

ZIMMERMANN

MODERN SLAVERY STATEMENT 2023

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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.

This Modern Slavery Statement is prepared in accordance with the Modern Slavery Act 2018 (Cth) (the Act) and covers the period of 1 July 2022 to 30 June 2023 unless otherwise stated.

OUR COMPANY AND PRODUCT

Zimmermann Holdings Pty Ltd (128 874 000), Zimmermann International Pty Ltd (165 012 199) and Oceania (TopCo) Pty Ltd (639 682 027) 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 (062 643 609), which is responsible for design, sourcing, procurement, manufacture, production, Australian retail and wholesale operations, international wholesale operations and the Australian head office;
- + Zimmermann (USA), Inc. (83-0501744), which is responsible for American retail, online sales and the American office located in New York City;
- + Zimmermann U.K. Limited (10189074), which is responsible for British retail and online sales;
- + Zimmermann France (834780892), which is responsible for French retail, European online sales and the European office located in Paris;
- + Zimmermann Italy S.R.L. (10521850965), which is responsible for Italian retail;
- + Zimmermann SP, S.L. (B16965246), which is responsible for Spanish retail; and
- + Zimmermann (Shanghai) Clothing Accessories Co. (913100000MA), which is responsible for Chinese retail and digital sales, (together, the '**Subsidiaries**').

Oceania (TopCo) Pty Ltd, Zimmermann International Pty Ltd, Zimmermann Holdings Pty Ltd and Zimmermann Wear Pty Ltd are required to report under the Act. This statement is made on behalf of Oceania (TopCo) Pty Ltd, Zimmermann International Pty Ltd, Zimmermann Holdings Pty Ltd and each of the Subsidiaries. In this document, unless otherwise apparent from context, references to 'ZIMMERMANN', 'we' or 'us' are to the corporate group collectively.

ZIMMERMANN is engaged in the design, manufacture, wholesale, marketing and retail sale of luxury womenswear, as well as childrenswear and accessories.

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

OPERATIONS AND SUPPLY CHAIN

ZIMMERMANN has 20 retail stores in Australia, 25 in the USA, 1 in the UK, 5 in France, 6 in Italy, 3 in Spain and 2 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 1029 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

ZIMMERMANN does not own or operate any factories. 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 95% of our FY 2023 spend, whereas accessories account for the remaining 5%.

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

OPERATIONS AND SUPPLY CHAIN

Our supply chain distribution in FY 2023:

<i>Country of origin of finished goods</i>	<i>% of spend by country</i>	<i>Country of origin of fabrics and trims</i>	<i>% of spend by country</i>
China	84%	China	90%
Portugal	5%	Italy	7%
Vietnam	4%	Portugal	2%
Italy	3%	France	0.4%
Sri Lanka	3%	Japan	0.1%
Turkey	0.5%	Spain	0.1%
India	0.4%	Uruguay	0.04%
Spain	0.3%	Madagascar	0.04%
Indonesia	0.2%	Turkey	0.04%
Philippines	0.1%	India	0.02%
Australia	0.1%		
Uruguay	0.03%		
Morocco	0.01%		
UK	0.01%		

Number of suppliers and production facilities:

	<i>Number of Suppliers</i>	<i>Number of Production Facilities</i>
Tier 1 Garments	33	52
Tier 1 Accessories & Footwear	22	29
Tier 2 Fabrics & Trims	66	127

GOVERNANCE

Ultimate responsibility for ZIMMERMANN's adherence to ethical business practices resides with the Board of Zimmermann Wear Pty Ltd and COO. Our COO is personally involved in the day-to-day work on modern slavery prevention, which reflects the importance of the issue within the business.

ZIMMERMANN also employs a full-time Global Sourcing Manager and a full-time Sustainability and Social Compliance Manager who have day-to-day responsibility for assessing and managing modern slavery risks and work closely on this issue with a cross-functional team from the following ZIMMERMANN departments: Sourcing, Production, Human Resources, Legal, Logistics and Procurement.

MEMBERSHIPS AND PARTNERSHIPS

ZIMMERMANN is a member of the UN Global Compact (UNGC) and is committed to implementing the Ten Principles on human rights, labour, environment, and anti-corruption.

Our participation in workshops and multi-stakeholder convenings, including policy dialogues and other events organised by the Global Compact globally or locally, enables our engagement with peers and stakeholders to build meaningful collaboration and make a positive impact.

We are members of the Modern Slavery Community of Practice hosted by the Global Compact Network Australia (UNGCNA), a forum to discuss and unpack the opportunities and challenges facing Australian business in identifying, managing and communicating modern slavery risks.

In the reporting period, we continued supporting Nest¹ with our membership in the Craft Coalition. In recent years, we have worked with Nest to conduct wage and workplace diagnostics to ensure the well-being of the artisans who manufacture some of our handmade accessories.

In addition to our formal memberships and partnerships, we regularly connect with peers and external experts to explore collaboration opportunities.

¹ Nest supports hand workers 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. Nest (<https://www.buildanest.org/>)

RISKS OF MODERN SLAVERY IN OPERATIONS AND SUPPLY CHAIN

ZIMMERMANN follows the UN Guiding Principles on Business and Human Rights to guide its due diligence approach.

Our assessment of salient human rights risks and impacts includes our key stakeholder groups, such as our employees, supply chain workers, customers, suppliers, business partners and the broader community in which we operate.

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.

In the supply chain, we also use audits and Worker Sentiment Surveys as assessment and tracking tools to assess the presence of any risk indicators and monitor the implementation of mitigation strategies at the site level. We also typically conduct site visits to assess for ourselves the site's alignment with our values and expectations.

Of the stakeholder groups assessed and in relation to modern slavery risks, the supply chain has been identified as the main risk area, in particular the segments located in Asia and those that use decentralised work.²

- + Some of our suppliers engage home workers in relation to accessories, trims and hand-crocheted garments. The decentralised nature of home working may result in the adoption of weaker labour standards and increased worker vulnerability to unethical practices.
- + Textile supply chains are often complex, and the lack of transparency may prevent effective risk management and access to remedy in the lower tiers. In our supply chain, this applies to Tiers 3 and 4, and especially to commodities like cotton.

² Predominantly home-based artisan work.

ACTIONS TAKEN TO ADDRESS THOSE RISKS

ENGAGEMENT, TRAINING AND CAPACITY BUILDING

OPERATIONS

We deployed training for our internal 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. Our [Human Rights Policy](#) is provided to all employees upon joining the organisation, and a copy of the policy is available on the ZIMMERMANN website.

We recently established a Human Rights Working Group, chaired by our Chief Operating Officer and bringing together several departments, including those departments that frequently contract with third parties to purchase goods or services. The Group will focus on the implementation of a business-wide due diligence strategy based on the UN Guiding Principles on Business and Human Rights, including the assessment of salient human rights impacts, the review of modern slavery risks and the development of risk mitigation plans.

SUPPLY CHAIN

Our latest Modern Slavery training to Tier 1 and nominated Tier 2 suppliers was delivered in June 2021, and refresher training sessions are planned for FY 2024.

Additionally, we run a Capacity Building Programme delivered in partnership with third-party experts who train the management in our production facilities to guide the implementation of corrective action and continuous improvement strategies in the areas of labour, health & safety, environment, business ethics and management systems.

Capacity Building Programme Overview:

	FY23	FY22
Number of Tier 2 Mills Enrolled	10	20
Location	China	China
% of supplier spend	67%	80%

ACTIONS TAKEN TO ADDRESS THOSE RISKS

Our suppliers are expected to sign our contract, which integrates our [Supplier Code of Conduct](#) and the human rights principles stated therein.

% of suppliers that have signed our Supplier Code of Conduct:

	FY23	FY22	FY21	FY20
Tier 1 Garments	100%	100%	98%	96%
Tier 1 Accessories & Footwear	100%	100%	92%	86%
Tier 2 Fabrics & Trims	94%	98%	98%	82%

Our production sites are audited on ZIMMERMANN’s behalf by independent auditors.

In addition to verifying that the site operates in compliance with local regulations, the auditors assess the implementation of appropriate measures to ensure the site’s adherence to the principles stated in our Supplier Code of Conduct. Where issues are identified, we work closely with our suppliers to ensure continuous improvement.

RESPONSIBLE PURCHASING PRACTICES

We have established strong commercial relationships with many of our suppliers, some of whom have worked with us for over ten years and account for approximately 70% of our Tier 1 spend (Primary Suppliers).

A significant proportion of our Primary Suppliers’ business is for ZIMMERMANN. We have a regular dialogue with them regarding forward planning and workflow, which assists the Primary Suppliers with ensuring adequate staffing for busier periods.

In our interactions with suppliers, our focus is on building strong, long-term partnerships which are mutually beneficial. Our suppliers are encouraged to provide feedback, which helps us evaluate our purchasing practices. All suppliers are paid on time.

When we contract new suppliers or production facilities, they are asked to complete a self-assessment questionnaire that looks at labour standards and specific modern slavery risk indicators.

ACTIONS TAKEN TO ADDRESS THOSE RISKS

SUPPLY CHAIN MAPPING AND TRACEABILITY

As stated in our Traceability Policy, supply chain transparency and traceability of the materials used in our products are a requirement for Zimmermann's supply chain partners.

Traceability is defined as the ability to trace each material and process to its origin and process facility along the supply chain.

Traceability is essential to assess and manage modern slavery risks in the lower tiers of the supply chain.

Zimmermann requires that its suppliers make every reasonable effort to map their own supply chains and share with Zimmermann information pertaining to sourcing and processing locations of the materials used in Zimmermann's products.

We expect our suppliers to provide traceability information, upon request, for any material used in Zimmermann's products.

Traceability information of Priority Materials, which are those materials that we deem high-risk for environmental or human-rights-related reasons, should always be provided for every style.

% of key natural fibres' weight traceable at each stage:

Tier 4 (Country)	Tier 3 (Yarn supplier or mill)	Tier 2 (Fabric weaving or knitting mill)
48%	25%	86%
Tier 2 (Print mill)	Tier 2 (Dyeing mill)	Tier 1 (Garment factory)
98%	97%	100%

Key natural fibres are linen, cotton, silk and wool when they account for 50% or more of the product composition.

ASSESSING THE EFFECTIVENESS OF THOSE ACTIONS

AUDITS

Prospective suppliers in Tier 1 and Tier 2, where nominated, are asked to complete a self-assessment questionnaire for each facility they wish to use for ZIMMERMANN. The same process applies to existing suppliers who wish to onboard a new facility.

As part of the self-assessment, we ask the supplier to provide a recent audit report for each site they wish to onboard (an audit report not older than one year).

Sites that have never been audited or do not have a recent audit report will undergo a ZIMMERMANN audit conducted on our behalf by third-party auditors.

New sites undergo a ZIMMERMANN audit during the onboarding period in the following cases:

1. The site has never been audited or its most recent audit was conducted more than a year prior.
2. The site has a specific risk profile, irrespective of the availability of a recent audit report. The risk profile of the new site is assessed according to the following criteria:
 - Location
 - Tier
 - Self-assessment outcomes
 - Site visits conducted by the Zimmermann staff (where possible)

3. Sites used by our primary Tier 1 and 2 suppliers by spend, irrespective of their risk profile. These suppliers account for over 70% of Zimmermann's spend.

Sites with specific risk profiles or those used by our primary suppliers are audited annually. All other sites are audited bi-annually if the most recent audit did not identify any critical issue. In this case, we accept audits commissioned by third parties to avoid audit fatigue.

When our suppliers employ home workers, our independent auditors assess their working conditions using a framework that is tailored to the specificities of decentralised work.

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 enrolled in the ZIMMERMANN Capacity Building Programme,³ which assists them in the effective implementation of corrective action and continuous improvement strategies. The Capacity Building Programme was rolled out in Tier 2 to support sites that are typically less experienced with audits and need additional training to make long-lasting improvement.

³ The Capacity Building Programme is delivered in partnership with third-party experts who provide training to the mill management to guide the implementation of corrective action aimed at the resolution of non-compliance. The most common types of non-compliance addressed span minor health and safety issues, overtime and wage-related non-compliances. The facilities are expected to implement the necessary corrective actions by the end of the programme. Where issues remain, the facility may be re-enrolled in the programme for a second year.

ASSESSING THE EFFECTIVENESS OF THOSE ACTIONS

Sites Audited in FY 2023:

	Tier 1 Garments	Tier 1 Accessories & Footwear	Tier 2 Fabrics & Trims
Total number of sites	52	29	127
Sites audited in FY23	36	14	15
Sites audited in the past 2 years	43	22	20
New sites in the reporting year	10	6	31
% of new sites audited in the reporting year	60%	67%	3%
% of suppliers terminated as a result of the audit	0%	0%	0%

Audit-based risk assessment:

Audit performance: Needs significant improvement ⁴	4%
Audit performance: Needs improvement	55%
Audit performance: Satisfactory	22%
Audit performance: Good	19%
Percentage of female workers	59% ⁵
Percentage of foreign migrant workers	0.2%
Transparency rate ⁶	97%
Incidents relating to forced or child labour or abuse	None Identified
Freedom of association and collective bargaining violations	None Identified

⁴ These are sites found to have non-transparent record keeping, being unable or unwilling to provide some of the documents necessary to evaluate wages, benefits and compliance with overtime limits. These sites will be enrolled in our Capacity Building Programme.

⁵ Excluding 3 of the sites audited for which this information was not available.

⁶ Sites that have shown transparent practices, including accurate record keeping, throughout the audit.

ASSESSING THE EFFECTIVENESS OF THOSE ACTIONS

WORKERS' VOICE

Audits are a useful monitoring tool, but audits alone may not identify hidden issues that become apparent only when the workers' 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 (Labour, Health and Safety, Environment and Management Systems).

Since its launch in December 2020, the survey has been completed by 1019 supply chain workers.

340 supply chain workers responded to the survey in the reporting period, 65% of which were women.

FY 2023 Survey Results:

	Strong Performance	Satisfactory Performance	Needs Improvement	Needs Significant Improvement	Average Score FY 2023
Labour ⁷	35%	41%	18%	6%	Satisfactory Performance
Health and Safety ⁸	94%	6%	0%	0%	Strong Performance
Environment ⁹	35%	47%	18%	0%	Satisfactory Performance
Management System ¹⁰	6%	29%	47%	18%	Needs Improvement

⁷ 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.

⁸ Workers feel safe working in the facility and know what to do in case of emergency.

⁹ The perceived environmental impact of the site.

¹⁰ The perceived effectiveness of policies and procedures.

GRIEVANCE MECHANISMS AND ACCESS TO REMEDY

ZIMMERMANN 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. The process is structured to ensure confidentiality and protection of the whistleblower.

In the supply chain, we have established an independent grievance mechanism in our key factories in China to provide the workers with a confidential channel to raise complaints. The hotline is currently available in eleven factories, where workers have attended in-person training to familiarise themselves with the grievance mechanism. Posters and handouts have been provided to ensure all workers have access to the hotline. The eleven factories have been chosen for their strategic role in our supply chain and account for approximately 50% of our finished goods spend.

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 that has over a decade of experience designing and implementing helplines and supporting remediation.

In addition to providing insight into working conditions at the factories and access to remedy, 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.

When there is a risk to workers' safety or a critical breach of workers' human rights, the issue must be addressed without delay, prioritising the worker's well-being.

Depending on the severity of the issue, our approach may involve:

- + Discussing the matter with the supplier, if safe for the workers, to agree on a plan and timeframe for rectification, and then check in with the supplier to monitor progress;
- + Enrolling the site in our Capacity Building Programme to train and support the site management through continuous improvement while monitoring progress;
- + Engaging local NGOs, trade unions, community organisations or authorities (where appropriate and safe); and
- + Facilitating workers' access to restitution or compensation.

We also take into account situational challenges and adjust our approach accordingly to ensure workers' safety throughout the process.

The challenges we evaluate include:

- + Lack of law enforcement and legal protection;
- + Consent from the victim on the type of action that is being undertaken;
- + Lack of local expert organisations; and
- + Potential unintended consequences of the remediation pathway identified.

GRIEVANCE MECHANISMS AND ACCESS TO REMEDY

All of the grievances received during the reporting period were successfully resolved by the factory management supported by the ZIMMERMANN team and the grievance mechanism provider. The issues were non-critical and mostly pertaining to incorrect compensation that was promptly rectified by the factory management.

In one instance, a worker employed by one of our suppliers in their garment factory contacted the hotline to ask whether the factory management would allow their workers to decline overtime without repercussions and to ask for clarifications regarding the correct overtime pay rate. This grievance was immediately escalated to the ZIMMERMANN team and to our supplier.

Working with ZIMMERMANN and the hotline team, the supplier developed and implemented a strategy to rectify any action that could have caused a misunderstanding regarding the possibility of refusing overtime.

In particular, the factory management held employee briefing sessions to ensure their employees' awareness of the overtime scheduling and approval process, according to which employees are free to refuse any overtime offered. During the briefing sessions, the management also explained the wage calculation of regular and overtime wages.

The worker confirmed that the factory had rectified any misunderstanding around wages and overtime and was satisfied with the steps taken.

PLANNED PROGRESS

KPIs we set last year	Progress update	KPIs for the next reporting period
DUE DILIGENCE AND REMEDIATION		
+ Continue the implementation of our Traceability Policy and report on progress	While maintaining the accuracy of Tier 1 and Tier 2 supplier mapping, we have accelerated the mapping of Tiers 3 and 4 with the roll-out of a Traceability Policy and a process to map the supply chain of key materials in every collection. Additional information on our progress regarding traceability is reported on page 12.	+ Continue the implementation of our Traceability Policy and report on progress
+ Continue increasing the execution rate of our Supplier Code of Conduct in Tier 2 while maintaining 100% execution rate in Tier 1	We reached 100% execution rate in Tier 1 and 94% in Tier 2.	+ Continue increasing the execution rate of our Supplier Code of Conduct in Tier 2 while maintaining 100% execution rate in Tier 1
+ Increase the percentage of production sites visited by at least one member of staff with social compliance responsibilities from a baseline of 60% in Tier 1 and 38% in Tier 2	<p>Sites visited in FY23 by members of staff with social compliance responsibilities:</p> <ul style="list-style-type: none"> - Tier 1 – 53% - Tier 2 – 27% <p>The percentage of sites visited has decreased compared to the baseline due to an increased number of production sites used. While our team members with social compliance responsibilities have continued their visits to existing and prospective production sites, a number of sites are yet to be visited.</p>	+ Increase the percentage of production sites visited by at least one member of staff with social compliance responsibilities
+ Roll out the self-assessment questionnaire in indirect procurement	The self-assessment questionnaire has become a mandatory assessment tool when onboarding new suppliers or new production sites. The self-assessment questionnaire was used in the reporting period prior to onboarding some new service providers.	+ Continue the roll-out of the self-assessment in indirect procurement

PLANNED PROGRESS

KPIs we set last year	Progress update	KPIs for the next reporting period
DUE DILIGENCE AND REMEDIATION		
+ Continue expanding the Capacity Building Programme to include additional sites	Nine of the FY 2022 participants were re-enrolled in FY 2023 alongside a new site that had not previously participated.	+ Continue expanding the Capacity Building Programme to include additional sites
MONITORING		
+ Maintain annual third-party audits for Tier 1 and Tier 2 suppliers	We continued auditing production facilities according to our risk assessment.	+ Maintain annual third-party audits for Tier 1 and Tier 2 suppliers
+ Continue engaging the workers in our supply chain, ensuring successful implementation of the grievance mechanism and progressing the use of anonymous surveys	We continued using anonymous surveys to gather workers' feedback in our supply chain and have implemented a hotline in 11 factories accounting for 50% of ZIMMERMANN's finished goods spend.	+ Continue engaging the workers in our supply chain, ensuring successful implementation of the grievance mechanism and progressing the use of anonymous surveys
EDUCATION AND TRAINING		
+ Continue the engagement of ZIMMERMANN's staff and suppliers on the topic of modern slavery via training and continuous dialogue	Our modern slavery training continues to be mandatory for all employees and part of the induction for new staff members.	+ Continue the engagement of ZIMMERMANN's staff and suppliers on the topic of modern slavery via training and continuous dialogue
	We continued supplier engagement through our capacity-building programme.	

PROCESS OF CONSULTATION WITH OTHER ENTITIES

This statement was approved by the Board of Oceania (TopCo) Pty Ltd on 4 December 2023, the Board of Zimmermann International Pty Ltd on 4 December 2023, the Board of Zimmermann Holdings Pty Ltd on 4 December 2023 and the Board of Zimmermann Wear Pty Ltd on 4 December 2023. It is signed by Simone Zimmermann, who is a Director of each company, on behalf of each Board.

This statement was also the subject of considerable cross-functional input across the business prior to Board approval.

Signed



Simone Zimmermann
Director

Zimmermann Wear Pty Ltd
Zimmermann Holdings Pty Ltd
Zimmermann International Pty Ltd
Oceania (TopCo) Pty Ltd

Dated: 4 December 2023





ZIMMERMANN

www.zimmermann.com