

HALLENSTEIN
GLASSON HOLDINGS LIMITED

**Made
with
care.**



**Sustainability
Report 2020**

Welcome to our first Sustainability Report.

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There is global conversation happening now around sustainability and the fashion industry.

Hallenstein Glasson Holdings (HGH) welcomes it. Our first sustainability report is our response to that conversation, it's one we want you to be part of too.

There's a drive from within the fashion industry to act more sustainably – to have a more positive impact on people and the environment. Expect us to be at the forefront of that discussion, but at the same time, be honest about what we've done and how we plan to improve.

We'll also explain more about our commitment – Made with Care. Made with Care puts voice to our responsibility to bring affordable fashion to our customers ethically and sustainably – not shying away from the challenges we face – but meeting them head on.

We're excited to share our thinking and actions over the last 12 months – how they affect the people, communities and environments our business touches, and how the strategies and initiatives we are putting in place will help us become a more sustainable business.

This report covers all the operations we own and manage in New Zealand and Australia.

For economic performance disclosures and a list of all entities included in the Hallenstein Glasson Holdings (HGH) financial statements, refer to our Annual Report. Sustainability reporting for HGH occurs annually in line with our Annual Report i.e. 2 August – 1 August.

The period covered in this report is 2 August 2019 – 1 August 2020.

Please direct any questions you have about this report to:
Stuart Duncan
Chief Operating Officer
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This report has been prepared in accordance with the GRI Standards: Core Option. It has not undergone third party insurance.

Hallenstein Glasson Holdings is a New Zealand Limited Company listed on the New Zealand Stock Market. We trade in New Zealand and Australia and service countries worldwide through our webstores.

Our headquarters are based in Newmarket, Auckland, New Zealand.

Hallenstein Glasson Holdings
Level 3, 235-237 Broadway
Newmarket, Auckland 1023



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Part one

From the Group MD **What sustainability means.**

The Hallenstein Glassons Group has a proud history in the Australasian fashion industry with the Hallenstein Brothers and Glassons brands. The longevity and success of the business has been built on the commitment of our people and customer centricity. Continuing to build trust and respect in our brands will underpin the long-term sustainability of the business.

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In that regard we acknowledge the responsibility we have to our communities and the environment and last year embarked on our sustainability journey to make a difference. Integrity underpins all that we do, and we are the first to acknowledge that creating long-term sustainable change will require a clear focus and transparency to illustrate the changes and progress we are making.

The start of our sustainability journey was consulting with our teams and customers, to understand what was important to them. This helped to inform our framework and the overarching vision of our sustainability report – ‘Made with Care’. The three pillars that underpin this framework are People, Planet and Product and within each pillar we identified several priorities. These include:

- Ethical and transparent supply chain
- Sustainable fabrics and products
- Sustainable stores and operations
- Staff wellbeing and empowerment.

I would like to acknowledge the strong partnerships across our supply base, which was accentuated through the impact of COVID-19 where we worked together to manage order status and delivery. We are grateful for the support they provided to our business in an uncertain trading environment.

Our design teams for both the Hallenstein Brothers and Glassons brands have developed a range of sustainability initiatives across fabrications and products aligning ourselves with globally recognised and respected certification programmes. Another part of our product sustainability is Vintage branded products which provide our customers with a unique range and choice of pre-loved product.

Transparency is important to us. This first sustainability report will provide a pivotal baseline of data, from which we will continue to monitor our performance. There will also be communications from each of the Hallenstein Brothers and Glassons brands via their respective websites.

A Sustainability Committee has been established to provide overarching responsibility on the strategic direction of the sustainability journey. In addition to the Sustainability Committee, which is a cross-functional team across the business, who develop and monitor programmes specific to the delivery of our goals.

Our vision is to build a sustainable business on a firm foundation of integrity. We will continue to challenge ourselves, strive to deliver on our goals and ensure transparency. There are no quick wins, we want to support systemic change to deliver better outcomes for our communities and environment.

Mary Devine
Group MD

We begin.

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What we choose to wear says something about us – our choices reflect our personality and our lifestyle – but there's a wider context too.

Fashion is a massive global industry. Those garments we put on each morning come from fabrics that must be sourced; they must be manufactured and delivered. The way we dress isn't only making a statement about who we are, it's having an impact on the planet and people too.

Our journey to improve this impact has already started. We are committed to improving the lives of the people we touch, and the environment as a whole. We continue to improve transparency in all areas of our operation and we've built a framework around sustainability, so we can measure our progress against it.



We explain our framework next, take a look.

Our framework – for ourselves, our stakeholders, our planet.

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Our enthusiasm for ‘being better’ has led us to develop a structure and framework around our sustainability efforts.

Under each pillar we have developed areas of focus and under those we’ve determined the important issues for us to address.

This framework was not dreamt up overnight. Nor is it based solely on the views of our Board or the Executive Team. We’ve developed and refined it over a 12-month period spanning 2018/ 2019, and in doing so, reached out to customers and staff. Their contributions have shaped our focus.

This consists of three broad pillars:



People



Planet



Product

Our framework (cont.)

CUSTOMER INPUT

We held a series of Customer Focus Group meetings in 2018 in Auckland, Wellington, Sydney, Melbourne, Brisbane, Perth and Adelaide where attendees ranked a number of social and environmental topics, specific to the industry and our businesses.

The top three ranked issues were:



No child labour in factories



The safety of workers in our factories



The wellbeing of our staff

Further Focus Group meetings in 2019/2020 sought the views of customers through a different approach. Rather than ask them to rank specified topics and issues, we left them to answer an open-ended question:

What does sustainable fashion mean to you and what can we do to be more sustainable?

This is what they told us:

- 1 remove plastic from the supply chain and reduce packaging
- 2 communicate initiatives and strategy to reassure customers that Hallenstein Brothers and Glassons are committed to sustainability
- 3 garments should be repairable, reusable and recyclable.



STAFF ENGAGEMENT

At the same time we asked our staff about things that concerned them and what it was they wanted the company to focus on within our sustainability framework. We asked them to rank the topics under each of the three framework pillars. Staff from both Glassons and Hallenstein Brothers took part in numerous workshop sessions. **This is what they said:**

GLASSONS

People

1

communicate sustainability to customers

2

increase internal communication of our sustainability journey

3

give back to communities

Planet

1

reduce plastics and packaging

2

waste management

3

reduce our carbon footprint

Product

1

more sustainable products

2

takebacks, alterations and repairs scheme

3

design for longevity

HALLENSTEIN BROTHERS

People

1

increase internal communication of our sustainability journey

2

promote a healthy workplace

3

give back to communities

Planet

1

reduce plastics and packaging

2

reduce our carbon footprint

3

waste management

Product

1

more sustainable products

2

takebacks, alterations and repairs scheme

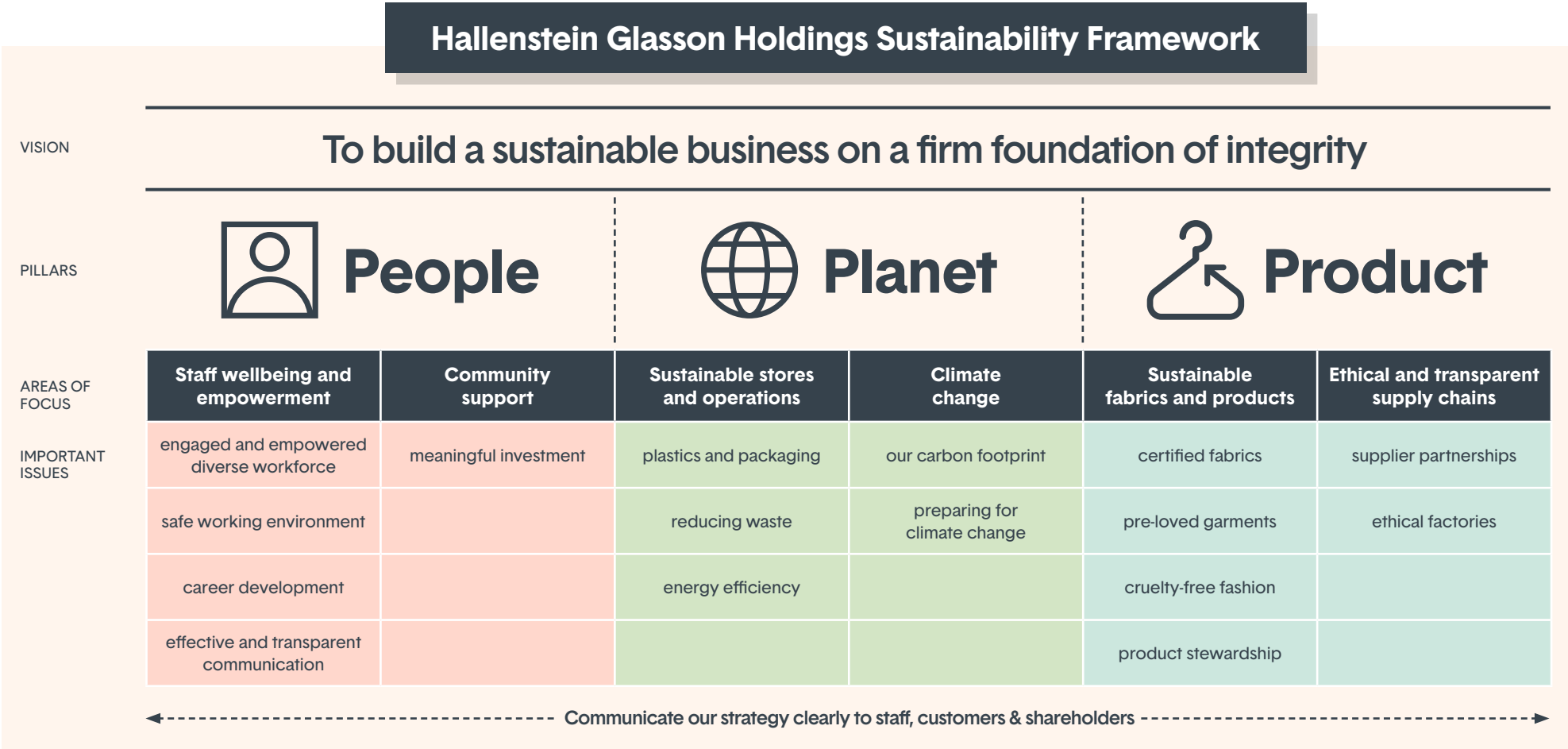
3

transparency in everything we do



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The combined responses of our staff and customers, coupled with our own knowledge of the issues, led us to develop the framework. This is what we use to measure our progress to being a more sustainable business and delivering on our commitments.



For focus areas under the Planet and Product pillars involving the environment, we take a precautionary approach to avoiding or reducing negative impact. The People pillar focuses on social impacts and corporate responsibility.

Materially speaking – how we got to what's important.

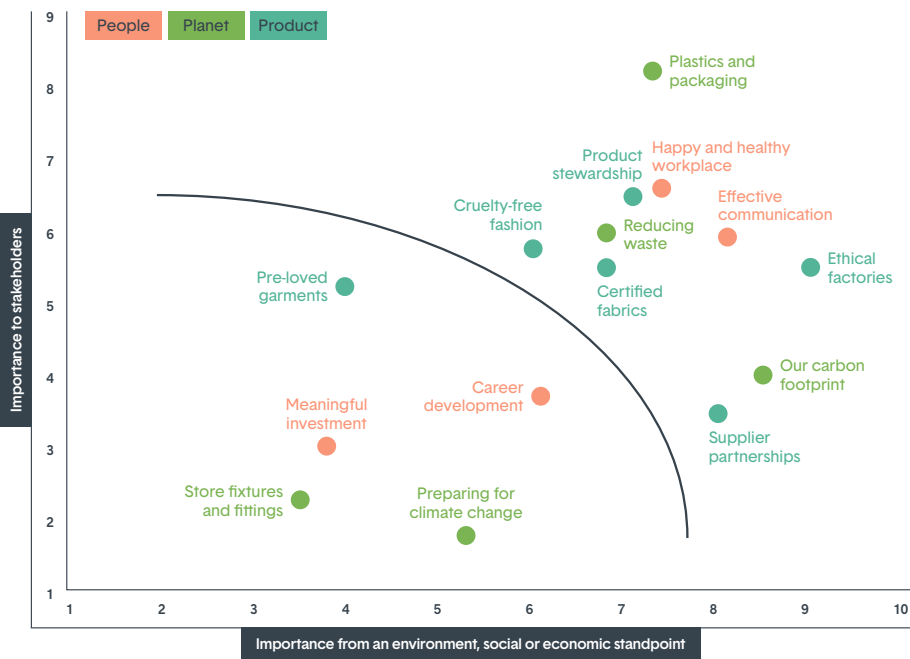
As you can see, we hope to achieve a lot of good things in the coming years and we are making some good progress already, but we know there’s a long way to go. Knowing where to focus our efforts, and when, is the key to us rolling out a long-term, sustainable business strategy.

▶

So how do we work out what to deal with first?
What’s most important?

To do that, we’ve taken the views of our customers and staff, and mapped those with our own knowledge of the challenges we face within the industry from a people and product perspective. This has allowed us to develop a clear picture of our priorities – in other words, what is ‘material’ – and what we need to focus on first.

The reporting framework we are using for this report calls this a ‘materiality assessment’. **Here’s how it looks.**



The themes in the top right corner are the really important ones. We discuss these in detail in Part 2 of this report, and this is where we are applying most of our resources.

They relate to these four areas of focus:



We have chosen to prioritise these areas over the past 12 months. Just because we are focused on these in this report, does not mean we consider other focus areas in the framework unimportant. Quite the opposite.

Keep an eye on our brand websites for detailed information on what we plan to do to address those other issues, and the progress we are making. In future, our sustainability report will talk about all our actions and achievements as part of a performance review we will develop to help keep us on track with our sustainability framework. That transparency will keep us accountable to our stakeholders for our decisions and actions.

So this is just the beginning, our start line. Read on for more details about the HGH business and its brands, and then in Part 2 we’ll go into details about those key focus areas we talk about above.

We're not perfect, but we're working on being better.

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Our vision and guiding principles.

The incredible team that works inside HGH have created an organisation that cares about every aspect of our business footprint. Fabric-sourcing, manufacturing, packaging and distribution all affect people, communities and environments. We're working on reducing our impact in all these areas.

Our vision is to build a sustainable business founded on integrity. But as with any business, the culture that drives that isn't always obvious to everyone not within our 'four walls', so we're striving to improve that by doing what we say we will, and by being transparent.

We're not perfect, but our focus on long-term sustainability gives us the platform to continually examine how we are performing, and what we hold dear.

Holding true to a vision such as this requires some guiding principles that we use as measures to deliver value to our stakeholders (our customers, staff and suppliers) and our shareholders.

This is how they look:



Our vision

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

 Our guiding principals

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 way



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.

Our brands, our history – heritage brands you know and love.

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

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 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, Hallenstein Glasson Holdings was formed, merging these two iconic brands under one umbrella.

Here's a little more on each brand.

HALLENSTEIN BROTHERS

FOUNDED	1873	1876
By Bendix Hallenstein, a German entrepreneur who emigrated to New Zealand during the gold rush.	Established the New Zealand Clothing Factory in Dunedin.	Opened first retail store in the Octagon, Dunedin.
1876	1877	1878-79
Opens stores in Christchurch and Timaru later that same year.	Opens stores in Wellington and Oamaru.	The business opened stores in Auckland, Napier, Ashburton, Whanganui, Invercargill, Nelson, New Plymouth and Thames.
1883	1938	1985
The company's 350 staff moved into a new purpose-built factory in Dunedin.	Established a fund which provided free medicine for his employees until the introduction of social security.	Hallenstein Glasson Holdings Ltd was formed, merging New Zealand's iconic men's retailer Hallenstein Brothers and premium women's retailer Glassons.
2010	2013	CURRENTLY
Took the business online.	Opens first Australian store.	42 stores in New Zealand and 4 stores in Australia.

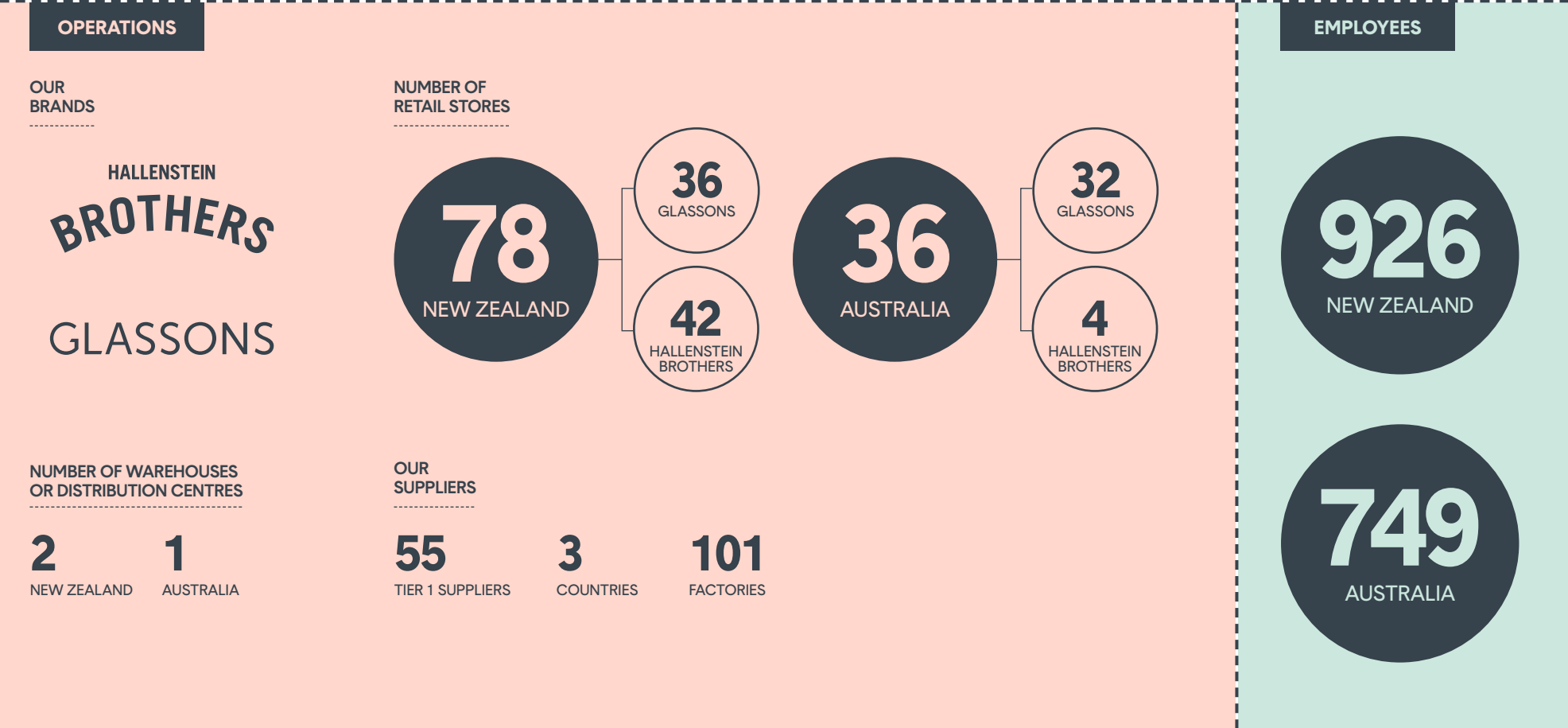
GLASSONS

FOUNDED	EARLY 1900s	1920s
By Charles Glasson.	First warehouse opened in Christchurch.	Opened the warehouse to the public during the 1920s depression.
1960s	1980s	1985
Glassons retail operations were Christchurch based until the 1960s.	Initial expansion was largely focused in the South Island but more nationwide growth occurred in the 1980s.	Hallenstein Glasson Holdings Ltd was formed, merging New Zealand's iconic men's retailer Hallenstein Brothers and premium women's retailer Glassons.
1996	2011	OCT 2019
Opened first Australian store in Melbourne.	Took the business online.	Opens first vintage concept store in Australia.
NOV 2019	CURRENTLY	
Opens new purpose built distribution centre in Christchurch.	36 stores in New Zealand and 32 stores in Australia.	

By the numbers.

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Across Australasia, take a look at HGH through our financial reporting, our operations and number of employees. You'll quickly get a sense of the scope and size of our business. It looks a lot more interesting this way than on a balance sheet.



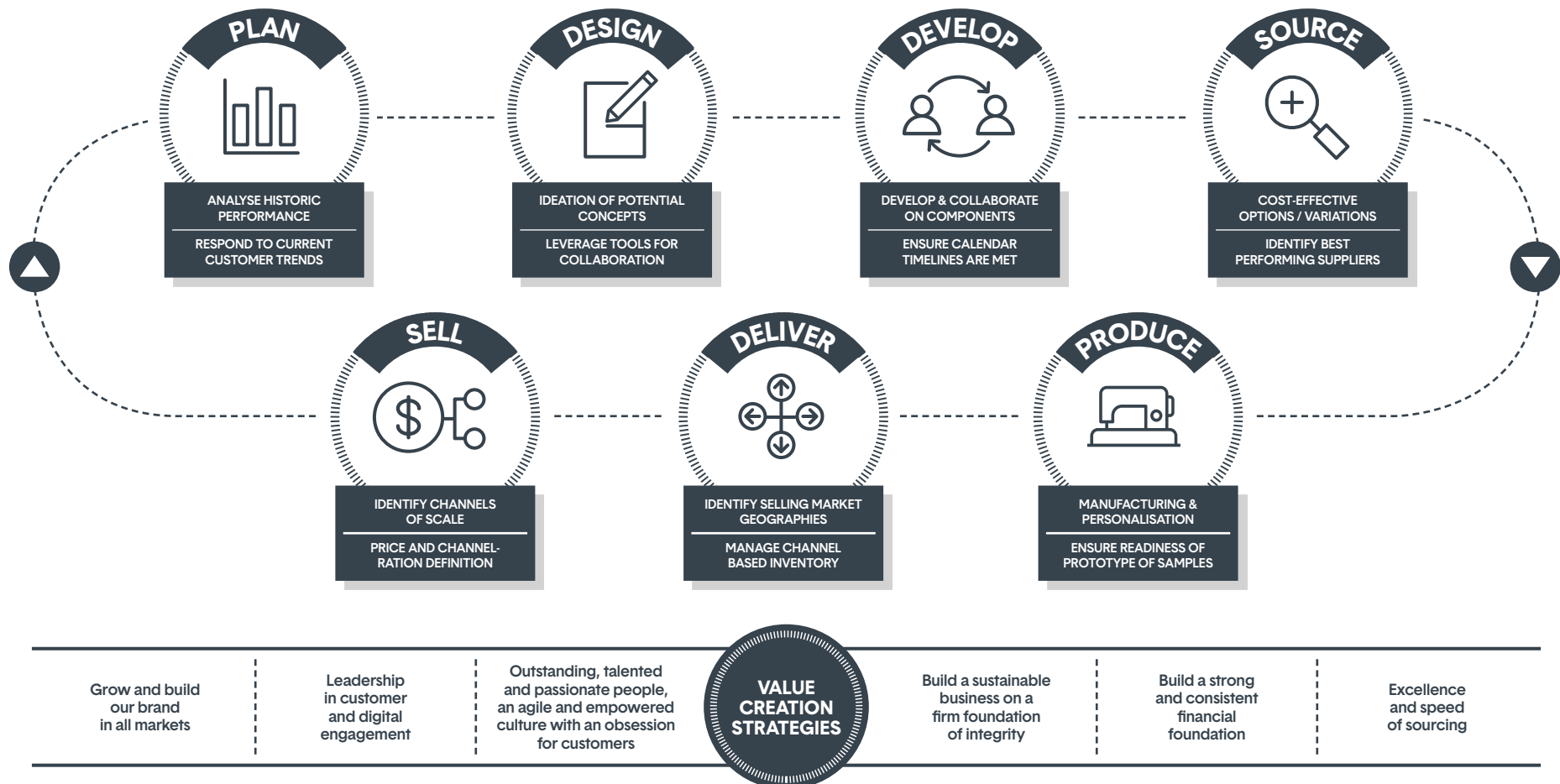
Creating value.

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As one of Australasia's leading fashion retail groups, it's important we show our stakeholders how we go about creating value across the business – what we use to do it, and how it all fits together. This is our business model.

Here you'll find the 'capital inputs' we use, both the ones we can see (tangible) and the ones we can't (intangible) that work together across all the range of actions we take to bring fashion-forward clothing to our customers and value to our shareholders; from sourcing to store display, design to digital sales.

Here's how it looks.



How we're governed.

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Good governance is vital to outstanding performance. A Board of Directors governs HGH, they establish our objectives, determine our strategies for achieving those objectives and monitor management performance. Board support is vital to establishing and maintaining our long-term sustainability goals and delivering on our promises.

Meet our Board of Directors.

Warren James Bell

QUALIFICATIONS/EXPERIENCE

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.

SPECIAL RESPONSIBILITIES

Chairman of the Board
Non-executive Director

Timothy Charles Glasson

QUALIFICATIONS/EXPERIENCE

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

SPECIAL RESPONSIBILITIES

Non-executive Director

Graeme James Popplewell

QUALIFICATIONS/EXPERIENCE

Former CEO. B Com FCA. Appointed March 1985.

SPECIAL RESPONSIBILITIES

Non-executive Director

Michael John Donovan

QUALIFICATIONS/EXPERIENCE

ANZIM. Appointed May 1990. Founder and Director of Wild Pair and Lippy retail stores.

SPECIAL RESPONSIBILITIES

Non-executive Independent Director

Malcolm James Ford

QUALIFICATIONS/EXPERIENCE

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.

SPECIAL RESPONSIBILITIES

Non-executive Independent Director

Karen Bycroft

QUALIFICATIONS/EXPERIENCE

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.

SPECIAL RESPONSIBILITIES

Non-executive Independent Director

Mary Devine

QUALIFICATIONS/EXPERIENCE

ONZM, BCom, MBA, CFinstD. Appointed to the Board July 2018 and as Group Managing Director April 2019. Mary has extensive executive experience with specific expertise in strategy, transformation and multi-channel retailing. She has also had a distinguished governance career, with previous directorships on a number of significant New Zealand companies.

SPECIAL RESPONSIBILITIES

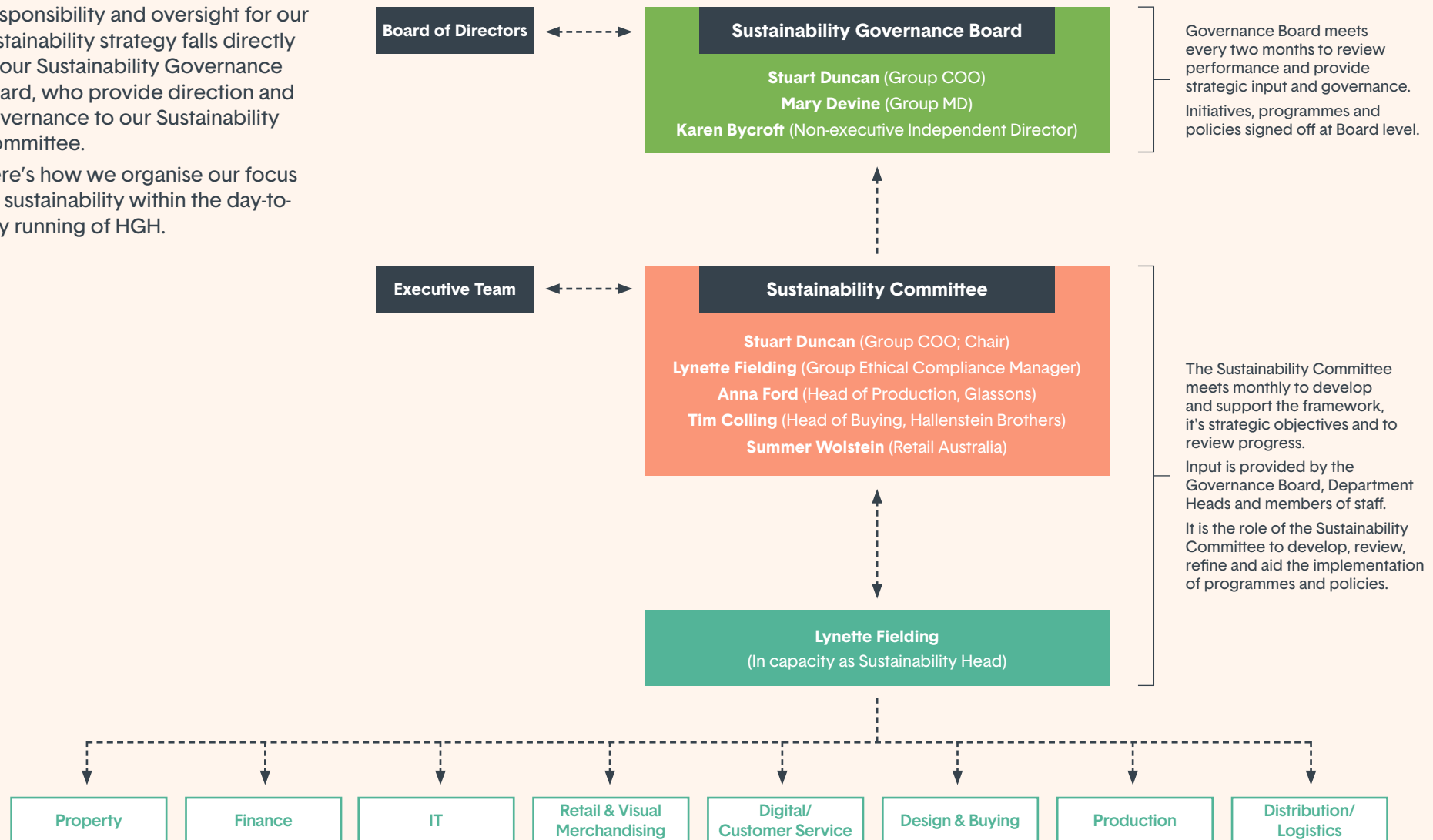
Group Managing Director

Sustainability governance.

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Responsibility and oversight for our sustainability strategy falls directly to our Sustainability Governance Board, who provide direction and governance to our Sustainability Committee.

Here's how we organise our focus on sustainability within the day-to-day running of HGH.



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.

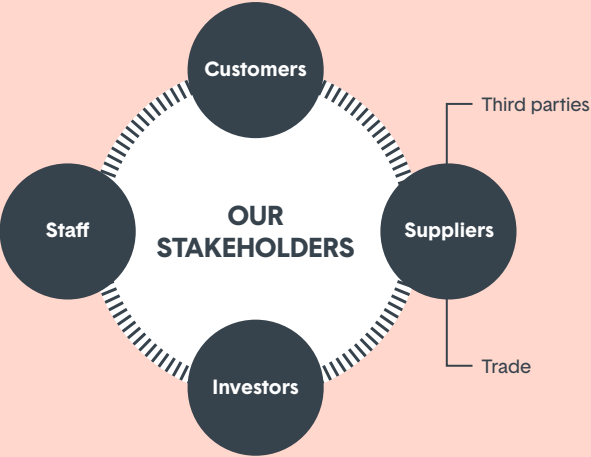
Investors/shareholders

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

The things that matter.

The things that matter.

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You'll recall we talked about 'how we got to what's important' in Part 1 on page 11. The 'materiality assessment' graph showed us where we needed to concentrate our efforts and begin our journey to true sustainability, focussing on the four key areas highlighted.

In this section of our report we dive into those key areas in detail, sharing with you the good we're doing, where and how we're doing it, and what is work in progress.

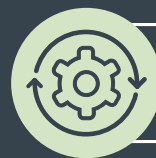
OUR FOUR KEY FOCUS AREAS ARE:



Ethical and transparent
supply chains
(from our Product pillar)



Sustainable fabrics
and products
(also Product pillar)



Sustainable stores
and operations
(from our Planet pillar)



Staff wellbeing
and empowerment
(from our People pillar)

In addition, we will touch on:

Community support

Climate change

Broadly speaking, within each of these we'll explain:

- Why those things matter
- The goals and targets we've set (where applicable)
- Programmes and policies in place that support those goals
- KPI data that shows our progress toward those targets
- Other data if it's useful
- Stories or case studies that illustrate our initiatives.

Ok, let's dive in.



Ethical and transparent supply chains.

'Who made our clothes?'

This has become an often-asked question for consumers demanding more transparency from the fashion industry. Behind the question is customers' preference to buy from an ethical brand – one that doesn't exploit people or animals.



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The fashion industry is complex – it relies on tiers of suppliers sourcing raw materials, processing textiles, and producing garments. That makes supply chains difficult to trace, but we must. For HGH to be truly sustainable we need to take responsibility for the actions of all our suppliers as well as ourselves.

That's a challenge because we don't own or manage factories and our manufacturing is outsourced to selected partners who meet our high ethical and quality standards. Much of our product currently comes from factories in China, India and Bangladesh where, quite rightly, working conditions and the rights of workers have recently come under scrutiny.

However, because we build long-term supplier relationships (our supplier turnover is low) we can, and do, demand high standards and transparency from those suppliers, and we can check conditions ourselves too. We'll get to that.

Let's take a closer look at two aspects of that relationship, namely:

**SUPPLIER
PARTNERSHIPS**

**ETHICAL
FACTORIES**



Most of our suppliers have been on our journey with us for more than 15 years. These relationships are personal and fundamental to the success of our business.

Think of our supplier relationships as 'tiered' – which is just a reflection of where they sit in our supply chain.

Tier 1

These factories make the products we import and sell. We visit these factories regularly and they must participate in our independent auditing programme. HGH currently has 55 Tier 1 suppliers.

Tier 2

These suppliers are the textile processing facilities: mills, dye houses and laundries.

Tier 3

These suppliers provide the raw materials: cotton, flax, wool and the like.

Because our supply chain is complex, we need a structured approach for developing and managing the relationships in it. So we've engaged with fibre certification programmes that can help:

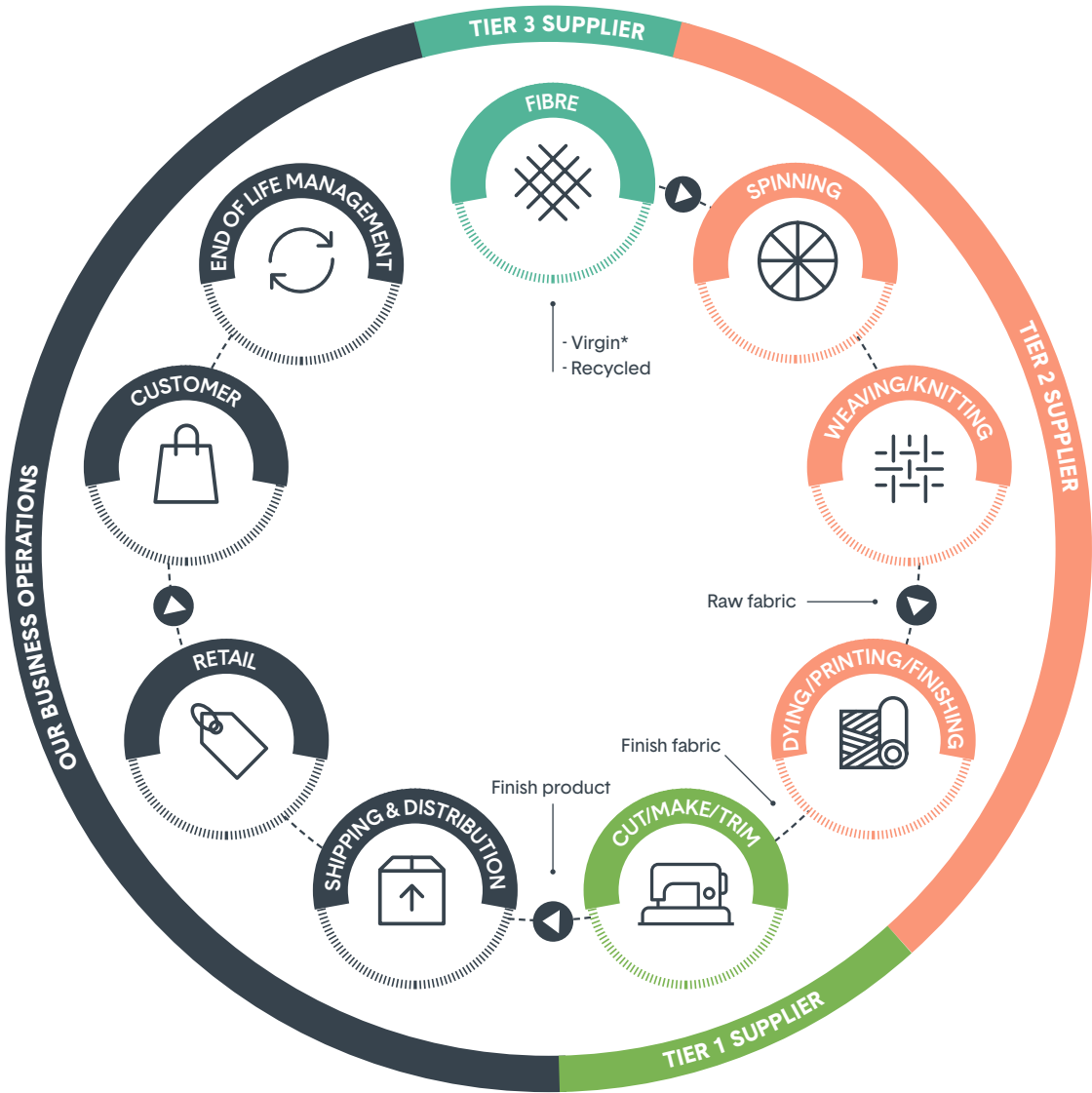
- Lenzing Group
- Global Recycled Standard (GRS)
- REPREVE®
- Organic Content Standard (OCS)
- Global Organic Textile Standard (GOTS)
- EUROPEAN FLAX®
- The Woolmark Company.

These will improve our ability to trace all the activity throughout our certified supply chain. Having complete transparency across all tiers is our ultimate goal, but this will take time. We'll come back to this.

The easiest way to understand how our supply chain works is to show it visually.



Here's how it looks.



*Our fibres are both virgin and recycled. If virgin, we trace back to raw materials; if recycled, we trace back to the recycling plant facility.

WHOLE MANUFACTURING
SUPPLY CHAIN

55 **101**
SUPPLIERS FACTORIES

HALLENSTEIN
BROTHERS

25
SUPPLIERS
45
FACTORIES

GLASSONS

30
SUPPLIERS
56
FACTORIES

LOCATED IN THREE COUNTRIES



We are currently exploring manufacturing in other countries as part of a longer term strategy.

Keeping an eye on supply

Our production teams are in constant communication with suppliers:

- Talking to suppliers on a daily/weekly basis
- Travelling to our manufacturing countries every 3-4 weeks
- Meeting face to face with our main suppliers up to 10 times a year
- Meeting face to face with all other suppliers 3-4 times a year
- Having independent auditors visit factories on a 6, 12 or 18 month rotation.

During COVID-19

While our borders remain closed we use digital platforms to stay in touch with suppliers.

COVID-19.

Our suppliers – and our response.

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The COVID-19 pandemic has had a severe effect on global health and economies. The fashion industry has been hit hard.

As we've said, the majority of our suppliers have been with us for more than 15 years, so our relationships with them are personal. We have witnessed first-hand the challenges faced by factories who were left with unpaid goods and cancelled orders.

We look out for our suppliers and their workers, and we've made a commitment to honour our contracts. We've signed up to the Tearfund 6 Commitments to underline this commitment.

THE 6 TEARFUND COVID-19 FASHION COMMITMENTS.

1. Support workers' wages by honouring supplier commitments.

We have paid in full for goods that left factories prior to lockdown and remain committed to taking delivery of all finished orders by October 2020. Whilst we did briefly pause buying during lockdown, we're now trading again – receipting orders and proactively working with suppliers on fabrics to which we had already committed.



Read our full public statement: hallensteinglasson.co.nz/files/HGH-Covid-Statment.pdf

2. Identify and support workers at greatest risk.

We identified workers at greatest risk (migrant workers) and negotiated payment terms with suppliers to ensure wages were paid to those workers.

3. Listen to the voices and experiences of workers.

Our Production Managers talk to our suppliers on a weekly basis, and workers' conditions is a common theme. HGH has partnered with Chinese NGO – INNO to implement the 'Handshake Workers Programme' in our factories, giving factory workers a voice.

4. Ensure workers' rights and safety are respected.

We're working with our auditing partners QUALSPEC SgT to help us identify vulnerable workers during COVID-19. This, together with our INNO relationship, help us to ensure workers' rights and safety.

5. Collaborate with others to protect vulnerable workers.

We collaborate with partners QUALSPEC SgT and INNO to ensure worker safety and initiate changes where necessary.

6. Build back better for the workers and the world.

The COVID-19 pandemic has forced a rethink of some industry habits, luckily for us we were already on this journey, working on our strategy that encompasses People, Planet and Product, and taking steps to promote better environmental outcomes and social justice.

We're already aligning our improvements and using them to improve sustainable strategies around product, packaging and waste. We've started, but we're under no illusions there is still much more to be done.

The 2020 COVID Fashion Report, published by Tearfund and Baptist World Aid, graded Hallenstein Glassons in the 1st tier of companies who provided evidence of actions that cover ALL areas of the COVID Fashion Commitments.

tearfund

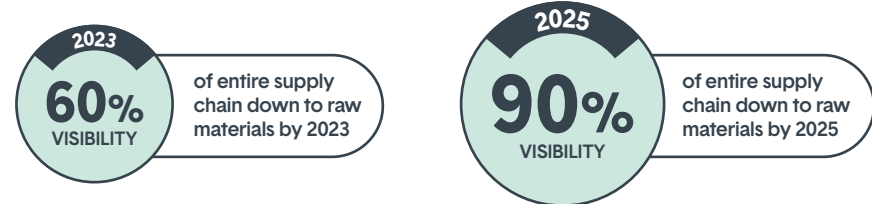


It's a work in progress.

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 and we are working on our Tiers 2 and 3. We're committed to this process, but it will take some time.

Here is what we want to achieve:



Ok, so how do we get there? And what does 'visibility' and 'transparency' actually mean?

It's a two-stage approach:

1. Visibility.

Means we have traced to the source all the raw material and all facilities that are involved in the processing and manufacturing of that material.

2. Transparency.

Means we know who they are. We have met them, visited their facilities and conducted our own audits.

The good news is we have achieved transparency with the Tier 1 factories that make our clothes.

Full transparency of our Tier 2 and 3 suppliers is not so easy. Visibility is our first step, and we are on that journey. In future reports we'll share our progress.

Keeping our eye on the ball.

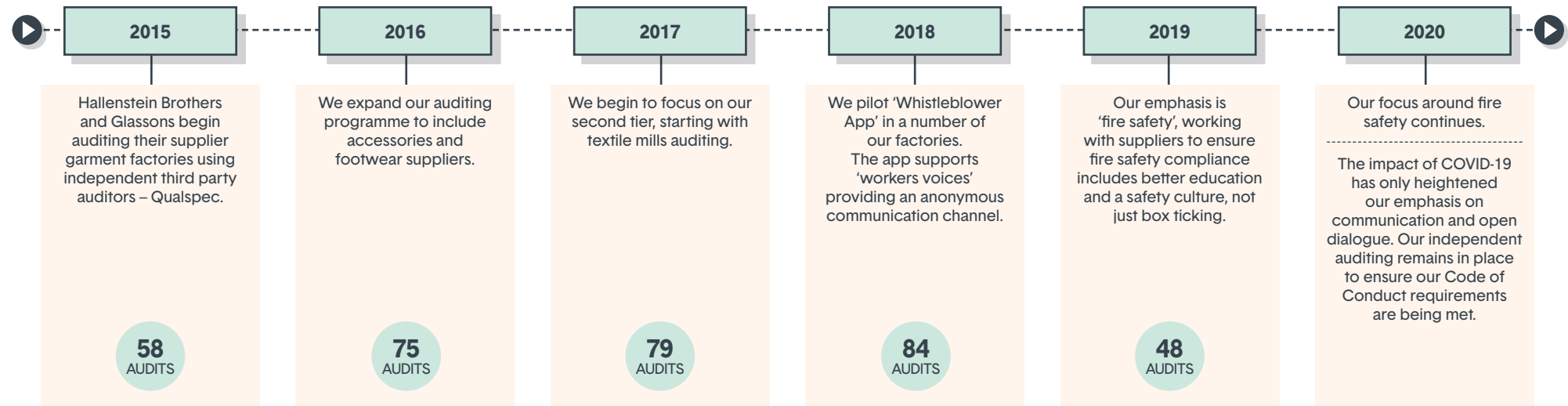
As we work to achieve the targets above, (particularly with Tiers 2 and 3) we remain strongly focused to ensure our Tier 1 suppliers are, and remain, ethical employers.

To help with this, in 2015 we launched our Supplier Code of Conduct policy. Every Tier 1 factory that supplies us agrees to comply with this policy and they are regularly audited by our audit partner QUALSPEC SgT, to ensure compliance.

Our journey towards ethical factories.

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care.

As you can see, our journey to sustainability began some time ago, with the introduction of our auditing programme, which we've been developing since 2015.



The audit numbers are based on calendar year not reporting year.

Code of Conduct.

Our Social & Ethical Compliance Auditing programme operates across our entire supplier-base. This programme consists of conducting annual factory audits. Our external audit partner, QUALSPEC SgT, undertakes these on our behalf.

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:

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.

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Supplier Code of Conduct

No child labour
No forced labour or human trafficking
No discrimination
Safe and healthy work environments
Wages, working hours and
benefits to 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

To give you a better picture of how we are tracking with our supply chain auditing, here are our results for FY20.

Visibility and transparency – the FY20 audit findings.

Our auditing numbers are down this year due to some factory closures and government restrictions on movement of people during the COVID-19 pandemic. We have re-booked audits for August to November 2020 that were postponed earlier in the year due to COVID-19.



Workers’ welfare and safety is a really important aspect of our Code of Conduct, and a cornerstone of our Ethical Factory programme. Auditing is essential for transparency and having visibility into a typical day within a factory.

As we’ve already stressed, positive change in our supplier factories comes as a result of strong partnerships between us and our suppliers. Understanding context, culture and values leads to open dialogue, respect and better communication. All of this helps us resolve non-compliance issues and deliver ongoing improvements.

That said, most of our factories have some non-compliance breaches that come up in audits. The audit helps us identify root causes and any systemic weaknesses.

Some audit numbers.



THE FIVE MOST COMMON NON-COMPLIANCES ARE:

- 1. Factory not paying all mandatory social benefits (China specific).**
This is a complicated issue. There are five types of social insurance: accident, unemployment, medical, maternity and retirement. A large number of workers opt out of some or all of the insurances and the factory pays directly to the worker instead of into the government scheme.
- 2. Emergency exit routes not posted in all areas of the factory.**
- 3. Overtime exceeds 36 hours month.** (In China the working week is 40 hours and allowed overtime is 36 hours per month).
The majority of workers work between 37 – 60 overtime hours a month. Again, this is a complicated issue with workers wanting those overtime hours. There are a number of things that a brand can do to minimise pressure on factory working hours and this is addressed in our Responsible Purchasing Practices.
- 4. First aider photos not posted in factory.**
- 5. Machinery inspection records not up to date.**

Giving factory workers a voice.

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It's hugely important that all factory workers in our supply chain have a voice that is heard.

To encourage this we prioritise factories that have democratically elected worker representatives, and functioning grievance mechanisms.

Here's what we're doing to promote this:

Inno Community Development Organisation (INNO)

We have partnered with Chinese non-governmental organisations (NGO) INNO – by implementing the 'Handshake Workers Programme' which supports worker voices and grievances. We believe this is a perfect fit, as INNO is Chinese based, providing support right where the majority of our suppliers are located. INNO is a whistle blower hotline that workers can access via QR code posted in the factory, enabling direct communication to INNO employees.

Responsible Sourcing Network

We support the Responsible Sourcing Network (RSN), a programme dedicated to ending human rights abuses and forced labour associated with the raw materials found in everyday products.

RSN builds responsible supply chain coalitions. Its stakeholders include investors, companies and human rights advocates. RSN works where conflict exists, such as mineral extraction activities in the Congo and forced labour cotton fields in Uzbekistan.

HGH have pledged commitment to RSN and we ban use of Uzbekistan cotton through YESS (Yarn Ethically and Sustainably Sourced), a pledge based programme managed by RSN. For more information go to sourcingnetwork.org/aboutus

Democratically elected worker representatives.

31 China

In China independent unions are illegal. So we prioritise factories that have democratically elected worker representatives and functioning grievance mechanisms within the factory.

We conducted 32 audits in China this year, and 31 factories have democratically elected worker representatives within the factories. We're working on the other one.

1 India

We conducted two audits in India this year. One factory had democratically elected worker representatives.

3 Bangladesh

We audited three factories this reporting year. They did not have independent unions in the factories, but all three have democratically elected participation committees.



Sustainable fabrics and products.

Looking good is just the start.

This is the second of our key 'areas of focus' topics – the ones we outlined on page 22 in the introduction to this part of our report – and a big part of our 'Product' pillar.

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It will come as no surprise that fabric is the cornerstone of our business. Without it, we would not exist. It comes in many forms, some of it sustainable, some not.

So our goal is two-fold: make product as sustainable as possible, and ensure that product is affordable and accessible for our customers, so they can make a sustainable choice without compromise. Our garments should not only function properly and look good, but do so with minimal negative impact on the environment.

These are the key issues for us, under our ‘sustainable fabrics and products’ area of focus:



 Come and see how that looks.





We have aligned ourselves with seven globally recognised fabric certifications. What does that mean? Most importantly, it gives our customers confidence that we are serious about reducing the environmental impact of manufacturing textiles, as in future, we can be certain our fibre is 'verified', and therefore we can confidently deliver responsibly-sourced fabrics.

After a great deal of research, the seven main certification groups we are aligned with are:

- Lenzing Group
- Global Recycled Standard (GRS)
- REPREVE®
- Organic Content Standard (OCS)
- Global Organic Textile Standard (GOTS)
- EUROPEAN FLAX®
- The Woolmark Company.

We'll explain more about these in detail shortly

Some of these certifications mean our entire supply chain must be certified and meet strict requirements for social, environmental and chemical practices throughout the whole production process.

Here are our sustainable product targets:



That's big. Product certification is a brand new initiative for HGH – we are just getting started – and currently less than 1% of product is certified with no discernible difference in rates between Hallenstein Brothers and Glassons.

But that will change quickly. A huge amount of work has gone into setting up this programme across all our suppliers – and it has been done in such a way that we anticipate big uptake as early as next year. As a result, we expect to see a rapid growth in the percentage of certified product sold.

Ok, currently the numbers are:



What's happening now.

HALLENSTEIN BROTHERS

We have been working hard at Hallenstein Brothers to focus on sourcing sustainable product. For us traceability is important. We have achieved OCS certifications for organic cotton which we use in our basic tees. All of our merino wool knitwear will be Woolmark approved next season. We are working closely with our suppliers to switch other volume programmes, across several key categories for launch later this year and early next year. Our goal for the next 12 months is to take our sustainable product offer to be minimum 20%.

GLASSONS

At Glassons sourcing our textiles responsibly remains our focus. In the last two years we have been working hard to ensure these textiles have verified environmental improvements, with transparency and certification at the forefront of this. We have aligned ourselves with globally recognised certifications to ensure our sustainability journey is genuine. Our product sustainability strategy has been built with five main product categories that aim to overarch our product ranges and we are excited to be partnering with the most respected textile certification programmes available. These categories have been identified as, Recycled, Traceable, Planet Conscious, Vintage and Upcycled. "We are targeting 30% of the range to be sustainable by the end of 2020."



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Here's a little more detail about our certification groups:

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Global Recycling Standard (GRS)

The Global Recycled Standard (GRS) is a voluntary product standard for tracing and verifying the content of recycled materials in final product. This standard applies to the full supply chain and addresses traceability, environmental principles, social requirements, chemical content and labelling. Having our supply chain certified means our product is verified, giving customers absolute purchasing confidence.

Global Organic Textile Standard (GOTS)

The Global Organic Textile Standard (GOTS) is the worldwide leading textile processing standard for organic fibres, backed up by independent certification of the entire textile supply chain.

The aim of the standard is to ensure organic status of textiles, from harvesting of the raw materials, through environmentally and socially responsible manufacturing up to labelling in order to provide a credible assurance to the end consumer.

Organic Content Standard (OCS)

The Organic Content Standard 100 (OCS 100) and Organic Content Standard blended (OCS blended) applies to any textile containing 5-100% organic material.

Having our supply chain certified means the amount of organic material in a final product is verified, tracking flow of a raw material from its source to the final product.

Unlike GOTS, OCS does not address the use of chemicals or any social or environmental aspects of production beyond the integrity of the organic material.

REPREVE®

The world's number one brand of performance fibre made from recycled material. We transform recycled bottles into an amazing fibre. Compared to making what's called virgin fibre, making REPREVE® offsets using new petroleum, emitting fewer greenhouse gases and conserving water and energy in the process.

LENZING™ ECOVERO™

LENZING™ ECOVERO™ branded viscose fibres are derived from renewable wood sources originating from sustainable forests. Using an eco-responsible production process, by meeting high environmental standards, contributes to a cleaner environment. Giving us greater transparency and traceability from fibre to final product. Glassons and Hallenstein Brothers have membership to Lenzing.

LENZING TENCEL™

LENZING TENCEL™ branded fibres are obtained from traceable and sustainable wood pulp. Produced by environmentally responsible processes, the unique closed loop process recycles water and reuses the chemicals, making it one of the most environmentally friendly fibres produced. Glassons and Hallenstein Brothers have membership to Lenzing.

LENZING REFIBRA™

REFIBRA™ technology is Lenzing's first step into circular economy textiles. The pioneering technology is the result of two innovations using wood and recycled cotton. The wood pulp is a renewable raw material that comes from sustainably managed forests and the addition of recycled cotton. The process also reduces the use of water by up to 95% compared to conventional cotton fabric manufacturing and does not pollute the air, soil or water.

Because the REFIBRA™ fibre is based on the lyocell production process, which has been internationally recognised for its environmentally responsible closed loop production process, the REFIBRA™ fibre offers a deep sustainability profile that contributes to circular economy. Glassons and Hallenstein Brothers have membership to Lenzing.

Woolmark

The Woolmark Licensing Program is a quality assurance and product certification programme for textiles. When you see the iconic Woolmark logo, you can be assured of quality and authenticity.

EUROPEAN FLAX®

EUROPEAN FLAX® certifies the exclusive origin of flax fibre from Western Europe: France, Belgium and the Netherlands. EUROPEAN FLAX® fibre culture has low impacts on the environment: no irrigation, no GMO (genetic modifications), no waste. Our entire supply chain requires membership to EUROPEAN FLAX® and must meet environmental and socially responsible manufacturing requirements.



Garments and clothing ‘re-purposed for re-use and re-love’, is how we coin the second of our sustainable product focus areas, and increasingly both Glassons and Hallenstein Brothers are incorporating vintage and upcycled products into stores to complement our main ranges. Customers are loving the trend – and the opportunity to offer a second life (and home) to perfectly good clothing and fabrics.

‘Vintage’ branded

Vintage branded products provide customers with a unique range and choice of pre-loved product, with very individual styling. This option is really resonating with our shoppers as well as being good for the planet. Buyers and supply partners handpick vintage garments individually, showcasing relevant trend revivals for our customers.

Vintage at Hallenstein Brothers

We work closely with our vendors to source carefully curated vintage and recycled clothing which is sold through 15 stores throughout the chain (12 stores in New Zealand, 3 in Australia). It’s a growing part of the business, which we plan to expand further.

Vintage at Glassons

Vintage area fit outs are now a feature at seven Glassons stores; Newmarket, Dunedin and Cuba in New Zealand, Robina, Highpoint, Chapel Street and Warringah Australia, and Vintage product is now sold in 14 Glassons stores throughout New Zealand and Australia as part of our main trend ranges. As with Hallenstein Brothers, it’s proving very popular, and we plan further expansion through 2020 and 2021.



Vintage clothes shopping is an individual and unique experience – many customers enjoy ‘thrifting’ through rails. There is a lot of amazing clothing out there that has been thrown away or discarded prematurely, and our customers extend the lifeline of this clothing, helping to reduce the need to create more new garments.

HALLENSTEIN BROTHERS – VINTAGE BUYER

Upcycled product.

Making new.

We are working towards upcycling becoming a significant component of our sustainability journey, but what is it? Upcycling is the process of generating new garments from remnant material – what would otherwise be waste. Doing this reduces our wastage and the burden on waste streams and allows us to slow down virgin or new textile production.

That's important. Reducing our reliance on virgin materials is better for the environment and more sustainable, and so we're doing all we can in partnership with suppliers, to source discarded fabric as well as off cuts so we can upcycle more.

DID YOU KNOW

Glassons are currently producing hair scrunchies and face masks from waste off-cuts.

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No harm to animals – ever.

Our third sustainability focus under our 'Product' pillar speaks for itself. (Take a look at our pillars on page 10 of the report if you need a refresher).

No cruelty to animals during production is non-negotiable at HGH.

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We 100% support Cruelty Free Fashion that respects biodiversity, animal welfare and protection of our oceans. So to demonstrate we're serious, we set ourselves the following targets.



**No Real Fur in
our products**



**No Angora Rabbit Fibre
in our products**

Both targets have already
been achieved.

Our No Real Fur and No Angora policies have been successful in removing these materials from our garments. Next, we're setting our sights on microfibre pollution.

Microfibres – a tiny enemy.

Microfibres are tiny strands of plastic that shed off synthetic fabrics like polyester, rayon and nylon. Scientists have confirmed that they are one of the main causes of plastic pollution in our oceans.

Microfibres are too small to be filtered out by waste treatment plants, so they end up in our waterways and seas, where they wreak havoc on marine animals and the environment – and can work their way into the food chain itself.

How can we help reduce microfibre pollution?

There are things we can do:

- Educate our customers on how to wash their clothes to help reduce the amount of microfibres released into the environment – wash less, cold hand wash, line dry
- Keep up to date with developments in research and adapt our processes to match best practice
- Investigate wash bag options for our customers.

HGH will be exploring more ideas to reduce microfibre pollution in the coming months, and we'll report back to you.



The fashion industry generates a lot of waste and HGH is no different. It's something we've been focused on for a number of years as we look for ways to reduce it.

Most of the waste we generate comes in the form of unused fabric in the factories, faulty goods and unwanted stock. We are actively looking for better ways of managing this waste and the first step has been to not think of it as waste at all.

As a result, there are a number of initiatives we have launched in recent years that support the reuse or repurpose of fabric and products we no longer need.

GLASSONS

- We send fabric swatches to preschool centres for art and craft projects
- We donate product samples to Women's Refuge.

HALLENSTEIN BROTHERS

- We send faulty but completely wearable stock to the Salvation Army.

DISTRIBUTION CENTRE

- Faulty products and recalls are made into rags.

As good as these initiatives have been for us over the past five years, we are always looking for better solutions, and one of those is our partnership with The Formary, New Zealand's leading specialists, supporting organisations like ours to develop a strategic approach to reduce textile waste.



The Formary have been working towards radically reducing the environmental impacts of clothing and textiles in Aotearoa – adopting a circular approach; nurturing and testing new technologies and building awareness that the system needs to change. Along the way we've learned that creating truly new models cannot be done alone – to get there we need the right minds and ways of creating solutions. We are so excited to have Glassons and Hallenstein Brothers onboard, having joined Usedfully – Textile Reuse Programme led by The Formary.

BERNADETTE CASEY, CREATIVE DIRECTOR, THE FORMARY.

Customer care.

And what about our products themselves, after the customer has finished with them? We hope they hand them down. There are plenty of ways for this to happen – op shops or clothing recycle bins – but these may not be convenient for many of our customers. We are exploring new ways to help make the hand-me-down process easier.

The little things that matter.

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No-harm waste management is not just about how we deal with waste. It is also about minimising the impact of our products on the environment. Our certified fabrics programme is a big part of this for us and you'll find more about that on page 37.

Other initiatives include:

- Making all garment neck labels from recycled cotton
- Using FSC certified paper in all our swing tickets
- Encouraging best practice washing methods on our care labels – wash less, wash cold, hang dry
- Making kimbles from recycled plastic (a kimble is the plastic toggle attaching a swing ticket to clothing).

Moving away from plastic.

Compostable courier bags and polybags.



betterpackaging.com

Our customers have been telling us for a couple of years now that they want plastic out of our stores and out of our supply chain. We have listened.

One of our biggest sustainability initiatives of FY20 has been moving to compostable bags. (See page 44 for a rundown of what we have done in our stores). For our supply chain, they currently transport HGH product in bags traditionally made from polyethylene.

But no longer. Later this year, we will be launching compostable courier bags, currently in partnership with The Better Packaging Co. These will be certified to international standards and are designed to compost in both industrial and home compost facilities. In addition, we have sourced compostable polybags with the same certification.

The challenge for us is to communicate how best to dispose of these. To be a truly effective alternative to traditional plastic courier and polybags, these bags need to be composted at end of their life.

BCollected is The Better Packaging Co.'s Product Stewardship Scheme. The key to creating a circular, sustainable economy is collaboration.

Understanding that not everyone has a home compost, this network is a simple and easy way for local communities to pool resources for the good of the planet. We will update you soon on details of our in store collection bins.

Recycled products

Reducing waste invariably involves recycling and re-purposing materials used in other processes too. HGH does this in a couple of ways:

- Hallenstein Brothers suit bags are made from recycled polyester and PET bottles (52,000 metres used annually). Recycling PET bottles means they aren't going to a landfill and results in less potentially harmful petroleum raw material processing. Finish your drink and carry home your suit!
- Hallenstein Brothers also make Puffer jackets from 100% recycled plastic. That's thousands more plastic bottles being re-purposed and not going to a landfill.





Sustainable stores and operations.

This is the third of our key focus areas and highlights how our stores and operations affect the people and environments we touch, and what we're doing to be a more sustainable business in our day-to-day activities.





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Our 117 retail stores, our three distribution centres and our head offices in Auckland and Sydney all generate waste, consume electricity and use resources, so we are continually exploring ways to make our stores and operations more efficient, and constantly refining to adopt ethically sound and environmentally sustainable practices across our operations; for our own team, our customers and all our stakeholders.

The three areas we concentrate on are:

**PACKAGING
AND
PLASTICS**

**REDUCING
WASTE**

**ENERGY
EFFICIENCY**



Time to say goodbye to single use plastics.

Single use plastic bags in our stores have become a major concern for us and our customers in recent years, so we set ourselves the following two targets:



Eliminate single use plastic carry bags in stores by 2020



All single use polybags to be compostable by 2021

Both targets have already been achieved.

We have replaced plastic store carry bags that customers use to take their purchases home, with paper bags. For our online customers, the courier bags and the polybags we use to ship goods to them, will shortly all be compostable.

As we've mentioned, not everyone has access to composting facilities, so we are making life easier for our customers by providing collections bins in our stores for the return of these bags. This way we can dispose of them effectively.

Also, we have changed our policy around the use of polybags. As a result, the quantity of polybags we use has plummeted.

For example, with Hallenstein Brothers products alone, our new policy has resulted in an 80% reduction on the use of polybags. These equates to the removal of nearly two million polybags in the past 12 months.

Glassons have removed 500,000 polybags from the waste stream in the past 12 months.

HALLENSTEIN
BROTHERS

80%

**REDUCTION IN
POLYBAGS**

2 MILLION POLYBAGS
REMOVED IN 12 MONTHS

GLASSONS

500,000

**BAGS REMOVED
FROM WASTE STREAM**

IN PAST 12 MONTHS

Packaging and plastics (cont.)

Dealing with plastic in the supply chain is more complex, as eliminating polybags completely from the supply chain is not always the best environmental solution. That may sound counter-intuitive, but polybags protect garments from soil and damage in transit from factory to store, and the environmental cost of damage to a garment can outweigh that of producing a polybag, if that garment is damaged and needs replacing.

Our delicate and white garments specifically, require added protection so that our customers receive quality merchandise. However, we can still do better, and so we are moving to certified home compostable bags for the balance of polybags still used in the business. **This means that we will be removing ALL individual plastic polybags from our shipped goods by December 2020.**

We are proud of our current initiative, but we're always open to improvements to our sustainable packaging. Therefore our current Compostables Programme is flexible enough to allow for better solutions as sustainability practices evolve.

We've already mentioned our partnership with The Better Packaging Co. They supply the compostable courier bags we currently use and are innovation leaders in New Zealand for sustainable packaging solutions. Their R&D and infrastructure focus means HGH remains at the forefront of ongoing development around packaging, from the lesser impact materials to best practice disposal. We are very excited about the potential of this partnership.

Cardboard to canvas

This year we've switched all distribution centres to using reusable canvas bags to transfer merchandise from store to store and between distribution centres and stores. The bags replace the cardboard cartons we were previously using.

This has had a big positive impact, resulting in the removal of 34,000 cartons from the HGH supply chain each year.

34,000

CARTONS REMOVED FROM
SUPPLY CHAIN THIS YEAR

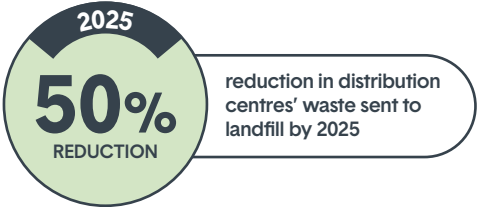




The trend-driven fashion industry generates waste, and we are no different. We import product weekly, and this is sold either in store or online. With so much movement of product comes packaging.

As you’ve read previously, we are rapidly moving toward packaging that’s disposed of properly and has less environmental impact. But we are also reducing the amount of packaging we use, and the amount of waste we generate. And where we cannot eliminate waste, we’re doing all we can to reuse or recycle. This is our **reduce- reuse- recycle policy**.

We have been pretty good at reducing waste sent to landfill, but we know we can do better and so we’ve set ourselves the following target:



We would love to include our stores in this target but collecting waste data from stores is difficult. This is because many of our stores are located in shopping malls where waste facilities are shared. Likewise, our head office is located in a building with other tenants, so it’s very difficult to quantify the exact amount of waste from our head office that goes to a landfill. Without that data, we can’t track progress against targets. We’re working on solutions to this.

Here’s what we do know:
DISTRIBUTION CENTRE WASTE SENT TO LANDFILL



Data collected from New Zealand distribution centres (Christchurch (Glassons) and Auckland (Hallenstein Brothers)) for this reporting year. We will work with Australia over the coming year to include in next year’s report.

Whilst we can’t currently set a measurable waste reduction target for our stores, we can set other useful targets. We know we can reduce waste materials used by stores for advertising; store poster boards are traditionally made of foam core plastic which is not recyclable. So next year we will replace these with cardboard poster boards.



Safer playgrounds from wooden pallets

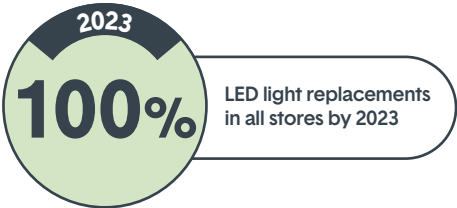
There are other ways we are reducing, reusing and recycling too; for example our distribution centre uses a lot of wooden pallets to transport stock in bulk. Instead of discarding these pallets as waste at the end of their life, we’re now breaking them down into wood chip floors for childrens’ playgrounds – a little softer to land on if they come off the monkey bars!



Store lighting.

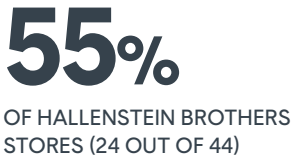
Clothing retail stores rely on good lighting for optimal display and safety. Lighting is the main consumer of energy in all our stores and contributes significantly to our carbon footprint.

We are currently installing LED store lighting and have set ourselves the following target:



We are well on track to meet this target, as you can see:

LED LIGHTING IS NOW IN



Distribution centres.

A number of years ago we switched to electric forklifts, and as we no longer use LPG for these, we’ve reduced our carbon footprint significantly.

In addition, the new Glassons distribution centre in Christchurch has been designed to maximise the use of natural light, and this, coupled with the use of light sensors, has dramatically reduced our electricity consumption for lighting.

We are now looking at ways we can make the Hallenstein Brothers distribution centres more energy efficient. This will be part of the work we do next year on our carbon management plan.



Staff wellbeing and empowerment.

Our people are what makes Glassons and Hallenstein Brothers the iconic brands they are today. Whether it be our frontline staff in our stores, the office staff in the engine room, or the gifted people producing our beautiful garments in our factories; all play a crucial role in our success.

Made
with
care.





**Made
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care.**

We recognise this; our people are entitled to feel valued, respected and appreciated. We also want to make sure they feel safe and happy whilst at work.

Our focus on staff wellbeing and empowerment has four themes:

**AN ENGAGED
& EMPOWERED,
DIVERSE
WORKFORCE**

**A SAFE
WORKPLACE**

**CAREER
DEVELOPMENT**

**EFFECTIVE AND
TRANSPARENT
COMMUNICATION**



Come and look closer.



We firmly believe an empowered workforce makes for a happy crew – and we are committed to supporting that empowerment by promoting our values of respect, dignity, non-discrimination and providing safe workplaces.

We are an Equal Employment Opportunity employer with a diversity policy that ensures we have a diverse and inclusive workforce. Everyone joining our team is supported with a comprehensive induction programme and a career development plan that we develop together.

We review performance and job satisfaction six monthly, setting goals and KPIs with staff to ensure they continue to grow in their roles.

In terms of staff wellbeing, all staff can access:

- Gym membership with a discount
- Health insurance with a discount.

Healthy, happy staff are more likely to be productive and have more to contribute. Simple really.

Our people in FY20

	Permanent full time	Permanent part time	Temporary/casual
NEW ZEALAND			
Glassons			
Male	5	4	2
Female	173	291	29
Hallenstein Brothers			
Male	74	129	8
Female	74	131	6

0% of employees covered by collective bargaining agreements in New Zealand – all individual contracts.

AUSTRALIA

Glassons			
Male	5	5	6
Female	123	177	398
Hallenstein Brothers			
Male	4	1	11
Female	6	1	12

85% of employees covered by collective bargaining agreements in Australia.

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.

It's available to all HGH employees and clearly promoted through posters at our HQ, and in distribution centres and retail stores (staff only areas) with phone number and details.

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.

Impact of COVID-19.

The COVID-19 pandemic has forced many businesses to make redundancies. Thankfully we have managed to largely avoid this so far, with minimal redundancies as a result of the pandemic.

Whilst we are happy to have kept redundancies to a minimum, we are acutely aware that COVID-19 is impacting our staff in other ways.

Our membership of EAPworks means that any staff affected by COVID-19 can utilise the programme to help navigate through difficult times.

Employee trust.

In addition to our membership with EAPworks, our Employee Trust was set up to support staff through hardship and/or career development. Staff can apply to the trust for financial support.

Here's how the trust helps our team:

- **Hardship support**
We support staff across the business when they suffer hardship. For example; we have paid the cost for staff to attend funerals overseas.
- **Career advancement**
We support staff looking for career advancement outside of our usual business framework. For example, we have sent team members to Harvard Business School courses.
- **Additional funds**
EAPworks support for employees is capped; however, if an employee needs ongoing support, the trust will provide it.





We're very serious about providing our staff with a safe place to work. Our Health and Safety (H&S) policies and programmes go beyond compliance to ensure this. We care about our employees – feeling safe in their workplace is a given for us.

We actively promote H&S throughout the business. Our H&S Committee (which includes HGH Board members) monitors HGH H&S and regularly reports directly to the Board with recommendations for improvements. We also have a workers committee who provide very valuable 'shop floor' H&S input on specific issues.

The H&S committee has wide-ranging responsibility for:

- Reporting to the board on all aspects of H&S
- H&S training for all our employees
- Maintaining the right H&S documentation
- Ensuring all the operators of heavy machinery have the appropriate training and licences
- Making sure our distribution centres, stores and offices comply with all safety requirements.

All this is good, but we can do more. We've started collecting more detailed data on H&S, issues such as lost work days, injury data, accidents and near misses, in order to identify H&S issues and minimise risks.

**We'll share those details
with you in our next report.**

CAREER DEVELOPMENT

Supporting our staff early in their careers is critical to ensuring a happy workplace and this is something we focus on doing really well. Healthy, happy, empowered staff can achieve great things!



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Once a staff member is part of the HGH family, we provide ongoing professional development support through numerous training opportunities.

Glassons staff training and development.

Glassons offer two programmes, Empower and Aspire, to train, upskill and allow employees to reach their potential.

Take a look.

EMPOWER

- Offers induction sales training for all team members (this is compulsory)
- Full training on all zones of selling so stylists can feel confident on shop floor in any area
- Teaches engagement principles using instore technology to help enhance a customer's experience.

ASPIRE

- Provides a leadership training programme – anyone who wants to may apply
- Focuses on leadership and management aspects of the business and career growth/ opportunities in the business
- Offers the tools to focus on achieving individual career goals.

Hallenstein Brothers staff training and development.

Hallenstein Brothers offer a comprehensive sales induction programme.

THE BROTHERS GUIDE TO SALES

This is a full induction and sales training programme that all employees complete within their first 30 days, which includes:

- An introduction to the Company values and the role these play in store and across the business
- A comprehensive guide to selling to a wide range of customers that focuses on a genuine and authentic customer experience
- A wealth of product knowledge of all core areas of the business
- Engaging digital content showcasing key people in the business, the culture and succession planning
- Complete understanding of basic store operations, in store shop technology and the role these play to support the customer experience
- 'Buddy system' based learning that ensures best practice during the induction process and includes sign off and feedback portions throughout.



APRIL WARD
CEO GLASSONS NZ

Shop floor to top floor.

April's career development at Glassons is an inspiration for any new employee – her career began as a part time stylist in a Glassons store, now she's the CEO.

Here's April in her own words.

I realised early on that aptitude, attitude and hard work would be rewarded at Glassons. Having started part time with the Company in 2003, I stayed, and moved around the country working in various roles at different stores, meeting many wonderful and inspiring people along the way.

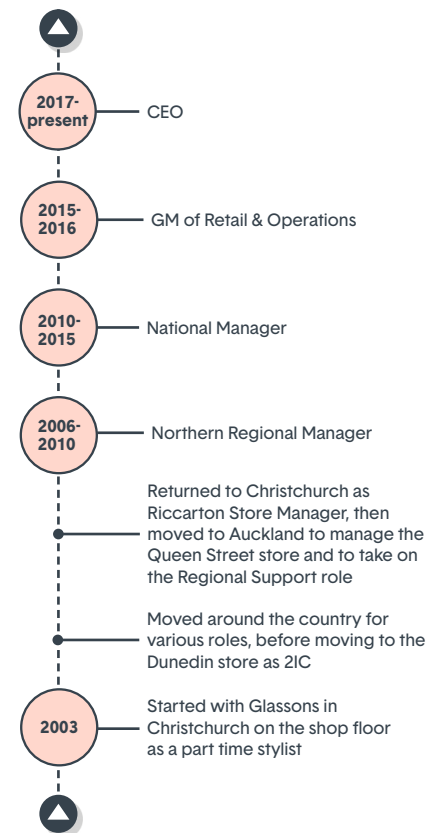
Moving around as much as I did, in the roles I had, I really got to understand the ethos and culture of the Company. The great thing about Glassons is its flat structure, we are not hierarchical and that has fostered a can-do attitude and a genuinely collaborative culture.

I've seen and been a part of the brand evolution through perhaps five generations of refit and I'm proud to be working for a brand that has stood the test of time – one that continues to re-invest and has the confidence to re-position itself to contribute to the fashion conversation. We are very good at remaining relevant and cutting-edge.

I love that Glassons has a reputation for having a high performing culture and team to match.

APRIL WARD, CEO GLASSONS NZ

April's career timeline at Glassons.





It's all about being clear.

Good communication is important for any company to function effectively. Our staff and management should feel they can easily communicate with each other – and our other stakeholders should feel we communicate clearly with them.

Within HGH, we have established an approachable, flexible, dynamic culture of feeling connected. COVID-19 gave us a new paradigm to work with, so our tech team has been hard at work too, exploring telecoms technology to find the right platform for our business to move forward and stay connected. Expect more on this in the future.

Here's how we communicate as a business, internally and externally:

HGH

- Board Meetings – monthly
- AGM – annually
- Group MD and COO contact details are available so shareholders can get in touch anytime.

HQ

- Sustainability Committee keeps the business updated
- Workers H&S committee – communicates all H&S issues
- Managers meet with team members on weekly basis
- Position/job review and personal goals – six monthly.

Hallenstein Brothers and Glassons

RETAIL STAFF

- Daily communication with Store Managers
- Monthly communication with Regional Managers
- We run regular team events internally to launch new products, provide sales information, and communicate new initiatives, staff news, marketing campaigns and roadshow updates
- Regular management meetings with teams.

CUSTOMERS

- Retail staff – customer contact
- Customers use website and social media to contact brands.

Community support.

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Supporting the communities where we live and work is important to HGH; it's a vital way we stay connected to people, many of whom are our customers too.

We have been supporting charities dear to our heart for a number of years now. These include:

- Women's Refuge (with product)
- Breast Cancer Foundation NZ (BCFNZ).

We also support one off events, such as Hallenstein Brothers' sponsorship of New Zealand Music Month 2020.

35+ ARTISTS

The partnership with New Zealand Music Month saw Hallenstein Brothers work with more than 35 of New Zealand's best local artists to raise money for Music Helps COVID-19 relief via @liveintheloungenz & @hallensteinbrothers.

Three of New Zealand's leading acts; Six60, The Beths, and Fat Freddy's Drop also got involved and were part of our official Hallenstein Brothers merchandising range.

We produced three unique New Zealand Music Month tee shirts which were available online during May. These, and the official music month merchandise, generated over \$15,000 for Music Helps, a charity that looks after musicians and the music industry in times of need.

BREAST CANCER FOUNDATION

In 2019 Glassons New Zealand supported Breast Cancer Foundation NZ (BCFNZ) to raise breast cancer awareness, with all funds going towards the prevention, treatment and support for New Zealander's living with breast cancer.

Glassons partnered with New Zealand influencers including Bic Runga and ShaanXO and designers Zambesi and Twenty-Seven Names, to design a limited-edition 'Pink Ribbon' accessories collection (sock and head scarf). These were released in key Glassons New Zealand stores during the month of October, with all proceeds going to BCFNZ.

Online support.

To make the way we invest in our communities more effective and far reaching, this year we've developed and launched an online application form for charity enquiries. We now have a team dedicated to reviewing the applications and working on how we can best assist.

Local support.

We also work with local community groups and charities to support events within their communities, with:

- Store vouchers
- Donations
- Fundraising.



Climate change.

Climate change will affect all of us, and in many different ways. We all need to act to reduce its effects.

At HGH we need to measure, manage and reduce the carbon emissions we generate as a business, and in FY21 we will be developing our carbon management plan to do just that.

HGH support net zero carbon.

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To wrap up.

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For the last few years, we've been quietly positioning Hallenstein Glasson Holdings to be more sustainable. Now, we are firmly on the road and up and running.

It's still early days and there's still a whole lot to do, but we're heading in the right direction and we're gaining momentum as we go – hopefully, like us, you can feel that just from this report in areas such as our supply chain certification and our focus on plastic reduction.



People



Planet



Product

We're focused, and we're up for it.
Thanks for being on the journey with us.

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**HALLENSTEIN
GLASSON** HOLDINGS
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People



Planet



Product

Find out more at:

hallensteinglasson.co.nz/sustainability