



# MODERN SLAVERY STATEMENT

1 JULY 2022 TO 30 JUNE 2023



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CRITERIA 1  
REPORTING  
ENTITY



# REPORTING ENTITY

At Munro Footwear Group, we believe everyone deserves to live and work with the highest standards of dignity, fairness, and respect. Central to this is partnering with suppliers who share our values, respect their workers' rights and freedoms and are willing to deliver on this."

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

It outlines the actions taken to address modern slavery risks by Munro Footwear Group Pty Ltd (ABN 59 614 250 501), on behalf of its wholly owned and controlled entities for the reporting period of 1 July 2022 to 30 June 2023.

"Following the last reporting period, which heavily focused on benchmarking and measuring our effectiveness, in this reporting period, we focused on applying our learnings and encouraging a culture of openness and accountability. Supporting this shift also required a review of how we partner with our suppliers because we know sustainable outcomes in this space ultimately come down to a culture of collaboration and shared accountability.

Understanding the importance of our relationships, which has been integral to our success, we conducted an exhaustive review of our supply partners. The review considered the alignment in values and importance our supply partners placed on upholding human rights and mitigating modern slavery along with broader social responsibility areas. After extensive consultation with our supply partners, a small portion of suppliers were identified as not being aligned, nor willing to be aligned. As such, we prioritised supplier partners who demonstrated alignment and shared our objectives in upholding human rights and eliminating modern slavery. This has resulted in supplier consolidation in some instances.

Further to our efforts with our manufacturing suppliers, non-stock due diligence has continued to be a focus area. Working proactively to mitigate engagement with suppliers who do not share our commitment to respect the rights of their workforce, our supplier onboarding process is critical to reducing the risk of modern slavery in our supply chain and operations. Evidence that our matured supplier onboarding process is fully embedded in our ways of working with 100% of new suppliers captured through our screening process.

We are pleased with our progress over the reporting period and have great confidence that with the foundational work now in place, we are in an excellent position to deliver more robust and effective measures for our next statement.

In the meantime, we trust that this statement demonstrates the significant work undertaken in this reporting period and highlights our ongoing commitment to mitigating the risks of modern slavery in both our supply chains and operations."

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

## Other initiatives completed through this reporting period include:

- Launched Speak Up Program
- Increased Manufacturing Supplier compliance by 24%
- Increased Non-stock supplier compliance by 21%
- Identified T2 and T3 Suppliers – increased understanding of supply chains
- Reversed supply chain analysis based on raw materials data
- Launched the Ethical Sourcing Policy





CRITERIA 2  
STRUCTURE,  
OPERATIONS &  
SUPPLY CHAINS



# STRUCTURE, OPERATIONS & SUPPLY CHAINS

At Munro Footwear Group we have grown to become Australasia's largest privately-owned footwear group. With the right combination of heritage, innovation and breadth, our diverse portfolio of brands and retail stores allows us to offer quality footwear trusted by customers."

## STRUCTURE

As the parent company to some of Australia's and New Zealand's most trusted brands, MFG takes a disciplined approach to managing its extensive portfolio of 15 brands. Leveraging its vertically integrated business model, all subsidiaries are subjected to the same governance, structure, policies, and procedures and are managed and controlled by a common Board and Executive team.

- 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

### Board of Directors

The Board of Directors oversee the company's success and set the regulatory and compliance framework.

### Executive Team

The Executive team are responsible for overseeing management decisions, operations, day-to-day running of brands and retail businesses, and reporting progress and performance to the Board of Directors.

### Shared Services

To support these subsidiaries and ensure a culture of corporate compliance and ethical behaviour, MFG primarily operates a shared service model from its headquarters in Melbourne, Australia.

### Brands

From heritage labels to cutting-edge newcomers, MFG's portfolio of brands span the spectrum of life stages, occasions, and budgets.

### Retail and eCommerce

Through an unrelenting focus on how it interacts with its customers, MFG distributes its internally designed and developed brands, and the 78 external brands through its omnichannel offering including its company-owned and operated retail stores and eCommerce sites, and its wholesale division.

### Specialist Teams

Catering to a broad customer base, within each brand there are specialist teams who support the individual brands' strategic objectives.

### Licensed brands

Housing distribution rights to a range of international footwear brands; these products are sold through retail, eCommerce sites and Styling Services wholesale operations.

# OPERATIONS

A vertically integrated business, MFG's operations span from product design to procurement, through to distribution and order fulfillment. This model allows for greater control and certainty across its operations.

To further support its international footprint and global nature of its supply chains that span more than 100 countries, MFG has representatives in the United Kingdom, France, Denmark, New Zealand and China to compliment its head office in Melbourne, Australia.

## BOBUX Acquisition

Geared for growth and committed, MFG acquired the business and assets of Bobux International Ltd ("**Bobux**"), an entity based in Australia and New Zealand. This acquisition was finalised in May 2023. Appreciating the differences in size and operations, MFG immediately sought to understand and address the potential modern slavery risks within the Bobux supply chains and operations. This review highlighted that Bobux did not have the same level of measures in place, so the immediate priority was to integrate Bobux's supplier due diligence program into its own.

### Support Office

Where specialised shared services teams work to support and enable the group's extensive operations.

Headquarters: **234**  
Bobux NZ Representative Office: **10**  
China Representative Office: **7**  
Female/Male Ratio: **18:7**  
MFG Contractors: **7**  
Bobux Contractors: **4**

### Distribution Centre

Purpose-built in 2022 to transform our customer fulfillment operation, this state-of-the-art Distribution Centre is based in Truganina, Victoria, and is equipped with Autonomous Mobile Robot (AMR) technology and a robust warehouse management system.

Permanent Employees: **70**  
Casual Employees: **75**  
Labour Hire: **41** (Jul-Jan)  
Female/Male Ratio: **69 male to 76 females**  
Autonomous Mobile Robots (AMR): **205**

### Retail

A group of company-owned and operated stores, including single-branded stores exclusively showcasing internally developed footwear, and multi-branded retail stores offering internally developed and externally sourced footwear.

Aus Stores: **257**  
Employees: **1435**  
Retail Banners: **5**  
Sales: **63%**

### Online

A direct-to-consumer omnichannel offering where customers can move between MFG retail stores and eCommerce sites in a personalised way.

Exclusive Brands (24): **12**  
External Brands (83): **75**  
Websites: **11**  
Sales: **27%**

### Wholesale

From department stores to retail chains and independent boutiques, MFG's wholesale division further strengthens its physical and digital footprint.

International Wholesale Customers: **12**  
Domestic Wholesale Customers: **Approx. 350**  
International Brand Reps: **12**  
International Brand Distributors: **9**  
Sales: **10%**

### Manufacturing

MFG does not directly manufacture its footwear, instead, it partners with trusted, long-term Factory Partners and Trading Companies. Of these trusted partners, the majority are long-term existing suppliers, which ensures continuity of the quality and standard of MFG's products.

Trading Companies: **42**  
Factory Partners: **36**  
Exclusive Manufacturing Contractors: **2**

## SUPPLY CHAINS & SUPPLIERS

With a global supply chain consisting of over 660 suppliers across 22 countries, MFG works hard to only align itself with reputable partners who share the same values, principles, and commitments. This means working alongside suppliers who promote and support a culture of compliance and ethical behaviour.

Understanding the nuances between its suppliers, MFG's compliance program caters for the differences between stock and non-stock suppliers.

### STOCK SUPPLIERS - 130

MFG partners with longstanding, leading global suppliers who source quality footwear componentry and materials, and who manufacture its products with the highest of care. These ongoing partnerships assist in minimal supply changes, and provide supplier transparency; helping mitigate some of the inherent risks that can present in manufacturing.

#### Trading Companies

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

#### Factory Partners

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

#### Merchandise and Wholesale Operations

Activities related to the buying, selling, and distribution of third-party distributed and non-distributed brands. These operations encompass a wide range of functions and involve brand representatives that are responsible for facilitating and coordinating orders between MFG and wholesale customers.

### NON-STOCK SUPPLIERS - 530

Non-stock suppliers play a vital role in supporting business operations, which is why MFG ensures all non-stock suppliers partake in supplier due diligence screening.

#### Customer 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 who MFG partners with to utilise their expertise in their respective sectors, such as: legal, marketing, insurance, training, auditors, and professionals.

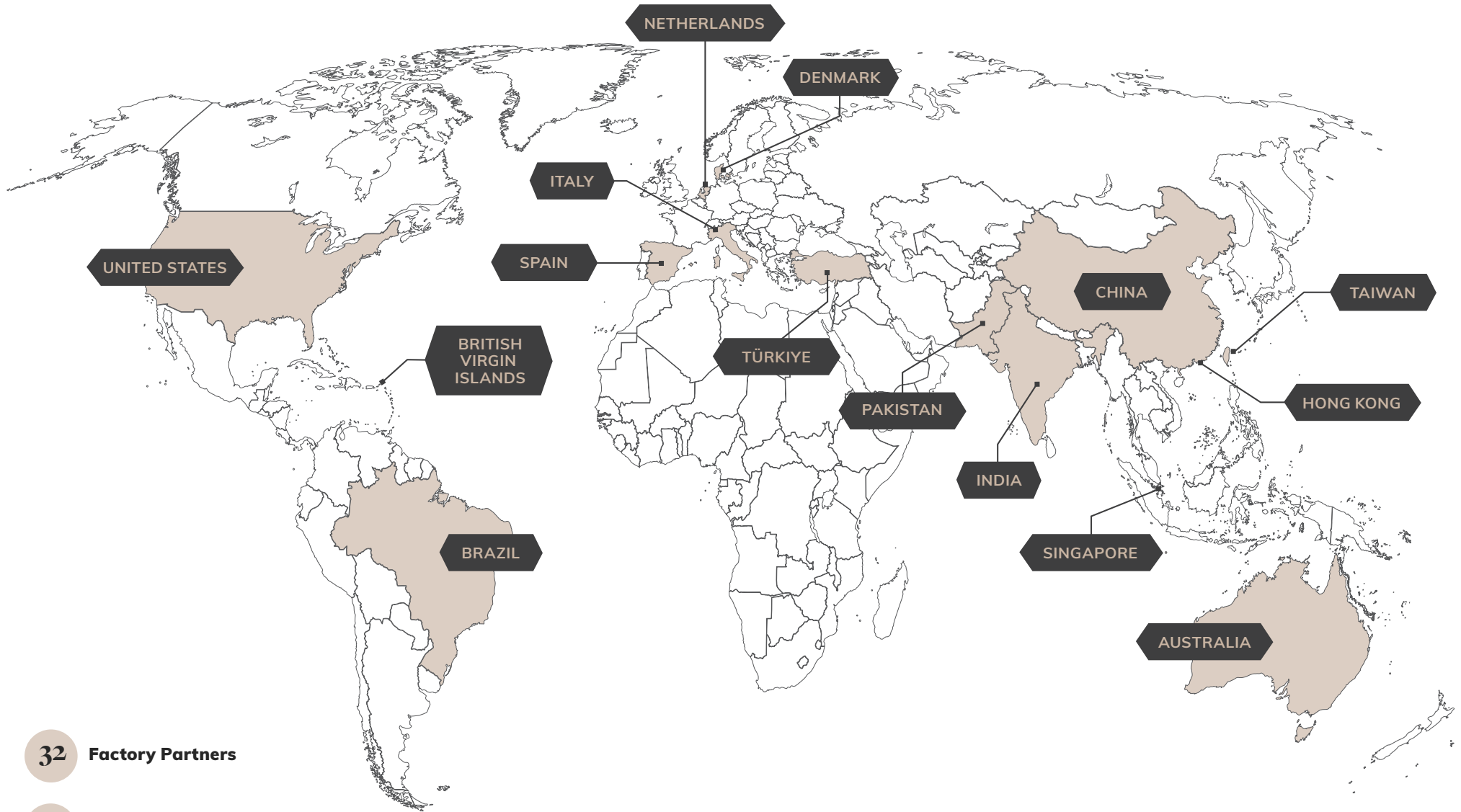
# Supply Chains



Refer to the Annexure on page 33 for a full list of operating locations of Tier 1, Tier 2 and Raw Material suppliers.



# Footwear Manufacturing Locations



32 Factory Partners

42 Trading Companies

CRITERIA 3  
RISKS OF  
MODERN  
SLAVERY



# RISKS OF MODERN SLAVERY

We acknowledge that as a company operating in the footwear sector, there are inherent risks specific to the industry that can give rise to, contribute to, or directly connect with modern slavery. These aspects can make the industry susceptible to forced labour and modern slavery risks. Due to these factors, we are cognisant of our responsibility to conduct comprehensive evaluations of modern slavery risks within our operations and across supply chains.”

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 with.**

Considering the vulnerabilities associated with product manufacturing, MFG has developed and expanded its risk framework to enable identification and scoping of modern slavery risks. This continued expansion encompasses a wider array of indicators for modern slavery, bribery, corruption, environmental violations, and political exposure, and can indicate red flags of issues that can be connected to modern slavery. Identification of such issues are integral to MFG’s risks framework.

These efforts, its matured processes and procedures have proven effective in the identification of modern slavery indicators and non-compliances.



# RISKS OF MODERN SLAVERY

## Operational Risks

MFG considers the risk of modern slavery practices in its operations to be low; however, it continues to maintain resources that have been revisited and updated to align with the positioning on modern slavery include, for example:

- Code of Conduct
- Modern Slavery Policy
- Whistleblower Policy
- Anti-Bribery & Corruption Policy
- Procurement & Product Development Policy
- Employee Assistance Program

As outlined, the acquisition of Bobux was completed towards the end of this reporting period, in May 2023. Based on this MFG has not had adequate time to comprehend the full extent and nature of the modern slavery risks within Bobux's operations. However, MFG immediately commenced a comprehensive due diligence process, including the transition of all suppliers onto its supplier portal. MFG is committed to fully integrating the Bobux operations and supply chain compliance into its governance by the end of the next reporting period.

### Case Study 1: Reduction in Labour Hire

Australia is not immune from modern slavery, for example in FY22 the Australian Federal Police received 294 reports of alleged human trafficking and slavery offences.

Appreciating these risks in domestic operations, during the reporting year, MFG took significant steps to mitigate risk by decreasing its reliance on labour hire agencies engaged to support its distribution centre operations. Labour hire can be associated with increased risks of exploitation based on factors including lack of transparency, sub-contracting arrangements and worker vulnerabilities.

To that end, to mitigate such risk MFG has made significant investment in the use of technologies including robotics. Further, steps have been taken regarding employee engagement to encourage open dialogue and encouragement to use a variety of grievance mechanisms to report any concerns or risks.

## Supply Chain Risks

The footwear sector is dynamic and fast-moving, with competitors competing to get their products to market the fastest, which has implications across the entire supply chain. This approach, alongside the complex and layered tiers that make up a footwear supply chain, can present issues such as low paid labour, low skilled workers, and short lead times. As such, the risk of modern slavery practices in its supply chain is considered to be moderate to high.

Accepting the potential existence of modern slavery practices in the more obscured layers of its supply chains, where visibility is limited, MFG employs a diverse set of risk criteria to evaluate its supply chains; Geographical, Raw Material, and Entity risks.

The below highlights areas identified as carrying heightened levels of modern slavery risk. This assessment is based on the risks identified from its scoping exercises, and is further supported through the use of resources and data that is provided by entities such as the Walk Free Foundation:

### Entity Risk

**MFG strategically leverages Trading Companies to help coordinate the manufacturing of its products as they provide greater access to leading factories.**

**However, the engagement of Trading Companies presents several complexities, such as a lack of visibility and traceability. This creates an even greater reliance on the Trading Company to execute in the business's best interests, but poor regulatory mechanisms can expose this reliance. These risks are further heightened due to 54% of MFG's manufacturing being coordinated by Trading Companies.**

## Sub-contracting

Sub-contracting is a common practice within Trading Company supply chains. Without traceability of the sub-contracting and supporting site audits, it can make exploitative practices easier to disguise, which is why MFG has a specific Trading Company set of policies and procedures.

## Visibility

Trading companies may not have direct control or oversight of the production or labour practices in their supply chain, which can lead to a lack of visibility and unawareness of potential modern slavery risks.

### Case Study 2: Trading Company Risk Mitigation

Acknowledging the potential risks associated with Trading Companies, MFG launched a tailored traceability project to obtain the necessary visibility required to conduct due diligence on its tier 2 manufacturing suppliers.

Following extensive consultation with its Trading Company partners about the importance of ethical business practices and the shared responsibility to address modern slavery risks, each tier 2 supplier was set up on MFG's supplier portal. This enabled MFG to communicate directly with its tier 2 suppliers, enhancing its due diligence measures.

During this reporting period, MFG achieved 100% traceability for its Trading Companies' manufacturing factories. By implementing robust traceability initiatives, enhancing due diligence processes, and fostering collaboration, MFG took a big step to mitigating modern slavery risks within its supply chains, creating a more responsible and sustainable business environment.

## Raw Material Risk

Raw material extraction, processing and production are exposed to high modern slavery risks due to the frequent use of forced labour, deceptive recruitment, unsafe working conditions, and dispensable workers. Raw materials that feed into footwear production range from synthetic fibres such as polyester, plant fibres including rubber, and animal fibres such as leather.

### 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 located in countries with weaker labour standards and environmental regulations. Workers in tanneries can face hazardous working conditions and low wages.

Leather production often requires low-skilled labour, making workers more susceptible to exploitation, as they may lack access to education, legal representation, or collective bargaining power.

### Lack of traceability

Modern slavery risks are raised due to a lack of transparency and traceability in the supply chain. MFG does not have direct relationships with its raw material suppliers, as these relationships are maintained by its Tier 1 and Tier 2 Manufacturing suppliers.

### Access to workers

Further to the traceability challenges, is the heightened risk to the workers associated with raw material processing and production. There is difficulty in tracing working conditions, which is amplified by movement between raw material providers, making it easier for modern slavery to occur without detection.

## Geographical Risk

MFG's manufacturing operations span across various international jurisdictions. Notwithstanding this, MFG understands the significant modern slavery risks present in several countries where its products are manufactured. During the reporting period, primary factories were located in China, India and Türkiye, with additional engagement across Europe and Asia.

### Türkiye

A notable deficiency in governance and procedural awareness, particularly within smaller factories, contributes to heightened risks. The influx of foreign workers from neighbouring countries amplifies the potential for worker exploitation, particularly among those who are unaware of their rights – this also increases the risk of child labour. The earthquake at the start of 2023 along the Türkiye and Syrian border has further accentuated risks due to population movement and potential additional hardships stemming from the resultant damage.

### India

The exploitation of workers through excessive overtime remains a key concern. Furthermore, a lack of robust governance procedures and the enforcement of legal requirements contribute to potential modern slavery risks in this jurisdiction.

Whilst the above highlights heightened manufacturing risks, MFG has continued to take a targeted risk-based approach and focused resources on identifying and mitigating the modern slavery risks in its manufacturing supply chains.

### China

The prevailing practice of overtime and the exceeding of legally sanctioned working hours is commonplace, contributing to a notable risk factor. The internal migration of workers from rural parts of China compounds the susceptibility to exploitation. Additionally, growing reports indicate a widespread presence of Uyghur workers across factories throughout China, extending beyond the Xinjiang region.

### Indonesia

Through the Bobux acquisition, four Indonesian footwear manufacturing suppliers joined the MFG supply chain. With Indonesia ranked in the top 10 countries in the world in terms of the estimated total number of people living in modern slavery, comprehensive due diligence, including a detailed assessment of supply chain practices and working conditions, will be integral to further understanding any risks and the steps required to mitigate these risks.

### Case Study 3: Manufacturing Risks

Significant resources have been directed towards identifying and mitigating manufacturing risks, given the inherent risks these types of suppliers present. Year on year, MFG has measured the effectiveness of its processes and procedures and evolved these to be even more robust where applicable.

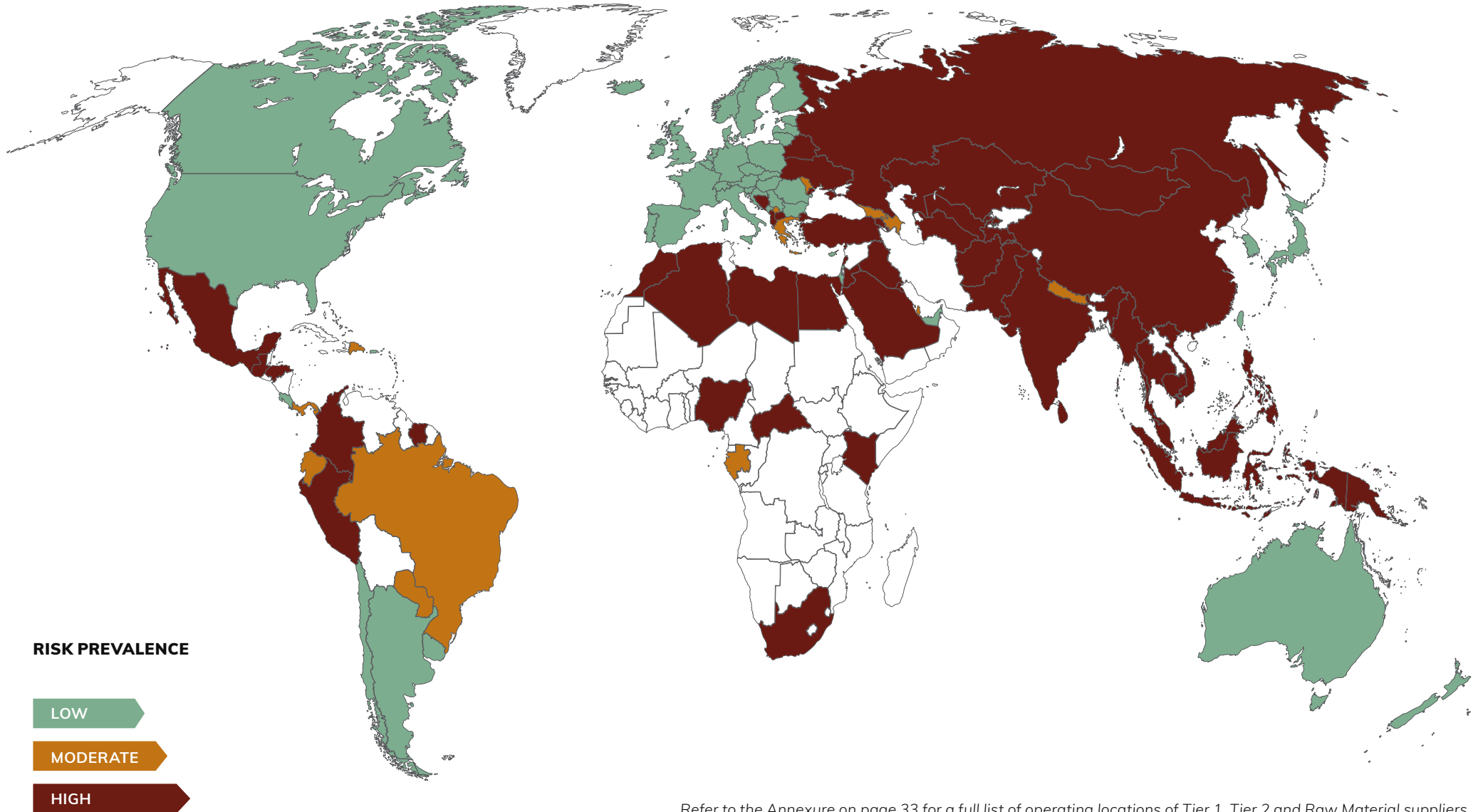
During each reporting period, MFG's risk mitigation and identification have evolved. During the reporting period, it identified that factories engaged in Türkiye presented risks mainly associated with a deficiency in governance processes.

This is particularly evident from the factories that are smaller scale. In one instance, due to a factory's size, the workers were required to fill multiple roles (for example, managerial responsibilities and responsibility for safety and governance). This can result in personnel not necessarily having full capability to perform all roles to a high level.

To this end, various compliance-supporting documentation has been developed with local advisers engaged to provide its Türkiye suppliers with the necessary training on their obligations. This included information about worker safety, wages, work requirements, and grievance mechanisms. By providing this information and training, factory managers are better equipped to manage and support factory workers. By assisting the factories this way, measures have proactively helped to mitigate potential modern slavery risks.

# Supply Chain by Risk

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



Refer to the Annexure on page 33 for a full list of operating locations of Tier 1, Tier 2 and Raw Material suppliers.

CRITERIA 4  
ACTIONS TAKEN  
TO ADDRESS  
MODERN  
SLAVERY



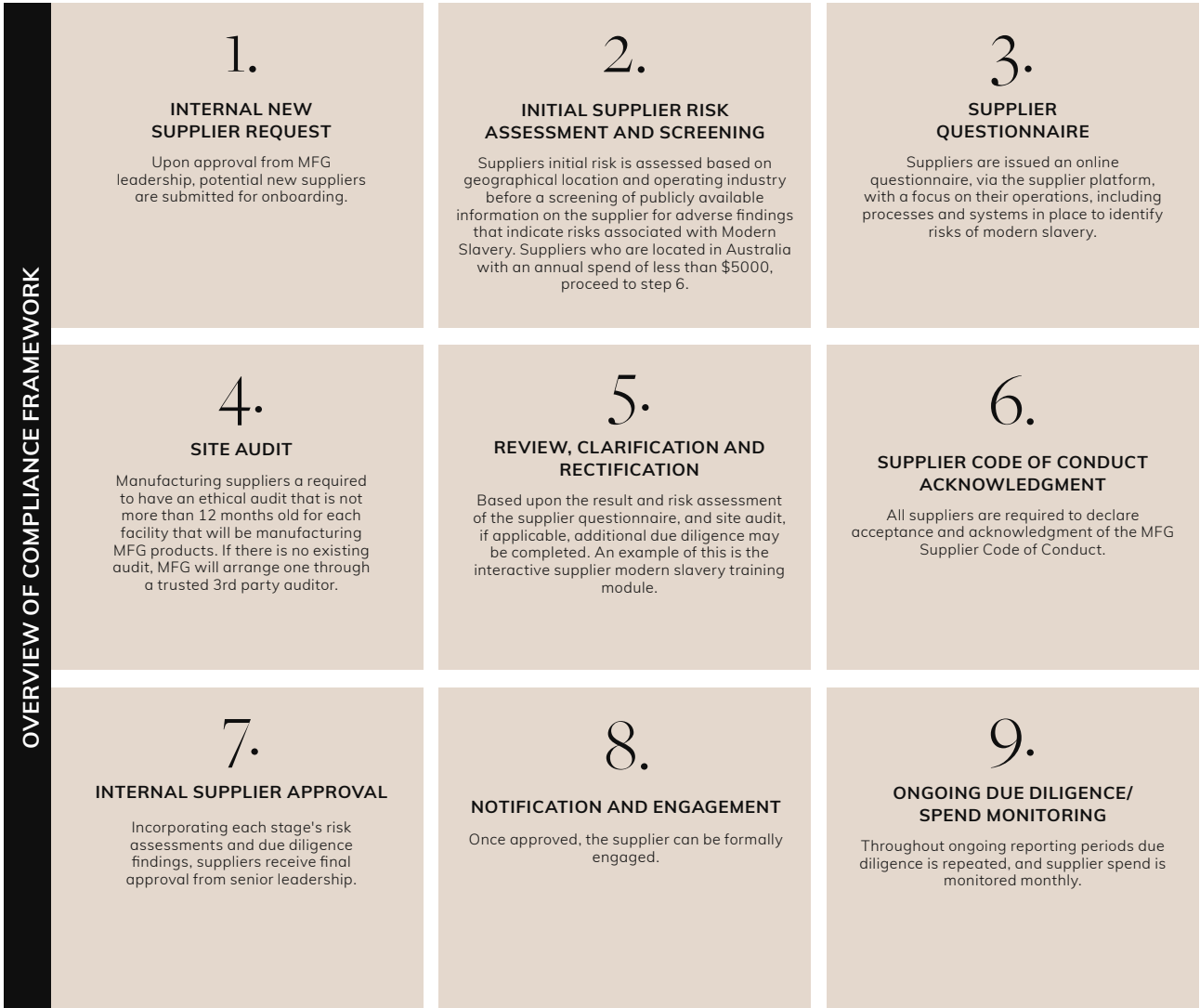
# ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

Taking proactive action to address modern slavery indicators and human rights violations is paramount. Our continued efforts to enhance our mature systems and processes have led to the identification of modern slavery risk indicators, showcasing the effectiveness of our approach. By highlighting these risk indicators, we aim to emphasise our dedication to responsible practices.”

To ensure a best practice, worker-centric approach when investigating modern slavery indicators and human rights violations indicators, MFG has aligned with internationally recognised standards, such as the International Labour Organisation (ILO) conventions and United Nations Guiding Principles on Business and Human Rights.

This section provides an in-depth overview of MFG's modern slavery initiatives, including the partnership with a specialist law firm, reporting practices, due diligence measures, grievance mechanisms, and real-world outcomes from site audits.

OVERVIEW OF COMPLIANCE FRAMEWORK



GOVERNANCE		
ITEM	OVERVIEW	EXAMPLE
<b>GUIDANCE</b>	During the reporting period, MFG continued its engagement with a specialist third-party law firm experienced in modern slavery compliance.	Through weekly meetings, MFG receives guidance on all modern slavery governance areas. From staying abreast of legislative developments through to assisting in conducting gap analysis of its systems and, or processes.
<b>REPORTING</b>	MFG continued its production of monthly dashboards that outline supplier insights, the status of outstanding non-compliances and other items of importance.	Through regular and transparent reporting and communication, the Board is more informed in making decisions pertinent to the company's supply chain strategy.
<b>SUPPLIER PLATFORM</b>	An integral component to support supplier governance is the Supplier Platform. In this reporting period, MFG utilised the platform to enhance communications with suppliers through the translation functionality.	The platform allows actions and communications to be issued to suppliers, and accordingly, was able to follow up and engage in ongoing dialogue with manufacturing suppliers to close out non-compliances and receive evidence that non-compliances had been remediated.
DUE DILIGENCE		
ITEM	OVERVIEW	EXAMPLE
<b>SITE AUDITS<sup>1</sup></b>	Working with third-party verified auditing bodies to conduct accredited ethical site audits, MFG expanded its framework to ensure all new manufacturing suppliers had a site audit and all CAP items remediated prior to engagement.  <sup>1</sup> MFG recognises site audits by, but not limited to, the following authorised bodies: Sedex, QIMA Ltd, BSI Group, Beureau Veritas, and INTERTEK.	Working proactively to mitigate engagement with suppliers who do not share its commitment to respect the rights of their workforce, MFG's pre-onboarding site audit approach has prevented the engagement of non-aligned suppliers.
<b>RISK ASSESSMENT</b>	MFG continued its risk-based approach to due diligence, whereby further due diligence steps are taken when a supplier presents higher modern slavery risks.	Suppliers presenting additional risks based on their risk profile or responses to the supplier questionnaire were issued training or required to demonstrate measures to mitigate modern slavery risks.



<b>SUPPLIER ONBOARDING</b>	In this reporting period, MFG made extensive enhancements to its onboarding process to make it even more user-friendly for both internal team members and its supply partners.	Committed to collaboratively working with our global supplier partners, MFG is always looking for ways to foster and support transparency. These measures are proving effective, evidenced by 100% of new suppliers being captured through the onboarding process.
<b>ANNUAL QUESTIONNAIRE</b>	Dissatisfied that a portion of existing long-term suppliers' mandatory compliance requirements were not up to date, including the annual questionnaire, in this reporting period, MFG prioritised these suppliers as part of its exhaustive review of manufacturing suppliers.	Through the efforts of the Remediation Committee tasked to support manufacturing supplier compliance, MFG saw a 23% increase in its manufacturing suppliers' completion of the annual questionnaire.

<b>GRIEVANCE MECHANISMS</b>		
<b>ITEM</b>	<b>OVERVIEW</b>	<b>EXAMPLE</b>
<b>SPEAK UP PROGRAM</b>	Wanting to ensure manufacturing factory workers were aware of their rights and avenues to raise concerns, in this reporting period MFG launched its 'Speak Up Program'. The 'Speak Up Program' provides direct access to a secure platform where workers can: <ul style="list-style-type: none"> <li>• learn more about their rights</li> <li>• report misconduct</li> <li>• report any labour issues ranging from underpayment to forced labour.</li> </ul>	The 'Speak Up Program' was launched in all factories that MFG currently engages in Türkiye. This region was treated as a pilot group, with the data captured used to determine whether the program met its objective and reached the workers. The intention is to launch the program across the remainder of its manufacturing factories in the next reporting period.
<b>WHISTLEBLOWING FRAMEWORK</b>	Learnings from the 'Speak Up Program' pilot highlighted a need to review the effectiveness of the whistleblowing framework.	In preparation for the broader launch of the 'Speak Up Program', the internal whistleblower framework will be expanded upon in the next reporting period to better manage any reported instances of misconduct. MFG intends to continue to expand its grievance mechanisms to ensure that all people within its operations and supply chains feel comfortable being open about any potential misconduct that has been seen or heard.

**Case Study 4:  
Türkiye Migrant Workers**

During the reporting period, MFG arranged for a site audit to be conducted on one of its Turkish factories.

The site audit was conducted by independent third-party auditing body QIMA. The result of the site audit reported that the factory had unregistered Syrian migrant workers who were being engaged to complete work. The audit made it clear that the migrant workers were not able to respond to specific questions due to a lack of understanding of the local language.

Statistically, migrant workers can be more susceptible to exploitation, so MFG was immediately concerned about the potential mistreatment of workers. As such, a follow-up site visit was arranged focusing on migrant worker interviews. To ensure the migrant workers could communicate directly with the auditors, MFG arranged for QIMA to deploy auditors to engage with the workers in their primary language.

The subsequent audit and worker interviews confirmed that the workers were being paid correctly and treated appropriately by the factory. No evidence of exploitation was uncovered, and the worker interviews confirmed that the migrant workers were happy with their jobs.

While comfortable with the worker's response, MFG turned its attention to ensuring the workers obtained the appropriate permits to ensure that their wages and pay were recorded. Additionally, MFG outlined the steps the factory needed to take to assist the workers and rectify its non-compliance.

At the end of the reporting period, these non-compliances were in the process of being remediated. MFG's actions further demonstrate that it is actively conducting thorough due diligence and is committed to worker welfare, compliance, and ongoing efforts to address non-compliance.

## GRIEVANCE MECHANISMS

<b>ENGAGEMENT WITH SUPPLIERS</b>	MFG understands that to drive sustainable, long-term systems and programs, MFG understands that it needs to establish user-friendly programs and systems to support supplier engagement and compliance.	As evidenced in case study 2 within Criteria 3, one of the ways MFG has supported suppliers is through the development of compliance-supporting documentation with local advisers.
<b>TRAINING</b>	MFG continued to assign training to suppliers where they demonstrated insufficient understanding of what modern slavery is or how to mitigate the risks.	Through the onboarding process, a proposed new footwear manufacturing supplier was identified as having insufficient processes to recognise and mitigate the potential risks of modern slavery. Via the Supplier Platform, the supplier was issued the modern slavery training, which was required to be completed before engagement to ensure they could sufficiently identify and address potential risks of modern slavery.

### Case Study 5: Supplier Speak Up Program

As highlighted in the 'Action Taken' table, significant steps were taken during the reporting period to commence and roll out a supplier 'Speak Up Program' pilot in Türkiye. As part of efforts to expand its grievance mechanisms and further educate workers who form part of its supply chains, MFG launched this program to make learning and reporting more accessible.

The 'Speak Up Program' requires factories within MFG's supply chain to display the program posters, with factory specific QR codes, throughout the factory. Scanning the QR code allows any worker to access a suite of easily digestible training and information relevant to that worker's jurisdiction.

Through MFG's due diligence work, it became apparent that some of the factories that were engaged within Türkiye operated on a smaller scale. As such, it was identified that workers may not have access to these resources as part of their employment. As such, MFG engaged a trusted contact in Türkiye to display posters throughout the factories and ensure workers were aware of the purpose of the program. In the next reporting period, as part of the site audit program, posters will be checked to see whether they remain in place or not. Engagement will also be tracked closely with the relevant documentation through the QR code to measure the effectiveness of the program.

## DUE DILIGENCE RESULTS



## TIER 2 SUPPLIERS

MFG acknowledges that as its modern slavery compliance program expands, it has more scope to consider risks further down its supply chains. This is particularly evident in the manufacturing process; whereby raw materials are often sourced from deep within supply chains.

By expanding its supplier relationships with its direct suppliers, MFG continues to gain better access to and understanding about the operations of the suppliers deeper down its supply chains.

## CHALLENGES

While significant progress has been made in remediating the non-compliances identified during the reporting period, it is important to touch on the difficulties associated with remediation.

In some instances, factory management are not always receptive to change. MFG has found that some suppliers lack awareness or understanding of modern slavery risks.

Accordingly, they have developed resources and communications to suppliers that help to explain the issues arising from certain practices and how these present risks to the workers.

In many cases, the supplier training and awareness provided has been crucial to the resolution of non-compliance. This is most evident in issues that relate to maintaining worker records or providing safety equipment to workers.

CRITERIA 5  
ASSESSING THE  
EFFECTIVENESS  
OF ACTIONS



# ASSESSING THE EFFECTIVENESS OF ACTIONS

We believe our actions in this reporting period demonstrate our intent to make genuine and lasting improvements across our compliance framework and operations. To achieve this, we take an honest and critical approach to assessing the effectiveness of our actions. At the completion of each review, a detailed roadmap is developed to help ensure learnings and improvements are both actioned and adopted.”

An effective strategy to mitigate the risks of modern slavery cannot be static, with risks and context continually changing through commercial practices and understanding of its supply chains beyond direct suppliers through transparency initiatives. Because MFG is responsible for ensuring its practices are robust for an ever-changing risk environment, it annually reviews its actions' effectiveness. In this reporting period, the review included not only the policies and practises in place and how they compare to relevant industry entities but also reviewed its entire supplier base to minimise the risks associated with excessive suppliers.

ITEM	OVERVIEW	MEASURES
<b>POLICIES &amp; CODES</b>	Building upon previous reporting periods, MFG reviewed their existing Modern Slavery Policy and Supplier Code of Conduct and developed an Ethical Sourcing Policy.	Updates were made to these documents to confirm that they remain fit for purpose and up to date.
<b>BENCHMARKING REPORT</b>	A significant task that was completed at the end of the reporting period was to have external advisors benchmark the modern slavery compliance framework. This exercise aimed to assess the actions implemented and identify areas for improvement. Engaging a third-party to undertake the benchmarking exercise allowed for objectivity. The report identified and made recommendations for areas of improvement, including governance and policies, training and engagement, due diligence, and further actions.	<p>An action resulting from the benchmarking report is the development of MFG's maturity framework, whereby annual target maturity and measuring against the target is to be implemented and reported going forward. Utilising key resources, including the Global Slavery Index (Walk Free Foundation), the benchmarking reporting reviewed MFG's performance against relevant industry entities in governance, policies, training, supplier engagement, due diligence, and additional actions.</p> <p>This year, the benchmarking report also encapsulated broader ESG measures.</p>
<b>SITE AUDITS</b>	MFG expanded its annual site audit program to include mandatory audits of manufacturing suppliers to be conducted prior to engagement.	<p>Assessing the effectiveness of its third-party accredited ethical site audits program, MFG identified an opportunity to conduct due diligence as part of its supplier selection process rather than post-selection.</p> <p>This process was proven effective early into the adoption, where a potential supplier had too many non-compliances, and its way of operating did not align with its values. Accordingly, MFG chose not to engage this supplier.</p>
<b>KNOW YOUR SUPPLIER QUESTIONNAIRE</b>	Further amendments were made to the Know Your Supplier questionnaire during the reporting period. These amendments were largely aimed at gaining a further understanding of suppliers that lie deeper in MFG's supply chains.	Amendments were made regarding the sourcing of raw materials; specifically, leather, suede and synthetic, to gather more detailed information from the business's direct suppliers about the other entities involved in production deeper down the supply chains.

### Case Study 6: Internal Process Improvements

Due to the scale of its operations, MFG engages over a hundred new suppliers annually. The high volume has the potential to introduce risks, which is why an extensive review is conducted annually to measure the effectiveness of the onboarding program.

While the program was assessed to be robust, efficiencies were identified to simplify the onboarding journey for suppliers and internal team members.

The revamped onboarding process yielded significant results:

- Streamlined touchpoints minimised errors linked to data duplication.
- Digitalisation boosted efficiency and improved the user experience for its internal team members and suppliers.
- With additional education initiatives, potential loopholes were closed, enhancing compliance and reducing the risk of premature supplier engagement.

The outcome is a more robust, efficient, and compliant onboarding system.



CRITERIA 6  
CONSULTATION





# CONSULTATION

We recognise and appreciate the importance of ensuring meaningful consultation occurs across the business, with our supplier partners and industry experts if our actions taken to mitigate modern slavery risks are to be effective.”

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

To ensure all facets of the business are broadly across the implementation and maintenance of the modern slavery compliance framework, the Corporate Social Responsibility team consults the below stakeholders in the preparation of this statement and throughout the reporting period. Taking a multi-faceted approach to consultation, the below table outlines the cadence of formal consultation and embedding of the modern slavery framework across the organisation.



STAKEHOLDER	FREQUENCY	ENGAGEMENT OVERVIEW	BENEFITS OF ENGAGEMENT
REMEDIATION COMMITTEE	Weekly	The business established an internal committee that gathers weekly to closely monitor and discuss remediation progress. This committee comprises of 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 of the Remediation Policy, to ensure its supply chain remains free from modern slavery.
COMPLIANCE PROGRESS MEETING	Fortnightly	These meetings occur on a fortnightly basis and provide a platform for in-depth discussions regarding the procedural and process improvements required to further strengthen compliance framework. This meeting comprises of the Co-Chief Executive Officers, the Chief Merchandise Officer, General Manager of Procurement, and General Manager of ESG and Corporate Affairs.	This high-level engagement ensures MFG's leadership is actively involved in the decision making of crucial modern slavery compliance initiatives.
BOARD OF DIRECTORS	Monthly	The Board of Directors are provided with a monthly insights report, and where required, are consulted on strategic compliance matters or instances of modern slavery indicators or human rights violations.	The Board ensures MFG and its subsidiaries remain true to its values and meets its regulatory obligations.
SUPPLIER ENGAGEMENT AND SME STAKEHOLDER ENGAGEMENT	As required	To make informed decisions that align with its values and standards, MFG conducts pre-engagement consultations involving Procurement and ESG teams.	This collaborative effort allows the business to thoroughly assess potential suppliers for their commitment to ethical sourcing, transparency, and adherence to modern slavery compliance standards.
COMMERCIAL LAWYERS	Weekly	Cowell Clarke (CC) is a commercial law firm that provides specialist advice and integrated compliance solutions that helps MFG manage modern slavery risk.	Cowell Clarke is a crucial partner for MFG, ensuring ESG compliance remains comprehensive and adaptable. Their ongoing collaboration provides expert guidance for proactive identification of concerns, aligning practices with industry standards. CC's expertise becomes pivotal in addressing potential compliance issues reactively, offering guidance and support to navigate and resolve challenges effectively.

CRITERIA 7  
LOOKING  
FORWARD



# LOOKING FORWARD

With some real momentum in this space, we are ready for the next reporting period where we will align our efforts to our Environmental Social and Governance (ESG) strategy. This will see the most significant evolution of our processes and procedure to date as we strive to transition from mitigating modern slavery to eliminating modern slavery and upholding human rights.”

Clear on what it will take to achieve its ambitious targets, MFG has developed a detailed roadmap outlining the relevant actions, deliverables and measures of success.

In the next reporting period, some of the initiatives MFG is committed to delivering includes:

- Strengthen the ethical compliance frameworks by re-evaluating current processes and enhancing its risk assessment methods;
- Expand Governance protocols through introduce of ESG Compliance Manger role
- Conduct a comprehensive, holistic review of all compliance policies

- Broaden communication and resources pertaining to Freedom of Association and Labour standards
- Update and relaunch the supplier onboarding resources and collateral
- Organise Supplier summit for ongoing training and development
- Expand the "Speak Up Program" into all manufacturing regions
- Review the compliance framework for non-stock suppliers and the supplier agreement process
- Update and expand the compliance reporting suite and accompanying dashboards
- Monitor Modern Slavery Act for amendments of the act
- Extend the traceability project to encompass additional tiers within our supply chain.

MFG considers that steps already taken to address and mitigate modern slavery risks in its operations and supply chains are comprehensive. Accordingly, the business is confident it is prepared for the proposed changes to the Act; and will continue to work internally and with its third-party advisors to ensure it remains compliant with its obligations under the Modern Slavery Act.

# STATEMENT APPROVED

This modern slavery statement for the reporting period was approved by the MFG Board on 19 December, 2023.



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

**THANK YOU**  
Munro Footwear Group Pty Ltd  
ABN 59 614 250 501

# ANNEXURE: SUPPLIER BY VOLUME

6.1% - 40%+

- AUSTRALIA
- CHINA

1% - 6%

- UNITED STATES
- TÜRKIYE
- INDIA
- NEW ZEALAND
- UNITED KINGDOM
- GERMANY
- ITALY
- VIETNAM
- CANADA
- FRANCE
- SPAIN
- NETHERLANDS
- SINGAPORE

0.1% - 0.9%

- |   |   |   |  |
|---|---|---|--|
| <span style="color: green;">●</span> PORTUGAL           | <span style="color: brown;">●</span> MALAYSIA               | <span style="color: brown;">●</span> KYRGYZSTAN       | <span style="color: brown;">●</span> HONDURAS                |
| <span style="color: green;">●</span> HONG KONG          | <span style="color: brown;">●</span> MOROCCO                | <span style="color: green;">●</span> LITHUANIA        | <span style="color: brown;">●</span> IRAQ                    |
| <span style="color: green;">●</span> JAPAN              | <span style="color: brown;">●</span> PHILIPPINES            | <span style="color: brown;">●</span> MONGOLIA         | <span style="color: green;">●</span> JERSEY                  |
| <span style="color: brown;">●</span> INDONESIA          | <span style="color: green;">●</span> ROMANIA                | <span style="color: green;">●</span> MONTENEGRO       | <span style="color: brown;">●</span> LIBYA                   |
| <span style="color: green;">●</span> BELGIUM            | <span style="color: green;">●</span> UNITED ARAB EMIRATES   | <span style="color: brown;">●</span> NORTH MACEDONIA  | <span style="color: brown;">●</span> MOLDOVA, REPUBLIC OF    |
| <span style="color: green;">●</span> TAIWAN             | <span style="color: green;">●</span> ARGENTINA              | <span style="color: brown;">●</span> PAPUA NEW GUINEA | <span style="color: brown;">●</span> MONACO                  |
| <span style="color: brown;">●</span> MEXICO             | <span style="color: brown;">●</span> ARMENIA                | <span style="color: brown;">●</span> PERU             | <span style="color: brown;">●</span> NEPAL                   |
| <span style="color: green;">●</span> SWEDEN             | <span style="color: green;">●</span> CZECHIA                | <span style="color: brown;">●</span> SAN MARINO       | <span style="color: brown;">●</span> NIGERIA                 |
| <span style="color: green;">●</span> AUSTRIA            | <span style="color: brown;">●</span> EGYPT                  | <span style="color: brown;">●</span> SURINAME         | <span style="color: orange;">●</span> PARAGUAY               |
| <span style="color: orange;">●</span> BRAZIL            | <span style="color: brown;">●</span> KUWAIT                 | <span style="color: brown;">●</span> UZBEKISTAN       | <span style="color: green;">●</span> PUERTO RICO             |
| <span style="color: orange;">●</span> GREECE            | <span style="color: brown;">●</span> LEBANON                | <span style="color: brown;">●</span> AZERBAIJAN       | <span style="color: brown;">●</span> TAJIKISTAN              |
| <span style="color: green;">●</span> ISRAEL             | <span style="color: green;">●</span> NORWAY                 | <span style="color: orange;">●</span> QATAR           | <span style="color: brown;">●</span> TURKMENISTAN            |
| <span style="color: green;">●</span> BULGARIA           | <span style="color: brown;">●</span> SAUDI ARABIA           | <span style="color: orange;">●</span> ECUADOR         | <span style="color: green;">●</span> URUGUAY                 |
| <span style="color: green;">●</span> DENMARK            | <span style="color: green;">●</span> SERBIA                 | <span style="color: brown;">●</span> KENYA            | <span style="color: green;">●</span> VIRGIN ISLANDS, BRITISH |
| <span style="color: green;">●</span> HUNGARY            | <span style="color: green;">●</span> SLOVAKIA               | <span style="color: green;">●</span> LATVIA           |  |
| <span style="color: green;">●</span> IRELAND            | <span style="color: green;">●</span> SLOVENIA               | <span style="color: brown;">●</span> LIECHTENSTEIN    |  |
| <span style="color: brown;">●</span> PAKISTAN           | <span style="color: brown;">●</span> SRI LANKA              | <span style="color: brown;">●</span> MALTA            |  |
| <span style="color: green;">●</span> POLAND             | <span style="color: brown;">●</span> UKRAINE                | <span style="color: green;">●</span> MAURITIUS        |  |
| <span style="color: brown;">●</span> SOUTH AFRICA       | <span style="color: brown;">●</span> ANDORRA                | <span style="color: brown;">●</span> MYANMAR          |  |
| <span style="color: green;">●</span> SWITZERLAND        | <span style="color: brown;">●</span> BANGLADESH             | <span style="color: orange;">●</span> PANAMA          |  |
| <span style="color: brown;">●</span> THAILAND           | <span style="color: brown;">●</span> BELARUS                | <span style="color: brown;">●</span> AFGHANISTAN      |  |
| <span style="color: green;">●</span> CHILE              | <span style="color: brown;">●</span> BOSNIA AND HERZEGOVINA | <span style="color: brown;">●</span> ALGERIA          |  |
| <span style="color: green;">●</span> FINLAND            | <span style="color: brown;">●</span> CAMBODIA               | <span style="color: brown;">●</span> SAUDI ARABIA     |  |
| <span style="color: brown;">●</span> RUSSIA             | <span style="color: green;">●</span> COSTA RICA             | <span style="color: brown;">●</span> ALGERIA          |  |
| <span style="color: brown;">●</span> ALBANIA            | <span style="color: brown;">●</span> FIJI                   | <span style="color: brown;">●</span> SAUDI ARABIA     |  |
| <span style="color: brown;">●</span> COLOMBIA           | <span style="color: brown;">●</span> GUATEMALA              | <span style="color: brown;">●</span> ALGERIA          |  |
| <span style="color: green;">●</span> CROATIA            | <span style="color: green;">●</span> ICELAND                | <span style="color: brown;">●</span> ALGERIA          |  |
| <span style="color: green;">●</span> CYPRUS             | <span style="color: brown;">●</span> JORDAN                 | <span style="color: brown;">●</span> ALGERIA          |  |
| <span style="color: green;">●</span> KOREA, REPUBLIC OF | <span style="color: brown;">●</span> KAZAKHSTAN             | <span style="color: orange;">●</span> GEORGIA         |  |
| <span style="color: green;">●</span> LUXEMBOURG         |   | <span style="color: green;">●</span> GUERNSEY         |  |

## Risk Analysis

LOW

MODERATE

HIGH