

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Founded in 2008, Zalando is Europe’s leading online platform for fashion and lifestyle, connecting customers, brands and partners. We bring head-to-toe fashion to more than 27 million active customers across 17 markets, offering clothing, footwear, accessories and beauty. About 2,000 brands are currently offered by Zalando, from world famous names to local labels, as well as our own products. Our platform is a one-stop fashion shop for inspiration, innovation and interaction. As Europe’s most fashionable tech company we work hard to find digital solutions for every aspect of the fashion journey: for our customers, partners and every valuable player in the Zalando story. Our goal is to become the starting point for fashion – the destination that customers gravitate towards for all their fashion needs.

Zalando’s localized offering addresses the distinct preferences of its customers in each of the 17 European markets being served: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Italy, Ireland, Luxembourg, the Netherlands, Norway, Poland, Spain, Sweden, Switzerland and the United Kingdom. The logistics network with 9 centrally located fulfillment centers (5 more under construction) in Germany, Northern Italy, France, Sweden and Poland allows Zalando to efficiently serve its customers throughout Europe with a focus on local customer needs. Zalando offers 20 payment options and 60 delivery and return options. The company’s management believes that the integration of fashion, operations and online technology provides the capability to deliver a compelling value proposition to both customers and fashion brand partners.

To give its customers a broad service, Zalando’s offering has been extended and enhanced with Zalando Lounge, Zalon, Zalando Wardrobe and the brick-and-mortar outlet stores in Berlin, Frankfurt, Cologne, Leipzig, Hamburg, Stuttgart and Münster, which serve as additional sales channels for excess inventory. Zalando Lounge offers registered members special offers at reduced prices and Zalon is Zalando’s personal stylist service, working with about 500 stylists who put together looks from the Zalando fashion store, based on customer preferences. Zalando Wardrobe is a second-hand channel, where consumers can sell their clothes, buy used fashion and share their styles.

In the face of global developments like climate change, we see a pressing urgency to reimagine our industry in a way that benefits all stakeholders involved in the fashion ecosystem. Creating value for everyone involved also includes taking responsibility for the people and environment along our value chain. Our Corporate Strategy is built on our purpose of "reimagining fashion for the good of all". We want to do more and talk less. This is also how we approach sustainability and therefore we called our Corporate Responsibility strategy the do.STRATEGY.

Sustainability is an increasingly important driver of business success at Zalando and it is our ambition to become the leading online destination for sustainable fashion by 2020. We want to run our business responsibly and use our tech and fashion expertise to enable our customers, brands and the industry to make more sustainable choices. While we are still at the beginning of this journey, we can build on a solid foundation with our materiality analysis, previous work and a clear understanding of our biggest issues.

In 2018 we worked hard towards contributing to systemic changes in our industry and achieving our targets in four key areas – employees (do.GROW), products (do.KNOW), environment (do.PROTECT) and societal engagement (do.CONNECT). We also reported for the first time transparently and comprehensively on the clear targets we set in 2017 for all four areas.

do.PROTECT is the area within the strategy covering our environmental efforts. Our environmental vision is to decouple our ecological footprint from our economic growth. To this end, we are focusing on two main areas: climate protection and sustainable packaging. During 2018 we rolled out Zalando’s first climate protection strategy. Teams from all relevant business units were involved, contributing their ideas on how to reduce CO2 emissions in the future.

We are focusing our efforts on reducing our carbon footprint across customer deliveries, energy and travel, and we are optimizing packaging to reduce waste. In 2018 we achieved a reduction of 16% in our carbon footprint realted KPI (kg CO2e per order) and switched to 100% green energy in all our logistic centers in Germany and Poland, and almost all our offices in Germany. We also conducted a life-cycle analysis of alternative packaging materials to evaluate their environmental impact and switched to shipping bags with 80% post-consumer recycled content.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	Yes	3 years

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

- Austria
- Belgium
- Czechia
- Denmark
- Finland
- France
- Germany
- Ireland
- Italy
- Luxembourg
- Netherlands
- Norway
- Poland
- Spain
- Sweden
- Switzerland
- United Kingdom of Great Britain and Northern Ireland

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

- EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

- Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

- Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The highest level of responsibility for climate-change-related issues relevant for Zalando lies with one of the members of the Management Board, one of Zalando's Co-CEO's. In 2018, the Co-CEO was responsible, among others, for Zalando's Corporate Governance function. This function is led by the General Counsel. The Corporate responsibility and Sustainability team reports to the General Counsel. The Co-CEO responsible reviewed and gave guidance on the content and targets of the strategy. He also chairs the Environmental Steering Committee, which is responsible for managing, among others, climate-related issues. The Environmental Steering Committee meets on a bi-annual frequency. This Co-CEO relays information from the Steering Committee to the Board during Board meetings, if necessary. Additionally, relevant sustainability topics are addressed with the Co-CEO in scheduled bi-yearly reviews, which cover updates on the development and status of the climate strategy.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Monitoring and overseeing progress against goals and targets for addressing climate-related issues	As the climate protection strategy was being developed (last quarter of 2017), the Co-CEO (member of the Management Board) responsible for sustainability topics reviewed and gave guidance on the content and targets of the strategy. The Co-CEO reviews the Corporate Responsibility team's activities and progress on a bi-annual basis in so called bi-yearly reviews, which include updates on climate related topics such as progress against targets and status of measures implementation. The responsible Co-CEO responsible is part of the Environmental Steering Committee, with meetings planned on a quarterly basis. The focus of this meeting is to: - Give an update on progress against goals and targets for addressing climate-related issues, as well as other environmental related topics - Provide guidance on overall direction of the strategy including future plans and objectives - Evaluation of main projects and plans of action on climate protection and sustainable packaging related topics In recent meetings, the Co-CEO also engaged in the development of Zalando's next climate protection targets, considering also science-based targets. This included the consideration of risks and opportunities connected to climate disruption. The Governance and Risk team as part of the Corporate Governance business unit was also overseen by the management board. Identified risks, which, if identified, include also climate-related risks, are reported to management and potentially, depending on probability of occurrence and potential impact, to the Management Board and the shareholders of the company. Based on this the board makes decisions regarding risk control measures in relation to the company objectives.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	Quarterly
Sustainability committee	Both assessing and managing climate-related risks and opportunities	Half-yearly
Other, please specify (General Counsel (Senior Vice-President Corporate Governance))	Other, please specify (Oversees the progress against targets and advises the Corporate Responsibility (CR) team in climate-relevant decisions.)	Half-yearly
Other, please specify (Vice-President Logistics)	Other, please specify (Oversees the progress against targets and advises the Corporate Responsibility (CR) team in climate-relevant decisions. Ensures budget is available for the implementation of measures.)	Half-yearly
Other, please specify (Vice-President Corporate Real Estate)	Other, please specify (Oversees the progress against targets and advises the Corporate Responsibility (CR) team in climate-relevant decisions. Ensures budget is available for the implementation of measures.)	Half-yearly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

In the reporting year, the Co-CEO oversaw, among others, Zalando's corporate governance function which encompasses, amongst others, the corporate responsibility & sustainability team (CR team).

Besides reviewing the CR team's activities and progress on a bi-annual basis (in so called bi-yearly reviews), the Co-CEO also chairs the Steering Committee on environmental and therefore climate-related issues. This steering committee is organized as a squad across different business divisions. Currently it meets on a bi-yearly basis. A list of the positions who are part of the Committee are:

- Co-CEO
- General Counsel (Senior Vice-President Corporate Governance)
- Vice-President Logistics
- Vice-President Corporate Real Estate
- CR team members
- Representatives of business units responsible for the implementation of specific climate related measures

The CR team is part of the Corporate Governance function and reports directly to the General Counsel. The CR team drives corporate responsibility and sustainability efforts as key elements of Zalando's future business success. The team focuses on the societal and environmental impacts resulting from Zalando's business activity.

The General Counsel (Senior Vice-president Corporate Governance) reports directly to the Management Board. He oversees the Corporate Governance function. This function encompasses Legal and Compliance; Risk, Security and Data Governance; Internal Audit and Corporate Governance. All these teams share aspects that can be summarized in a common mission statement: To identify and manage Zalando's risks appropriately. This includes identifying risks, creating awareness for them with the appropriate stakeholders and, with respect to certain, in particular legal and compliance risks, also steering the acceptable level of risk including proposing and monitoring countermeasures.

The General Counsel reviews and guides Zalando's climate protection strategy, and approves major plans of action. He also oversees the progress against targets and advises the Corporate Responsibility (CR) team in climate-relevant decisions.

The Vice-president Logistics reports to the Senior Vice-president Operations. He approves measures connected to the logistics and packaging areas which have an impact on climate and monitors the progress against the targets set for addressing climate-related issues. He also monitors the implementation and impact of climate initiatives in the areas of logistics and packaging. Besides meeting with him on the scheduled Steering Committees, the CR team also meets with him whenever important matters arise.

The Vice-president Corporate Real Estate reports to the General Counsel. He approves major plans of action, such as the implementation of an Energy Management System according to ISO 50001 or the installation of solar panels at our logistic centers. Besides meeting with him on the scheduled Steering Committees, the CR team also meets with him whenever important matters arise.

Climate-related issues are monitored in the first instance by the CR team. In terms of monitoring, the team:

- Measures Zalando's corporate greenhouse gas emissions on a yearly basis
- Develops and presents the climate strategy and targets to the Management Board for evaluation and approval
- Works together with decentralized counterparts across the company so that climate measures are implemented
- Identifies climate related risks and opportunities
- Reports to the Environmental Steering Committee on the status of the implementation of measures and progress against climate targets
- Presents proposal on future targets and measures on climate protection

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

No

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	1	Time-frame we look at for sales, operations planning and assessing risks.
Medium-term	1	3	Time-frame we look at for financial planning.
Long-term	3	10	Connected to our strategic planning.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

A specific climate change risk identification, assessment, and management process

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Zalando has a dedicated Governance and Risk (GR) team, which is responsible for the identification and communication of risks and opportunities within the Zalando Group. We define "risk" as a potential future development or an event that could lead to a negative (risk) or positive (opportunity) deviation from the company's targets. The GR Team closely cooperates with the CR team, in order to identify climate related risks. As such, the CR team participates in workshops that aim to identify climate related risks and opportunities and evaluates them in accordance with the EU commission guideline on non-financial reporting.

Additionally, self-assessments are used which supports the identification and assessment of risks. To enable a risk monitoring between the semi-annual risk cycles, Zalando has implemented an ad-hoc reporting which informs the Governance and Risk Team about current risk events and changes.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Close cooperation between Zalando's Legal, Corporate Responsibility & Sustainability and Risk Management teams is established to ensure that current regulatory requirements are considered and followed. Additionally, a regulatory watch process is implemented to identify potential future regulations or changes.
Emerging regulation	Relevant, always included	Close cooperation between Zalando's Legal, Corporate Responsibility & Sustainability and Risk Management teams is established to ensure that current regulatory requirements are considered and followed. Additionally, a regulatory watch process is implemented to identify potential future regulations or changes.
Technology	Relevant, always included	As a tech company, there are corresponding technology risks, which we identify and evaluate together with our risk owners.
Legal	Relevant, always included	A close cooperation between Zalando's Legal team, Corporate Responsibility and Risk Management is established to ensure that current regulatory requirements are considered and followed. Additionally, a regulatory watch process is implemented to identify potential future regulations or changes.
Market	Relevant, always included	Market signals (environmental, social, consumer behavior, etc.) are continuously analyzed and incorporated into the risk identification, assessment, and reporting.
Reputation	Relevant, always included	Market signals (environmental, social, consumer behavior, etc.) are continuously analyzed and incorporated into the risk identification, assessment, and reporting. Social aspects, like the compliance with ethical trade requirements, are essential topics within each risk assessment to also ensure a positive reputation and prevention of reputational damages.
Acute physical	Not evaluated	
Chronic physical	Relevant, always included	As described in C2.3a, changes in weather patterns can significantly influence Zalando's business performance and are therefore included in the risk identification process.
Upstream	Relevant, always included	Among others, climate-related influences on in- and outbound logistics, e.g. due to Carbon Taxes are considered.
Downstream	Relevant, always included	Among others, climate-related influences on in- and outbound logistics, e.g. due to Carbon Taxes are considered.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Identified risks are re-evaluated as part of the bi-annual risk cycle, unless current developments require a reassessment of the risk.

Identified risks are reported to management and potentially, depending on probability of occurrence and potential impact, to the Management Board and the shareholders of the company.

Based on the identified and assessed risks, the Management Board makes decisions regarding risk control measures in relation to the company objectives.

Risk control measures (in accordance with IDW PS 981) can be the following:

Risk Avoidance:

Exit from activities if control measures are not cost-efficient and/or benefits are in unfavorable proportion to the risk.

Risk Transfer:

Transfer of risk control and/or the financial impact of the risk to third parties, e.g. insurance companies.

Risk Mitigation:

Reduction of the probability of occurrence and/or reduction of the amount of loss through appropriate measures.

Risk Acceptance:

The occurrence of the risk is accepted, and no further mitigating measures are planned.

For the management of risks, the units and the dedicated owners are in charge. The CR team will identify gaps and provide advice on appropriate countermeasures.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Reduced revenues from lower sales/output

Company- specific description

Zalando's product selection, purchasing and sales forecasts are based on fashion industry seasonality and their respective climatic conditions. Extreme weather conditions like very long seasons (summer/winter) may cause a late or early start of the following season. Depending on this effect, both situations can have a significant impact on our goals.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

20000000

Potential financial impact figure – maximum (currency)

60000000

Explanation of financial impact figure

The evaluation shows a potential EBIT effect of a deviation from planned revenue due to persistent weather conditions.

Management method

We approach this weather-induced uncertainty with more flexible procurement and planning processes as well as expanding our product range in non-seasonal areas, to mitigate the risk. Dependency on weather effects, as one inherent risk of the business, cannot completely be eliminated. A residual risk therefore has to be accepted.

Cost of management

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

Zalando aims to make e-commerce more sustainable. We believe that in the long term, the ability to create a sustainable business model will decide winners from losers in both the fashion and e-commerce industries, and that our ability to build a fast growing, economically successful and increasingly sustainable business model will become an important source of competitive advantage. Already today, items in our store that carry the sustainability tag have a 30% higher conversion rate. By focusing our efforts on reducing our carbon footprint we see the opportunity to respond to customer's growing interest in companies who operate in an environmentally friendly manner. We expect that making a strong commitment to sustainability, in particular climate matters, will pay into important business case drivers like customer satisfaction, brand image and trust.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Strategy to realize opportunity

We set ambitious targets on carbon reduction and sustainable packaging, e.g. reducing the CO2 emissions per order by 10% (compared to 2017) and purchasing 100% sustainable packaging by 2020. We have switched to renewable energy in all our German and Polish logistics centers and almost all our German offices, which has led to a 16% reduction in CO2 emissions per order. We continue to test and implement climate measures in the areas of energy and logistics. Furthermore, we are switching to packaging materials that are more environmentally-friendly. In 2018 we switched to shipping bags with 80% post-consumer recycled content, for example, which generate ~40% less CO2 per KG of unit produced. Going forward, sustainable alternative materials will continue to be identified and tested for other packaging product groups. Zalando will engage with partner brands, encouraging them to switch to sustainable materials and reduce the amount of packaging used which will ultimately decrease the number of used materials and therefor the GHG emissions in this area.

Cost to realize opportunity

Comment

under investigation

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	Risks: We approach this weather-induced uncertainty with more flexible procurement and planning processes as well as expanding our product range in non-seasonal areas. Opportunities: By providing transparency (80% of our nationwide carriers provided us with CO2 data in 2018) and reducing our carbon footprint (by 16% per order in 2018), we give the customer the opportunity to make a climate conscious buying decision.
Supply chain and/or value chain	Impacted	Risks: We approach this weather-induced uncertainty with more flexible procurement and planning processes as well as expanding our product range in non-seasonal areas. Opportunities: We switched to renewable energy for all German and Polish fulfillment centers and collaborate closely with our suppliers and partners to further reduce the carbon footprint. Furthermore we received CO2 data from 80% of our nationwide carriers.
Adaptation and mitigation activities	Not evaluated	
Investment in R&D	Not evaluated	
Operations	Not evaluated	
Other, please specify	Not yet impacted	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	Identified risks and opportunities are generally considered in Zalando's planning process.
Operating costs	Impacted	Identified risks and opportunities are generally considered in Zalando's planning process.
Capital expenditures / capital allocation	We have not identified any risks or opportunities	Identified risks and opportunities are generally considered in Zalando's planning process.
Acquisitions and divestments	We have not identified any risks or opportunities	Identified risks and opportunities are generally considered in Zalando's planning process.
Access to capital	We have not identified any risks or opportunities	Identified risks and opportunities are generally considered in Zalando's planning process.
Assets	We have not identified any risks or opportunities	Identified risks and opportunities are generally considered in Zalando's planning process.
Liabilities	We have not identified any risks or opportunities	Identified risks and opportunities are generally considered in Zalando's planning process.
Other	We have not identified any risks or opportunities	Identified risks and opportunities are generally considered in Zalando's planning process.

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, and we do not anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

In the face of global challenges like the climate crisis, we see a pressing urgency to reimagine our industry in a way that benefits all stakeholders involved in the fashion ecosystem. Our Corporate Strategy is built on our purpose of "reimagining fashion for the good of all". This purpose is also one of the main drivers of our current Corporate Responsibility & Sustainability (CR) strategy. Throughout the whole company we have an action bias. We want to do more and talk less. This is also how we approach sustainability and therefore we called our CR strategy the do.STRATEGY.

The strategic approach of the do.STRATEGY is to make a systematic contribution towards more sustainability in our industry - together with our customers, partners and employees.

We started with the question of which sustainability issues are key for us and our stakeholders. In the course of our initial materiality analysis, we defined 16 topics (climate protection being one of them) in four areas: employees, fashion, environment, and society. In 2017 we defined company-wide strategic visions and targets for each one of these areas.

do.PROTECT is the area within the strategy covering our environmental efforts. Zalando's environmental vision is to decouple our ecological footprint from our economic growth. This vision is broken down into targets we want to achieve between 2018 and 2020, our aspired outcomes being:

1. We have mobilized our full climate protection potential across our value chain. Targets:

- Reduce CO2 emissions per order by 10% by 2020, compared to 2017 levels.
- Require and enable 100% of our packaging suppliers and nation-wide carrier partners to provide us with CO2 data for our footprint calculation and commit to reducing CO2 emissions by 2020.

2. Zalando has taken sustainable packaging to the next level. Target:

- We want 100% of our packaging to be sustainable (packaging procured by Zalando. For packaging not procured by us, we work with our partners to achieve the 100% target over time)

Climate protection strategy

During 2017, we developed Zalando's first climate protection strategy, which was rolled out in 2018. Teams from all relevant business units were involved, contributing their

ideas on how to reduce CO2 emissions in the future.

To define the strategic orientation of our climate related activities, we needed transparency on the environmental impact of our business operations. Therefore, we began to calculate our Corporate Carbon Footprint (CCF) in 2016 (for 2015) and have since then updated the results for the fiscal years from 2016 until 2018. The CCF provides an overview of all relevant greenhouse gases emitted as a result of our economic activities in the supply chain. The strategy focus areas were defined by considering the amount of CO2 emissions per source, as well as our capacity to influence and reduce them.

Generally, the focus of our climate protection efforts will be on avoiding and reducing carbon emissions, as this is where cost savings and efficiency gains can also be found. However, we are aware that we cannot avoid or reduce significant amounts of carbon emissions in the short and medium run, especially those in scope 3 such as the emissions from the delivery of parcels to our customers. We therefore embrace offsetting carbon emissions if this is connected to quality carbon offset projects and if we can link them to our core business or value chain in a meaningful way.

Knowing from our annual carbon footprint calculation that the major part of our climate emissions can be attributed to our scope 3 emissions, we are making a strong effort to collaborate with our partners. With support from the CR team, different business units and teams started a dialogue with their respective external stakeholders on climate related topics, e.g. by informing them about our climate protection targets and requesting climate-related information as an integral part of tenders.

With packaging being an important contributor to emissions in our value chain, as well as a key business topic (one of the main touch-points to our customers), the CR team has made a dedicated effort to strengthen the information basis through various analysis. For example, we conducted a life-cycle-assessment (LCA) on our currently used packaging materials at one of our warehouses. As part of the LCA, we also compared alternative packaging materials, such as grass paper. We found that the packaging emissions are one of the value chain emissions where we have the highest leverage at the moment.

In addition, we started using science based and future looking climate metrics to add more context and understanding around our calculated carbon emissions. Hence we started calculating the science-based climate metric X-Degree Compatibility ("XDC"). The XDC metric is a science-based climate metric which allows for climate to be assessed as a specific risk category.

The XDC estimates how many °C the earth would warm by 2050 if all companies were to operate as emissions-intensively as the individual company / industry / investment portfolio under consideration. As a science-based climate metric, the XDC is able to provide answers for various stakeholders regarding climate-relevant risks within business development. For example, based on the XDC's computational logic, if a company has an XDC of 2.7 that would mean that the earth would heat up to 2.7 °C assuming all companies were performing as emissions-intensive as the one under consideration. As a data-driven company with a strong focus on growing our business we are hopeful the XDC is fitting to inform our stakeholders on key strategic decisions going forward.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

Zalando has grown successfully in the past few years and has set itself the ambitious target of doubling its business by 2020 compared to 2017. This growth has been accompanied by a larger ecological footprint, including increasing carbon emissions. As a first step towards separating our economic growth from our environmental impact, we developed Zalando's first climate protection strategy in 2017, which was rolled out in 2018.

First things first, we are working on having a reliable framework, data basis and understanding of how we can manage climate-related topics within a fast changing and growing business environment. We believe that having a reliable foundation is fundamental before we can consider using climate-related scenario analysis. Once this framework is in place, the CR team plans to provide a climate-related scenario analysis in order to contribute to the business strategy. The time frame for this is beyond the next 2 years.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 1+2 (market-based) +3 (upstream)

% emissions in Scope

100

Targeted % reduction from base year

10

Metric

Other, please specify (Metric kg CO2e per customer order)

Base year

2017

Start year

2017

Normalized base year emissions covered by target (metric tons CO2e)

2.54

Target year

2020

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

100

Target status

Achieved

Please explain

In the past years, the main sources of CO2 emissions have been customer deliveries, energy and packaging. This performance data has informed and shaped our climate protection strategy, and mitigating these emissions is a key strategic focus for us. We are targeting a per-order carbon emissions reduction of 10% by 2020, against a 2017 baseline. In 2018, we achieved a 16% reduction per order by switching to renewable energy throughout all our German and Polish fulfillment centers and almost all of our offices.

% change anticipated in absolute Scope 1+2 emissions

-92

% change anticipated in absolute Scope 3 emissions

0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	1	4000
Implemented*	1	19611
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Low-carbon energy purchase

Description of initiative

Hydro

Estimated annual CO2e savings (metric tonnes CO2e)

19611

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

>30 years

Comment

Zalando is committed supplying climate-neutral energy, meaning grid electricity from renewable energy sources and compensate for resulting heating emissions, for all our European locations. Preferably, we choose renewable energy tariffs but due to market inefficiencies in some countries, we need to compensate resulting emissions.

Initiative type

Low-carbon energy installation

Description of initiative

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

4000

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

21-30 years

Comment

We added solar panels to two of our logistic locations. We chose a contracting finance model, which added operational cost but resulted in no additional investment.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	The Corporate Responsibility & Sustainability team collaborates with different teams and business units in order to develop and implement measures to reduce Zalando's climate-related impact.
Compliance with regulatory requirements/standards	The Corporate Responsibility & Sustainability team identifies regulatory requirements connected to climate protection and informs the affected internal business units. For example, regulations in terms of renewable energy have led the Construction team to evaluate the installation of solar panels in European warehouses. According to Italian law, new building constructions need to be supplied with renewable energy sources to a certain extent. This is why our upcoming fulfillment and other logistics sites will be provided with roof solar panels.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2018

Base year end

December 31 2018

Base year emissions (metric tons CO2e)

7379

Comment

Scope 2 (location-based)

Base year start

January 1 2017

Base year end

December 31 2017

Base year emissions (metric tons CO2e)

42134

Comment

Scope 2 (market-based)

Base year start

January 1 2017

Base year end

December 31 2017

Base year emissions (metric tons CO2e)

1678

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
5700

Start date
January 1 2018

End date
December 31 2018

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
4935

Start date
January 1 2017

End date
December 31 2017

Comment

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
3868

Start date
January 1 2016

End date
December 31 2016

Comment

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)

Start date

End date

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
42134

Scope 2, market-based (if applicable)
1679

Start date
January 1 2018

End date
December 31 2018

Comment

Past year 1

Scope 2, location-based
33276

Scope 2, market-based (if applicable)
21290

Start date
January 1 2017

End date
December 31 2017

Comment

Past year 2

Scope 2, location-based
20239

Scope 2, market-based (if applicable)
16275

Start date
January 1 2016

End date
December 31 2016

Comment

Past year 3

Scope 2, location-based

Scope 2, market-based (if applicable)

Start date

End date

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1525090

Emissions calculation methodology

For the year 2017 Zalando estimated the Greenhouse Gas emissions of certain Scope 3 categories, such as products we sold through our platform as purchased goods and services. We used an Environmentally Extended Input-Output model from S&P Trucost Limited, along with primary data where available and business sectors and revenue data, to assess our emissions in line with the WRI/WBCSD Corporate Value Chain (scope 3) Guidelines (GHG protocol). For the reporting year 2018, the then derived data was extrapolated using reliable statistical methods. The displayed emissions also include 32,999 metric tonnes CO2e for our delivery and replacement packaging. These include the transport packaging used to deliver the goods sold to Zalando's customers as well as the product packaging and general packaging material. To calculate the metric tons, we multiplied the aggregated unit weight of each packaging material with an emission factor. In cases where only a bandwidth of unit weights was available, the maximum weight per piece was assumed. Within the calculation, we used emission factors from ecoinvent data (Swiss Centre for Life Cycle Inventories, Dübendorf, 2014, www.ecoinvent.org). The emissions generated by the transportation of the packaging to Zalando are reported under Upstream transportation and distribution.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

103783

Emissions calculation methodology

For the year 2017 Zalando estimated the Greenhouse Gas emissions of certain Scope 3 categories, such as capital goods, by using an Environmentally Extended Input-Output model from S&P Trucost Limited along with primary data, where available, to assess our emissions in line with the WRI/WBCSD Corporate Value Chain (scope 3) Guidelines (GHG protocol). For the reporting year 2018, the then derived data was extrapolated using reliable statistical methods.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

37621

Emissions calculation methodology

For the year 2017 Zalando estimated the Greenhouse Gas emissions of certain Scope 3 categories, such as purchased goods and services, by using an Environmentally Extended Input-Output model from S&P Trucost Limited along with primary data, where available, to assess our emissions in line with the WRI/WBCSD Corporate Value Chain (scope 3) Guidelines (GHG protocol). For the reporting year 2018, the then derived data was extrapolated using reliable statistical methods.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

158740

Emissions calculation methodology

For this emission source, the emissions for various steps within our outbound activities (logistic centers to end customer) were calculated, such as transportation - between warehouses, - from warehouses to central delivery hubs, - from central delivery hubs to courier parcel delivery hubs, - of returns and replenishments, - of "same-day" and "return on demand" - services. The calculation is based on available consumption data such as frequency of trips, distance travelled for each route, vehicle type, average fuel consumption of each vehicle type as a function of load. For courier express parcel activities, the numbers of packages per country and service provider were multiplied with emission factors from the respective providers. For inbound activities (shipment of products from production site to logistic centers) we only accounted for the emissions from products.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

5

Explanation

Waste generated in operations

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

5734

Emissions calculation methodology

For the year 2017 Zalando estimated the Greenhouse Gas emissions of certain Scope 3 categories, such as purchased goods and services, by using an Environmentally Extended Input-Output model from S&P Trucost Limited along with primary data, where available, to assess our emissions in line with the WRI/WBCSD Corporate Value Chain (scope 3) Guidelines (GHG protocol). For the reporting year 2018, the then derived data was extrapolated using reliable statistical methods.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

12588

Emissions calculation methodology

The emissions generated by business travel comprise train trips, flights, and rental vehicles. Primary data on the distance for various categories based on segment distance (short, medium, and long distance) and cabin type (business, premium, etc.) were available via the travel agency Zalando works with.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

25

Explanation

Air travel accounts for over 95 % of the total emissions.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

24442

Emissions calculation methodology

This emissions source covers the carbon emissions caused by the daily commute of employees between home and work. The calculation is based on primary consumption data for all operated logistic sites and secondary consumption data for the remaining sites, the latter of which are all in an urban setting. Emission factors per person-kilometer from ecoinvent, HBEFA, and IFEU for the relevant means of transportation were used. In 2018, surveys were performed among all employees in order to collect primary data on commuting habits (percentage of employees using a particular mode of transportation such as private car, shared car, public transportation, bikes or walking). When data gaps were present, plausible assumptions were made. The number of workdays was 225 days. In addition, only sites with more than 40 employees were considered in 2018.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

With regard to our boundary set-up, all rented facilities were included in Scope 1 and 2 .

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

All transportation and distribution activities from our logistic centers to our end customers have been accounted for under "upstream transportation".

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions resulting from processing of sold products are not reported. This category is not applicable to Zalando's climate-related activities as we only sell final products. The sold items on our platform (including the small share of products from our private labels) are used directly by the final client. There is no processing of intermediate products.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

981616

Emissions calculation methodology

For the year 2017 Zalando estimated the Greenhouse Gas emissions of certain Scope 3 categories, such as purchased goods and services, by using an Environmentally Extended Input-Output model from S&P Trucost Limited along with primary data, where available, to assess our emissions in line with the WRI/WBCSD Corporate Value Chain (scope 3) Guidelines (GHG protocol). For the reporting year 2018, the then derived data was extrapolated using reliable statistical methods. Emissions from the use of sold products represent the direct use-phase emissions of sold products over their expected lifetime, for example, emissions from the use of products that consumes energy. To calculate the emissions from this category we used the following assumptions on consumers' behaviour in handling apparel products: - number of washes per year: 165 - washing temperatures: 40 °C - % of washes tumbled dried: 23% - % of washes ironed: 38% (only textile products are ironed) - average lifespan of apparel item: 4 years - accessories and shoes are excluded in the calculation

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

18507

Emissions calculation methodology

For the year 2017 Zalando estimated the Greenhouse Gas emissions of certain Scope 3 categories, such as purchased goods and services, by using an Environmentally Extended Input-Output model from S&P Trucost Limited along with primary data, where available, to assess our emissions in line with the WRI/WBCSD Corporate Value Chain (scope 3) Guidelines (GHG protocol). For the reporting year 2018, the then derived data was extrapolated using reliable statistical methods. This category represents emissions from the waste disposal and treatment of products sold by Zalando at the end of their life. Emissions from the disposal and the treatment of the product packaging are included. Emissions from Landfill dominate the end-of-life emissions as other disposal methods have lower GHG's. Product packaging material by type: -boxes, pallet boxes, shoe boxes -printing paper, -tissue paper, -polybags, -delivery bags, -foil products, -shipping airbags, -hangers.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Scope 3 emissions resulting from downstream leased assets are not reported because this category is not applicable to Zalando. We are not active as a lessor.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Scope 3 emissions resulting from franchises assets are not reported because this category is not applicable to Zalando. Zalando is so far not engaged in any franchise activities.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Scope 3 emissions resulting from investments assets are not reported because this category is not applicable to Zalando as no investments with significant impact on GHG took place.

Other (upstream)

Evaluation status

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Other (downstream)

Evaluation status

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

1.37

Metric numerator (Gross global combined Scope 1 and 2 emissions)

7379

Metric denominator

Other, please specify (EUR m of total revenue)

Metric denominator: Unit total

5388

Scope 2 figure used

Market-based

% change from previous year

76

Direction of change

Decreased

Reason for change

The change was due to a few climate measures we put into action, one being the procurement of renewable energy at all German and Polish locations Zalando operates in, that led to this decrease.

Intensity figure

63.51

Metric numerator (Gross global combined Scope 1 and 2 emissions)

7379

Metric denominator

Other, please specify (customer orders mio.)

Metric denominator: Unit total

116.2

Scope 2 figure used

Market-based

% change from previous year

78

Direction of change

Decreased

Reason for change

The change was due to a few climate measures we put into action, one being the procurement of renewable energy at all German and polish locations Zalando operates in, that led to this decrease.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Germany	4972
Finland	61
Ireland	10.9
Poland	680

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
General Administration & Offices	597
Logistic Sites	4775

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Germany	24165.7	0	56965	55953
Finland	70.7	70.7	85	0
Ireland	10.9	10.9	192	0
Poland	13002.2	0	17839	17839

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
General Administration & Offices	4966	1678.6
Logistic Sites	37167.9	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	18846	Decreased	71.86	The gross global emissions (Scope 1 + 2) of Zalando SE for this reporting year are 7379 metric tons of CO2e. Its gross global emissions for the previous reporting year were 26225 metric tons of CO2e. This means that the total change in emissions is 18097 metric tons of CO2e, equal to a 71.86% decrease, according to the formula in the explanation of terms, above: $(7379/26225) * 100 = 71.86\%$.
Other emissions reduction activities	396.8	Increased	8	The gross global emissions (Scope 1) of Zalando SE for this reporting year are 5700.8 metric tons of CO2e. Its gross global emissions for the previous reporting year were 4935 metric tons of CO2e. This means that the total change in emissions is 396.8 metric tons of CO2e, equal to an 8% decrease, according to the formula in the explanation of terms, above: $(396.8/5700.8) * 100 = 8\%$.
Divestment	0	No change	0	No divestment activities were undertaken.
Acquisitions	0	No change	0	No acquisition activities were undertaken.
Mergers	0	No change	0	No merger activities were undertaken.
Change in output	0	No change	0	Although, our business grew significantly, this business growth didn't affect our Scope 1+2 emissions but rather our Scope 3 emissions (product and services).
Change in methodology	0	No change	0	No significant changes in our methodology approach.
Change in boundary	0	No change	0	We didn't change the boundaries of our GHG accounting.
Change in physical operating conditions	0	No change	0	No significant impact from a change in physical operating conditions.
Unidentified	0	No change	0	
Other	0	No change	0	

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	21723	21723
Consumption of purchased or acquired electricity	<Not Applicable>	73791	372	74163
Consumption of purchased or acquired heat	<Not Applicable>	0	8234	8234
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	73791	28893	131577

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

20287

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Natural Gas

Emission factor

2.2033

Unit

kg CO2e per m3

Emission factor source

GEMIS 4.93 Erdgas, 2011

Comment

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

73791

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Zalando-SE_annual_report_2018.pdf

Page/ section reference

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Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Zalando-SE_annual_report_2018.pdf

Page/ section reference

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Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Zalando-SE_annual_report_2018.pdf

Page/ section reference

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Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

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Page/section reference

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Relevant standard

ISAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Forests

Project identification

We chose a Gold Standard certified reforestation project in Soddo, Ethiopia (circa 300 km south from the capital Addis Abeba). Its goal is to protect the heavily degraded forest at the slopes of the Mount Damota and to regenerate the land by planting new trees and thereby restoring the vital forest ecosystem. The project is an outstanding example of community-driven reforestation, offering significant social, biodiversity and carbon sequestration benefits. Being impact driven, we chose a reforestation project out of many other options because not only forests are the most efficient CO2 sink, but also because of its additional positive contributions to a sustainable development aside from carbon sequestration: Regenerating native forests, utilizing the farmer-managed natural regeneration and traditional forest establishment techniques. Restoring native vegetation and biodiversity in the project area which functions as a refuge for local and migratory species and connects fragmented forest ecosystems. Reducing soil erosion, flooding, and helping to maintain the supply of the subterranean streams to support the region's water supply. Providing additional and stable income for communities by sustainably harvesting and collecting forest products.

Verified to which standard

Gold Standard

Number of credits (metric tonnes CO2e)

700

Number of credits (metric tonnes CO2e): Risk adjusted volume

700

Credits cancelled

No

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Other, please specify (Collect climate change and carbon information from our nationwide carriers and packaging suppliers and inform them about our climate strategy)

% of suppliers by number

100

% total procurement spend (direct and indirect)

% Scope 3 emissions as reported in C6.5

12

Rationale for the coverage of your engagement

Our strategy sets out our ambition to decouple our environmental footprint from our economic growth in two ways: by reducing our carbon footprint across energy, logistics, and travel and by optimizing our packaging to reduce waste. Knowing that the quality of data is key to manage CO2 emissions effectively, we encouraged nationwide carriers to provide us with data. Additionally, we inform them about our climate strategy in order to have a positive influence on their climate performance.

Impact of engagement, including measures of success

In 2018, we informed 100% of our nationwide carriers and less than 10 % of our packaging suppliers about our climate strategy and asked them to provide us with their CO2 data. In the reporting year 2018, 80% of the nationwide carriers provided us with CO2 data, enabling us to measure our impact more accurately. Unfortunately, the progress for our packaging suppliers couldn't keep up. Here, we haven't received usable data, resulting in using own activity-based data and emission factors from reliable database. We think we can reach our goal to receive the CO2 data from 100% of our nationwide carriers until 2020. Success would be to reach the target to require and enable 100% of our packaging suppliers and nationwide carrier partners to provide us with CO2 data and commit to reducing CO2 emissions by 2020.

Comment

The 12% of Scope 3 emissions relate to the upstream transportation emissions.

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

100

% total procurement spend (direct and indirect)

% Scope 3 emissions as reported in C6.5

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Rationale for the coverage of your engagement

Our strategy sets out our ambition to decouple our environmental footprint from our economic growth in two ways: by reducing our carbon footprint across energy, logistics, and travel and by optimizing our packaging to reduce waste. Our aim is to activate the full climate protection potential across our value chain. The Zalando Group's Code of Conduct sets the minimum standards that we have towards business partners who produce or supply goods and services for us. It applies to all our business partners, including, but not limited to: suppliers, agents, trading companies and service providers (hereinafter "Business Partners") of Zalando SE and all its subsidiaries (hereinafter "Zalando"). Amongst others, our Code of Conduct also includes ENVIRONMENTAL PROTECTION: Business Partners must comply with all applicable laws and regulations regarding the protection and preservation of the environment, including obtaining and maintaining all required environmental permits. Suppliers should work towards minimizing the negative impacts of their operations on the environment, including energy consumption, water consumption, and air emissions. We encourage our suppliers to continuously reduce waste. All hazardous substances must be safely handled, moved, stored, used, reused and disposed. All chemicals should be properly labelled indicating their identity and stored safely. For us it is therefore important that our suppliers have effective environmental management systems in place. Therefore, in 2018 we included the ISO 14001 environmental protection standard as a mandatory requirement for all private labels' logistic providers. Introducing the ISO 14001 environmental protection standard for all our private labels' logistic providers: - helps them to comply with regulatory requirements (including our Code of Conduct) - helps them to have a better communication on environmental achievements and procedures to adopt - rises awareness of environmental impact, - gives a standardization in environmental management - is a helpful tool to reduce the energy consumption, - reduces environmental risks

Impact of engagement, including measures of success

Introducing the ISO 14001 as mandatory for our suppliers gives us more reliable data and commits the suppliers to agree to comply with applicable legal obligations. That helps us as a quality check of the climate behavior of our suppliers. Knowing that the quality of data is key to manage CO2 emissions effectively, we encouraged packaging suppliers to provide us with reliable data. Impact: In 2018 we included the ISO 14001 environmental protection standard as a mandatory requirement for 100% of our private labels' logistic providers. This is important because we believe in engaging with business partners who also care for the environment is both beneficial to our supply chain impact and helps our business long term. Measure of success: Our private logistic providers promised to achieve or hold ISO 14001 accreditation and 80% of them provide us with their CO2 data.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% Scope 3 emissions as reported in C6.5

50

Please explain the rationale for selecting this group of customers and scope of engagement

Our strategy sets out our ambition to decouple our environmental footprint from our economic growth in two ways: by reducing our carbon footprint across energy, logistics and travel and by optimizing our packaging to reduce waste. Our aim is to activate the full climate protection potential across our value chain. This includes employees, partners, customers and communities across the world. We think it is important to inform our customers and thereby enable them to also do their part to reduce energy waste and CO2 emissions and to reduce their impact on the planet. Washing clothes with no more than 30 °C helps to reduce CO2 emissions and reduce energy waste.

Impact of engagement, including measures of success

To help our customers reduce their impact on the planet and extend the life of their clothing, we adapted all our care labels to include the Clevercare logo and promote washing at 30°C. - Reducing the washing temperature extends the life of clothes which is more sustainable - Reducing the washing temperature reduces energy waste - Reducing the washing temperature reduces CO2 emissions - Reducing the washing temperature saves money for our customers Measures of success: - In 2018 we managed to implement the Clevercare logo and promote washing at 30°C in 100% of our care labels. - Within the life cycle of a textile product, textile care represents up to 40% of its environmental impact (Ginetex) - 70% of Europeans follow the textile care instructions featured on the labels (Ginetex, international Association for Textile Care Labeling: European Barometer: EUROPEANS AND TEXTILE CARE LABELLING).

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% Scope 3 emissions as reported in C6.5

50

Please explain the rationale for selecting this group of customers and scope of engagement

do.KNOW is the area within our CR strategy covering our products. As the fashion industry grows, so does its impact on people and the planet. At the same time, supply chains remain complex and opaque. Our bold ambition is to become the leading online destination for sustainable fashion, and we want to deliver on this ambition by using our expertise in both tech and fashion to enable customers and brands to make more sustainable choices. The basics in quality, safety and ethical sourcing are a strong foundation for all products on our platform, and we set even higher standards for our private-label products. We know that many customers want to make more sustainable fashion choices and we want to provide them with a bigger assortment, clearer information and all the inspiration they need to make a more sustainable choice. With our collaboration with Viktor&Rolf we wanted to make sustainable brands more fashionable, exclusive and attractive for our customers and raise their attention on sustainable fashion. As a platform with more than 26 million active customers in 17 countries and around 2,000 brands, we have the opportunity to connect millions of customers to more sustainable fashion products, making it easier, more convenient and more inspiring for customers to find and choose sustainable fashion.

Impact of engagement, including measures of success

- In 2018 we collaborated with the brand Viktor&Rolf which experimented with garment recycling to provide more sustainable fashion to our customers. This brand collaboration - our RE:CYCLE collection with Viktor&Rolf - is a step toward our bold ambition to become the leading online destination for sustainable fashion in Europe by 2020, providing sustainable fashion exclusively on Zalando from an exclusive designer label. - Measure of success: The collection was sold out after 3 days, so we had a very positive sales result and had to reorder quickly. The 17-style collection was equally available in 15 markets, and we received very positive feedback from our customers across Europe.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

do.KNOW is the area within our CR strategy covering our products. As the fashion industry grows, so does its impact on people and the planet. At the same time, supply chains remain complex and opaque. Our bold ambition is to become the leading online destination for sustainable fashion, and we want to deliver on this ambition by using our expertise in both tech and fashion to enable customers and brands to make more sustainable choices. The basics in quality, safety, and ethical sourcing are a strong foundation for all products on our platform, and we set even higher standards for our private-label products. We know that many customers want to make more sustainable fashion choices and we want to provide them with a bigger assortment, clearer information and all the inspiration they need to make a more sustainable choice. In 2018 we, therefore: - developed a filter for products with a sustainability benefit on our website - introduced new certification labels - rolled out a dedicated microsite to all countries - expanded the range of sustainable fashion and brands

Impact of engagement, including measures of success

We know that many customers want to make more sustainable fashion choices. As a platform with more than 26 million active customers in 17 countries and around 2,000 brands, we have the opportunity to connect millions of customers to more sustainable fashion products, making it easier, more convenient and more inspiring for customers to find and choose sustainable fashion. Improving the visibility of sustainability information in our Fashion Store is one step toward our bold ambition to become the leading online destination for sustainable fashion in Europe by 2020. Measure of impact in 2018: - We have sustainable fashion flagged and rolled this out to all categories in 2018 - 100% - We have rolled out a Sustainable Fashion Hub in our Zalando shop to all our 17 markets in 2018 (<https://www.zalando.co.uk/sustainable-fashion/>) and herewith enabled the customers in 100% of our markets to obtain information about the sustainability of the products, explaining certifications used and explaining 14 different labels, certifications and standards. - We introduced new certification labels. Many brands are not externally certified for a variety of reasons but use more sustainable materials. In order to make these articles visible to our customers, we have, amongst other things, developed the label "Environmentally friendly materials" and thus identify articles that contain sustainably procured materials or that put less pressure on the environment. For the selection of materials, we used verified data to evaluate the life cycle. These include the Textile Exchange preferred fibres report, the MADE-BY Environmental Fibre Benchmark, and the Sustainable Apparel Coalition Material Sustainability Index. Examples include TENCEL® / lyocell, linen and hemp. - We have raised the offer on sustainable fashion items in 2018 from 6000 to 11.000 items, nearly doubling them. Now we already have 15000 items from 240 brands. They cover all categories, from premium brands such as Mother of Pearl and Filippa K, shoes from Veja and Patagonia for outdoor clothing, to Nudie Jeans to sustainable everyday looks from Armedangels.

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

do.KNOW is the area within our CR strategy covering our products.

As the fashion industry grows, so does its impact on people and the planet. At the same time, supply

chains remain complex and opaque. Our bold ambition is to become the leading online destination for sustainable fashion, and we want to deliver on this ambition by using our expertise in both tech and fashion to enable customers and brands to make more sustainable choices. The basics in quality, safety and ethical sourcing are a strong foundation for all products on our platform, and we set even higher standards for our private-label products.

We joined the Sustainable Apparel Coalition (SAC) in 2017. The SAC's purpose is to create a common vision when it comes to sustainability in the apparel, footwear, and textile industry. To do so they have created a set of three different tools called the Higg Index to measure environmental impact of products and sustainability performance of factories, brands and retailers. As member of the SAC, we work with brands, manufacturers and NGOs to create alignments, drive transparency and increase sustainability performance across the industry.

We use the Higg Index to measure and improve our own sustainability performance and that of our sourcing partners in our own operations and to compare this to other leading brands. We identified improvement opportunities in water and waste management as well as greenhouse gas emissions. This year, 19% of our Tier 1 supplier base (based on business volume) completed the Facility Environment Module (FEM), more than twice the amount compared to last year. We aim to enrol 60% of our sourcing partners in the Higg Index by 2020.

As a member of the SAC we have the opportunity to utilize the Higg FEM tool across our supply chain. So far, we have engaged with strategic suppliers and factories to use the tool to help measure sustainability performance of factories. By using the Higg FEM, factories are able to understand their environmental impact, identify opportunities for improvement and become more efficient. Energy use and greenhouse gas emissions are covered by the tool, factories are able to track information such as energy consumption, identify processes that use the most energy and set targets to improve energy use.

In 2018 we also participated in a Transparency Pilot project organized by the SAC. The purpose was to test how customers react to sustainability scoring at Brand, Product and Factory level, based on the Higg Index. We were able to understand how important sustainability criteria is for our customers, what information they need and how to enable them to make better purchase choices.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Other

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Since March 2018, a member of the CR team is taking part in working groups of the dialogue forum "Wirtschaft macht Klimaschutz" (Economy protects climate) initiated by the Federal Ministry for the Environment, Nature Conservation and Nuclear safety. By cross-linking various players within German industries the working groups are urged to develop measures regarding climate protection.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Zalando's corporate responsibility team closely collaborates with the corporate communications team and other internal stakeholders on all external sustainability engagement in order to have a consistent approach in regards to our climate protection efforts.

In monthly to quarterly meetings the corporate responsibility team assures a common approach that is aligned with our overall sustainability strategy and focus. Also, adhoc meetings are held whenever needed and whenever possible to leverage the diverse perspectives across the different business functions and divisions.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

Zalando-SE_annual_report_2018.pdf

Page/Section reference

p. 8-13

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Co-CEO and Member of the Management Board	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms