
**Made
with
care.**



**Sustainability
Report 2021**



Welcome to our second sustainability report.

Last year we started reporting on our sustainability journey and shared our sustainability commitment - Made with Care.

If you are seeing our sustainability report for the first time, Made with Care is our pledge to bring affordable fashion to our customers as ethically and sustainably as we possibly can – it applies to the life cycle of every fashion garment; from the fabrics we use, how it's made and supplied, how we package it, upcycle it, and how we can minimise waste at the end of its life.

This is our second report, inside you'll see how we organise our sustainability strategy into 6 focus areas. You'll see the exciting initiatives we are involved with, and how we measure our success (using analytics and KPIs) against the sustainability framework we've created to measure our progress.

If you take just one thing out of this report, let it be this; we're on the journey and we're committed to the cause - improving the lives of the people and communities we touch and reducing our impact on the environment.

There's always more we can do and wherever possible, we'll continue to improve sustainability and visibility in all areas of our operation, so our stakeholders and our customers can see what we've done, how we've improved and what we have planned to minimise HGH's environmental impact on the planet and be a force for good.

Come in and see how we're going.

The period covered in this report is 2 August 2020 – 1 August 2021.

For economic performance disclosures and a list of all entities included in the Hallenstein Glasson Holdings financial statements, please refer to our Annual Report.

Sustainability reporting for HGH occurs annually in line with our Annual Report i.e., 2 August – 1 August.

Please direct any questions you have about this report to:

Stuart Duncan

HGH CEO

stuartd@glassons.com

Hallenstein Glasson Holdings is a New Zealand Limited Company listed on the New Zealand Stock Exchange. We trade in New Zealand and Australia and service countries worldwide through our webstores. Our headquarters are based in Newmarket, Auckland.

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Part 1

Committed to the cause.



A warm welcome & a fresh perspective.

Stuart Duncan
Group Chief Executive

This is the second year we have produced our Sustainability Report and I am very proud of the steps forward the team have made. We have learned a lot along the way, made some mistakes but I believe we are making positive inroads on our sustainability journey. Fundamental to our strategy is to maintain our integrity and be transparent, which is ingrained in all we do.

This last year has had many challenges particularly as we continue to navigate the impact of COVID-19, which continues to pose issues for our suppliers, staff and customers. This has included factory shutdowns across the world as well as lockdowns in both Australia and New Zealand. During this time we have been working with our suppliers to ensure we can support each other to obtain the best outcome for all.

This has included suppliers changing factories when required and being flexible with orders and payment terms where possible. We are fortunate with the strength and tenure of our supply base, the strong partnerships that have been forged over many years has been pivotal in being able to work together to navigate the ongoing challenges.



This last year has had many challenges particularly as we continue to navigate the impact of COVID-19, which continues to pose issues for our suppliers, staff and customers.



We have significantly increased our use of more environmentally friendly and sustainable fabrics across both Hallenstein Brothers and Glassons product ranges.

I would also like to thank our team members across the business who have had to endure weeks of lockdowns but continue to adapt and be ready when our stores re-open. We have worked hard to ensure our staff have been supported during these lockdowns with constant communication and looking after their wellbeing.

The pillars of our sustainability framework continue to be People, Planet and Product with the key areas of focus being:

-  Environmentally sustainable fabrics and products
-  Ethical and transparent supply chains
-  Climate action/ environmental
-  Sustainable stores and operations
-  Staff well-being

Fundamental to our plan is the ongoing engagement with our staff, suppliers and customers, to ensure we are fully abreast of the areas to maintain emphasis on. This ongoing feedback is instrumental in adapting and prioritising our key initiatives.

We have significantly increased our use of more environmentally friendly and sustainable fabrics across both Hallenstein Brothers and Glassons product ranges. We have expanded our scope with more officially certified programmes and ensuring visibility to our customers via swing tags, point of sale, video content and updates on our websites. There are a number of new programmes that the teams are working on and it's exciting to see the products due to be launched in the months ahead.

Climate action has moved into our line of sight and we are focusing particularly on our carbon footprint. We are early into this journey but are aiming to commence reporting in 2022. Our initial focus is to establish a base year within the next 12 months to enable a clear action plan to be developed.

There is more detailed information available on our sustainability plan in this report and on both the Glassons and Hallensteins websites which are regularly updated. Overarching we remain committed to our vision to build a more sustainable business; we are pleased with the progress we have made to date but acknowledge there is more to do. Our core values of integrity and transparency will continue to underpin our journey to make a positive difference on the environment and our communities.

Stuart Duncan
Group Chief Executive

Business in a COVID-19 world.

COVID-19 continues to ravage the world in 2021, affecting lives, livelihoods, and economies globally. The fashion industry is no different, every part of the fashion supply chain is adapting to operate in our new world reality. So how should we react?

We've always been adaptable and agile, and this has been essential during lockdowns, store closures, and supply chain and shipping disruptions. Like many other organisations, we're adapting to a new normal and looking forward with optimism.

Collaborations

This year has called for support and has ignited collaboration within the industry from our supply and business partners. We've been united globally by the challenges posed by COVID-19 and it has taken agility around day-to-day operations to work remotely and to adapt quickly.

These challenges have driven us to innovate and to move forward with optimism as we reset and focus on the future of the brands.

Logistics

COVID-19 has also affected our ability to get garments into our stores for customers to buy. Why? Because there are fewer commercial flights bringing goods, ports are congested and operating at reduced capacity. On top of this landing goods in New Zealand and Australia costs more.

Store closures

Whilst we have done all we can to keep our stores functioning we have had to close stores in Australia and New Zealand for extended periods due to the COVID-19 pandemic.

The good news is things are improving, slowly. We'll bring you better news next year!

Our framework.

Let's recap on our framework.

Every sustainability journey needs a framework to work to and measure progress against. Ours is based around three broad pillars (People, Planet and Product) and under those we have developed areas of focus with the important issues for us to address.

This year we asked our customers and staff what they would like us to focus on in this year's report (you can see what they said on page 11). Every second year we will ask our stakeholders for input on what matters most to them, and prioritise those topics.

We're fully committed to our journey towards sustainability, and we continue to challenge ourselves at every step.



People



Planet



Product

Here's how our framework looks.

Hallenstein Glasson Holdings Sustainability Framework

VISION

To build a sustainable business on a firm foundation of integrity

PILLARS



People



Planet



Product

AREAS OF FOCUS

IMPORTANT ISSUES

	Staff wellbeing and empowerment	Community support	Sustainable stores and operations	Climate change	Sustainable fabrics and products	Ethical and transparent supply chains
	Engaged and empowered diverse workforce	Meaningful investment	Plastics and packaging	Our carbon footprint	Certified fabrics	Supplier partnerships
	Safe working environment		Reducing waste	Preparing for climate change	Pre-loved garments	Ethical factories
	Career development		Energy efficiency		Cruelty-free fashion	
	Effective and transparent communication				Product stewardship	

←----- Communicate our strategy clearly to staff, customers & shareholders -----→

* For focus areas under the Planet and Product pillars involving the environment, we take a precautionary approach to avoiding or reducing negative impact

Our stakeholders.

As a fashion-forward clothing retail group listed on the NZX, we work closely with a range of stakeholders who either invest in, buy from, or supply HGH. These include:

Customers

Purchase from our stores around the country and with whom our staff interact. These customers experience our instore service at the point of purchase. Or, they are customers who purchase online from us and experience our brands through our websites and digital channels.

Staff

Our staff are stakeholders too. Their engagement is vital for HGH to deliver on the issues under our sustainability pillars.

Investors/shareholders

Own shares in the company, and therefore have a vested financial interest in its success.

Trade and third party suppliers

Supply us with the products we import and sell, or who provide the raw materials or processes we use to make those products (our supply chain). This group also includes businesses who supply us with additional services that allow us to bring HGH branded products to market (such as Logistics).

All these stakeholders are vital to HGH, and our relationships with them help define our business and what we produce.



The frequency of when we meet with stakeholders varies depending on the group and the need for contact. **This is summarised below.**

Stakeholder engagement overview

Stakeholder group	Methods of engagement	Key topics	Frequency	
			Light touch	Deep touch
Customers	Retail Staff / Sales / Marketing / Social media / Focus Groups & surveys	Product / Fashion / Sustainability	Continuous	Daily
Investors / shareholders	Annual Report / AGM / Half Year Report / Sustainability Report	Financial performance / Strategy / Market/ trade updates / Sustainability / Governance	Half yearly	Annually
Staff	Internal Communication / Meetings / Roadshows	Product / Trade/ Strategy Health & Safety / Sustainability	Daily	Weekly (store) Monthly (region)
Trade Suppliers	Emails / Meetings / Factory visits / Phone / Video	Compliance and QA / Product development / Sustainability	Daily	3-4 weeks
Third Party Suppliers	Email / phone / Meetings / Quarterly reviews	Trade / Strategy / Forward planning / Sustainability	Daily – weekly	Quarterly

Materially speaking, what we've learned.

Our first materiality* assessment in last year's report defined some key topics, and this year we've refined 'what matters most' by asking our customers - through focus groups, online surveys and zoom meetings. We also asked our staff what mattered to them, through a detailed questionnaire. **Here's what they said.**

Customer input

3700 Hallenstein Brothers and Glassons customers responded or participated; what mattered to them fell into three broad categories.

Product

- use re-cycled materials in production
- make clothes from natural fibres
- make quality products designed to last
- minimise fabric waste (fabric)
- offer a vintage or pre-loved option for clothes

Ethical

- no slave or child labour
- pay workers fairly
- be transparent

Environment

- sustainable packaging, less plastic
- no animal cruelty, animal free
- low carbon
- waste management
- no textile waste to landfill

Staff input

Our detailed questionnaire to staff gave us a very clear picture of where they saw our priorities.

Hallenstein Brothers staff said:

- reducing our carbon footprint
- more transparency around conditions for garment workers
- more focus on recycled and organic materials

Our Glassons team said:

- the repair, re-use and upcycled market
- better compostable bag disposal options
- our carbon footprint and how we are preparing for climate change

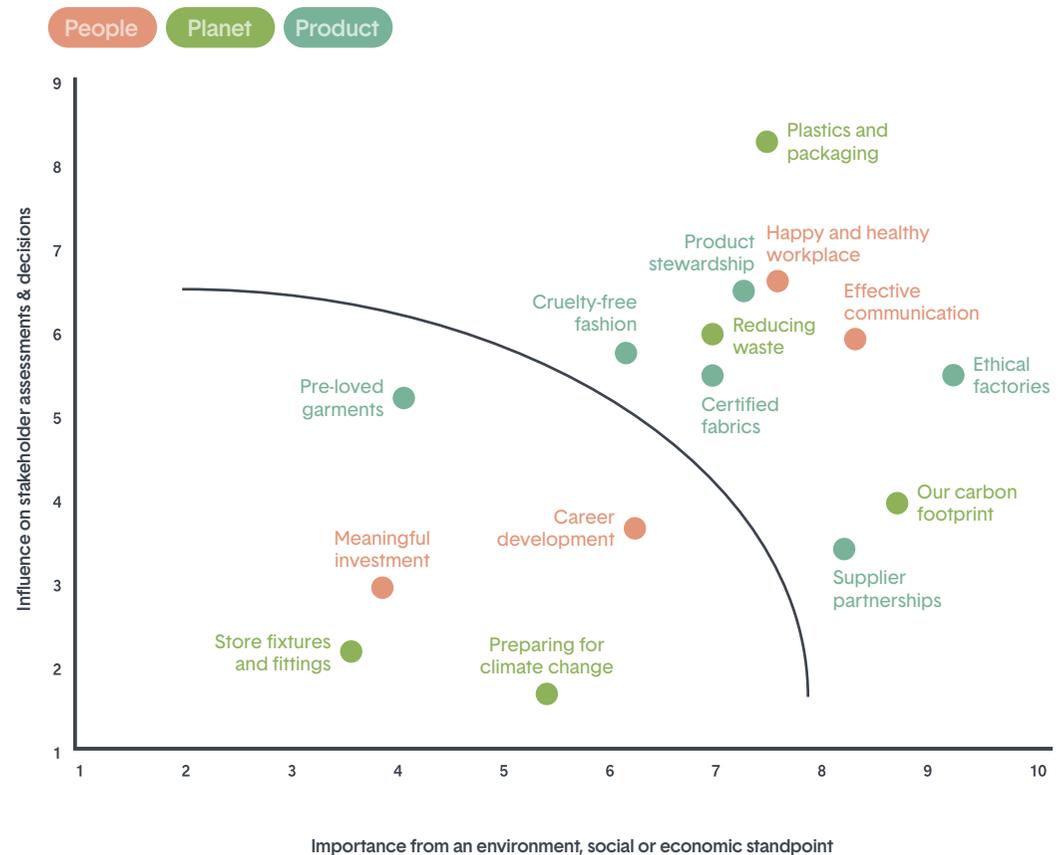
* Materiality

Materiality is a long word that translates as 'what matters most' in terms of our sustainability journey. The reporting framework we use (called the GRI Index) calls this a 'materiality assessment'. You can see how our materiality assessment looks in the graph on the following page.



So, what does all that look like?

Here's how all this translates into our materiality assessment. The really important issues are towards the top right of the chart. As you can see, the most important issues for all our stakeholders this year are the same as last year, and we'll continue to focus on these areas over the next 12 months. We dive into some of these issues in part 2 of the report, and explain with examples, how we're addressing them.



Part 2

Things that matter.



The important stuff...

In part 1 we explained how we got to ‘what matters most’ and shared some of our customer and staff feedback on this. (Take another look at the materiality assessment graph on page 12, you’ll see it showed us where we need to concentrate efforts on our ongoing journey).

Here, we dive into those key areas in detail, so you can see what we’re doing, the targets we’ve set, sharing the stories that illustrate our progress and showing you what “where to from here” looks like.

Come on our journey with us.





Environmentally sustainable fabrics and products.

We're committed to more than just great looking products.

This is the first of the key areas of focus we'll look at in depth, and part of the 'Product' pillar in our sustainability framework (see page 9).

Our customers and employees told us that delivering a greater percentage of recycled and organic fabrics matters to them, and this continues to be a priority for us.

This year we increased our use of responsible fabrics, and we're currently at 87% of our target (which is to reach 30% sustainable product by 2022).

Over the next 12 months we'll continue to target key fabrications across the business, and we're confident that we will exceed our target.

Important issues:

Certified fabrics

16

Product stewardship

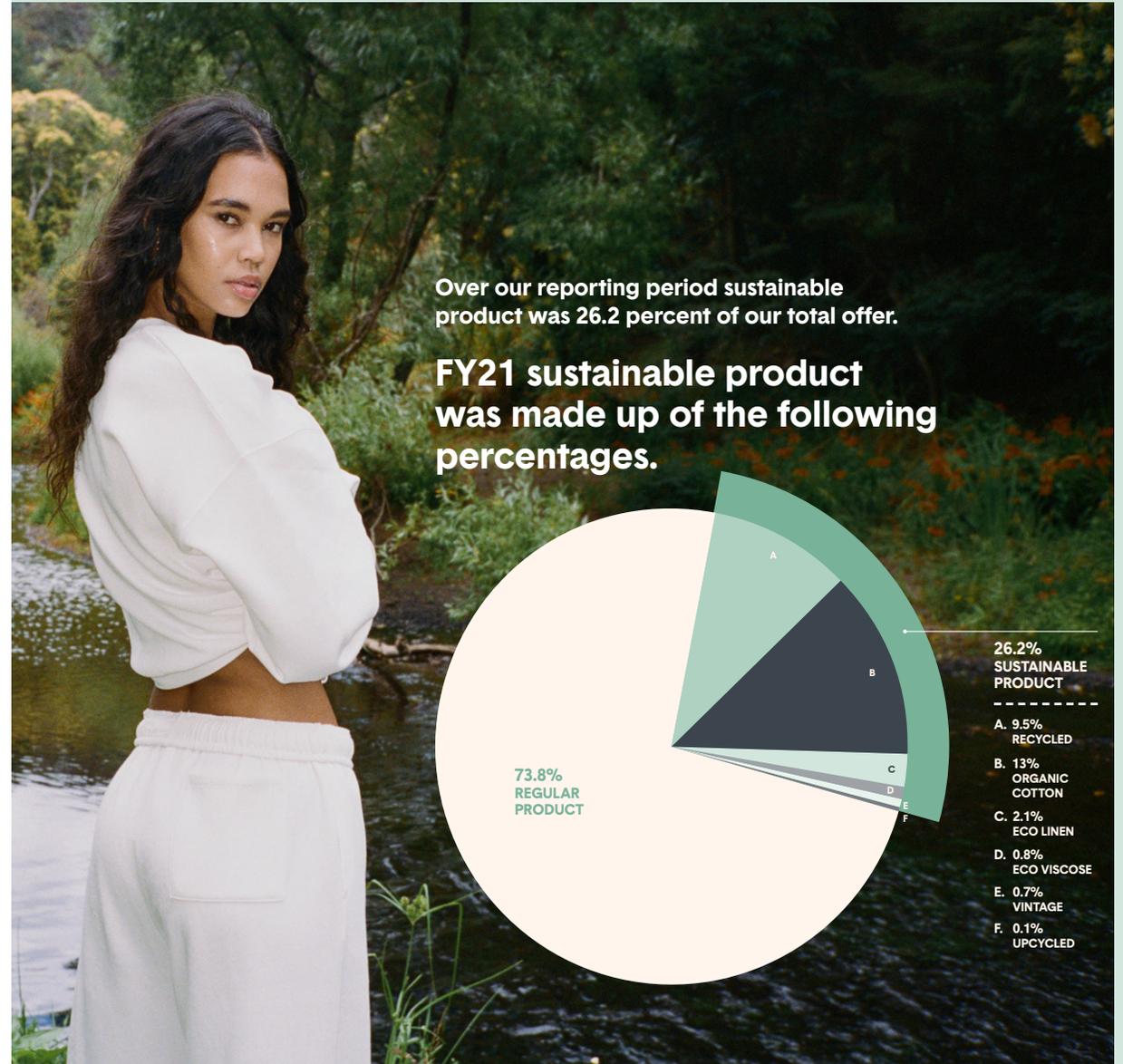
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Certified fabrics.

Sourcing sustainable product, matters.

It's up to us to minimise our environmental impact, support the people who work with us and make our fabric. While at the same time making sure our products are high quality, accessible and affordable for our customers. Doing all this isn't always easy.

Last year, after months of research and development with our supply partners and consultants, we launched our product certification programme, aligning ourselves with several globally recognised textile certification groups.



Certifications

- Global recycled standard (GRS)
- Organic content standard (OCS)
- LENZING™ ECOVERO™
- EUROPEAN FLAX®

The Global Recycled Standard (GRS) is our preferred certification for our recycled and organic materials.

Why? GRS focus is on social and environmental factors in their audits, and because they trace the whole supply chain, we've been able to accelerate mapping our Tier 2 suppliers.

LENZING™ and ECOVERO™ provide most of our Viscose product certification. 100% of our linen is certified by EUROPEAN FLAX®

These certifications verify that our materials are responsibly sourced, and some also verify compliance with social standards.

That's important, because it means we can be confident that we're delivering responsibly sourced product to our customers and shows that we're serious about reducing the environmental impact of making our textiles.

But it doesn't stop there, this journey is ongoing, and we are learning all the time. Ultimately, we want our product journey to be genuine. But what does responsibly sourced product actually mean?

The materials we use to make our garments fall into six categories:

Recycled	Sourced through GRS
Organic	Sourced through OCS
Eco linen	Sourced through EUROPEAN FLAX®
Eco viscose	Sourced from LENZING™
Vintage	Sourced globally to reduce our reliance on virgin fabrics
Upcycled	Sourced from off-cuts or deadstock

It's one thing to source the materials, but it's another to ensure they are genuine. We do this to the best of our ability, using factory certifications (Scopes) and product Transaction Certificates (TCs) throughout our supply chain. These documents verify the product is genuinely recycled or organic.

In addition, Glassons uses specific labelling to showcase its responsibly sourced product. We're improving this labelling by adding the certification logos and supplier license numbers, as well as the percentage certified, giving our customers greater transparency. We always said this was an ever-evolving journey and we are excited for what lies ahead.

Sustainably sourced product targets – how we're tracking

Last year, in our first report, we set out our sustainability sourcing targets, this is what they look like. (They haven't changed).

OUR TARGET



At that stage last year, only 0.4% of Hallenstein Brothers product was certified and only 0.5% of Glassons product was.

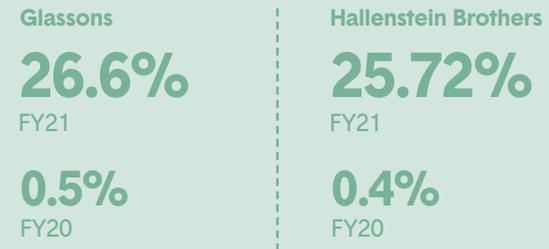
We said we would come a long way, and we have, but it's still a work in progress.

Overall, we are now at 26.2% which is 87% of our 2022 target.

2021 STATUS



How it's looking by brand



Product stewardship.

What is product stewardship and what does it mean for us?

For HGH, product stewardship is an approach to managing the environmental impacts of different products and materials throughout all stages of the products' life cycle, including end of life management.

We're taking responsibility for our products' end-of-life.

While stage 1 of our sustainability journey is about sourcing sustainable product (our certified fabrics programme is a big part of this and you'll find more about that on FF 16), stage 2 is about finding ways to reducing the waste going to landfill when a product comes to the end of its life and minimising the impact our products have on the environment.

This is difficult. As an island in the Pacific, we are removed from the rest of the world, and find it hard to deal with the amount of waste we currently produce as a country, so we at HGH need to think innovatively and laterally.



Our focus group research told us that our customers and employees want zero textiles to go to landfill, and they want to wear vintage and pre-loved garments. Repair and reuse matters to our customers. We have listened.

The first thing we can do is not over-produce, and we don't. We have good internal systems to forecast and plan for demand, so we can make sure we don't overstock and that our clothing sells in the timeframe we forecast for it.

Inevitably though, we have end-of-life product.

This is made up from:

- end of lines
- customer returns
- product recalls
- design samples

and so we've collaborated with several organisations to help find solutions other than landfill for all our end-of-life products.

These organisations include:

- The Formary
- Worn-Up
- Various charities
- Wasteminz

Let's take a closer look at one of these partnerships.

WORN UP

Worn-Up is an Australian textile 'upcycling' business, committed to zero waste - textiles are repaired, reused or recycled, not sent to landfill or incinerated



Having a partner like Glassons is amazing for us, and will allow us to create solutions that demonstrate what apparel companies can do to help make the world a better place and keep textiles out of landfill.

ANNIE THOMPSON,
WORN UP FOUNDER

Textile rescue pilot

Together, Glassons Australia and Worn-Up have pioneered the first textile rescue fashion pilot, diverting non-saleable/wearable items away from landfill and transforming them into meaningful products. It's a huge success.

The background

Glassons teamed up with Worn-Up in a 6-month programme from January to August 2021 to:

1. Find new uses for end-of-life fashion garments.
2. Use 'circularity' (non-waste) solutions and alternatives for end-of-life fashion garments.
3. Divert non-saleable/non-wearable items away from landfill.

How it worked

Worn Up collected Glassons textile waste, experimenting with ideas of what can be done with it to support circularity and sustainability.

Worn-Up would check, weigh and de-trim (remove buttons, zips etc) from the items and then classify them (by fibre type) into:

- natural fibres
- blends, or
- synthetics

Each fibre group was processed to form a 'feedstock' for composite materials such as hard panels, tiles, furniture and other products.

How good is that?



Glassons is the first fashion house to receive Worn-Up's 'Responsible Disposal of Textiles' certificate.

Results and outcomes

'Textile Rescue – Fashion' was a great success – here are some of the highlights:



1.9 tonnes
of textile waste
was diverted
away from landfill

That's a huge 178.19 cubic metres of landfill space we didn't use.



Carbon emission avoided.

679.5 kg CO² equivalent of carbon emissions from natural fibres and 154.75 kg equivalent from synthetic/blended fibres.

Glassons, proud partners

- We've helped pioneer new thinking and new end-of life alternatives for fashion materials.
- Worn-Up identified ways to 'design-in' end of life options for our garments, and process improvements that make it easier to upcycle.

And we're just getting started!



We repurposed
492.32 kg
of natural fibres.

And 1267.83 kg of synthetic and blended fibres, to be used to make other products. (Tiles and furniture for example). Amazing!



Reusing

Trims, like buttons, chains, and accessories were diverted back into the industry for reuse.

Did you know?

- Over 800,000 tonnes of clothing enter landfill in Australia each year
- Textile production, manufacture, and disposal account for over 1.2 billion tonnes of CO₂ emissions annually, that's 8% of the global total!

How are fabrics re-purposed?

Natural fibres – high cotton content fibres are useful for soil regeneration on Australian farms. (We do check they are not blended, as these can be pollutants).

Blends – used in the manufacture of acoustic tiles.

Synthetics - can be used in 'hard' options; tiles, boards, and other building items.





Ethical and transparent supply chains.

We care about where our clothes come from.

This is the second key area of focus and part of the 'Product' pillar in our sustainability framework (see page 9).

Our customers' have told us it's important their fashion comes from an ethical brand, we agree, 100%. But what is ethical fashion?

It must be fashion that reduces the negative impact on people, animals and the planet. This means we share responsibility with all our suppliers, as well as ourselves.

That's quite a challenge because the fashion industry is complex – it relies on tiers of suppliers sourcing raw materials, processing textiles and producing garments, typically in factories. And that's where we've focused our effort in the past 12 months ; undertaking in-depth risk assessments of labour and gender inequality issues common to countries our factories are located in. Identifying where the

greatest risks are, allows us to implement specific monitoring processes to mitigate these risks. We continue to work with our 3rd party auditors Qualspec SgT, our worker grievance partner INNO and we have also posted QR posters in all factories that provide workers a direct line to HGH headoffice. Let's take a closer look at our supply chain and see how our factories are supporting their workers.

Important issues:

Ethical factories

21

Supply chain partnerships

30

Ethical factories.

What is an ethical factory?

For HGH, an ethical factory is one which focuses on worker welfare, has a safe working environment, upholds international labour rights, and respects the environment.

We don't own or manage factories ourselves - we outsource our manufacturing to selected partners - ones that we know meet our high ethical and quality standards. Because we build close relationships with our suppliers we can, and do, demand high standards and transparency from them. We even check conditions at those factories ourselves. More on that when we talk about 'visibility and transparency' a little later.

HGH score of for the 2021 *Ethical Fashion Report*



The *Ethical Fashion Report*

When we embarked on our sustainability strategy, we identified 3 pillars around which we could measure our progress: People, Planet, Product.

The *Ethical Fashion Report* published by Tearfund and Baptist World Aid, provides us with a valuable tool to independently measure and evaluate our performance relating to two of those pillars, People and Planet.

Our journey with the *Ethical Fashion Report* started in 2015 - with a D-rating. At the time, we were actively working with our supply partners to improve on performance across both our people and planet pillars – but we were not great at communicating the work we were doing.

It was time to start talking to our customers about it.

In 2017 we proudly achieved a C+. A step in the right direction but we had lot more work to do.

We spent 2018 and 2019 at B+ and continued to drive and implement strategies throughout our supply chain.

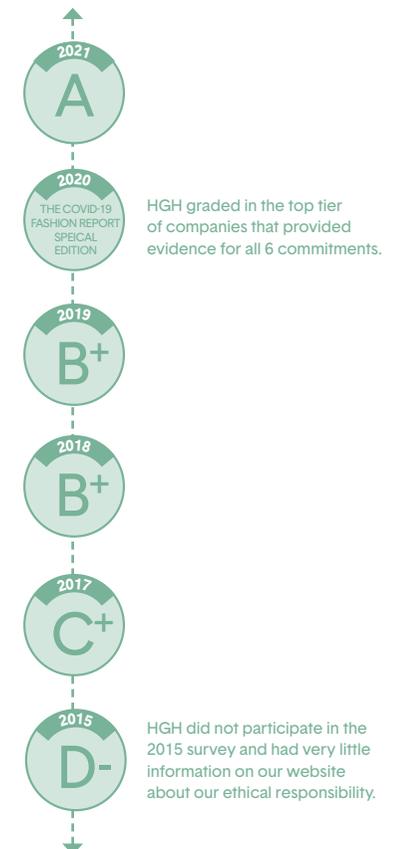
Finally, we have achieved an A rating, and we're very proud of it. But we know this is a never-ending journey and we are determined to continue our progress - even as the conversation around sustainability in our industry becomes increasingly complex.

The journey we've been on over the last 6 years has given us a broad and deep understanding of ethical principles, cultural diversity, and issues facing workers. It's helped us to achieve greater transparency in complex supply chains and meet the challenges we all face, from a global pandemic to climate change.

The *Ethical Fashion Report* provides an invaluable independent lens through which we can evaluate our journey and learn from the insights it offers.

HGH have partnered up with several organisations in support of worker welfare, respect, and labour rights. You can find out more in 'Supply chain partnerships' on page 30.

Our *Ethical Fashion Report* journey



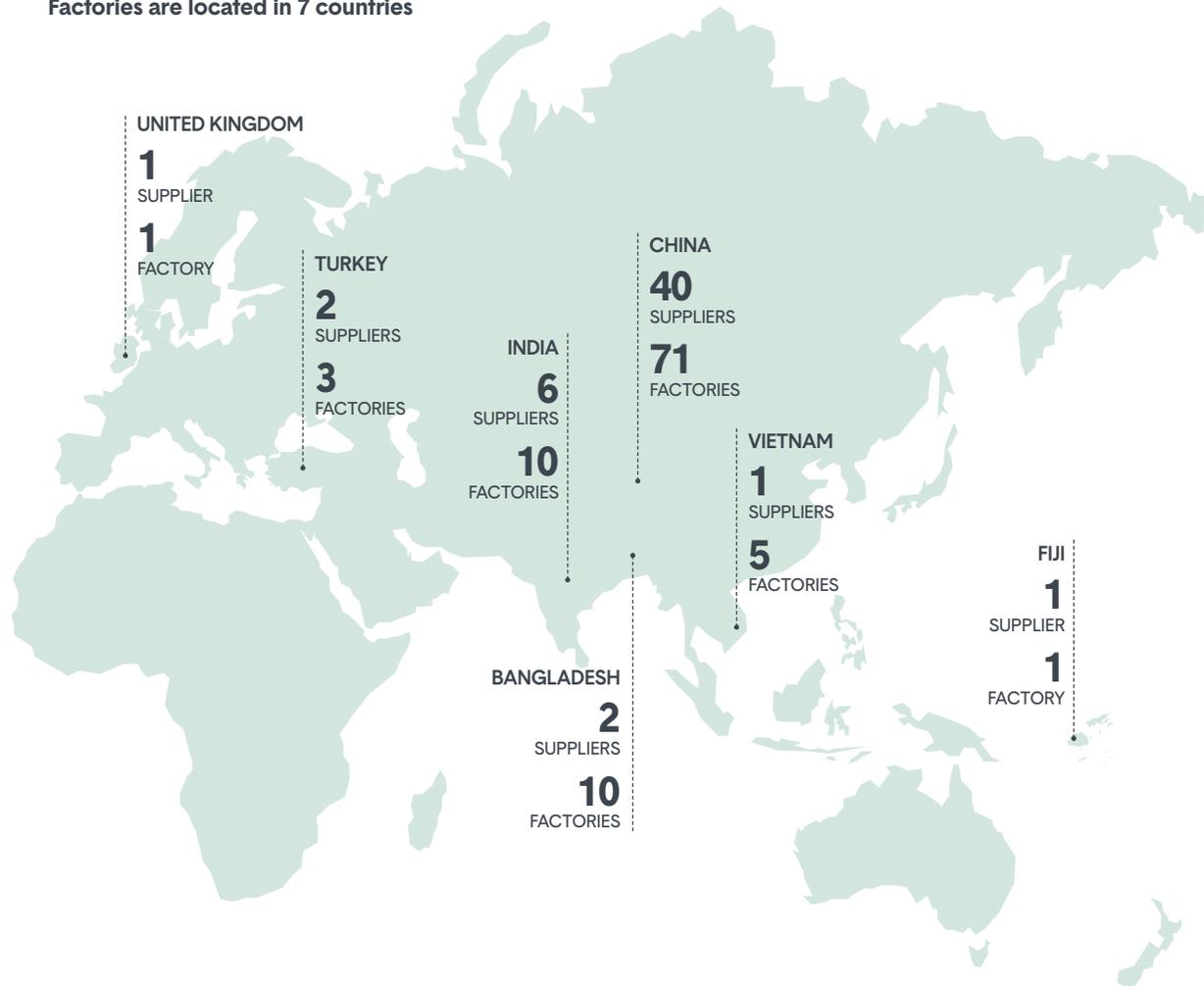
Our supply chain

Now let's take a look at our supply chain, and how it's changed since last year.

Last year our manufacturing partners were in three countries: China, India and Bangladesh. Since then, we've added Vietnam, Turkey, Fiji and the UK to the list.

We have focused on diversifying our supply chain and whilst this came with many challenges it has been a learning curve for the business understanding new cultures and the innovations that come with working with these new countries. The diversity allowed us to move across countries as COVID-19 travelled the Globe with hot spots in almost all locations at multiple times through out the year. We have remained loyal with our supply partners through these challenges and have become stronger with a broader more diverse supply base.

Factories are located in 7 countries



Whole manufacturing supply chain

53 suppliers
101 factories

Hallenstein Brothers

21 suppliers
38 factories

Glassons

32 suppliers
63 factories

And here's how the gender breakdown looks in these countries

	Total number of workers	Number of female workers
China	5766	4448
India	1439	276
Vietnam	1703	1354
Bangladesh	14,597	7665
Turkey	869	286
UK	52	23
Fiji	504	370

A clearer view

Visibility in our supply chain.

We've looked at what we expect from the factories in our supply chain but how can we be confident that our suppliers are ethical employers? As much as we can that means tracing all the activities of all our suppliers, right down to raw materials.

Here's what we want to achieve in terms of visibility.

OUR TARGET



2021 STATUS



We're working on that, but as you can imagine, the further away from our finished product we get, the harder that is, because our connection to those suppliers closer to the beginning of our chain is more remote.

Take a look, our suppliers fall into three "tiers".

Tier 1	Tier 2	Tier 3
These factories make the products we import and sell. We visit these factories regularly and they must participate in our independent auditing programme.	These suppliers are the textile processing facilities: mills, dye houses and laundries.	These suppliers provide the raw materials.

OK so what does 'better visibility' mean for each of our tiers, and how are we going?

Here's an explanation.

What it means:

Tier 1

Knowing who participates in our supply chain, meeting them and checking their operations is important to us. We have achieved this with our Tier 1 suppliers, visiting them between 6-10 times annually (notwithstanding disruptions to travel posed by COVID-19 and border closures). All Tier 1 factories participate in our auditing program. Working closely with suppliers to form strong partnerships built on trust is crucial to meet our due diligence requirements. We believe mitigating risk and ensuring our suppliers meet our ethical standards is more than taking a compliance/audit only approach.

How we are going:

VISIBILITY STATUS



Tier 2

Although we have less visibility into Tier 2 compared to Tier 1, we have made significant improvements in mapping our Tier 2 suppliers. Increasing visibility continues to be a focus for us in 2021. Moving a significant volume of our textiles into global certification programs has provided greater certainty that we can confidently deliver responsibly sourced fabrics. Some of these certifications mean our entire supply chain must be certified and meet strict requirements for social, environmental, and chemical management.



Tier 3

We have limited visibility into Tier 3 to date. We are working closely with our suppliers to try to understand more about our raw material origins. We continue to review textile certification programs that provide verification or raw material origins.



Auditing – our essential transparency tool

FY21 looks like this.

Workers' welfare and safety is a cornerstone of our ethical factory programme and auditing gives us the visibility into a typical day within a factory.

COVID-19 continues to disrupt our auditing capabilities due to hot spot lockdowns and restrictions on travel. However, we do reschedule any postponed audits as soon as we can.

HGH audit numbers for FY21

51
audits
completed

9
new factories

42
existing factories

120
total number of
compliances checked
in each audit

39
compliances checked
related to **Worker Welfare
and Modern Slavery**

40
compliances checked related
to **Safe & Healthy Work Places**

29
compliances checked related
to **Wages & Working Hours**

12
compliances checked
related to the **Environment**

11
average non-compliances
per audit

What we do if there are breaches.

First we engage our supplier and factory management to begin remediation to fix the non-compliant issues. We take a collaborative approach which results in better outcomes for everyone and maintains our long-term relationship with that supplier.

As well as remediation, QUALSPEC SgT also provides our suppliers with ongoing Corporate Social Responsibility training, so they understand and can maintain ethical standards and practice that meet our Code of Conduct.

This is a successful approach; however sanctions are a last resort if issues can't be resolved any other way. We make every effort to resolve problems before we get to this point though.

5 Examples of Non-Compliances

1.

Factory not paying all mandatory social benefits (China specific).

This is a complicated issue that we continue to work with factories to resolve. There are 5 types of social insurance: accident, unemployment, medical, maternity and retirement. Many workers opt out of some or all the insurances, and the factory pays an amount equivalent to the levy, directly to the worker instead of into the government scheme. Our NGO partner in China, INNO, is working with some factories to better understand social insurance obligations of employers and entitlements of workers.

2.

Aisles partially obstructed. This is a breach of fire safety, and we work closely with factories to ensure improved fire safety culture within factories.

This can include asking factories to engage with local fire safety professionals for an update on appropriate fire safety procedures in factories.

3.

Overtime exceeding 36 hours per month.

In China the working week is 40 hours and allowed overtime is 36 hours per month. Many workers do between 37 – 60 overtime hours a month. Again, this is a complicated issue because workers rely on overtime hours to earn a liveable wage and want those extra hours. HGH is now running a Higher Wage project with selected factories to better understand wage structures and how the gap between contracted wages and Living Wage can be closed. In addition, there are several things that a Brand can do to minimise pressure on factory working hours and we address this in our Responsible Purchasing Practices.

4.

Insufficient PPE (Personal Protection Equipment).

Workers are not using or wearing adequate PPE. (e.g., metal gloves, eye goggles, dust masks).

5.

Insufficient worker safety processes

(e.g., lacking training in machine maintenance, machines missing safety guards, poor record keeping, no H&S testing for noise and dust).

The purpose of these audits is to ensure that our suppliers are following our Supplier Code of Conduct.'

To maintain manufacturing authority suppliers are required to ensure:

Supplier Code of Conduct

- No child labour
- No discrimination
- Safe and healthy work environment
- Wages, working hours and benefits comply with local industry requirements
- Prohibition of excessive overtime
- No harsh or inhumane treatment
- Freedom of association and the right to collective bargaining
- Compliance with environmental laws
- Raw materials are ethically sourced

Meet our workers

To give our stakeholders a glimpse inside the lives of the people who work hard in our supply chain, and whose rights we work hard to protect, here are three people we'd like you to 'meet.'



Ms. Runfen Lu

Factory Location: Jiangsu Province, China

Years in industry: 25

Career progression: Sampling department to Pattern Room Manager

Runfen Lu was born in 1976, in a village of county Dantu in rural Jiangsu. She graduated from school in 1996, and then began her career as a sewing trainee.

She showed great passion and talent for pattern making and was selected by the factory to study patterns and designs in Suzhou. When she'd finished her training she was assigned to work in the pattern/sample department.

Ms Lu got married in 1999 and had her baby son in 2000. After her maternity leave, she returned to work as a senior pattern maker, increasing her skills and experience. Ms Lu joined our factory in 2005 as Pattern Room Manager. She is now a key member of management.

FACTORY OWNER QUOTE

"With 16 years' working together, we treat each other not just employer and employee, we are partners, we are family. She always says she is very happy to work for us in our factory, not only has her own career progressed but also has improved her quality of life."



Luo Yong Qin

Factory Location: Guangdong Province, China

Years in industry: 18

Career progression: Sample Room to Production Manager

Luo Yong Qin was born in 1981 in a small town of Anhui province. She started working in our factory in 2015, after relocating to the Guangdong province.

Factory management soon realised her potential and began training Luo Yong Qin in middle management and all aspects of garment manufacturing. In August 2017 she was promoted to line manager.

Luo Yong Qin took this opportunity to apply her skills and training, successfully managing production pressures and KPIs. In June 2020 she was promoted to Production Manager.

FACTORY OWNER QUOTE

"Luo Yong Qin worked actively and co-operates well with all employees and has a strong sense of belonging. Our factory's growth and success is because of employees like Ms. Luo"



Maya Devi

Factory Location: Haryana Province, India

Years in industry: 11

Career progression: Machinist to Head Supervisor

Maya Devi was born in 1982 in Gajraula, a small town in the province of Uttar Pradesh.

She started working in our factory in 2015.

During her journey with us she has been assigned various roles: Sampling Tailor, Production Tailor, Production Checker, Line Supervisor and last year she was promoted to Head Supervisor. Her seamless efforts have played a key role in quality control and timely deliveries.

During the Covid lockdown of 2020, she was instrumental in communicating with other workers and convincing them not to migrate back to their home towns. We include her valuable suggestions when planning our production.

She has a family of five. Her husband is a store manager at a textile factory near Delhi. She is blessed with 2 daughters and a son.

FACTORY OWNER QUOTE

"Maya Devi has been with the factory during all lows and highs and has the ability to handle every work situation. She is a role model for every worker in the factory who aspires to grow in the industry. She has worked on almost every brand in the factory and is a valuable player in garment production"

Modern slavery statement 2021

Modern slavery: zero tolerance.

The COVID-19 pandemic has created uncertain times across the world, particularly in some of the areas where our supply chain operates. As a result, we are sensitive to the increased risk of modern slavery, particularly in the tier 2 and 3 parts of our supply chain, where it's possible our workers have lost jobs and the opportunity to earn.

HGH have published a Modern Slavery statement, prepared in accordance with the Australian Modern Slavery Act 2018.

This statement outlines how we combat risks of modern slavery and reduce the risk of it happening within our operations.

Our position is crystal clear.

We act ethically in all our business relationships and take decisive action to eliminate any modern slavery practices.

[Read our statement in full](#)



Supporting higher wages

As a company we commit to paying ALL workers who make our clothes a Fair Wage.

Ethical factories are important to us as a business and for our stakeholders. An especially important part of an ethical factory is the welfare of the factory workers. Fair Wage is a big part of that welfare. Our independent auditing programmes verify that workers in ‘our’ factories are being paid above the legally mandated wage, we call this Fair Wage. However we acknowledge that Fair Wage is not the same thing as a Living Wage. Therefore, we have designed a Higher Wage Roadmap to support action to closing the gap to a living wage for all our workers. HGH doesn’t own any factories, which complicates our ability to put higher wages into workers’ pay packets directly. However, this fact cannot impede our resolve and commitment to pay higher wages.

We are currently working on a project with selected suppliers to further understand how suppliers set and pay wages across a range of interrelated aspects, eg: how pay relates to working hours and how it is used to reward or incentivise performance. A vital element of an enabling environment for Higher Wages is to support freedom of association and collective bargaining to empower workers to voice their needs and negotiate better pay. We see the value of participating in industry-wide collaborations to address Living Wages at a systemic level.

Once we have collated this information we will work collaboratively with suppliers and relevant stakeholders to understand any barriers to achieving higher wages, listen to their concerns and help build a consensus for action.

Here’s how it looks.

Our roadmap.



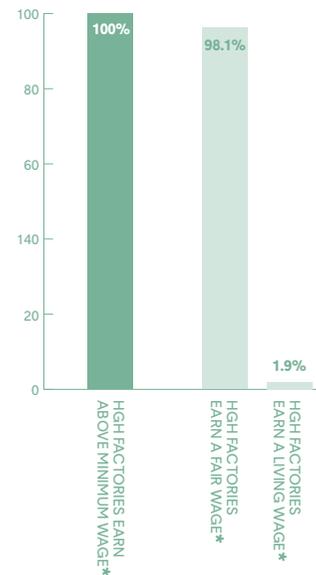
HGH FY21 wage findings

We benchmarked wages across 51 factories in this FY21 reporting period. These were based on a standard working week and exclude overtime.

This broken down is:

FY21 Wage Findings	%	
Living wage	1.9%	1.9% pay Living wage or above
Fair wage	98.1%	98.1% pay a fair wage

We have in place independent auditing of factories to verify workers wages and working hours. This information is used by us to benchmark wages, verify fair wage and calculate the gap between current wages and living wage.



100%
of HGH factories pay
above minimum wage



* Minimum Wage

A government mandated Minimum Wage is the lowest remuneration that employers can legally pay their employees.

* Fair Wage

HGH definition of a fair wage is: All workers earn ABOVE Minimum Wage, and

- Workers are free to enter into collective bargaining agreement
- Workers are receiving all mandated labour entitlements, such as but not limited to, penalty rates, allowances and holidays.
- Regular employment is provided.

* Living Wage

"Remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing and other essential needs, including provision for unexpected events."

Source: Anker Methodology

Supply chain partnerships.

Supply chain collaboration – improving worker conditions.

The second part of the Ethical and transparent supply chains area of focus is our supply chain partnerships, and how they help support factory workers.

Collaborations are vital in our journey to supply chain sustainability. Partnering with global organisations gives us opportunities for information sharing, aligning with industry standards, verification and transparency.

We've partnered with several organisations to help us identify and protect vulnerable workers, ensure their safety, and initiate changes where necessary. These include:

Qualspec SgT

- Our external audit partner, Qualspec SgT, conducts factory audits on our behalf to assess our suppliers' compliance with our Code of Conduct.
- As borders have remained closed preventing us from visiting suppliers and factories ourselves, our partnership with Qualspec SgT is even more important, providing an independent summary of our factories through social auditing.
- As well as remediation to fix non-compliance issues, Qualspec SgT also provides our suppliers with ongoing Corporate Social Responsibility (CSR) training so they understand and can maintain the high ethical standards we expect.

INNO Community Development Organisation (INNO)

- INNO is an independent third party, offering factory workers in China support, legal consultation, counselling and advice on complaints or grievances. INNO also helps factories establish or improve internal mechanisms to promote effective internal communication.

- In 2020, HGH partnered with Chinese NGO, INNO, to implement the 'Handshake Worker Hotline Project', giving factory workers a voice. This is a whistle blower hotline that workers can access via a QR code posted in the factory, putting them in direct communication with INNO employees.
- In 2021, we began to roll out INNO in our Indian factories, and we'll report on how that's going next year.

INNO grievance mechanism

- INNO has a 3-tier alert system: Green, Yellow, Red.
- Green is managed independently by INNO; Yellow and Red cases are sent to the brand, supplier, and factory.
- 29 workers accessed the INNO hotline during our last reporting year. All the grievances were in the Green category and were issues related to life skills, OH&S, legal advice, and family relationship guidance.

HGH grievance mechanism – QR posters

All HGH supplier factories sign an HGH Code of Conduct, and in doing so, commit to providing a working Grievance Mechanism:

- We believe workers and their representatives are best placed to raise grievance issues with management and potentially solve a dispute as it is occurring.
- If an employee feels their grievance has not been fairly resolved, or they prefer to contact our brands directly, workers can access our head office to raise an issue via our QR Posters located in supplier factories.
- We have had the posters translated into the national language of each country.



Climate action/ environmental.

Back on page 9 is our sustainability framework. You'll see climate action is a focus area of our Planet pillar, and we've been busy here.

Readers of our 2020 sustainability report may recall that our climate action target was to develop a robust carbon plan by 2021, and we have as you'll see. We've also re-doubled our efforts toward sustainable packaging - more on that too.

Important issues:

Carbon footprint

32

Packaging

33

Carbon footprint.

Our carbon footprint is coming down.

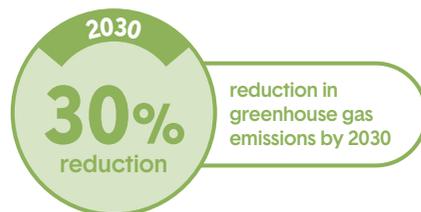
Our employees and our customers have made it very clear that climate change is a top priority. As an importer, not only are we affected by climate change, we're contributing to it. We are very keen to reduce our footprint where we can, but before we do, we need to know what our carbon footprint looks like - a baseline measure of our emissions. This baseline measure will tell us where our emission hotspots are, and armed with this knowledge, we can develop a plan to reduce them.

Here's how that looks.

Carbon goals. They're big.

We have set a preliminary reduction target of 30% by 2030. Once our base year footprint has been measured and analysed, we will review and formalise this target.

OUR TARGET



The plan

Step 1

Setting the Boundary

Key to a good “carbon management plan” is the measurement boundary – what you include in the measurement, and what you leave out.

We've worked hard in 2021 getting the scope of our Base Year measurement right. We've identified all our direct emission sources and importantly, the indirect sources within our supply chain that need to be included. This process has involved our senior leaders, operational staff and our finance team. We've used international standard ISO 14067-1 (2018) as our framework. Altogether, we're pretty sure we've got it right.

Step 2

Collecting and analysing data

Now we have our boundary scoped, we can move on to collecting and analysing data. Working with carbon specialists from Tadpole, we've developed a carbon calculator, which guides us on what data we need to collect and how we measure it. That's no mean feat for a company operating 115 stores, 2 head offices, 3 DCs, and freighting product from 7 countries across the globe. Our base year for measurement will be FY21 and we are well underway with data collection. Our systems are all set up, so next year we will have carbon data to share with you for the first time.

We're excited to be starting on this journey, and we look forward to step 3 – verification and sharing our findings.

Step 3

Verification

At the end of FY21, we'll enter our carbon data into our calculator, to give us a preliminary carbon footprint measurement. We will then review it and organise verification. The verification process will take several months, so we'll share our verified Base Year footprint in our 2022 Sustainability Report. At that time, we will report our carbon boundaries, how our data was sourced and analysed and our verified footprint.

Then of course our goal will be to reduce that Base Year footprint, year on year, as much as we can.

Packaging.

Our compostable polybags journey

Glassons New Zealand

We've had to face some hard truths about our use of compostable polybags, which we can now share with you as part of our sustainability journey.

You may be aware that in September 2020 we made the decision to move our plastic polybags to compostable polybags – as these offered a better end of life solution and resulted in a dramatic reduction in the amount of plastic packaging going to landfill.

We have trialled 3 composting pilot projects across NZ and we have discovered that NZ lacks the infrastructure needed to take back compostable packaging on an industrial scale.

With no New Zealand nationwide kerb side collection either, disposal is reliant on regional initiatives. Sadly, in many cases that's just not an option.

In the future we're hoping there will be better compostable collection points nationwide to support compostable packaging and we continue to promote home composting as a great sustainable choice. We're working hard to find the right balance.

Glassons Australia

In Australia we have been more fortunate with progressive engagement with shopping centre owners who have already begun their own journey in researching compostable solutions.

In 2021 we partnered with Westfield and Veolia to dispose of our compostable polybags in their organics waste bins at Westfield Carindale, Chermiside & Garden City. This is a ground breaking initiative between landlord and retailer in Australia.

We estimate that for these three stores 80% of our waste is now being composted, and we're only getting started.

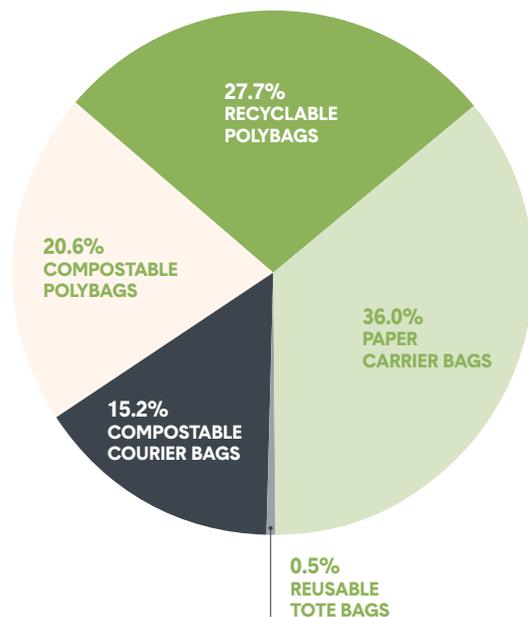


Reduce, reuse, recycle

More steps to sustainable packaging

Bags, we need 'em, particularly polybags, but our policy is to reduce their use as much as we feasibly can. As you've just read, we've hit some headwinds with this strategy, as there is a lack of resources to dispose of compostable bags in New Zealand. We're making good progress reducing our plastic use, but the reality at present is that we will always have some in our supply chain, mostly in the form of polybags which protect delicate fabrics and courier satchels for online order transportation. So as long as we have them we want to make them as eco friendly as possible that's why we are excited about the next innovation from the Better Packaging Co.

What makes up our packaging



Packaging profile	% of packaging	End of life
Paper carry bags	36%	100% of the paper carry bags are biodegradable
Reusable tote bags	0.5%	100% of our tote bags are made from natural fibres
Courier bags (Compostable)	15.2%	100% of our Courier bags are compostable
Polybags (Compostable)	20.6%	Glassons use 70% compostable polybags and Hallensteins 0%
Polybags (Recyclable plastic)	27.7%	Glassons use 30% recyclable plastic and Hallenstein 100%.

Our Polybags

The focus here continues to be Reduce. Hallenstein Brothers have already achieved an 80% reduction on the use of polybags.

This equates to the removal of nearly two million polybags per annum for the brand. They continue to review all product lines for any opportunity to further reduce.

For Glassons, removing polybags from our product is more complex. We continue to prepack orders where possible to ensure that less polybags are used. However, as a women's retailer, we have a higher percentage of delicate fabrications that require a protective bag to ensure against soil and damage. We continue to investigate and trial the best sustainable options for polybags, alongside reduction.

Did you know?

Great shirts – less plastic

Hallenstein Brothers continue to make further gains in removing product packaging from all shirts (other than business shirts) for online order transportation.

46.77%

of packaging has been removed from shirts.

THE BETTER PACKAGING CO.

FOR A ZERO WASTE WORLD

HGH - Better Packaging Co partnership

Some compostable is certainly better than none, and HGH continues to partner with The Better Packaging Co. to deliver our online sales in home compostable courier bags and has an online video on “how to compost”, to help educate our customers on how best to do it. HGH is also part of The Better Packaging Co. collection point network with collection bins in stores in the Auckland region.

Introducing POLLASTIC™

Finding the right packaging solution for planet and people is complex and challenging, and we are always looking for better ways to reduce our impact when it comes to packaging disposal. We're excited to announce an exciting new initiative from our partner, The Better Packaging Co. HGH will be trialling a pilot programme on a new recycled material both for polybags and courier satchels. The new bag options can be recycled in NZ and AUS more easily than compostable polybags, at all soft plastic return points.

The results of this pilot programme will determine whether we move from away from compostable bags entirely or have both options running in tandem. We're excited about the possibilities, and we'll keep you posted.

Better Packaging, POLLASTIC™

At the Better Packaging Co. we see sustainability, not as an end game, but a journey and we are thrilled to have HGH as our 'expedition partners'. HGH first approached us in 2019 while researching ways to improve the environmental footprint of the mailing satchels used for packaging their online orders. At the time, they were using virgin plastic mailers but had committed to making their garment bags plant-based and compostable so it made sense to explore options for home compostable mailers too. Throughout subsequent discussions, HGH's commitment to doing the 'right' thing was obvious to us and our ability to not only provide a certified product but also a product stewardship scheme, held strong appeal.

We have since produced over 1.5 million certified home compostable comPOST Packs for HGH. These mailing satchels are a fantastic product, but do have their shortcomings and we are always looking for ways to do 'Better'. In mid-2020, Better Packaging Co.'s leadership team sat down with a blank slate and asked 'What would the ultimate sustainable packaging be like? What would it be made from? What would happen to it at end of life?' One said, 'It would be made from waste', then another raised the bar, 'Nope, it would be made from pollution ... AND it would have to be recyclable.' Fast forward to today, and the Better Packaging Co. is producing POLLASTIC™, the world's first poly mailers and garment bags made from Ocean Bound Plastic (which are recyclable with soft plastics).

Aiming for 'zero waste' is no longer enough. We have to clean up the mess humanity has made and POLLASTIC™ packaging does exactly that. Better Packaging Co. has committed to collecting 1,000 tonnes of plastic in the next 12 months from beaches and waterways in parts of the world with no waste management infrastructure. And that's just the start. Plastic pollution and poverty are inextricably linked so we work with people in impoverished communities to collect this plastic and in doing so raise their standard of living and clean up their environment.

Better Packaging and HGH are currently exploring ways in which they can introduce POLLASTIC™ into the HGH supply chain and in doing so make vital progress towards 13 of the UN Sustainable Development Goals.



Sustainable stores and operations.

Our stores and operations produce a significant amount of waste, it's unavoidable given the nature of what we do. Recycling as much as we can and reducing the amount of this waste going to landfill is a constant focus for us, and a big part of our 'Planet' pillar.

Here, we focus on how our stores and operations affect the environments we touch and what we're doing to be a more sustainable business in our day-to-day activities. We'll look at what we are doing to reduce waste

in our stores and distribution centres, and how we are improving our energy efficiency, through eco-friendly lighting and other initiatives.

And just a note, in last years' report, we included packaging and plastics under our sustainable stores and operations area of focus. This year you'll find our progress on those aspects under Climate action on pages 33-35.

Important issues:

Reducing waste to landfill

37

Reducing waste to landfill.

Reducing, reusing and recycling wherever we can.

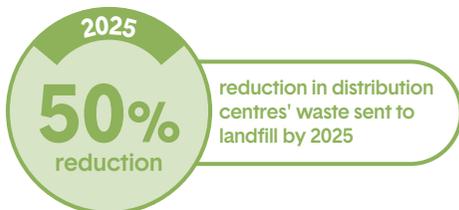
While we can't eliminate waste – there will always be some – we can recycle and reuse more and more if we think smart and laterally.

We're ramping up our efforts to reduce the amount of packaging we use and ensure recycling is at an optimum level.

If you saw our report last year, you may recall we set some reduction targets for ourselves, (but more importantly for the planet).

Here's how we are in our base year. We will report in 2022 how we are tracking against our target.

OUR TARGET



Glassons Australia

At our Glassons Australia DC in Sydney, we have set ourselves a recycling target of at least 80% Internal Recycling Rate (IRR) within 12 months. We've engaged waste and recycling experts Waste Pro, to help. We've always recycled paper and cardboard, as well as some plastics, and earlier this year we increased our recycling of used plastic coat hangers. Our ultimate goal is zero waste to landfill.

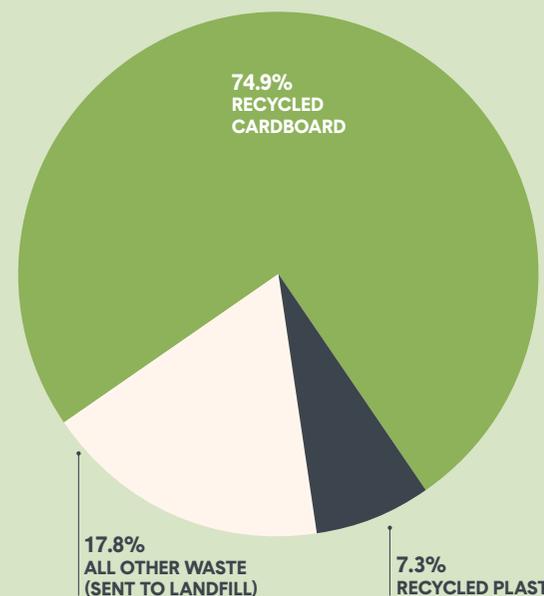
Waste from New Zealand Distribution Centres to landfill FY21

Waste to landfill from Distribution Centres (kgs)	FY20 (part year)	FY21 (Aug20–July 21)
Hallenstein Brothers (NZ)	7,466	10,327
Glassons (NZ)	4,567	8,360

FY21 is our base year on which our 2025 target will be measured.

Our waste to landfill increased, but there's a good reason. The data for FY20 did not include a full 12 months. This year we collected data for the complete year, so we've got our base year on which to measure our 2025 50% reduction target against. We have a lot to do to meet the target we have given ourselves and this will be a priority area for us over the next 12 months.

HGH Distribution Centres New Zealand, Waste Profile



NZ Distribution centres waste profile	% of DC waste	End of life
Recycled cardboard	74.9%	100% cardboard is recycled
Recycled plastic	7.3%	85% of plastic is recycled and 15% is sent to landfill included below
All other waste (sent to landfill)	17.8%	100% mixed waste sent to landfill

N.B we are gathering Australia DC waste in 2022.

As for our head office, we have recycling stations for the separation of mixed recycling (aluminium, glass, tin, hard plastics), paper, soft plastics and organic material.

Store fitouts – reusing to reduce

As a vibrant and energetic retail group we want to make our store experiences as exciting as possible. This comes from the design, architecture and bricks and mortar that create the store environment. We try where possible to reuse fixtures and fittings across new fit outs. We recently used some existing Grade A fixtures in a Grade C store making it look as good as new.

Fixtures that we don't re-use are mostly donated or sold.



Energy saving

Lighting

We're moving to eco-friendly LED lighting in our stores

33/44

Hallenstein Brothers

31/38

Glassons New Zealand

30/35

Glassons Australia

OUR TARGET



2021 STATUS

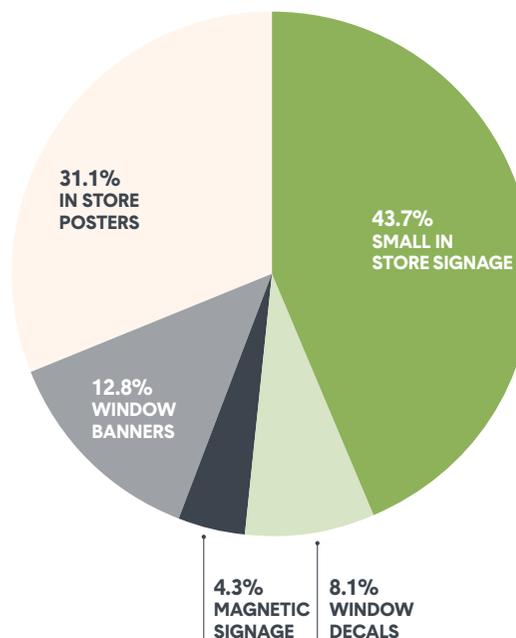


Visual merchandising

So we can showcase our product the best way possible we use Visual merchandising to enhance the store experience for the consumer. We have always taken pride in our visual merchandising and the attention to detail that goes into the planning and implementation is inspiring. But this comes at a cost and we want to reduce the impact that these materials have on the planet. Here it is broken down, we will report on our reductions and shifts to more responsible materials each year. We are working closely with our material supply partners and staying close to new innovations in this space.

A large part of the strategy has been to reduce the amount of instore signage we produce by not changing out as often. Digital has replaced some of the old school advertising we would traditionally do on windows and instore. We have introduced technology into store with screens to advertise the product and it's safe to say the majority of our consumers have a digital device where they can access our latest offers and newest collections.

What makes up our visual merchandising materials



VM materials profile	% of VM materials	End of life
Small in store signage	43.7%	All in store small paper and card POS is 100% biodegradable
Magnetic signage	4.3%	Glassons have moved to magnetic signage above in store wardrobes, although not recyclable it means less change outs, less resource used. Currently 100% landfill.
Window banners	12.8%	Window banners are non-PVC. Currently 100% landfill.
Window decals	8.1%	30% of our decals are produced cleanly, throughout the manufacturing process most of the solvents are recovered, recycled and re-used in the adhesive coating process. Currently 100% landfill.
In store posters	31.1%	80% of our in store posters are Recyclable

Hallenstein Brothers have reduced waste on our photoshoots by introducing reusable water bottles and coffee cups for the crew. That means that every 2 months, the equivalent of approximately 100 water bottles and 100 coffee cups does not enter the waste system.



Staff wellbeing and empowerment.

COVID-19 continues to be challenging for businesses everywhere, and nowhere are the effects more keenly felt than during our lockdown periods in Australia and New Zealand. During these extended lockdowns we have continued to financially support our team, and there have been no redundancies or retrenchments as a result of COVID-19, within our immediate staff.

Important issues:

Diversity, inclusion and gender equality **41**

The digital connection **44**

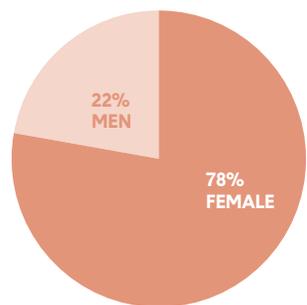
Communication and education **45**

Diversity, inclusion and gender equality.

We're an Equal Employment Opportunity employer with policies that ensure we employ a diverse and inclusive workforce. Everyone who joins our team is supported with a comprehensive induction programme and a career development plan that we develop together.

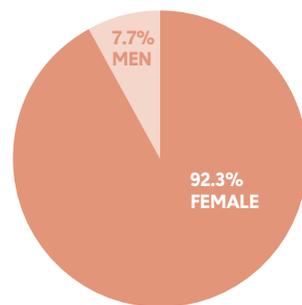
There are many social and economic benefits of diversity within the workplace, and the key to unlocking those benefits is inclusion. Encouraging diversity across our brands clearly demonstrates our commitment to gender equality and inclusion.

Managers



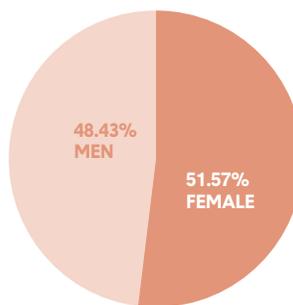
Employee mix

Glassons



	Female	Male
Australia	764	22
New Zealand	507	11

Hallenstein Brothers



	Female	Male
Australia	19	17
New Zealand	243	229





Kerry Lila
General Manager
Hallenstein Brothers

Unconscious Bias

As a business, we encourage diversity and inclusion not only within HGH, but also in our interactions with customers and suppliers. So we're introducing a programme to educate our employees on unconscious bias with a view to encouraging more mindful interactions and more inclusive decisions.

We'll deliver unconscious bias training sessions across the entire business initially and then these will be re-run periodically to keep the learnings top of mind.

The key training objectives are to educate employees on what unconscious bias is, how to identify varying types of unconscious bias, and to reflect on how their own unconscious bias impacts the way they communicate and make decisions. The training should help the team understand the impact of unconscious bias on others.

Empowering Women

HGH is a strong advocate for women excelling in the workplace, and we provide many opportunities and pathways for our female workers to further their careers in management within the fashion industry.

Our Hallensteins General Manager, Kerry Lila started with Glasssons as a Stockroom Manager.

Kerry worked her way through various sales and management roles before being promoted to Regional Manager in Auckland. In 2005 Kerry moved over to menswear to take on National Retail Manager at Hallensteins.

Her experience, and the new skills she gained while building a new team at Hallensteins helped her progress into a key senior leadership role in the business. In 2017 Kerry was appointed to General Manager of Hallenstein Brothers.

Diversity

It's well-documented and commonly accepted that embracing and supporting diversity in the workplace results in increased productivity. An inclusive culture boosts morale and encourages creativity and self-expression. We recognise and encourage that dynamic, because it's great for everyone, our staff, our customers, and our business.

HGH Content Creators

We're working to ensure action and increased representation across HGH brands by continuing to expand on the number of ethnically diverse content creators we work with across our social media platforms.

Staff numbers in detail

Glassons

Australia

	Permanent full time	Permanent part time	Casual
Female	146	88	530
Male	9	6	7

New Zealand

	Permanent full time	Permanent part time	Casual
Female	204	292	11
Male	6	3	2

Hallenstein Brothers

Australia

	Permanent full time	Permanent part time	Casual
Female	9	0	10
Male	3	0	14

New Zealand

	Permanent full time	Permanent part time	Casual
Female	83	148	12
Male	77	136	16



Other staff data

LOST WORK DAYS

22
days lost

INJURY

102 **4**
injuries near misses

The majority of these are minor knocks to the head or cut fingers.

ASSISTANCE PROVIDED THROUGH EAPWORKS

67
employees have engaged with the service using 143 hours

Employee Assistance Programme.

HGH cares for staff in a number of ways; one of those is our membership of the Employee Assistance Programme, EAPworks.

EAPworks can provide assistance and counselling to employees in need in a number of ways. The programme can help employees with stress or relationship issues, as well as providing mentoring, career planning, life transition skills and more.

HGH pays for two free sessions and then EAPworks will contact the business if they believe the staff member would benefit from more. If this happens, it is always approved.

The digital connection.

Over the last 12 months we've used our digital channels to maximum effect, which has allowed us to stay connected to our staff and customers and keep communicating effectively with them.

We've focused on:

- Our digital connection with our consumers
- Communication and education to our staff

Digital technology with our customers

As COVID-19 continues to disrupt our ability to interact face-to-face, digital communication is more important than ever.

24% of our sales come from online purchases, so it makes sense for us to communicate with them on this channel. So we do, with sound bites, small snippets of information or imagery that they can relate to.

Hallenstein Brothers

Come hang out with us across digital platforms:

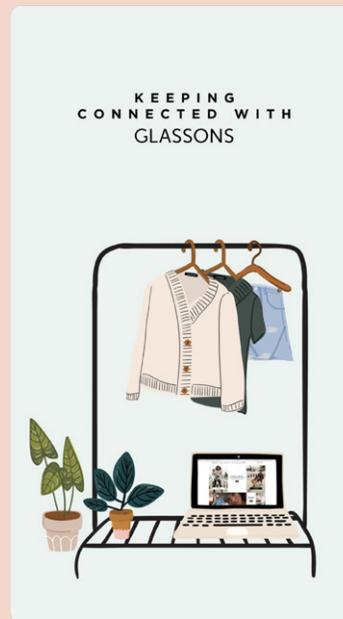
- Instagram
- Tiktok
- Twitter
- Youtube
- Facebook

Providing our customers with up to date feeds, sharing what we are up to, what is trending and our latest products.

Glassons Keeping connected

We've created an Instagram series called 'Keeping Connected' for our online customer community. Many customers follow 'Keeping Connected' telling us it entertains them during what can be a stressful time.

To create content, we talked to a diverse group of experts who offered us advice on a range of topics including finance, mindfulness, dancing, makeup, cooking, pilates and styling.



Communication and education.

Key tools in a COVID-19 world

The need for agility around day-to-day operations, to work remotely and to adjust to a new normal in a COVID-19 environment, has helped us innovate, and led to us focusing on improving communication and education of customers and staff, mainly through digital channels.

We've focused on:

- Internal communications and education
- Communication to staff
- Education for staff
- Staff surveys.

GLASSONS

'G Teams' - keeping our crew tight

Our team can stay connected with all things Glassons, while they are working. They can log in at the start of their shift, engage and get updates on anything that's new. The platform also holds our training modules, templates and tools - and it's interactive, employees can comment on posts as well as view videos on new trends and recruitment opportunities.

HALLENSTEIN BROTHERS

Using digital to connect

Ever heard the expression 'necessity is the mother of invention'?

It's true for us. During lockdown we learned how to use video conferencing to train and communicate with our team and it's proven to be an effective way to get everyone involved.

We started by running product knowledge sessions on Teams with quite large groups. These sessions were extremely interactive, much more so than 'normal'.

We received a deluge of positive feedback from the retail team about how amazing it was to talk with the buyers and leadership team directly, and we took cues from them on how they wanted to learn going forward.

The birth of 'The Feed.'

Our staff asked for a platform where they could;

- see what their peers were doing
- see how Hallenstein Brothers was communicating on our social channels
- learn about what is trending which would inform them on how to outfit their customers.

As a result, in September 2020 Hallenstein Brothers launched The Feed, a team training and engagement platform. As part of every team member's induction, they are given a login to The Feed and complete their induction training with a buddy, using all the training resources on the platform.

Keeping it real

We keep The Feed current and relevant by running a 'newsfeed' weekly, which celebrates successes for the week and informs the team on the latest releases and key events. The Feed runs a story reel (like Instagram) to keep staff up to date on what is trending on our social pages. Team members can comment, like and engage on the platform just like they do on their favourite social platforms. They can also access a comprehensive resource library.

The Feed is a huge success helping to build a highly engaged, motivated retail team that love Hallenstein Brothers.

Part 3

More about HGH (and GRI reporting).

Our brands - our vision.

Our heritage brands

We talk about HGH as a business, but what of the brands you know and love?

HGH brands are household names in New Zealand and increasingly in Australia too. They are trusted, reliable and authentic.

HALLENSTEIN
BROTHERS

Hallenstein Brothers has been an integral part of Kiwi culture since the late 1800s. It's the oldest New Zealand company on the NZX and an integral part of the how New Zealand has grown as a nation – it's simply always been there.

GLASSONS

Glassons also has a long history, and is a much-loved women's retailer, renowned for its fashion-forward styles, vibrant stores and winning value.

In 1985, these two iconic brands merged, forming Hallenstein Glassons Holdings.

Our guiding vision

We're making great strides – there's much more we can do.

Our vision as HGH is to build a sustainable business founded on integrity; and when it comes to being a sustainable business, we're certainly not perfect, but as you can see, we are working hard at being better and addressing the things that matter.

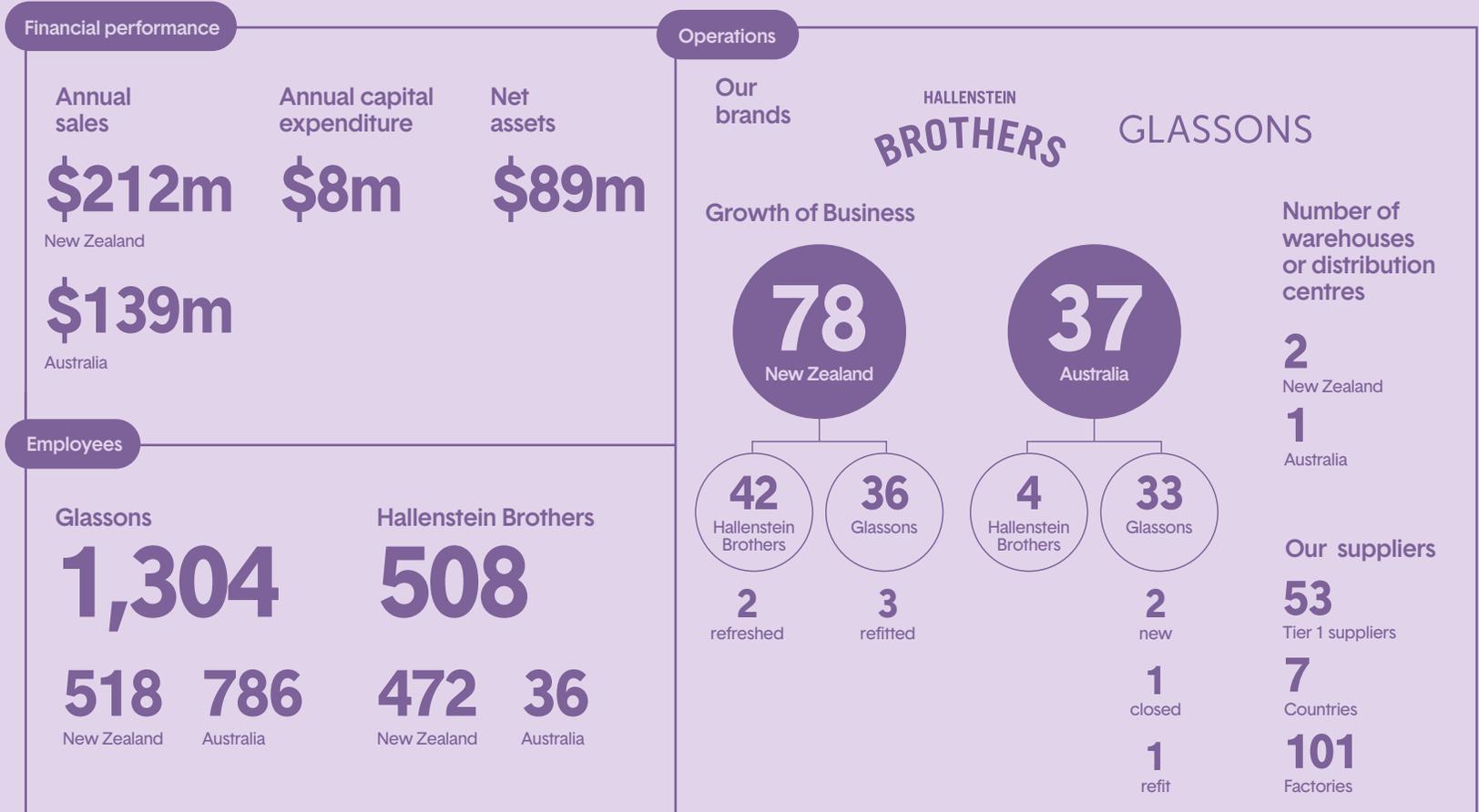
Our vision

To build a sustainable business on a firm foundation of integrity.

Here's how we look in 2020/21.

To be honest, balance sheets are always a little dry, but we do want to show you how the business 'looks' by sharing some of our financial numbers, the scope of our operations across NZ and Australia, and the number of employees we have.

Take a look.



Our guiding principles.

Group



TEAM SUCCESS
we win and work,
as a team, not individuals



INNOVATION AND CREATIVITY
in all aspects of our business



TRUST AND RESPECT
of each other, our teams,
our customers and our
business



CHANGE IS GOOD
constantly challenging
ourselves to find a
different or better



CUSTOMER OBSESSED
a relentless focus everyday



SPEED AND AGILITY
act decisively and
with urgency



INTEGRITY
doing what we say we will

Shareholders



Delivery of sustainable, long-term returns to shareholders through consistent sales and profit growth across the group.



Delivery of sustainable and growing dividends as a result of consistent performance and growth in profitability.



Maintain a strong and healthy balance sheet.

Sharing this helps to demonstrate to our stakeholders and customers that buying a garment from us, or investing in us, is a sound choice, ethically and financially.

Governance and guidance.

Great performance is only possible with excellent governance and leadership. Our Board establishes our objectives, determines our strategy, and monitors and manages company performance. Our Board enthusiastically back our sustainability journey.

Come and meet our Board.

James Glasson

CEO- Glassons Australia

Appointed April 2021. James joined Glassons Australia in 2013, after completing a Master of Arts; Fashion Retail at the London College of Fashion (University of Arts). Taking on various roles within the business over the last 8 years, James was appointed to CEO of Glassons Australia in October 2017.

Warren James Bell

Chairman of the Board
Non-executive Director

M Com FCA

Appointed December 1986. Mr Bell holds appointments on a number of boards of both public and private companies and is a professional director.

Mary Devine

Non-executive Director

ONZM, BCom, MBA, CFinstD

Mary's two-year tenure as Group Managing Director finished at the end of March 2021, and she reverts to the role of Non-Executive Director

Graeme James Popplewell

Non-executive Director

B Com FCA

Former CEO.
Appointed March 1985.

Timothy Charles Glasson

Non-executive Director

M Com FCA

Founder of Glassons womenswear retail chain. Appointed November 1985 on merger with Hallenstein Brothers.

Malcolm James Ford

Non-executive Independent Director

Appointed June 2010. Background includes 20 years with experience in direct sourcing particularly in Asia. Mr Ford also has experience in brand management across wholesale and retail markets.

Karen Bycroft

Non-executive Independent Director

BSC. Postgrad marketing

Appointed November 2014. Background includes 25 years in retail in the UK and Australia with Marks and Spencer, Sears, Woolworths, Spotlight and Country Road. Experience in strategy, marketing and leadership. Also an Associate of Melbourne Business School and Executive Coach.

Sandra Vincent

Non-executive Independent Director

Appointed October 2020. Background includes 35 years of experience in the wholesale and retail fashion industry. Sandra is also the Owner and Managing Director for Hartleys which has 24 retail stores across New Zealand.

Michael John Donovan

Non-executive Independent Director

ANZIM

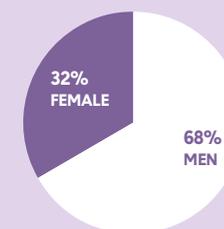
Appointed May 1990. Founder and Director of Wild Pair and Lippy retail stores. Sadly, Mike passed away in July 2021.

Executive update

Stuart Duncan

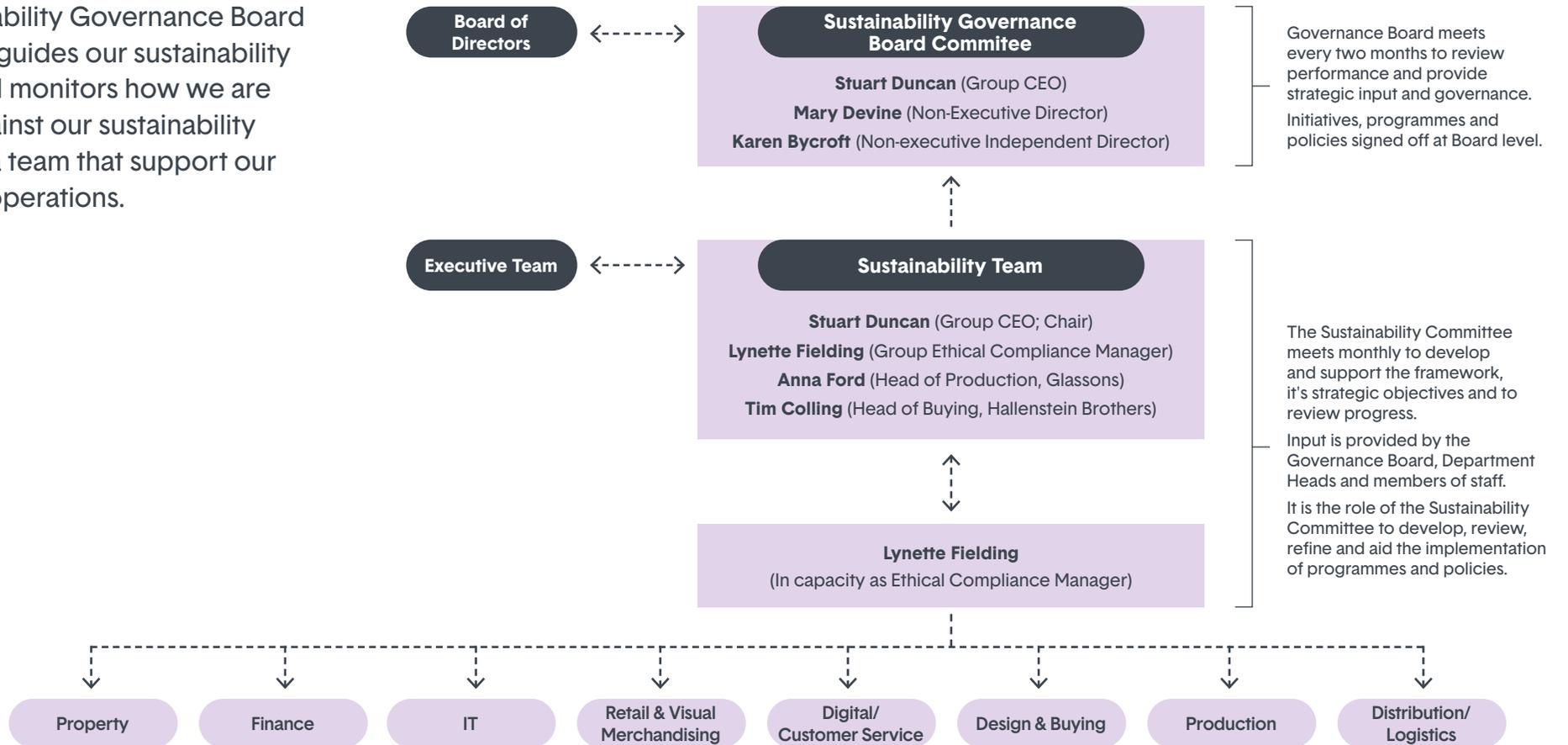
Stuart moved into the role as Group Chief Executive as at 01 April 2021.

Here's how our board is currently comprised, by gender



Sustainability governance.

Our Sustainability Governance Board Committee guides our sustainability strategy and monitors how we are tracking against our sustainability goals, with a team that support our day-to-day operations.



GRI Index.

This report has been prepared in accordance with the GRI Standards: Core Option. It has not undergone third party assurance.

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**HALLENSTEIN
GLASSON** HOLDINGS
LIMITED

**Made
with
care.**



People



Planet



Product

Find out more at:

hallensteinglasson.co.nz/sustainability