

ZIMMERMANN

MODERN SLAVERY STATEMENT 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.

Our Modern Slavery Statement is published annually in accordance with the requirements of the Australian Modern Slavery Act 2018 (Cth) ('the Act').

Unless otherwise stated, all information below is for the reporting period of 1 July 2021 to 30 June 2022.

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 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

Our suppliers range from medium-sized facilities employing approximately 100 people to small artisan workshops that specialise in traditional methods of craftsmanship.

OPERATIONS AND SUPPLY CHAIN CONT.

Our supply chain in FY 2022:

	Number of Suppliers	Number of Production Sites	% By Spend	Country
Tier 1 Garments	31	45	98%	China
			2%	Portugal
			0.3%	India
			0.2%	Turkey
			0.03%	Uruguay
Tier 1 Accessories	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

OPERATIONS AND SUPPLY CHAIN CONT.

	Number of Suppliers	Number of Production Sites	% By Weight ¹	Country
Tier 2 Fabrics and 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

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.

¹ The overview of our fabric sourcing countries is based on the weight of fabrics.

RISKS OF MODERN SLAVERY IN OPERATIONS AND SUPPLY CHAIN

We conducted a comprehensive Human Rights and Labour Risk Assessment in 2021, which is reviewed and updated annually and includes the assessment of modern slavery risks within our key stakeholder groups in our operations, supply chain, indirect procurement and other business partners.

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, especially the segments located in Asia and those that use decentralised work.² In particular:

- + 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 remediation in the lower tiers. In our supply chain, this applies to Tiers 3 and 4, and especially to commodities like cotton.

² Predominantly home workers.

APPROACH TO ASSESS AND ADDRESS THESE RISKS

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 committed to implementing the Ten Principles on human rights, labour, environment, and anti-corruption.

Our participation in workshops, 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 (UNGCA), 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 Nest³ with our membership in the Craft Coalition. In recent years, we worked with Nest to conduct wage and workplace diagnostics to ensure the well-being of the artisans that 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.

DUE DILIGENCE PROCESS

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 and will soon be extended to indirect procurement.

A section of the questionnaire is intended to identify the existence of high-risk practices, while another section evaluates the existence of policies, procedures or accreditations⁴ that mitigate the risk. We assess freedom of association and the right to collective bargaining, the presence of independent worker representation on site and the availability of grievance mechanisms accessible to all workers, among other indicators.

³ 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.

⁴ Our Sourcing Teams prioritise suppliers that have been certified in alignment with social and environmental standards.

APPROACH TO ASSESS AND ADDRESS THESE RISKS CONT.

We also typically conduct site visits to assess for ourselves the site's alignment with our values and expectations.

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 Code of Conduct:

	FY22	FY21	FY20
Tier 1 Garments	100%	98%	96%
Tier 1 Accessories	100%	92%	86%
Tier 2 Fabrics and Trims	98% ⁵	98%	82%

Contracts for indirect procurement include a clause requiring compliance with modern slavery legislation.

We have established strong commercial relationships with many of our suppliers, some of which have worked with us for over ten years and account for approximately 60% 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.

⁵ Unsigned Codes of Conduct account for 0.044% of the meterage purchased.

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.

Our goal is to extend 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 beyond Tier 2, and we intend to report our findings in our next statement.

TRAINING AND CAPACITY BUILDING

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.

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

APPROACH TO ASSESS AND ADDRESS THESE RISKS CONT.

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 will launch in FY 2023.

ASSESSMENT OF EFFECTIVENESS

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. 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.

While our Tier 1 sites have undergone audits for several years and are familiar with the process and requirements, Tier 2 sites (mills) are typically less experienced. For this reason, while we have commenced auditing mills, we are also aware of the need to support the improvement and adoption of better labour standards in Tier 2. Therefore, 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 (Labour, Health & Safety, Environment and Management Systems).

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

In the current reporting period, 253 workers completed the survey, 61% of which were women.

APPROACH TO ASSESS AND ADDRESS THESE RISKS CONT.

FY 2022 Survey Results:

	Strong Performance	Satisfactory Performance	Needs Improvement	Needs Significant Improvement	Average Score FY22
Labour ⁶	46%	36%	18%	0%	Satisfactory performance
Health and Safety ⁷	73%	27%	0%	0%	Strong Performance
Environment ⁸	36%	46%	18%	0%	Satisfactory performance
Management System ⁹	0%	18%	82%	0%	Needs Improvement

In addition to anonymous surveys, we have initiated the rollout of an independent grievance mechanism in our 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.

⁶ 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.

⁷ Workers feel safe working in the facility and know what to do in case of emergency.

⁸ The perceived environmental impact of the site.

⁹ It pertains to the implementation of policies and procedures.

APPROACH TO ASSESS AND ADDRESS THESE RISKS CONT.

DATA MONITORING

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

	Indicators	Tier 1 Garments	Tier 1 Accessories	Tier 2 Fabrics and Trims
Audits	Total number of sites	45	28	118
	Number of sites audited in the reporting period ¹⁰	37	11	5
	Number of sites audited in the past two years ¹¹	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 ¹²	1	0	0
Capacity Building Programme	Number of sites enrolled in ZIMMERMANN's Capacity Building Programme ¹³	n/a	n/a	20
	Number of sites with a comprehensive corrective action plan following the training	n/a	n/a	15

¹⁰ 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.

¹¹ 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.

¹² In the reporting period, two of the sites assessed needed significant improvement. This was the outcome 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 ZIMMERMANN 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.

¹³ 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.

APPROACH TO ASSESS AND ADDRESS THESE RISKS CONT.

Monitoring of risk indicators¹⁴

	China Tier 1	China Tier 2	India Tier 1	Indonesia Tier 1	Italy Tier 1	Portugal Tier 1	Turkey Tier 1
Audit performance: Needs significant improvement ¹⁵	5%	0%	0%	0%	0%	0%	0%
Audit performance: Needs improvement ¹⁶	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%	Not available ¹⁷	50%	Not available	26%
Percentage of foreign migrant workers	0%	0%	0%	Not available	38%	Not available	0%
Transparency rate ¹⁸	79%	75%	100%	100%	100%	100%	100%
Incidents relating to forced or child labour and abuse	0	0	0	0	0	0	0
Freedom of association and collective bargaining violations	0	0	0	0	0	0	0

¹⁴ The risk score is based on the outcomes of audits conducted in the reporting period.

¹⁵ Please, see footnote 12 for further information.

¹⁶ Sites in need of improvement are asked to develop and implement corrective action plans and are often enrolled in the ZIMMERMANN Capacity Building Programme.

¹⁷ The audit reports provided by the facility did not report on this indicator.

¹⁸ Transparency issues occur in sites reluctant to provide the required records during an audit. We take transparency seriously and promptly discuss 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.

APPROACH TO ASSESS AND ADDRESS THESE RISKS CONT.

REMEDIATION PROCESS

ZIMMERMANN's Due Diligence Policy and Procedures establish the process to manage issues identified during audits and workers interviews or via anonymous surveys, grievance helplines or other whistleblowing mechanisms.

When there is a risk to workers' safety or which constitute 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 remediation while monitoring progress;
- + Engaging local NGOs, trade unions, community organisations or authorities (where appropriate and safe); and
- + Facilitating workers' access to restitution or compensation.

As part of the remediation process, we also take into account situational challenges and adjust our approach accordingly to ensure workers' safety throughout the remediation 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.

PLANNED PROGRESS

KPIs we set last year	Progress update	KPIs for the next reporting period
DUE DILIGENCE AND REMEDIATION		
<ul style="list-style-type: none"> + Maintain accuracy of Tier 1 and Tier 2 fabric and trim supplier mapping + Continue Tier 3 and 4 supplier mapping 	<p>While maintaining the accuracy of Tier 1 and Tier 2 supplier mapping, we have also accelerated the mapping of Tiers 3 and 4 with the launch of a Traceability Policy and a process to map the supply chain of key materials in every collection.</p>	<ul style="list-style-type: none"> + Continue the implementation of our Traceability Policy and report on progress in our next statement
<ul style="list-style-type: none"> + Continue increasing the execution rate of our Supplier Code of Conduct across Tier 1 and 2, including seasonal suppliers 	<p>We reached 100% execution rate in Tier 1 and 98% in Tier 2 (the 2% that hasn't yet signed the Code of Conduct accounts for 0.04% of the fabric meterage purchased).</p>	<ul style="list-style-type: none"> + Continue increasing the execution rate of our Supplier Code of Conduct in Tier 2, while maintaining 100% execution rate in Tier 1
<ul style="list-style-type: none"> + Resume site visits as soon as travelling is permitted and: + Maintain visits to 100% of all Tier 1 suppliers + Increase visits to each Tier 1 factory to 85% + Increase visits to Tier 2 fabric mills to 70% 	<p>For the purpose of this statement, we track site visits conducted by members of the ZIMMERMANN staff with social compliance training and responsibilities. Unfortunately, due to some remaining Covid travel restrictions in the reporting period, site visits conducted by staff with social compliance responsibilities remained limited to the European supply chain. Whereas in China, site visits were conducted by ZIMMERMANN's in-country Merchandising and Quality Assurance staff.</p>	<ul style="list-style-type: none"> + 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
<ul style="list-style-type: none"> + Increase the Supply Chain Transparency SAQ (self-assessment questionnaire) response rate 	<p>The self-assessment questionnaire has become a mandatory assessment tool when onboarding new suppliers or new production sites.</p>	<ul style="list-style-type: none"> + Rollout of the self-assessment in indirect procurement
<ul style="list-style-type: none"> + Engage with peers and local organisations to progress the capacity-building programme 	<p>ZIMMERMANN's Capacity Building Programme has been extended to FY23.</p>	<ul style="list-style-type: none"> + Continue expanding the programme to include additional sites

PLANNED PROGRESS

KPIs we set last year	Progress update	KPIs for the next reporting period
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 the deployment of Worker Sentiment Surveys while progressing the implementation of other tools to address workers' grievances	We have initiated the rollout of a grievance helpline in eleven production sites that have been chosen due to their strategic role in our supply chain. This is an anonymous whistleblowing channel for workers, which has been built following the UN Guiding Principles on Business and Human Rights.	+ 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 staff training on modern slavery, including full training for new employees and refresher training for existing staff	Modern slavery training is 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
+ Continue supplier engagement on transparency, due diligence and modern slavery risks assessment and mitigation	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 13 December 2022, the Board of Zimmermann International Pty Ltd on 13 December 2022, the Board of Zimmermann Holdings Pty Ltd on 13 December 2022 and the Board of Zimmermann Wear Pty Ltd on 13 December 2022. 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: 13 December 2022





ZIMMERMANN

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