

# 2019 – 2020

## Blundstone Group

### Modern Slavery Statement

Financial Year ending 30 June 2020

*This statement complies with the Modern Slavery Act 2018 (Cth) detailing the actions of the Blundstone Group to assess and address modern slavery risks in its operations and value chain for the financial year ending 30 June 2020.*

The Blundstone Group is a private family-owned and operated footwear company which designs, manufactures, and distributes the internationally renowned Blundstone brand and New Zealand focused work and safety brand, John Bull.

Blundstone retains its family values and is committed to always seeking to do the right thing, to behave ethically, act with integrity, and to minimise its impact on people and the environment. Blundstone is now in its fifth year of developing and implementing a program to assess and address our value chain sustainability and risks, including modern slavery. This program also incorporated existing business practices and investments and focussed on ensuring compliance with all relevant international regulations, and transparency within the value chain. The program, originally called the Sustainable Purchasing Program (SPP), then the Supplier Partnership Program (SPP) was formalised into policy (2017) and procedure (2020).

#### **Reporting Entities**

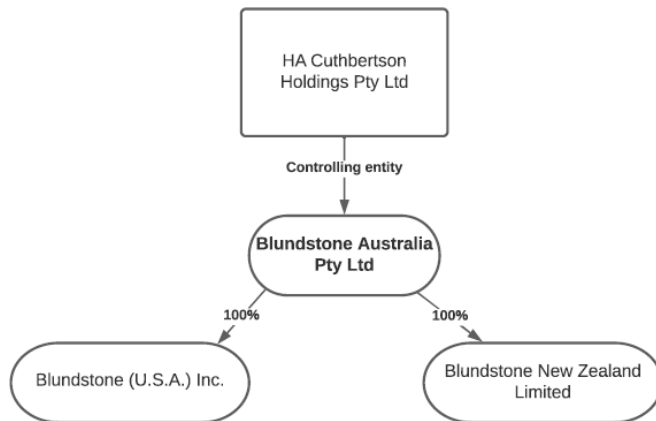
This Modern Slavery Statement is a joint statement on behalf of HA Cuthbertson Holdings Pty Ltd (ACN 009 493 350) and Blundstone Australia Pty Ltd (ACN 009 475 852), and also reports on the activities of the subsidiaries Blundstone New Zealand Limited (Company Number 628290) and Blundstone (U.S.A.) Inc . It has been prepared in consultation with the Blundstone Group management team and Board.

In this statement, unless expressly mentioned otherwise, references to the Blundstone Group and Blundstone, the Company, we, us and our, refer to HA Cuthbertson Holdings Pty Ltd, Blundstone Australia Pty Ltd, and its subsidiaries.

The Blundstone Group has its global headquarters at 88 Gormanston Road, Moonah Tasmania, which is also the registered address for HA Cuthbertson Holdings Pty Ltd and Blundstone Australia Pty Ltd.

Blundstone holds over 25 trademarks registered in 77 countries and is represented by two brands, Blundstone, which is sold globally, and John Bull which is sold primarily in New Zealand.

## Group Structure



## Organisational Structure, operations, and value chain

Blundstone Headquarters is home to group management, administration, sales, marketing, brand, communications, quality management, customer services, logistics, and design. Blundstone has sales representatives based across Australia and New Zealand. Our office in New Zealand is in Auckland, housing customer service and administration. Blundstone has distribution centres in Derrimut, Victoria, and Auckland, New Zealand. Blundstone is serviced in the USA by a long-term partner who provides warehousing and sales support via a distribution centre in New Jersey.

Blundstone employs 110 people throughout Australia and New Zealand. The Blundstone Group operates under the same corporate governance and risk management framework which integrates company values, policies, and procedures and a certified ISO Quality Management System. The management team works across the Blundstone entities.

Blundstone designs, distributes and retails leather leisure and safety footwear, gumboots, and accessories selling into more than 70 countries both using its own distribution network and via a network of distribution partners who are engaged on long-term contracts and many of which have been distributing for Blundstone for decades. Blundstone sells products directly to consumers online in three markets, Australia, New Zealand and the USA. Blundstone’s leather footwear is manufactured by long-term manufacturing partners in Vietnam and India and more recent partners in Mexico, Thailand, and China. It is intended that the relationship with footwear manufacturing partners will be long term arrangements. Additionally, Blundstone has over 200 suppliers of raw material inputs in various countries around the world supporting the manufacturing programs for Blundstone and its footwear manufacturing partners. Blundstone’s gumboots are designed, manufactured, and distributed by Blundstone with manufacturing occurring at our Moonah factory, which is located at our Headquarters in Tasmania. The major components are sourced from Australia, Italy, Brazil, and China.

In addition to Blundstone’s core footwear business which includes ancillaries and accessories, the Blundstone Group has a diversified investment portfolio across various asset classes including equities, property, and fixed income which is both internally and externally managed.

## Risks

The Blundstone Group has identified that there are modern slavery and human trafficking risks throughout the value chain, with the most likely exposure being in its sourcing of finished footwear and associated raw materials, accessories and ancillaries.

Blundstone has a strong focus on 'doing the right thing' and accordingly has a well-established and dedicated program that has primarily focused to date on the most significant suppliers in the value chain. The program conducts initial supplier assessment at selection stage, then undertakes ongoing auditing risk assessment and management. To date, Blundstone has not found any modern slavery practices in its mapped value chain.

## Actions taken to assess and address the risks, including due diligence and remediation processes

Blundstone is committed to always act ethically and with integrity in everything it does. In keeping with that, the Supplier Partnership Program (formerly the Sustainable Purchasing Program) ("SPP") was developed and implemented in 2015 and formalised in 2017 in the form of the Sustainable Purchasing Program Policy statement. In 2020 the SPP was further formalised into a procedure (Supplier Partnership Program ISO 9001 Quality Management System). To further support the SPP and encourage disclosure of misconduct, in 2020 Blundstone approved and implemented a group-wide Whistleblower Policy and Procedure allowing anyone in the value chain to raise grievances and report concerns in a protected way.

Blundstone has well-established long-term supply relationships with a relatively small number of suppliers allowing Blundstone to effectively engage, assess and address value chain risks including establishing continuous improvement measures with suppliers. As a direct result of the well-established relationships with suppliers, Blundstone has a higher level of visibility into and control over its footwear manufacturers and critical component suppliers. Blundstone engages a minimum of one in-house permanent independent contractor quality inspector onsite at each overseas footwear manufacturing partner. The quality inspectors are required to monitor and report on manufacturing quality and, in addition to their core role, they are encouraged by Blundstone to observe and report any SPP infringements, including social and labour infringements, to Blundstone.

SPP is the cornerstone of Blundstone's effort in managing a responsible value chain free from modern slavery, monitoring identified risks, and building continuous improvement. The program has a dedicated team of three staff who are responsible for the implementation and maintenance of the program to assess and address risk in the value chain. The accreditation team reports to the Global Supply Chain Manager and works closely with our supplier and all internal stakeholders in driving compliance. Operationally Blundstone has established procedures regarding how purchasing, onboarding, and risk management are carried out.

Product and service suppliers in the Blundstone value chain are categorised into appropriate and defined tier levels, based on an assessment of risk profile that subsequently dictates the frequency of monitoring and assessment.

- **Tier 1** Suppliers are factories actively manufacturing Blundstone branded footwear, ancillaries, or marketing materials and where the relationship is directly between Blundstone and the supplier. Blundstone's internally managed gumboot factory in Australia is classified as a Tier 1 supplier.

Tier 1 overseas footwear manufacturing partners are required to complete self-assessment audits and undergo on-site verification audits conducted either by Blundstone or third-party assessors (BSI) at Blundstone's instruction annually for at least three consecutive years and following that every second year thereafter as a minimum. There is a regular schedule of overseas footwear manufacturing partner's factory verification audits. These are conducted by Blundstone representatives and third-party service provider BSI auditors, who assesses for modern slavery risks

which include an assessment of social and labour risks, worker protection, environmental policies, working hours, and the presence of child labour.

Blundstone's gumboot factory is assessed by a self-assessment questionnaire combined with the Blundstone Internal Audit program every two years.

- **Tier 2** Suppliers are those businesses that manufacture goods or provide services that input into our value chain, including freight forwarders.

Tier 2 suppliers of manufacturing components and material inputs are required to complete the self-assessment questionnaire process every 2 years as a minimum. Where the Tier 2 supplier is assessed as being high risk by the accreditation team they may be subject to an on-site verification audit.

All self-assessment questionnaires and verification audits are reviewed by Blundstone's accreditation team. Additional information is requested from suppliers if required and suppliers are given a timeline for such information to be addressed (depending on the severity). Where appropriate, corrective and preventative actions (CAPAs) are issued and progressed to completion in a timely manner. If a supplier does not participate in the assessment process Blundstone may suspend or terminate their agreement with the supplier.

### **Assessment of effectiveness of our actions to identify and address modern slavery**

We evaluate the effectiveness of our work through:

- Compliance monitoring: we regularly review the self-assessment audits, and on-site verification audits, combined with site visits to maintain tracking of all related assessment findings and resolutions.
- Target setting: we set goals for specific performance areas under our SPP.
- Assessing feedback: we listen to feedback from our stakeholders and value chain partners and continually evaluate and improve our approach to addressing value chain issues.

### **Our COVID-19 response & impacts**

In Australia and New Zealand Blundstone acted swiftly and proactively to ensure the safety of its employees, and security of employment including moving employees to work from home from March to September 2020 and providing paid leave where an employee required COVID-19 testing.

As the impact and scale of the COVID-19 pandemic unfolded Blundstone actively engaged with its overseas value chain, particularly its finished goods manufacturers, to understand the impact the pandemic was having on their business and operations. Blundstone recognised that a major downward shift in demand and travel could significantly increase the risk of modern slavery in its value chain and took steps to ensure the demand for finished goods from our footwear manufacturers continued in line with our SPP requirements, whilst the impact of the global pandemic was assessed for future demand. Blundstone also continued relationships with contractors to ensure their ongoing employment including ongoing payment of contracting fees, even when the contractor was unable to provide services due to lock-downs, factory shut-downs, or COVID-19 related illness.

Travel restrictions due to the pandemic did not cause any delay to onsite audits and third-party inspections in the reporting period.

## **Our Future Goals**

Blundstone is committed to continuous improvement in assessing and addressing modern slavery risks in its business, particularly in the high-risk areas of the value chain. The goals set for the 2021 financial year include:

- Extending the value chain mapping in the SPP to include upstream distributors and downstream investments.
- Development and implementation of a Code of Conduct for suppliers and upstream distributors.
- Development and implementation of an Investment Policy which includes due diligence and assessment for modern slavery risks.
- Development and implementation of an Anti-Slavery Policy.
- Rebranding and external communication of our Supplier Partnership Program to “*Every Step Better*” (ESB) program.
- Create a SPP/ESB Handbook for Tier 1 suppliers.

## **Approval and Consultation**

This statement has been prepared with input from and in consultation with the Blundstone Group leadership team and management responsible for overseeing this work.

This Modern Slavery Statement was endorsed by the senior management team and approved by the Board of HA Cuthbertson Holdings Pty Ltd on 29 January 2021.



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Stephen Gunn

Chair

HA Cuthbertson Holdings Pty Ltd