



**HALLENSTEIN
GLASSON** HOLDINGS
LIMITED

Modern Slavery Statement 2021 - 2022

INTRODUCTION

MODERN SLAVERY STATEMENT

Hallenstein Glassons Group publicly commits to respecting human rights and is opposed to modern slavery and exploitation in all its forms. This commitment extends to identifying, assessing, and addressing risks within our operations and supply chain.

Modern Slavery is the severe exploitation of other people for personal or commercial gain. For Hallenstein Glassons it encompasses the risks posed by forced labour; child labour; prison labour, servitude; debt bondage and deceptive recruitment. It also includes situations where a worker may be deprived of personal freedom and cannot refuse or cease work because of coercion, threats, or deception.

Addressing modern slavery risks can be complex and challenging, we support systematic change to deliver better outcomes and will continue to strive to deliver on our commitment. Our statement has been prepared in accordance with the reporting requirements of Australia's Modern Slavery Act 2018 and associated guidelines.

This statement has been reviewed and approved by the Board of Directors of Hallenstein Glassons Holdings on 28 September 2022



Stuart Duncan
Group CEO
Hallenstein Glassons Holdings

NZBN: 9429040315324

Our headquarters are based in Newmarket, Auckland, New Zealand:
Hallenstein Glasson Holdings
Level 3, 235-237 Broadway
Newmarket, Auckland 1023

OUR COMPANY

Hallenstein Glasson Holdings Limited is a retailer of menswear and womenswear, listed on the New Zealand Stock Exchange.

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Hallenstein Glasson Holdings Limited was formed in 1985, when Glassons merged with Hallenstein Brothers; an iconic menswear retailer first established in 1873.

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With offices based in Auckland and Sydney the company operates more than 115 stores, across Australasia, including 35 Glassons stores and 4 Hallenstein stores in Australia.

OUR BRANDS

Glassons is a much-loved New Zealand brand founded in 1925. It is renowned for its fashion-forward styles, energetic stores, and affordable value. Committed to delivering fashion both ethically and sustainably.

Hallenstein Brothers has been an integral part of Kiwi culture since the late 1800s. It is the oldest New Zealand retail company on the NZX and an integral part of how New Zealand has grown as a nation, recognised for its fashion and value equation.

OUR SUPPLY CHAIN

In May 2021 we released our first Modern Slavery Statement. We continue the work to assess and improve our practices to protect workers from modern slavery risks in our supply chain. Whilst we do not own or manage factories ourselves, our manufacturing is outsourced to selected partners who meet our high ethical and quality standards. Most of our suppliers have been on our journey with us for more than 17 years. Because we build long term supplier relationships we can, and do, demand high standards and transparency from those suppliers.

At present our primary relationships are with the suppliers who are at the final stage of our manufacturing (Tier 1). As a result, our focus on addressing modern slavery has been primarily in Tier 1 of our supply chain. We recognize we need to continue our efforts to assess modern slavery risk further down our supply chain and we are working on our Tiers 2 (Inputs) and 3 (Raw materials). We are committed to this process, but it will take some time.

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

Our Sustainability Governance Board Committee is responsible for compliance with modern slavery and human

ASSESSMENT OF MODERN SLAVERY RISK IN OUR SUPPLY CHAIN

We have a zero-tolerance approach to Modern Slavery across all our operations and within our supply chain. We act to ensure all of our suppliers are aware of and understand their obligation under our Code of Conduct policy.

It is estimated that 40 million people globally are currently in modern slavery. No country or industry supply chains are unaffected. Two-thirds of people in modern slavery live in the Asia- Pacific region.

Effectively addressing the risks of modern slavery are challenging. Supply chains are complex and achieving 100% transparency into tiers 2 and 3 continues to be an industry wide challenge.

In support of our zero-tolerance approach, we continuously look for tools to manage the risk. We continue our independent auditing program, supplier training and we have started travelling again to Bangladesh, India and Vietnam. As soon as China borders re-open, we will resume travel.

This year we have also engaged with IT industry specialists who have delivered a platform for storage of data and managing risk. We are confident that this will enable improved oversight of our supply chain, providing efficiencies of managing, accessing, reviewing and reporting on data related to modern slavery risks within our operations.

We have also engaged with QIMA to manage an independent grievance mechanism in our China factories to complement our own mechanism, QIMA will to be rolled out in our other manufacturing countries over the next 12 months.

Hallenstein Glassons currently source our products from the below countries:

- China
- India
- Bangladesh
- Vietnam

RISK ASSESSMENT OF MANUFACTURING COUNTRIES

CHINA

ASSESSMENT – RISK: HIGH	GARMENT SUPPLY CHAINS	SUMMARY
<p>The Global Slavery Index 2018 estimates that there are over 3.8 million people living in conditions of modern slavery in China.</p> <p>1. ECONOMIC DISPARITY Within China, there are extreme disparities in income levels by region, along with an enormous income gap between rural and urban areas. Poverty is the main driver for the migration of rural Chinese, whose levels of education and income is generally lower relative to the urban Chinese population.</p> <p>2. CHILD / FORCED LABOUR While there are no official statistics on the use of child labour in China, as such information is classified,; it is the rural sector where the majority of child labour is found.</p> <p>3. MIGRANT WORKERS Accordingly, migrant workers account for about 67 percent of the urban workforce. Another factor contributing to the vulnerability of Chinese domestic migrants is China’s household registration system, which limits citizens’ access to public services to their official city of residence. As a result, migrant workers are unable to receive the same social benefits as local urban residents.</p>	<p>Based on risk assessment findings, we have identified the following as the most vulnerable to risks of modern slavery in the garment/textile sector.</p> <p>ECONOMIC DISPARITY</p> <ul style="list-style-type: none"> • Domestic migrant workers who travel from rural areas into the cities for work. • Workers experiencing economic hardship. • Workers who cannot participate within the Social Insurance Scheme. <p>CHILD/FORCED LABOUR</p> <ul style="list-style-type: none"> • Workers in Tier 2 and 3 of the supply chain. • Workers in locations zoned under China government “Poverty Alleviation” policy, allowing young workers into the workforce. <p>MIGRANT WORKERS</p> <ul style="list-style-type: none"> • Workers who have travelled from rural to urban centres for work are more vulnerable and at risk of exploitation. • Workers who cannot participate within the Social Insurance Scheme. <p>GENERAL</p> <ul style="list-style-type: none"> • Workers in unauthorised sub-contracted factories • 70% of garment workers in China are women. 	<p>Our priority is to maintain continuous levels of visibility of workers within the groups identified as being most vulnerable.</p> <p>This requires robust due-diligence processes:</p> <ul style="list-style-type: none"> • Risk Management Plan <ul style="list-style-type: none"> – Auditing – Corrective Action Plan – Remediation Plan – QIMA independent grievance mechanism • Increased year on year visibility into Tier 2 and 3. • Collaborations with community groups and NGO’s supporting workers. • Continued CSR training for all stakeholders. • Annual country risk assessment update. • All factories to have democratically elected worker representatives.

RISK ASSESSMENT OF MANUFACTURING COUNTRIES

INDIA

ASSESSMENT - RISK: HIGH	GARMENT SUPPLY CHAINS	SUMMARY
<p>The Global Slavery Index 2018 estimates that there are over 8 million people living in conditions of modern slavery in India.</p> <p>1. PRECARIOUS EMPLOYMENT Many workers in the garment sector face some degree of precarious employment. Many are home-based workers, in-factory piece rate workers or no-contract workers.</p> <p>2. CHILD / FORCED LABOUR Sumangali Scheme is a form of bonded labour which is likened to soft trafficking, a less explicit form of human trafficking. On completion of her contract, she is paid a lump sum to pay for a dowry. The scheme is rife with exploitation, abuse, and discrimination.</p> <p>India remains at risk of child labour in unorganised, small scale, informal sectors of the Indian economy.</p> <p>3. MIGRANT WORKERS Contract workers in India are typically migrants from impoverished backgrounds and marginalised communities in rural areas. Contract workers are mostly adult males who migrate to cities on a seasonal basis. Insecure work, piece rate basis leaves them vulnerable to exploitation.</p>	<p>Based on risk assessment findings, we have identified the following as the most vulnerable to risks of modern slavery in the garment/textile sector.</p> <p>PRECARIOUS EMPLOYMENT</p> <ul style="list-style-type: none"> • Unorganised workers with no safety net • Deceptive recruitment • No-contract workers. • Piece rate workers <p>CHILD/FORCED LABOUR</p> <ul style="list-style-type: none"> • Female workers are vulnerable to exploitation under the Sumangali Scheme. • Workers in Tier 2 and 3 of the supply- chain. • Unorganised workers with no safety net • Families experiencing economic hardship. <p>MIGRANT WORKERS</p> <ul style="list-style-type: none"> • Migrant workers from rural areas are more vulnerable to exploitation. • Workers who live in dormitories • Unorganised workers with no safety net 	<p>Our priority is to maintain continuous levels of visibility of workers within the groups identified as being most vulnerable.</p> <p>This requires robust due-diligence processes:</p> <ul style="list-style-type: none"> • Risk Management Plan <ul style="list-style-type: none"> – Auditing – Corrective Action Plan – Remediation Plan – Factory Visits • Auditors specifically checking for workers participating in sumangali scheme and no-contract workers. • Collaborations with community groups and NGO's supporting female and vulnerable workers. • Increased year on year visibility into Tier 2 and 3. • Annual country risk assessment update. • Continued CSR training for all stakeholders. • The factory is required to have a functioning grievance mechanism which includes investigation and efforts to address grievance. All workers should be trained on their rights and entitlements and how to use a grievance mechanism.

RISK ASSESSMENT OF MANUFACTURING COUNTRIES

BANGLADESH

ASSESSMENT - RISK: HIGH	GARMENT SUPPLY CHAINS	SUMMARY
<p>The Global Slavery Index 2018 estimates that there are over 592,000 people living in conditions of modern slavery in Bangladesh.</p> <p>1. GENDER INEQUALITY Women's unequal position in society has in some cases been integrated into the garment sector forming a cheaper, more docile and flexible workforce. Rather than challenge their subordination in society, work in the garment industry is reproducing it.</p> <p>2. CHILD LABOUR Bangladesh remains high risk for child labour with the majority employed in rural areas. In urban centres child labourers are in the informal sector such as street workers, small factories and workshops and domestic employment.</p> <p>3. COVID-19 The garment industry is the number one business in the country and Bangladesh is the second largest apparel manufacturing country in the world. The economic impacts of Covid-19 are estimated to have impacted Bangladesh \$2.81 billion as factories experienced cancellations and non-payment of goods, leaving workers with no income or little income.</p>	<p>Based on risk assessment findings, we have identified the following as the most vulnerable to risks of modern slavery in the garment/textile sector.</p> <p>GENDER INEQUALITY</p> <ul style="list-style-type: none"> Gender plays a role as females are more vulnerable to various forms of exploitation, such as excessive hours, low pay, insecure contracts. 85% of garment workers in Bangladesh are women. <p>CHILD LABOUR</p> <ul style="list-style-type: none"> Workers in Tier 2 and 3 of the supply- chain. Workers in the informal sector Small un-authorized factories <p>COVID-19</p> <ul style="list-style-type: none"> Domestic migrant workers from rural areas who were vulnerable to homelessness and extreme poverty due to loss of wages and jobs as factories were forced to close. Workers left with no income as factories could not pay wages. Female workers who are often left with the disproportionate share of care and domestic responsibilities if family members fall ill. 	<p>Our priority is to maintain continuous levels of visibility of workers within the groups identified as being most vulnerable.</p> <p>This requires robust due-diligence processes:</p> <ul style="list-style-type: none"> Risk Management Plan <ul style="list-style-type: none"> Auditing Corrective Action Plan Remediation Plan Site Visits We continue to honour all commitments and payments for goods, through ongoing economic challenges that the pandemic has unleashed on global markets. Collaborations with community groups and NGO's supporting female and vulnerable workers. Increased year on year visibility into Tier 2 and 3. Annual country risk assessment update. Continued CSR training for all stakeholders. The factory is required to have a functioning grievance mechanism which includes investigation and efforts to address grievance. All workers should be trained on their rights and entitlements and how to use a grievance mechanism.

RISK ASSESSMENT OF MANUFACTURING COUNTRIES

VIETNAM

ASSESSMENT - RISK: HIGH	GARMENT SUPPLY CHAINS	SUMMARY
<p>The Global Slavery Index 2018 estimates that there are over 420,000 people living in conditions of modern slavery in Vietnam.</p> <p>1. ECONOMIC MIGRANT WORKERS Approximately 80% of workers in the garment industry are women who have migrated from the rural to urban areas in search of better economic opportunities. Although most women are young when they enter the industry, recent studies suggest most are mothers. Due to the predominance of women workers with children there is a strong need to ensure their basic rights are met and that adequate mechanisms are in place ensuring the welfare of their children.</p> <p>2. CHILD LABOUR Child labour remains a problem in Vietnam as many children are at risk of labour and sexual exploitation. Migrants, ethnic minorities and young girls are among those targeted for exploitation. The Vietnam government has laid the foundation for effective and sustainable action and the elimination of the worst forms of child labour in the country.</p>	<p>Based on risk assessment findings, we have identified the following as the most vulnerable to risks of modern slavery in the garment/textile sector.</p> <p>ECONOMIC MIGRANTS</p> <ul style="list-style-type: none"> • Gender plays a role as females are 80% of the migrant workforce. • Many of these women have children which increases their vulnerability. <p>CHILD LABOUR</p> <ul style="list-style-type: none"> • Workers in Tier 2 and 3 of the supply- chain. • Workers in the informal sector • Small un-authorised factories • Families experiencing economic hardship. 	<p>Our priority is to maintain continuous levels of visibility of workers within the groups identified as being most vulnerable.</p> <p>This requires robust due-diligence processes:</p> <ul style="list-style-type: none"> • Risk Management Plan <ul style="list-style-type: none"> – Auditing – Corrective Action Plan – Remediation Plan – Site Visits • Collaborations with community groups and NGO's supporting female and vulnerable workers. • Increased year on year visibility into Tier 2 and 3. • Annual country risk assessment update. • Continued CSR training for all stakeholders. • The factory is required to have a functioning grievance mechanism which includes investigation and efforts to address grievance. All workers should be trained on their rights and entitlements and how to use a grievance mechanism.

OUR POLICIES AND PROCESSES

Our policies and practices reflect our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to mitigate modern slavery risk in our supply chains. We have identified our biggest risk lies in the Tier 2 and 3 parts of our supply chain.

We have identified a list of **red flags** that demand closer inspection:

- Migrant workers
- Wages, overtime and working hours not verified in audits
- Unauthorised sub-contracting
- Workers paying recruitment fees
- Factories holding personal identification papers.
- Workers living onsite in dormitories.

The following policies and procedures to support our working practices:

1. Code of Conduct
2. Responsible Sourcing Manual
3. Buyer Responsible Purchasing Practices
4. Functioning Grievance Mechanism
5. Onboarding
6. Auditing

OUR POLICIES AND PROCESSES

VISIBILITY - 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.

VISIBILITY - TIER 2

Although we have less visibility into Tier 2 compared to Tier 1, we have made further improvements in mapping our Tier 2 suppliers in 2022.

We have begun auditing Tier 2, providing increased visibility into our supply chain. We continue our commitment to increasing sustainable product verified by global certification programs. Some of these certifications mean our entire supply chain must be certified and meet strict requirements for social, environmental, and chemical management.

VISIBILITY - 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 of raw material origins.

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 suppliers are, and remain, ethical employers.

SUPPLIER TRAINING

Education and training is an important part of our program to manage modern slavery risk. Our Chinese suppliers participated in an online webinar course on CSR responsibility related to modern slavery and labour practices. This was provided by Quallspec SgT in October 2021

STAFF TRAINING

Our employees participate in CSR modules both in-house and offered by external organisations. In 2022 our employees have participated in:

- The Collaborative Advantage
- Baptist World Aid, The Ethical Fashion Report webinars

ASSESSMENT OF ACTIONS TAKEN

We aim to use the following key performance indicators (KPIs) to measure our approach to identifying, assessing, and addressing the risks of modern slavery.

1. **Partnership Approaches** - review modern slavery with all stakeholders annually.
2. **Visibility & Transparency** - review our efforts to increase visibility of Tiers 2 and 3. We will continue to work on our approach to address these challenges.
3. **Audits** - review non-compliances identified in audits in our high-risk countries.
4. **Red Flags** - review how many “red flags” were identified, investigated and actions taken. What are our learnings.
5. **Grievance Mechanism** - we will assess the effectiveness based on engagement of workers in the grievance mechanism over a 12-month period.
6. **Review** -employee modern slavery awareness training, its effectiveness as an education tool.
7. **Review** - Buyers Purchasing Practices - Our sustainability team meet with Hallensteins and Glassons sourcing teams to identify potential challenges facing employees to meet their KPIs whilst supporting suppliers to meet our Code of Conduct requirements.

It is important that we conduct due diligence of our supply chain to measure how effective our processes are:

- **Identify risks of modern slavery in our supply chain**
- **Whether the controls in place are sufficient.**

OUR PARTNERSHIPS AND COLLABORATIONS

We value our partnerships with key organisations helping to support our efforts to identify, assess, and address risks of modern slavery within our operations and supply chain. This commitment requires collaboration on a wide scale to help support industry and the people in it.

QUALSPEC SGT

Our auditing partner Qualspec; is globally accredited meeting ISO 9001 standards to conduct Ethical Social Compliance Audits.

Their technicians assess the manufacturers compliance with our Code of Conduct, local labour laws and internal social standards. Based on findings during the audit, Qualspec will provide a corrective and preventive action plan for the manufacturer to improve where needed. In 2019, Qualspec joined Worms Safety, the first global alliance in quality management composed solely of product and industrial specialists.

BAPTIST WORLD AID AUSTRALIA

Baptist World Aid Australia is a Christian NGO supporting individuals and communities around the world. After the tragedy of the Rana Plaza factory collapse in Bangladesh, Baptist took action to shed light on what fashion brands and companies are doing to address forced labour, child labour and exploitation of workers in their supply chains by grading apparel companies in The Ethical Fashion Report, from A+ to F.

Hallenstein Glassons participate in this report acknowledging the value of collaborations between NGOs and the private sector.

In the last published 2019 Ethical Fashion Report; Hallenstein Glassons scored a B+.

WORMS SAFETY SGT

Hallenstein Glassons have partnered with Worms Safety's global textile and apparel specialist division SgT, to oversee our Remediation Plan to manage any issues related to modern slavery or human rights.

TEARFUND NEW ZEALAND

Tearfund New Zealand manage and oversee the Ethical Fashion Report for New Zealand based companies.

QIMA

Independently supporting worker voices HGH currently have our own grievance posters located in all our factories and locations. We also audit to check that grievance channels are operating in all factories. However, we recognise the benefit of an independently run grievance mechanism that workers can access confidentially and/or anonymously. We have partnered with QIMA to manage this platform in our main factories in China. The worker hotline provides channels for workers to share complaints or grievances with confidentiality assured. We will be expanding QIMA into India, Bangladesh and Vietnam over the next 12 months to complement our existing grievance mechanism.