

ZIMMERMANN

SUSTAINABILITY REPORT 2022

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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

As a signatory to the UN Global Compact (UNGC), ZIMMERMANN submits a Communication on Progress (COP) to the UNGC every year. This is our second Sustainability Report and COP.

Unless otherwise stated, all information disclosed in this document is for the reporting period of 1 July 2021 to 30 June 2022 (financial year 2022 or FY 2022) and relates to the ZIMMERMANN corporate group, including all its subsidiaries. Further information on the company structure is provided on page 6 of this report. 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 36.

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

The end of each reporting cycle is an opportunity to take stock of the past twelve months, celebrate achievements, acknowledge challenges and review our roadmap. In doing so, we renew our commitment to the Ten Principles of the UN Global Compact that continue to inform our strategic decisions.

It is our mission to make beautiful clothes in a beautiful way. ZIMMERMANN stands for style over fashion, and our collections are designed with integrity, to last. Timeless design is one of our signatures, and we want people to collect our pieces, hold on to them, and enjoy them for years to come.

Our mission is made possible by the commitment of our teams and suppliers, who strive to deliver beautiful collections while keeping our sustainability commitments in mind and working to continuously improve their practices.

When we made our sustainability commitments, we were aware of the journey ahead and the challenges we would find along the way. However, we embarked on this journey with the confidence that positive change is possible and that ZIMMERMANN can give its contribution and create a positive impact.

This report has been designed to share how the commitment to the Ten Principles has shaped our approach to sustainability and guided the implementation of initiatives in the areas of Labour, Human Rights, Environment and Anti-corruption.

This document identifies challenges, sets targets and expectations for the year ahead and reinforces our pledges, including our commitment to respecting all internationally recognised human rights and our zero-tolerance approach towards corruption. It shows the ways in which we support the Sustainable Development Goals and how we plan to accelerate their implementation.

Chris Olliver

Chief Executive Officer

BUSINESS CONTEXT

OUR COMPANY

Zimmermann Holdings Pty Ltd, Zimmermann International Pty Ltd and Oceania (TopCo) Pty Ltd 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., Zimmermann SP, S.L., 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.



BUSINESS CONTEXT CONT.

OPERATIONS AND SUPPLY CHAIN

ZIMMERMANN has 21 retail stores in Australia, 19 in the USA, 1 in the UK, 3 in France, 6 in Italy, 2 in Spain and 1 in China. ZIMMERMANN also operates a digital business globally. 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 860 people are employed by ZIMMERMANN in Australia, the USA, the UK, France, Spain, 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 that specialise in traditional methods of craftsmanship.

Garments represent the largest product category, accounting for 96% of our FY 2022 spend, whereas accessories account for the remaining 4%.

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

Our supply chain in FY 2022:

	<i>Number of Suppliers</i>	<i>Number of Production Sites</i>	<i>Location Breakdown by Spend</i>
Tier 1 Garments	31	45	98% China 2% Portugal 0.3% India 0.2% Turkey 0.03% Uruguay
Tier 1 Accessories & Footwear	23	28	42% Italy 28% China 9% Australia 9% India 6% Portugal 4% Indonesia 2% Spain 0.3% Morocco 0.3% Madagascar 0.1% Philippines

	<i>Number of Suppliers</i>	<i>Number of Production Sites</i>	<i>Location Breakdown by Weight</i>
Tier 2 Fabrics & Trims	55	118	91% China 5% Italy 2% Portugal 1% Spain 1% Japan 0.4% India 0.2% France 0.1% Korea 0.1% Turkey 0.02% Uruguay

PARTNERSHIPS AND PHILANTHROPY

Collaboration continues to be central to our sustainability strategy and our commitment to the Ten Principles. We work closely with our suppliers to be catalysts of positive change and partner with organisations that share our values and promote their implementation.

We have been Better Cotton¹ members since December 2020 to improve cotton farming practices globally and continue supporting Nest² with our membership in the Craft Coalition.

We are proud signatories to The Fashion Pact³ and actively participate in the work of this coalition of companies that strive to systemically transform the fashion and textile industry for the better of our planet and people.

We are committed to implementing sustainable chemical management practices in our value chain. For this reason, we joined the ZDHC Foundation's Roadmap to Zero Programme as Friends of ZDHC to reduce the chemical footprint of our value chain.

In line with our diversity and inclusion commitments, we continued our corporate partnerships with Career Trackers,⁴ a national programme that creates paid internship opportunities for Indigenous Australians, and Disability Services Australia,⁵ a social enterprise supporting people living with disability.

¹ Better Cotton's mission is to help cotton communities survive and thrive while protecting and restoring the environment. Their Capacity building Programme puts farmers and farm workers front and centre, ensuring they can access the necessary tools, training and support they need to continuously improve their practices.

² Nest supports handworkers in informal supply chains. Predominantly women, these workers are often unrecognised, and the implementation of their social protections is the exception rather than the norm. Through programmes that support their well-being, responsible growth and creative engagement, Nest aims to build a world of greater gender equity and economic inclusion for the artisan and maker economy.



³ The Fashion Pact is a CEO-led coalition that aims to accelerate and scale impact across climate, biodiversity, and oceans by acting collectively.

⁴ CareerTrackers is an Australian non-profit with a mission to build Aboriginal and Torres Strait Islander representation across sectors of professional employment and nurture 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 creates 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.

⁵ <https://dsa.org.au/>

PARTNERSHIPS AND PHILANTHROPY CONT.

With conflicts, health emergencies and natural disasters increasingly affecting people globally, ZIMMERMANN has established an internal Philanthropic Group led by the Chief Executive Officer to continue supporting communities in need.

In March 2022, we mobilised resources to help the communities impacted by the catastrophic floods in Queensland and New South Wales.

Along with other brands in the wider Australian fashion industry, we worked to send suitable and needed clothing supplies via Thread Together⁶ and donated to the Queensland and New South Wales Flood Appeal to help the Australian Red Cross provide vital humanitarian support to the people and communities affected by the floods.

Concurrently, we made a donation to the World Food Programme, a global humanitarian organisation which launched an emergency operation to provide food assistance for people affected by the war in Ukraine.

GOVERNANCE

ZIMMERMANN's Sustainability Roadmap and strategic decisions are led by a Sustainability Working Group chaired by the Chief Executive Officer and Chief Operating Officer. The Working Group convenes quarterly.

The group members are responsible for the execution of the sustainability strategy within their departments, and our CEO shares regular updates with the Board.

Sustainability is also a central topic in the annual business meetings led by our CEO and attended by all employees globally. During these meetings, ZIMMERMANN's Sustainability Roadmap is presented to every function within the organisation, ensuring that all departments are aware of the company's sustainability commitments and operate in alignment with them.

⁶ <https://threadtogether.org/>

STRATEGIC PRIORITIES

We conducted a comprehensive materiality assessment in 2021, and this is reviewed annually. The most recent review has confirmed our ten strategic priorities:

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



STRATEGIC PRIORITIES CONT.

MATERIALITY ASSESSMENT METHODOLOGY

The materiality assessment begins with a broad list of potential material topics identified and 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. Each topic was scored to identify the high-priority material topics for our organisation. The score is based on the following criteria:

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

The CEO and the COO have reviewed and validated the assessment methodology with the final list of material topics and have approved the contents of this report.

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 and take their concerns seriously. We have reviewed the customer queries received by our Client Services 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.
- + Multi-stakeholder Initiatives, Peer Groups and Social Mission Organisations
We engage with multiple organisations to identify sustainability priorities by actively participating in meetings, conferences and networking events.

OUR COMMITMENT TO PEOPLE

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 community
- + Supporting the well-being of our employees
- + Investing in training and development
- + 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
- + 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 risk of forced, bonded and child labour

TARGETS⁷

- + Achieve traceability from Tier 4 (at least country-level) through each processing stage for 100% of key natural fibres⁸ used in main materials⁹ by 2025
- + Maintain 100% execution rate of our Supplier Code of Conduct in Tier 1 while progressively increasing the execution rate in Tier 2
- + Increase the reach of our Capacity Building Programme¹⁰ to 50% of our nominated Tier 2 supply chain by spend by 2025

⁷ These targets were set in FY 2022, and we will monitor and report progress from the next reporting cycle

⁸ Key natural fibres include cotton, linen, silk and wool

⁹ Main materials include all fibres that account for 50% or more of the product composition

¹⁰ Capacity Building Programme includes training and remediation

OUR COMMITMENT TO PEOPLE CONT.

HUMAN RIGHTS AND LABOUR STANDARDS

We revised our Human Rights Policy to include an implementation strategy and align the policy to the Guiding Principles on Business and Human Rights. The policy was informed by relevant internal and external expertise and approved by ZIMMERMANN's Executive team and Directors.

The policy is publicly available on the ZIMMERMANN website ([Human Rights Policy](#)) and has been included in the Policies and Procedures document shared with our employees globally.

The policy implementation relies on enhanced due diligence, training and capacity building, monitoring and partnerships to support continuous improvement. The following paragraphs describe how we progressed the implementation of this policy in FY 2022.

DUE DILIGENCE

We conducted a comprehensive Human Rights Risk Assessment in 2021, which is reviewed and updated annually. We use this assessment to identify human rights risks that may arise as a result of our business activities with respect to our key stakeholder groups, which include our employees, supply chain workers, our customers, suppliers, business partners and the broader community in which we operate. In the supply chain, we also assess labour-related risks.

Our current assessment methodology includes a review of country risks, such as political, socio-economic and environmental factors, combined with sector risks, including supply chain complexity, employment of vulnerable workers, recruitment practices and purchasing practices.

Of the stakeholder groups assessed, the supply chain has been identified as the main risk area, in particular the segments located in Asia and those that use decentralised work.¹¹ Therefore, the supply chain has been the focus of our training and capacity-building work.

¹¹ Predominantly home workers.

OUR COMMITMENT TO PEOPLE CONT.

In addition to the risk assessment, an enhanced due diligence process has been rolled out to assess site-specific risks before entering a new commercial relationship with a third party. As part of this new process, prospective suppliers are asked to complete a self-assessment questionnaire that looks at labour standards and specific risks relating to human rights. The process has already been implemented in the supply chain with Tier 1 and nominated Tier 2 suppliers. It will soon be extended to indirect procurement.

As part of the self-assessment, we ask the supplier to provide a recent audit report (an audit report that is not older than one year). Suppliers that have never been audited or do not have a recent audit report will undergo a ZIMMERMANN audit.¹²

The timeframe of the audit is determined on a risk basis. We evaluate the supplier risk profile based on our risk assessment, the self-assessment questionnaire and site visits conducted by the ZIMMERMANN staff. Following the first audit, if no critical issues have been identified, the supplier is reaudited after two years. Between audits, we continue engaging the supplier, who is asked to review the self-assessment and notify us of any changes. The same audit cycle applies to existing suppliers or new suppliers that have received a third-party audit within a year of starting a commercial relationship with ZIMMERMANN.

In case of critical issues in Tier 1, shorter audit cycles are adopted to ascertain that corrective action has effectively been implemented, while in Tier 2, suppliers are onboarded in the Zimmermann Capacity Building Programme, which assists them in the effective implementation of corrective action and continuous improvement strategies. The rationale of this process is detailed in the ‘Monitoring’ section below.

When we enter a commercial relationship with a new supplier, they are expected to sign our contract, which integrates our Supplier Code of Conduct and the human rights principles stated therein.

Suppliers that have signed our Supplier Code of Conduct:

	<i>FY2022</i>	<i>FY2021</i>	<i>FY2020</i>
Tier 1 Garments	100%	98%	96%
Tier 1 Accessories and Footwear	100%	92%	86%
Tier 2 Fabrics and Trims	98% ¹³	98%	82%

Our goal is to refine our due diligence process beyond Tier 2 as we continue mapping our supply chain.

Supply chain mapping has long been a priority for ZIMMERMANN’s sourcing teams, who have built a comprehensive Tier 1 and Tier 2 map over the years. The recent launch of a Traceability Policy and Procedures has intensified supply chain mapping efforts, and we intend to report our findings in our next progress report.

12 Conducted by third-party auditors on behalf of ZIMMERMANN.

13 Unsigned Codes of Conduct account for 0.044% of the meterage purchased.

OUR COMMITMENT TO PEOPLE CONT.

TRAINING AND CAPACITY BUILDING

We deployed training for our teams and supply chain to raise awareness of human rights risks and share our expectations regarding adherence to human rights and labour standards.

We have mandatory modern slavery training for all employees globally and additional training sessions for teams with procurement responsibilities.

In the supply chain, the training is part of the ZIMMERMANN Capacity Building Programme that launched at the end of June 2021 to support Tier 2 site managers in implementing the requirements set out in our Supplier Code of Conduct.

We planned the first phase of the programme with the support of third-party experts. This ran from June 2021 to November 2021 and included the following stages:

- 1 Training sessions and workshops were delivered in the local language to the management of 20 mills accounting for approximately 80% of ZIMMERMANN's fabric and trim spend.
- 2 Following the training, each mill was asked to develop a corrective action plan to improve practices that audits or the management's self-assessment had identified as non-compliant.
- 3 Facilities that had presented insufficient corrective action or shown slow progress received one-on-one technical support that guided them through a root cause analysis and the process of developing and implementing corrective action plans.
- 4 Lastly, we monitored corrective action implementation and progress.

The facilities still showing slow improvement in November 2021 were enrolled in the second phase of the programme, which launched in FY 2023.

OUR COMMITMENT TO PEOPLE CONT.

MONITORING

We have engaged an independent third party to conduct audits, which assess social and environmental compliance and the implementation of our Supplier Code of Conduct in Tier 1 and 2 production facilities. The FY 2022 audit data are reported in the appendix.

While our Tier 1 sites have been audited for several years and are familiar with the process and requirements, Tier 2 sites (mills) are typically less experienced. While we have commenced auditing some mills, we are also aware of the need to support the improvement and adoption of better labour standards in Tier 2. For this reason, some mills have been enrolled in the ZIMMERMANN Capacity Building Programme to receive training and guidance for the implementation of continuous improvement strategies before being audited.

Audits are a useful monitoring tool, but audits alone may not identify hidden issues that become apparent only when workers are engaged and their perspective is taken into account.

Worker engagement is integral to our audit process as we use technology-supported anonymous surveys to collect the workers' viewpoints across four indicators.

Since its launch in December 2020, the survey has been completed by 679 supply chain workers.

The respondents in the reporting period were 253, 61% of which were women.

FY 2022 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 FY2022</i>
Labour ¹⁴	46%	36%	18%	0%	Satisfactory performance
Health and Safety ¹⁵	73%	27%	0%	0%	Strong Performance
Environment ¹⁶	36%	46%	18%	0%	Satisfactory performance
Management System ¹⁷	0%	18%	82%	0%	Needs Improvement

¹⁴ Workers are asked to give their perspective on the availability and effectiveness of grievance mechanisms, equal treatment between women and men, wages, benefits, and hours of work.

¹⁵ Workers feel safe working in the facility and know what to do in case of emergency.

¹⁶ The perceived environmental impact of the site.

¹⁷ It pertains to the implementation of policies and procedures.

OUR COMMITMENT TO PEOPLE CONT.

In addition to anonymous surveys, we have initiated the rollout of an independent grievance mechanism in factories in China. For the first twelve months, the mechanism will be trialled in eleven factories that have been chosen due to their strategic role in our supply chain.

To provide a grievance mechanism aligned with the effectiveness criteria described in the UN Guiding Principles on Business and Human Rights, we partnered with an organisation having over a decade of experience designing and implementing helplines and supporting remediation.

In addition to providing insight into working conditions at the factories, the provision of an independent grievance mechanism is integral to our capacity-building efforts. The grievance mechanism can become a driver of continuous improvement in the factory, providing the factory management with the tools to proactively address issues before they escalate and, ultimately, prevent their reoccurrence.



OUR COMMITMENT TO PEOPLE CONT.

EMPLOYEE DEVELOPMENT, 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 being inclusive to our employees, our clients and the wider community.

To progress our commitment, we 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 the 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.

In the reporting period, we repeated our annual Diversity & Inclusion Survey, the results of which are shown in the appendix alongside the diversity and equal opportunity data.

We continued our investment in learning and development with a mandatory face-to-face unconscious bias training programme for all leaders and hiring managers designed to assist them in developing their individual leadership style, help increase employees' engagement and nurture future leaders.

OUR COMMITMENT TO PEOPLE CONT.

BUSINESS ETHICS

At ZIMMERMANN, business is conducted to the highest standards of integrity, honesty, respect and fairness when dealing with employees, customers and business partners. Our expectations regarding integrity, legality, honesty and ethical conduct extend to our employees globally and all third parties engaged in commercial relationships with us.

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 as stated in our Anti-Bribery and Corruption Policy.

To reinforce our commitment against bribery and corruption, we have rolled out anti-bribery and corruption training for all employees globally.

The policy implementation strategy includes:

- + The incorporation of business integrity expectations in contracts with suppliers;
Our Supplier Code of Conduct, which is an integral part of the commercial agreement with our suppliers, prohibits all forms of bribery and corruption. Equally, our standard contract document creates an obligation on the contracting parties to comply with bribery and corruption laws.
- + A due-diligence process is carried out before entering a commercial relationship with a third party;
Our Contract Policy requires that all employees conduct appropriate due diligence on the other party before entering a commercial contract.
- + The provision of channels for our employees and third parties to raise complaints and seek advice;
Employees can access a confidential hotline to raise complaints and seek advice. The process for employees who wish to raise concerns and grievances is detailed in the ZIMMERMANN Whistleblower Policy and provides internal pathways and information to access the confidential hotline. If concerns are raised, an initial investigation is undertaken by the Human Resources department, and the leadership team is kept informed throughout the process.¹⁸ The process is structured to ensure confidentiality and protection of the whistleblower.
- + Audits conducted by an independent third party in our supply chain also assess the implementation of anti-bribery and anti-corruption principles.

¹⁸ In the reporting period, there were no incidents pertaining to bribery or corruption.

OUR COMMITMENT TO THE ENVIRONMENT

COMMITMENTS

- + Conserving natural resources which are at risk of depletion as a consequence of the production and processing of textiles
- + Reducing our GHG emissions to meet our Science Based Targets
- + 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 implementing sustainable chemical management
- + Assessing 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



OUR COMMITMENT TO THE ENVIRONMENT CONT.

TARGETS

- + Reducing absolute Scope 1 and 2 GHG emissions 50% by FY 2030 from a FY 2020 base year (target validated by the Science Based Target initiative);
 - + Reducing absolute Scope 3 GHG emissions from purchased goods and services, and upstream transportation and distribution 30% within the same timeframe (target validated by the Science Based Target initiative);
 - + Sourcing 80% of cotton as more sustainable cotton by 2025. More sustainable cotton includes Better Cotton, Organic Cotton, Fairtrade and recycled cotton;
 - + Transitioning 25% of key materials¹⁹ to lower climate impact sources by 2025, prioritising recycled fibres obtained from textile recycling and other materials where their lifecycle has shown social and environmental benefits (e.g., lower lifecycle emissions). Our material choices in relation to this target are data-driven and take into account all known impacts²⁰ associated with the lifecycle of the material;
 - + Eliminating problematic or unnecessary plastics²¹ 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. To achieve this goal, we are committed to sourcing only FSC-certified cellulose-based materials and supporting deforestation-free leather supply chains;
 - + Developing a Biodiversity Strategy by 2024;
 - + Implementing 50% renewable energy by 2025 and 100% by 2030 within our own operations.
- ¹⁹ Our key materials include linen, cotton, silk, polyester, viscose and nylon, accounting for 31%, 25%, 11%, 10%, 7% and 4% of our material weights, respectively.
- ²⁰ Carbon footprint is not considered in isolation. For example, when evaluating the addition of materials to our preferred material list, we consider the existence of trade-offs that may result in a reduced carbon footprint but greater impacts on other areas, such as biodiversity and water. We have made the decision to include only materials that show some benefits across all areas.
- ²¹ Plastic packaging is defined as problematic or unnecessary when:
1. It is not reusable or recyclable.
 2. It contains, or its manufacturing requires, hazardous chemicals that pose a significant risk to human health or the environment.
 3. It can be avoided or replaced without compromising the consumer's access to the product, inability to meet health or safety regulations, or causing undesirable environmental outcomes.
 4. It hinders or disrupts the recyclability of other plastic items.
 5. It has a high likelihood of being littered or ending up in the natural environment.

OUR COMMITMENT TO THE ENVIRONMENT CONT.

GREENHOUSE GAS EMISSIONS

We have updated our greenhouse gas (GHG) emission inventory to monitor the changes that have occurred since our FY 2020 baseline. When we set our Science Based Targets (SBTs), we committed to publicly disclose our emission inventory and progress against our targets annually. Our SBTs were set in FY 2022, which marks the beginning of our annual emissions disclosure.

A comparison between the two inventories is shown in the table below, and further information on emissions scopes and boundaries is reported in the appendix.

<i>Greenhouse Gas Emissions – Inventory</i>	<i>Unit</i>	<i>FY2020</i>	<i>FY2022</i>
Scope 1	tCO ₂ e	4.75	46
Scope 2 Location-based	tCO ₂ e	692	772
Scope 2 Market-based	tCO ₂ e	699	4
Scope 3	tCO ₂ e	28,780.90	44,416.49
3.1 Purchased goods and service	tCO ₂ e	17,798.91	27,954.41
3.2 Capital goods	tCO ₂ e	2,073.35	3,282.79
3.3 Fuel and energy-related activities	tCO ₂ e	156.8	212.76
3.4 Upstream transportation and distribution	tCO ₂ e	4,791.23	6,306.47
3.5 Waste generated in operations	tCO ₂ e	583.88	967.72
3.6 Business travel	tCO ₂ e	88.26	425.93
3.7 Employee commuting	tCO ₂ e	993.48	1,309.18
3.9 Downstream transportation and distribution	tCO ₂ e	826.65	1,533.74
3.11 Use of sold products	tCO ₂ e	1,189.98	1,934.93
3.12 End-of-life treatment of sold products	tCO ₂ e	278.36	488.53

We are proud to announce that we have exceeded our Scope 2 Science Based Target by reducing our Scope 2 (market-based) emissions by 99% within a year of setting the target. We have also exceeded our commitment to implement 50% renewable energy in ZIMMERMANN's operations three years ahead of the target year.

To achieve this target, we retired Energy Attribute Certificates that we sourced in alignment with the GHG Protocol quality criteria and are provided with the EKOenergy²² or Green-e²³ label.

With regard to our value chain, we expected an increase in Scope 3 emissions due to the growing business and the impact that COVID-19 had on some Scope 3 categories in FY 2020 (e.g., Business travel). However, when evaluating our largest emission category (Category 3.1) relative to the volumes of materials sourced, we see an encouraging trend showing that the actions implemented to date are having the desired effect (see Materials and Packaging sections for more information). In intensity terms, the tCO₂e/\$ revenue have decreased by 14% in FY 2022 compared to the baseline.

The next few years will be crucial to scale up the adoption of currently available solutions and bridge the remaining gap between our emissions and targets with investments in innovation.

²² In addition to being renewable, EKOenergy-labelled energy finances projects that combat energy poverty.

²³ Green-e is a clean energy and carbon offsets certification. Through the Green-e® Energy program, CRS (Centre for Resource Solutions) certifies renewable energy that meets the highest standards in North America: it must be generated from new facilities, marketed with complete transparency and accuracy, and delivered to the purchaser, who has sole title. Green-e® staff verifies the entire chain of custody of certified renewable energy from generation to retirement.

OUR COMMITMENT TO THE ENVIRONMENT CONT.

MATERIALS

In transitioning to lower-impact materials, we have given priority to recycled fibres where possible.

In particular, we are increasing the use of recycled polyester, and in FY 2022, post-consumer recycled polyester accounted for 20% of all polyester used in our collections. We have also transitioned all women's swimwear lining to at least 90% recycled polyamide. In FY 2022, recycled polyamide (with both pre- and post-consumer content in variable amounts) accounted for 37% of all polyamide used in our collections.

In the reporting period, 44% of all the wool used was certified in alignment with animal welfare standards and processed following recommended environmental and social practices at each stage of the supply chain up to yarn.

In 2021,²⁴ we also sourced over 60% of cotton as more sustainable by investing in Better Cotton.²⁵

²⁴ Our Better Cotton targets follow the calendar year, and we use the calendar year to monitor our progress.

²⁵ Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products; however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source'.

²⁶ The R Collective are a social impact business committed to ending fashion waste by rescuing, reusing, and recycling materials.

²⁷ Intellectual Property (IP)

In FY 2021, we invested in textile-to-textile recycling to pilot new technologies. The pilots were successful, and the recycled fibres obtained have been used in packaging or product in the reporting period.

For example, we partnered with the R Collective to create timeless eyewear cases that launched in our Spring 2022 collection. The R Collective²⁶ has been a strategic partner in identifying recycling solutions for ZIMMERMANN's fabrics, supporting us throughout the recycling process and creating opportunities for long-term partnerships to continue recycling our obsolete textiles.

The canvas of our eyewear cases is made of 60% recycled pre-consumer linen and cotton and 40% virgin cotton. We chose to recycle IP-sensitive²⁷ fabrics that carry distinctive prints and patterns that are typically unsuitable to reuse as-is. By using unique machines, these fabrics were shredded and returned to their fibre state to be spun into new yarn. By using recycled fibres, we have tapped into existing materials and reduced the environmental impact that can result from the production of new textiles.

We are now exploring opportunities to invest in longer-term projects to integrate elements of circularity into our collections.

Finally, we have progressed our internal training programme to support our design team in choosing materials that align with our sustainability goals.

OUR COMMITMENT TO THE ENVIRONMENT CONT.

PACKAGING

Our customer-facing packaging features Forest Stewardship Council (FSC Mix) certified shopping bags and boxes and recycled polypropylene garment covers. The new packaging is being rolled out globally as we deplete the existing packaging stock.

Our e-commerce team has introduced a second packaging option for customers purchasing online. Customers who wish to receive less packaging can opt for the Eco-packaging option, which uses a reduced number of packaging components.

We are transitioning to recycled LDPE bags to protect garments in transit. In FY 2022, 91% of the LDPE bags used were made of recycled material, and we have implemented a soft plastic recycling programme to ensure that LDPE bags are recovered and diverted from landfill. The programme is currently available in our stores and offices in Australia, the UK store, and will be expanded to other locations where soft plastic recycling is still limited.

Our hanger supplier continues to collect used hangers from our Australian stores to be cleaned and reused.

SUPPLIER ENVIRONMENTAL ASSESSMENT AND SUSTAINABLE CHEMICAL MANAGEMENT

Audits assess the production sites in our supply chain against environmental indicators. The assessment is used to identify opportunities for improvement that we can support with our Capacity Building Programme.

In the reporting period, of the fifty-three sites audited, eleven had Environmental non-compliances, most of which pertained to the lack of an environmental impact assessment, air emissions monitoring and waste management. Corrective action plans have been put in place to correct the non-compliance.

Finally, we have enhanced our implementation of the Roadmap to Zero Programme with our wet-process facilities, which have received specialised training and have commenced the implementation of the ZDHC Guidelines. By 2024, we aim to work with at least 90%²⁸ of wet processing sites that have reached the Supplier to Zero²⁹ Progressive Level³⁰ and have set tangible targets to improve their overall ZDHC MRS� conformance, with the goal of being fully conformant by 2025.

²⁹ Launched in June 2020, Supplier to Zero is ZDHC's leader programme designed to align and speed up the implementation of ZDHC Guidelines and Solutions across the value chain. Supplier to Zero empowers supply chain partners and brings suppliers up to speed on the implementation of the industry's leading chemical management system.

³⁰ Supplier to Zero is connected to the ZDHC Gateway - the industry's database of chemicals to use. Advanced suppliers demonstrate their performance and leadership in the Progressive and Aspirational Levels of the leader programme.

²⁸ By spend

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



We are committed to ensuring the well-being of our employees and the workers in our supply chain.

A summary of initiatives and achievements during the reporting period:

- + Implementation of the ZDHC Supplier to Zero programme in wet processing facilities
- + Implementation of a grievance mechanism in the supply chain
- + Capacity building programme in Tier 2 with a focus on health, safety and labour standards
- + Initiatives to support our employees' health and well-being



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
- + 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 to gather worker viewpoints across four categories, including the equal treatment of men and women in production sites enabling the identification of areas for improvement
- + Partnership with CareerTrackers supporting their mission to build Aboriginal and Torres Strait Islander representation across sectors of professional employment
- + Diversity & Inclusion Group and training

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS CONT.



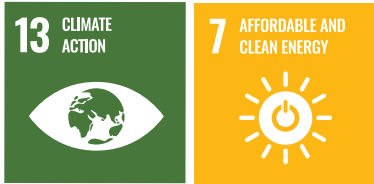
We are committed to conserving natural resources, preventing waterways pollution and supporting zero deforestation.

A summary of initiatives and achievements in the reporting period:

- + Transition to recycled LDPE bags to protect garments in transit
- + Textile-to-textile recycling in partnership with innovators and the use of recycled fibres in products or packaging
- + Transition to FSC-certified retail packaging

- + Adoption of the ZDHC MRSL to support suppliers in reducing their chemical footprint
- + Commitment to developing a Biodiversity Strategy by 2024
- + Philanthropic support to the Sydney Institute of Marine Science
- + Increased use of recycled fibres

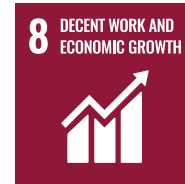
SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS CONT.



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

A summary of initiatives and achievements in the reporting period:

- + Progressed our roadmap to source lower climate-impact materials
- + Exceeded our Scope 2 emissions reduction target
- + Commitment to reducing our GHG emissions



We are committed to driving the implementation of best labour practices in our supply chain, supporting suppliers through training and capacity building, ensuring that our supply chain is a safe and respectful environment 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 period:

- + Expansion of the Capacity Building Programme in the supply chain
- + Traceability targets to identify opportunities to support workers in all tiers of our supply chain
- + Worker Sentiment Survey and grievance mechanism implementation in production sites
- + Enhanced due diligence process when engaging with suppliers
- + Continued support to Better Cotton

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 period:

- + Membership and participation in the UN Global Compact and The Fashion Pact activities
- + Joined the ZDHC Foundation's Roadmap to Zero Programme as Friends of ZDHC
- + Partnered with the R Collective to recycle obsolete IP-sensitive textiles
- + Partnered with the Nest Coalition for Craft and Culture to support the responsible growth of the artisan and maker economy
- + Worked with experts, members of the community and other stakeholders to deliver on our commitments

APPENDIX

SOCIAL AND ENVIRONMENTAL COMPLIANCE AUDITS AND CAPACITY BUILDING PROGRAMME

Sites audited or enrolled in our capacity-building programme in FY 2022

		<i>Tier 1 Garments</i>	<i>Tier 1 Accessories</i>	<i>Tier 2 Fabrics and Trims</i>
Audits	Total number of sites	45	28	118
	Number of sites audited in the reporting period ³¹	37	11	5
	Number of sites audited in the past two years ³²	44	15	25
	New sites in the reporting period	3	5	19
	% of new sites audited in the reporting period	100%	40%	0%
	Sites terminated as a result of the audit ³³	1	0	0
Capacity Building Programme	Number of sites enrolled in ZIMMERMANN's Capacity Building Programme ³⁴	n/a	n/a	20
	Number of sites with a comprehensive corrective action plan following the training	n/a	n/a	15

³¹ To avoid audit fatigue, we do not re-audit sites that, in the same year, have already been audited by others if we have access to the audit results and corrective action plans. This indicator shows the number of sites audited in the reporting period on behalf of ZIMMERMANN or other organisations.

³² We have recently changed our audit cycle from one to two years to provide the suppliers with an opportunity to receive tailored support between audits through the capacity building programme. Specific cases that require a follow-up audit will have shorter audit cycles.

³³ Termination is the last resort when engagement and cooperation attempts have failed. For more information, see footnote ³⁶.

³⁴ ZIMMERMANN's Capacity Building Programme is designed to drive continuous improvement of labour and health and safety standards. Facilities are sometimes enrolled in the programme before they are audited and other times after the audit to support the implementation of corrective action.

APPENDIX

SOCIAL RISK ASSESSMENT³⁵

	<i>China Tier 1</i>	<i>China Tier 2</i>	<i>India Tier 1</i>	<i>Indonesia Tier 1</i>	<i>Italy Tier 1</i>	<i>Portugal Tier 1</i>	<i>Turkey Tier 1</i>
Audit performance: Needs significant improvement ³⁶	5%	0%	0%	0%	0%	0%	0%
Audit performance: Needs improvement ³⁷	19%	25%	0%	0%	0%	0%	0%
Audit performance: Satisfactory	14%	25%	33%	0%	0%	100%	100%
Audit performance: Good	62%	50%	67%	100%	100%	0%	0%
Percentage of female workers	68%	51%	59%	n/a ³⁸	50%	n/a	26%
Percentage of foreign migrant workers	0%	0%	0%	n/a	38%	n/a	0%
Transparency rate ³⁹	79%	75%	100%	100%	100%	100%	100%
Incidents relating to forced and child labour or abuse	0	0	0	0	0	0	0
Freedom of association and collective bargaining violations	0	0	0	0	0	0	0

³⁵ The risk score is based on the outcomes of audits conducted in the reporting period.

³⁶ In the reporting period, two of the sites assessed were found to be in need of significant improvement. This was the result of non-transparent practices in providing attendance records to the auditors for the evaluation of wages, benefits and compliance with overtime limits. Following the audit, one of the two sites engaged in the implementation of upgraded record-keeping processes. After the ZIMMERMANIN team's prolonged attempts to build dialogue with the second site to promote more transparent practices, the site was terminated due to the management's lack of transparency and unwillingness to cooperate. Termination is the last resort when engagement and cooperation attempts have failed.

³⁷ Sites in need of improvement are asked to develop and implement corrective action plans and are often enrolled in the Capacity Building Programme.

³⁸ N/a is used for not available data, which may occur when audit reports provided by our suppliers do not report on all indicators assessed in this table.

³⁹ Transparency issues occur in sites reluctant to provide the required records during an audit. We take transparency seriously and promptly discuss with our suppliers any transparency concerns raised by the auditors. Lack of transparency is a serious breach of our Supplier Code of Conduct as it hinders constructive dialogue and can mask more serious issues.

APPENDIX

DIVERSITY & EQUAL OPPORTUNITY⁴⁰

Gender ratios of ZIMMERMANN's global workforce

	<i>Australia</i>	<i>China</i>	<i>France</i>	<i>Italy</i>	<i>Spain</i>	<i>UK</i>	<i>USA</i>
Female Employees	93%	87%	80%	73%	64%	79%	78%
Male Employees	7%	13%	20%	27%	36%	21%	22%

Gender ratios of ZIMMERMANN's offices

	<i>FY 2022</i>		<i>FY 2021</i>	
	<i>% Of female employees</i>	<i>% Of male employees</i>	<i>% Of female employees</i>	<i>% Of male employees</i>
Upper Management ⁴¹	60%	40%	67%	33%
Middle Management ⁴²	82%	18%	93%	7%
Lower Management ⁴³	96%	4%	96%	4%
Other Functions ⁴⁴	86%	14%	92%	8%

⁴⁰ Based on the workforce employed by ZIMMERMANN as of 30 June 2022 and calculated using data provided by the HR department. Due to reporting or systems constraints, some gender diversity data is presented using binary categories of male and female. ZIMMERMANN respects that gender is non-binary and adopts a more inclusive identification in its voluntary global survey.

⁴¹ C-level

⁴² Directors and Heads of department

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>FY 2022</i>		<i>FY 2021</i>	
	<i>% Of female employees</i>	<i>% Of male employees</i>	<i>% Of female employees</i>	<i>% Of male employees</i>
Managers	91%	9%	98%	2%
Assistant Managers	91%	9%	100%	0%
Back of house	61%	39%	50%	50%
Sales	94%	6%	94%	6%

⁴³ Managers

⁴⁴ Coordinators, Assistants, Analysts and other technical functions

APPENDIX

Percentage of employees by age range in ZIMMERMANN's offices

	FY 2022			FY 2021		
	<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>	<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%	40%	60%	0%	33%	67%
Middle Management	0%	89%	11%	0%	87%	13%
Lower Management	16%	78%	6%	15%	73%	12%
Other Functions	57%	35%	8%	55%	34%	11%

Percentage of employees by age range in ZIMMERMANN's stores

	FY 2022			FY 2021		
	<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>	<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>
Managers	43%	53%	4%	55%	45%	0%
Assistant Managers	65%	35%	0%	75%	25%	0%
Back of house	55%	41%	4%	54%	46%	0%
Sales	71%	28%	1%	76%	24%	0%

APPENDIX

DIVERSITY AND EQUAL OPPORTUNITY – SURVEY RESULTS

Our Diversity and Inclusion Survey is the tool we use to collect our global workforce's⁴⁵ anonymous feedback regarding diversity and inclusion at ZIMMERMANN. We repeat the survey annually to review progress and opportunities for improvement. The tables on this page summarise the information we have collected since the survey launched in June 2020.

The latest survey was conducted in August 2022 and was completed by over 70% of the workforce. The percentage has increased compared to June 2020 and May 2021, which had a 48% and 60% response rate, respectively.

When asked how diverse and inclusive they perceived their teams to be, over 60% of the respondents provided a high rating (a rating between 8 and 10, where 1 is not diverse/inclusive at all and 10 is very diverse/inclusive).

⁴⁵ Our corporate offices are located in Sydney, New York, and Paris. In terms of organisational function, 45% of our team is employed in Corporate/Office roles and 55% in Retail/Store roles.

⁴⁶ Gender diversity and Race/Ethnic diversity percentages are rounded to the nearest whole number and may not total 100%.

Gender diversity⁴⁶

	<i>August 2022</i>	<i>May 2021</i>	<i>June 2020</i>
Female	87%	94%	94%
Male	13%	6%	5%
Non-Binary/Other	<1%	<1%	<1%
Prefer Not to Say	<1%	1%	1%

Race/Ethnic diversity

	<i>August 2022</i>	<i>May 2021</i>	<i>June 2020</i>
White	66%	66%	66%
Asian or Pacific Islander	16%	17%	15%
Hispanic or Latinx	5%	3%	4%
Black or African American	7%	2%	2%
Aboriginal or Torres Strait Islander	2%	<1%	0%
Multiple groups	<1%	8%	9%
Other	2%	2%	2%
Prefer Not to Say	2%	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’.

<i>Scope</i>	<i>Category</i>	<i>Boundaries</i>
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 produced in FY22 (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 manufacturers to stores, retailers and e-commerce customers where ZIMMERMANN purchases the logistic service.
	Cat. 5. Waste generated in operations	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	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	Scope 1 and scope 2 emissions of employees and transportation providers that occur during the use of vehicles when employees travel from their homes to the workplace.
	Cat. 9. Downstream transportation & distribution	Scope 1 and scope 2 emissions of transportation providers, distributors, and retailers that occur during the use of vehicles and facilities for transportation of ZIMMERMANN’s sold product, where ZIMMERMANN does not purchase the logistic service. 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	Scope 1 and scope 2 emissions of waste management companies that occur during the disposal or treatment of 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 2022 (the "Report").

The assurance encompassed the entire Report for the reporting period 1st of July 2021 to 30th June 2022, 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 308: Supplier Environmental Assessment 2016 308-1; 308-2 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 2016 (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 September to December 2022. 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 trend analysis with previous year data, inspection of supporting documents, data sampling and recalculations, as well as clarified discrepancies with data owners to substantiate reported figures and claims
- Provided recommendations for immediate correction where required or for future improvement to

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 key stakeholders were reflected in its materiality assessment process. Suppliers were engaged through capacity building initiatives Internal stakeholders such as employees were engaged through its sustainable procurement and capacity building programme as 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 engaged workers in the supply chain through anonymous worker survey to identify potential ESG risks in the supply chain. The survey results were used to guide supplier engagement and monitoring activities.

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 and worker surveys. 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 second Communication of Progress Report. When appropriate, the report provides side-by-side comparison of current-year and past-year data to enable comparability.

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 adopted by the reporting team.

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
Director
On behalf of ELEVATE Global
Singapore, December 2022



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ZIMMERMANN

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