



**HALLENSTEIN  
GLASSON** HOLDINGS  
LIMITED

# Modern Slavery Statement 2023

# MODERN SLAVERY STATEMENT

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**Hallenstein Glassons Holdings (HGH) publicly commits to respecting human rights and are opposed to modern slavery and exploitation in all its forms. This commitment extends to identifying, assessing, and addressing risks within our operations and supply chain.**

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

Addressing modern slavery risks can be complex and challenging, we support systematic change to deliver better outcomes and will continue to strive to deliver on our commitment.

Our statement has been prepared in accordance with the reporting requirements of Australia's Modern Slavery Act 2018 (Cth) and covers the reporting period 2<sup>nd</sup> August 2022 - 1<sup>st</sup> August 2023.

This statement has been reviewed and approved by the Board of Directors of Hallenstein Glassons Holdings on 20<sup>th</sup> March 2024



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You can report a suspected incident of modern slavery linked to HGH Brands via the channels below:  
[reportingrisk@hallensteinglasson.co.nz](mailto:reportingrisk@hallensteinglasson.co.nz)  
Ph: +64 9 306 2500  
Fax: +64 9 306 2523

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

# OUR COMPANY

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

Our origin stories are steeped in New Zealand family history and entrepreneurial spirit. Two distinct families, Hallenstein and Glasson, establishing retail and manufacturing businesses that would go on to transform the Australasian fashion retail scene. Both founders instilled common guiding principles into their companies: integrity, authenticity, creativity and quality.

Hallenstein Glasson Holdings Limited was formed in 1985 on the merger of Hallenstein Brothers - an iconic menswear retailer first established in 1873, and Glassons - a fashion retailer founded in the early 1900's.

With offices based in Auckland and Sydney. The company operates more than 117 stores, across Australasia, currently this includes 77 stores in New Zealand and 40 stores in Australia.

## HGH BRANDS

**Glassons** main activities include design and sale of women's clothing, swimwear, footwear and accessories. Glassons employ 434 full time, 366 permanent part-time and 797 casual employees. The majority work in our stores within New Zealand and Australia. Glassons also operate 3 online websites, New Zealand, Australia and the United States.

Glassons Australia Ltd (ABN 15 074 774 637)

**Hallenstein Brothers** main activities include design and sale of men's clothing, footwear and accessories. Hallenstein Brothers employ 209 full time, 318 permanent part-time and 24 casual employees. The majority work in our stores within New Zealand. Hallenstein Brothers also operate 2 online websites, New Zealand and Australia..

Hallenstein Brothers Australia Ltd (ABN 53 613 811 902)

Hallenstein Glasson Holdings do not own or operate any factories.

# ASSESSMENT OF MODERN SLAVERY RISK IN OUR SUPPLY CHAIN

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

During this reporting period, we undertook modern slavery risk assessment in our operations and supply chains to better inform areas of vulnerability within our operations. We concluded our potential risks to modern slavery breaches are associated with; undisclosed sub-contracting factories, migrant workers and workers in the raw materials sector. The specific breaches continue to be risks of forced labour, child labour, excessive working hours, low representation of independent unionised factories and vulnerabilities associated with a migrant workforce and female workers.

It is estimated more than 49 million people globally are currently in modern slavery according to the Global Slavery Index. No country or industry supply chains are unaffected.

It is estimated 59 percent of the global total of people in modern slavery live in the Asia- Pacific region.

Our supply chain spans four Asian countries with a workforce of 44,127 individuals. Females make up 54.6% of the total workforce. Hallenstein Glassons currently source our products from the following countries:

- **China** - 85 Tier 1 Factories
- **India** - 17 Tier 1 Factories
- **Bangladesh** - 12 Tier 1 Factories
- **Vietnam** - 7 Tier 1 Factories

Vietnam is the only one of our manufacturing countries that has seen a decrease in the estimated number of people in modern slavery based on the 2023 edition of the Global Slavery Index. The risk factor remains high across the region our supplier factories are located.

Effectively addressing the risks of modern slavery is challenging. Being inextricably linked to challenges such as gender inequality, ethnicity, conflict, poverty migration and climate degradation. Supply chains are complex and achieving 100% transparency into tiers 2 and 3 continues to be an industry wide challenge. In support of our zero-tolerance approach, we continuously look for tools to manage the risk. We continue our independent auditing program; independent grievance hotline and we are travelling again to all our manufacturing countries.

In 2023, we fully integrated our new 'supply chain software platform' into the business, capturing and storing information in one central location. This provides improved efficiencies in accessing and reporting on data related to modern slavery risks within our supply chain.

## SETTING STANDARDS HIGH IN OUR SUPPLY CHAIN

# OUR SUPPLY CHAIN

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This is our 3rd Modern Slavery Statement having released our first statement in 2021. We continue the work to assess and improve our practices to protect workers from modern slavery risks in our supply chain.

We're a retailer, so we don't own or manage the factories that make our garments. But we want to make sure that our suppliers meet our high ethical and quality standards. We choose our suppliers carefully, seeking transparency, close working relationships and a joint dedication to high standards.

At present our primary relationships are with the suppliers who are at the final stage of our manufacturing. Our supplier factories range from small sized facilities employing on average 60 people to larger scale factories employing more than 1000 workers.

### **TIER 1 - These factories make the products we import and sell.**

We visit these factories on a regular basis, travelling every 6-8 weeks to our manufacturing countries. Our production team will visit our main (A) factories at least 8 times a year and our secondary (B) factories will be visited 4-6 times annually. All Tier 1 facilities must hold a current ethical audit and we also run our own independent auditing programme. Factories participate in our independent auditing across 12-30 months rotation, depending on audit results. We expect full visibility of our Tier 1 suppliers. We have a robust process in place to alert us to undisclosed factories, we collect data showing factory capacity and allocation, followed up with onsite top of production inspections by our QC team. Knowing where our garments have been made is fundamental to assessing risk.

### **TIER 2 - These suppliers are the textile processing facilities: mills, dye houses and laundries.**

We have made significant improvements in tracing our Tier 2 suppliers and now have much more data giving us a bigger (and clearer) picture. We now have 259 Tier 2 factories traced. This means we've got their name, address and textile certification status on file. We calculate transparency by recording the number of facilities which we have a record of an audit or certification for (this means the facility has been visited by an independent auditor to check for environmental and social compliance). Our focus for 2024 will be learning more about these traced facilities in our supply chain.

### **TIER 3 - These suppliers provide the raw materials.**

This continues to be challenging for us. We're working closely with our suppliers to understand more about our raw material origins. We continue to review textile certification programs that provide verification of raw material origins. HGH FY23 interim visibility target has not been met. Even though we don't have the level of transparency we want yet, we now know our supply chain better and continue our efforts into tier 2 and 3.

Responsibility and oversight for our sustainability strategy falls directly to our Executive Sustainability Committee, who provide direction and governance to our Sourcing and Ethical Teams. Our Board Sustainability Governance is responsible for compliance with modern slavery and human rights issues.

# OUR SUPPLY CHAIN



## HGH TOTALS

**60**  
suppliers

**130**  
factories

(includes nine factories that both brands use)

## GLASSONS

**32**  
suppliers

**75**  
factories

## HALLENSTEIN BROTHERS

**28**  
suppliers

**55**  
factories

## WORKER NUMBERS

COUNTRY	FEMALE	MALE
China	4,391	1,928
Bangladesh	17,153	16,312
India	848	1,355
Vietnam	1,699	467
<b>Total</b>	<b>44,153</b>	

# RISK ASSESSMENT OF MANUFACTURING COUNTRIES

## CHINA

ASSESSMENT - RISK: HIGH	GARMENT SUPPLY CHAINS
<p>The Global Slavery Index 2023 estimates that there are over 5.7 million people living in conditions of modern slavery in China.</p> <p><b>1. ECONOMIC DISPARITY</b> Within China, there are extreme disparities in income levels by region, along with an enormous income gap between rural and urban areas. Poverty is the main driver for the migration of rural Chinese, whose levels of education and income is generally lower relative to the urban Chinese population.</p> <p><b>2. MIGRANT WORKERS</b> Accordingly, migrant workers account for about 69 percent of the urban workforce. Another factor contributing to the vulnerability of Chinese domestic migrants is China's household registration system, which limits citizens' access to public services to their official city of residence. As a result, migrant workers are unable to receive the same social benefits as local urban residents.</p> <p><b>3. FORCED LABOUR</b> State-imposed forced labour to control Uyghur groups and other Muslim minority groups in Xinjiang Region. Recent reports of Xinjiang labour transfer programmes to other regions, expanding in scale and intensity.</p>	<p><b>OUR WORKER NUMBERS IN CHINA</b></p> <ul style="list-style-type: none"> <li>• Female - 4,391</li> <li>• Male - 1,928</li> </ul> <p>Our priority is to maintain continuous levels of visibility of workers within the groups identified as being most vulnerable.</p> <ul style="list-style-type: none"> <li>• Migrant workers</li> <li>• Female workers</li> <li>• Undisclosed factories</li> </ul> <p>This requires robust due-diligence processes:</p> <ul style="list-style-type: none"> <li>• Auditing</li> <li>• Factory Visits</li> <li>• Capacity checking to alert any potential undisclosed facilities.</li> <li>• QIMA grievance app</li> </ul> <p>Audits help us to check that our suppliers are following our shared Code of Conduct. The data provided helps us understand what conditions are like in the factories and helps us to record information like worker numbers, wages, working hours, social insurance, grievance mechanism, environmental conditions, migrant worker numbers, dormitories and much more.</p> <ul style="list-style-type: none"> <li>• In 2023 we identified a small number of undisclosed factories. These factories are now in our system and subject to due-diligence processes.</li> <li>• A pilot group of factories participated in our higher wage project to help us better understand wage structures within our factories.</li> </ul>

# RISK ASSESSMENT OF MANUFACTURING COUNTRIES

## INDIA

ASSESSMENT - RISK: HIGH	GARMENT SUPPLY CHAINS
<p>The Global Slavery Index 2023 estimates that there are over 11 million people living in conditions of modern slavery in India.</p> <p><b>1. PRECARIOUS EMPLOYMENT</b>            Many workers in the garment sector face some degree of precarious employment. Many are home-based workers, in-factory piece rate workers or no-contract workers.</p> <p><b>2. CHILD/FORCED LABOUR</b>            Sumangali Scheme is a form of female bonded labour which is likened to soft trafficking, a less explicit form of human trafficking.</p> <p>On completion of her contract, she is paid a lump sum to pay for a dowry. The scheme is rife with exploitation, abuse, and discrimination.</p> <p>India remains at risk of child labour in unorganised, small scale, informal sectors of the Indian economy.</p> <p><b>3. MIGRANT WORKERS</b>            Contract workers in India are typically migrants from impoverished backgrounds and marginalised communities in rural areas. Contract workers are mostly adult males who migrate to cities on a seasonal basis. Insecure work, piece rate basis leaves them vulnerable to exploitation.</p>	<p><b>OUR WORKER NUMBERS IN INDIA</b></p> <ul style="list-style-type: none"> <li>• Female - 848</li> <li>• Male - 1,355</li> </ul> <p>Based on risk assessment findings, we have identified the following as the most vulnerable to risks of modern slavery in our traced supply chain</p> <ul style="list-style-type: none"> <li>• Workers in insecure employment</li> <li>• Sumangali scheme programs</li> <li>• Migrant workforce</li> <li>• Female workers</li> </ul> <p>Audits provide data that enables us to monitor for red flags such as; deceptive recruitment, use of labour hire firms, insecure employment and migrant workers.</p> <ul style="list-style-type: none"> <li>• Our independent auditors are specifically checking for workers participating in sumangali scheme.</li> <li>• We have a robust Remediation Plan in place if required.</li> </ul> <p>We strongly recommend our Indian supplier factories to engage with local NGOs to support female workers and provide applicable training on labour rights.</p>



# RISK ASSESSMENT OF MANUFACTURING COUNTRIES

## BANGLADESH

ASSESSMENT - RISK: HIGH	GARMENT SUPPLY CHAINS
<p>The Global Slavery Index 2023 estimates that there are over 1.1 million people living in conditions of modern slavery in Bangladesh.</p> <p><b>1. GENDER INEQUALITY</b> Women's unequal position in society has in some cases been integrated into the garment sector forming a cheaper workforce. Rather than challenge their subordination in society, work in the garment industry is reproducing it.</p> <p><b>2. CHILD LABOUR</b> Bangladesh remains high risk for child labour with the majority employed in rural areas. In urban centres child labourers are in the informal sector such as street workers, small factories and workshops and domestic employment.</p> <p><b>3. FREEDOM OF ASSOCIATION</b> In November 2023, global focus moved to Bangladesh, as reports emerged that factory owners and police had brutally cracked down on demonstrations by the country's garment workers, who were protesting the government's announcement of a minimum wage increase that they said was still too low to cover basic living costs.</p>	<p><b>OUR WORKER NUMBERS IN BANGLADESH</b></p> <ul style="list-style-type: none"> <li>Female - 17,153</li> <li>Male - 16,312</li> </ul> <p>Our priority is to maintain continuous levels of visibility of workers within the groups identified as being most vulnerable.</p> <p><b>FEMALE WORKERS</b></p> <ul style="list-style-type: none"> <li>Gender plays a role as females are more vulnerable to various forms of exploitation, such as excessive hours, low pay, insecure contracts.</li> </ul> <p><b>UNIONS</b></p> <ul style="list-style-type: none"> <li>Protecting Workers Freedom of Association rights.</li> </ul> <p>This requires robust due-diligence processes:</p> <ul style="list-style-type: none"> <li>Auditing</li> <li>Site Visits</li> <li>Remediation Plan</li> </ul> <p>The data provided by audits help us understand what conditions are like in the factories and helps us to record information like worker numbers, wages, union participation, gender equality, non-discrimination, environmental conditions, migrant worker numbers, unauthorised factories and much more.</p> <ul style="list-style-type: none"> <li>We continue to negotiate prompt payment terms with our suppliers, as we understand the negative implications of negotiating longer term payments of up to 90 days can have real implications on factories ability to pay workers.</li> </ul>

# RISK ASSESSMENT OF MANUFACTURING COUNTRIES

## VIETNAM

ASSESSMENT - RISK: HIGH	GARMENT SUPPLY CHAINS
<p>The Global Slavery Index 2023 estimates that there are over 396,000 people living in conditions of modern slavery in Vietnam.</p> <p><b>1. ECONOMIC MIGRANT WORKERS</b>            Approximately 80% of workers in the garment industry are women who have migrated from the rural to urban areas in search of better economic opportunities. Although most women are young when they enter the industry, recent studies suggest many are mothers. Due to the predominance of women workers with children there is a strong need to ensure their basic rights are met and that adequate mechanisms are in place ensuring the welfare of their children.</p> <p><b>2. CHILD LABOUR</b>            Child labour remains a problem in Vietnam as some children are at risk of labour and sexual exploitation. Migrants, ethnic minorities, and young girls are among those targeted for exploitation. The Vietnam government has laid the foundation for effective and sustainable action and the elimination of the worst forms of child labour in the country.</p>	<p><b>OUR WORKER NUMBERS IN VIETNAM</b></p> <ul style="list-style-type: none"> <li>Female - 1,699</li> <li>Male - 467</li> </ul> <p><b>It was encouraging to see that the estimated number of people in Modern Slavery based on the 2023 index has fallen.</b>            Our priority is to maintain continuous levels of visibility of workers within the groups identified as being most vulnerable.</p> <p><b>ECONOMIC MIGRANTS</b></p> <ul style="list-style-type: none"> <li>Gender plays a role as females are 80% of the migrant workforce.</li> <li>Many of these women have children which increases their vulnerability</li> </ul> <p><b>CHILD LABOUR</b></p> <ul style="list-style-type: none"> <li>Workers in the informal sector</li> <li>Small un-authorized factories</li> <li>Families experiencing economic hardship.</li> </ul> <p><b>In 2023 we undertook a project to ascertain what support is available for mothers working in our factories.</b>            The summary is below:</p> <ul style="list-style-type: none"> <li>Factories provide 1 hour leave per day at full pay for pregnant mothers (min. 7 months) and nursing mothers with child under 12 months.</li> <li>Access for pregnant mothers' pre-natal checks without salary deduction</li> <li>Childcare allowance - VND20,000 to 30,000 per month.</li> </ul>

# OUR POLICIES AND PROCESSES

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

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

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

The following policies and procedures to support our working practices:

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

# ASSESSMENT OF ACTIONS TAKEN

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

**1. Partnership Approaches**

Review modern slavery with all stakeholders annually.

**2. Visibility & Transparency**

Review our efforts to increase visibility of Tiers 2 and 3. We will continue to work on our approach to address these challenges.

**3. Audits**

Review non-compliances identified in audits in our high-risk countries.

**4. Red Flags**

Review how many "red flags" were identified, investigated and actions taken. What are our learnings.

**5. Grievance Mechanism**

We will assess the effectiveness based on engagement of workers in the grievance mechanism over a 12-month period.

**6. Review**

Employee modern slavery awareness training, its effectiveness as an education tool.

**7. Review - Buyers Purchasing Practices**

Our sustainability team meet with Hallensteins and Glasssons sourcing teams to identify potential challenges facing employees to meet their KPIs whilst supporting suppliers to meet our Code of Conduct requirements.

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

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

# OUR PARTNERSHIPS AND COLLABORATIONS

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

## **QUALSPEC SGT**

Our external audit partner, Qualspec SgT, audits factories on our behalf to ensure our suppliers follow our Code of Conduct. Qualspec audits meet the highest professional standards, using ISO 19011 principles to determine Ethical, Social, Cultural (ESC) framework compliance. In 2019, Qualspec joined Worms Safety, the first global alliance in quality management composed solely of product and industrial specialists.

## **QIMA**

An independent grievance mechanism is a process that individuals, workers or communities can use to raise issues. We believe it's important to have monitoring systems like this in place, particularly in factories. In 2022, we changed service providers and partnered with QIMA to roll out an independent grievance mechanism in our main factories. QIMA combines highly trained CSR (corporate social responsibility) experts with a digital platform to ensure timely and accurate information is shared with us.

## **WORMS SAFETY SGT**

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

## **OXFAM**

In 2022, we were approached by Oxfam to join their 'What She Makes' campaign. The campaign calls on fashion brands to ensure that the workers making their clothes are paid a living wage. It's based on five milestones over a four year period, culminating in paying a living wage. At each milestone, we'll be rated on a scale of one to five stars. Realising a living wage is complex and we see value in collaboration.

## **ETHICAL FASHION REPORT (BWA)**

The Ethical Fashion Report was created in 2013 after the tragic Rana Plaza collapse in Bangladesh, which exposed worker conditions in the garment industry. The biennial report examines the way the fashion industry engages with worker rights and environmental practices throughout supply chains. Organised by the charities Baptist World Aid Australia and Tearfund NZ, it's become an industry benchmark in Australasia. We've been involved since 2015 and we've found it to be a valuable tool to independently measure our performance within our People and Planet pillars. In 2022 we were proud to be graded in the report's top 20% in our industry.

## **TEARFUND NEW ZEALAND**

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