



MADE FOR  
NEW ZEALAND  
SINCE 1934

# Blundstone Group Modern Slavery Statement

## Financial Year ending 30 June 2021

*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 2021.*

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 sixth year of developing and implementing a program to assess and address our value chain sustainability and risks, including modern slavery.

Since 2015 Blundstone has undertaken steps to monitor and evaluate practices throughout our value chain. These steps include partner self-assessments, Blundstone audits and third-party audits for key manufacturing partners. This program originally called the Sustainable Purchasing Program, then the Supplier Partnership Program (SPP) was formalised into policy in 2017 and procedure in 2020.

In 2021, the SPP program was encompassed in a broader business wide program called Every Step Better (ESB). ESB formalises our existing sustainability-focused processes (of which SPP is the backbone), provides management for ongoing development and encapsulates our investment and commitment in this space generally. The ESB continues to focus on ensuring compliance with all relevant international regulations but also aims to improve traceability of every aspect of the supply, production and distribution processes of Blundstone.

### Reporting Entities

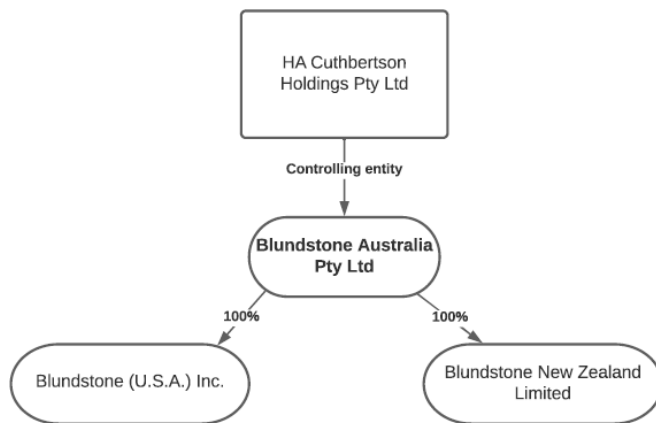
This Modern Slavery Statement is a joint statement on behalf of HA Cuthbertson Holdings Pty Ltd (ACN 009 493 350) and Blundstone Australia Pty Ltd (ACN 009 475 852), and also reports on the activities of the subsidiaries Blundstone New Zealand Limited (Company Number 628290) and Blundstone (U.S.A.) Inc. 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 (or pending registration) in 80 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 represented in the USA by a long-term partner who provides warehousing and sales services via a distribution centre in New Jersey.

Blundstone employs 114 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 work across the Blundstone entities.

Blundstone designs, distributes and retails 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 and many of its distributors also sell Blundstone products online. Blundstone's leisure and safety footwear (excluding gumboots) 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 300 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 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 expected to observe and report any infringements of the ESB Code of Conduct, including social and labour infringements, to Blundstone.

The ESB program 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 accreditations team 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 suppliers and all internal stakeholders in driving compliance and is supported by a broader team of senior management which includes logistics, brand management, technical, legal, sales and quality. 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** Are those value chain partners actively manufacturing Blundstone and John Bull branded footwear, and branded ancillaries or marketing materials, where the commercial relationship is direct between Blundstone and the supplier. This includes the Blundstone Overseas Distribution Partners and their suppliers of branded items and service providers that may impact the Blundstone value chain. 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 (SA) 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 partners factory Verification Audits (VA). 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.

Partners manufacturing Blundstone and John Bull items other than footwear, where the commercial relationship is directly managed between Blundstone and the supplier, are required to complete the Blundstone SA questionnaire process every two years and they may be subject to an on-site VA

conducted at their premises by the third-party audit team or by Blundstone, depending on their assessed risk.

The frequency of conducting VAs is dependent on the achievement of appropriate SA compliance scores, the need for any Corrective and Preventative Actions (CAPA's) through the SA systems, and the Blundstone risk assessment 'ESB Review' process.

- **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 SA questionnaire process every two 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 VA.

All SA questionnaires and VAs 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. As outlined above, in 2021 the previous SPP program was renamed the Every Step Better (ESB) program. At this point a number of key steps were undertaken to further strengthen the program and create greater awareness of the program with both business stakeholders and broader consumer facing communities. These steps are outlined below.

Progress against the 2021 goals for investment activities was impacted by the decision to move the investment portfolio to a new investment adviser. The development and implementation of an updated investment policy has been delayed. Various Environmental, Social and Governance (ESG) reporting options for the investment portfolio were investigated. A process was developed to utilise the ESG reporting for the identification and assessment of potential modern slavery risks in the investment portfolio.

### ***Contract and additional documentation***

The ESB program was formally integrated into distribution agreements with obligations outlined to manage ongoing adherence to ESB requirements.

A Code of Conduct has been established and has become a key part of all contracts moving forward and is being integrated into existing value chain relationship structures. The Code of Conduct sets out our minimum standards and expectations that we and our value chain partners are working to meet. We seek to work with businesses that respect our Code of Conduct and will partner with us to ensure the welfare of employees, the responsible and efficient use of resources and the minimisation of our footprint on the planet. As part of ESB, our Code of Conduct will guide all areas of our business and we expect all partners to respect and follow our lead.

To further support the ESB program and encourage disclosure of misconduct Blundstone maintains a group-wide Whistleblower Policy and Procedure allowing anyone in the value chain to raise grievances and report concerns in a protected way.

### ***Verification and Audit Structure***

The existing assessment and audit structure continued to be implemented within existing value chain structures and was also implemented further into the overall value chain.

In 2020-2021:

- the number of sites added to our assessment program was increased by 43%, taking the total number of active sites up to over 330. Of this total number of sites 93% have completed self-assessments and these have been reviewed, assessed, and confirmed by Blundstone as conforming to the program requirements and relevant international regulations. This includes the significant step to include our 17 distribution partners around the globe in the audit program.
- Work commenced to identify and implement SAs on all distributor managed key third-party suppliers and audits are already underway with providers of branded materials in each market.

- Our Blundstone on-site third-party contractors continue to maintain regular audits and checks of our key manufacturing partner sites and continue to expand this program further up our value chain.
- Our own Blundstone employee on-site audit program was impacted by travel and visitor restrictions late in the FY 2020/21 and is planned to continue through FY 2021/22 as travel and visit restrictions are lifted.
- Third-party verification audits were completed and signed off at all five international Tier 1 manufacturing sites in 2020/2021.
- The program to conduct third-party on-site verification audits at selected manufacturing sites upstream from our manufacturing partner sites commenced late in FY 2020/21 with five sites visited. This program was impacted by travel and visitor restrictions late in the FY 2020/21 and is planned to continue through FY 2021/22 as travel and visit restrictions are lifted.

### ***Improved Communications***

Over the past two years a suite of creative assets have been developed in order to provide:

1. Branded documentation to third parties such as customers, who want to ensure they align and promote products that are thoughtfully made; and
2. consumers with the opportunity to read and understand our values and management of our value chain.

This information is now publicly available on our Australian and New Zealand websites, with the United States and other markets to follow early in the next reporting period.

### **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.
- 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 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 2022 financial year include:

- Development and implementation of an Investment Policy which includes due diligence and assessment for modern slavery risks.
- Further refinement of the Environmental Social and Governance reporting and assessment process as it is applied to the investment portfolio, including development of guidelines for investment decision makers (internal and external).
- Update of the Anti-Slavery Policy.
- Extension of third-party verification audits.
- Comprehensive identification of distributor managed key third-party suppliers and their inclusion and implementation of self-assessments.
- Development and implementations of Blundstone internal risk assessment framework.
- Development of a target led approach to key areas of the ESB program.

## **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 October 2021.



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**Stephen Gunn**

Chair

HA Cuthbertson Holding Pty Ltd