



KMD BRANDS

Modern Slavery Statement  
**2024**

KMD



# KMD Brands Modern Slavery Statement 2024



We recognise and pay respect to the Elders, past and present, and communities of the lands touched by KMD Brands. We recognise and acknowledge Indigenous Peoples across the world and their survival of practices that today are referred to as modern slavery, as well as the unresolved nature of these wrongs.

As a B Corporation (B Corp), KMD Brands Limited (KMD Brands) is committed to balancing profit with our impact on people and planet, including respecting internationally recognised human rights throughout our supply chain. KMD Brands entities take a consolidated approach to Environment, Social and Governance (ESG). As such, this is a joint statement made on behalf of KMD Brands Limited and the following KMD Brands controlled entities: Kathmandu Pty Ltd (ACN 007 047 547), Rip Curl Group Pty Ltd (ACN 068 999 520), Rip Curl Canada Inc, Rip Curl UK Ltd and Rip Curl, Inc.

This is the KMD Brands Modern Slavery Statement 2024, pursuant to its obligations under Australia's Modern Slavery Act 2018 (Cth), Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023, the United Kingdom's Modern Slavery Act 2015 and the California Transparency in Supply Chains Act (Steinberg, 2010). This statement covers the reporting period 1 August 2023 to 31 July 2024.

The principal address of KMD Brands Limited is 223 Tuam Street, Christchurch 8011, New Zealand. Australian Registered Body Number of KMD Brands Limited is 139 836 918. You can report a suspected incident of modern slavery linked to KMD Brands via email to [workers.rights@kmdbrands.com](mailto:workers.rights@kmdbrands.com).

This statement was approved by the Board of Directors of KMD Brands on 25 September 2024 as principal governing body on behalf of each reporting entity covered by this Statement.



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How this statement addresses the reporting criteria

# 1. KMD Brands structure, operations and supply chain

Founded in New Zealand as an outdoor apparel and equipment retailer in 1987, KMD Brands became a publicly listed company in 2009. KMD Brands is publicly listed on the NZX and ASX. KMD Brands is a group of three brands: Kathmandu, Oboz and Rip Curl. KMD Brands is headquartered at 223 Tuam Street, Christchurch, New Zealand.

Kathmandu, Oboz and Rip Curl products are distributed via online websites and at wholesale and retail levels. Rip Curl products are also distributed through Rip Curl's owned and operated chain of Ozmosis branded stores.

Kathmandu designs and manufactures outdoor apparel, footwear and equipment sourced from factories in China, Indonesia, Italy, Nepal, New Zealand, Spain and Vietnam. Oboz designs and manufactures outdoor footwear sourced from factories located in Vietnam and China. Rip Curl designs and manufactures surf apparel and accompanying products, as well as sponsoring athletes

and surfing events. Rip Curl products are manufactured in factories in Australia, Bangladesh, Brazil, Cambodia, China, France, India, Indonesia, Mexico, Thailand and Vietnam. The Rip Curl brand is licensed to five third-party licensees operating in Argentina, Uruguay, Chile, Peru, Fiji, Papua New Guinea, Malaysia, Singapore and South Africa. The brand is also licensed to global merchandise licensees in eyewear, watch bands, phone cases and auto accessories.

Please refer to the figure below for a breakdown of the number and location of office locations, stores, materials sourcing and factories. Kathmandu, Rip Curl and Oboz factory lists are also publicly available on the **Open Supply Hub**.

As of 31 July 2024 KMD Brands employs 4,688 employees. Please see pages 5-6 of **GRI & SASB Index 2024** for breakdown by age, employment type and region.

## GLOBAL FOOTPRINT

NORTH AMERICA	TOTAL
Owned stores	30
Licensed stores	24
Wholesale doors	+3,800
Materials sourcing	USA, Mexico
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	Mexico (1, <1%)

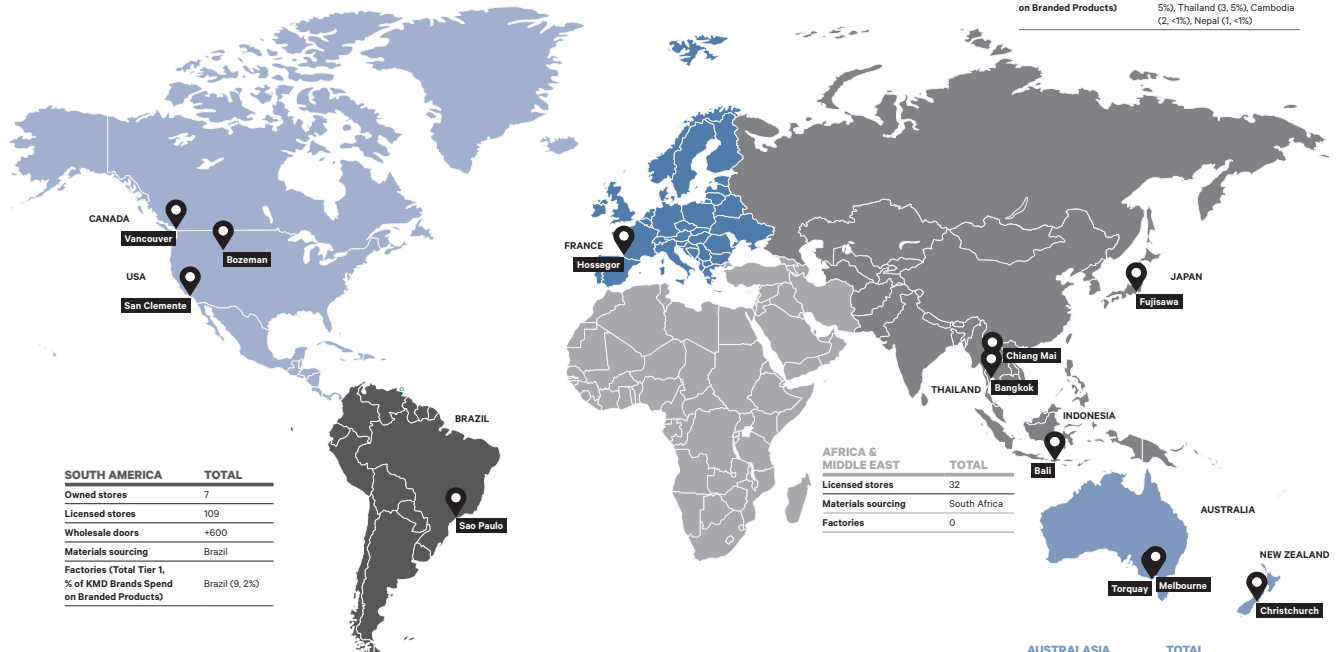
EUROPE	TOTAL
Owned stores	27
Licensed stores	10
Wholesale doors	+2,000
Materials sourcing	Italy, France
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	France (2, <1%), Italy (1, <1%), Spain (1, <1%)

ASIA	TOTAL
Licensed and JV stores	83
Wholesale doors	+600
Materials sourcing	Vietnam, China, Thailand, Taiwan, Japan, Indonesia, South Korea, Bangladesh, India, Nepal
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	China (79, 35%), Vietnam (22, 31%), Indonesia (8, 13%), Bangladesh (7, 8%), India (10, 5%), Thailand (3, 5%), Cambodia (2, <1%), Nepal (1, <1%)

SOUTH AMERICA	TOTAL
Owned stores	7
Licensed stores	109
Wholesale doors	+600
Materials sourcing	Brazil
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	Brazil (9, 2%)

AFRICA & MIDDLE EAST	TOTAL
Licensed stores	32
Materials sourcing	South Africa
Factories	0

AUSTRALASIA	TOTAL
Owned stores	270
Licensed stores	21
Wholesale doors	+900
Materials sourcing	Australia, New Zealand
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	Australia (3, <1%), New Zealand (2, <1%)



## 2. Risks of modern slavery in KMD Brands operations and supply chain

KMD Brands implements an evolving due diligence framework to identify and mitigate potential risks in our supply chain that could be associated with or contribute to modern slavery. In this report, we use the term “modern slavery” to refer to forced labour and child labour. The actions we take to assess and address the risks of modern slavery in our operations and supply chain are outlined at Section 3. Inherent geographic, sector and product risks are integrated with supplier specific risks to inform individual facility risk profiles. The risks factors identified below may indicate increased vulnerability to modern slavery, though this does not necessarily mean modern slavery is occurring, or that these risks are present in our own operations.

The boundaries between substandard working conditions and severe exploitation can sometimes be unclear. In some cases, exploited workers may recognise a lack of decent work but not identify themselves as victims of modern slavery. As such, we integrate modern slavery risk management within our wider human rights due diligence program and commitment to respect human rights.

### 2.1 GEOGRAPHIC RISK (TIER 1 REGIONS)

KMD Brands works with 149 tier 1 manufacturing suppliers to create Rip Curl, Kathmandu and Oboz branded products. We currently source approximately 6% of products (by spend) from suppliers in regions with extreme risk of slavery (Cambodia and Thailand) and 83% of products from suppliers in regions with a high risk of slavery (China, India, Indonesia and Vietnam).

Modern slavery is more prevalent in certain countries, including some of the locations KMD Brands sources from. The following geographic risk ratings are based on the Walk Free Foundation’s Global Slavery Index (Walk Free, The Global Slavery Index 2023 - <https://walkfree.org/global-slavery-index/>)

#### EXTREME-RISK GEOGRAPHIC REGIONS ●

##### Cambodia

The apparel industry in Cambodia is characterised by high levels of excessive overtime, poor wages and poor health and safety conditions. Considering these risks, KMD Brands only works with tier 1 suppliers in Cambodia with whom we have long, well-established relationships, and demonstrate strong internal compliance practices.

##### Thailand

The risk of forced labour remains at extreme levels in Thailand. A large population of ethnic people continue to lack citizenship rights and are particularly vulnerable to abuse and exploitation. Rip Curl manufactures in three factories in this region. One is Onsmooth Thai, a certified B Corp factory owned by Rip Curl. Rip Curl has owned and operated this factory for 27 years. The second two are long-standing Rip Curl partners that are visited regularly by our internal production team.

#### HIGH-RISK GEOGRAPHIC REGIONS ●

##### China Oboz

Discriminatory government practices are a key contributor to modern slavery risks in China, including the internment of Chinese citizens of ethnic Turkic origin in the Xinjiang region and forced labour by prisoners incarcerated in China’s regular judicial system. Increasing concerns over forced labour risks and geopolitical uncertainties are driving diversification of KMD Brands sourcing outside of China.

The prohibition on traditional forms of collective bargaining continues to impact forced labour risk. Internal migrant workers are also particularly vulnerable to exploitation. We also continue to encounter risks to audit transparency due to inconsistent wage and attendance records.

Both Kathmandu and Rip Curl tier 1 manufacturing facilities are predominately located in export-oriented centres that are under significant government and customer pressure to operate in a socially and environmentally responsible manner. KMD Brands engages a China operations manager who regularly visits factories in China to assess workplace compliance. We also continue to increase direct worker consultation and engage a China-based employee relations consultancy to mitigate these risks.

##### India

Bonded labour in India is still prevalent and the risk of child labour is extreme. We have been monitoring the impact of amendments to the Factories Act in Karnataka that increase permissible working hours and permit women to work night shifts. These changes may impact worker conditions and the health and safety of female workers. KMD Brands works with one tier 1 supplier in this

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region. The general working hours in this facility remain unchanged (9.00am – 5:30pm) and verified working hours are below the legal requirement.

KMD Brands engages a regional quality manager who regularly visits factories in India.

### Indonesia

The textile and garment industry plays a key role in the Indonesian economy. Subcontracting to suppliers with below standard labour conditions is common, as is verbal and physical harassment of workers. In recognition of this broader risk, Kathmandu works with four suppliers with strong human rights awareness and dedicated social and environmental teams. Rip Curl partners with two long-standing factories that are visited regularly by members of the Rip Curl Indonesia team.

In FY23, a social assessment found one of Rip Curl's Indonesian suppliers was paying workers below the minimum government regulation. Following a period of open communication and education, this supplier has increased worker remuneration to meet regulation requirements. KMD Brands conducted a worker survey in July 2024 to confirm the increase and worker satisfaction with both remuneration and broader working conditions.

In FY24, in-person visits to Rip Curl and Kathmandu suppliers in Indonesia also enabled increased understanding of facility modern slavery risk management practices.

### Vietnam

The garment and footwear industries are important drivers of the Vietnamese economy. Excessive overtime and poor job security are prevalent within the sector, which increase the risk of forced labour. The state of the global economy is also placing pressure on factories. Given the large percentage of products sourced from Vietnam and prevailing risks, KMD Brands surveyed over 4,000 workers in Vietnam in FY23. In FY24, we conducted follow-up surveys to assess the impact of corrective action taken by factories and compare working conditions in a differing season.

The majority of factories engaged by Kathmandu, Rip Curl and Oboz in Vietnam are progressive Environmental Social Governance (ESG) partners with dedicated social and environmental teams that prioritise worker wellbeing. Oboz also has a representative office in Vietnam and factories are visited regularly by Oboz employees. In FY24,

in-person visits to Kathmandu suppliers in Vietnam also allowed for enhanced understanding of suppliers' modern slavery risk management practices.

In FY24, we were approached regarding allegations of labour rights abuse linked to a facility in Oboz's supply chain. Together with the Fair Labor Association (FLA), we investigated the allegations and provided a public response that is available via **Business and Human Rights Resource Centre**.

## MEDIUM-RISK GEOGRAPHIC REGIONS ●

### Bangladesh

The Bangladesh Government has taken a strong stance on addressing modern slavery. However, poverty and social instability continue to present labour risks and monitoring of labour law enforcement is limited. During FY24, workers in the garment sector were killed by police during protests and a union leader murdered. The government-imposed shutdowns of July and August 2024 have disrupted factory operations, jeopardising worker safety and creating human rights and labour concerns. There is a risk of lost wages that could impact workers' financial wellbeing. KMD Brands confirmed that all factory partners in Bangladesh provided full compensation for the government-imposed holidays.

We continue to monitor closely the welfare of workers in Bangladesh, supported via regular factory visits by Rip Curl's regional quality manager. Strong relationships with our suppliers in Bangladesh assist in providing good visibility of working conditions, in many cases to tier 3 level due to the vertical nature of many of these suppliers.

KMD Brands is also a signatory to the International Accord and Bangladesh Safety Program. All tier 1 factories manufacturing our branded products participate in the inspection, remediation and safety training programs.

### Brazil

Labour risk in Brazil is significant in relation to unauthorised subcontracting, freedom of association and child labour. Accelerating urbanisation has also resulted in an increase in modern slavery in the textile industry.

The Brazil region is a signatory to the ABVTEX certification association. Rip Curl's global office in Brazil works with factories that are audited for social and environmental performance under this scheme and subject to the KMD Brands **Code of Conduct**.



## Mexico

Modern slavery in Mexico is driven by inequality and exacerbated by the impact of conflict (Walk Free, The Global Slavery Index 2023). Mass migration from Mexico to the United States fuels forced labour. Migrants also flee other countries and congregate on the border between the United States and Mexico. Mexico has enacted legislation that prohibits companies from importing goods produced through forced labour, though needs to further strengthen legislation to tackle modern slavery in supply chains.

## LOW-RISK GEOGRAPHIC REGIONS

Rip Curl and Kathmandu work with trusted, long-term supplier partners in Australia, France, Italy, Nepal, New Zealand and Spain. Each have undergone third-party or internal social assessments and have been classified as low-risk.

## 2.2 PRODUCT RISK

Materials commonly used in KMD Brands apparel, footwear and equipment products include cotton, down, leather and neoprene.

Large amounts of the world's cotton are produced in countries with a high risk of forced labour, including Uzbekistan, Turkmenistan and the Xinjiang region of China. The Xinjiang region is the source of over 80% of China's cotton which is used in supply chains in China or processed into yarn or textiles and exported to other countries for incorporation into finished goods. The forced labour risk for most companies is from the cotton, yarn, or textiles produced in Xinjiang and then incorporated into finished goods in other parts of China or Asia (FLA, Issues Brief, 2020).

Forced labour has also been found in leather tanneries in China, Indonesia and Vietnam, as well as in the rubber plantations of Indonesia and Thailand (Know The Chain, Labor Risks in Leather Supply Chains, 2017).

A very small amount of metal is used in outdoor apparel and equipment. Aluminium, titanium and steel are sourced to produce some hard goods and accessories products. As of 2024, there are forced labour concerns associated with the production of aluminium in China (US Department of Labor). There is also no known child labour or forced labour concerns associated with natural fibres like merino wool and duck/goose down (US Department

of Labor).

The core ingredient in traditional wetsuits is oil or limestone-based neoprene foam. The former involves oil drilling and the latter limestone mining. Limestone neoprene and natural rubber foam are used in Rip Curl wetsuits. Extractive industries are at risk of modern slavery, in part due to driving migration that causes higher vulnerability to severe exploitation (Walk Free, The Global Slavery Index 2023).

## 2.3 SECTOR RISK

Within the apparel and footwear industries, the following factors have a major influence on modern slavery risk:

### Unauthorised subcontracting

The risk of involvement in modern slavery through the supply chain increases as supplier subcontracting grows. Unauthorised subcontracting is common within the apparel industry in China, Vietnam and Indonesia.

### Reliance upon temporary or migrant workers

Workforces with high numbers of temporary, seasonal, or agency workers contribute to heightened worker vulnerability. These sectors also tend to depend on labour recruiters for their recruitment activities. This creates an additional layer of separation between employers and workers, leaving workers exposed to deceptive or coercive recruitment practices.

### Complex and fast-paced supply chains

Rapid turnaround times for production and the necessary flexibility to produce goods affected by shifting demand can drive worker exploitation. This may include long working hours and forced overtime during periods of high consumer demand.

There are increased risks associated with the difficulty of managing and monitoring a complex global supply chain. Workers are often isolated due to physical, cultural, technological and/or strategic isolation. They may have poor access to external grievance channels due to the difficulty faced by customers in gaining transparency of upstream operating environments.

### **Reliance upon low-skilled or unskilled labour**

Unskilled work is typically low-paying and undervalued. These jobs often employ particularly vulnerable workers and marginalised individuals such as migrants and minorities. Unskilled or illiterate workers are also typically less aware of their rights than more skilled and better educated workers.

### **Substandard working and/or living conditions**

The fast-paced, price sensitive nature of apparel production drives worker exposure to poor health and safety measures, verbal harassment and bullying. Workers may also be exposed to detrimental synthetic chemicals that are commonly used in apparel production.

### **Gender inequality**

Within apparel and footwear supply chains, women remain at particular risk of human rights abuses, including forced labour and trafficking. Approximately 80% of the world's garment workers are women, who may be exposed to violence, including sexual harassment and abuse.

## **2.4 TIER 2+ MANUFACTURING, PROCESSING AND PRODUCTION**

Our visibility of supplier operating environments beyond tier 1 varies by brand, product category and supplier structure. For example, we have good visibility within our wetsuit supply chain, but significantly less understanding of modern slavery risks in the production of materials we do not develop directly with input suppliers, such as lighting or surf hardware. The risks of modern slavery are more significant in areas where we lack a direct contractual relationship with input suppliers or have limited visibility. Our current monitoring and capacity building programs do not extend to all tier 2 suppliers, nor the input suppliers we are yet to trace. We recognise this increased risk, particularly in locations or industries characterised by poor labour practices.

In FY24, we became aware of alleged indicators of forced labour within two fabric mills and one dyeing facility connected to the KMD Brands supply chain in Taiwan. These included the payment of recruitment fees, threatened repatriation and restriction of movement. This investigation is ongoing, and we are collaborating closely with other brands and suppliers on investigation and remediation of these findings.

KMD Brands has limited visibility of raw material suppliers and our monitoring and capacity building programs extend to a few key producers. We are yet to reliably assess modern slavery risks at raw materials level across the Group and recognise that raw materials suppliers present significant modern slavery risk.

## **2.5 LICENSED PRODUCTS**

Rip Curl has several external licensees, some of whom source all product from existing Rip Curl approved and monitored suppliers, while others have a license to produce independently. Rip Curl licensees are required to manufacture to an agreed standard, which includes compliance with the KMD Brands Code of Conduct and third-party social assessments. Independent manufacturing presents a risk due to a lack of clear visibility and transparency of factories used, as well as poor compliance with evidence requirements by some external licensees.

The licensee for Malaysia and Singapore currently sources all product from existing Rip Curl approved and monitored suppliers. Licensees operating in Argentina, Chile, Peru, South Africa and Fiji are authorised to both produce independently and sell product locally. These facilities are required to manufacture to an agreed standard under the license terms. The risk profile of these facilities varies based on location, agreement to the KMD Brands Code of Conduct, third-party oversight of operating conditions and length of supplier relationship.

We consider production in Argentina, Fiji and South Africa to present low risk due to third-party oversight, high rates of KMD Brands Code of Conduct agreement and long-term relationships. The licensee for South Africa also manufactures products in China in an existing, approved Rip Curl factory.

Production in Chile and Peru is of higher risk due to lack of robust third-party social assessments and higher inherent supply chain risk driven by working hours and wage concerns in these regions. The licensees for Chile and Peru manufacture products both locally and in China; 60% of these facilities have agreed to the KMD Brands Code of Conduct and 50% have provided evidence of third-party social monitoring.

Global merchandise licensees in eyewear, watch bands, phone cases and auto accessories are required to manufacture to agreed social and environmental



standards. We have full visibility of tier 1 production of auto accessories and all facilities have agreed to the KMD Brands Code of Conduct and provided evidence of third-party social monitoring.

## **2.6 THIRD-PARTY PRODUCTS SOLD BY KMD BRANDS**

Rip Curl, Kathmandu and Ozmosis retail stores sell products from third-party brands. KMD Brands does not currently conduct formal monitoring of third-party brands with modern slavery legislation, though social and environmental requirements are a condition of contracts signed in FY24.

## **2.7 INDIRECT PRODUCTS AND SERVICES**

KMD Brands procures non-inventory products and services across the following categories:

- Marketing and advertising;
- Information technology;
- Freight and logistics;
- Retail operations (store fitout and consumables, postage, facilities management, loss prevention and utilities); and
- Support operations (professional services and office supplies).

We have identified the following categories as presenting medium or high-risk:

- Retail operations, focusing on store fitout, facilities management and loss prevention; and
- Supply chain, focusing on freight and logistics.

KMD Brands engages suppliers to provide fitout, maintenance and security across our extensive network of retail stores. Although many of our indirect suppliers are located in low-risk regions, unauthorised subcontracting, short-term engagements, underpayment of wages and poor occupational health and safety are features of these industries. There is also a high reliance on migrant workers within these sectors, who may be vulnerable to worker exploitation due to visa insecurity, non-standard operating hours and language barriers.

We also use third-party international shipping providers. Worker isolation, substandard living conditions, poor access to grievance mechanisms and restriction of movement are risk factors in this sector. Workers may also be required to pay large recruitment fees to obtain employment.

## **2.8 OPERATIONAL RISKS**

KMD Brands operates in accordance with robust legislation in relation to employment rights and human rights in both Australia and New Zealand and is required by law to maintain internal best practices, systems and policies that support individual employees as well as facilitate protected disclosures. These policies and practices apply to activities globally across the Group. Group level controls in relation to recruitment, onboarding and support of international employees are managed by the human resources team in the relevant regions. The **KMD Brands Code of Ethics** guides our behaviour and decision making.

### 3. Actions taken by KMD Brands to assess and address the risks of modern slavery

#### 3.1 GOVERNANCE

As a Group, we are consistently reviewing the regulatory landscape to inform and improve our due diligence program. Our program is guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises Responsible Business Conduct (MNE Guidelines), current and emerging modern slavery and human rights due diligence legislation, import bans, and consumer and investor expectations.

Reporting to the KMD Brands Board on human rights and modern slavery progress occurs twice per year. The Board also approves ESG strategy and modern slavery reporting.

#### KMD Brands Workplace Code of Conduct

KMD Brands requires all suppliers of Rip Curl, Kathmandu and Oboz branded products to commit to uphold the KMD Brands **Code of Conduct**, allow workplace inspection by approved third parties and to remediate issues as they arise. The important aspects of our Code as it applies to modern slavery are transparency, employment relationship, non-discrimination, harassment or abuse, forced labour, child labour and freedom of association and collective bargaining. Suppliers must agree to comply with all relevant and applicable laws and regulations of the country in which workers are employed and to implement the KMD Brands Code of Conduct in their applicable facilities. Transparency is prioritised in relation to both owned and subcontracted facilities.

#### Modern slavery policies, procedures and internal training

KMD Brands has company policies that address modern slavery, including a Child and Forced Labour Policy and a Migrant Labour Policy. New employees are trained in these policies as part of their orientation. Support office staff receive annual training aimed at increasing awareness of modern slavery risks and the KMD Brands policy framework. In FY24, in-person training was conducted for over 400 employees across the KMD Brands head office in Australia, the Rip Curl head offices in Australia and the United States, the Oboz head office in the United States and the Kathmandu head office in New Zealand.

#### Pre-sourcing assessments

KMD Brands has a comprehensive onboarding procedure for new suppliers which includes a mandatory social

and environmental assessment. Once new suppliers and factories have been selected, Kathmandu, Rip Curl or Oboz initiates the onboarding process which introduces our shared values alongside a Supplier Manual.

#### 3.2 COMMERCIAL PRACTICES

##### Purchasing of branded products

We understand the impact purchasing practices play on labour rights abuses within supply chains and that decent working conditions, increased worker productivity and long-term business competitiveness are interconnected. Genuine consultation and engagement with stakeholders play a key role in our efforts to balance the competitive manufacturing environment and our social and environmental expectations.

KMD Brands has a Responsible Purchasing Policy which includes information on the Group's commitment to worker wellbeing and responsible production planning. In FY24, sourcing teams of all brands received training in responsible purchasing practices. This training emphasised timely payment of suppliers, not placing unreasonable pressure on cost, setting achievable delivery timelines and requirements for responsible supplier exit.

All brands have clear supplier terms of purchase that include agreement on detailed payment terms and process for factory exit. Production planning is a collaborative process by season that includes forecasts, mutual agreement for order modifications and commitment to spreading order volume.

Long-term supplier relationships assist each brand in understanding and addressing risks of modern slavery with tier 1 suppliers. Each brand conducts regular reviews with suppliers, which includes a detailed social performance component that assists in identifying risks of modern slavery. In FY23, all tier 1 suppliers were invited to provide formal feedback on our commercial terms, purchasing practices and barriers to social and environmental improvement. This process will be repeated in FY25.

##### Purchasing of indirect products and services

Social and environmental criteria are considered as part of new provider evaluations and requests for proposal for indirect product and services.

**Purchasing of third-party products sold by KMD Brands**

Clauses relating to modern slavery and wider human rights considerations are included in KMD Brands standard terms for the purchase of goods.

**3.3 DUE DILIGENCE CONTROLS: ASSESSMENT AND MONITORING**

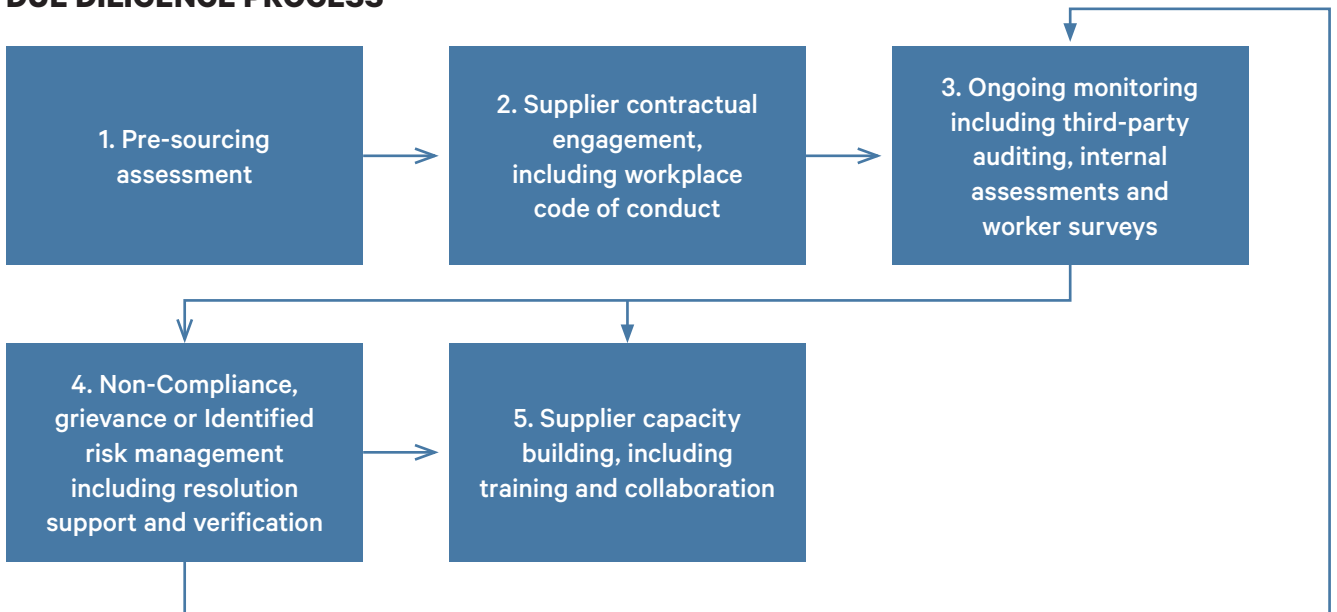
KMD Brands has a due diligence program to identify and assess human rights impacts in operations, supply chains and business relationships guided by the MNE Guidelines. The figure below outlines how we monitor compliance with human rights controls and manage human rights risk.

100% of tier 1 manufacturing suppliers (149) and 52 tier 2 suppliers have been subject to social assessments that include human rights criteria. 17 were third-party audits commissioned by KMD Brands, 182 were third-party copy audits and 2 were conducted internally by KMD Brands. 99% of total audits were conducted by a third-party auditor. Assessments incorporate information on our own supplier relationships and their business models, as well as individual analysis of social and environmental indicators. Accepted copy audits must meet our quality standards

and verify compliance with the KMD Brands Code of Conduct and the FLA Workplace Code of Conduct. We also monitor public reporting on the geographic and product risk landscape.

We continue to use third-party audits to gain a high-level overview of social and environmental risk, particularly in relation to health and safety and compliance with government requirements. In FY24, we invested over \$20,000 in third-party social assessments of manufacturing sites. Audits have enabled us to identify potential modern slavery indicators relating to underpayment of workers and recruitment fees. We recognise the limitations of audits in relation to facilitating long-term improvements and use them as one tool within our monitoring program. Where we request a third-party audit, it is stressed to suppliers that our focus is on transparency and clear expectation of improvement where required, not tick-the-box compliance. Our commissioned audits are independent and either announced or semi-announced. Whilst we support suppliers to address potential or actual risk where required, if a supplier is unable to address a critical or major finding, we may terminate and exit in line with our Responsible Exit Policy. In FY24, no suppliers were exited for non-compliance.

**DUE DILIGENCE PROCESS**



**Governance, transparency and partnerships**

## KMD BRANDS

KMD Brands is a signatory to the Social Labor Convergence Program (SLCP), a multi-stakeholder initiative facilitating the sharing of comparable, verified data about supply chain working conditions. As a signatory, we encourage the use of the SLCP's Converged Assessment Framework to eliminate factory audit duplication and redirect resources to improvement actions. Where we consider it necessary to commission an audit, we use LRQA's full audit tool, which includes an occupational health and safety review, consultation with unions and worker representatives and an anonymous worker survey. To ensure consistency in how KMD Brands' standards are assessed, formal field instructions are shared with all auditors. The field instructions provide guidance on numerous issues including the priority we place on transparency, worker voice and the participation of union and/or worker representatives in the opening and closing meetings during the audit.

From FY24, we have adopted a human rights-based approach to auditing. Previously, all facilities were audited using the same tool over the same period, whereas we now employ a wider range of assessment tools driven by potential risk to workers. All facilities are assessed within a 24-month period, however, a low-risk facility may be assessed internally, whilst a high-risk facility may undergo a third-party assessment, worker surveys and an internal visit within the same timeframe. When commissioning audits, we ensure facilities understand the purpose of the audit and how audit findings will be managed. This allows us to ensure that the assessment type is appropriate, respects supplier progress and that resources are targeted to addressing critical and major findings as part of wider capacity building priorities. We seek to work collaboratively with suppliers to address problems rather than using our buying power to enforce action.

This year we became aware of alleged labour rights violations of workers manufacturing materials supplied to KMD Brands tier 1 factories (detail provided in section 2.4). Prior to this, we tracked the presence of labour brokers within our tier 1 manufacturing using third-party audits and supplier disclosures. In response, we are now extending our migrant workforce and recruitment tracking across all tiers. In FY24, we also prioritised auditing of tier 2 facilities engaging foreign migrant workers.

In FY24, we invested in advanced supply chain management software to support social and environmental risk management and traceability. This software supports our ability to track performance

improvement, analyse risk trends and increase visibility beyond tier 1.

We appreciate the need to better understand the causes of forced labour in supply chains from workers, trade unions and worker organisations. In FY24, we continued to prioritise direct engagement with workers. Further information is available in the Our Partnerships section of our **FY24 Annual Integrated Report**.

We rely on relationships and contractual terms with our tier 1 suppliers to gain visibility of upstream operations. All suppliers agree to provide input supplier information and require equivalent social standards of these suppliers. While we do not require tier 1 suppliers to certify that materials incorporated into the product comply with modern slavery legislation, suppliers agree to prohibit modern slavery within their own supply chains and comply with labour laws in all countries in which they do business.

In FY24, 158 facilities beyond tier 1 were disclosed via Open Supply Hub, of which 58% have agreed to the standards of the KMD Brands Code of Conduct. KMD Brands prioritises sourcing from input and raw materials facilities that hold accreditations encompassing social and environmental criteria including bluesign®, ZDHC, OEKO-TEX, ISO 14001 and ISO45001, Better Cotton Initiative (BCI), Responsible Down Standard (RDS), Global Organic Textile Standard, Organic Content Standard, Global Recycled Standard, Fair Labor Association and Fair Trade.

### Indirect suppliers

In FY24, we developed a Modern Slavery Self-Assessment Questionnaire (SAQ) for high-risk indirect suppliers. The questionnaire supports us in engaging with existing and potential suppliers to understand how they manage modern slavery risk, including their employment, training and management practices. This SAQ was trialled with two high-risk tender projects (solar installation and freight forwarding) to assess potential suppliers.

### Grievance process

KMD Brands supplier agreements require a functioning grievance procedure at all tier 1 factories and worker access to KMD Brands confidential channel. Our grievance channel is displayed on all Codes of Conduct and business cards provided to workers during factory visits. In China and Vietnam, there are additional channels in the form of links to the social media platforms used by workers. A WeChat (China) or Zalo (Vietnam) QR code is included on all Supplier Codes of Conduct displayed in tier 1 factories

in these countries. Workers are also able to raise concerns during confidential interviews conducted during on-site social assessments.

In FY24, we published a revised KMD Brands Grievance Handling Procedure for Supply Chains in line with the UNGPs. We are currently investigating one complaint raised through our external grievance mechanism relating to underpayment of insurance benefits. We also published a Factory Guidance Document on Grievance Mechanisms in Supply Chains to support suppliers in ensuring the effectiveness of internal grievance mechanisms. This Guidance was accompanied by two implementation training sessions for suppliers in China.

### **Worker voice**

We use worker feedback to uncover practices such as substandard working conditions or underpayment. Although not classified as modern slavery, these practices may be illegal and present in some situations of modern slavery.

In FY24, we extended our use of worker surveys to both tier 1 and 2 facilities for Rip Curl and Kathmandu in China. We also conducted secondary surveys to assess the effectiveness of corrective actions by Kathmandu suppliers in Vietnam. Further information is included in our FY24 Annual Integrated Report. KMD Brands utilised technology developed by New Zealand company, AskYourTeam, to offer a real-time survey to workers relating to worker wellbeing and engagement. 5,947 office and production workers completed the survey, 654 of whom work in tier 2 facilities. Workers provided feedback on a range of topics, from human rights to workplace health and safety, remuneration to worker aspirations. We identified risks relating to inadequate remuneration and ineffective grievance mechanisms and are supporting suppliers to address these concerns.

In response to feedback at one facility in China, we engaged a China-based employee relations consultancy to support our supplier to address worker concerns. The consultancy supported our supplier to identify the root causes of worker concerns and developed tailored training to address the gaps. We will continue to monitor the impact of the corrective actions taken, including via follow-up worker surveys later in calendar year 2024.

### **Transparency**

Making our own supply chain more transparent is a central part of our due diligence program. We publish three tiers of supply chain data via the Open Supply Hub. Open Supply Hub is an open-source, neutral and publicly accessible database. Every tier 1 facility making KMD Brands product can be identified and located on a global map, where it is accessible to unions, workers and consumers.

In FY24, this public disclosure allowed two civil society organisations to contact us about potential issues in our supply chain. This enabled us to join with other brands and stakeholders to remediate collaboratively, rather than having to reactively engage after a public report had been released. This not only assisted KMD Brands to help resolve individual issues, but to better understand systemic risks in our supply chain and join with other organisations to support solutions. One example of this was a joint letter to the Taiwan government advocating for action to better protect the rights of foreign migrant workers.

## **3.4 PARTNERSHIPS**

KMD Brands focuses on building long-term, mutually respectful relationships with suppliers that share our values. These relationships are supported by investing in training and education, providing support for remediation, engaging in research and taking the time to understand suppliers' strengths and challenges in relation to human rights risk.

### **Training**

In FY24, KMD Brands hosted two in-person training workshops for 35 suppliers located in China. These workshops were delivered by a China-based consultancy and were designed to support suppliers to develop policies and practices to prevent discrimination in the workplace and promote gender equality.

KMD Brands also engaged Awaj Foundation, a grassroots labour rights organisation in Bangladesh, to deliver a women's empowerment program to 250 female workers employed by a long-term Rip Curl supplier. Awaj Foundation is delivering training for workers on financial management, health, leadership, rights awareness and negotiation.

We also engaged 14 suppliers in Vietnam and Indonesia to understand their learning needs and priorities to improve future training support.

### Tracking remediation

KMD Brands monitors and supports suppliers to remediate critical and major findings from factory assessments. The Corrective Action Plan (CAP) process is a collaborative process between the facility, the auditor, and the relevant brand. Addressing findings via the CAP process is an expectation that is shared with suppliers during the onboarding and audit process. We recognise the limitations of the CAP process in improving working conditions and require an additional root cause analysis for all critical issues. Conducting a root cause analysis is the responsibility of the factory, with the CAP then reviewed by the KMD Brands ESG team. When needed, the auditors work with the KMD Brands ESG team to provide guidance documents on root cause analysis as part of their improvement services for suppliers.

KMD Brands includes high-level remediation reports in our Annual Integrated Report with reference to the Global Reporting Initiative (GRI) Universal Standards. Please refer to page 44 of our Annual Integrated Report for discussion of actual or potential negative impacts identified in FY24 and how these were addressed.

### Empowering workers to protect their own rights

In FY24, KMD Brands renewed its commitment as a signatory to the International Accord. The Accord is focused on ensuring workplace safety for garment workers in Bangladesh and Pakistan. Unlike traditional multi-stakeholder initiatives, the terms of the Accord are legally binding between brands and trade unions. As a signatory, we are supporting the active engagement of workers through training that includes awareness of rights and an accessible complaints mechanism. The factories we source from in Bangladesh are frequently inspected under the Accord initiative and covered by elected participatory committees consisting of workers and managers.

To support rights to exercise freedom of association and collective bargaining, KMD Brands focuses on supplier relationships and emphasises a zero-tolerance approach to violation of the right to exercise freedom of association.

### Collaboration

KMD Brands is engaged in several multi-stakeholder initiatives that are valuable in generating ESG-related dialogue and supporting collaboration on remediation. We also responded in full to enquiries received from the Business and Human Rights Resource Centre and Transparentum.

#### External collaboration in FY24 included:

##### THE INTERNATIONAL ACCORD

The International Accord is a set of legally binding agreements between global unions, IndustriALL and UNI Global Union, and signatory brands and retailers with the purpose of ensuring health and safety within garment factories. The Accord covers over 1,600 factories in Bangladesh and provides an independent enforcement body that manages factory inspections and upgrades, and engages workers to help identify instances of workplace violations.

##### FAIR LABOR ASSOCIATION

KMD Brands is an accredited member of the Fair Labor Association, a collaborative effort of socially responsible companies, colleges and universities and civil society organisations. We use FLA tools and resources including the FLA Fair Compensation Dashboard and independent assessments within our supply chain. The FLA also provides guidance on how to address modern slavery risks, including responsible recruitment guidance, benchmarks of best practice and forced labour indicators.

In FY24, KMD Brands worked with the FLA to investigate labour risks in Vietnam and joined other FLA members as signatory to a letter to the government of Bangladesh promoting an increased minimum wage for apparel workers.

##### CASCALE (formerly the Sustainable Apparel Coalition)

KMD Brands is a member of Cascale, an alliance of apparel, footwear and textile companies working together to further sustainable production. Our membership requires a commitment to supply chain social and environmental monitoring, transparency, sharing best practice and making meaningful improvements. Our progress is assessed each year, both by Cascale and via the Brand Retail Module.



## 4. How KMD Brands assesses the effectiveness of our actions

Rip Curl, Kathmandu, Oboz and Onsmooth Thai are all certified B Corporations. Our approach to ESG and associated actions are independently assessed by the relevant B Lab offices responsible for certification. KMD Brands practices relating to forced labour, social monitoring and compliance are also annually assessed and independently monitored by the FLA.

The effectiveness of our program and quality of disclosure is also assessed by civil society organisations, including as part of the Baptist World Aid Ethical Fashion Report, the Textile Exchange Material Change Index and the Fashion Revolution Transparency Index.

We have a strong commitment to continuous improvement. This is reflected in the linking of KMD Brands debt finance facilities to our performance against key sustainability indicators including supply chain monitoring. Our broader progress will also be

independently verified through the Higg Brand Retail Module assessment in FY25. We continue to work with Oxfam Australia and Aotearoa in its independent assessment of our performance relating to our commitment to living wages, supply chain transparency, gender policy and freedom of association.

We also review our processes and performance internally, including via reporting to the Board on key metrics, reviewing monitoring trends and analysing supplier and employee feedback on KMD Brands monitoring and training. Metrics relating to our internal assessment of accountability, transparency and worker engagement can be accessed in the Our Partnerships section of our Annual Integrated Report.



## 5. Consultation

KMD Brands ESG team members, sourcing teams and leaders from all brands were consulted throughout the creation of this statement. ESG is a Group function at KMD Brands. There are team members based in Torquay (Rip Curl head office), Melbourne (KMD Brands office), Christchurch (Kathmandu head office) and Bozeman (Oboz head office). There is strong consultation at brand level to ensure strategic alignment and effective

implementation. Our approach to human rights due diligence is defined at a Group level, drawing on the expertise and experience of brand level employees.

The KMD Brands, Kathmandu, Rip Curl and Oboz teams collaborate extensively on our Annual Integrated Report and B Corp certification, which necessitates consultation around our ESG initiatives, including our shared response to modern slavery.

## 6. Looking ahead

KMD Brands remains committed to action that reduces the risk of vulnerability to modern slavery. In FY25, we will continue to monitor the effectiveness of our due diligence program and emphasise the integration of human rights risk into Group-wide risk management.

KMD Brands will continue to prioritise responsible purchasing practices that support positive working conditions such as on-time payment to suppliers and mutually agreed ordering patterns. In FY25, we will publish our revised KMD Brands Responsible Purchasing Policy and assess the effectiveness of associated training through formal supplier feedback on our purchasing practices.

Our participation in the FLA initiative remains important and we will continue to collaborate in advocating to address the structural challenges that enable modern slavery. We recognise the role living wages play in mitigating modern slavery risk and intend to publish a report on the status of living wages in our supply chain in FY25. This analysis will be supported by the FLA's living wage resources.

Direct engagement with workers remains a key priority and we will continue our investment in worker voice tools, rights-awareness training and supporting suppliers to address worker feedback. We will also continue to exert meaningful pressure to improve working standards, whilst respecting supplier perspectives.

## Appendix

### How this statement addresses the reporting criteria

The following table identifies where each reporting criterion is disclosed within this Statement.

MODERN SLAVERY ACT 2018 (AUSTRALIA)	REFERENCE IN THIS STATEMENT	MODERN SLAVERY ACT 2023 (CANADA)	REFERENCE IN THIS STATEMENT	MODERN SLAVERY ACT 2015 (UK)	REFERENCE IN THIS STATEMENT	CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT 2010	REFERENCE IN THIS STATEMENT
<i>Identify the reporting entity</i>	Page 1	<i>Describe the organisation's structures, activities, and supply chains</i>	Section 1, page 4	<i>Describe the organisation's structure, its business, and its supply chains</i>	Section 1, page 4	<i>Verification of product supply chain</i>	Section 1, page 4
<i>Describe the reporting entity's structure, operations, and supply chains</i>	Section 1, page 4	<i>Describe the parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk</i>	Sections 2 and 3, pages 5-14	<i>Parts of the organisation's business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk</i>  <i>Due diligence controls, including grievance mechanisms</i>	Sections 2 and 3, pages 5-14	<i>Describe whether the reporting entity provides company employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products</i>	Modern slavery policies, procedures and internal training, page 10
<i>Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls</i>	Section 2, pages 5-9	<i>Describe any measures taken to remediate any forced labour or child labour and any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains</i>	Section 3, pages 10-14	<i>Key performance indicators to measure the effectiveness of steps being taken</i>	Section 4, page 15	<i>Describe whether the reporting entity has required direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business</i>	Section 3.3, page 12
<i>Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks</i>	Section 3, pages 10-14	<i>Describe how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains</i>	Section 4, page 15	<i>Training on modern slavery and trafficking</i>  <i>Policies relating to slavery and human trafficking</i>	Modern slavery policies, procedures and internal training, page 10	<i>Describe audits of suppliers to evaluate their compliance with company standards for trafficking and slavery</i>	Section 3.3, page 11-13
<i>Describe how the reporting entity assesses the effectiveness of such actions</i>	Section 4, page 15	<i>An entity may comply with the reporting requirements by providing a report in respect of the entity; or by being party to a joint report in respect of more than one entity</i>	Page 1; Section 5, page 16			<i>Internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking</i>	Modern slavery policies, procedures and internal training, page 10
<i>Describe the process of consultation with any entities the reporting entity owns or controls or is issuing a joint modern slavery statement with</i>	Section 5, page 16	<i>Describe its policies and its due diligence processes in relation to forced labour and child labour</i>	Section 3, pages 10-14				

  
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