



Dear Shareholders,

in 2018, Zalando celebrated its 10th birthday, a moment to acknowledge the success which the company achieved on its way to becoming Europe's leading online platform for fashion and lifestyle and connecting its ever growing base of customers, brands and partners in 17 countries. 2018 was also a year which had its challenges, but our strong performance in Q4 2018 proved that we are well positioned for our future growth. We firmly believe in the growth opportunities which still lie ahead. For the upcoming years, we will continue to put a strong focus on the customers' needs and the empowerment of brand partners as a key driver of the platform.

Consultation and Monitoring

The Supervisory Board duly performed its duties in accordance with statutory requirements, the Articles of Association, the Supervisory Board's Rules of Procedure and the German Corporate Governance Code. It received regular and detailed written and oral reports on the intended business strategy, any material issues regarding financial, investment, personnel planning and the progress of business as well as risks and opportunities. In particular, the Management Board



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The Supervisory Board—from left to right:
Anders Holch Povlsen Deputy chairperson of the Supervisory Board, member of the nomination committee,
Konrad Schäfers Member of the Supervisory Board, member of the audit committee,
Beate Siert Member of the Supervisory Board, member of the remuneration committee,
Anthony Brew Member of the Supervisory Board,
Lothar Lanz Chairperson of the Supervisory Board, chairperson of the nomination committee, member of the audit committee,
Jørgen Madsen Lindemann Member of the Supervisory Board, chairperson of the remuneration committee, member of the audit committee, member of the nomination committee,
Shanna Prevé Member of the Supervisory Board, member of the remuneration committee,
Dominik Asam Member of the Supervisory Board, chairperson of the audit committee,
Alexander Samwer Member of the Supervisory Board, member of the remuneration committee.

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.

Meetings of the Supervisory Board and Its Committees

The plenum of the Supervisory Board held four meetings in fiscal year 2018, the audit committee four and the nomination committee two. Continuing its extensive discussions from fiscal year 2017, the remuneration committee held three more meetings in fiscal 2018 to finalize the proposal and the introduction of the new compensation system for the Management Board members. Lothar Lanz as chairperson and Anders Holch Povlsen as deputy chairperson of the Supervisory Board participated in one meeting of these meetings of the remuneration committee. In addition, the Supervisory Board passed 12 circular resolutions. The Supervisory Board and its committees also convened wholly or partly without the Management Board as necessary to deliberate on items that pertained to the Management Board or required internal discussion among Supervisory Board

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members alone. The plenum of the Supervisory Board was informed about the results of meetings of the committees at its subsequent plenary meetings. All members of the Supervisory Board attended all meetings of the Supervisory Board and all meetings of their respective committees.

Overview of Plenary and Committee Meetings and Attendance on an Individual Basis in Fiscal Year 2018

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	Tenure	Plenum	Audit committee	Remuneration committee	Nomination committee
Dominik Asam	Since May 2017	4 / 4	4 / 4	–	–
Anthony Brew	Since May 2018	3 / 3	–	–	–
Lothar Lanz	Since February 2014	4 / 4	4 / 4	–	2 / 2
Jørgen Madsen Lindemann	Since May 2016	4 / 4	4 / 4	3 / 3	2 / 2
Anders Holch Povlsen	Since December 2013	4 / 4	–	–	2 / 2
Shanna Prevé	Since May 2017	4 / 4	–	3 / 3	–
Alexander Samwer	Since December 2013	4 / 4	–	3 / 3	–
Konrad Schäfers	Since June 2015	4 / 4	4 / 4	–	–
Beate Siert	Since June 2015	4 / 4	–	3 / 3	–

Plenary Meetings

In each of its ordinary quarterly meetings the plenum of the Supervisory Board analyzed and discussed the management reports on the course of business and the company's strategy as well as capital markets developments. The chairpersons of the committees of the Supervisory Board reported regularly to the full Supervisory Board on the activities of each of the committees. In addition, the Supervisory Board dealt with the following focus areas:

At its ordinary meeting on February 26, 2018, the Supervisory Board dealt with the financial statements, the consolidated financial statements for 2017 and the non-financial report presented by the Management Board. In accordance with the recommendations of the audit committee, the Supervisory Board adopted the financial statements for 2017 and approved the consolidated financial statements for 2017 and the non-financial report 2017. It followed the proposal of the Management Board for the appropriation of profit for fiscal year 2017. In addition, the Supervisory Board adopted a resolution regarding its report for fiscal year 2017 and dealt with the agenda for the annual general meeting 2018 as well as the repurchase of own shares. The Supervisory Board discussed in detail the renewal of the appointment of the Management Board members and the proposed structure of the new remuneration system. The Supervisory Board also addressed the results of its 2017 efficiency evaluation, which was carried out by way of a questionnaire focusing on the supply of information to the Supervisory Board, the structure and efficiency of meetings, the setup and procedures of the Supervisory Board's committees, the composition of the Supervisory Board and its succession planning. No noteworthy shortcomings were identified.

At its ordinary meeting on May 23, 2018, the Supervisory Board dealt in particular with the result of the say on pay vote of the annual general meeting, the new service contracts for the Management Board members and the allocation of responsibilities among the members of the Management Board.

The ordinary meeting on August 6, 2018, was specifically devoted to the company strategy which was presented by the Management Board and discussed in depth with the Supervisory Board members. The Supervisory Board also discussed the funding strategy for the new Long Term Incentive program for the members of the Management Board and authorized the Management Board to purchase own shares to hedge and discharge a substantial part of the payment obligations under this new Long Term Incentive program.

At its ordinary meeting on December 11, 2018, the Supervisory Board dealt primarily with and discussed the budget for the fiscal year 2019. The Management Board and the Supervisory Board jointly resolved on the declaration of conformity with the German Corporate Governance Code. The Supervisory Board also discussed the format of the annual self-assessment of its efficiency. The examination was performed based on questionnaires. Every member of the Supervisory Board was asked to provide feedback on the work of the full board as well its committees and the cooperation with and information by the Management Board.

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. These transactions were presented to the Supervisory Board for approval. The transactions discussed by the Supervisory Board included inter alia the building of a fulfillment center for Zalando Lounge in Poland, the reorganization of the company's marketing function and the transition of the operation of the Brieselang fulfillment center to logistics provider Fiege.

Audit Committee

The audit committee analyzed the annual financial statements for 2017 and the consolidated financial statements for 2017, including the combined management report for 2017 and the non-financial report, as well as the quarterly statement for the first quarter, the half-year report and quarterly statement for the third quarter of 2018. The audit committee regularly reviewed and discussed the focus of the audit, the status reports on GRC (Governance, Risk & Compliance), litigation and the work of the internal audit, the treasury reports, the approval of non-audit services and addressed the readiness of the company for the requirements under the General Data Protection Regulation. The audit committee was involved in the preparation of the Supervisory Board's proposal to the annual general meeting 2018 for the appointment of the auditor and group auditor. The chairperson of the audit committee conferred with the auditors on the audit focus.



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Remuneration Committee

The remuneration committee continued its work of the previous year on the review of the Management Board's performance and the design and introduction of the new compensation system for the Management Board members. Besides this, the remuneration committee addressed the development of the company's employee incentive programs.

Nomination Committee

The nomination committee dealt with the preparation of the proposals of the Supervisory Board to the annual general meeting regarding the election of the members of the Supervisory Board. In doing so, the nomination committee considered the targets for the composition of the Supervisory Board as well as the profile of skills and expertise which the Supervisory Board had determined.

Conflicts of Interest

No conflicts of interest of any Supervisory Board member occurred in the context of the work of the Supervisory Board. To avoid the appearance of a potential conflict of interest, Supervisory Board member Anders Holch Povlsen decided to abstain from participating in the discussion and the resolution regarding the conclusion of a reverse factoring agreement to which a company of the Best-seller group is a party.

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 2018, the combined management report and the non-financial report for ZALANDO SE and the group as well as the proposal of the Management Board for the appropriation of profit to the chairperson of the Supervisory Board and the chairperson of the audit committee immediately upon their completion in February 2019 and before they were finally attested. The annual financial statements for 2018 and the consolidated financial statements for 2018 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 and the proposal for the appropriation of profit in the presence of the auditor. The auditor reported on the most significant matters of the audit. Thereafter and based on the audit committee's recommendation, the Supervisory Board discussed the financial statements, the non-financial report and the proposal for the appropriation of profit in detail.



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The Supervisory Board approved the audit results. It examined the annual financial statements and consolidated financial statements, the combined management report and the non-financial report for ZALANDO SE and the group as well as the proposal of the Management Board for the appropriation of profit. The findings of the preliminary audit conducted by the audit committee and the Supervisory 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 2018 and approved the consolidated financial statements for 2018 and the non-financial report 2018. The Supervisory Board concurred with the proposal of the Management Board for the appropriation of profit (to be carried forward to new account), in consideration in particular of the company's annual result, liquidity, financial planning and strategy.

Corporate Governance

The annual declaration of conformity was issued by the Management Board and the Supervisory Board in December 2018. The complete text of the declaration can be found in section 1.4.1 on page 48. The declaration is made permanently available in the Corporate Governance section on the company's website.

More information on corporate governance can be found in the Corporate Governance Report and associated declaration on page 48. With regard to the remuneration structure for the members of the Management Board for fiscal year 2018 and to avoid repetition, please see the Remuneration Report on page 61.

Personnel Matters

The annual general meeting 2018 appointed Anthony Brew as a member of ZALANDO SE's Supervisory Board as employee representative, with effect as from the end of the general meeting held on May 23, 2018, for a period until the end of the general meeting that resolves on the discharge for fiscal year 2019.

The Supervisory Board would like to thank the Management Board and all employees of the company for their high level of commitment and the strong achievements in fiscal year 2018.

Berlin, February 25, 2019

Lothar Lanz



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