



BY APPOINTMENT TO
HER MAJESTY THE QUEEN
SUPPLIERS OF WATERPROOF FOOTWEAR
HUNTER BOOT LTD
EDINBURGH



BY APPOINTMENT TO
HIS MAJESTY THE KING OF SWEDEN
SUPPLIERS OF WATERPROOF FOOTWEAR
HUNTER BOOT LTD
EDINBURGH

HUNTER

MODERN SLAVERY ACT
HUNTER BOOT LIMITED

MODERN SLAVERY STATEMENT FOR 2019

INTRODUCTION

SLAVERY, FORCED LABOUR AND HUMAN TRAFFICKING AFFECT ALL REGIONS AND INDUSTRIES, WITH THE INTERNATIONAL LABOUR ORGANISATION ESTIMATING THAT 25 MILLION PEOPLE ARE VICTIMS OF FORCED LABOUR WORLDWIDE.

HUNTER BOOT LIMITED AND ITS RELEVANT GROUP COMPANIES¹ (“HUNTER”) IS COMMITTED TO RESPECTING AND PROTECTING THE HUMAN RIGHTS OF ALL WORKERS IN OUR SUPPLY CHAIN AND OPERATIONS. WE DO NOT TOLERATE ANY FORM OF MODERN SLAVERY OR HUMAN TRAFFICKING IN OUR BUSINESS OR SUPPLY CHAIN.

THIS STATEMENT HAS BEEN PUBLISHED IN ACCORDANCE WITH SECTION 54 OF THE MODERN SLAVERY ACT 2015. IT EXPLAINS THE STEPS WE HAVE TAKEN TO PREVENT MODERN SLAVERY IN OUR BUSINESS AND SUPPLY CHAIN FOR THE FINANCIAL YEAR ENDING 31ST DECEMBER 2019 AND SETS OUT OUR FOCUS FOR 2020.

1. Hunter Boot of Scotland Inc; Hunter Boot USA LLC; Hunter Boot (Canada) Inc; Hunter Boot (HK) Limited; Hunter Boot Business Consultancy (Shenzhen) Company Limited; and Hunter Japan Company Limited

OUR BUSINESS

- Founded in 1856, Hunter is a progressive British heritage brand renowned for its iconic Original Boot. We hold two Royal Warrants of Appointment to HM The Queen and HRH The Duke of Edinburgh. We design a wide range of products including footwear, outerwear, bags, and accessories.
- We are a privately-owned business. During the period that this Modern Slavery Statement covers, the financial year ending 31st December 2019, Hunter's controlling shareholder was Searchlight Capital Partners. However, at the time this statement was published, June 2020, and following a successful fund raising process, Pall Mall Legacy (a fund managed by Three Hills Capital Partners) has become the majority shareholder with Searchlight Capital Partners and Pentland Group remaining invested.
- Hunter is headquartered in the UK with offices in London, Edinburgh, New York, Shenzhen, Tokyo, and Dusseldorf. We own and operate two stores in the UK, two in Japan, one in the US, and one in Canada. We have 275 employees.
- We design our products on a bi-annual basis for the spring/summer and autumn/winter seasons. Our products are developed by our teams in the UK, Indonesia, and China, manufactured at supplier factories globally and shipped to third-party distribution centres in the UK, US, Canada, and Japan. Our business sells products internationally via a network of carefully selected distributors and agents and directly to consumers through our own retail stores and e-commerce websites.

FOUNDED 1856



OUR SUPPLY CHAIN

We have two main categories of suppliers:

- **Production suppliers** involved in the sourcing and manufacture of our products.
- **Logistics and operational suppliers** who provide services such as shipping and transport services, warehouses and office cleaning.

Our products are made at 26 factories in China, Indonesia, Italy, Myanmar, Portugal, Slovenia, Turkey, the UK, and Vietnam. These are our tier-one production suppliers, companies with whom we have a direct contractual relationship.

Approximately 13,500 workers are involved in the manufacture of our products at these factories.

Tier-two suppliers provide the raw materials, components and services used in the manufacture of our products. These include rubber plantations, component suppliers, fabric mills, laundry companies, printers and packaging suppliers. The majority of tier-two suppliers contract directly with tier-one suppliers or via an agent. We only have a direct relationship with a small number of tier-two suppliers.



 FACTORIES

 PLANTATIONS

OUR CODE OF CONDUCT, KEY POLICIES, AND GOVERNANCE PROCEDURES

Our Code of Conduct sets out the principles we expect our tier-one suppliers to meet in relation to human rights and safe and fair working conditions. It is based on international standards, including the International Labour Organization conventions. It states our requirement that employment must be freely chosen. Hunter expects that all suppliers must not use forced, bonded, or involuntary prison labour, and workers must not be required to lodge deposits, identity papers, or any other security with their employer and are free to leave their employment after reasonable notice. Our Code of Conduct is available in the local language for all countries where we have tier-one production suppliers.

We have a number of policies that support our Code of Conduct. These include our Subcontracting Policy that requires tier-one suppliers to seek Hunter's approval for any subcontracting processes and to disclose tier-two supplier information on request. Our Transparency in Audit Policy requires factories to share all genuine and complete records with Hunter during ethical trading audits.

Our ethical trading policies including our Code of Conduct, our Subcontracting Policy and Transparency in Audit Policy, are integrated into our manufacturing agreements (our supplier contracts), supplier manuals, and our audit scheduling documents. Tier-one suppliers are required to meet our standards set out in our ethical trading policies and to maintain adequate records to demonstrate their compliance.

In 2019, we consulted with internal and external stakeholders to draft a number of relevant policies: Human Rights Policy, Migrant and Agency Worker Policy, Child and Young Worker Policy, and Statement of Commitment to Equality for our supply base.

We also have a number of policies designed to protect and promote the human rights of our own employees. These include our Code of Ethics, which relates to equal opportunities, and policies in areas such as dignity at work, anti-bullying and harassment, health and safety, parental leave, working time guidelines and whistleblowing.

Human rights, including modern slavery, are integrated into our governance procedures and our ethical trading programme. Our Board and our main shareholders regularly assess environmental, social or governance risks to the business including human rights risks and risks of modern slavery in our supply chain. The Board reviews our progress quarterly including any significant cases of non-compliance with our ethical trading policies and how these are being addressed.

Our Corporate Responsibility Manager is responsible for day-to-day management of ethical trading issues. Ethical trading considerations are integrated into our supplier review process along with issues such as price, quality, and reliability when we evaluate factory performance. Our corporate responsibility, sourcing, quality, and production teams meet monthly to review supplier performance and discuss any ethical trading issues. Any critical issues identified among our suppliers are reported to our Global Operations Director on the same day and we will begin to take steps to remediate these issues immediately, scheduling a phone call with the factory and supplier if appropriate. Our Corporate Responsibility Manager and Global Operations Director review open critical issues and improvement actions against them on a fortnightly basis and the Board is kept informed of this via quarterly reports.



ASSESSMENT OF MODERN SLAVERY RISK

We have undertaken an internal risk assessment in relation to our own operations and in relation to our tier-one suppliers. Based on this assessment, we believe the risk of modern slavery occurring in our own workforce is very low because the vast majority of our own employees are recruited directly by our HR team rather than through agencies. There is a greater risk of modern slavery occurring in our supply chain. We have assessed this risk looking at factors such as the type of product or service provided and the supplier's geographical location.

We have identified a number of potential risk factors for modern slavery, including:

- The use of migrant workers, particularly foreign migrant workers who may be more vulnerable to unequal employment terms, deceptive or coercive recruitment practices including trafficking, debt bondage, and restrictions on movement.
- Factories with incomplete or inaccurate record keeping which could be an indication that they are withholding wages or requiring employees to work excessive hours;
- Withholding workers' wages in any way, such as withholding a percentage of each pay packet, only paying workers a few times per year, or unreasonable deductions; and
- Poor human resources management practices and an absence of clear policies and procedures, for instance, missing personnel records, no contracts, or inadequate working hours records.

We consider there to be a higher risk of modern slavery occurring among tier-two suppliers whose human resources management and recruitment systems may be less well developed. These suppliers are often small businesses who may not have previously been exposed to the ethical trading requirements of global brands such as Hunter.

Apart from manufacturing, the International Labour Organisation has also identified high incidences of forced labour in the agriculture and fishing sectors. As such, we have identified raw material suppliers, such as rubber plantations, as presenting a higher risk for modern slavery in our supply chain. One of the rubber plantations that one of our tier-one suppliers sources from is in a region of Thailand where there was a recent case of human trafficking. However the plantation used to supply Hunter was in no way involved in this. Another of our tier-one suppliers sources rubber from a plantation in a region of China, just across the border from Myanmar. There are well recorded cases of human rights violations and environmental degradation in both these countries, but in particular, in this neighbouring region of Myanmar. However, the plantation used to supply Hunter is not involved in any such activities.

We consider the location of our factories in our modern slavery risk assessment. Most of our tier-one and tier-two suppliers are located in China and other countries in Asia and according to the International Labour Organisation, 56% of forced labour takes place in the Asia-Pacific region. Because of this risk assessment, we have chosen to focus our tier-two subcontracting audits on Asia. We also source one product from Turkey and we are alert to the fact that the ongoing Syrian refugee crisis has brought vulnerable Syrian workers into Turkish manufacturing supply chains.



DUE DILIGENCE AND SUPPLIER AUDITS

We seek to select tier-one suppliers who demonstrate a genuine commitment to our ethical standards and we work with tier-one suppliers to improve practices in our supply chain.

Due diligence checks for modern slavery are integrated into our ethical trading programme, including contractual requirements and regular audits. Our ethical trading programme is primarily focused on our tier-one production suppliers who represent the majority of our spend and are most closely associated with our brand. We aim to expand this focus to ensure that slavery and human trafficking is not present in our supply chain regardless of potential impact on our brand.

All tier-one production suppliers must meet the base standards in our Code of Conduct before we will work with them. We don't contract with suppliers who demonstrate critical non-compliances with our Code of Conduct such as use of child labour or modern slavery. We meet with potential new suppliers to explain our ethical trading requirements and we commission an independent third-party audit to confirm compliance with our Code of Conduct before contracts are signed.

All tier-one production suppliers undergo third-party audits to confirm continued compliance with our standards. We work together with suppliers to improve standards where necessary through training and remediation.

Recognising that human rights risks may be higher further down the supply chain, we map our tier-two production supply chain twice per year and have identified our key tier-two suppliers. These include rubber plantations, factories making components used in our Original Boot, suppliers making components used by multiple factories in manufacturing our products, fabric suppliers and tier-two suppliers with whom we have a direct business relationship.

We communicate our requirements directly to these key tier-two suppliers including through visits and third-party ethical trading audits. We communicate audit findings to the tier-two supplier and the relevant tier-one supplier or agent and require them to address any critical and major non-compliances.

We strengthened our procedures in light of the Modern Slavery Act by introducing a new subcontracting audit methodology for tier-two suppliers in 2016, focused on high risk and critical issues, such as the use of migrant workers. The methodology is based on guidance from Verité (a global NGO that works to eliminate labour and human rights abuses in supply chains) and Stronger Together (a multi-stakeholder initiative that focuses on modern slavery and other exploitation of workers) and is designed to help engage the supplier in improving workplace standards.

Tier-two audits conducted	
2016	2
2017	20
2018	22
2019	6



TRAINING AND CAPACITY BUILDING

When we identify non-compliances with our policies, we aim to work with suppliers to improve standards. In 2019, our Global Operations Director, Asia Sourcing Director, and Corporate Responsibility Manager held weekly calls with two factories until they closed off their critical and major non-compliances. Our Corporate Responsibility Manager is in regular telephone and email contact with other factories to provide desk-based support on improvement actions following factory audits.

Hunter also provides expert third-party support to help factories improve their policies and procedures when they are struggling. In 2019, we hired factory experts to conduct training on human resources management in relation to avoiding hiring child labour and best practices to keep young workers safe. This training took place in two tier-one factories and one tier-two factory after audits showed evidence of historic child labour. We also hired factory experts to visit three tier-one factories to provide general training and support on improving health and safety and ensuring minimum wage payments to piece-rate workers.

In 2019, we also continued conducting 'beyond audit' project work on excessive working hours, an endemic issue in China. Our factory experts led focused discussions and trained factory managers to think through their own root cause analysis rather than being told by external stakeholders how to solve the problems. This raised surprising potential solutions that could not have been achieved through top-down auditing alone.

We use our regular audits to confirm that suppliers have addressed any issues identified. Any serious or persistent non-compliances would lead to a requirement to terminate the supply relationship.

	'Beyond Audit' Improvement Projects in tier-one factories	'Beyond Audit' Improvement Projects in tier-two factories
2016	6-month H&S improvement programme in 7 factories 1-year chemicals management programme in 1 factory	6-month H&S improvement programme in 1 factory
2017	1-year H&S improvement programme in 1 factory.	
2018	In-depth Root Cause Analysis on Working Hours in 11 factories 1-year chemicals management programme in 2 factories	
2019	In-depth Root Cause Analysis on Working Hours in 8 factories	

Apart from 'beyond audit' support and programmes for individual factories, Hunter also hosts regular roundtables with factory owners, so they can share their own challenges and best practices with one another. Our most recent ethical trading roundtable was convened by Hunter's CEO in Hong Kong in February 2019 and was attended by factory owners and top managers from our four rubber footwear factories, as well as key Hunter team members.

TRAINING OUR PEOPLE

We train our employees on our commitment to ethical trading and human rights, including the risk of modern slavery in supply chains. We endeavour to maintain a culture which does not accept incidents of slavery and exploitation. New starters in our offices and stores in London, Edinburgh and New York complete an hour-long induction session on ethical trading and modern slavery risks.

We conduct a more detailed one-hour training session on modern slavery which includes case studies, tools and resources. This incorporates key aspects of a modern slavery training session that was developed by a collection of apparel, footwear and retail companies with the support of a labour rights NGO. Our UK and Asia design, sourcing, product development, and production team members (who visit our factories regularly) were most recently trained during 5 separate sessions in November 2019.

EFFECTIVENESS OF OUR APPROACH

Hunter understands the importance and complexity of modern slavery. We are firmly committed to preventing forced labour and identifying and addressing root causes of exploitation that could give rise to modern slavery through auditing, capacity-building, and training.

We have not identified any cases of modern slavery in our supply chain in 2019. However, by implementing our due diligence procedures through our programme of auditing tier-one factories and applying our subcontracting audit methodology for tier-two suppliers, we found that one child had previously been recruited in a potential new factory, what is known as historic child labour. The child was no longer working in the factory, but what the audit revealed was that this factory had weak or

negligent hiring practices. Although we had not signed a contract with, did not have a business relationship with, and were not manufacturing products in this potential new factory, we hired an industry expert to conduct training to strengthen the HR management and hiring systems in this factory to prevent child labour in the future. Ultimately, we decided not to work with this factory because the factory owner was unsupportive of ethical trading improvements as a whole.

We will continue to review the effectiveness of our policies and procedures, including our modern slavery risk assessments, supply chain mapping, due diligence checks, remediation of critical issues identified, and training of staff members and suppliers, and we will report on our progress annually.

This statement was approved by the Board of Hunter Boot Limited.

Signed



Paolo Porta
Interim Chief Executive Officer
Hunter Boot Limited
January 2020

