



FURTHER INFORMATION  
THE ZALANDO SHARE –  
2015 IN REVIEW P. 60

## DEAR SHAREHOLDERS,

**FISCAL YEAR 2015 WAS A SUCCESSFUL ONE FOR ZALANDO. THE COMPANY SUCCESSFULLY CONTINUED ON ITS GROWTH TRAJECTORY. IN FISCAL YEAR 2015, ZALANDO GENERATED REVENUE OF ALMOST EUR 3BN AND CONTINUED TO GROW ITS OPERATING BUSINESS, RETURNING AN EBIT MARGIN OF 3.0%.**

At the end of the year, Zalando had approximately 10,000 employees. The reporting year saw the company being admitted to the MDAX and two foreign locations being established to focus on software development. Moreover, the go-ahead was given for construction of the Zalando Campus for roughly 5,000 employees at headquarters in Berlin and the foundation laid for further expansion and internationalization of the fulfillment network.

The Supervisory Board would like to thank all employees of the company for their high level of commitment and their personal contribution to [the great successes of the company in fiscal year 2015](#). The members of the Supervisory Board would like to thank the Management Board for their commitment to the business and the fruitful cooperation during the year. The Supervisory Board is grateful to the shareholders for the support they have given and the continuing interest they take in Zalando.

## PERSONNEL MATTERS

The term of the first Supervisory Board of the SE ended during the reporting year upon the conclusion of the annual general meeting on June 2, 2015. The annual general meeting thus appointed new members to the Supervisory Board.

The annual general meeting confirmed the appointment of all [shareholder representatives](#)

- Cristina Stenbeck
- Lorenzo Grabau
- Lothar Lanz
- Anders Holch Povlsen
- Kai-Uwe Ricke and
- Alexander Samwer

and appointed them to the Supervisory Board of the company for a period ending upon conclusion of the annual general meeting that discharges them for fiscal year 2016. Moreover the meeting adopted the proposal of the employees to [appoint the employees' representatives](#)

- Beate Siert
- Dylan Ross and
- Konrad Schäfers

as new members of the Supervisory Board as well as their deputies, Yvonne Jamal, Christine de Wendel and Clemens Kress, for a period ending upon conclusion of the annual general meeting that discharges them for fiscal year 2019.

At the constituent meeting of the Supervisory Board held immediately after the annual general meeting on June 2, 2015, Cristina Stenbeck was appointed chairperson of the board and Lorenzo Grabau was elected her deputy. The Supervisory Board agreed that the committees that have already been established, namely, the audit committee, the remuneration committee and the



**The Supervisory Board – from left to right:**

**Lorenzo Grabau** Deputy chairperson of the Supervisory Board, member of the audit committee, chairman of the remuneration committee, **Kai-Uwe Ricke** Member of the Supervisory Board, deputy chairperson of the audit committee, **Dylan Ross** Member of the Supervisory Board, **Beate Siert** Member of the Supervisory Board, member of the remuneration committee, **Lothar Lanz** Member of the Supervisory Board, chairperson of the audit committee, **Cristina Stenbeck** Chairperson of the Supervisory Board, member of the remuneration committee, chairperson of the nomination committee, **Konrad Schäfers** Member of the Supervisory Board, member of the audit committee, **Alexander Samwer** Member of the Supervisory Board, member of the remuneration committee, member of the nomination committee, **Anders Holch Povlsen** Member of the Supervisory Board, member of the nomination committee

nomination committee, will be retained. [A resolution appointing the members to these committees](#) was passed at the constituent meeting of the Supervisory Board as follows:

The Supervisory Board appointed Lothar Lanz, Kai-Uwe Ricke, Lorenzo Grabau and Konrad Schäfers to the audit committee. Lothar Lanz was elected chairperson and Kai-Uwe Ricke was elected deputy chairperson.

Furthermore, the Supervisory Board appointed Lorenzo Grabau, Alexander Samwer, Beate Siert and Cristina Stenbeck to the remuneration committee. Lorenzo Grabau was elected chairperson of the remuneration committee.

Cristina Stenbeck, Anders Holch Povlsen and Alexander Samwer were appointed to the nomination committee. Cristina Stenbeck was elected chairperson of the nomination committee.

## THE WORK OF THE SUPERVISORY BOARD

### CONSULTATION AND MONITORING

The Supervisory Board duly performed the duties required of it by the law, the Articles of Association, the Rules of Procedure and the German Corporate Governance Code. It received regular and detailed reports on the intended business policies, any fundamental issues regarding financial, investment, and personnel planning, the progress of the business, including the profitability of the company. In particular, the Management Board consulted the Supervisory Board on the group's strategy. The Supervisory Board was directly involved in all material decisions. Transactions requiring approval were presented by the Management Board and



**FURTHER INFORMATION**  
**CORPORATE GOVERNANCE**  
**REPORT P. 44**

discussed before decisions were taken. The discussions took place at the meetings of the plenum of the Supervisory Board and its committees as well as through contacts with the Management Board outside of the scheduled meetings.

The Supervisory Board is satisfied that the Management Board has established an **effective risk management** system capable of recognizing at an early stage any developments that could jeopardize the existence of the company. This assessment has been certified by the auditor. Furthermore, the Supervisory Board is satisfied with the continued expansion and effectiveness of the compliance program, which guarantees compliance with the law and with internal guidelines.

Outside the meetings and without the participation of the Management Board, the chairperson of the audit committee held detailed discussions with the auditor on topics relating to the audit.

The chairperson of the Supervisory Board was also in regular contact with the Management Board outside the scheduled meetings.

#### **MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES**

The plenum of the Supervisory Board held five meetings in fiscal year 2015. The audit committee also held five meetings, the remuneration committee three and the nomination committee held one meeting.

The plenum of the Supervisory Board was informed about the results of meetings of the committees at its subsequent meetings.

Cristina Stenbeck was prevented from attending a scheduled date in August 2015 and thus was not able to attend the plenary meeting of the board and a meeting of a committee held on this date. The other members attended all meetings of the full board and their respective committee meetings.

**The plenum of the Supervisory Board addressed**, among other items, the adoption of the financial statements for 2014, the approval of the consolidated financial statements for 2014, the analysis and discussion of the management report on the course of business, the first annual general meeting of the company after going public, ratification of the budget for fiscal year 2016, and resolutions on the latest corporate governance issues, including the declaration of compliance with the German Corporate Governance Code and a review of the efficiency of its own work.

Based on the law and the requirements laid down in the Articles of Association and the Management Board's rules of procedure, certain transactions and measures require the prior approval of the Supervisory Board. Before granting its approval, the Supervisory Board addressed, among other issues, the introduction of a new employee incentive program, the creation and expansion of the fulfillment network, the extension of the reverse factoring arrangement, and the construction of the Zalando Campus at Zalando's headquarters in Berlin.

The **audit committee** analyzed the annual financial statements 2014 and the consolidated financial statements 2014 including the combined management report for 2014, as well as the quarterly reports for the first three months, six months and nine months of 2015. The committee also discussed the focus of the audit, the status reports on GRC (Governance, Risk & Compliance) as well as any litigation and the work of the internal audit. The audit committee was also involved with the preparation of the Supervisory Board's proposal to the annual general meeting 2015 for the appointment of the auditor and group auditor. The chairperson of the audit committee conferred with the auditors on the audit focus.

The **remuneration committee** addressed the preparations for a new employee incentive program and a review of Management Board performance.

The main task of the **nomination committee** was to prepare the proposals of the Supervisory Board to the annual general meeting regarding the election of the shareholder representatives to the Supervisory Board.

No conflicts of interest of any Supervisory Board member occurred in the context of the work of the Supervisory Board.

## CORPORATE GOVERNANCE

The declaration of conformity regarding the reporting year was issued by the Management Board and the Supervisory Board on November 10, 2015. The complete text of the declaration can be found in section 01.5 on page 44. The declarations are made permanently available under the section on corporate governance on the company's website.

More information on corporate governance can be found in the **corporate governance report** and associated declaration on page 44. With regard to the remuneration structure for the members of the Management Board for fiscal year 2015 and to avoid repetition, please see the comments in the remuneration report on page 54.

### AUDIT AND RATIFICATION OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Management Board forwarded the annual financial statements and the consolidated financial statements for fiscal year 2015 to the chairperson of the Supervisory Board and the chairperson of the audit committee immediately upon their completion in February 2016 and before they were finally attested. The annual financial statements for 2015 and the consolidated financial statements for 2015 as well as the combined management report for the company and the group were examined by the auditor who rendered an unqualified audit opinion on them.

The financial statements and the auditor's reports were sent to the members of the Supervisory Board.

In a first step, the audit committee closely examined the financial statements in the presence of the auditor. The auditor reported on the most significant matters of the audit. Thereafter, the Supervisory Board discussed the financial statements in detail.

The Supervisory Board approved the audit results. It examined the annual financial statements and consolidated financial statements and the combined management report for ZALANDO SE and the group. The findings of the preliminary audit conducted by the audit committee and the Board's own findings corroborate the findings of the external auditor. Based on this final review the Supervisory Board raised no objections to the audit. The Supervisory Board has therefore **approved and adopted the annual financial statements for 2015 and approved the consolidated financial statements 2015**.

The appointments to the Supervisory Board of Benjamin Krümel, Dr. Christoph Stark and Christine de Wendel, all of whom are employee representatives, all reached the end of their term in the reporting period. The Supervisory Board would like to thank them for their valuable contributions to the work of the Board.

Berlin, February 29, 2016

Cristina Stenbeck



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**FURTHER INFORMATION**  
**CORPORATE GOVERNANCE**  
**REPORT P. 44**



**FURTHER INFORMATION**  
**CONSOLIDATED FINANCIAL**  
**STATEMENTS P. 130**

The following overview lists all of the companies and enterprises in which the members of the Supervisory Board of ZALANDO SE currently are members of a statutory supervisory board of the companies or members of a comparable controlling body in Germany or abroad.

#### 01.1.1 CURRENT AND PAST SEATS

NAME OF SUPERVISORY BOARD MEMBER	PROFESSION	MANDATES PURSUANT TO SECTION 125 (1) SENTENCE 5 AKTG
Cristina Stenbeck	Executive Chairman of the Board of Directors of Investment AB Kinnevik	Investment AB Kinnevik, Sweden (Member of the Board of Directors, Chairman) Millicom International Cellular, Luxembourg (Member of the Board of Directors, Chairman) Verdere SARL, Luxembourg (Member of the Board of Directors, Chairman)
Lorenzo Grabau	Chief Executive Officer of Investment AB Kinnevik	Rocket Internet SE, Berlin (Member of the Supervisory Board) Qliro Group AB, Sweden (Member of the Board of Directors) Millicom International Cellular S.A., Luxembourg (Member of the Board of Directors) Tele2 AB, Sweden (Member of the Board of Directors) Secure Value E.E.I.G. (Member of the Board of Directors) Avito Holding AB, Sweden (Member of the Board of Directors, Chairman) Global Fashion Holding S.A., Luxembourg (Member of the Board of Directors, Chairman) Lazada Group S.A., Luxembourg (Member of the Board of Directors, Chairman)
Lothar Lanz	Member of Supervisory Boards including Axel Springer SE and TAG Immobilien AG	Axel Springer SE (Member of the Supervisory Board) Bauwert AG (Member of the Supervisory Board, Chairman) Dogan TV Holding A.S. (Member of the Board of Directors) Home24 AG (Member of the Supervisory Board, Chairman) TAG Immobilien AG (Member of the Supervisory Board)
Anders Holch Povlsen *	Chief Executive Officer of the Bestseller group	Intervare A/S 25169158, Denmark (Member of the Board of Directors, Chairman) Nemlig.com A/S, Denmark (Member of the Board of Directors, Chairman) J.Lindeberg AB 556533-7085, Sweden (Member of the Board of Directors) J.Lindeberg Holding AB, Sweden (Member of the Board of Directors) J.Lindeberg IP HK Limited, Hong Kong (Member of the Board of Directors) J.Lindeberg Holding (Singapore) Pte. Ltd., Singapore (Member of the Board of Directors) JL Schweiz AG, Switzerland (Member of the Board of Directors, Chairman)

## 01.1.2

NAME OF SUPERVISORY BOARD MEMBER	PROFESSION	MANDATES PURSUANT TO SECTION 125 (1) SENTENCE 5 AKTG
Kai-Uwe Ricke	Chairman, Board of Directors of Delta Partners	<p>United Internet AG, Montabaur (Member of the Supervisory Board)</p> <p><i>Mandates in affiliated companies:</i></p> <p>United Internet Ventures AG, Montabaur (Member of the Supervisory Board)</p> <p>United Internet Service SE, Montabaur (Member of the Supervisory Board until Mar 16, 2015)</p> <p>1&amp;1 Internet AG, Montabaur (Member of the Supervisory Board until June 11, 2015)</p> <p>1&amp;1 Internet SE, Montabaur (Member of the Supervisory Board)</p> <p>1&amp;1 Telecommunication AG, Montabaur (Member of the Supervisory Board, Deputy Chairman until Apr 30, 2015)</p> <p>1&amp;1 Telecommunication SE, Montabaur (Member of the Supervisory Board)</p> <p>GMX&amp;WEB.DE Mail &amp; Media SE, Montabaur (Member of the Supervisory Board until Jul 14, 2015)</p> <p>1&amp;1 Mail &amp; Media Application SE, Montabaur (Member of the Supervisory Board until Mar 16, 2015; Deputy Chairman since Jul 22, 2015)</p> <p>euNetworks Group Ltd, Singapore (Member of the Board of Directors)</p> <p>Delta Partners, Dubai (Member of the Board of Directors, Chairman)</p> <p>SUSI Partners AG, Switzerland (Member of the Board of Directors, Chairman since Aug 28, 2015)</p> <p>Virgin Mobile CEE, Netherlands (Member of the Board of Directors)</p>
Alexander Samwer	Independent internet entrepreneur	–
Beate Siert	Employee of ZALANDO SE (Affiliate Marketing)	–
Dylan Ross	Employee of ZALANDO SE (Category Management)	–
Konrad Schäfers	Employee of ZALANDO SE (Corporate Finance)	–

\*} Mr. Povlsen is also member of Boards of Directors at various foreign group entities of the Bestseller group as well as foreign companies with a family connection