

ZIMMERMANN

Natural Resources Conservation Policy

CONTEXT

Our natural resources are invaluable assets that sustain life and provide essential services to humanity. Recognizing their finite nature and the critical need to conserve them for the present and future generations, ZIMMERMANN is committed to implementing a comprehensive Natural Resources Conservation Policy.

+ Biodiversity

A significant portion of the raw materials utilised in garment production originates from natural ecosystems, predominantly land and forests. These ecosystems also offer invaluable ecosystem services, many of which are freely provided. Given humanity's reliance on nature, there exists a potential threat to the biodiversity that upholds these ecosystems. Consequently, there is a risk of disrupting the supply raw materials essential for our product manufacturing and compromising the resilience of our supply chain.

Various elements including climate change, degradation of nature, water shortages, and unsustainable agricultural and forestry practices have all played a role in the biodiversity crisis. As per the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Global Assessment Report, approximately 1 million animal and plant species are currently facing the threat of extinction, with many at risk of disappearing within a decade.

+ Land use and land use change

Protecting forests and other natural ecosystems is critical for water supply, preventing biodiversity loss, mitigating climate change, and the well-being of Indigenous Peoples and local communities.¹ The Accountability Framework initiative (AFi)² defines deforestation as "the loss of natural forests as a result of conversion to agriculture or other non-forest land use, conversion to a plantation or severe/sustained degradation". While conversion is defined as "the change of a natural ecosystem to another land use or profound change in the natural ecosystem's species composition, structure, or function". Several of the materials used in the apparel and footwear industry, such as leather, rubber, cellulose-based materials or natural fibres such as cotton and wool have been linked deforestation and conversion. Furthermore, the production of plant-based or animal fibres and materials could lead to land degradation and the contamination or impoverishment of soil.

¹ Indigenous Peoples and Local Communities' Land Rights are among the salient human rights impacts that Zimmermann identified as part of our Human Rights Due Diligence efforts.

² The AFi Coalition consists of more than 25 environmental and human rights NGOs from around the world. In 2019, the AFi launched the Accountability Framework: a practical, consensus-based guide for achieving and monitoring ethical supply chains. The Framework is grounded in accepted international norms, such as the UN Sustainable Development Goals and the UN Guiding Principles on Business and Human Rights (<https://accountability-framework.org/about/about-the-accountability-framework-initiative/mission-and-vision/>).

The FAO (Food and Agricultural Organisation) of the United Nations reports that 33% of global soil is moderately to highly degraded. It is imperative to reverse this trend. Healthy soil acts as a carbon sink, effectively storing significant amounts of carbon absorbed from the atmosphere through photosynthesis by plants.

Scientific research indicated that healthier soils exhibit greater resilience to adverse weather conditions, resulting in enhanced agricultural yields, decreased water loss, and minimised soil erosion. Additionally, rich in microorganisms, healthy soil harbours a diverse array of life. These microorganisms play vital roles in nourishing and safeguarding plant and animal diversity, thereby fostering the creation of resilient ecosystems capable of withstanding the challenges posed by climate change.

+ Water stewardship

Water serves as the cornerstone of sustainable development, playing a crucial role in socioeconomic progress, energy and food production, the preservation of healthy ecosystems, and human survival itself. The textile and footwear sectors are water intensive. Water is a primary input in raw material cultivation and wet manufacturing processes. Hence water use needs to be addressed by the industry to mitigate negative impacts on people and the environment.

Water pollution contributes to water stress, emphasizing the importance of ensuring that the water released into the environment is clean and safe. For this reason, ZIMMERMANN has a documented policy addressing chemical pollution and partners with ZDHC to uphold environmental standards.

POLICY STATEMENT

ZIMMERMANN advocates for preventing biodiversity loss, promoting sustainable and regenerative farming practices that enhance soil health, and safeguarding global ecosystems crucial for carbon sequestration, biodiversity preservation, and the well-being of local communities. In particular, ZIMMERMANN is committed to eliminating deforestation and conversion of other natural ecosystems as defined by the Accountability Framework initiative. The cutoff date after which deforestation or conversion are considered non-compliant with this policy is January 1, 2020, in line with the Afi's "Operational Guidance on Cutoff Dates".

Additionally, ZIMMERMANN is committed to protecting water resources within its area of influence by promoting water efficiency and eliminating water pollution in its supply chain and operations.

As supplier facilities and neighbouring communities along our supply chain are exposed to varying levels of freshwater stress, we recognise the opportunity to maximise our efforts where they are most needed and to implement actions that yield measurable benefits extending beyond the boundaries of the supplier's facilities to the wider catchment and local stakeholders. ZIMMERMANN will actively support policies and participate in collaborative initiatives to amplify its influence beyond its supplier's manufacturing facilities, striving to increase access to clean and reasonably priced drinking water in the communities our organisation and our suppliers operate in.

SCOPE

The provisions of this policy apply to:

- All commodities that ZIMMERMANN sources that pose a risk for deforestation, conversion, biodiversity loss, water depletion and land degradation.
- ZIMMERMANN's global operations and value chain, particularly upstream suppliers extracting and processing the relevant commodities.

This policy is supplemented by the following documents:

- Traceability Policy
- Viscose Sourcing Policy
- Responsible Sourcing Policy
- Pollution Prevention Policy
- GHG Emissions Policy
- Human Rights Policy
- Supplier Code of Conduct

IMPLEMENTATION

The steps that ZIMMERMANN will take to implement this Policy are outlined below. We conduct regular reviews of our implementation mechanisms to ensure they remain relevant to our business activities, risks identified, stakeholder expectations and international context.

Commitment	Action taken to date (July 2024)
<ul style="list-style-type: none"> + ZIMMERMANN is committed to the sustainable utilisation of natural resources and facilitating the transition to production practices aimed at preserving biodiversity and restoring natural ecosystems. 	<p>Since 2021, Zimmermann has been publishing annual updates on the uptake of preferred materials on its website and in its Sustainability Report. For further information on our existing targets and progress, please refer to our most recent report.</p>
<ul style="list-style-type: none"> + ZIMMERMANN will encourage the responsible procurement of raw materials by prioritizing sustainable agricultural methods, including organic, regenerative, and other practices that show proven environmental benefits. This also involves ongoing research and collaboration within the fashion industry. 	
<ul style="list-style-type: none"> + ZIMMERMANN aims at utilising cellulose-based materials sourced from deforestation-free supply chains, with a preference for internationally recognised certifications such as the Forest Stewardship Council (FSC). 	

<p>+ ZIMMERMANN is committed to assessing the organization's impact on land, freshwater and ocean following the guidance developed by the Science Based Targets Network and defining a strategy to address all material impacts identified.</p>	<p>In progress</p>
<p>+ ZIMMERMANN aims at improving the traceability of raw materials, to better understand localised impacts on nature. These include, but are not limited to:</p> <ul style="list-style-type: none"> ○ The systematic analysis of the geographical water risks present in its entire wet processing supply chain and raw material production; ○ The assessment of production site's alignment with policies on water and wastewater management; ○ The analysis of deforestation or conversion risks linked to specific commodities and sourcing location. 	<p>Zimmermann's Traceability Policy, issued in 2022, outlines the organization's requirements and processes related to traceability. Zimmermann has also established a traceability target. For further information on the target and annual progress, please refer to Zimmermann's most recent sustainability report.</p>
<p>+ ZIMMERMANN is committed to investing in Impact Incentives or Impact Partnership Incentives to support deforestation-free leather supply chains.</p>	<p>https://www.zimmermann.com/sustainability-leather-impact-accelerator</p>
<p>+ ZIMMERMANN is committed to water stewardship and to collaborative efforts aimed at safeguarding this vital shared resource by:</p> <ul style="list-style-type: none"> ○ Monitoring and promoting the responsible utilisation of water resources at its offices and retail stores, including the adoption of water-efficient equipment; ○ Supporting its suppliers in implementing water management protocols to 	<p>In progress</p>

<p>minimize water consumption;</p> <ul style="list-style-type: none"> ○ Supporting the implementation of its Pollution-prevention Policy, which provides guidance on wastewater and sludge treatment. 	
<ul style="list-style-type: none"> • ZIMMERMANN is committed to training its suppliers to promote sourcing of materials aligned with this policy. 	<p>Since 2021, Zimmermann has been holding periodic supplier training sessions and capacity-building programs. Additionally, Zimmermann regularly engages suppliers on sustainability-related topics. This engagement is not limited to direct suppliers (tier 1) but also includes suppliers of input materials (tier 2).</p>

ZIMMERMANN adheres to relevant environmental laws, regulations and voluntary agreements endorsed by the organisation as a baseline standard.

This Policy has been reviewed by a cross-functional team and approved by the Executive team and Directors of Zimmermann Wear Pty Ltd. ZIMMERMANN will communicate this Policy to all employees and suppliers, ensuring they understand their environmental responsibilities.

REPORTING

ZIMMERMANN is committed to transparent, timely reporting to stakeholders regarding the company's environmental and sustainability performance.

As members of the UN Global Compact (UNGC), we have committed to the Ten Principles in the areas of human rights, labour, environment and anti-corruption and are required to report on our progress annually. The report we submit to the UNGC as part of this commitment tracks our progress in the implementation of this Policy. Additionally, we publish a Sustainability Report on the ZIMMERMANN website annually. This document tracks our progress towards our commitments and targets.