

ZIMMERMANN

SUSTAINABILITY REPORT 2021

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INTRODUCTION

ZIMMERMANN is a luxury Australian fashion brand which designs and sells women's ready-to-wear clothing, swimwear, resortwear, accessories and childrenswear.

Sisters Nicky and Simone Zimmermann founded the brand in 1991 and are the Creative Director and Chief Operating Officer, respectively. The brand's success in Australia has led it to expand globally, and ZIMMERMANN now sells across the world.

Womenswear constitutes the vast majority of the business. The balance is childrenswear and accessories, such as bags, shoes, hats, jewellery and sunglasses.

ABOUT THIS REPORT

This is our first Communication on Progress and Sustainability Report. Unless otherwise stated, all information disclosed in this document is for the reporting period of 1 July 2020 to 30 June 2021 (financial year 2021 or FY2021), and relates to ZIMMERMANN International Pty Ltd, ZIMMERMANN Holdings Pty Ltd and each of its subsidiaries. Our reporting cycle is annual.

The report was prepared with reference to the GRI Standards, and it was assured by ELEVATE in accordance with AA1000 Assurance Standard (AA1000AS v3). The independent auditors' limited assurance statement is available on page 41.

Topic-specific GRI standard referenced:

- + GRI disclosure 305-1 (a and d), 305-2 (a and d) and 305-3 (a, c and e) from GRI 305: Emissions 2016
- + GRI disclosure 308-1 and 308-2 from GRI 308: Supplier Environmental Assessment 2016
- + GRI disclosures 405-1 (a.i and b) from GRI 405: Diversity and Equal Opportunity 2016
- + GRI disclosures 414-1 and 414-2 from GRI 414: Supplier Social Assessment 2016



A MESSAGE FROM OUR CEO

At ZIMMERMANN, we recognise the role our business can play in driving positive change. We are committed to fulfilling this role by conducting our business with integrity and going the extra mile to uphold our responsibilities to our people, partners, communities and environment.

When we joined the UN Global Compact in October 2020, we adopted the Ten Principles to guide our strategic decisions and accelerate our progress in the areas of human rights, labour, environmental stewardship and anti-corruption.

Leveraging long-standing relationships with our suppliers, we have invested in training to ensure that our supply chain partners are aware of our commitment to the Ten Principles and do their part to uphold the same principles within their organisations.

Accelerating our progress also meant setting specific targets to assess our performance over time and reinforce our accountability to stakeholders.

As we completed our first greenhouse gas (GHG) emissions inventory in June 2021, we set emissions reduction targets through the Science Based Target initiative (SBTi).



A MESSAGE FROM OUR CEO CONT.

We are proud to announce that:

- + ZIMMERMANN commits to reduce absolute Scope 1 and 2 GHG emissions 50% by FY2030 from a FY2020 base year.
- + ZIMMERMANN also commits to reduce absolute Scope 3 GHG emissions from purchased goods and services, and upstream transportation and distribution 30% within the same timeframe.

As well as setting the above targets, we joined the Business Ambition for 1.5°C, committing to set a long-term science-based target to reach net-zero value chain GHG emissions by no later than 2050.

With our Climate Strategy, we have established our roadmap to meet those commitments, focusing on preserving natural resources through our sourcing decisions.

We are also committed to implementing 100% renewable energy within our operations by 2030 and promoting the transition to renewable energy along our value chain.

Any other targets we set in the reporting period are detailed in the report.

ZIMMERMANN's ambition to positively impact people has propelled our diversity and inclusion strategy to provide a more diverse and inclusive workplace, being more inclusive to our clients and supporting marginalised groups in our community. We have sought our employees' feedback to identify areas for improvement and begun our Indigenous cultural awareness journey implementing mandatory training across our retail and corporate workforce.

As part of this process, we have supported organisations that operate in this space to be catalysts of diversity and inclusiveness in the communities in which we operate.

We believe that collaboration is crucial to accelerate change. That is why in the financial year 2021, we invested in partnerships with organisations that share our sustainability goals and facilitate collaboration amongst like-minded businesses. We look forward to progressing these partnerships and building on common strategies and goals.

While we continue implementing the Ten Principles in the current financial year, we look forward to sharing regular progress updates with our stakeholders.

Chris Olliver

Chief Executive Officer

BUSINESS CONTEXT

OUR COMPANY

ZIMMERMANN International Pty Ltd is the holding company of ZIMMERMANN Holdings Pty Ltd. Both are private Australian companies which conduct no business and have registered headquarters in Sydney, New South Wales. ZIMMERMANN Holdings Pty Ltd is the holding company of relevant trading companies, being ZIMMERMANN Wear Pty Ltd, ZIMMERMANN (USA), Inc., ZIMMERMANN U.K. Limited, ZIMMERMANN France, ZIMMERMANN Italy S.R.L. and ZIMMERMANN (Shanghai) Clothing Accessories Co. (together, the 'Subsidiaries').

In this document, unless otherwise apparent from context, references to 'ZIMMERMANN', 'we' or 'us' are to the corporate group collectively.

OPERATIONS AND SUPPLY CHAIN

ZIMMERMANN has 21 retail stores in Australia, 14 in the USA and 8 in the UK and Europe. ZIMMERMANN also operates a digital business with sites in Australia, the USA, the UK, Europe, Hong Kong and via a third-party platform in Mainland China. In addition, it has international wholesale clients.

ZIMMERMANN's main activities include the design and sale of clothing, swimwear, resortwear, accessories and childrenswear.

ZIMMERMANN's head office is in Sydney. It has operations and sales offices in Paris and New York City. Approximately 650 people are employed by ZIMMERMANN in Australia, the USA, the UK, France, Italy and China.

In relation to ZIMMERMANN's supply chains, we define our Tier 1-5 suppliers as follows:

- Tier 1** Final product manufacturing and assembly
- Tier 2** Material manufacturing, such as suppliers of our fabrics and trims
- Tier 3** Raw material processing, such as mills that create the yarn for fabrics
- Tier 4** Raw material production, such as farms for cotton
- Tier 5** Manufacturing of associated materials such as business and customer packaging

BUSINESS CONTEXT CONT.

Our suppliers range from medium-sized facilities employing approximately 100 people to small artisan workshops and local cooperatives that specialise in traditional methods of craftsmanship. In the financial year 2021 we worked with the following:

	<i>Number of Direct Suppliers</i>	<i>Number of Production Sites</i>	<i>Location Breakdown by Spend</i>
Tier 1 Garments	29	41	97.5% China 1.4% Portugal 0.7% Poland 0.3% Turkey 0.1% India
Tier 1 Accessories	22	24	48.8% Italy 28.1% China 7% Australia 4.8% Indonesia 4.2% India 2.7% Portugal 1.2% Philippines 1.2% Spain 1.1% Morocco 0.7% UK 0.3% Madagascar
Tier 2 Fabrics and Trims	48	101	95.2% China 3.1% Italy 0.8% Japan 0.5% France 0.2% India 0.1% Korea 0.1% Spain

Garments represent the largest product category, accounting for 96% of our FY2021 spend, whereas accessories account for the remaining 4%.

We also partner with logistics service providers and other organisations providing professional services.



BUSINESS CONTEXT CONT.

A COLLABORATIVE APPROACH TO SUSTAINABILITY

We strive to be a responsible business that meets the highest standards of ethics and professionalism and believe in collaboration as a crucial step in this process. We are also committed to working with our suppliers to support their pathways to operating ethical and sustainable businesses, and we are constantly evaluating our processes, materials and systems to promote positive impacts on people and planet. This is reflected in several partnerships that we built in the reporting period, as well as the public commitments we have made and the initiatives we have launched to honour those commitments.

In October 2020, we became members of the UN Global Compact and therefore, we declared support for the Ten Principles on human rights, labour, environment and anti-corruption. We regularly participate in sustainability seminars, issue-specific workshops, multi-stakeholder convenings, including policy dialogues and other events organised by the Global Compact globally or locally to engage with our peers and our stakeholders and build meaningful collaboration to make a positive impact.

In response to the disruption to global supply chains caused by the pandemic, we endorsed the ILO Call to Action, which aims to catalyse multi-stakeholder action to support manufacturers to survive economic hardship and to protect garment workers' income, health and employment. This global action also advocates for work on sustainable systems of social protection for a more just and resilient garment industry.

The ILO convenes an International Working Group, coordinated by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC), including brands and manufacturers, workers and employer organisations and governments, to further elaborate the implementation steps necessary to deliver on these commitments. We have actively engaged with the Call to Action and given our contribution to the advancement of the initiative.

More recently, in March 2021, we became signatories of The Fashion Pact, a global coalition of companies in the fashion and textile industry including their suppliers and distributors, all committed to a common core of key environmental goals in three areas: reducing global warming, restoring biodiversity and protecting the oceans. Being part of this coalition has strengthened our collaborative approach and connections with our peers with which we are partnering to address shared challenges and achieve common goals.

BUSINESS CONTEXT CONT.

In addition, we have supported numerous organisations and their initiatives in different ways:

- + We have registered to support the United Nations Decade of Ocean Science for Sustainable Development through donor and foundation support for key restoration projects and opportunities to communicate and promote the Decade and its objectives.
- + We have partnered with Nest, which is a non-profit supporting the responsible growth and creative engagement of the artisan and maker economy, to build a world of greater gender equity and economic inclusion.
- + Following the devastating impacts that bushfires in Australia had on communities, wildlife and landscape, we donated a percentage of our sales globally to the Red Cross as part of the bushfire relief efforts. We also launched ZIMMERMANN Help the Koalas T-Shirts, sold online globally and in our Australian Stores, with 100% of proceeds from each sale donated to the Port Macquarie Koala Hospital.
- + We have made donations to NAACP Legal Defense and Educational Fund¹ in America and the Aboriginal Legal Service² in Australia to support equality in the justice system.
- + We have also established partnerships with organisations committed to the employment of traditionally underrepresented talent, including CareerTrackers³ in Australia and Black in Fashion Council⁴ in the U.S.
- + We have partnered with the R Collective to trial mechanical recycling processes enabling textiles recycling back into fibres. The R Collective is a social impact business, born in 2017, to eliminate fashion's waste by reusing, repurposing and recycling textile waste. This collaboration has helped us repurpose some excess materials and will enable their reuse in our coming collections.

We are proud of the partnerships and collaborative efforts we made throughout the reporting period as we continue building on those partnerships and seeking new ways to engage with our peers and stakeholders.

¹ The NAACP Legal Defense and Educational Fund, Inc. (LDF) is America's premier legal organisation fighting for racial justice. Through litigation, advocacy and public education, LDF seeks structural changes to expand democracy, eliminate disparities, and achieve racial justice in a society that fulfills the promise of equality for all Americans.

² The Aboriginal Legal Service (ALS) opened its doors in Redfern in 1970 as the first Aboriginal Legal Service in Australia, and the first free legal assistance service in the country. The ALS was founded as a response to the oppression of Aboriginal people, and in acknowledgement of the importance of Aboriginal people designing and delivering services to the communities.

³ CareerTrackers is an Australian non-profit with a mission to build Aboriginal and Torres Strait Islander representation across sectors of professional employment and nurture the emerging leaders for our future. The organisation works with students from Year 12 through to university linking them to multi-year paid professional internships in relation to their dreams and aspirations. Partnering with employers, universities, and a broader ecosystem of Indigenous services, CareerTrackers create a long-term sustainable pathway for students to enter professional employment. ZIMMERMANN's partnership with CareerTrackers supports Fashion Textiles Design students with the goal to create a full-time role at the completion of their studies. The first design student commenced their placement in November 2020.

⁴ BIFC (Black in Fashion Council) is an American organisation established to represent and secure the advancement of Black individuals in the fashion and beauty industry in the United States. BIFC envisions workplaces where Black people are represented and amplified at every level, holding jobs in both C-suite and junior-level positions, and work alongside allies to create diverse spaces that directly reflect what the world actually looks like at large.

BUSINESS CONTEXT CONT.

STRATEGIC PRIORITIES AND GOVERNANCE

All of our sustainability priorities are consistently reviewed and approved by our Chief Executive Officer, who oversees the implementation of projects and initiatives for the achievement of our sustainability goals. We have a Sustainability Working Group that convenes quarterly at a minimum and more often where needed. Members of the working group are the Chief Executive Officer, the Chief Operating Officer, the Head of Production, the Sustainability Manager, the Global Sourcing Manager, the Design Studio Director, the Retail Operations Manager and the Head of Global Supply Chain and Logistics. Sustainability updates are regularly shared by our CEO and COO during board meetings.

For the purpose of this report, the list of material topics was refined following a review of internal commitments, stakeholder requirements and expectations, sector-specific standards and scientific journals, ratings and rankings on social and environmental trends and challenges. In order to identify the high priority material topics for our organisation, each topic was scored based on the following criteria:

- + Risk exposure for the business
- + Impact on affected stakeholders and, where relevant, the environment
- + Existing commitments and goals

The selection of the topics based on the above criteria was then reviewed by the CEO and the COO who have validated a final list of material topics and approved the contents of this report.

BUSINESS CONTEXT CONT.

Lastly, the list was adjusted to reflect the expectations of key stakeholders, which include:

- + Business Partners - We regularly review our business clients' sustainability requirements and expectations and share information to build collaboratively on common goals.
- + Retail Customers – We welcome the opportunity to engage with our customers on sustainability topics and take their concerns seriously. With the support of our Client Services, we have reviewed all queries received throughout the reporting period to identify the sustainability topics that are most important to them.
- + Suppliers – Thanks to the long-standing relationships with many of our suppliers, we were able to build a regular dialogue to share concerns and expectations with one another. Our recent supplier training programme has been another opportunity to further engage and understand suppliers' priorities.
- + Multi-stakeholder Initiatives, Peer Groups and Social Mission Organisations – We gather constant feedback and understanding of sustainability priorities in our industry and beyond through our active participation in meetings, conferences and networking events.

The following list of 10 strategic priorities was identified:

- + Responsible Sourcing
- + Workplace Well-being
- + Diversity & Inclusion
- + Business Ethics
- + Product Safety
- + Natural Resources Conservation
- + Greenhouse Gas Emissions
- + Traceability & Transparency
- + Plastic Pollution
- + Chemical Pollution

OUR COMMITMENT TO PEOPLE

SUPPLY CHAIN

COMMITMENTS

- + Continuing to drive the implementation of our Supplier Code of Conduct in the supply chain, supporting suppliers through training and capacity building
- + Ensuring that our supply chain is a safe and respectful environment for all people involved
- + Ensuring that our business partners are transparent, trustworthy and conduct their business ethically and with integrity
- + Progressing our supply chain mapping to continue assessing social risks across all tiers, including the risks of forced, bonded and child labour

PERFORMANCE INDICATORS

- + Percentage of suppliers who have signed our Supplier Code of Conduct
- + Number of critical non-compliances identified during audits
- + Percentage of sites in need of improvement or significant improvement based on Worker Sentiment Surveys
- + Percentage of transparent suppliers and percentage of integrity-related issues as assessed by social audits
- + Percentage of materials by spend traced to Tier 4

NEXT STEPS

- + Revising our risk assessment methodology to identify any impacts that our business may have on people outside our immediate stakeholder group, mitigate any negative impacts that we may have on the broader community and identify remediation opportunities
- + Identifying additional channels to engage with the workers in our supply chain

OUR COMMITMENT TO PEOPLE CONT.

THE PAST YEAR

As part of our commitment to support and respect the protection of internationally recognised human rights and labour principles, we conducted an in-depth risk assessment ahead of the submission of our first [Modern Slavery Statement](#) at the end of 2020. This has highlighted that across our stakeholder groups, the most material risks and opportunities arise in our supply chain. The risk assessment used country-specific risk indicators, audit findings, civil society studies and media articles, among other resources.

In this process, we evaluated risks relating to forced labour, freedom of association and collective bargaining, health, safety and well-being, child labour, wage and working hours, discrimination, harsh or inhumane treatment and social protection.

A) COMPLIANCE AND RISK MANAGEMENT

1 - NEW SUPPLIER ENGAGEMENT AND DUE DILIGENCE

ZIMMERMANN's garments are manufactured by our long-standing primary suppliers. However, ZIMMERMANN does engage with new Tier 1 suppliers, often in relation to the production of a small number of seasonal items such as belts and accessories.

Where ZIMMERMANN engages new suppliers, we have a 3-part onboarding process:

- + Exploratory phase: In addition to assessing a potential supplier for overall quality and workmanship skills, we assess whether the supplier has existing certifications from a reputable independent auditor regarding social, ethical and environmental matters. We also typically conduct site visits to assess for ourselves the current level of compliance regarding the standards set out in our [Supplier Code of Conduct](#).

OUR COMMITMENT TO PEOPLE CONT.

- + Pre-Engagement: We have a discussion with the potential supplier about our Code of Conduct and the potential supplier is asked to sign it.
- + Engagement: We negotiate commercial terms, finalise legal documentation and work with the supplier to set up the business arrangement. We now include our Code of Conduct in the body of our supplier agreements rather than having it as a separate agreement, reflecting the fact that it is a key term of the commercial relationship.

After the onboarding process, the supplier is required to pass an annual independent audit.

Suppliers that have signed our Code of Conduct:

	<i>FY2021</i>	<i>FY2020</i>
Tier 1 Garments	98%	96%
Tier 1 Accessories	92%	86%
Tier 2 Fabrics and Trims	98%	82%

2 - AUDITS

We audit Tier 1 garment factories within 6 months of starting a business relationship with a new supplier, and the audit is repeated yearly unless a non-compliance is identified, which requires a re-audit to verify that the necessary corrective actions have been implemented. If an existing supplier wishes to onboard a new factory, we require that the site be audited prior to commencing production.

In late 2020, we commenced auditing Tier 1 accessory factories, Tier 2 fabric and trim mills, and home workers within our Tier 1 supply base. The latter are audited following an approach that is tailored to the specificities and risks of decentralised work.

We also accept audit reports commissioned by other organisations, providing that they are not older than 12 months, that the audit framework adopted meets our standards and that we have access to the audit findings and corrective action plans. We are committed to ensuring that all our suppliers meet the requirements stated in our Supplier Code of Conduct and the workers in our supply chain are guaranteed a safe and respectful working environment. We address any non-compliance promptly and work collaboratively with our suppliers to ensure that corrective actions are implemented within an agreed timeline.

Further information regarding ZIMMERMANN's supply chain audits is reported in the Appendix.

OUR COMMITMENT TO PEOPLE CONT.

3 - WORKER SURVEYS

In the reporting period, we rolled out a Worker Sentiment Survey which at the end of the financial year 2021 had reached 426 workers (69% women and 31% men) across 16 supply chain sites. We have used this survey as a tool to gain further insight into workers' well-being, as we are aware of the limitations of an audit in identifying some more complex issues such as harassment and discrimination. Participants are encouraged to complete the survey away from the workplace, and the answers are anonymous.

This assessment enables the identification of any material issues in production sites and gaps in grievance mechanisms and remediation available to the workers in our supply chain. We will continue to implement this type of assessment while we plan for the provision of additional tools such as grievance mechanisms to workers in our sites in high-risk areas.

Survey results

<i>Indicators</i>	<i>Strong Performance</i>	<i>Satisfactory Performance</i>	<i>Needs Improvement</i>	<i>Needs Significant Improvement</i>	<i>Average Score FY2021</i>
Work Atmosphere ⁵	63%	31%	6% (1 site)	0%	Strong Performance
Grievance Mechanism ⁶	56%	38%	6% (1 site)	0%	Satisfactory Performance
Wage and Hours ⁷	44%	50%	6% (1 site)	0%	Satisfactory Performance
Safety and Productivity ⁸	19%	81%	0%	0%	Satisfactory Performance
Workforce Stability ⁹	81%	19%	0%	0%	Strong Performance

⁵ Freedom from harassment, verbal abuse and equal treatment between men and women

⁶ Workers are willing to speak up for suggestions or complaints and think complaints will be treated seriously

⁷ Workers understand how their wage is calculated and think their wages are fair

⁸ Workers feel safe working at the site and understand quality requirements

⁹ Workers are willing to work at the site medium or long term and would recommend it as a good place to work

OUR COMMITMENT TO PEOPLE CONT.

4 - COOPERATIVE WAGE ASSESSMENT

Many of our accessories are made by artisan workshops and cooperatives. In Australia, we work with The Hatmaker on handcrafted hats, and we partner with Petite Grande to make jewellery.

We have sourced and developed handmade accessories from cooperatives based in Madagascar, Morocco and the Philippines. Because this type of work usually takes place in decentralised workspaces, we have partnered with Nest to conduct wage and workplace diagnostics to ensure worker well-being.

Some examples of the cooperatives are below:

- + In Madagascar we produce raffia finished materials which are made into bags, visors and footwear uppers. This facility has been a long-term ZIMMERMANN supplier and we are dedicated to laying a solid foundation for their future participation in Nest's Ethical Handcraft Programme.
- + In Morocco we partner with a handmade leather and raffia bag cooperative which is SA8000¹⁰ certified and building the groundwork for future enrolment in the Nest Ethical Handcraft Programme.
- + In the Philippines, our cane and raffia bag maker is part of the Nest Artisan Guild.

5 - INTERNAL TRAINING

We have rolled out a training module for all employees globally to raise awareness of modern slavery risks in the fashion supply chain and organised a workshop for dedicated teams whose responsibilities involve working with third parties, suppliers and contractors. The workshop provided further education on the potential social and environmental impacts of our business activities, as well as evaluating mitigation and remediation strategies.

¹⁰ The SA8000 Standard and Certification System provide a framework for organisations to conduct business in a way that is fair and decent for workers and to demonstrate their adherence to the highest social standards.

OUR COMMITMENT TO PEOPLE CONT.

6 - COVID-19 RISK MANAGEMENT

We continued implementing the Pandemic Action Plan we created in early 2020 to respond to any new COVID-19 outbreaks affecting the areas where our suppliers are located.

The plan is based on constant communication and ensuring supplier confidence in our goal to remain a long-term business partner.

The steps to the plan are:

- 1 Reach out and listen: Offer support and enquire as to the state of the health of the owners, management, workers and their families;
- 2 Health first: Ensure the management are following government-recommended hygiene standards in the factory;
- 3 Monitor: Request self-assessment and transparency on working conditions;
- 4 Assess & discuss: Assess current and future orders against current capacity and agree workable timelines;
- 5 Double-check: Execute an interim third-party audit to ensure key working conditions and standards are being met;
- 6 Collaborate: Implement a mutually workable payment plan ensuring the suppliers' cash-flow allows their business to function.

B) CORRECTIVE AND PREVENTIVE ACTION

1 - SUPPLIER TRAINING

In order to strengthen the relationship with our supply chain partners and support them in the implementation of any corrective action required following the audit, we have launched a training programme for our Tier 1 and Tier 2 suppliers to build dialogue around human and labour rights, health & safety and environmental stewardship.

Our Tier 1 and Tier 2 suppliers attended a training session in June 2021 developed and delivered by ZIMMERMANN. The training covered modern slavery related risks in the fashion supply chain, due diligence processes to ensure that risks are understood and managed appropriately, transparency requirements, anti-bribery and anti-corruption, climate change and chemical management.

We also discussed the audit process and some of the most frequent non-compliances relating to working hours and social protection. The training was attended by 63 supply chain representatives, mostly from senior management and merchandising staff.

Following the training, all participants were asked to complete a Transparency Self-Assessment Questionnaire (SAQ) that has provided us with valuable insight into risks and opportunities in the sphere of human rights and labour in our

OUR COMMITMENT TO PEOPLE CONT.

supply chain. The training and self-assessment are the first steps of a continuous improvement programme whereby, leveraging our strong supplier relationships, we will continue driving positive change for the workers in our supply chain. We also see in this programme an opportunity to build durable relationships with new suppliers who we hope to support in their pathways to build and maintain ethical and sustainable businesses.

	<i>Number of suppliers who attended the training</i>	<i>% by spend</i>	<i>SAQ response rate</i>
Tier 1	27	87%	56%
Tier 2	16	81%	59%

We recognise that some parts of our supply chain have a longer journey ahead, especially some of our Tier 2 suppliers who need additional support to familiarise themselves with the requirements of our Supplier Code of Conduct. Being aware of the challenges that some of the Tier 2 sites face in meeting those requirements, we have offered additional support with a capacity-building programme. This commenced with a workshop series comprising of three sessions which were held across three consecutive days at the end of June 2021 and planned and delivered with the support of third-party expert advisors on labour standards and health and safety.

This time, we did not only invite our direct suppliers, but we extended the invitation to their subcontractors, being the production facilities engaged in the production of our fabrics and trims. Each production site was asked to nominate three representatives to attend the workshops, including a site manager, a health & safety committee representative and a worker representative. The workshop series commenced with a message from our COO reiterating the importance of engaging and working together to raise labour standards. The first two sessions were centred around wage, working hours and social protection, offering insight into practical steps for continuous improvement. The last session was on health & safety with a focus on regulatory compliance and case studies for analysis and discussion. All three sessions were interactive, allowed for active participation, and received positive feedback from the participants. Of the 26 mills invited, 20 attended the workshops.

Following the workshops, all mills were asked to work on some corrective action plans with the assistance of our external expert advisors. We are currently reviewing those corrective action plans to identify any additional support that we can provide to our mills during the action plan implementation phase and beyond. As a next step, we have planned one-on-one conversations with suppliers to identify and address the root cause of any remaining issues. In our next report, we will be able to share the success rate of this programme by looking at the number of resolved non-compliances stemming from the implementation of the action plans developed as part of the programme.

OUR COMMITMENT TO PEOPLE CONT.

2 - TRACEABILITY

ZIMMERMANN has prepared detailed maps of our Tier 1 and 2 suppliers and their production facilities where we can assess risks through site visits and audits.

However, we are aware that risks to human rights and labour go deeper in the supply chain and appreciate the need to gain better visibility of our upstream supply chain beyond Tier 2. We are exploring ways to better manage the impact that our business has on people well beyond our direct suppliers. For this purpose, we have engaged with our largest fabric suppliers to trace the materials we use back to Tier 4.

We have begun with cotton and silk, which account for over 50% of our total fabric mix. To date, 57% of our cotton spend and 39% of our silk spend have been mapped out to Tier 4.



OUR COMMITMENT TO PEOPLE CONT.

OPERATIONS

COMMITMENTS

- + Continue operating with integrity, honesty, respect and fairness when dealing with customers, employees and business partners as stated in our company's Code of Ethics
- + Providing a diverse and inclusive workplace
- + Being inclusive to our clients and the broader community
- + Supporting marginalised groups in our communities
- + Supporting the well-being of our employees
- + Investing in training and development

PERFORMANCE INDICATORS

- + Number of incidents related to the violation of our Code of Ethics
- + Percentage of gender-diverse employees and employees from a diverse racial and ethnic background
- + Percentage of negative and positive feedback received through the annual diversity and inclusion (D&I) survey from employees on workplace inclusiveness
- + Learning and development opportunities

NEXT STEPS

- + Facilitating the implementation of a leadership programme annually for emerging leaders in the business
- + Increasing uptake of the D&I survey
- + Developing new and existing partnerships

OUR COMMITMENT TO PEOPLE CONT.

THE PAST YEAR

A) WELL-BEING, DIVERSITY AND INCLUSION

ZIMMERMANN is committed to building a culture, both within our company and in our communities, that promotes diverse perspectives and voices (view our [Diversity and Inclusion Statement](#)). A culture and environment that is supportive, respectful, and encouraging, and values creativity in all its forms. This is one of our priorities, as we recognise the importance of inclusiveness for our employees, our customers and the wider community.

In June 2020, we made a public commitment to take meaningful steps to advance diversity, equity and inclusion in our workplaces and the markets in which we operate. As part of that commitment, we recognised the importance of holding ourselves accountable through the publication of regular reports on our actions and progress. Our first Diversity and Inclusion Report was published in August 2020 and subsequent updates in November 2020 and May 2021 (view our latest [D&I Report](#)). Since then, we have made progress in advancing our mission to champion diversity and inclusion in all aspects of our business.

We also established a Diversity and Inclusion Group to help lead and drive our diversity, equity, inclusion and belonging strategies. Comprised of senior leaders with varied racial and ethnic backgrounds, roles, experience and locations

across our business, and chaired by our Chief Operating Officer, the D&I Group leads, drives, and tracks delivery of our commitments to diversity, equity and inclusion. We have also established a revolving observer seat to provide more employees from across our business with an opportunity to contribute to the group.

While this group of engaged leaders heads up our actions and tracks our delivery on our commitments, it is an ongoing goal of our D&I Group to continually review and add to our commitments and find meaningful new ways that we may build on our goals to create a more equitable organisation.

Notably, reflecting our commitments to data-driven solutions, and measuring and reporting our progress, we have conducted our first survey to assess employee perceptions of inclusion and our second diversity audit. Inclusion survey results indicated 74% of our employees agree or strongly agree that ZIMMERMANN recognises and values people of all backgrounds and individual differences with an additional 22% of employees scoring this item as neutral¹¹. While we are pleased to learn that the majority of our staff hold positive perceptions of our efforts, survey results highlighted some areas of opportunity for us to further strengthen inclusion at ZIMMERMANN and we have begun exploring targeted solutions.

¹¹ Further details on the results of this survey are disclosed in the Appendix.

OUR COMMITMENT TO PEOPLE CONT.

Reflecting our commitment to developing the diversity and inclusion capability of our team, we have implemented a mandatory face-to-face unconscious bias training programme for all leaders and hiring managers, customised for our industry, and tailored to support the achievement of our diversity and inclusion goals. Going forward, all new managers and hiring managers will participate in annual immersive training on unconscious bias as their career development progresses.

In addition, we continued our focus on inclusive recruitment by reviewing the language used in our job advertisements for bias, continuing to advertise on diversity-focused job boards, and extending our partnerships with organisations that promote the employment of traditionally underrepresented talent, including CareerTrackers in Australia and Black in Fashion Council in the United States. We also launched Careers Day to provide our staff with an opportunity to learn more about opportunities for growth and development across our business.

We have also extended our commitment to inclusion to our clients, expanding our sizing range in response to a regular review of client needs. Also, regarding design, we reiterated our core values of integrity and authenticity, and implemented further processes to prevent inadvertent cultural appropriation of garments. Over the past 12-month period, representation of Black, Indigenous and non-white ethnic groups on our major social media platforms has been in excess of 30% of images featuring people. We are committed to providing more consistent racial,

ethnic and cultural representation and diversity in our social media feeds, the content of which is commonly derived from our shows, presentations, campaigns and brand events.

We also continued our support of marginalised groups in our communities over the last quarter. In Australia, we engaged with members of the Aboriginal and Torres Strait Islander community to work with us on developing an Acknowledgement of Country, which may be viewed [here](#). An Acknowledgement of Country is a way of showing respect for Traditional Custodians of land across Australia and the continuing connection of Aboriginal and Torres Strait Islander peoples to it. As part of the adoption of an Acknowledgement of Country, we began our Indigenous cultural awareness journey implementing mandatory training across our retail and corporate workforce. Also in Australia, we continued our corporate social responsibility work with AIME, a global not-for-profit seeking to eradicate educational inequality.

We have a Non-discrimination Policy and Whistleblower and Complaints Policy and procedures which provide our employees with clear reporting mechanisms to report wrongdoing, and protection for people who submit complaints.

Although we have taken many positive steps towards advancing diversity and inclusion over the past year, we know that there is still much work to be done, and that effective change takes time and sustained commitment.

OUR COMMITMENT TO PEOPLE CONT.

Reflecting our commitment to cultivating an inclusive workplace and taking care of our people's well-being, we have introduced an Annual Personal Day, which is an additional day of paid leave per calendar year for full-time employees for the purpose of celebrating or observing an event of personal or cultural significance.

During this past year, with the pandemic changing the way we work, and many of us working from home, we have ensured that our employees remained connected and supported. With their well-being at heart, we have developed health, safety and well-being guidelines for home working, encouraging our employees to take time to connect with people in their household and protect their time and well-being. The well-being of our employees was also a central topic of the leadership programme which we launched in February 2021.

ZIMMERMANN's diversity and equal opportunity data are reported in the Appendix.

B) LEARNING AND DEVELOPMENT

We have also increased our investment in learning and development and implemented a new global learning management solution that covers mandatory workplace behaviour content, tailored to each region in our business. Topics include anti-racism and equal employment opportunity, modern slavery, well-being, anti-bullying and harassment. Every team member, whether in our stores or in our offices, is required to complete courses relevant to their region and these courses will form part of the onboarding of every new team member joining us at ZIMMERMANN.

In February, we launched a bespoke leadership development programme, the ZIMMERMANN Leadership Series, for our valued executives and emerging leaders to assist them develop their individual leadership style, help increase employees' engagement and nurture future leaders.

The desired outcome of the training is to support leaders in acquiring the foundational capabilities they need for fostering an inspiring, empowering and collaborative workplace where both they and their team thrive and achieve high performance. In FY2021, 52 employees took part in the programme.

OUR COMMITMENT TO PEOPLE CONT.

Across our broader workforce, we added mandatory compliance modules on bullying, harassment and other workplace health and safety issues to our learning management system.

C) BUSINESS ETHICS

At ZIMMERMANN, business is conducted to the highest standards of honesty, integrity, respect and fairness when dealing with all customers and employees. ZIMMERMANN requires all employees to meet these high standards.

The standards of behaviour are established in our Code of Ethics which is provided upon hiring alongside the company's Policies & Procedures. We expect our employees to act in compliance with the law and to report any violation following the procedure detailed in our Whistleblower Policy. This also applies to breaches of bribery and corruption law, for which we have a zero-tolerance approach.

The Whistleblower Policy applies to employees and third parties who can raise any concerns or seek advice through Zimmermann's confidential hotline. Employees can also report their concerns to Senior Management or the Human Resources Team.

Our expectations regarding integrity, honesty and ethical conduct extend to all third parties engaged in commercial relationships with us, including our suppliers. Our Contract Policy requires that all employees conduct appropriate due diligence on the other party before entering a commercial contract, and our standard contract template creates an obligation on the signatory to comply with bribery and corruption laws.

In addition, our Supplier Code of Conduct, which is attached to our Supplier Agreements, details our requirements pertaining to business integrity, anti-bribery and anti-corruption. Furthermore, our audits assess supply chain implementation of anti-bribery and anti-corruption requirements. No incidents were identified in the reporting period.

To reinforce our expectations against unfair trade practices, we developed a training module on the implementation of anti-corruption commitments, which was included in the training programme for our Tier 1 and 2 suppliers.

OUR COMMITMENT TO THE ENVIRONMENT

COMMITMENTS

- + Conserving natural resources which are at risk of depletion as a consequence of the production and processing of the materials we use
- + Reducing our GHG emissions
- + Setting a long-term science-based target to reach net-zero value chain GHG emissions by no later than 2050
- + Working collaboratively with our peers to mitigate the negative impact of plastic and chemical leakage into waterways
- + Supporting our suppliers in phasing out hazardous chemicals from manufacturing processes
- + Understanding the impact of our materials and processes in specific geographical locations to better manage risks that are context specific, such as those relating to biodiversity

TARGETS

- + Reducing absolute Scope 1 and 2 GHG emissions 50% by FY2030 from a FY2020 base year
- + Reducing absolute Scope 3 GHG emissions from purchased goods and services, and upstream transportation and distribution 30% within the same timeframe
- + Increasing the percentage of lower impact materials¹² commencing with cotton, 50% of which will be sourced as more sustainable by the end of 2021 and 70% by the end of 2022

TARGETS FROM THE FASHION PACT MEMBERSHIP:

- + Transitioning 25% of key materials to lower climate impact sources by 2025
- + Eliminating problematic or unnecessary plastics in B2C packaging by 2025, and B2B by 2030 and ensuring that at least half of all plastic packaging is 100% recycled content, by 2025 for B2C and by 2030 for B2B
- + Supporting zero deforestation and sustainable forest management by 2025
- + Developing a biodiversity blueprint
- + Implementing 50% renewable energy by 2025 and 100% by 2030 within our own operations

¹² Please, refer to the section about materials (page 28) for further information on our low impact materials selection criteria.

OUR COMMITMENT TO THE ENVIRONMENT CONT.

PERFORMANCE INDICATORS

- + Percentage of materials traced to Tier 4
- + Percentage of materials from lower impact sources
- + Percentage of renewable energy procured
- + GHG emissions reduction
- + Percentage of recycled plastic packaging and ratio of plastic packaging to total packaging
- + Percentage of suppliers committed to phasing out hazardous chemicals

NEXT STEPS

- + Developing further fibre-specific targets to facilitate the transition to lower impact materials
- + Procuring renewable energy
- + Investigating opportunities to support suppliers in the implementation of a roadmap to reduce their GHG emissions

THE PAST YEAR

Natural fibres account for nearly 90% of our collections, the majority being silk, linen and cotton. We are aware of the environmental impacts that may arise from the production and processing of the materials we source; that is why we actively seek opportunities to use fabrics from sustainable sources. We are committed to preserving those natural resources that are so important for a healthy planet and people's well-being.

Our commitment to the environment became even stronger in the reporting year when we joined The Fashion Pact, seizing the opportunity to collaborate with our peers to tackle the environmental challenges of our time: combating climate change, protecting biodiversity and mitigating our industry's negative impact on oceans, waterways and aquatic species.

Even though the journey has just begun, we are already implementing some concrete actions to honour our commitments, but we are aware that there is more to do.

OUR COMMITMENT TO THE ENVIRONMENT CONT.

A) MATERIALS

As Fashion Pact signatories, we have committed to transition 25% of key materials to lower climate impact sources by 2025, and we are already trialling solutions to ensure we will be able to meet this target and continue increasing the use of lower impact materials in our product beyond 2025.

Our selection of low impact materials is data-driven. We rely on impact assessments or international standards to identify options that present environmental benefits and the potential to reduce carbon emissions, water consumption, waste and pollution.

We are working with suppliers and external partners to increase the amount of recycled materials we use in our products. In the reporting period, we participated in three textile-to-textile recycling pilot programmes where existing unused linen, silk and cotton fabrics have been re-constituted into yarn for new knitted or woven fabrics to be used in our collections. With these projects, we were able to repurpose approximately 8% of our excess fabrics volume.

While the recycling pilots started in the reporting period, the garments made of these recycled fibres will be in store in the near future. Textile-to-textile recycling is the solution we have adopted for materials that cannot be reused without further processing due to their prints and patterns being ZIMMERMANN IP. Other excess fabrics are donated or sold.

We have also commenced using some organic fibres in our collections, with a focus on linen. In the reporting year, we were able to replace some of the linen in our products with organic linen, and we have a commitment to sourcing 50% of our cotton as 'more sustainable cotton' by the end of 2021 and aim to increase our Better Cotton¹³ sourcing percentage by up to 70% in 2022. 'More sustainable cotton' includes cotton sourced as Better Cotton, recycled, Fairtrade and organic cotton. At the end of the financial year, in June 2021, we had reached approximately 22%.

Although synthetic fibres account for a small percentage of our total fibre mix, limited to garments such as swimwear, slips and pleated items that require nylon, elastane, or polyester for specific functional reasons, we are actively looking for opportunities to use recycled synthetic materials. In fact, in the reporting year, we were able to switch the lining in over half of our swimwear styles to recycled polyamide, and at the end of the financial year, approximately 77% by volume of the lining in swimwear was made of recycled polyamide.

Our Design Studio Director is a member of ZIMMERMANN's Sustainability Working Group and plays a crucial role in aligning sourcing decisions to our sustainability goals.

¹³ Better Cotton is not physically traceable to end products. However, BCI Farmers benefit from the demand for Better Cotton in equivalent volumes to those we source

OUR COMMITMENT TO THE ENVIRONMENT CONT.

B) PACKAGING

Reducing plastic pollution is another commitment we have had for some time which we have strengthened with our Fashion Pact membership by committing to the elimination of problematic or unnecessary plastics in B2C packaging by 2025, and B2B by 2030, and to ensuring at least half of all plastic packaging is 100% recycled content, by 2025 for B2C and by 2030 for B2B.

In the reporting period, we have switched our B2B polyethylene (PE) bags to recycled PE, which in FY2021 accounted for 60% of the polyethylene used to protect our garments in transit.

Plastic-hanger waste represents a challenge as B2B hangers are typically single-use and channels to recycle them are limited. Therefore, we have looked at ways to address this challenge, and in Australia, we have implemented a system with our hanger supplier and stores to ensure their continuous reuse.

Lastly, we are transitioning our paper and cardboard retail packaging to Forest Stewardship Council (FSC) certified sources.



OUR COMMITMENT TO THE ENVIRONMENT CONT.

C) GREENHOUSE GAS EMISSIONS

Climate change is a pressing issue, and we are aware of our industry's large contribution to greenhouse gas emissions, but we also see numerous opportunities to reduce the impact of our business and do our part in mitigating climate change. In the reporting period, we have calculated our Scope 1, 2 and 3 GHG emissions for the first time to build a baseline against which we can measure year-on-year emissions reductions. In the same period, we set science-based targets through the SBTi and developed an emissions reduction roadmap. As signatories of The Fashion Pact, we have also committed to implementing 50% renewable energy by 2025 and 100% by 2030 within our own operations.

To estimate our GHG emissions, we have adopted the methodology established by the GHG Protocol Corporate Standard and chosen the financial year 2020 (July 2019 – June 2020) as a base year. Given the disruptions to our supply chain and operations caused by the COVID-19 pandemic since early 2020 to date, we estimated that adopting the FY2020 as a base year would be more representative of the emissions of our usual business activities than FY2021. We will commence tracking emission reductions from FY2022.

We adopted the operational control approach as a consolidation approach for emissions and included in our calculation all seven greenhouse gases as required by the GHG Protocol.

Further information regarding emissions scopes and boundaries is reported in the Appendix.

<i>Greenhouse Gas Emissions Inventory¹⁴</i>	<i>Unit</i>	<i>FY2020</i>
Scope 1	tCO ₂ e	5
Scope 2 Location-based	tCO ₂ e	692
Scope 2 Market-based	tCO ₂ e	699
Scope 3	tCO ₂ e	28,781
Total emissions (market-based method)	tCO ₂ e	29,485
Total emissions (location-based method)	tCO ₂ e	29,478

<i>Scope 3 Emissions by Category¹⁵</i>	<i>Unit</i>	<i>FY2020</i>
C1 Purchased goods and services	tCO ₂ e	17,799
C2 Capital goods	tCO ₂ e	2,073
C3 Fuel and energy related activities	tCO ₂ e	157
C4 Upstream transportation and distribution	tCO ₂ e	4,791
C5 Waste generated in operations	tCO ₂ e	584
C6 Business travel	tCO ₂ e	88
C7 Employee commuting	tCO ₂ e	993
C9 Downstream transportation and distribution	tCO ₂ e	827
C11 Use of sold products (indirect)	tCO ₂ e	1,190
C12 End-of-life treatment of sold product	tCO ₂ e	278

¹⁴ This Greenhouse Gas Emissions baseline was calculated by the sustainability consulting firm Quantis.

¹⁵ Scope 3 Categories 8, 10, 13, 14 and 15 were excluded from the inventory being not applicable to ZIMMERMANN's value chain

OUR COMMITMENT TO THE ENVIRONMENT CONT.

D) SUPPLIER ENVIRONMENTAL PERFORMANCE

All production sites audited in the reporting period were assessed against environmental indicators. The outcome of these assessments is used to identify risks and areas for improvement for the roll-out of targeted initiatives to support our suppliers in improving their environmental performance.

In the reporting period, of the 38 sites audited by ZIMMERMANN¹⁶, 9 had environmental non-compliances due to inadequate records in the following areas:

- + Air emissions monitoring
- + Environmental impact assessment
- + Waste management

All of the above non-compliances were addressed collaboratively with our suppliers to ensure the development of suitable corrective action plans to be implemented within an agreed timeline¹⁷.

We strive to work with sites that show environmental stewardship, and we encourage them to adopt international standards to improve their environmental management systems with a focus on chemical management. At the end of the reporting period, 71% of wet-processing facilities in our supply chain had their

products tested and certified according to Standard 100 by OEKO-TEX¹⁸, and 19% had Environmental Management Systems certified in compliance with ISO 14001:2015¹⁹. In FY2021, we took a further step regarding the use of chemicals in our supply chain and became a Friend of the ZDHC Foundation's Roadmap to Zero Programme to adopt and implement the ZDHC Manufacturing Restricted Substance List (MRSL) and to reduce the chemical footprint of our supply chain.

¹⁶ Includes 17% of new sites

¹⁷ No relationships were terminated as a result of the assessment

¹⁸ Standard 100 by OEKO-TEX is a worldwide consistent, independent testing and certification system for raw, semi-finished and finished textile products at all processing levels. To attain the certification, the mill process has been tested and certified to be free from detrimental levels of more than 100 substances known to be harmful to human health.

¹⁹ Standard ISO 14001:2015 is an international standard specifying the requirements for an environmental management system that organisations can use to enhance their environmental performance, fulfil compliance obligations and achieve environmental objectives.

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



We are committed to ensuring the well-being of our employees, that our supply chain is a safe environment for all people involved, and hazardous chemicals are phased out from production processes.

A summary of initiatives and achievements during the reporting period:

- + Workshops for Tier 2 production sites on health & safety and support from a third-party health & safety specialist for the improvement of standards in production sites
- + Commitment to implementing the ZDHC MRS L in our supply chain
- + Annual Personal Day for employees

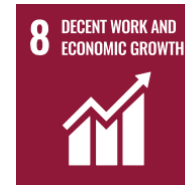


We are committed to promoting diversity, equity, inclusion and equal opportunity for our employees and in our supply chain.

A summary of initiatives and achievements during the reporting period:

- + Detailed diversity and equal opportunity data review
- + First Diversity & Inclusion Survey
- + Partnership with Nest, a non-profit supporting the responsible growth of the artisan and maker economy to build a world of greater gender equity and economic inclusion
- + Worker Sentiment Survey providing worker viewpoints across five categories, including the equal treatment of men and women in production sites

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS CONT.



We are committed to conserving natural resources, preventing waterways pollution and supporting zero deforestation.

A summary of initiatives and achievements in the reporting year:

- + Transition to recycled PE bags to protect garments in transit
- + Textile-to-textile recycling in partnership with innovators and use of recycled fibres in products
- + Transition to FSC certified retail packaging
- + Adoption of the ZDHC MRSL to support suppliers in reducing their chemical footprint
- + Commitment to reducing our GHG emissions
- + Commitment to The Fashion Pact goals under the Biodiversity Pillar

We are committed to driving implementation of our Supplier Code of Conduct supporting suppliers through training and capacity building, ensuring that our supply chain is a safe and a respectful environment for all people involved and that our business partners are transparent, trustworthy and conduct their business ethically and with integrity.

A summary of initiatives and achievements in the reporting year:

- + Progressed social audits to Tier 2 facilities and broadened the scope of Tier 1 audits
- + Mapped some materials to Tier 4: 57% cotton and 39% silk by spend
- + Worker Sentiment Survey conducted with 426 supply chain workers
- + Trained 43 Tier 1 & 2 suppliers and 20 Tier 2 production sites on labour standards and health and safety

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS CONT.



We are committed to being inclusive to our employees, our clients and the broader community and to supporting marginalised groups.

A summary of initiatives and achievements in the reporting year:

- + Training on Indigenous cultural awareness
- + Collaboration with AIME to eradicate educational inequalities
- + Collaboration with CareerTrackers and the Black in Fashion Council
- + Diversity & Inclusion Group and training



We are committed to reducing our Scope 1, 2 and 3 greenhouse gas emissions.

A summary of initiatives and achievements in the reporting year:

- + Calculated our first Scope 1, 2 and 3 GHG emissions inventory
- + Set science-based targets validated by the Science Based Target initiative
- + Joined the Business Ambition for 1.5°C and committed to setting a long-term target to reach net-zero emissions by no later than 2050
- + Committed to The Fashion Pact goals under the Climate Pillar

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS CONT.



We are committed to adopting a collaborative approach to addressing sustainability challenges.

A summary of initiatives and achievements in the reporting year:

- + Joined the UN Global Compact, The Fashion Pact, endorsed the ILO Call to Action and became a friend of the ZDHC Foundation's Roadmap to Zero Programme
- + Partnered with the R Collective, the Nest Coalition for Craft and Culture, CareerTrackers, the Black in Fashion Council and AIME
- + Worked with experts, members of the community and other stakeholders to deliver on our commitments.

APPENDIX

AUDIT DATA

Sites audited in FY2021

	<i>Tier 1 Garments</i>	<i>Tier 1 Accessories</i>	<i>Tier 2 Fabrics and Trims</i>
Total number of sites	41	24	101
Number of sites we audited in the reporting year	12	7	19
Number of sites with a valid audit at the end of June 2021 ²⁰	39	16	22
New sites in the reporting year	6	2	9
% of new sites audited in the reporting year	83%	50%	22%
% of suppliers terminated as a result of the audit	0	0	0

²⁰ Includes sites that have been audited on request of organisations other than ZIMMERMANN according to audit standards that we approved and where we have access to audit findings and corrective action plans.

²¹ This table shows some of the key indicators we track to identify social risks in our supply chain. The main issue identified in the reporting period pertains to some incorrect overtime payments in 7 Tier 2 sites and some incomplete attendance records, which prevented overtime wage verification in 3 Tier 2 sites. 70% of these sites are implementing or have implemented corrective actions. The remaining 30% is currently developing corrective action plans. 7 of these mills are part of the capacity building programme detailed in the section "Corrective and Preventive Action". The figures reported in rows 1 to 8 include only those sites that have received an audit arranged by ZIMMERMANN. We will strive to include data referring to all audited sites in next year's report.

²² The low percentage of correct payments in Tier 2 sites in China is due to a combination of insufficient attendance records, which prevented verification of overtime wage, and some incorrectly paid overtime wages which were paid at a normal rate rather than a premium rate.

²³ Transparency issues occur in sites that are reluctant to provide the required records during an audit and discuss issues with full transparency. Transparency issues have been a central topic during ZIMMERMANN's supplier training and were addressed with the assistance of an expert advisor as detailed in the section "Corrective and Preventative Action".

Indicators tracked for social risk assessment²¹

	<i>Mainland China Tier 1</i>	<i>Mainland China Tier 2</i>	<i>Hong Kong Tier 2</i>	<i>Italy Tier 1</i>	<i>Portugal Tier 1</i>
Workers paid above the legal hourly minimum wage for regular wages	100%	99%	100%	100%	100%
Workers paid correctly including overtime ²²	100%	18%	100%	100%	100%
Foreign migrant workers	0%	0%	0%	8%	1%
Female workers	69%	51%	57%	54%	86%
Male workers	31%	49%	43%	46%	14%
Age of youngest worker	19	18	26	20	22
Transparency rate ²³	50%	53%	100%	100%	100%
Employee turnover rate in the reporting year	3.25%	1.34%	0%	7%	0%
Incidents of Forced Labour or Inhumane Treatment	0	0	0	0	0
Freedom of association and collective bargaining violations	0	0	0	0	0

APPENDIX

DIVERSITY & EQUAL OPPORTUNITY DATA

Gender ratios of ZIMMERMANN'S global workforce

	<i>Australia</i>	<i>USA</i>	<i>France</i>	<i>Italy</i>	<i>UK</i>	<i>China</i>
Female Employees	95%	85%	93%	81%	73%	100%
Male Employees	5%	15%	7%	19%	27%	0%

Gender ratios of ZIMMERMANN'S offices

	<i>% of female employees</i>	<i>% of male employees</i>
Upper Management ²⁴	67%	33%
Middle Management ²⁵	93%	7%
Lower Management ²⁶	96%	4%
Other Functions ²⁷	92%	8%

Gender ratios of ZIMMERMANN'S highest governance body

	<i>% of female members</i>	<i>% of male members</i>
Board of Directors	50%	50%

Gender ratios of ZIMMERMANN'S stores

	<i>% of female employees</i>	<i>% of male employees</i>
Managers	98%	2%
Assistant Managers	100%	0%
Back of house team	50%	50%
Sales team	94%	6%

²⁴ C-level

²⁵ Directors and Heads of departments

²⁶ Managers

²⁷ Coordinators, Assistants, Analysts and other technical functions

APPENDIX

DIVERSITY & EQUAL OPPORTUNITY DATA

Percentage of employees by age range in ZIMMERMANN's offices

	<i>% of employees under 30 years old</i>	<i>% of employees between 30 and 50 years old</i>	<i>% of employees over 50 years old</i>
Upper Management	0%	33%	67%
Middle Management	0%	87%	13%
Lower Management	15%	73%	12%
Other Functions	55%	34%	11%

Percentage of employees by age range in ZIMMERMANN's stores

	<i>% of employees under 30 years old</i>	<i>% of employees between 30 and 50 years old</i>
Managers	55%	45%
Assistant Managers	75%	25%
Back of house team	54%	46%
Sales team	76%	24%

APPENDIX

DIVERSITY AND EQUAL OPPORTUNITY DATA – SURVEY RESULTS

In addition to the above data collected by the Human Resources department, we have taken the time to review our organisation and learn more about our team to ensure that we better reflect the uniqueness of our client and our communities in different parts of the world. In the USA, collecting information on the gender identity, race and ethnicity composition of our workforce is required as part of the Equal Employment Opportunity survey and data (EEO-1 Data). In Australia and Europe, organisations may only compile this information through voluntary disclosure. In order to gain more visibility beyond the USA, we conducted an optional and anonymous survey in July 2020 to capture information pertaining to race and ethnic diversity as well as gender identity²⁸.

To track our progress, we repeated the survey in May 2021. The tables on the right show a summary of the information we have collected.

²⁸ Our corporate offices are located in Sydney (83% of employees), New York (11% employees), and Paris (6% of employees). In terms of organisational function, 43% of our team is employed in Corporate/Office roles and 57% in Retail/Store roles. Employees participated in our voluntary survey from each of our corporate offices located in Sydney (ZIMMERMANN Global HQ), New York and Paris, as well as our stores across cities in Australia, USA, UK, France and Italy. In total, 48% of our employees completed this survey in July 2020 and 60% in May 2021.

Gender diversity

	<i>May 2021</i>	<i>July 2020</i>
Female	94%	94%
Male	6%	5%
Non-Binary/Other	<1%	<1%
Prefer Not to Say	1%	1%

Race/Ethnic diversity

	<i>May 2021</i>	<i>July 2020</i>
White	66%	66%
Asian or Pacific Islander	17%	15%
Hispanic or Latinx	3%	4%
Black or African American	2%	2%
Aboriginal or Torres Strait Islander	<1%	0%
Multiple groups	8%	9%
Other	2%	2%
Prefer Not To Say	2%	1%

APPENDIX

GHG EMISSIONS BOUNDARIES

The table below defines the boundaries of the GHG emissions inventory reported in the section ‘Our commitment to the environment’.

Scope	Category	Boundaries
Scope 1	Direct emissions from company buildings and vehicles	Emissions from stationary combustion in ZIMMERMANN’s stores and offices using natural gas, and emissions from mobile combustion of the fuel used for the only company-operated vehicle.
Scope 2	Purchased electricity, heat and steam for own use	Emissions from the generation of purchased electricity that is consumed in all of ZIMMERMANN’s stores and offices worldwide.
Scope 3	Cat. 1. Purchased goods & services	Upstream (cradle-to-gate) emissions of purchased goods including all product categories (garments, swimwear, footwear and accessories) and primary, secondary and tertiary packaging. It also includes the upstream emissions of the services we outsource.
	Cat. 2. Capital goods	Upstream emissions of purchased capital goods.
	Cat. 3. Fuel & energy related activities	Upstream emissions of purchased fuel and electricity.
	Cat. 4. Upstream transportation & distribution	Scope 1 and 2 emissions of transportation and distribution providers for transportation and storage of ZIMMERMANN’s goods from product manufacturer to stores, retailers and e-commerce customers where the logistics service is purchased by ZIMMERMANN.
	Cat. 5. Waste generated in operations	The scope 1 and scope 2 emissions of waste management suppliers that occur during disposal or treatment of waste generated by ZIMMERMANN in all stores and offices worldwide.
	Cat. 6. Business travel	The scope 1 and scope 2 emissions of transportation carriers that occur during the use of vehicles transporting ZIMMERMANN’s employees for business-related activities.
	Cat. 7. Employee commuting	The scope 1 and scope 2 emissions of employees and transportation providers that occur during use of vehicles when employees travel from their homes to the workplace.
	Cat. 9. Downstream transportation & distribution	The scope 1 and scope 2 emissions of transportation providers, distributors and retailers that occur during use of vehicles and facilities for transportation of ZIMMERMANN’s sold product, where the logistics service is not paid for by ZIMMERMANN. It also includes the emissions of vehicles used by customers to reach ZIMMERMANN’s stores.
	Cat. 11. Use of sold products	Indirect use-phase emissions of sold products during their expected lifetime from activities such as washing and dry cleaning.
	Cat. 12. End-of-life treatment of sold products	The scope 1 and scope 2 emissions of waste management companies that occur during disposal or treatment of ZIMMERMANN’s sold products.

ASSURANCE STATEMENT

INDEPENDENT ASSURANCE STATEMENT

To the management and stakeholders of ZIMMERMANN Holdings Pty Ltd.

Scope

ELEVATE Global ("ELEVATE") was engaged by ZIMMERMANN Holdings Pty Ltd. ("ZIMMERMANN") to provide third-party independent assurance of its Communication of Progress Report 2021 (the "Report").

The assurance encompassed the entire Report for the reporting period 1st of July 2020 to 30th June 2021, unless otherwise stated. The assurance also covers the following GRI topic-specific disclosures and evaluated the Report's adherence to the GRI-referenced claim:

No.	Material Topic	GRI Topic-specific disclosures
1	Greenhouse Gas Emissions	GRI 305: Emissions 2016 305-1 (a, d); 305-2 (a, d); 305-3 (a,c, e)
2	Diversity & Inclusion	GRI 405: Diversity and Equal Opportunity 2016 405-1 (a.i, b)
3	Responsible Sourcing	GRI 414: Supplier Social Assessment 2016 414-1; 414-2

Type of assurance and criteria

The assurance engagement was conducted in accordance with the requirements of a Type 2 assurance of the latest AA1000 Assurance Standard (AA1000AS v3 2020). A moderate level of assurance under AA1000AS was provided for this engagement. A moderate assurance is restricted to desktop review, management-level evidence gathering and data verification.

AA1000AS consists of evaluating the company's sustainability framework and processes using the criteria of the AA1000 AccountAbility Principles (AA1000AS 2020), including inclusivity, materiality, responsiveness, and impact. Type 2 Assurance also requires an evaluation of the information reliability and quality of report. ELEVATE also assessed the report against the reporting principles of the GRI Standards (reliability, accuracy, balance, comparability, timeliness, clarity, sustainability context and completeness). For disclosures involving calculations, ELEVATE references guidance from GRI topic-specific standards, GHG Protocol Corporate Accounting and Reporting Standard, Science-based Targets Initiative (SBTi) Criteria and Recommendations.

Assurance methodology

The assurance was carried out from August to November 2021. ELEVATE undertook the following activities as part of the assurance process:

- Identified key text and data claims in the report for detailed verification, and determined the corresponding verification method, evidence required and relevant data owners
- Conducted interviews with key functional managers and data owners within ZIMMERMANN, for the following purposes:
 - Enquired about the overall sustainability management, governance structure and directions within the company; and the management approach for key verification topics
 - Interviewed personnel responsible for contributing sustainability-related performance information on the data collection, consolidation, and review process for the Report
- For selected GRI topic specific disclosures listed above, we assessed the accuracy of data through the inspection of supporting documents, data sampling and recalculations, as well as clarified discrepancies with data owners to substantiate reported figures and claims
- Challenged sustainability-related statements and claims made in the Report and assessed the adequacy of presented evidence, which included internal documents, third-party documents, calculation methods, criteria, assumptions, public domain studies and databases
- Provided recommendations for immediate correction where required or for future improvement to the Report content and clarity

Limitations

This moderate assurance engagement relies on a risk-based sample of sustainability data and the associated limitations that this process entails. This independent statement should not be relied upon to detect all errors, omissions, or misstatements that may exist within the Report.

ELEVATE did not verify the content of the Modern Slavery Statement and Diversity and Inclusion Statement referenced in the Report, as it is not part of the assurance scope.

Conclusion

Based on a moderate assurance engagement according to the above-listed scope and criteria, nothing comes to our attention to suggest that the reported data and information disclosed in the Report do not give a fair representation of ZIMMERMANN's sustainability performance and that it is not prepared with reference to GRI Standards. Opinions with regards to the Report's adherence to the AA1000AS 2020, the reliability of its information and its quality are detailed below:

Inclusivity – *How the organisation engages with stakeholders and enables their participation in identifying material sustainability topics and developing an appropriate strategic response.*

ZIMMERMANN has identified corporate customers, retail customers, suppliers, multi-stakeholder initiatives, peer groups, social mission organizations, as key external stakeholder groups and engages with them through various channels. The interests of external stakeholders were reflected in its materiality assessment process as one of two dimensions on its materiality matrix – "Stakeholder expectations". Internal stakeholders such as employees were engaged through the company's Diversity and Inclusion initiatives such as the equal employment opportunity survey described in the Report.

Materiality – *How the organisation recognises and prioritises the most relevant sustainability topics based on the topic's effect to the organisation and its stakeholders.*

ZIMMERMANN conducted a materiality assessment in 2021. A long list of topics was derived by analysing topics covered through stakeholder engagements and desktop research that includes various global standards, reviewing disclosures by peer organisations, industry reports, governmental reports, reports by social mission organizations. Topics were then prioritized using defined criteria and evaluated on a materiality matrix against two dimensions – stakeholder expectations and importance to ZIMMERMANN (based on internal priorities, risks, and impacts). Material topics were then used to inform the development of ZIMMERMANN's sustainability strategy and initiatives.

Responsiveness – *How the organisation responds to material sustainability topics and stakeholder feedback through decisions, actions, performance, and communication.*

Targets, commitments, and initiatives were developed to respond to material issues identified and are detailed in the Report. There are established mechanisms to capture information from stakeholders and respond to their feedback, such as dialogue sessions with suppliers and email exchanges with retail customers. For example, ZIMMERMANN has received and responded to more than 100 sustainability-related queries from retail customers during the year. Topics from customer feedback were also reviewed based on its frequency of occurrence and integrated into ZIMMERMANN's materiality assessment.

Impact – *How the organisation monitors, measures and is accountable for the direct and indirect impacts it has on its broader ecosystems.*

The Report reflects ZIMMERMANN's effort in identifying the key direct and indirect impacts of its business activities through the materiality assessment. Management system to assess impact and monitor performance could be observed, which included key performance metrics and targets. For example, ZIMMERMANN's impact on climate change is monitored and managed through its emissions accounting, science-based target setting, and climate strategy. Material environmental and social impacts in the supply chain are assessed environmental and social compliance audits with suppliers. Targets and commitments to reduce its impact across identified material topics are also indicated in the Report.

ASSURANCE STATEMENT

Quality of the Report content (evaluation of adherence to the GRI reporting principles)

Overall, the Report provides comprehensive, accurate, and clear coverage of ZIMMERMANN's environmental and social management approaches and performance for all its operations and locations. It also includes a notable amount of information on its supply chain. The content and topics of the Report are fairly consistent with its sustainability context and covers a comprehensive set of sustainability topics. This is ZIMMERMANN's first Communication of Progress Report, marking the beginning of its annual reporting practice.

The content of the Report is reasonably balanced, containing with some statements and numbers showing negative impacts of the company. Examples include findings from its worker surveys, as well as environmental and social non-compliances by suppliers. Based on the data sets and source documents assessed within the scope of the assurance, the Report content shows overall good levels of accuracy and reliability. Methodologies used generally followed credible international standards, such as GHG Protocol Corporate Accounting and Reporting Standard, and can be applied consistently for comparability of disclosures over time.


All other major recommendations by ELEVATE to improve the accuracy and clarity of Report disclosures were addressed by the reporting team. The final version of the Report was checked by ELEVATE to validate those recommendations have been applied.

Information Reliability

In terms of the reliability of information in the Report, ELEVATE clarified discrepancies with data owners, and data owners were able to demonstrate the origin and interpretation of the data in a reliable and traceable manner. We did not identify any unrectified material misstatement in the Report. The limited inconsistencies in the assessed data found during the assurance were also promptly corrected by the reporting team.

Independence and competencies

ELEVATE is a consulting company specializing in sustainability and supply chain services globally. The assurance engagement was carried out by an independent team of sustainability assurance professionals. This statement represents the independent opinion of ELEVATE, whose responsibility was to provide the assurance, to express conclusions according to the agreed scope, and to prepare the assurance report and statement for the management of ZIMMERMANN alone and for no other purpose. The activities of ELEVATE are independent of ZIMMERMANN and contain no financial interest in ZIMMERMANN's business operations.



Katie Yewdall
Associate Director
On behalf of ELEVATE Global
Singapore, December 2021

 ELEVATE

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