

GLG CORP LTD

# MODERN SLAVERY STATEMENT

2019/2020 FINANCIAL YEAR



*ghimli*  
Group of Companies



A GLOBAL TEXTILE & APPAREL SUPPLY CHAIN ENTERPRISE



# Contents

1. REPORTING ENTITY	01
2. STRUCTURE, OPERATIONS AND SUPPLY CHAIN	01
3. RISKS	06
4. ACTIONS TAKEN BY REPORTING ENTITY	07
5. ASSESSMENT OF THE EFFECTIVENESS	08
6. PROCESS OF CONSULTATION	08
7. OTHER INFORMATION	08
8. APPROVAL	08

## 1. REPORTING ENTITY

This statement is made in accordance with the Modern Slavery Act 2018 (Cth) (the **Act**) by GLG Corp Ltd (ACN 116 632 958) (the **Company**).

This statement sets out the actions taken by the Company to address modern slavery risks in its supply chain for the financial year ending 30 June 2020 and is expressed as at 30 June 2020.

## 2. STRUCTURE, OPERATIONS AND SUPPLY CHAIN

### 2.1 General overview

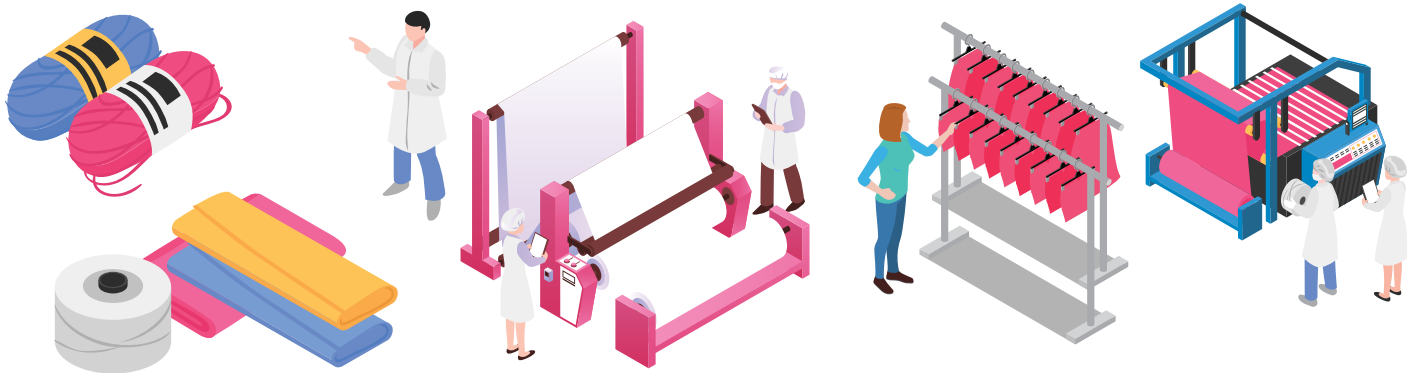
The Company has been a vertical cut, sew knits textile and garment manufacturer for over 43 years. The Company is Singapore based and including its subsidiaries employs over 9,000 employees across 9 countries. The Company's network of factories and subsidiaries are located in Singapore, Malaysia, Indonesia, Cambodia, USA, Hong Kong, Vietnam, Korea and Australia annually producing more than 62 million pieces of garments a year. The Company owns and operates vertical fabric mill Maxim Textiles Technology Sdn Bhd in Malaysia with a fabric manufacturing capacity of 2.5 million lbs of knitted fabric monthly. The Company manufactures multi product types including ladieswear, menswear, kidswear and sleepwear. Current customers include a range of USA and European specialty store retailers, major department stores and supermarket chains. The Company constantly drives to innovate to provide customised solutions to individual customers' demands.

### 2.2 Structure

- (a) The Company is a public company and was incorporated in Australia on 12 December 2005.
- (b) The Company's shares are quoted on the Australian Securities Exchange, having been admitted to the official list of the Australian Securities Exchange on 12 December 2005.
- (c) The Company's registered office is located at Level 12, 225 George Street, Sydney, NSW, 2000.
- (d) The Company's principal administration office is located at 21 Jalan Mesin, Singapore, 368819.
- (e) The Company's largest shareholder, Ghim Li Group Pte Ltd, held approximately 67.63% of the Company's shares on issue as at 30 June 2020. Ghim Li Group is an investment company incorporated in Singapore with share voting rights.
- (f) The Company directly and indirectly owns 11 subsidiary companies which are incorporated in Malaysia, Cambodia, USA, Hong Kong and Singapore and which include fabric mill, garment manufacturing and retail sale businesses as follows:

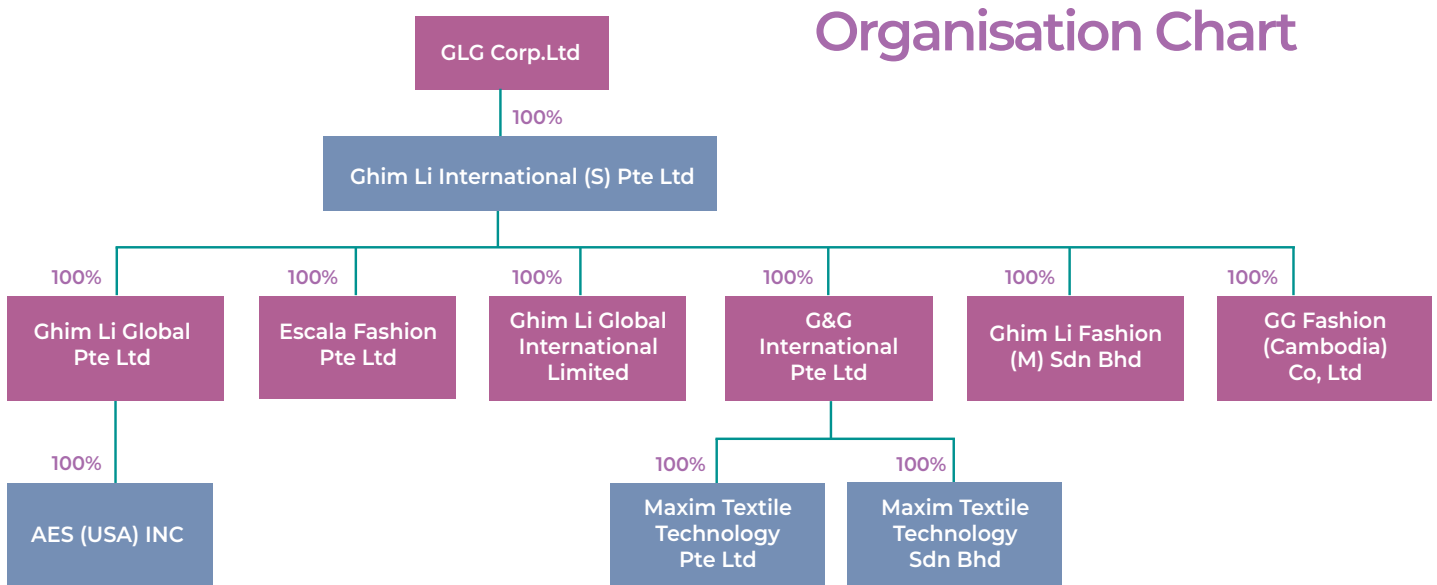


Subsidiary	Date and country of incorporation	Business	Ownership structure
<b>Ghim Li International (S) Pte Ltd</b>	1 September 2003, Singapore	Investment holding	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd
<b>Ghim Li Global Pte Ltd</b>	24 July 1999, Singapore	Trading	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd, which owns 100% of the shares in Ghim Li Global Pte Ltd
<b>AES (USA) Inc</b>	7 July 2016, USA	Trading	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd, which owns 100% of the shares in Ghim Li Global Pte Ltd, which owns 100% of the shares in AES (USA) Inc
<b>Escala Fashion Pte Ltd</b>	5 May 2000, Singapore	Retail sales of apparel and accessories	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd, which owns 100% of the shares in Escala Fashion Pte Ltd
<b>Ghim Li Global International Limited</b>	7 February 2001, Hong Kong	Logistic warehouse and support services	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd, which owns 100% of the shares in Ghim Li Global International Limited
<b>G&amp;G International Pte Ltd</b>	27 May 2016, Singapore	Investment holding	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd, which owns 100% of the shares in G&G International Pte Ltd



Subsidiary	Date and country of incorporation	Business	Ownership structure
<b>Maxim Textile Technology Pte Ltd</b>	17 August 1972, Singapore	Commision agent	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd, which owns 100% of the shares in G&G International Pte Ltd which owns 100% of the shares in Maxim Textile Technology Sdn Bhd
<b>Maxim Textile Technology Sdn Bhd</b>	28 November 1991, Malaysia	Fabric manufacturer	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd, which owns 100% of the shares in G&G International Pte Ltd which owns 100% of the shares in Maxim Textile Technology Sdn Bhd
<b>Ghim Li Fashion (M) Sdn Bhd</b>	25 January 1984, Malaysia	Garment manufacturer	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd, which owns 100% of the shares in Ghim Li Fashion (M) Sdn Bhd
<b>GG Fashion (Cambodia) Co., Ltd</b>	9 August 2017, Cambodia	Garment manufacturer	The Company owns 100% of the shares in Ghim Li International (S) Pte Ltd, which owns 100% of the shares in GG Fashion (Cambodia) Co., Ltd

The chart below illustrates the structure of the Company and its subsidiaries.



## 2. STRUCTURE, OPERATIONS AND SUPPLY CHAIN (cont'd)

### 2.3 Operations

- (a) The Company operates, through its subsidiaries, fabric mill and network of garment manufacturing factories throughout Malaysia, Indonesia, Cambodia and Vietnam, and operates retail sales in Singapore, Korea and USA. The fabric mill is strategically set up in Malaysia which is close to the Company's network of garment factories in Malaysia, Indonesia, Cambodia and Vietnam. The Company's vertical fabric mill offers a fully integrated fabric manufacturing facilities across the textile value chain such as Knitting, Dyeing, Finishing & Printing. The Company's network of garment manufacturing factories offer one-stop manufacturing solutions from design, R&D, merchandising, manufacturing, C-TPAT warehousing, transport, customs brokerage all the way from country of origin manufacturing to last-mile delivery to customers' distribution centres.
- (b) The number of network factories and employees in each country is set out below:

Country	Factory/Office Numbers	Employee Size
<b>Australia</b>	1 (registered address only)	0
<b>Singapore</b>	5	95
<b>Malaysia</b>	2	1,016
<b>Cambodia</b>	1	3,772
<b>Indonesia</b>	2	4,126
<b>TOTAL</b>	11	9,009



## 2. STRUCTURE, OPERATIONS AND SUPPLY CHAIN (cont'd)

### 2.3 Operations (cont'd)

- (c) The Company does business with international retailers which have strict international compliance standards on ethical and human rights compliance.
- (d) The Company's suppliers and network of factories are regularly monitored and audited by its customers and international compliance bodies including the International Labour Organization (**ILO**), Worldwide Responsible Accredited Production (**WRAP**), Betterwork and the Global Organic Textile Standard (**GOTS**).
- (e) The Company has agreements across its network of factories to commit a stipulated production capacity. Key personnel including compliance, human resource and quality controlled executives are also strategically stationed to ensure the outsourced factories' compliance with local requirements. The Company works strictly with suppliers that have been approved by the Company's customers and ensure that its suppliers meet the requirements of all its customers at all times

### 2.4 Supply Chain

The Company sources products from various countries as follows:

- (a) accessories from Malaysia, China, Cambodia and Hong Kong;
- (b) yarn from India, Vietnam and USA; and
- (c) fabric from Vietnam, China and Cambodia;

The Company controls central procurement. The Company ensures that all products are procured with appropriate certificates of origin and from approved suppliers.

### 3. RISKS

The Company's Corporate Compliance Department has assessed the Company's various network of factories' employment practices to identify potential risks which may contribute to modern slavery. The table below outlines the key identified potential modern slavery risks which are specific for its businesses.

Potential modern slavery risk	Identification of potential modern slavery risk																		
Geographic risks due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors	<p>The Company's businesses are subject to different potential modern slavery risks depending on the degree of legislation and enforcement in the countries where they operate, source supplies from or use labour hire.</p> <p>The Company has identified the following risks that may be present in the countries in which the Company's businesses operate:</p> <table border="1"> <thead> <tr> <th>Country</th> <th>Risk</th> <th>Example of product/service</th> </tr> </thead> <tbody> <tr> <td>Singapore</td> <td>Lack of skilled labour</td> <td>Retail and office services</td> </tr> <tr> <td>Malaysia</td> <td>Migrant labour exploitation</td> <td>Fabric and apparel</td> </tr> <tr> <td>Cambodia</td> <td>Freedom of association</td> <td>Apparel</td> </tr> <tr> <td>Indonesia</td> <td>Freedom of association</td> <td>Apparel</td> </tr> <tr> <td>Vietnam</td> <td>Excessive overtime, freedom of association</td> <td>Apparel</td> </tr> </tbody> </table>	Country	Risk	Example of product/service	Singapore	Lack of skilled labour	Retail and office services	Malaysia	Migrant labour exploitation	Fabric and apparel	Cambodia	Freedom of association	Apparel	Indonesia	Freedom of association	Apparel	Vietnam	Excessive overtime, freedom of association	Apparel
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Industry and sector risks	<p>The Company's businesses are based in the fashion and textile industry which is recognised globally as a high risk industry for potential modern slavery risks.</p> <p>There is a risk that the Company contributes to modern slavery practices through minimising production costs. A focus on minimising production costs may lead to labour exploitation or illegal deductions from employee wages in order to keep the cost to produce the final item to a minimum. There is an increased risk where the Company sources raw materials or supplies from third party supplier factories, where the Company does not have a clear oversight over the entity/business or third party factories that is manufacturing the product for the Company.</p> <p>Minimising production costs may also increase the risk of human rights violations through harassment or abuse, health and safety measures being compromised, gender discrimination, exploitation of working hours without rightful compensation and a toxic working environment.</p>																		



## 4. ACTIONS TAKEN BY REPORTING ENTITY

### 4.1 Due Diligence

The Company has a number of employment practices in place throughout its businesses and its Corporate Compliance Department regularly conducts due diligence exercises across the Company's businesses to identify, analyse, rectify and mitigate any risks that may contribute to modern slavery practices in the Company's network of factories. The Corporate Compliance Department also conducts onsite modern slavery training across the Company's network of factories. The Company also tracks the performance of its businesses by conducting internal facility self-assessments, supervised by an internal compliance officer.

The Company works closely with its international customers as these customers require the Company to follow stringent codes of conduct as their suppliers. The Company has adopted customer guidelines concerning the operation of its network of factories and has also required the Company's suppliers to comply with appropriate guidelines. Each year the Company's network of factories undergo compliance audits conducted by an external auditor as required by the Company's customers in order to continue the working relationship with them.

The Company is committed to legal compliance and ethical humane practices in all aspects of its businesses. All the Company's suppliers and business partners must operate in full compliance with all applicable local and national laws, rules and regulations pertaining to all aspects of factory operations in the jurisdiction in which they conduct business. All business partners must maintain high standards of business ethics and regard for human rights. If industry practices exceed local legal requirements, the higher standards apply.

### 4.2 Remediation

The Company has a confidential whistleblowing process that employees are encouraged to use to report any code or policy violations including modern slavery incidents or risks.

An email address specific for matters relating to ethics has also been set up and is regulatory monitored by the Company: **[ethics.hotline@ghimli.com](mailto:ethics.hotline@ghimli.com)**

The Company's subsidiaries, GG Fashion (Cambodia) Co., Ltd and GG Fashion (Cambodia) Co., Ltd (Branch) are members of "Betterwork Factories Cambodia", an unique partnership between the UN's International Labour Organization (ILO) and the International Finance Corporation, a member of the World Bank Group. The programme engages with workers, employers and governments to improve working conditions and boost competitiveness of the garment industry in Cambodia. These subsidiaries go through a process of learning that includes assessments, advisory services, industry seminars and training. Based on findings from an onsite visit, the Company has adopted remediation processes recommended by Better Factories Cambodia. Further, factory performances are posted online through the ILO Portal. The information on the ILO Portal may be accessed by the Company's customers as well as the public with the Company's consent to access.

The Company's Malaysian fabric mill is a member of Sedex Members Ethical Trade Audit (SMETA), it uses the Ethical Trading Initiative Base Code and the local law as its monitoring standards of social and ethic compliance.

## 5. ASSESSMENT OF THE EFFECTIVENESS

In order to assess the effectiveness of the Company's actions against modern slavery, every six months internal self-assessments are conducted by the Group Compliance manager together with a factory compliance officer. The internal self-assessments are conducted more frequently where there are changes to legislation in the relevant jurisdictions. Internal audits are mandatory for each factory to ensure they are fully compliant with the local legislation and the requirements of the Company's customers. These internal audits are conducted prior to any external audit. In addition, every month, internal compliance teams conduct their own audits focused on health, safety and environment requirements.

The Company has partnered with Worldwide Responsible Accredited Production (**WRAP**) to participate in joint audits on the Company's network of factories to ensure full adherence to social and ethical compliance. Each factory within the Company's network has valid WRAP certifications.

The Company as a group monitors its own facility compliance performance which is guided by third party auditors including WRAP and the ILO and their audit results.

## 6. PROCESS OF CONSULTATION

The Company has consulted with the directors and key employees of each its active subsidiaries to produce this Statement. The directors of the subsidiaries have regular discussions with their respective teams on the progress and adherence to the compliance regulations.

## 7. OTHER INFORMATION

GG Fashion Cambodia Co., Ltd (a subsidiary of the Company) is a member of the ILO advisory council which gives support to the facility by conducting assessment, trainings and Corrective Action Plan (CAP) remediation process advice.

Being a member of ILO advisory, all issues and findings which are identified as part of the ILO annual audits (such as matters pertaining to health and safety, wages, and workers benefits) are subsequently addressed during advisory meetings which occur every two months until all the CAP findings have been satisfactorily addressed.

GG Fashion is also a member of GMAC (Garment Manufacturer Association of Cambodia). This body provides support to its members to address any issues related to workers standard benefits. The Company is working with GMAC with a view to advising human rights in business and eradicating abuse in the workplace.

## 8. APPROVAL

This Statement is made by GLG Corp Ltd for the financial year ending 30 June 2020. This Statement has been approved by the board of directors of GLG Corp Ltd on 5 January 2021 for the purposes of section 16(2)(a) of the Act.



Estina Ang Suan Hong  
**Chairperson and CEO**



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Group of Companies

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