

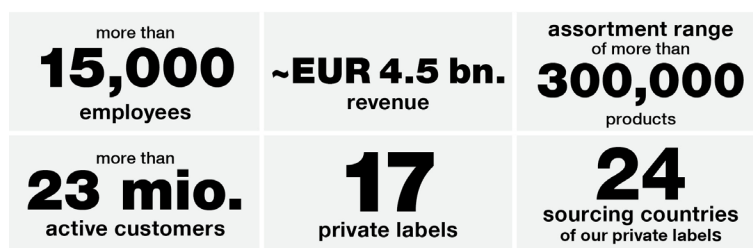
Modern Slavery Statement 2018

Human trafficking and forced labor (modern slavery) are human rights violations. At Zalando SE and all its subsidiaries (hereinafter commonly referred to as Zalando) we regularly evaluate the impact of our business throughout our supply chain to identify vulnerable groups and high risk processes and find appropriate solutions that protect workers' rights.

OUR BUSINESS

Zalando is a leading European online fashion platform for women, men and children serving 15 European markets. Via our online store we sell apparel, shoes and accessories from different international brands as well as private label products. Our operating activities include development, sourcing, marketing and retail.

Facts and Figures 2017



The core of Zalando's operations is conducted in Germany with a centralized team located at our headquarters in Berlin. Beyond that we have international offices, e.g. in Helsinki and Dublin. Our products are globally sourced and then dispatched from our logistics network with five centrally located fulfillment centers (four in Germany, one in Poland), and support warehouses in Northern Italy, France and Sweden. Our four German fulfillment centers are operated by Zalando, whilst international ones are operated by third-party logistics service providers. Customer service is provided by Zalando teams and external service providers. All transportation services including deliveries and return processes are provided by business partners.

Our private label brands are managed by our subsidiary zLabels GmbH (zLabels). zLabels does not own any of its production facilities. In 2017, zLabels sourced products from 272 suppliers with 450 factories across 24 countries in the world.

ASSESSING RISKS

Zalando's centralized Governance, Risk & Compliance (GRC) team detects, manages, and monitors risks and opportunities at an early stage. Potential compliance risks are included in this assessment. The GRC team uses a uniform approach throughout the company and closely collaborates with different teams such as, Internal Audit, Commercial Law, Corporate Law and Corporate Responsibility to assess risks encompassing. All aforementioned teams are headed by the General Counsel.

In 2017, we used our integrated Risk and Compliance Management system for the first time to perform a comprehensive risk analysis identifying the impact that our operations have on forced labor and modern slavery. As a result of this analysis, the two focus areas are our logistics network and the supply chain of our private labels.

Parallel to our central efforts, the zLabels Ethical Trade team has developed a categorization to assess the risk in each of our sourcing countries based on international indicators as well as audit findings. This year, we added additional sourcing requirements for factories from twelve countries.

MANAGING OUR RISKS

Governance & Policies

Every Zalando employee is required to act responsibly and according to applicable laws and our standards. Zalando's Code of Ethics sets out Zalando's specific expectations towards every employee regarding social and ethical behavior. The Code of Ethics has been communicated to our employees in various languages and is publicly available on our website.

Our commitment to avoid human trafficking and forced labor in our supply chain is underpinned in our Code of Conduct for Business Partners. It was established in 2013 and is issued by Zalando's Management Board, representing the whole Zalando group including our private labels. It applies to various business partners including but not limited to vendors, suppliers, agents, trading companies and service providers. The Code was revised in 2017 and is publicly available on our website.

The Code of Conduct expressly prohibits the use of forced, bonded, indentured and prison labor, as well as the slavery or trafficking of persons in any form. Supply chain job seekers shall not be compelled to work through force, deception, intimidation, or coercion. All work shall be voluntary, and workers shall be free to terminate their employment upon reasonable notice without penalty. Additionally, holding, confiscating or destroying original worker identification documents, passports, travel papers or other personal documents is prohibited.

The risk assessment performed by the centralized GRC team (described above) raised awareness amongst relevant teams and was accompanied by training material on modern slavery.

The zLabels Ethical Trade team presents an update every quarter to a member of our Management Board and the General Counsel to keep them abreast of the programs and processes being implemented within our supply chain.

Additionally, Zalando has a whistleblowing process in place that is accessible to internal employees and external stakeholders ensuring potential violations of the law or of our standards can be reported anonymously and investigated confidentially.

Our logistics network

Ensuring good working conditions in our fulfillment centers is a priority for Zalando. Our expectations are summarized in our Social Standards, which are applied both in our own fulfillment centers and in those operated by our partners. These standards are based on our Code of Ethics and Code of Conduct and include topics such as equal opportunities, remuneration, working hours and freedom of association. As part of our continuous improvement process for working conditions, we updated the Social Standards in 2017.

In our own fulfillment centers and those operated by our partners, the implementation of our Social Standards is reviewed twice a year in the form of an unannounced audit by DEKRA, an independent external institution.

Among our own fulfillment centers in Brieselang, Erfurt, Lahr and Mönchengladbach, we recorded an average score of 1.41 (on a scale ranging from 1 = very good to 4 = insufficient) in 2017. We thus monitor compliance with our social standards and derive measures to improve working conditions. The auditing process was furthermore reviewed by our Internal Audit team in 2017.

Employees as well as temporary staff at our own fulfillment centers have the opportunity to address all concerns to social workers employed by Zalando and to receive counseling during their working hours – also in private matters.

Our private labels supply chain

Ensuring that our sourcing partners comply with our Code of Conduct and treat the workers in our supply chain ethically and fairly is a crucial part of our work at zLabels.

The zLabels Ethical Trade Program manages compliance with our Code of Conduct. As part of our onboarding process, all new sourcing partners must sign the Code of Conduct and the corresponding factory must meet all ethical requirements before orders can be placed. At zLabels we have an audit program in place to monitor that work is voluntary and workers are free to terminate their employment without penalty.

In 2017, we reviewed and relaunched our audit program to further monitor risks along our supply chain. The new program was communicated to our sourcing partners in December 2016 and the changes were implemented in March 2017.

As part of the updates to the audit program, zLabels now requires an audit which has been conducted within the past twelve months to set up a new factory. If critical findings are found, we do not begin the relationship without evidence that the existing findings have been remediated. During the past year, we rejected the onboarding of 52 factories due to ethical trade concerns. For existing factories, new audits are requested every twelve months to monitor and reassess factory conditions.

The Ethical Trade team internally evaluates all audits received against their internal non-compliance matrix. The matrix is based on the standards set forth in our Code of Conduct as well as local legal requirements. Based on the findings of the audit, a Corrective Action Plan is developed and suppliers and their factories are asked to demonstrate improvement in identified areas. If a critical instance of non-compliance is found at an existing factory, we require evidence of improvement to continue our business relationship.

The Ethical Trade team also regularly visits factories to ensure consistent monitoring of the supply chain. In 2017, the Ethical Trade team visited 68 factories. Members of the team based in Hong Kong also work closely with partners and their factories to develop customized improvement plans based on the challenges faced by individual factories.

zLabels also has a Factory Improvement Program which seeks to go beyond auditing. The improvement program supports factories to improve working conditions through a number of programs, projects and initiatives, with a focus on collaboration and training. This year zLabels took steps forward by becoming a member of the International Labour Organization (ILO) 'Better Work Program', as well as joining two Ethical Trading Initiative (ETI) working groups in Mauritius and Turkey that focus on protecting the rights of vulnerable workers across the supply chain.

zLabels also works as collaboratively as possible with other brands, organizations, trade unions, NGOs, sourcing partners and government stakeholders to drive improvements through the industry together.

In addition to these initiatives, zLabels also issued additional policies to protect migrant workers and homeworkers within our supply chain.

TRAINING

Training on business integrity including our Code of Ethics as well as our Code of Conduct is mandatory for each Zalando employee. The trainings reinforce awareness of the significant regulatory framework and internal rules and regulations and provide information regarding the established processes within the Compliance Management System. Attendance and results are monitored by the Compliance and Business Ethics team.

To ensure zLabels sourcing and product teams are aware of the impact of buying decisions on our supply chain, we rolled out a new Ethical Trade e-learning. It is mandatory for all zLabels employees to complete the training on our Ethical Trading program and sourcing standards. In addition, specific trainings on sustainability and ethical trade topics were also offered throughout the year.

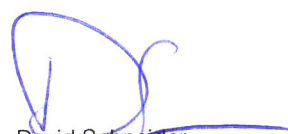
In 2017, zLabels repeated its Vendor Summit in Berlin, Delhi and Hanoi. The summit was attended by 139 sourcing partners. At these summits, the partners were updated on the corporate strategy, the Code of Conduct and the implications of new legislation, such as the UK Modern Slavery Act disclosure. Through a series of workshops and moderated panel discussions zLabels used the opportunity to engage in a dialogue with its business partners to discuss ways of improving working conditions in the supply chain.

This statement has been published in accordance with the UK Modern Slavery Act and summarizes our steps taken against human rights violations including but not limited to modern slavery during the financial year ending 31 December 2017. It was prepared by the working group on Modern Slavery consisting of representatives from the Corporate Responsibility team, the Ethical Trade team and the Compliance & Business Ethics team.

The statement has been approved and signed by



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