

made
with
care



Welcome to our third sustainability report

This is our third year of sustainability reporting. During that time, we've stayed true to our strategy; a journey that embraces a genuine goal of doing more and doing better. Throughout the business, we continue to improve on our sustainability foundation and commitment – Made with Care.

This report reflects what our stakeholders tell us are their priorities. We have listened and adjusted so our 2022 materiality assessment aligns with our overall strategy. This will shape our focus for 2023–24. You can read more about our materiality (what matters most) on page 11. Top take out is that our broad sustainability framework is proving up to the task. Take a look and you can see how we've organized our sustainability strategy into key focus areas, so we can measure our progress. We hope you enjoy seeing what we have achieved as much as we enjoy truly integrating sustainability into our business model. We know that there is no finish line to this, we can, and will, continue to improve sustainability and visibility in all areas of our operations as our processes improve and new initiatives and technologies help us toward even better sustainability.

We've now begun one of our largest tasks to date; we've started to scope and measure our carbon footprint. The simple message from here on is 'reduce it wherever possible!' We will integrate this mantra into the heart of our business.

Having recently been able to travel again and meet with our supply partners, it's clear Covid-19 has shaken us all, in every corner of the globe. Whilst we all want to move on from Covid-19 the aftermath is still challenging for many, with lockdowns still happening in some of our manufacturing countries. While this is still going on, supply chain and transport logistic issues continue to disrupt global trade. But our resolve to build back better remains strong. Externally and internally our meetings and conversations are more optimistic, looking towards the future, exploring what we can do to improve our environmental footprint, and at the same time remain a profitable business.

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

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

The period covered in this report is 2 August 2021 – 1 August 2022.

Please direct any questions you have about this report to:

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This report has been prepared in accordance with the GRI Standard (2016): Core option.

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.

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Part 1:

Continued



commitment

Welcome from the CEO

As we continue our sustainability journey, I am pleased to share with you our progress in this, our third Sustainability Report. As with the previous year's reports, our strategy is underpinned by our core values that we will be transparent and maintain our integrity in sharing with you the positive steps we are taking. We continue to do this in partnership with our suppliers and the commitment of our Team.

Disruption from Covid-19 continued throughout the last year affecting our suppliers' factories and our customers with lockdowns both in the countries we trade and where our garments are produced. Working in collaboration with our suppliers we were able to come up with solutions to continue the flow of stock while supporting each other with flexibility around orders and

payments. Once again, we were thankful for the support and the partnership that has been forged over the years with our long-time suppliers that helped us to navigate these challenges.

Our Team members in both New Zealand and Australia continued to demonstrate their resilience. Following weeks of lockdown, they were ready and committed to re-opening our stores when the time came and did an amazing job of adhering to the safety requirements put in place while still delivering the customer experience expected of the brands. Over the year, to ensure our Team members were supported, we have invested in our people by providing training around wellbeing and mindfulness and implementing new communication tools.

Once again, we were thankful for the support and the partnership that has been forged over the years with our long-time suppliers.



Our journey continues but the Group remains committed to building a more sustainable business, reviewing the way we operate and lessening our impact on the environment.

We have engaged and sought feedback from our customers, team members and suppliers to ensure our strategy is still relevant to them. From this feedback it is pleasing to see that the pillars of our sustainability framework are not required to be changed and continue to be Product, Planet, People with the key areas of focus being:

- environmentally sustainable fabrics and products
- ethical and transparent supply chains
- climate action/environmental impact
- sustainable stores and operations
- staff well-being.

We have further increased the number of garments that have environmentally friendly and sustainable fabrics and will continue to do so. On the other side of this we have been working with our suppliers and third parties to reduce our textile waste and have successful trials in both New Zealand and Australia in place. A great deal of work has been carried out on understanding the wage structure in our factories and how we can support to improve higher wages. As we have increased our supply base in Bangladesh the team have been working hard to build relationships with new suppliers and you can read more in the report about our progress.

In the last few months, we have been focused on our carbon footprint. This project was delayed due to Covid-19, but we are now starting to make progress on the calculation. At the same time, we are working on our plan to ensure we reduce our impact on the environment.

You will find more detailed information in the report following as well as any updated information on both the Glassons and Hallenstein Brothers websites. Our journey continues but the Group remains committed to building a more sustainable business, reviewing the way we operate and lessening our impact on the environment. There is still much more to do but our core values of integrity and transparency will continue as we continue our journey.

Stuart Duncan

Group Chief Executive

Our framework

Let's recap on our framework.

Three years ago, HGH developed a sustainability framework; it's a roadmap to guide the business on our sustainability journey. We have a clear vision based on our pillars (Product, Planet, People), specific areas of focus, and the important issues within those focus areas. Let's take a closer look.

Product

Material choices matter. HGH has continued the progress toward sourcing certified textiles (as you'll see in this report). We're fully committed to our journey towards sustainability, and we continue to challenge ourselves to do better.

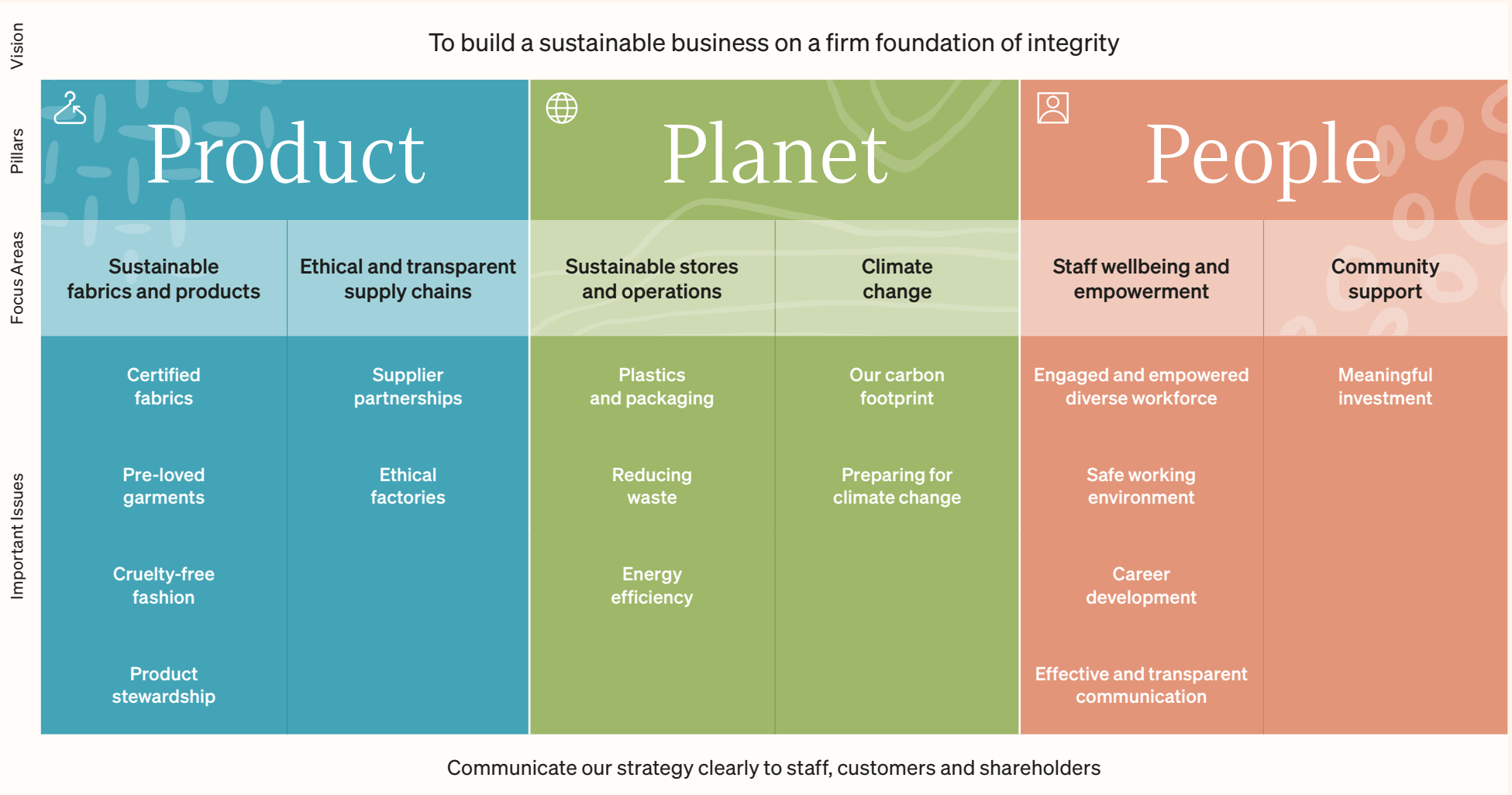
Planet

Fashion is reliant on our planets' resources – water, soil, energy – and the industry produces a lot of waste. Continually developing better waste management solutions as we strive towards improved sustainability, is essential for the fashion industry, for the planet and future generations.

People

People are at the heart of our business. Our 'People' pillar includes our customers, our staff, and the people who make our clothes. For our workforce, safety and wellbeing are critical.

Hallenstein Glasson Holdings Sustainability Framework



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

Sustainable Development Goals (SDGs)

We are now three years into our sustainability journey and beginning to appreciate how important it is to have a framework to ensure we are on the right path.

Whilst it would be easy to become focused on issues and problems that directly touch our people and business; our ambition to be part of a more sustainable future means we look beyond what we see and experience in our own backyard to include wider goals. As a result, we have aligned our sustainability framework with the United Nations Sustainable Development Goals. This gives us a powerful lens through which the business can view global sustainability, and ensures at HGH, we are tackling issues that make a difference.

Sustainable Development Goals applicable to this report



**SUSTAINABLE
DEVELOPMENT
GOALS**

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, work for, buy from, or supply HGH.

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.

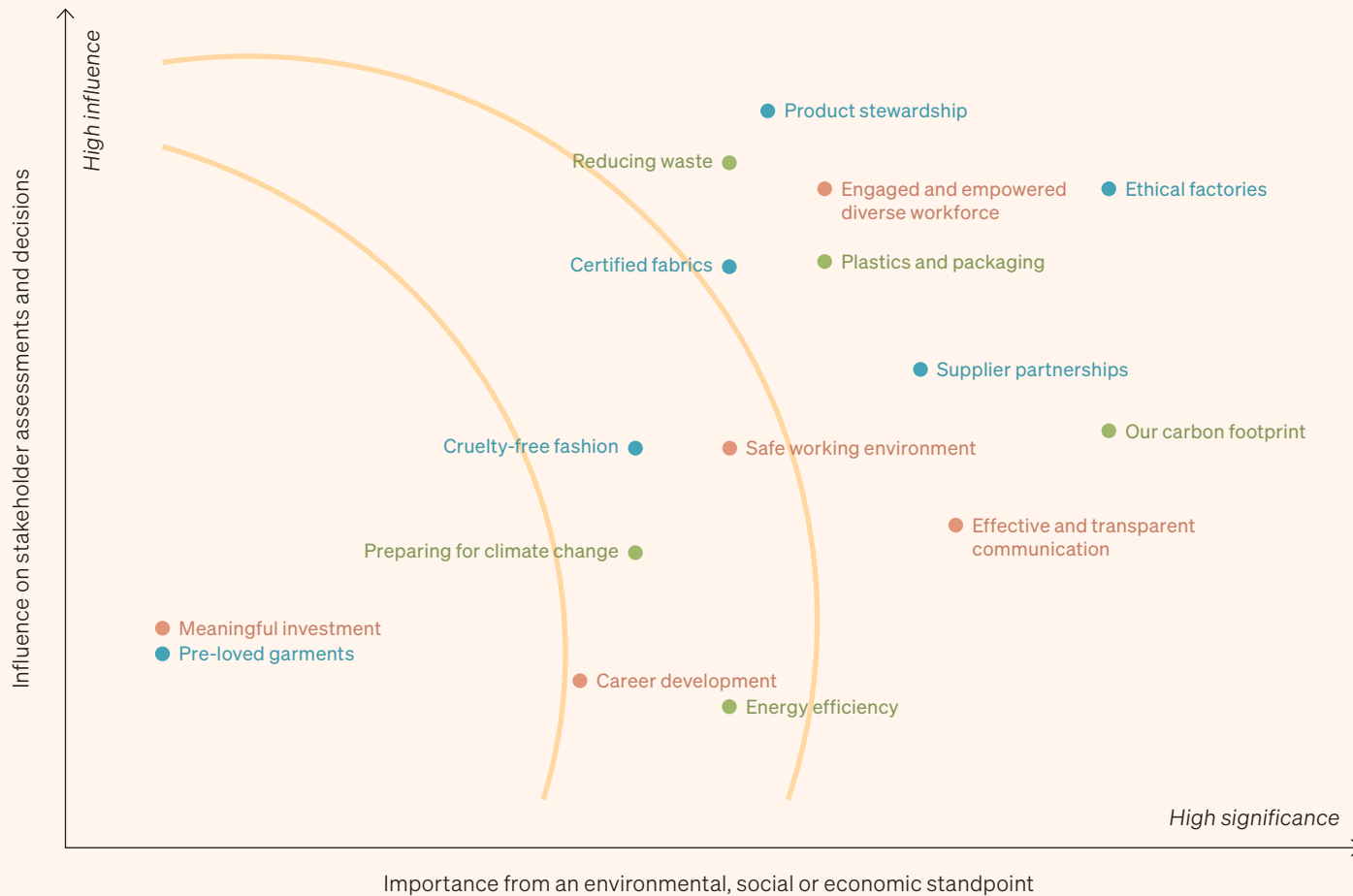


Stakeholder group	Methods of engagement	Key topics	Frequency	
			Light touch	Deep touch
Customers	Retail Staff / Sales / Marketing / Social media / Focus Groups & surveys	Product / Fashion / Sustainability	Continuous	Daily
Investors / shareholders	Annual Report / AGM / Half Year Report / Sustainability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

Materiality

2022 Materiality Graph

Key: ● Product ● Planet ● People



Materiality is an important word in sustainability. What it means is, ‘what matters most’. For HGH, we focus on ‘what matters most’ for our staff, customers and shareholders. These are our stakeholders.

‘What matters most’ is determined by performing what the GRI Standard refers to as a ‘materiality assessment’. You can see the outcome of our materiality assessment in the graph here.

The assessment tells us that the main priority areas are those to the right of the second yellow curve. The vertical axis tells us to what extent these issues influence customer and staff decisions as to whether to buy from us (customers) or work for us. The horizontal one assesses the importance of each from an environmental, social or economic standpoint.

Our stakeholders tell us that product stewardship, an engaged, empowered and diverse workforce, supplier partnerships and ethical factories have become the highest priorities. This is where we’ll focus our efforts for the 2022–2023 year, and what we are reporting on right now, in this report.

Sustainability for our stakeholders

Earlier this year we asked our HGH customers and staff what their sustainability priorities were. We did that through a series of focus groups for customers and we asked staff to complete a survey questionnaire.

The areas of importance they identified came as no surprise, but some focus areas had become more of a priority than they were last year. For example, Plastics and Packaging was previously the number one focus area. This is still a priority but not as critical, as we've introduced more sustainable options.

For our customers, the important issues right now are reducing both carbon footprint and waste, empowerment and diversity, product stewardship and ethical factories. This is understandable; global conversations and media attention on topical issues will always influence priorities for our key stakeholders.

Our employees were also very clear about wanting to protect the planet for future generations. This is not surprising as many of our HGH family are younger and very aware of the need to reduce human impact on our planet. That motivates us. We want our staff (and our customers) to know HGH is playing its part in protecting the planet and being inclusive of people and cultures.

Our staff questionnaire responses

We received 174 responses to a survey, which asked 29 questions across our three pillars: Product, Planet, People.

Respondents were offered multiple choice answers and ranked their priorities (Product, Planet, People) in order of importance. They also had the opportunity to convey how they felt about HGH end-of-life product stewardship, and the importance of textile certifications.

Look through Part 2 of this report, and see how we are responding to what's important to our stakeholders.



Part 2: Things that matter



Things that matter

Ok, so in Part 2, we'll take a closer look at 'what matters most' (the topics that our stakeholders thought were the most urgent things to address, from the 2022 materiality graph on page 11).

We'll explain what we're doing and the progress we're making in each of the key areas, using the HGH sustainability framework you see here. That way, you

can see how our drive towards sustainability hangs together, and where everything fits in the plan. These are the stories we'll focus on and where they fit in the framework below.

Product		Planet		People	
Sustainable fabrics and products	Ethical and transparent supply chains	Sustainable stores and operations	Climate change	Staff wellbeing and empowerment	Community support
<p>16 – 17</p> <p>Some materials are better than others</p>	<p>20 – 24</p> <p>Our supply chain</p>	<p>31</p> <p>Growing our market – the Australian story</p>	<p>37</p> <p>Climate action/ environmental</p>	<p>39 – 41</p> <p>Investing in our people</p>	<p>44 – 45</p> <p>Being digital, staying connected</p>
<p>18 – 19</p> <p>Reducing textile waste – the journey continues</p>	<p>25 – 28</p> <p>Our higher wage project</p>	<p>32 – 33</p> <p>Less waste, better efficiency</p>		<p>42 – 43</p> <p>Equality, diversity and inclusion</p>	
	<p>29</p> <p>Building new relationships – sourcing from Bangladesh</p>	<p>34 – 36</p> <p>Packaging and waste</p>			



Product



Some materials are better than others



As you know we're focused on more of our product being sustainably sourced and certified, every year.

It's a journey where we are learning what's genuine, and what isn't – and we want to be genuine for our customers.

To help, we've created a comprehensive list of our preferred fabrics with certification so we can easily see our product sourcing mix.

It's called our fabric sourcing matrix, and you can see it here. The most desirable fabrics are obviously those on the left.

Fabric Sourcing Matrix

Certifications	Increase	Reduce	Do not use
OCS/GRS	Certified organic or recycled cotton	Conventional cotton	Angora
EUROPEAN FLAX®	Certified eco linen	Non certified linen	Silk
LENZING™ ECOVERO™	Certified eco viscose	Non certified viscose	Fur
GRS	Certified recycled polyester	Virgin polyester	Mohair
GRS	Certified recycled nylon	Virgin nylon	Exotic skins
GRS	Certified recycled wool	Virgin wool	

This is an ongoing journey; we haven't yet reached some of our preferred sourcing and certification targets, but we are most definitely on our way.

As always, progress is a balancing act. The cost of raw materials has risen sharply in the last year, and we are managing those costs whilst trying to give our customers excellent value and the best certified product possible.

This isn't an overnight fix, and some years we may plateau, but the end goal remains – 100% certified sustainably sourced product within our business.



36.3% sustainable product

- A. 14.66% Recycled
- B. 16.4% Organic cotton
- C. 2.7% Eco linen
- D. 1.95% Eco viscose
- E. 0.63% Vintage

What are certifications?

Certifications are recognised industry standards which verify that materials are responsibly sourced, and some also verify compliance with social standards.

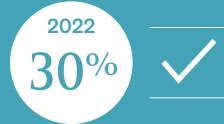
These are the certifications our textiles comply with and the ones we use to measure our progress toward sustainable fabrics:

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

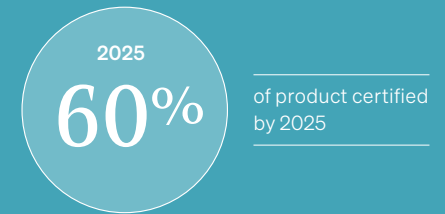
Complying with these certification standards means we can be confident that we're delivering responsibly-sourced product to our customers and shows that we're serious about reducing the environmental impact of making our textiles.

Sustainably sourced product targets – how we're tracking

In 2020 we set ourselves a goal of reaching 30% sustainable product by 2022, and we have achieved this!



Our target



Our goals were ambitious, three years ago we were sitting on 0.5% sustainable product. We have done a lot of work to bring genuine certified product to market and are now focussed on our next goal of 60% by 2025.

2022 status



How it's looking by brand

Glassons

43.1%

FY22

26.6%

FY21

Hallenstein Brothers

29.6%

FY22

25.7%

FY21

Reducing textile waste – the journey continues



Reducing textile waste (having fewer items and products going to landfill) is a big focus for HGH. That focus starts with holding no more stock than experience tells us we need, across the group's stores and online. Over the Covid-19 lockdown period we estimated demand well – in fact, we were a little light on stock, which meant there was less to sell in our clearance stores.

Our ultimate goal is no textile waste, which is difficult to achieve, but we are reusing and recycling an increasing amount, as much as we possibly can. We integrate this thinking into our design and buying model, right at the start of our operations.

Faulty stock is a main contributor to textile waste, and we have a range of quality control processes set up with our supply chain to address this problem. However, human error does sometimes occur, and when mistakes happen in bulk production, or faulty product slips through, we have a choice:

- accept the stock and sell through clearance stores at a reduced price
- donate to charity
- or to send to businesses like Worn Up and Upparel, who focus on end use for product that is unwearable. This is a service HGH pays for.



HGH supporting change for the better!

HGH were part of the Usedfully Textile Reuse Programme (UTRP) working group, charged with making submissions to Government on an industry-led Textile Waste Strategy and supporting principles.

The Working Group's key message? There's widespread textile industry support for tackling waste by moving towards a circular economy, but the governing legislation needs to be updated to achieve that.

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

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

39% of HGH staff who responded to the sustainability questionnaire told us that we should be responsible for end-of-life product stewardship.

Worn-Up and Upparel

Glassons has worked closely with Worn up in Australia for over two years. We're committed to this partnership and excited to work with Worn Up in 2022-23, to brainstorm workable ideas to turn our non-saleable textile waste into meaningful products.

We are very pleased to have found a similar circularity business recently set up in New Zealand – Upparel. Non-wearable textile waste from our New Zealand distribution centres will be sent to Upparel to extend its useful life.

Additionally, we are improving our back-end systems and resources to make sure we account for all recalled stock, as well as ensuring our supply chain partners also support our waste principles, and divert textile waste away from landfill.

WORN UP

204kg

average monthly textiles diverted from landfill

2,456.65kg

textiles diverted from landfill from August 2021 – August 2022

Our partnership with Glassons continues into its second year, and we are proud to say Glassons' efforts are helping us here at Worn Up to reach our goal of ZERO textiles to landfill by 2030.

From the Worn Up team

Glassons are working towards using their own textile waste in store. Worn Up has designed an under-the-counter hanger bin created from Glassons' own upcycled products. A new life for end-of-life garments!



Next Steps:

Glassons textile waste has been part of trials in the following:

- Natural fibres used in Glassons shirts, pants etc.
- Worn Up is also developing a natural 'fully compostable wrap' to replace plastic packaging.

UPPAREL

With our mutual environmental and sustainability objectives firmly in mind, we're partnering with Glassons to collect end of life and unsaleable garments from around the country. Bringing them into Upparel for processing right here in Aotearoa New Zealand, to be converted into filling, cushioning, and felting for furniture, homeware and building products.

Your recycled textile waste simply replaces consumer and commercial products that have traditionally been made from virgin non-sustainable materials, such as polystyrene, fibreglass and cellulose. By joining forces, we're giving new life to your old clothes.

Glassons have been one of the first major companies to partner with Upparel NZ on this initiative. You can't underestimate the power of this leadership – one of Australasia's most prominent retail fashion brands showing the way for a better tomorrow for our future generations. What Glassons are doing with Upparel is real and genuinely impactful!

616.5kg

textiles diverted from landfill

2,157kg

greenhouse gases prevented

We are so pleased that we were able to join forces to create a better planet and a brighter future for the next generation!

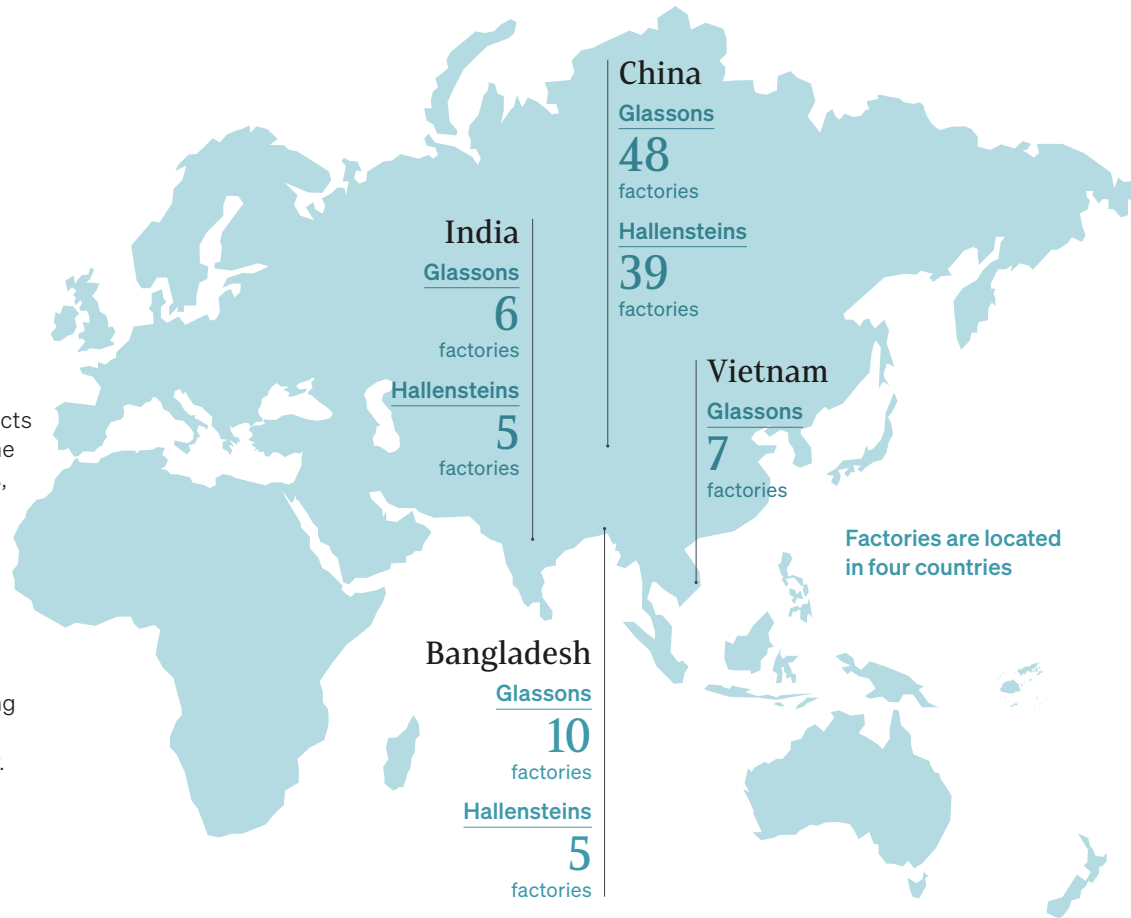
From the UPPAREL team



Our supply chain

Our supplier partnerships are vital to growing our business and getting products to our stores in a timely way. However, the effects of Covid-19 linger on; disruptions, lock downs, closed borders, freight logistics and price increases continue to make global business challenging. As a result, we've consolidated our supply chain to four countries: China, Bangladesh, India and Vietnam.

The good news is, we've started travelling again to see our suppliers face to face, and this alone is making business easier. Here you can see more about how those relationships work, and what we do to ensure our supply chain is ethical and transparent.



Unions

Worker welfare is important to us, and our preference would be to have independent unions in factories. This is not always possible, independent unions in China are illegal, and only state-run unions are permitted and these are far from independent. Where factory workers are not represented by an independent Union Rep, we strongly advocate for democratically elected worker reps in all non-unionised factories. This is checked in our audits.

- China – worker representatives
- Bangladesh – mix of unions and worker reps
- India – worker representatives
- Vietnam – all unionised

Whole manufacturing supply chain

53 suppliers
120 factories

Glassons

29 suppliers
71 factories

Hallenstein Brothers

24 suppliers
49 factories

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

	Total number of workers	Number of female workers
China	7,358	4,477
Bangladesh	13,851	7,229
India	1,150	459
Vietnam	1,451	1,145



Visibility in our supply chain

As a retailer, we don't own or manage the factories that make our garments, our suppliers do though, and we trust them to meet our high ethical and quality standards. Because we have close relationships with those suppliers, they appreciate we demand high standards and transparency from them. They know to meet those standards, they must:

Behave ethically

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

Offer visibility

Knowing who participates in our supply chain, meeting them and checking their operations is important to us.

We achieve visibility through:

- auditing
- partners such as Quallspec SGT and QIMA
- eyes and ears on the ground. Now we can travel again, we can see factory conditions first-hand.

Our supply chain is divided into three tiers. You can see more of an explanation of each tier in the chart on the right.

How are we going and what are we doing?

Tier 1

What it means:

Visibility status

These factories make the products we import and sell. We visit these factories regularly and they must participate in our independent auditing programme.

We have full visibility of our tier one suppliers, and we'll keep it that way.

100%

Tier 2

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

This is our priority for the coming year. Although we have less visibility into Tier 2 than Tier 1, we have made significant improvements. In 2021 we started mapping our Tier 2 suppliers and created a risk profile. In 2022 we have begun auditing Tier 2 mills.

43%

This is a complicated task, as we have no direct relationship with these facilities, and we rely on strong relationships built with our Tier 1 suppliers for better visibility. Also, moving many textiles into global certification programs has given us greater certainty that we can confidently deliver responsibly-sourced fabrics. Some of these certifications mean our entire supply chain must be certified and meet strict requirements for social, environmental, and chemical management.

Tier 3

These suppliers provide the raw materials.

This continues to be challenging for us. Covid-19 disruptions over the last year resulting in restrictions and lockdowns have impacted efforts to trace further into raw materials. We will look to make progress into Tier 3 in coming years.

5%

Our target

2022 status



of entire supply chain down to Tier 3 by 2023



of entire supply chain down to Tier 3 by 2025

49%

Auditing data

Our auditing calendar continues to be disrupted due to Covid-19, especially in China which has experienced continuing lockdowns since the new year. We reschedule audits and have rolled out QIMA in our main China factories as an additional tool to monitor worker welfare.

We updated our audit template in 2021 to include a more comprehensive section related to Modern Slavery; we added 10 new questions. This takes the total number of compliances checked from 121 to 131 questions.

HGH audit numbers for FY22

29

audits completed

5

new factories

24

existing factories

131

total number of compliances checked in each audit

49

compliances checked related to Worker Welfare and Modern Slavery

40

compliances checked related to Safe & Healthy Work Places

30

compliances checked related to Wages & Working Hours

12

compliances checked related to the environment

8

average non-compliances per audit

What we do if there are breaches

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

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

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





The 5 most common non-compliances:

1.

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

This is a complicated issue that we continue to work with factories to resolve. There are five types of social insurance: accident, unemployment, medical, maternity and retirement. Many workers opt out of some or all the insurances, and the factory pays an amount equivalent to the levy, directly to the worker instead of into the government scheme.

2.

Overtime exceeding 36 hours per month.

In China the working week is 40 hours and allowed overtime is 36 hours per month. Many workers do between 37 – 60 hours a month. Again, this is a complicated issue because workers want those extra hours. On page 25 you can read about our liveable wage project and our findings on wage structures and closing the gap.

3.

Expired certificates.

Covid-19 has had a direct impact on factories receiving updated certificates due to lock downs and then longer than usual time expected to get expired certificates renewed. In many cases the renewed certificates are received after the audit date and factories send us copies on receipt of the new certificate.

4.

Have not conducted due diligence of modern slavery risks on their suppliers.

This is a new compliance that we have included within our audits. We check for modern slavery in our factories, but now we expect our suppliers to do due diligence on all their labelling and trim suppliers. We provided training for our suppliers to ensure they were clear and informed about the risks of modern slavery on their business.

5.

Electrical warning signage missing off switches or boxes.

We occasionally find that one or two electrical fixtures do not have correct and/or missing warning signage. This is often in areas of low traffic, such as storage rooms. We take this NC seriously and request immediate action.

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:

- no child labour
- no discrimination
- safe and healthy work environment
- wages, working hours and benefits comply with local industry requirements
- prohibition of excessive overtime
- no harsh or inhumane treatment
- freedom of association and the right to collective bargaining
- compliance with environmental laws
- raw materials are ethically sourced.



Supply chain partnerships

Collaborations are vital for supply chain sustainability. Partnering with global organisations means we can share best practice information, verify operations, align with industry standards, and generally have a more transparent supply chain.

Auditing

Qualspec SgT

Our external audit partner, Qualspec SgT, audits factories on our behalf to assess our suppliers' compliance with our Code of Conduct. Qualspec audits meet the highest professional standards, using ISO 19011 principles to determine ESC framework compliance.

Grievance process

HGH grievance mechanism – QR posters

All our supplier factories sign an HGH Code of Conduct, and in doing so, commit to providing a working Grievance Mechanism. If a worker in our factory base prefers to contact our brands directly to raise a grievance, workers can access our head office to raise an issue via our QR Posters located in supplier factories. We have had the posters translated into the national language of each country.

Monitoring

Transitioning to QIMA from INNO

This year we've reviewed our partnerships to ensure we are constantly improving monitoring.

As a result, we've engaged with QIMA who offer a robust independent grievance monitoring system covering most of our Tier 1 supply base in all of our supply chain countries.

Our partnership with INNO has been excellent, but INNO's business model - working with factories that have more than 80 workers - doesn't meet all our needs. Our average factory in China has 60 workers or less.

Ensuring factories have independent monitoring systems in place is important to us. Partnering with QIMA will enhance transparency, and result in a safer, more ethical supply chain, as a confidential grievance reporting channel gives us an accurate picture of the factory working environment. This monitoring system is being rolled out throughout 2022.

QIMA are also technology leaders in the monitoring space. The data they glean is shared in real-time and uploaded to our online dashboard for full visibility.



Our higher wage project



In the past 24 months we have been working on a 'Higher wage' project, to understand more about the wage structure across our supply chain and what this means for the workers that make our product.

Ethical factories are important to us as a business and for our stakeholders. An especially important part of an ethical factory is the welfare of the factory workers. Fair Wage is a big part of that welfare. Our independent auditing programmes verify that workers in 'our' factories are being paid above the legally mandated wage, we call this Fair Wage.

However, we acknowledge that Fair Wage is not the same thing as a Living Wage.

So what's the difference between Minimum, Fair and Living Wage?

Minimum Wage

Many countries have a Minimum Wage required by law. An employer is required to pay wage earners at least Minimum Wage for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract. HGH manufacturing countries in Asia all have Minimum Wage statutes for a standard working week.

Fair Wage

Our definition of a Fair Wage is all workers earn above Minimum Wage, and in addition:

- workers are free to enter into collective bargaining agreements
- workers are receiving all mandated labour entitlements, such as but not limited to, penalty rates, allowances, and holidays
- workers have regular employment.

Living Wage (Anker definition)

Living Wage is defined as the minimum income necessary for a worker to provide the basic needs for their household. Needs are defined to include food, housing, and other essential needs such as clothing, education, healthcare, transport.

Understanding wage structures – supporting higher wages

Our Higher Wage project was based on participation of a pilot group of five factories located in China. We calculated wage data from across two regions of China; Jiangsu, and Guangdong. The factories represent a broad category base; denim, swim, wovens, knits and menswear.

Based on the control group of 354 workers, our findings are:

1. 94.5% of workers in HGH piloted factories earned a Living Wage, excluding overtime hours.
2. 5.5% of workers earned well above Minimum Wage but below Living Wage for a 40-hour week, inclusive of bonuses and allowances.
3. All workers received clear wage slips showing how wages have been calculated and details of any deductions.
4. All factories have signed labour contracts, including dates of payment for all bonuses defined by contract between employer and worker.

Additionally we found that:

- the lowest waged workers across the five factories earn at least 50% above Minimum Wage
- most Chinese garment workers on the production lines are paid by piece rate
- all workers are receiving mandated labour entitlements.

We also looked at wage increases, payment, collective bargaining, and opportunity. We found that:

- factories indicated wages increased by approx. 5% every two years, and increases were linked to cost of living and KPIs.
- no workers across the five factories entered into collective bargaining agreements
- In terms of transparency and verifying wages, it is preferable that wages are paid electronically into worker bank accounts
 - one factory pays wages electronically into bank accounts
 - two factories pay some workers by cash and some by electronic payment. The worker can choose.
 - two factories pay by cash only
- all five factories indicated workers are incentivised by higher wages based on length of service and performance.

Gender balance

Females make up a large majority of workers in apparel supply chains and are known to be at risk of gender-based wage inequalities. We monitor female wage and working conditions in our auditing program, provide access to an independent grievance mechanism and monitor for democratic worker representation within factories. Ensuring female workers are treated fairly and with respect is important to our brands.

- All five factories confirmed equal work means equal pay. Our factories do not discriminate based on gender.
- Under Chinese labour law, women are entitled to paid maternity leave of three months minimum. Her job must be held for her return. All factories were compliant.
- Worker representatives. Independent unions are illegal in China. HGH ask all factories to hold democratic elections to vote for worker reps. As part of our factory audits, we check that elections are being held. All five factories have worker representatives who were democratically elected. One factory did not have a female worker rep, only a male. This is because only one worker is elected to the role each year. Other factories have more than one worker rep position to fill each year, so they can ensure both female and male representation.
- Four of the five factories provide support to worker families in the form of funeral leave, loans for emergencies, and five days extra paid leave annually for childcare.



Our conclusions

Based on the control group of five factories employing a total of 354 workers, 335 workers are earning Living Wage or above and 19 workers are earning above minimum but below a Living Wage.

We are keen to expand the project to more accurately determine what percentage of workers in HGH factories are currently earning a Living Wage.

To date, we have benchmarked a factory based on the lowest wage paid in the factory, rather than determining how many workers in a factory are earning Living Wage. If we added overtime wages into the calculation, all workers are earning a Living Wage. However, all Living Wage benchmarks exclude overtime hours, as overtime is linked with excessive working hours and exploitation. (Wages were based on a 40 hour working week, excluding all overtime.)

We strongly believe that the key to higher wages is collaboration with our suppliers; a combination of maintaining and strengthening respectful and trust-based relationships, together with a clearly communicated desire from HGH to see higher wages paid to workers.

We will continue to calculate wage data from all Tier 1 factories against Living Wage benchmarks, annually.

1. We will report factory wage stats in our annual Sustainability Report.
2. We continue to monitor all wage data collected in our audits.
3. We are rolling out an independent grievance mechanism managed by QIMA in 2022. This provides workers with an anonymous channel to report breaches to our code of conduct including wages and working hours.

What additional steps are we implementing to support higher wages? We are:

- furthering our understanding of garment worker wages and industry best practice by working closely with Oxfam NZ.
- reviewing our pre-production approval processes with a view to better supporting factory efficiency
- continuing to educate our buying teams on our Responsible Purchasing Practices
- rolling out our Higher Wage Project to cover at least 30% of our factory base, and analysing the data by late 2023
- incorporating labour costs within our pricing negotiations.

We acknowledge that our pilot group for this study was small and any conclusions are indicative only, but we will continue to monitor worker welfare closely.

HGH FY22 wage findings

We benchmarked wages across 72 factories in this FY22 reporting period. These were based on a standard working week and exclude overtime.

Living Wage	16.6% pay Living Wage or above
Fair Wage	83.4% pay a Fair Wage

The percentage of factories now paying a Living Wage has increased substantially in the last 12 months, from 1.9% in 2021 to 16.6% this year, an increase of 14.7%. This is due to an increased number of our factories moving from Asia Floor Wage to the Anker Living Wage benchmark.

Project statement

As a company we pay 'Fair Wage' and support 'Living Wage' by working with our suppliers to meet Living Wage benchmarks. A Living Wage should be earned in a standard work week (no more than 48 hours as a maximum) by a worker and be sufficient to afford a decent standard of living for the worker and their family.

Elements of a decent standard of living include food, housing, and other essential needs such as clothing, education, healthcare, transport and including provision for unexpected events.

A Living Wage should allow individuals to work and help themselves and their families escape poverty.

We report our wage gap analysis annually in our sustainability report.

Realising higher wages for workers requires a proactive strategy, and vigilance. We have begun work on that strategy and look forward to sharing our journey with you over the coming years.

Ethical Fashion Report

The Ethical Fashion Report (EFR) published by Tearfund and Baptist World Aid, continues to provide us with a valuable tool to independently measure and evaluate our performance relating to two of our pillars, People and Planet.

In 2022 we again participated in the EFR, and we were pleased with the results which showed we are on track; more about that shortly.

There are some important updates to the 2022 edition of the EFR which change the way they communicate the survey results.

This year EFR no longer use the A–F grading system, instead in the report launched in October 2022, they communicated two pieces of information about each company/brand:

1. The 'band' or group in which any given company was placed, and
2. That company's overall score.



The report uses colour to draw attention to five groups of companies – grading from the best 20% of performers through to the worst 20% of performers, and the tiers in between. This allows consumers to quickly see relative performance and recognises brands that are moving more quickly than the wider industry.

Using the numeric score for the first time in the public report, means the industry, and interested consumers, can see how much progress each brand/company has made in addressing each of the concerns identified within the EFR survey.

We are very pleased to announce our overall score was 56.33/100, ranking HGH in the top 20% of all companies in our industry that have been scored.

HGH support this new way of communicating scores, as it is a snapshot for brands to review progress as an industry and identify areas where progress is slowest.

We see this as an opportunity to work collaboratively as an industry to drive change.

Modern Slavery Statement 2022

Modern slavery: zero tolerance.

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

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

Our position is crystal clear. We act ethically in all our business relationships and take decisive action to eliminate any modern slavery practices.

[Read our statement in full.](#)

Building new relationships – sourcing from Bangladesh



In recent years, we've forged relationships with new suppliers in a part of the world new to us – Bangladesh.

We had already started sourcing outside of China pre pandemic, but Covid-19 fast-tracked the need to explore other options. Historically, Bangladesh is known for its large volumes, competitive prices and long lead times. However the HGH model is a little different. We stay close to the market when purchasing which means our quantities stay flexible. This was a foreign concept to our Bangladesh supplier when we began, but they were willing to 'give it a go' – and are adapting their business model to work with us.

It is a partnership that is growing well. 'Two steps forward and one step back' we often say but we are moving forward together. We recently returned from our first post pandemic visit and look forward to continuing the journey together and finding more common ground as our relationship develops further.

Factory worker safety is a big issue in Bangladesh, as a result of the Rana Plaza disaster in 2013. This accident was a

catalyst for change, and a major driver of the transformation of Bangladesh's garment sector over the past decade specifically the Accord on Fire and Building Safety in Bangladesh, and the Alliance for Bangladesh Worker Safety.

Implementation of these measures led to the closure of hundreds of unsafe, bottom-tier factories and a 'safety scale-up' in many others. Today Bangladesh is emerging as a leader in strengthening workplace safety and labour rights in the ready-made garment sector.

This does not mean that we can drop the ball on due-diligence - it is not perfect and risks still exist. But all 'our' factories are legal entities servicing international clients. We audit annually and we check the Accord status regularly. We also visit factories ourselves.

Bangladesh is a country that will experience the full force of climate change, and this is one of the factors driving investment into the green economy there. As of 2022, Bangladesh is home to the second largest number of 'green' factories in the world. It is impressive to see Bangladesh leading the way in this area; this really is the future for manufacturing globally. We are excited to partner with factories that can help us realise our goals for a more sustainable future.





Planet

Growing our market – the Australian story

As you may know Hallenstein Glasson Holdings (HGH) was established in New Zealand in 1985, and we've been growing ever since throughout Australasia.

Our brands have become household names in New Zealand, and we've expanded, taking both brands to Australia in the 1990's.

Hallenstein Brothers (Hallensteins) were first, going into Sydney in 1993 (later relocating to Highpoint Melbourne). Glassons followed shortly after, opening its first store at Highpoint, Melbourne, in 1996.

Establishing the brands in Australia took energy, commitment and a lot of trial and error, as we learned what product ranges suited our customers in this very different market.

Glassons – from strength to strength

By 2001 Glassons had five stores in both NSW and Victoria, and as we expanded, we introduced an Australian-based Glassons buyer. A distribution centre followed in 2004 and as the business grew further we had to

move to larger premises several times. HGH was definitely on an upward trajectory.

Each new store location was carefully considered and the fit out and products were also shaped to suit this new market, but without compromising our New Zealand brand 'roots'.

The Glassons brand continued to grow. By the end of 2006 we had 23 stores. Fast forward to 2015, and we opened a full buying office in Sydney along with a further-expanded distribution centre. Now in 2022, there are 35 Glassons stores across five states.

Hallensteins' journey

Hallensteins took a different path. In 2001, we had four stores throughout Australia but trade continued to be challenging. In 2003, we were still finding it hard to crack the Australian market, and we pulled Hallensteins out of Australia.

But we always believed in the brand, it was just a matter of getting the product mix right. We re-entered the Australian market in 2016, and as of 2020 Hallensteins has re-emerged with four stores in Queensland.

Going digital

An Australasian Glassons E-commerce site went live in 2011. By 2016 the Australian business was shipping its own E-commerce orders directly from Sydney. Hallenstein Brothers continues to ship to Australia from NZ.

Towards sustainability

Glassons and Hallenstein Brothers sustainability continues to be developed and implemented company-wide using our three framework pillars; Product, Planet, People. Our Australian teams are committed to the growth of the business, whilst still focusing on our sustainability priorities and driving lasting change in our industry.



Less waste, better efficiency

Three Rs continue to be our focus – Reduce, Reuse, Recycle

Managing waste continues to be a priority for the business and a key part of our carbon reduction strategy.

We have an ambitious goal – by 2025, to reduce by 50% what goes to landfill from our distribution centres. We are working hard to achieve this and are engaging an independent waste audit later this year to help us plan a robust waste minimisation strategy. In Australia we have partnered with WastePro to help with our waste reduction. We constantly review all product packaging reducing it wherever possible. Sourcing sustainable packaging is always our priority.

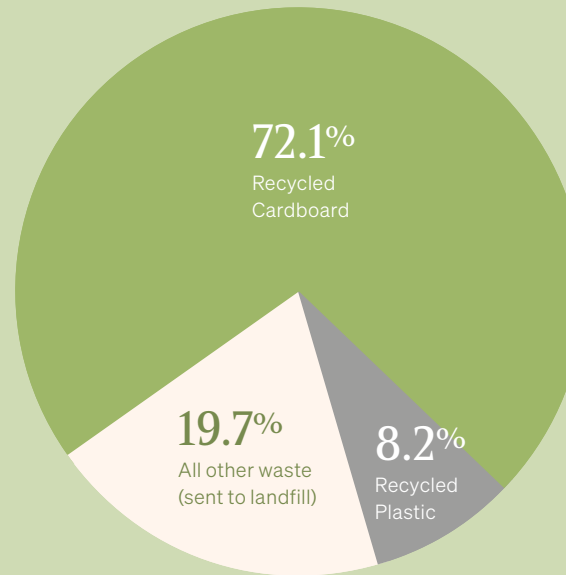
Waste to landfill from Distribution Centres (kg)	FY22 (Aug 21 – Jul 22)	FY21 (Aug 20 – Jul 21)
Hallenstein Brothers (NZ)	12,464	10,327
Glassons (NZ)	8,155	8,360
(Dec 21 – Jul 22)		
Glassons (Australia)	7,506	-

Our target



reduction in distribution centres' waste sent to landfill by 2025

HGH distribution centres New Zealand waste profile



NZ distribution centres waste profile	% of DC waste	End of life
Recycled cardboard	72.1%	100% cardboard is recycled
Recycled plastic	8.2%	Majority of plastic is recycled
All other waste	19.7%	100% mixed waste sent to landfill

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

Energy saving – lighting

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



Our target



2022 status



Glassons Australia DC

WastePro is pleased to announce that it has partnered with Glasson's Australian distribution network and DC in Sydney to drive landfill rates down and to recycle more and more materials from Glassons operations.

Glassons have always been proactive in minimizing their operations impact on the environment, but now with the help of WastePro, they have the expert knowledge in Australia to have more and more materials that are a by-product of their operations sorted, collected and reused back into the circular economy. Waste minimization is a continuous improvement journey, and this new partnership is focused on achieving better and better environmental outcomes for the recycling outputs.

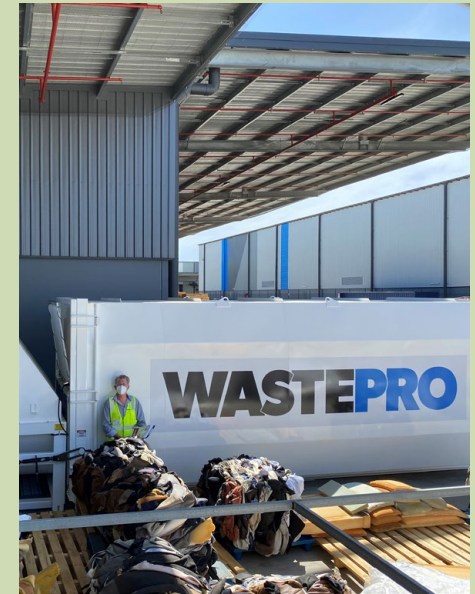
Having already tripled the internal recycling rates by diverting used coat hangers, soft plastics, paper and cardboard and waste pallets into recycling streams, the Waste and Resource Recovery Team forming in FY23 will be looking to drive the results even higher by analysing what is left in the general waste bin.

Targeting 'Zero Waste' some say is an unattainable goal, but without thinking BIG, organisations tend to achieve lesser goals and rest on their laurels. Having an ambitious end goal and applying a structured continuous improvement approach means that over time so called unattainable goals seem more achievable.

The total number of carbon emissions avoided from the past months of recycling at Glassons is a massive

75.67_{T.}

This is the equivalent of taking 196 cars off the road!



Glassons journey with WastePro so far has resulted in recycling an amazing

26,436kg

411kg
E-waste

279kg
Co-mingled

11,745kg
Cardboard

4,411kg
Coat hangers

3,745kg
Soft plastics

1,940kg
Timber

3,875kg
Hard plastics, steel, particle board and other recyclables

Packaging and waste

We're staying with a mix of compostable and recycled packaging.

Courier bags

In 2021 HGH introduced POLLAST!C™ – recycled plastic courier bags produced from ocean waste. POLLAST!C™ packaging is a brilliant initiative from our friends at the Better Packaging Co. Hallensteins courier bags are all POLLAST!C™ while Glassons are keeping both compostable and POLLAST!C™ courier satchels running side-by-side for the time being. For customers who can compost at home, they are 100% able to compost packaging.

If you saw our 2021 report, you may recall we discovered the infrastructure for compostable packaging waste, particularly in NZ, is less than ideal. There simply aren't enough collection points, and with no kerbside collection, disposal was completely reliant on local body initiatives, which in many cases don't exist.

Polybags

As a business we cannot choose to compost the scale of polybags that comes with our

product, there is no composting set up available at this scale. Removing the polybag entirely is not an option either, as it protects the product until it reaches stores.

So what are we doing?

Glassons

We have decided to move from compostable polybags to recycled plastic polybags. This means the bags are made from plastic waste. Our global supply partner for recycled polybags is Mainetti.

Hallenstein Brothers

Have achieved a significant 80% reduction in polybag as communicated in our 2021 report. Their polybags are recyclable plastic. This means the bags are approved for soft plastics recycling.

All HGH polybags can be recycled by placing in the soft plastics collection bins found in most towns and cities throughout NZ and Australia.



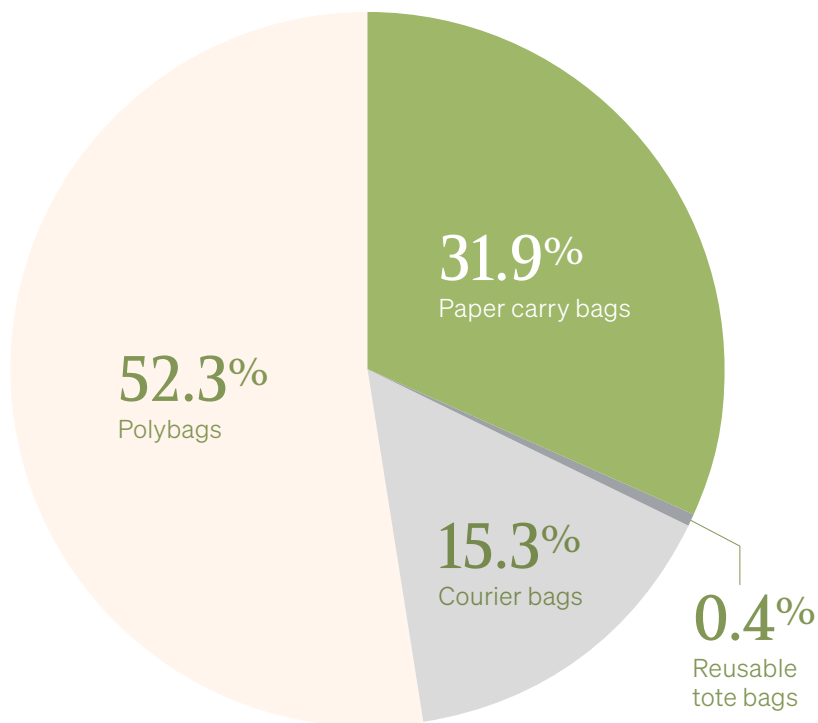
POLLAST!C™ fantastic

Packed with impact

Better Packaging Co are working with coastal communities, particularly in impoverished areas, to clean up their waterways and beaches by collecting ocean-bound plastic pollution before it reaches the sea and recycling it into packaging.

The result is POLLAST!C™, the world's first 100% recycled polybags and mailers. Smart technology enables Better Packaging Co to track where the plastic pollution is collected from, and who collects it, so this 'lost' plastic is traceable and measurable as it is repurposed to use again.

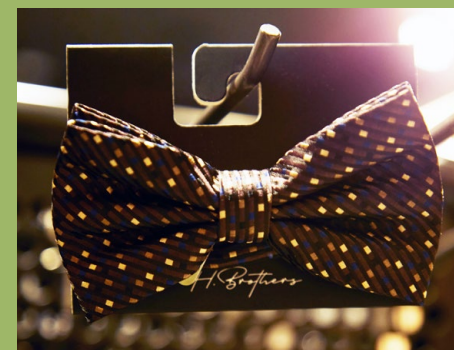
What makes up our packaging



83% of respondents told us they believe we can do more to remove plastics and packaging from our operations.

Packaging profile	% of packaging	End of life
Paper carry bags	31.9%	100% of the paper carry bags are biodegradable
Reusable tote bags	0.4%	100% of our tote bags are made from natural fibres
Courier bags	15.3%	A mix of compostable and recyclable
Polybags	52.3%	A mix of compostable and recyclable

Packaging news from HB



The finer details: HB have updated a number of accessory packaging components to be cardboard rather than plastic. This includes socks, ties and pocket squares.



Visual merchandising

Each year we challenge ourselves to reduce the environmental impact of our materials used for visual merchandising. It's an ongoing process of improvement and partnering with key third party suppliers and distributors with a similar mindset has helped.

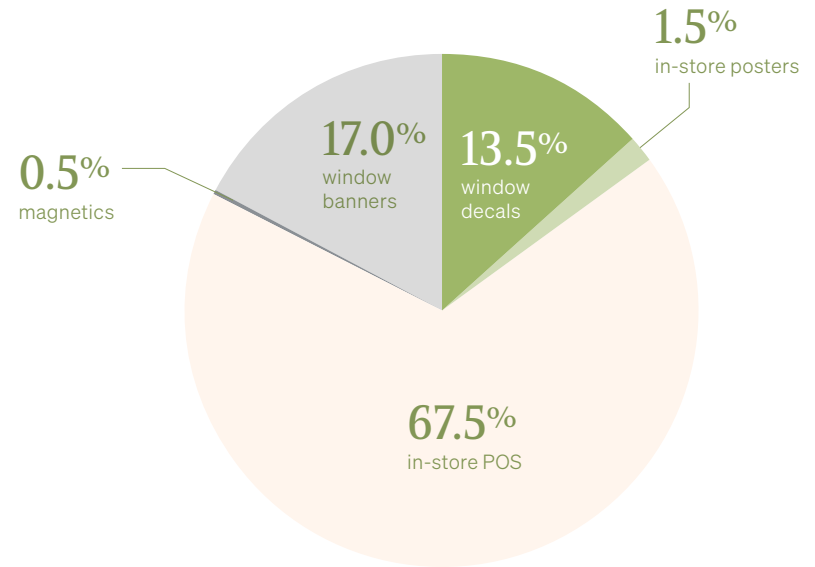
We're proud that in 2022, we're transitioning all our in-store visual merchandising to products that are eco-friendly and recyclable; no more single use products that end up in landfill. That's a big improvement.

How does that look? At Glassons NZ all our display posters and our decals are now PVC free and 100% recyclable. At HB NZ our decals are also 100% recyclable.

All huge steps in the right direction. Check out the pie chart here for more information.

We are constantly looking for ways to continue to reduce and we will keep you posted along the way. For now, enjoy how our stores are looking as we keep them up to date with the latest fashion.

What makes up our visual merchandising materials



VM materials profile	% of VM materials	How much is responsibly sourced?	End of life
Window decals	13.5%	30%	100% recyclable
In store posters	1.5%	80%	100% recyclable
In store POS	67.5%	100%	100% recyclable
Magnetics	0.5%	0%	No longer using due to lack of recyclable options
Window banners	17.0%	100%	100% recyclable

Climate action/ environmental



As we mentioned in our report introduction, we have started one of our biggest projects to date – measuring our carbon footprint. About 12 months ago we formed a Carbon Committee and engaged with an expert (Tadpole) to take us to the next level and help create our Carbon Roadmap.

Since our 2021 Sustainability Report, we have been busy collecting the data we need to measure our carbon footprint as it stands. It's been quite an exercise.

We are now in the process of analysing the data – this is the first step in developing our carbon management and reduction strategy. To achieve meaningful carbon reduction as a business, we needed to know where we're at – what base level we are working from. Now we have that information, we'll set our targets and develop a reduction road map.

The journey ahead will be a challenging one, but one we are excited about. The key to reducing our carbon footprint significantly is education and empowerment, building knowledge and empowering the entire business to act. At present, we have held workshops with our staff on the causes and impacts of climate change, so we all understand:

- what causes it (a science lesson!)
- its impact globally and regionally
- its impact on the fashion industry and the fashion industry's contribution to it
- how our business and personal behaviour impacts it.

Staff engagement has been inspiring. As a result of these workshops, staff across the company have generated ideas that will feed into our reduction strategy. We look forward to sharing the ideas with you.





People



Investing in our people



Mindfulness

NZ Institute of Wellbeing & Resilience (NZIWR)

Mental health and wellbeing are very important to us at HGH. Earlier this year, we engaged with the NZ Institute of Wellbeing & Resilience (NZIWR) to deliver some tools to help our teams.

NZIWR are experts in this field, dedicated to increasing wellbeing in businesses, schools, and communities. As academic researchers they understand how wellbeing supports engagement, achievement, and productivity – making life worthwhile and enjoyable.

NZIWR conducted a series of live webinars over a period of eight weeks in December and January 2022. The workshop topics were curated into two distinct series – one an introduction to resilience, the second focusing more tightly on managing stress. We worked together over this period, to support managers to build a foundational understanding of wellbeing and resilience for themselves and their teams – introducing HGH staff to a shared language, with simple practical tools they could immediately apply to support themselves, each other, and their teams.





Real-time Resilience Workplace Wellbeing

Provided by NZIWR

8 × 1 hr workshops – Offering our team the opportunity to learn the skills of resilience and combatting stress, with practical tools to support their performance in the workplace.

Series A: Thriving through uncertainty and change

1.

The what, why and how of resilience

- What resilience is and is not
- Why resilience is important
- Practical tips and strategies you can put into practice to support your own resilience and wellbeing

2.

Mental agility: a core resilience competency

- Why psychological flexibility is vital for coping well in uncertain and changing times
- A practical strategy to put mental agility into daily workplace practice
- Why 'realistic optimism' is an important resilience tool

3.

Avoiding thinking traps

- How our own thinking can get in the way of resilience
- Identifying thinking traps and when we fall into them
- Working with common thinking traps and their antidotes

4.

Positive emotions: Why they matter for resilience

- Understanding why positive emotions help us navigate tough times
- How these emotions help us recover from physical and mental distress
- Strategies to generate positive emotions at work and at home

Series B: Personal tools to manage stress

1.

Harnessing your mindset for growth and performance

- Why mindset influences learning, people management, and high performance
- Recognising your fixed mindset triggers
- Tools and tips to stay in the growth zone for effective performance and learning to support your own resilience and wellbeing

2.

Overcoming self-sabotage: removing the handbrakes to high performance

- How perfectionism undermines creativity and performance and what you can do to overcome it
- Strategies for overcoming perfectionism in yourself or others
- How self-compassion drives superior performance

3.

Strategies for effective work relationships

- Communication hacks to defuse conflict and strengthen relationships
- How active constructive conversations can transform relationships
- Starting and finishing well – strategies for more effective meetings/projects

4.

Managing stress to avoid burnout

- Understanding the difference between good stress and bad stress
- Harnessing your stress – the stress mindset that boosts performance
- Creating your Personal Stress Plan (PSP)
- The difference between stress and burnout

Meet our people



Cayleigh du Plessis
Production Co-ordinator,
Glassons NZ

Having returned from London as Covid-19 took hold around the world, I've been a part of the Production team at Glassons for 18 months now and loving the opportunity it's given me to gain a holistic understanding of the fashion industry.

I was super-excited to land an opportunity at Glassons, a brand that I had grown up with, followed, and missed while living overseas. Starting last year as Production Admin Assistant, I spent the following six months soaking up every bit of information that I could about the garment industry – there was and still is, a lot to learn!

My role at Glassons is broad and gives me the opportunity to understand the wider business. I'm now working closely with our buying team, designers, planners, and external freight partners as Production Co-ordinator, managing our products from inception to store.

I have loved re-discovering everything that NZ has to offer, and my role at Glassons has been incredibly rewarding so far. I love working with our local teams; and with so many people around the world, to create quality product for our customers. I'm excited for what lies ahead, as we emerge from the effects of the pandemic.



Cameron Alderton
Group Head
of Finance

I was always good with numbers and the economic and commercial side of business always interested me, so it made sense to complete a University degree in Management Studies majoring in Accounting, I am also a Chartered Accountant.

Having worked in the UK and Australia in finance roles, I secured the Group Reporting Manager job at HGH, a role that offered diversity with further opportunities to get involved in Treasury, Tax, Insurance and Corporate communications with external stakeholders.

Now as Head of Finance, I am enjoying leading a wonderful team of highly skilled finance professionals and working through a number of business opportunities and projects, such as the recent calculation of our first Carbon Emissions Inventory.

The finance team responded magnificently through Covid-19; switching to virtual working remotely and using technology to work, complete audits, get approvals and train new members. We placed a big emphasis on keeping in touch with each other to make sure information was shared and individuals felt supported. We worked hard as a group to maintain the strong team culture we had developed prior to Covid-19 and the resulting lockdowns.



Craig Hardacre
Distribution Manager,
Glassons NZ

My journey started with Hallensteins in November 1984 as a junior salesperson in Timaru, and I'm still here!

By 1990 I was managing retail stores and in 1998 I then moved into a Regional Manager's position with Glassons. Having spent a good 10 years in retail management I felt ready for a new challenge. My wife and I decided we would like to move back to Christchurch to be closer to our families.

The Glassons Distribution Centre Manager position had become available and thankfully after meeting the Glassons Executive they thought I was worth the risk. 20 years on, I've helped design and layout our new Distribution Centres in New Zealand and Australia.

The challenges for us with Covid-19 have been significant. Lockdowns, late and disrupted stock shipments, staff shortages and Covid-19 protocols have made it very challenging, but we've come through.

Hallenstein Glassons Holdings have been a fantastic business to be involved in. We are fast-paced and always looking for opportunity to improve both the business and the individuals within the business.

Being part of that and knowing you have helped contribute to that success is something I take pride in.

Equality, diversity and inclusion



We're an Equal Employment Opportunity employer committed to a diverse and inclusive workforce. Everyone who joins our team is supported with a comprehensive induction programme. We celebrate diversity and inclusivity in our workplace culture.

What does that mean, exactly?

Diversity

Refers to all the characteristics that make individuals different from each other. They include attributes such as religion, race, ethnicity, language, size, gender, sexual orientation, disability, age and any other ground for potential unlawful discrimination. Our diversity commitment is about respecting these differences and treating individuals equally.

Inclusion

We encourage practices and behaviours in the workplace that ensure everyone feels included within workplace activities, and that all individuals can identify with our brand. It's important our people feel a sense of belonging.

Unconscious bias

As a business, we are passionate about supporting diversity and inclusion in all our interactions with employees, customers, suppliers and contractors. So in 2021 we engaged an external supplier to develop a bespoke Unconscious Bias training programme.

We delivered the programme in 2022. The programme educated our team on unconscious bias and how to recognise and understand their own bias so they could improve their interactions and communication with each other and with customers. This training supported our Equality, Diversity and Inclusion Policy.

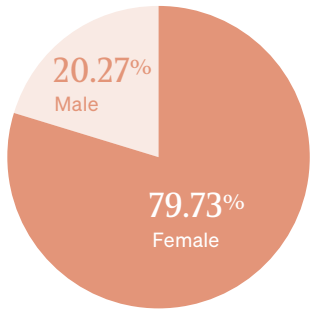
The feedback was extremely positive; attendees felt a greater understanding of their own in-built bias and used the skills they learned to create more meaningful interactions. Based on the positive feedback, the business has longer-term plans to improve and expand on this training, running sessions via a web-based webinar programme and/or internally through key business leaders.



Equality

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

Managers



Staff numbers in detail

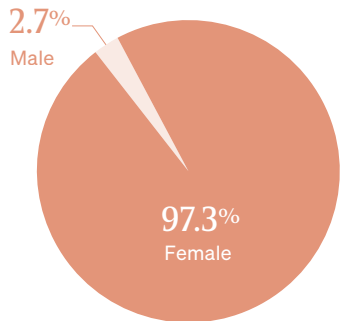
Glassons

New Zealand	Permanent full time	Permanent part time	Casual
Female	228	256	12
Male	7	5	1
Australia	Permanent full time	Permanent part time	Casual
Female	171	79	782
Male	9	1	19

Hallenstein Brothers

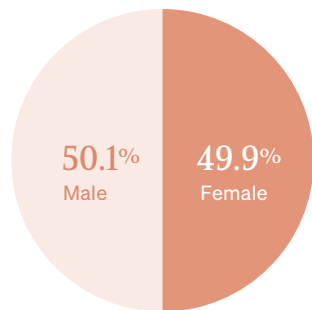
New Zealand	Permanent full time	Permanent part time	Casual
Female	93	157	10
Male	80	156	17
Australia	Permanent full time	Permanent part time	Casual
Female	5	2	5
Male	4	0	14

Glassons



	Female	Male
New Zealand	496	13
Australia	1,032	29

Hallenstein Brothers



	Female	Male
New Zealand	260	253
Australia	12	18

Other staff data

8
lost work days

129
injuries

1
near miss

Employee Assistance Programme

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

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

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

2022

59
employees have engaged with the EAP works service, using 128 hours

Being digital, staying connected



Digital Glassons

We have a large online and social media base, now heading toward one million active shoppers and browsers. They are always included in the activations we run – whether it's a giveaway, promotion, or a chance to attend our events. We're rewarded with extremely loyal and engaged customers, and we're always looking for new ways to engage and excite them. So, what have we been up to this year?

We've launched shopping videos on our app to offer advice how to style an item multiple ways, to get as much wear as possible. We re-purpose this content on our social media channels for as much reach as possible.

This season we brought back our successful 'Tee & Coffee' activations – we engaged 24 local cafés in 12 cities across Australia and New Zealand to bring local communities together and support local cafés that are still dealing with setbacks from the pandemic – while at the same time, treating our customers to a free exclusive T shirt, tote bag, coffee and Glassons discount card.

We have also run weekly customer giveaways to give back to customers. In these promotions, customers can win Glassons vouchers and merchandise from other loved brands we've collaborated with, such as Bondi Sands, GHD, and Frankbod.

During the pandemic we've been listening to our customers. Whilst they were unable to travel, (and neither were we) glamorous photo shoots in exotic locations were out of step with the reality of living in a pandemic environment. We adapted; our photoshoots captured our Ecommerce models at home, and this resonated with our customers, who saw the Glassons brand as genuine, and in touch with their lives.

Now that travel bans are lifted, we are starting to see the rise of aspirational content again. Recently we sent two influencers to the French Riviera to shoot our latest swimwear, and post their experiences online, on Instagram and TikTok – their followers loved it.

Our events will continue to have an international flavour, we imagine that focus will deliver strong growth across our social platforms such as Glassons TikTok house, and ultimately deliver new customers to glassons.com.

Hallenstein Brothers – engaging customers

Hallenstein Brothers have been working hard to engage customers online and in social media this year.

We've run weekly competitions where customers can win Hallenstein Brothers product or vouchers, and refreshed our social media content strategy, which is now delivering more inspiration and fashion education for customers.

Over the coming months, we'll also engage with customers by offering regular influencer events.

In addition, we've launched a customer feedback program, running weekly focus groups to understand what is important to our customers.



Staff training

We've also invested in an internal social media and training platform to educate, empower and engage our staff, so they have the skills to create digital experiences and engagement that customers love.

It'll be an exciting year ahead in the digital space!



Part 3:

More

about

HGH



and GRI reporting

Our brands, our vision

You may already know Hallenstein Glasson Holdings (HGH) is our 'parent' company. HGH was formed in 1985, through the merger of two iconic brands, Hallenstein Brothers (Hallensteins) and Glassons.

Brands with a rich history

Our individual brands continue to have their own identity and a very different customer base. Hallensteins is a men's fashion retailer, Glassons is primarily for fashion forward women. Both brands are household names in New Zealand and are expanding quickly throughout Australia too.

HALLENSTEIN
BROTHERS

We're proud of our heritage. Hallensteins is one of New Zealand's oldest companies, beginning life as a men's clothing store in Dunedin in 1876. It's always been part of Kiwi culture. There are now 46 Hallenstein Brothers stores across NZ and Australia and Australasian men have never looked better!

GLASSONS

Glassons is a fashion-forward women's clothing retailer, with a huge online following of young aspirational women, mostly through TikTok and Instagram. Glassons offers cool, fashion styles and amazing value. There are 71 Glassons stores around Australasia.

One vision

Both brands share our sustainability vision, which is:

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

Look at Part 2 of this sustainability report, and you'll see exactly how we are delivering on this for people and for the planet. We're super serious about certifying and verifying the textiles and materials we use, and disposing of them responsibly, so our products continue to be increasingly sustainable and what we waste and send to landfill is minimal. We're making great progress, but there's still a long way to go.

Financial performance

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

Take a look.

Financial performance

Annual sales

New Zealand

\$188m

Australia

\$163m

Annual capital expenditure

\$8m

Net assets

\$90m

Employees

Hallenstein Brothers

543

New Zealand

513

Australia

30

Glassons

1,570

New Zealand

509

Australia

1,061

Operations

Our brands

HALLENSTEIN
BROTHERS

GLASSONS

Growth of stores

New Zealand
78

Australia
39

Hallenstein Brothers

42

1 refitted

Glassons

36

2 refitted

Hallenstein Brothers

4

Glassons

35

3 opened
1 closed

Warehouses or distribution centres

New Zealand

2

Australia

1

Our suppliers

Tier 1

53

Countries

4

Factories

120

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.

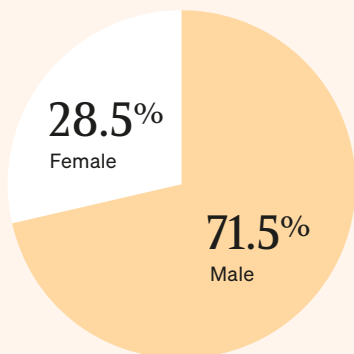
Sharing this helps to demonstrate to our stakeholders and customers that buying a garment from us, or investing in us, is a sound choice, ethically and financially.

Governance and guidance

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

Come and meet our Board.

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



James Glasson

CEO – Glassons Australia

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

Warren James Bell

**Chairman of the Board
Non-executive Director**

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

Graeme James Popplewell

Non-executive Director

B Com FCA
Former CEO.
Appointed March 1985.

Timothy Charles Glasson

Non-executive Director

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

Malcolm James Ford

**Non-executive
Independent Director**

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

Karen Bycroft

**Non-executive
Independent Director**

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

Sandra Vincent

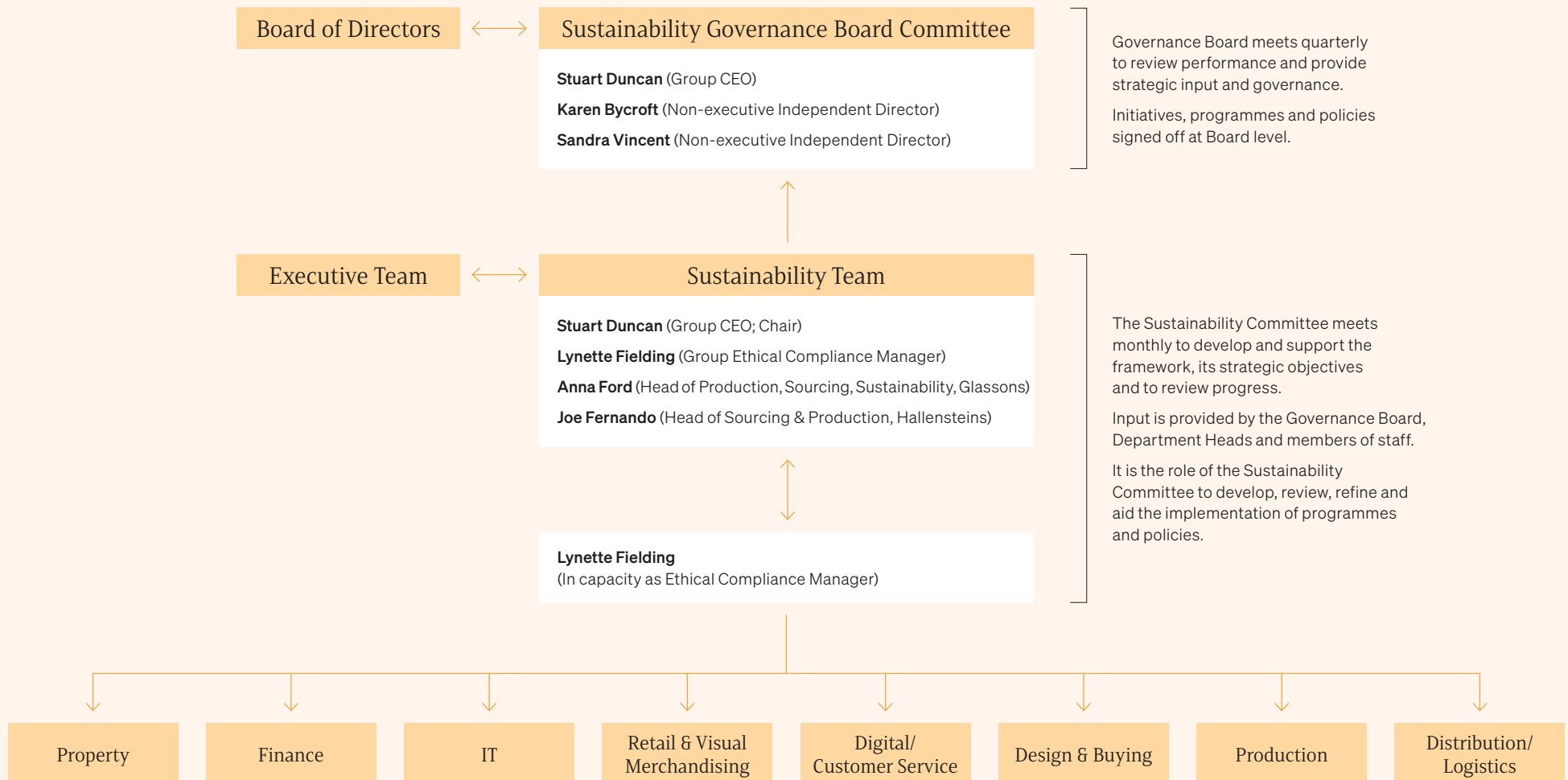
**Non-executive
Independent Director**

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

Sustainability governance

Over the last three years, we've integrated sustainability principles into every aspect of our business, under the guidance and governance of our Sustainability Governance Board Committee.

Implementing those sustainability initiatives is our very active sustainability team. Here's how our sustainability process looks:



GRI index

This report has been prepared in accordance with the GRI Standard (2016): Core option. It has not undergone third party assurance.

General disclosures		
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Supply chain	102-9	20–21, 48
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External initiatives	102-12	16, 19, 21, 24, 27, 28
Membership of associations	102-13	24
Strategy		
Statement from senior decision maker	102-14	5–6
Ethics and integrity		
Values, principles, standards and norms of behaviour	102-16	49
Governance		
Governance structure	102-18	51
Executive-level responsibility for economic, environmental, and social topics	102-20	51
Composition of the highest governance body and its committees	102-22	50
Stakeholder engagement		
List of stakeholder groups	102-40	10
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Disclosure title	Number	Page(s)
Identifying and selecting stakeholders	102-42	10
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Disclosure title	Number	Page(s)
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Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	407-1	20
Child labour		
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Forced or compulsory labour		
Operations and suppliers at significant risk for incidents of forced or compulsory labour	409-1	22–23
Human rights assessment		
Operations that have been subject to human rights reviews or impact assessments	412-1	21–22
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Supplier social assessment		
New suppliers that were screened using social criteria	414-1	22
Negative social impacts in the supply chain and actions taken	414-2	22–23

HALLENSTEIN
GLASSON HOLDINGS
LIMITED

Find out more at
hallensteinglasson.co.nz/sustainability

