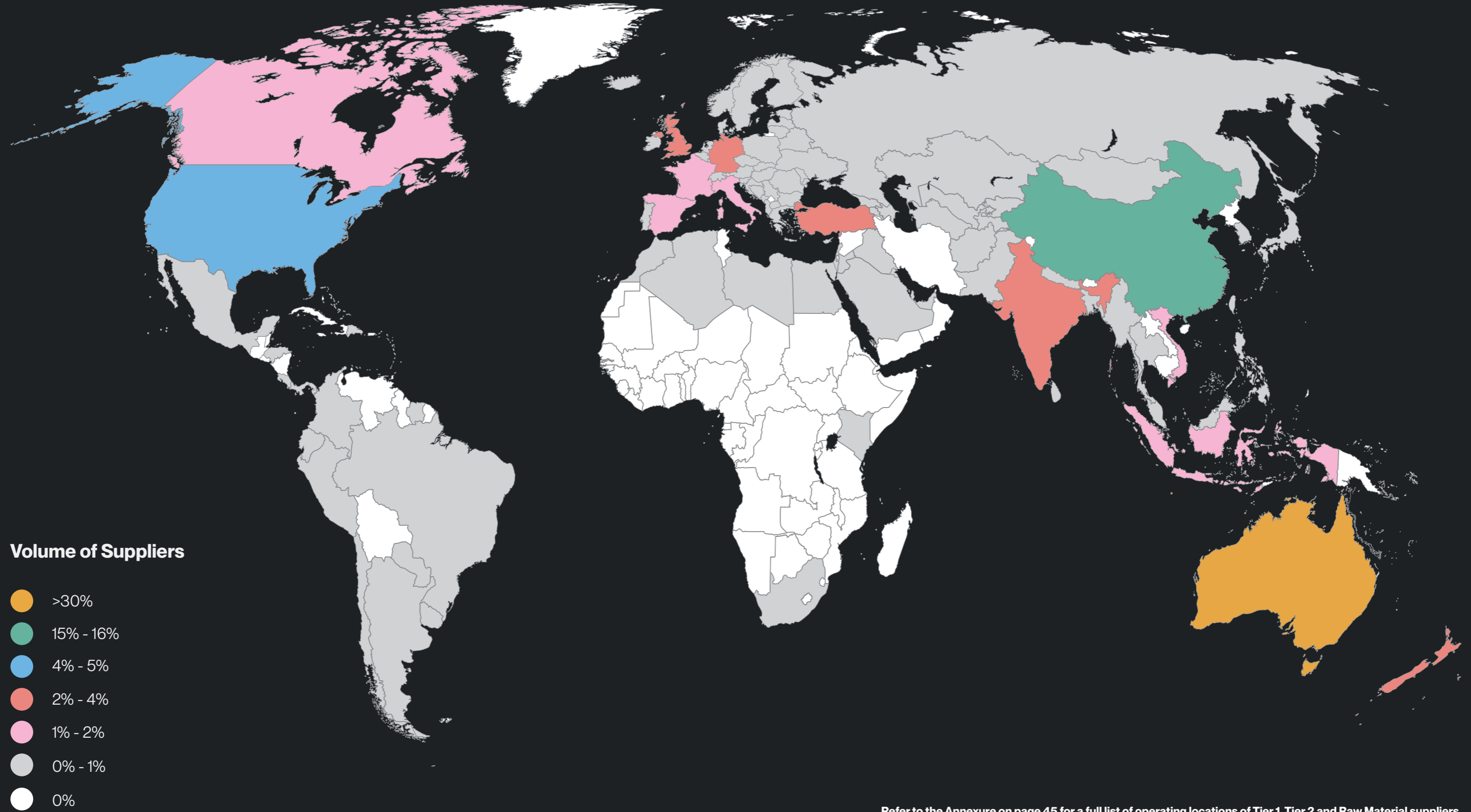
- **Consumer goods and services:** Supply MFG the products it needs as part of its broader operations, such as: software, hardware, catering, store and office consumables, and shop fitters.
- **Office management:** Provide ongoing services that ensure MFG’s day-to-day operations, such as: couriers, cleaning, administrative suppliers, utilities, and maintenance.
- **Corporate services:** Providers with whom MFG partners to utilise their expertise in their respective sectors, such as legal, marketing, insurance, training, auditors, and professionals.

### Example Footwear Production Process

The lead time for manufacturing MFG products from one season to the next can range from 10 to 14 months, highlighting the need for a dynamic and disciplined approach to portfolio management. The below demonstrates the production process for winter 2025 products, with a commencement date of March 2024.



# Supply Chains: Supplier Locations



Refer to the Annexure on page 45 for a full list of operating locations of Tier 1, Tier 2 and Raw Material suppliers.

# Criteria 3 - Risks

## Criteria 3 - Risks

“MFG operates in the global footwear industry and takes its responsibility to identify the specific risks inherent to this sector, which can lead to, contribute to, or be directly linked with modern slavery, very seriously.”

To support its risk mitigation, MFG recognises that the definitions of cause, contribute to, or directly linked to modern slavery are as follows:

**Cause:** the entity's operations may directly result in modern slavery practices

**Contribute to:** the entity's operations and/or actions in its supply chains may contribute to modern slavery practices, including acts or omissions that may facilitate or incentivise modern slavery; and

**Directly linked to:** the risk that the entity's operations, products or services may be connected to modern slavery through the activities of another entity with which the business has relationships.

Given the vulnerabilities associated with apparel, footwear, and product manufacturing, MFG continues to evolve its risk framework to encompass a broader range of indicators related to modern slavery, bribery, corruption, environmental violations, and political exposure.

### Operational risks

MFG assesses the risk of modern slavery practices in its operations as low; however, it continues to maintain resources that have been updated to align with its stance on modern slavery, which includes, for example:

- Code of conduct
- Modern slavery policy
- Whistleblower policy
- Anti-bribery and corruption policy
- Procurement and product development policy
- Employee assistance program
- Ethical sourcing policy
- Remediation policy
- Gender equality policy

MFG's ongoing enforcement of these policies ensures compliance throughout the organisation, giving the company confidence that the risks of modern slavery within its operations are adequately addressed. To further support this effort, MFG has a comprehensive employee training program alongside effective grievance mechanisms.

### Supply chain risks

The footwear sector is dynamic and fast-moving, and supply chains in the industry are complex. Often the complexity arises from informal subcontracting or many tiers of suppliers to obtain the components required for footwear. This complexity leads to a lack of visibility down the supply chain.



Acknowledging the potential presence of modern slavery practices within the less visible layers of its supply chains, MFG utilises a variety of risk criteria to assess these chains. This assessment includes evaluating geographical risks, raw material risks, and risks associated with individual entities.

Based on our risk assessment of our supply chains, modern slavery risks particularly relevant for footwear include:

- **Forced labour:** Describes situations where the victim is either not free to stop working or not free to leave their place of work.
- **Child labour:** Describes situations where children are 1) exploited through slavery or similar practices, including for sexual exploitation or 2) engaged in hazardous work which may harm their health, safety or morals or 3) used to produce or traffic drugs.
- **Debt bondage:** Describes situations where the victim's services are pledged as security for a debt and the debt is manifestly excessive or the victim's services are not applied to liquidate the debt, or the length and nature of the services are not limited and defined.
- **Deceptive recruitment:** Describes situations where the victim is deceived about whether they will be exploited through a type of modern slavery.

Factors that contribute to these risks are described below.

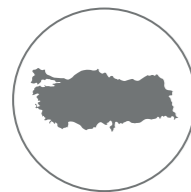
### Supply chain visibility case study

Final assembly factories in the footwear industry are generally considered to be moderate to high risk due to factors such as low-paid labour, unskilled workers, and short lead times. Amplifying this is complex supply chains. For example, supply chains may involve direct partnerships with tier 1 Factory Partners or the use of Trading Companies to manage these relationships. In some cases, a Trading Company may also collaborate with a secondary Trading Company, which then coordinate with a final assembly factory (tier 3). The final assembly factory then further engage with component and raw material suppliers to manufacture products.

## Geographical risk

Understanding that its manufacturing operations span multiple international jurisdictions, MFG recognises the significant risks of modern slavery present in several countries where its products are manufactured.

During the reporting period, primary factories were located in Türkiye, China, Indonesia, India, Pakistan, and Australia, with additional operations in Europe and Asia. MFG is aware of the risks associated with operating in these regions and has assessed these geographical risks as follows:



### Türkiye

According to the 2023 Global Slavery Index, Türkiye ranks fifth in the world for the prevalence of modern slavery and has the highest rate in Europe and the Central Asia region. A significant lack of governance and awareness of procedures, especially in smaller factories, contributes to increased risks. The influx of foreign workers from neighbouring countries further heightens the potential for worker exploitation, particularly among those who are unaware of their rights. This situation also elevates the risk of child labour.<sup>2</sup>

**Vulnerability Score: 51/100<sup>3</sup>**



### China

The common practice of working overtime often exceeds legal limits, which creates significant risks. Additionally, the internal migration of labourers from rural areas in China makes them more vulnerable to exploitation.<sup>4</sup> Therefore, it is essential to conduct regular reviews of these practices to ensure that manufacturing practices and actions do not contribute to these risks.

**Vulnerability Score: 46/100**



### Indonesia

Indonesia is ranked among the top 10 countries in the world for the estimated number of people living in modern slavery.<sup>5</sup> To better understand the associated risks and determine the necessary steps for mitigation, it is essential to conduct comprehensive due diligence. This includes a detailed assessment of supply chain practices and working conditions.

**Vulnerability Score: 49/100**



### India

The exploitation of workers due to excessive overtime is a significant concern. Inadequate governance procedures, widespread informal employment and the lack of enforcement of legal requirements heighten the risk of modern slavery in this area.<sup>6</sup> To effectively address these risks, it is essential to implement early intervention through thorough due diligence practices.

**Vulnerability Score: 56/100**



### Pakistan

There is a significant prevalence of forced labor in Pakistan. These risks are amplified by poverty, generational debt bondage and fluctuating climates which are impacting the yields of agricultural sites making those workers more vulnerable.<sup>7</sup> It is important to review the existence of these practices in MFG's supply chain to ensure that MFG does not contribute to these risks.

**Vulnerability Score: 80/100**

### Environmental, Social and Governance risks case study

During the reporting period, MFG has made notable efforts to understand its exposure to ESG risks and to determine how these risks can be effectively addressed. Given the nature of ESG risks, it is common for an ESG risk to also indicate a potential risk of modern slavery.

In a factory in China, electricity cuts occurred due to a combination of resource shortages and government-imposed targets, which resulted in restricted work hours. These limitations could increase pressure on workers to complete their tasks in a shorter timeframe, work under unsafe conditions, or even prompt internal migration, resulting in heightened risks of modern slavery. As a result, MFG requires all China based factories to upload a copy of their Environmental Protection Law of the People's Republic of China to help with the monitoring of these potential risks.

By incorporating ESG risks into its assessment of modern slavery risks, MFG demonstrates the maturity of its risk evaluations.

<sup>2</sup>WalkFree Foundation, 'Global Slavery Index / Country Study – Modern Slavery in Türkiye' <https://www.walkfree.org/global-slavery-index/country-studies/turkiye/>

<sup>3</sup>The vulnerability score is rated by the Walk Free Foundation on a scale of 0 to 100, with 100 being the highest vulnerability to modern slavery. These vulnerability scores were taken from the 2023 Global Slavery Index.

<sup>4</sup>WalkFree Foundation, 'Global Slavery Index / Country Study – Modern Slavery in China' <https://www.walkfree.org/global-slavery-index/country-studies/china/>

<sup>5</sup>WalkFree Foundation, 'Global Slavery Index / Country Study – Modern Slavery in Indonesia' <https://www.walkfree.org/global-slavery-index/country-studies/indonesia/>

<sup>6</sup>WalkFree Foundation, 'Global Slavery Index / Country Study – Modern Slavery in India' <https://www.walkfree.org/global-slavery-index/country-studies/india/>

<sup>7</sup>US Department of State, '2023 Trafficking in Persons Report: Pakistan' <https://www.state.gov/reports/2023-trafficking-in-persons-report/pakistan>.

## Raw materials risks

The extraction, processing, and production of raw materials are at high risk of modern slavery, often involving forced labour, deceptive recruitment practices, unsafe working conditions, and the treatment of workers as expendable. The raw materials used in footwear production include synthetic fibers like polyester, plant fibers such as rubber, and animal fibers like leather.

### Lack of traceability

The risks of modern slavery increase due to the lack of transparency and traceability within the supply chain. In most cases, MFG does not have direct relationships with its raw material suppliers; these relationships are instead managed by its Tier 1 and Tier 2 manufacturing suppliers.

### Access to workers

In addition to the challenges of traceability, there is an increased risk to workers involved in raw material processing and production. Tracking working conditions is difficult, especially due to the frequent movement between raw material suppliers. This situation creates an environment where modern slavery can occur undetected.

### Leather

The primary raw material MFG utilises is leather, which means that its supply chain also consists of tanneries, where animal hides are treated and transformed into leather. These tanneries are often situated in countries with lower labour standards and weaker environmental regulations.

Workers in tanneries often face hazardous working conditions and low wages. Leather production typically requires low-skilled labour, which makes workers more vulnerable to exploitation, as they may lack access to education, legal representation, or collective bargaining rights.

### Leather Working Group case study

*On February 28, 2024, MFG became an official member of the Leather Working Group (LWG), marking a significant step in reinforcing its commitment to sustainable and responsible sourcing. This membership has allowed MFG to deepen its understanding of the inherent risks within the leather supply chain. By collaborating with leather suppliers and providing focused resources, MFG has actively worked to help these partners align with the LWG's ESG Standards.*

*This strategic engagement highlights MFG's dedication to promoting environmentally and ethically responsible practices, ensuring that leather sourcing meets rigorous compliance and sustainability benchmarks.*

## Entity risks

MFG strategically utilises Trading Companies to coordinate the manufacturing of its products, as these companies provide greater access to top factories.

However, the engagement of Trading Companies presents several complexities, such as the visibility and traceability of their supply chains.

The risks are particularly pronounced for MFG, as 54% of its manufacturing operations are managed by Trading Companies. This results in greater reliance on these Trading Companies to adhere to MFG's corporate compliance and ethical behaviour policies while acting in the best interests of the business.

### Subcontracting

Subcontracting is a common practice in Trading Company supply chains. However, without proper traceability of subcontracting and supporting site audits, exploitative practices can be easily hidden. This is why MFG has established a specific set of policies and procedures for Trading Companies.

### Visibility

Trading Companies often lack direct control over their supply chains, which limits their visibility to potential risks related to modern slavery. MFG's supplier agreement specifies that Trading Companies must provide the required information and implement initiatives to fulfil reporting obligations and social goals. This ensures that MFG has the visibility needed to assess and address any risks, including those associated with modern slavery.

### Factory Partner case study

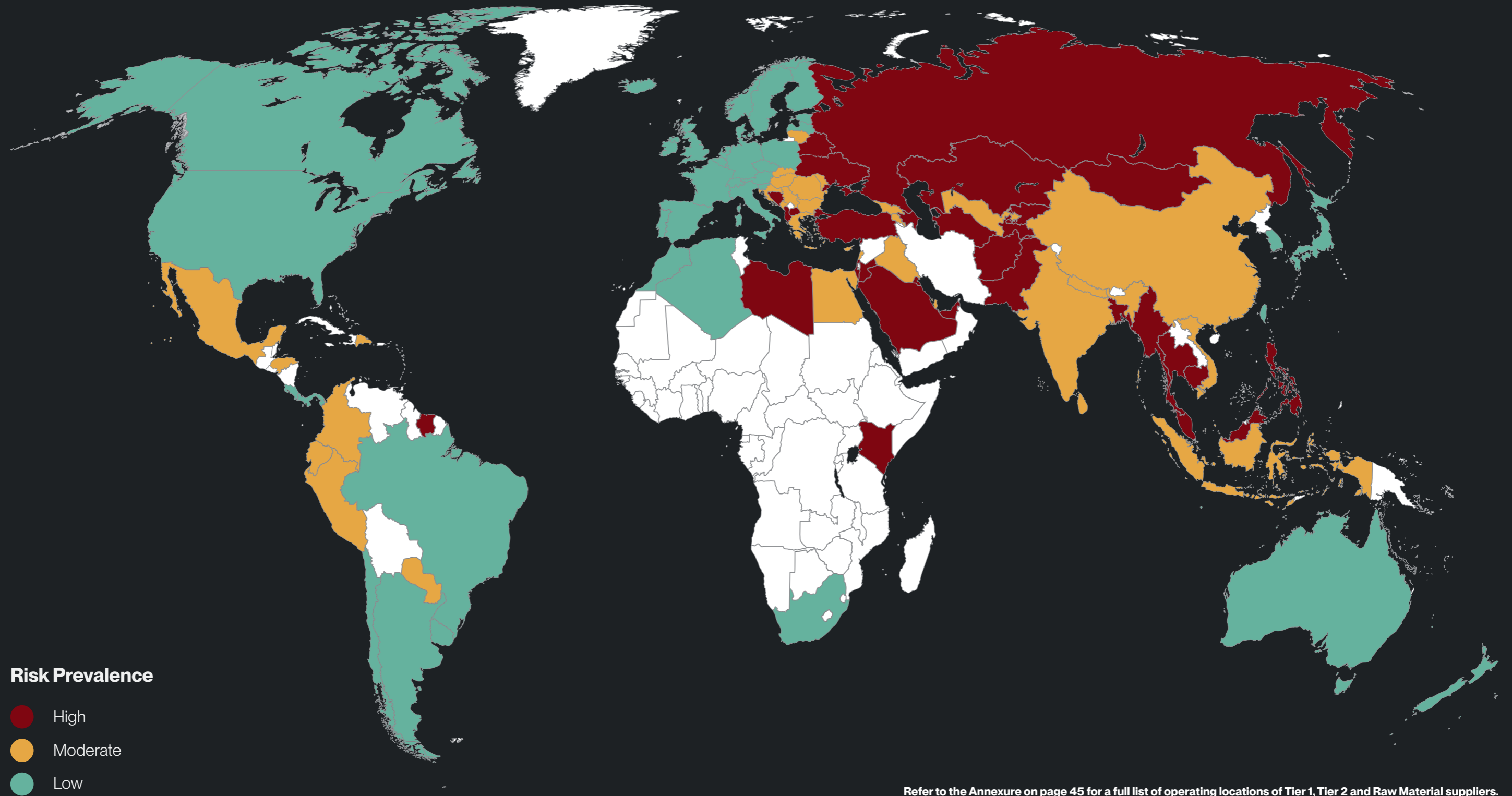
*MFG recognises the challenges of relying on Trading Companies. To address this risk, MFG has expanded the supplier portal to facilitate direct communication with T2 suppliers. This enhancement allows for better compliance tracking, improved insight into worker conditions and labour practices, and more effective and timely corrective action plan (CAP) remediation. As a result, the burden on Trading Companies has been reduced, allowing them to focus more on embedding MFG's ethical standards rather than managing these actions for their T2 factories. These updates have enabled MFG to trace 100% of Trading Company T2 factories.*

*Looking ahead, MFG plans to expand this traceability initiative by incorporating Purchase Order (PO) optimization. This will streamline processes and strengthen subcontracting governance, align procurement practices with factory capacities, and ensure that all T2 suppliers are consistently monitored for compliance with MFG's comprehensive standards.*

MFG's deeper risk analysis has been focused on its stock suppliers. Notwithstanding this, there is also risk with non-stock suppliers, with areas including logistics and cleaning being identified to carry higher risk profiles.

# Supply Chains 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 45 for a full list of operating locations of Tier 1, Tier 2 and Raw Material suppliers.

# Criteria 4 - *Actions taken* to address modern slavery

## Criteria 4 – *Actions taken* to address modern slavery

“Continuing to take significant and meaningful steps to assess and address modern slavery risks in its operations and supply chains, MFG has expanded its internal reporting on these issues and risk mitigation practices.”

---

To enhance engagement with its suppliers, MFG translates its communications into multiple languages whenever possible to ensure clarity. As a result, MFG has established stronger relationships founded on clear expectations and accountability. This approach has not only fostered increased cooperation and transparency but has also made actions more effective, thanks to valuable feedback from stakeholders and suppliers.

During this reporting period, MFG has made significant strides in enhancing existing systems and programs, as well as introducing complementary resources, policies, and procedures. Actions taken to address modern slavery risks, including due diligence and remediation, are described below.



## Governance framework

- **Policy reviews:** Undertook a comprehensive review of its governance framework with the view to strengthen its ethical compliance.
- **New supplier workflow:** Improved and streamline the supplier onboarding process to enhance transparency, compliance, and operational efficiency.
- **Transparency:** Created frameworks to promote ethical practices among suppliers and established a preferred supplier program to enhance engagement and improve compliance.
- **Manufacturing supplier agreement:** Actioned comprehensive updates to the supplier agreements for all suppliers involved in the manufacturing process.
- **Remediation standardisation:** Developed a criticality matrix to standardise audit remediation management. This matrix outlines clear remediation steps and aligns with the industry's best practices and United Nations Guiding Principles on Business and Human Rights.
- **Industry engagement:** Became a member of the internationally recognised Leather Working Group, focusing on raw material modern slavery risk and supply chain improvements.
- **Launch of ESG strategy:** Launched an ESG strategy that takes a multifaceted approach to contribute to a more ethical and sustainable future for footwear.

## Due diligence

- **Inherent risk and screenings:** As part of the preliminary due diligence process, MFG conducted 678 risk assessment based on the location and industry and 678 screening based on publicly available information based on adverse findings that indicate risks associated with Modern Slavery Supplier screening for modern slavery risk indicators.
- **Questionnaire:** To enhance its tracing efforts, MFG updated its supplier questionnaires to include tailored tier-based questions that better reflect its value chain.
- **Site audits:** Updated the approved auditor list and created a criticality matrix to ensure consistency and fairness in ethical site audit reviews and categorisation of non-compliance, regardless of the auditor.

## Supply chain tracing

- **Manufacturing supply chain tracing:** Expanded the supplier portal to facilitate improved tracing of its supply chain, resulting in 100% of T2 factories being onboarded in line with MFG's ethical compliance standards.
- **Reporting optimisation:** Created a weekly 'change' report to track supplier updates on their factory addresses, contact details, and relevant T2 factories.
- **Strengthening relationships:** Conducted modern slavery and compliance training sessions across China for all Tier 1 and Tier 2 factories.

## Grievance mechanisms

- **Speak up program:** Launched the speak up program in Indonesia, offering factory workers training on modern slavery, their labour rights, and guidance on reporting grievances or seeking assistance.
- **Whistleblower hotline:** Reviewed the whistleblower hotline and introduced a preferred regional hotline option in Indonesia as well as the MFG whistleblower hotline as part of the speak up program.
- **Freedom of association and labour standards:** Improved training on workers' rights by incorporating 'freedom of association' into the existing modern slavery training. This training is accessible to all suppliers and factories as part of the speak up and onboarding training programs. MFG also updated its code of conduct to cover freedom of association.
- **Wage Methodology:** Enhanced the wage management review process by gathering wage data through required ethical audits and supplier questionnaires. This approach facilitates comprehensive analysis of wage trends and alignment with legal minimum wage standards.

## Governance framework

### Policy reviews

During the reporting period, MFG reviewed its governance framework to enhance ethical compliance. This process included revising and updating its code of conduct, remediation policy, and ethical sourcing policy. Additionally, MFG introduced its first gender equality policy concerning its supply chains.

The updates to the ethical sourcing policy and the incorporation of an ethical sourcing requirement were motivated by an examination of MFG's supply chains and a commitment to improving the ethical compliance of raw material sourcing.

MFG also revised its remediation policy to establish a more detailed, engagement-focused remediation process. This aimed to address situations where child labour could be found in MFG's supply chain and clarify the applicable remediation policies and procedures. Consistent with MFG's approach across various initiatives, the primary focus is on the affected stakeholders, ensuring that corrective actions do not harm those individuals.

MFG's supplier policy suite includes the following:

- Remediation policy
- Ethical sourcing policy
- Ethical sourcing procedure
- Gender equality policy
- Code of conduct
- Supplier training (available on demand)

These policies underscore MFG's commitment to transparency, risk mitigation, and building sustainable partnerships within its supply chain.

### New supplier workflow

MFG has assessed the effectiveness of its questionnaire by integrating feedback and lessons learned from stakeholders. It focuses on the diverse types of manufacturing suppliers and their various stages of engagement with MFG. To improve the process, MFG has made significant efforts to differentiate the workflows for onboarding new suppliers versus conducting due diligence for existing suppliers, ensuring that each approach is tailored to its specific purpose.

Key developments in the new supplier workflow:

1. **Enhanced internal monitoring:** The new workflow improves oversight, allowing teams to track onboarding statuses and facilitating smoother internal monitoring and informed decision-making.
2. **Revised onboarding form:** The revised form features important questions that offer vital business insights before onboarding, saving time for both MFG and the supplier.
3. **Tailored Questionnaires:** These questionnaires are tailored to various types of suppliers, ensuring suppliers only answer relevant questions specific to their operations.
4. **Purchase Order (PO) controls:** Strict controls have been implemented to prevent Trading Companies from raising POs without onboarding T2 factories, ensuring that products are produced only in verified and approved facilities.

### Transparency

To aid transparency, MFG also conceptually framed and considered ways to incentivise and reward suppliers who consistently adhere to MFG procedural and ethical standards. This included establishing its preferred supplier program and developing a supplier scorecard.

### Manufacturing supplier agreement

During the reporting period, MFG dedicated considerable time to improving supplier agreements for all suppliers involved in the manufacturing process. This effort included consultations with the business to understand the requirements necessary to meet procedural requirements, quality control standards, and ethical guidelines. Once the consultation with the business was finalised, MFG consulted the manufacturing suppliers for their views and proposed departures. This engagement and the revised agreements are intended to clarify MFG's expectations and formalise the relationship between MFG and its manufacturing suppliers.

### Remediation standardisation

A strategic shift in MFG's due diligence strategy has led to a significant decrease in the time taken to resolve non-compliances, the volume of non-compliances reported, and, in turn, the level of remediation required.

- **Proactive due diligence:** MFG aimed to change its approach to due diligence for stock suppliers by implementing it as a prerequisite for onboarding suppliers. This shift increased MFG's leverage and control, encouraging suppliers to address any non-compliance issues more quickly, which in turn reduced the duration of these non-compliances.
- **Site audit and non-compliance management:** To address the remaining non-compliances, MFG has aimed to strengthen relationships both internally and externally to improve the collaborative approach to rectification. This includes dedicated MFG employees to take greater accountability of the non-compliance process and building relationships with overseas suppliers.
- **Supplier portal registry:** The supplier portal is a collaborative platform designed for both suppliers and MFG to share information, resources, and documents. It facilitates the issuance and completion of surveys, provides access to "To Do" lists, and offers visibility into progress, all recorded in a single, auditable, time-stamped forum. Additionally, the supplier portal utilises technology to issue translated communications and reminders, ensuring that all identified non-compliances are actively progressing toward resolution.

**Industry engagement**

Recognising the importance of industry consultation, during this reporting period, MFG became a member of the internationally recognised Leather Working Group and signed on to the goals of the Australian Packaging Covenant Organisation. Additionally, MFG attended industry events focused specifically on modern slavery and actively participated in various initiatives aimed at gathering feedback and promoting engagement on actions related to modern slavery. These initiatives are detailed in **Criteria 5**.

**Launch of ESG strategy**

In September 2023, MFG launched its Environmental, Social, and Governance (**ESG**) strategy, which takes a comprehensive approach to reducing its impact. This strategy includes assessing climate-related risks and opportunities for MFG, committing to science-based net-zero targets, and transitioning to low-impact packaging materials. To track the progress of the ESG strategy, MFG established the ESG steering committee, which includes key leadership members and has a direct reporting line to the board.

The ESG function is designed to support the Corporate Social Responsibility (**CSR**) function in monitoring, implementing, and enhancing the supplier compliance program.

All ESG goals reinforce its commitment to shifting from merely preventing modern slavery to actively eradicating it within its supply chain.

**Due diligence**

MFG is dedicated to implementing a robust compliance framework to ensure that both new stock and non-stock suppliers adhere to appropriate controls based on their inherent risks and any specific risks identified. In previous statements, MFG has extensively discussed the development of its due diligence framework, which is based on International Labour Organisation conventions and the United Nations Guiding Principles on Business and Human Rights. MFG continues to utilize these compliance frameworks, as outlined at a high level on the image on the page 28 and 29.

*Underpayments case study*

*A site audit identified a risk of underpayment at a factory in Indonesia. MFG expressed its strong commitment to ethical business practices and compliance with local legal requirements, as well as the findings from the audit. The factory engaged with MFG and asserted that, in its understanding of the relevant legal framework, its payment practices were lawful.*

*To verify the information collected in the initial audit and the claims made by the factory, MFG enlisted an Indonesian third-party legal expert specialising in wage data. This expert verified that the payments were not validly made.*

*To facilitate remediation, MFG further engaged the third-party expert to develop a remediation plan aligned with the United Nations Guiding Principles on Business and Human Rights. This plan included an immediate follow-up audit after one month and a comprehensive review after three months to verify that the factory had rectified the underpayment issue and that all employees were receiving at least the minimum wage.*

*As the factory had only recently been incorporated into MFG's supply chain, it was recognised that the most appropriate course of action for MFG was to ensure the resolution of the underpayment issue moving forward, given its level of control and influence.*

*MFG collaborated with the factory to ensure a clear understanding of the legal expert's findings. This approach aimed to clarify the issue and address any systemic assumptions to prevent recurrence.*

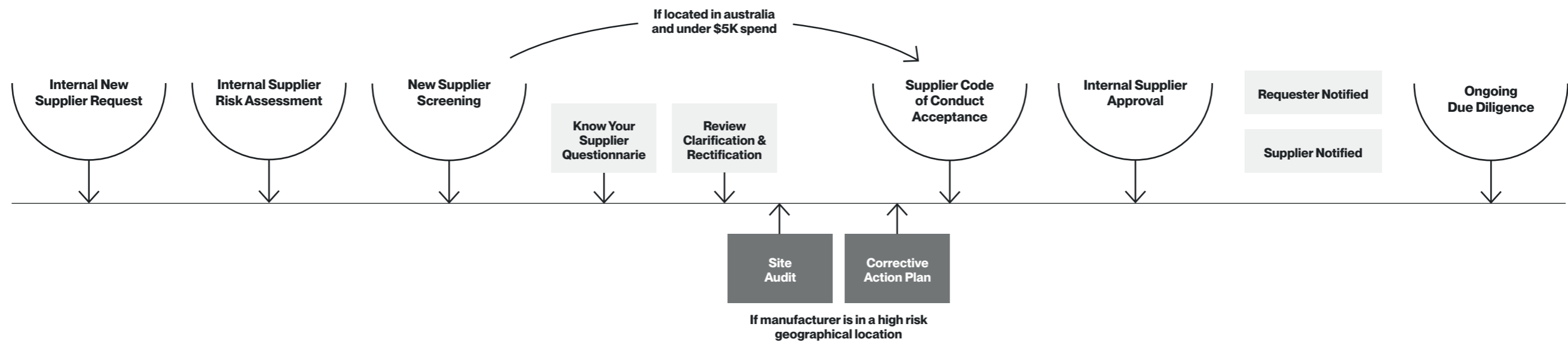
*Subsequent audits have confirmed that the underpayment issue has been fully resolved. However, MFG will continue to monitor and assess payment practices at this factory in future reporting periods.*

During this reporting period, MFG:

- Conducted 678 initial supplier risk assessment, applying a supplier risk rating considering geographical location and operating industries.
- Screened 678 suppliers based on publicly available information based on adverse findings that indicate risks associated with modern slavery supplier screening for modern slavery risk indicators, including integrity risks, environment, social and governance risks, data and cyber risks, operational and quality risks, identity risks and financial risks.
- Updated its supplier questionnaires to include tailored tier-based questions that better reflect its value chain:
  - Factory Partner
  - Trading Company to Trading Company
  - Trading Company to T2 factory
  - Raw Material supplier
  - Third-party stock supplier
  - Non-stock supplier

## Overview of Compliance Framework

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



### Internal new supplier request

MFG team members submit requests for new suppliers to be approved by MFG senior leadership and 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 acknowledgement

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 approved supplier and automatically notified of the completion of required compliance framework. 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.

### Ongoing due diligence/spend monitoring

Throughout ongoing reporting periods due diligence is repeated, and supplier spend is monitored on a monthly basis.

## Supply chain tracing

After thoroughly mapping the supply chain in the previous reporting period, MFG acknowledged the limitations of depending on Trading Companies for information about the T2 factories and recognised its lack of visibility into its raw material providers. To improve its supply chain tracing, MFG aimed to improve its data collection practices by:

- Establishing a T2 registry for Trading Companies to enhance oversight of potential subcontracting with unauthorised factories.
- Expanding the supplier portal to include T2 accounts which will enable T2 suppliers to upload relevant documentation directly, answer operational questions, and, where applicable, engage directly with MFG to act on CAPs in a timely manner.
- Commencing a project to optimise POs to improve the governance of T2 supplier engagement. This optimisation will require that all Trading Company POs specify which T2 factories are assigned to fulfil the manufacturing orders. By implementing this system, MFG will have better oversight to monitor excessive overtime, which could increase the risk of modern slavery in that facility.
- Expanding the supplier questionnaire to include questions regarding raw material suppliers, allowing for greater visibility into the supply chain. Consequently, a raw material supplier audit was introduced.

To help suppliers better understand the importance of transparency and their role in meeting MFG's compliance and ethical requirements, the MFG China CSR manager facilitated 25 modern slavery and compliance training sessions across China during this reporting period.

Following each session, the CSR manager maintains ongoing communication with the suppliers to reinforce the training outcomes and ensure continuous improvement. This comprehensive training approach, combined with regular CSR self-assessments, has significantly enhanced factory performance, aligning operations with MFG's standards. The positive outcomes include strengthened compliance, improved quality control, and more sustainable environmental practices.

This initiative creates a local presence for MFG, allowing for better engagement with suppliers and providing a direct reporting line back to the head office. MFG has found this arrangement to be very successful in establishing a more effective intermediary relationship with suppliers.

### Enhanced monitoring for factory information *case study*

*As part of MFG's commitment to efficient supply chain management, a new system was introduced during the reporting period to track and monitor any changes made by suppliers to factory details. If a factory updates its address in the supplier portal, an automatic checkpoint is triggered due to the discrepancy with the registered address. This process ensures that significant changes are flagged for additional scrutiny.*

*MFG has also implemented a reporting mechanism that provides weekly updates on any changes to factory information, including address, name, or contact details. These weekly reports help track and manage alterations in the supply chain, allowing MFG to take immediate action. When an address change is detected, extra due diligence is initiated to ensure compliance and maintain oversight, ultimately strengthening the transparency and integrity of the supply chain.*

### Site audits

MFG undertook 60 site audits in the reporting period. The audits uncovered the following key trends in critical non-compliances:

- Workers Health & Safety: 44% of site audit non-compliances reported
- Overtime Hours : 14 % of site audit non-compliances reported
- Wages and Benefits: 11% of site audit non-compliances reported

MFG has focused on collaboration with suppliers to address these non-compliances. In the reporting period, MFG saw an 90.90% reduction in critical non-compliances as a result of proactive compliance and modern slavery training across its largest manufacturing region. MFG also closed 47 critical non-compliances, with only 4 requiring extensions from the specified corrective action plan date.

MFG's proactive compliance measures included updating the approved auditor list and creating a criticality matrix to ensure consistency and fairness in ethical site audit reviews and categorisation of non-compliances regardless of the auditor. The criticality matrix was based on International Labour Organisation conventions and the United Nations Guiding Principles on Business and Human Rights.

### Shadow site audit *case study*

*MFG values the visibility and intel provided by ethical site audits and only recognises [8] approved audit formats to ensure the highest standards are applied. MFG actively uses this information in conjunction with its criticality matrix to manage the compliance program effectively.*

*Recognising the importance of ethical site audits, MFG shadowed three audits during this reporting period to compare the auditors' risk and severity assessments with those of MFG's criticality matrix. MFG is aware of the limitations associated with relying on third-party auditors, so this proactive measure aimed to identify any discrepancies.*

*In December 2023, an auditor, accompanied by a compliance representative from MFG, conducted an assessment of a small factory in Australia during a routine audit. MFG identified several discrepancies between the information the auditor recorded and how it categorises certain risks.*

*Due to the scale and global nature of its operations, having a direct presence for every site audit is not feasible, MFG developed a criticality matrix. This matrix standardises the categorisation of specific circumstances in alignment with the United Nations Guiding Principles on Business and Human Rights and the International Labour Organization (ILO) conventions. This initiative has reduced MFG's reliance on third-party audits and ensured the consistent application of supplier standards across its entire supply chain.*

## Grievance mechanisms

As part of its ESG Strategy, MFG aims to meet or exceed industry site audit standards. To achieve this goal, MFG collaborates closely with its manufacturing suppliers to develop localised and accessible programs that empower factory workers. These programs provide the resources and support needed for workers to voice their concerns and opinions. They are designed to be educational and approachable for all suppliers.

In this reporting period, MFG actioned the following initiatives:

### Speak up program

As a result of the successful pilot of the speak up program in all factories in Türkiye during FY23, MFG had expressed its intention to extend the program to the rest of its supply chain by the end of FY24.

However, due to the level of support and intervention required in Indonesia, as detailed in the underpayments case study, along with the significant geographical risks related to modern slavery following the acquisition of Bobux in FY24—which notably increased MFG's factory presence in the country—the logical next step was to focus efforts on implementing the speak up program exclusively in Indonesia for FY24. Consultations were held to ensure the program's effectiveness in this new context.

The speak up program is intended to provide direct access to a secure platform where workers can:

- learn more about their rights;
- report misconduct; and
- report any labour issues ranging from underpayment to forced labour.



MFG prioritises making the speak up program accessible to individuals in their preferred language. This approach ensures that everyone is effectively informed about their rights and the available reporting options. Recognising that a one-size-fits-all solution is not practical, significant adaptations were necessary for the program in different jurisdictions. The speak up program was provided in both Indonesian (Bahasa Indonesia) and Javanese, with professional translation rather than a direct translation, to accurately convey the program's intent.

MFG continues to collaborate with suppliers to ensure the effective implementation of the speak up program and to expand its reach throughout the manufacturing region.

#### **Whistleblower hotline**

The whistleblower hotline continues to be made available to all individuals captured by MFG's whistleblower policy. This is distinct from MFG's speak up program as it facilitates statutory whistleblower protections for internal and external parties. The whistleblower hotline is made available through MFG's remediation policy and whistleblower policy and permits individuals to report anonymously or not. MFG also adopted a locally preferred whistleblower hotline in Indonesia to ensure parties had a local option available if this was more suitable.

#### **Freedom of association**

MFG recognises the importance of freedom of association and supports workers' rights to join unions or associations and to engage in collective bargaining for their rights, both within its organisation and throughout its supply chains.

During the reporting period, MFG aimed to enhance its communication and resources related to freedom of association. This effort included expanding the modern slavery training to cover the right to associate and incorporating this principle into MFG's code of conduct.

#### **Wage Methodology**

In line with MFG's commitment to ethical practices, the company has enhanced its wage management review process during this reporting period by collecting wage data through mandatory ethical audits and supplier questionnaires. This data collection aims to enable a thorough analysis and identify wage trends to determine if a factory is paying below the legal minimum wage.

MFG's framework is based on the Anker methodology, which is designed to produce high-quality, consistent, and objective information about wages. Understanding the wage requirements applicable to each jurisdiction within MFG's supply chains is a complex task, but it is a crucial first step in promoting legally compliant compensation.

# Criteria 5 - Assessing the *effectiveness* of actions taken

# Criteria 5 – Assessing the effectiveness of actions taken

“MFG is committed to continuously evaluating the effectiveness of its systems and processes. This commitment prioritises corporate social responsibility and ethical considerations in all operations.”

In addition to the robust due diligence process that MFG has refined over the years, MFG has incorporated business-as-usual operational practices and annual reviews to evaluate the effectiveness of the actions taken in its governance by:

- Conducting monthly meetings focused on corporate social responsibility and ethical compliance to identify business opportunities and challenges.
- Presenting corporate social responsibility and ethical compliance dashboards at the monthly board meetings to provide visibility to compliance progress.
- Obtaining and reviewing weekly reports from the supplier portal, which provide updates on specific predetermined criteria.
- Actively engaging with Cowell Clarke, which keeps MFG informed about new developments and emerging best practices in the industry.
- Collaborating continuously with industry partners at events dedicated to eradicating modern slavery.

Each of these proactive initiatives provides opportunities to review and assess the effectiveness of MFG’s actions. This section outlines the ways in which MFG has reviewed its actions.

## Supplier onboarding review

In a commitment to improve supply chain tracing, MFG conducted a thorough review of its onboarding process to identify opportunities for being more proactive in obtaining supply chain information. This process included extensive conversations and workshops with both internal and external stakeholders, which helped to identify the following opportunities:

- While MFG had specific stock and non-stock supplier questions, feedback was that while comprehensive, the questions were too generic and not tailored enough to the varied complexities across Factory Partners and Trading Company supply chains. As a result, MFG has tailored the questionnaire and introduced newly created tier-based questions to ensure efficiency and reduce the burden on individual suppliers while ensuring that all necessary data was gathered to further assess risks further down supply chains.
- That there were efficiencies to be gained by introducing pre-onboarding questions into the onboarding form to make it easier for the commercial viability assessment phase to be conducted before due diligence occurred.
- There was an opportunity to enhance both internal and external stakeholders’ visibility in the process and progress of prospective suppliers. This led to the automation of several key operational processes, which improved the capacity of the CSR team to conduct greater due diligence on suppliers in a more proactive and timely manner.

## Speak up program insights

During the reporting period, MFG launched the speak up program in Indonesia, as mentioned in Criteria 4. Alongside training support and consultations with Indonesian factory partners during the development phase, MFG also created unique QR codes for each factory. This allowed for accurate tracking of program uptake from the works produced by each factory.

In the reporting period, MFG had the following uptake of the program:



MFG recognises that the speak up program did not see the immediate participation it would have liked and acknowledges that a period of adjustment may be necessary for stakeholders to fully understand the program’s intent and build confidence in its confidentiality.

Since the program’s launch, MFG has actively monitored the use of the resources provided through the speak up program and has made adjustments to help ensure that its purpose is clearly understood. For instance, MFG has displayed the program’s objectives on posters featuring high-level explanations in several common languages spoken in the region. MFG has also consulted with Factory Partners about the grievance mechanisms included in the program. It is important to MFG that workers have effective avenues to understand their rights and raise concerns to foster a culture of transparency and accountability. MFG is now seeking to expand the speak up program with one of its biggest suppliers in China, which is responsible for 20% of its production. The implementation in China will leverage learnings from both Türkiye and Indonesia.

## Data insights

The supplier portal, supported by Power BI, allows MFG to utilise the extensive data from its due diligence program. MFG actively uses this data to enhance transparency in its supply chain and analyse potential modern slavery risks.

## Collaboration

Valuing the contributions of its external and industry contacts, MFG actively works with external and industry experts to enhance its understanding of modern slavery and environmental requirements and to assess the effectiveness of policies and programs designed to overcome them.

### External

#### ▪ Cowell Clarke engagement

Cowell Clarke is a commercial law firm that provides specialist advice and integrated compliance solutions that help MFG manage modern slavery risk.

Cowell Clarke is a crucial partner for MFG, ensuring comprehensive and adaptable ESG compliance. Their ongoing collaboration provides expert guidance for proactively identifying risks, implementing risk mitigation strategies, and aligning practices with industry standards.

#### ▪ Supplier engagement

To make informed decisions that align with its values and standards, MFG conducts pre-engagement consultations involving its suppliers and procurement and ESG teams. This collaborative effort allows the business to thoroughly assess potential suppliers’ commitment to ethical sourcing, transparency, and adherence to modern slavery compliance standards.

### Industry

#### ▪ Packaging

MFG has started to transition all its packaging throughout its supply chain and operations to recycled and recyclable materials, in alignment with the Australian Packaging Covenant Organisation (APCO) goals. As a signatory of APCO, MFG gains access to industry peers, conferences, webinars, and training resources, all of which contribute to improving MFG’s packaging practices.

#### ▪ Leather Working Group

Since joining the Leather Working Group (LWG), MFG has attended information sessions and actively utilised its learning resources. It has provided its existing manufacturing partners with a range of resources and training to assist them in transitioning to certified suppliers, who are audited and certified according to the LWG’s ESG Standard.



An example of PowerBI analysis whereby we use interactive dashboards to track real time supply chain data.

- **Baptist World Aid**

MFG again participated in the Baptist World Aid (BWA) Ethical Fashion survey. This commitment is significant for the business, considering the extensive evidence required to demonstrate the effectiveness and thoroughness of its actions. To be well-prepared, MFG representatives attended all BWA sessions and opted to participate in the consultation better to understand potential gaps in the organisation's operations. This proved to be a valuable exercise, as MFG demonstrated significant improvements from the previous reporting period, ranking in the top 3 most improved organisations.

- **Supplier consultation**

MFG values its partnerships with suppliers and regularly engages them in consultations, either individually or in group settings.

- **Industry events**

MFG appreciates the significance of industry events and makes an effort to send a representative whenever possible. During a recent event hosted by Fair Supply, MFG took the opportunity to reassess its approach to its modern slavery statement. This reevaluation was based on insights from the presenters as well as feedback from individuals actively involved in developing the statement. It is hoped that the improvements made will be noticeable in this statement compared to earlier versions.

### CSR engagement and training *case study*

*Following an extensive engagement with its largest Chinese Trading Company, which accounts for 20% of the total production of MFG products, a significant gap was identified in their understanding of their corporate social responsibility (CSR) obligations and subsequent procedures and policies.*

*Recognising the role they had to play and the gap in experience, the Trading Company welcomed MFG's Chinese CSR Manager to conduct training sessions. In addition, MFG's headquarters provided suggestions to the Trading Company on how they could meet MFG standards and close the gap*

*As a result of this work, the Trading Company appointed a third party in August 2023 to help develop, implement, and coordinate CSR requirements across its ten final assembly factories. Following this work, all final assembly factories became SEDEX B Members, and new policies and procedures were implemented, including improved WH&S practices, to help close out the thirty-five critical non-compliances identified across seven factories.*

# Criteria 6 - Consultation



## Criteria 6 – Consultation

All MFG entities are subject to the same governance, structure, policies and procedures, including modern slavery compliance. Accordingly, this statement has been prepared in consultation with all owned and controlled entities of Munro Footwear Group.”

MFG is the reporting entity and reports on behalf of its subsidiaries. All entities that are owned and controlled by MFG have the following characteristics:

- A uniform operational structure, including centralised headquarters
- A common board of directors that oversees the company's success and establishes the regulatory and compliance framework
- Daily operations managed by a shared executive team
- Identical policies and procedures operating within the same sector
- A centralised CSR team that oversees and manages MFG's modern slavery compliance framework.

To ensure that every part of the business implements and maintains the modern slavery compliance framework, the CSR team consults with various stakeholders across the company. This consultation takes place during the preparation of this statement and continues throughout the reporting period.

### **Remediation committee (Weekly)**

The business established an internal weekly committee to monitor and discuss remediation progress closely. This committee comprises the Chief Merchandise Officer, General Manager of Procurement, and General Manager of ESG and Corporate Affairs.

By having a dedicated and focused committee, MFG ensures that it swiftly addresses any issues that may surface and takes immediate corrective action in alignment with its remediation policy.

### **Compliance progress committee (Fortnightly)**

These meetings occur fortnightly and provide a platform for in-depth discussions regarding the procedural and process improvements required to further strengthen MFG's compliance framework. The meeting comprises the Co-Chief Executive Officers, the Chief Merchandise Officer, the General Manager of Procurement, and the General Manager of ESG and Corporate Affairs.

This high-level engagement ensures that MFG's leadership is actively involved in the decision-making process for crucial modern slavery compliance initiatives.

### **Board of directors (Monthly)**

The Board of Directors receives a monthly insights report and is consulted, where required, on strategic compliance matters, instances of modern slavery indicators, or human rights violations.

The Board ensures that MFG and its subsidiaries remain true to their values and meet their regulatory obligations.

## Criteria 7 - Looking forward

## Criteria 7 – Looking forward

“MFG has taken pride in the significant work it has accomplished over the past four reporting periods and will endeavour to do the same again for the next.”

In the next reporting period, MFG intends to consolidate its efforts in recognition of the economic downturn and operational restructuring. With maturing processes and procedures and the implementation of strategies to mitigate modern slavery risks, MFG is confident that it will still be able to maintain its compliance and ethical standards.

As such, during the next reporting period, MFG commits to delivering:

### **Supplier manual**

MFG has developed a comprehensive *Supplier Manual*. This manual is designed to provide clear guidelines to suppliers and outlines MFG's CSR expectations and requirements. It includes detailed instructions on various operational aspects, such as PO requirements, booking processes, and technical specifications, such as packaging, labelling, and shipping standards.

The Supplier Manual is in its final stages of preparation. MFG is looking forward to implementing this manual as a key resource to help standardise operations, enhance supplier compliance, and ensure alignment with MFG's strategic goals. This will be an essential tool for both new and existing suppliers, supporting them in meeting MFG's expectations and facilitating smooth operational procedures.

### **Criticality matrix**

As evidenced in MFG's shadow audit, there is a need to increase standardisation in audit standards and the ways in which non-compliances are addressed, particularly as MFG obtains audit reports from a range of third-party providers.

Developed with a third-party law firm, captures over 12 categories of non-compliance over 700 critical, major and minor categories of non-compliance. It was based on International Labour Organisation conventions and the United Nations Guiding Principles on Business and Human Rights. Matrices assess the criticality of various compliance issues related to supplies. This evaluation considers factors such as child labour, young workers, freedom of association, health, safety, hygiene, discrimination, wages and benefits, and subcontracting.

### **Supplier scorecard**

MFG is introducing a supplier scorecard to rate, assess, and evaluate its manufacturing partners based on ethical, environmental, logistics, and procurement. This system will offer a comprehensive performance overview, helping MFG evolve its supplier relationships by tracking supplier progress, identifying areas for improvement, and ensuring alignment with operational and CSR goals. This initiative is about strengthening partnerships with the supplier by ensuring that their performance aligns seamlessly with MFG goals and values.

### **Blending of modern slavery and ESG**


MFG is making significant efforts to incorporate its assessment of modern slavery risks with its understanding of ESG risks. A crucial aspect of this initiative is integrating ESG data collection into the existing supplier due diligence processes, allowing for better utilisation of this data. This approach will create a more integrated and streamlined experience for suppliers. Enhanced data collection will improve MFG's visibility and understanding of its ESG risk exposures. By recognising the connection between ESG and modern slavery risks, MFG will develop a more comprehensive understanding of its modern slavery risk profile.

MFG considers that steps already taken to address and mitigate modern slavery risks in its operations and supply chains are comprehensive.

# Approval by the MFG Board

# Approval by the MFG Board

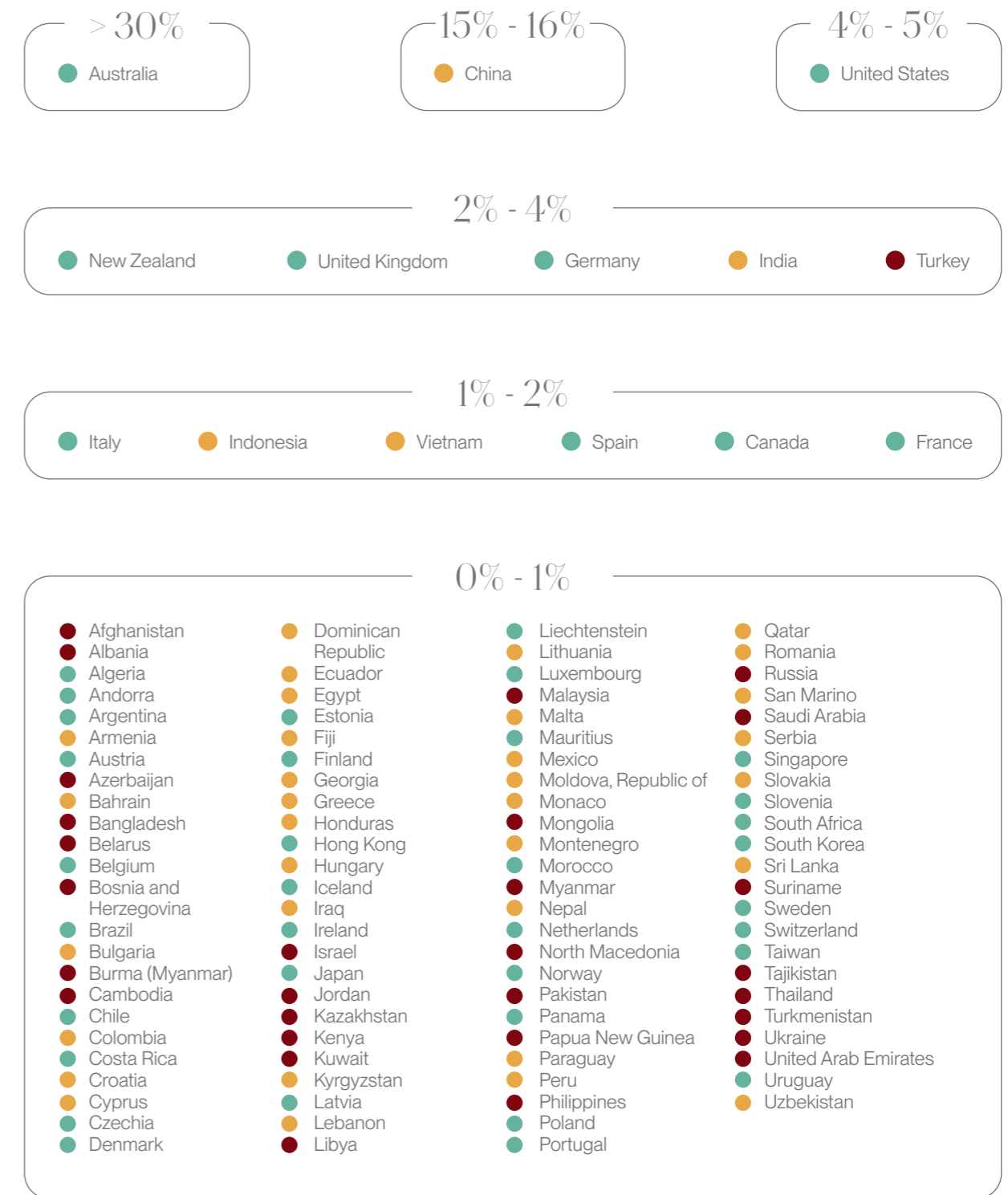
This modern slavery statement for the reporting period was approved by the MFG Board on 23 December, 2024.



Jay Munro  
Munro Footwear Group  
Director & Co-Chief Executive Officer

Thank You  
Munro Footwear Group  
ABN: 59 614 250 501

## Annexure: Supplier by *volume*



### Risk Analysis

● LOW ● MEDIUM ● HIGH