

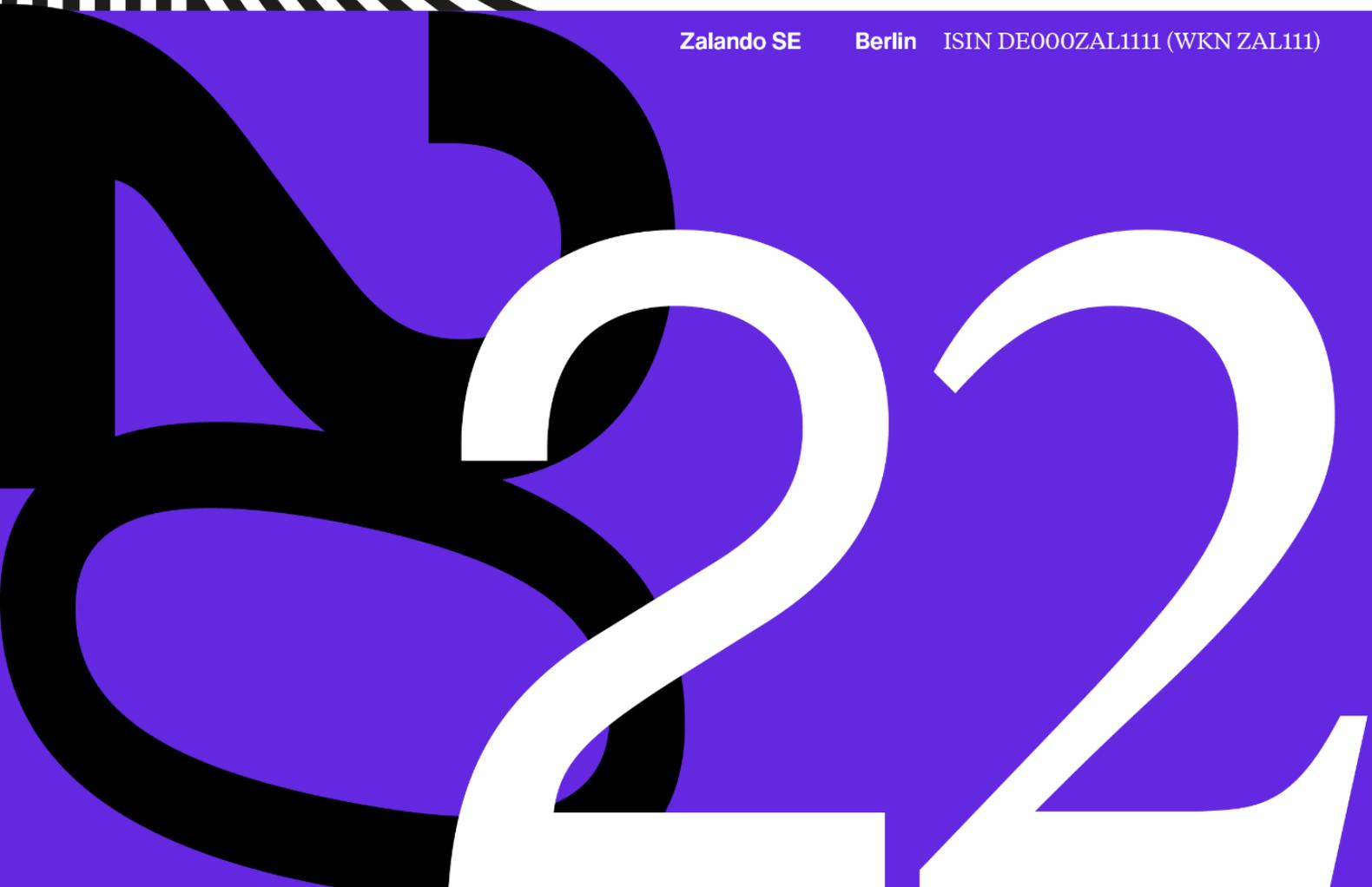
# Invitation to the Annual General Meeting of **ZALANDO SE** on May 18, 2022



zalando



Zalando SE    Berlin    ISIN DE000ZAL1111 (WKN ZAL111)



Convenience translation

This translation is a working translation only. Legally binding and relevant is solely the German version.



## ZALANDO SE

Berlin

ISIN DE000ZAL1111 (WKN ZAL111)

### Invitation to the Annual General Meeting (Virtual General Meeting)

We hereby invite the shareholders of our company to the **Annual General Meeting** to be held on **Wednesday, May 18, 2022, at 10:00 hours (CEST)**.

The General Meeting will be held as a virtual general meeting without the physical presence of the shareholders or their authorized representatives (with the exception of the company's proxies). The venue of the General Meeting within the meaning of the German Stock Corporation Act is the corporate headquarters of ZALANDO SE, Valeska-Gert-Strasse 5, 10243 Berlin. The entire meeting will be broadcast for duly registered shareholders and their authorized representatives in audio and video via the company's password-protected internet service (**Shareholder Portal**) accessible online at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>; such broadcasting does not enable participation in the General Meeting as defined by Section 118 (1) Sentence 2 of the German Stock Corporation Act (*Aktiengesetz – AktG*)<sup>1</sup>.

The voting rights of the duly registered shareholders shall be exercised – also where third parties are authorized – exclusively by way of absentee voting or by granting authorization and issuing instructions to the company's proxies. The shareholders are requested to also note the more detailed information following the presentation of the agenda with the proposed resolutions.

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<sup>1</sup> The relevant provisions for stock corporations domiciled in Germany, in particular the provisions of the HGB and the AktG, apply to the company due to the conflict-of-law rules set out in Art. 5, Art. 9 (1) lit. c) ii), Art. 53 as well as Art. 61 of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (**SER**) unless otherwise provided for by any more specific rules of the SER.



## I. Agenda

### 1. Presentation of the adopted annual financial statements and the approved consolidated financial statements for fiscal year 2021 together with the combined management report for ZALANDO SE and the Zalando group, the combined non-financial report for ZALANDO SE and the Zalando group and the report of the Supervisory Board as well as the explanatory reports on the information required pursuant to Sections 289a, 315a of the German Commercial Code (Handelsgesetzbuch – HGB)

The Supervisory Board has approved the annual financial statements and consolidated financial statements prepared by the Management Board on February 28, 2022. The annual financial statements are therefore adopted.

No resolution of the General Meeting is required for this agenda item 1.

The documents on agenda item 1 are available on the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022> and will also be accessible there during the General Meeting.

### 2. Appropriation of distributable profit

The Management Board and the Supervisory Board propose that the distributable profit of ZALANDO SE for the past fiscal year 2021 in the amount of 508,086,479.96 EUR be carried forward in full to new account.

### 3. Discharge of the Management Board of ZALANDO SE for fiscal year 2021

The Management Board and the Supervisory Board propose that discharge be granted for fiscal year 2021 to the company's Management Board members holding office during this period.

### 4. Discharge of the Supervisory Board of ZALANDO SE for fiscal year 2021

The Management Board and the Supervisory Board propose that discharge be granted for fiscal year 2021 to the company's Supervisory Board members holding office during this period.

### 5. Election of the auditor for the financial statements and the auditor for the consolidated financial statements as well as the auditor for the audit review

- a) Based on the recommendation of its audit committee, the Supervisory Board proposes that Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin Office, be appointed as auditor for the audit of the financial



statements and of the consolidated financial statements for fiscal year 2022 and for a review of the condensed accounts and of the interim management report for the first six months of fiscal year 2022 and for a review, if applicable, of additional interim financial information within the meaning of Section 115 (7) of the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) in fiscal year 2022.

- b) Furthermore, based on the recommendation of its audit committee, the Supervisory Board proposes that Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin Office, be appointed as auditor for a review, if applicable, of additional interim financial information within the meaning of Section 115 (7) WpHG in fiscal year 2023 until the next General Meeting.

The audit committee has declared that it has issued its recommendation free of any undue third-party influence and that it was not subject to any clauses restricting its choice as defined in Art. 16 (6) of the EU Regulation on Specific Requirements Regarding Statutory Audit of Public-Interest Entities.

It is intended that separate votes be taken on agenda items 5 lit. a) and 5 lit. b).

## **6. Approval of the remuneration report for fiscal year 2021**

Following the amendment to the Stock Corporation Act (*Aktiengesetz – AktG*) by the Act Implementing the Second Shareholders' Rights Directive (*Gesetz zur Umsetzung der Zweiten Aktionärsrechterichtlinie – ARUG II*) of December 12, 2019 (Federal Law Gazette I (BGBl. I) No. 50 2019, p. 2637), Section 162 AktG obliges the management board and the supervisory board of listed companies to prepare, on an annual basis, a clear and understandable report on the remuneration granted or owed to the members of the management board and of the supervisory board in the past fiscal year and to submit it to the general meeting for approval in accordance with Section 120a (4) AktG.

The remuneration report prepared by the Management Board and the Supervisory Board for fiscal year 2021 was audited, in accordance with Section 162 (3) AktG, by the auditor of ZALANDO SE, i.e., Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin Office, as to whether the disclosures required pursuant to Section 162 (1), (2) AktG have been made. In addition to the statutory requirements, the auditor also performed an audit of the content of the remuneration report with regard to the information required under Section 162 (1), (2) AktG. The audit opinion on the remuneration report is attached to said report.

The Management Board and the Supervisory Board propose that the remuneration report of ZALANDO SE for fiscal year 2021 be approved.

The remuneration report for fiscal year 2021 and the auditor's audit opinion are reproduced in section II. "Remuneration Report 2021" below. It is also available



on the company's website at  
<https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>  
and will also be accessible there during the General Meeting.

**7. Amendment of the black-out periods for the exercise of option rights under the authorizations of the General Meeting to grant subscription rights to shares under the Stock Option Program 2014, the Equity Incentive Plan and the Long-Term Incentive 2018, adjustment of the Conditional Capital 2014, of the Conditional Capital 2016 and of the Conditional Capital 2019, as well as corresponding amendment of § 4 (5), (7) and (8) of the Articles of Association**

The General Meeting of the company on June 3, 2014, adjusted by the resolutions of July 11, 2014 and June 23, 2020, resolved an authorization to grant subscription rights to employees of the company as well as to members of the management and employees of companies affiliated with the company and to create a conditional capital to fund these subscription rights (***Stock Option Program 2014***).

Furthermore, the General Meeting of the company on May 31, 2016 resolved an authorization to grant subscription rights for shares and an authorization to grant stock appreciation rights with subscription rights for shares of the company to members of the management boards of affiliated companies of the company as well as to managerial staff members and selected proven key employees of the company or affiliated companies and the creation of a conditional capital to fund the subscription rights (Equity Incentive Plan, ***EIP***).

Furthermore, the General Meeting of the company on May 22, 2019 resolved an authorization to grant subscription rights for shares of the company (stock options) to members of the company's Management Board in connection with the Long-Term Incentive 2018 and the creation of a conditional capital to fund the stock options (***LTI 2018*** and, together with the Stock Option Program 2014 and the EIP, the ***Stock Option Programs***).

The aforementioned authorization resolutions on the Stock Option Programs (including the resolutions on the creation of the corresponding conditional capitals) are available at the company's website at  
<https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>  
the authorization resolution for the Stock Option Program 2014 is available in a consolidated version (i.e., in the version the authorization resolution obtained by the General Meetings as of July 11, 2014 and June 23, 2020).

For the purpose of flexibility and a consistent handling, the black-out periods for granted stock options stipulated in the aforementioned authorizations shall be adjusted. The authorizations resolved in the past stipulated, inter alia, a black-out period from the 45th calendar day prior to a company's general meeting (*Hauptversammlung*) until the day of such general meeting. This black-out period



is generally intended to prevent the use of insider information about a general meeting that has not yet been held. In a pre-IPO environment, such information asymmetry is not unusual since there is no continuous flow of information which is reflected in the prices of securities, with the result that significant price-forming information is regularly communicated in the pre-IPO general meetings. However, in the case of a listed company, significant information advantages that could be exploited by potential insiders should not exist since any (insider) information that is likely to have a significant effect on the stock market price must be disclosed in advance and the invitation to a general meeting must be published at least 36 days (including the registration period) prior to the general meeting. Hence, there is no need anymore to stipulate such black-out period prior to the general meeting in the Stock Option Programs.

Against this background, the black-out periods determined by the General Meetings held on June 3, 2014, July 11, 2014, May 31, 2016, May 22, 2019 and June 23, 2020 shall be adjusted. In all other respects, the authorizations granted in 2014, 2016 and 2019 as well as the corresponding conditional capitals pursuant to § 4 (5) of the Articles of Association (Conditional Capital 2014), § 4 (7) of the Articles of Association (Conditional Capital 2016) and § 4 (8) of the Articles of Association (Conditional Capital 2019) shall remain in force unchanged.

a) Adjustment of the black-out periods under the Stock Option Program 2014

The Management Board and the Supervisory Board propose that the following resolution be adopted:

- aa) Lit. b) dd) of the authorization resolved by the General Meeting of June 3, 2014 under agenda item 7, as amended by the resolutions of the General Meeting on July 11, 2014 and June 23, 2020, shall be amended and restated as follows:

*“The waiting period until the date on which the subscription rights may be exercised for the first time is four years commencing on the Grant Date.*

*After the expiry of the waiting period, all subscription rights if and as soon as they have vested and the performance target has been achieved may be exercised at any time outside any black-out period until the subscription rights expire.*

*The black-out period shall be the period from the day on which the company publicly announces an offering of securities by the company or a company dependent from the company until the day on which the offer period for such offering closes.*

*The above black-out period shall include the full day on which it begins and ends. The Option Terms & Conditions may stipulate further*

*black-out periods. Furthermore, the restrictions under applicable law, in particular the Market Abuse Regulation, must be observed.”*

In all other respects, the authorization resolution adopted by the General Meeting regarding the Stock Option Program 2014 shall remain unaffected.

- bb) § 4 (5) of the Articles of Association shall be supplemented by a reference to the above resolution on the amendment of the authorization and, otherwise unchanged, shall be worded as follows:

*“The share capital of the Company is conditionally increased by up to EUR 3,297,193.00 by issuance of up to 3,297,193 new bearer no-par value shares (Conditional Capital 2014). The Conditional Capital 2014 may only be used to fulfil the subscription rights which have been or will be granted to employees of the Company as well as members of the management bodies and employees of companies affiliated with the Company in the meaning of §§ 15 et seq. AktG in connection with the Stock Option Program 2014 in accordance with the resolution of the General Meeting of the Company on June 3, 2014, as amended by the Company’s General Meeting of July 11, 2014, of June 23, 2020 and of May 18, 2022. The conditional capital increase will only be implemented to the extent that such subscription rights have been or will be issued in accordance with the Stock Option Program 2014 as resolved by the General Meeting on June 3, 2014, as amended by the Company’s General Meeting of July 11, 2014, of June 23, 2020 and of May 18, 2022, the holders of the subscription rights exercise their rights and the company does not deliver treasury shares to satisfy the subscription rights. The new shares shall participate in the profits from the beginning of the fiscal year in which they are issued; notwithstanding this, the new shares shall participate in the profits from the beginning of the fiscal year preceding the fiscal year in which such new shares are created if the General Meeting has not yet adopted a resolution on the appropriation of the distributable profit (Bilanzgewinn) of the fiscal year preceding the fiscal year in which such new shares are created.”*

- b) Adjustment of the black-out periods under the EIP

The Management Board and the Supervisory Board propose that the following resolution be adopted:

- aa) Lit. a) (4) of the authorization resolved by the General Meeting of May 31, 2016 under agenda item 5 shall be amended and restated as follows:

*“The waiting period for the first exercise is four years from the time of the Grant Date of the subscription right in each case. On expiry of the waiting period, all vested subscription rights for which the success*



*target under (3) has been achieved can be exercised at any time until the end of the relevant period specified under (2), with the exception of black-out periods. Performance Options may not be exercised in case the Exercise Date Share Price is less than EUR 1.00 (lowest issue price).*

*The black-out periods are the following in each case:*

- the period from the day on which the Company publishes an offer to its shareholders to subscribe for new shares in a stock exchange gazette or the Federal Gazette (Bundesanzeiger) up to the day on which the shares of the Company issued in accordance with that right are listed for the first time on the Frankfurt Stock Exchange "ex subscription rights"; and*
- from March 17, June 16, September 16 and December 17 until the beginning of the first business day after the publication of the respective quarter, half-year or annual report. In the event that, exceptionally, the report is only published after 12:00 a.m. the black-out period extends to the beginning of the second business day after the publication of the respective report.*

*The Management Board may, acting reasonably, determine further black-out periods or, to the extent permitted by law, abbreviate them.*

*The black-out periods mentioned above shall include in each case the full day on which the respective black-out period begins and ends. In addition, any restrictions under general legal provisions, in particular the German Securities Trading Act (WpHG), are to be observed."*

In all other respects, the authorization resolution adopted by the General Meeting regarding the EIP shall remain unaffected.

- bb) § 4 (7) of the Articles of Association shall be supplemented by a reference to the above resolution on the amendment of the authorization and, otherwise unchanged, shall be worded as follows:

*"The share capital of the Company is conditionally increased by up to EUR 3,089,010.00 against contribution in cash and in kind by the issuance of up to 3,089,010 new no-par value shares with a pro-rata share in the share capital of EUR 1.00 to fulfil subscription rights for shares of the Company (Conditional Capital 2016). The Conditional Capital 2016 may only be used to fulfil the subscription rights which have been granted once or several times – partly as a component of stock appreciation rights – in accordance with the resolution of the General Meeting of the Company of May 31, 2016, as amended by resolution of the company's General Meeting of May 18, 2022. The new shares shall be subscribed either against a cash payment in the amount of the lowest issue price in the meaning of § 9(1) AktG or against the*



*contribution of the participants' remuneration entitlements under the stock appreciation rights granted to them, which are granted in accordance with the authorization of the General Meeting of May 31, 2016, as amended by resolution of the Company's General Meeting of May 18, 2022. The conditional capital increase will be implemented only to the extent that subscription rights or stock appreciation rights with subscription rights have been or will be issued in accordance with the resolution of the General Meeting of May 31, 2016, as amended by resolution of the Company's General Meeting of May 18, 2022, the holders of subscription rights exercise their rights and the Company grants no treasury shares or cash payments for the satisfaction of the subscription rights. The subscription shares will be issued at the lowest issue price of EUR 1.00. The new no-par value shares shall participate in the profits from the beginning of the fiscal year in which they are issued; notwithstanding this, the new shares shall participate in the profits from the beginning of the fiscal year preceding the fiscal year in which such new shares are created, if the General Meeting has not yet adopted a resolution on the appropriation of the distributable profit (Bilanzgewinn) of the fiscal year preceding the fiscal year in which such new shares are created."*

c) Adjustment of the black-out periods under the LTI 2018

The Management Board and the Supervisory Board propose that the following resolution be adopted:

aa) Number 1. lit. d) of the authorization resolved by the General Meeting of May 22, 2019 under agenda item 7 shall be amended and restated as follows:

*"The Stock Options have a fixed term running until the end of November 30, 2026. Upon expiry of such term, unexercised Stock Options shall be forfeited without compensation.*

*The Stock Options may be exercised, for the first time, after expiry of a waiting period. The waiting period commences with the day following the grant date of the Stock Options. Its duration shall be at least four years; however, the waiting period shall end at the end of July 31, 2023 at the earliest. The Option Terms & Conditions may stipulate further details.*

*After expiry of the waiting period and subject to the fulfilment of the further exercise requirements as set out in the Option Terms & Conditions and any statutory restrictions, Stock Options may be exercised at any time until the expiry of the term, unless the exercise would fall within a black-out period.*

*The black-out period shall be the period from the day on which the Company publicly announces an offering of securities by the*

*Company or a company dependent from the Company until the day on which the offer period for such offering closes.*

*The above black-out period shall include the full day on which it begins and ends. The Option Terms & Conditions may stipulate further black-out periods.”*

In all other respects, the authorization resolution adopted by the General Meeting regarding the LTI 2018 shall remain unaffected.

- bb) § 4 (8) of the Articles of Association shall be supplemented by a reference to the above resolution on the amendment of the authorization and, otherwise unchanged, shall be worded as follows:

*“The Company’s share capital is conditionally increased by up to EUR 1,522,269.00 by the issuance of up to 1,522,269 new bearer shares with no par value (Conditional Capital 2019). The Conditional Capital 2019 exclusively serves the purpose to service subscription rights granted to members of the Company’s Management Board in connection with the Long Term Incentive 2018 in accordance with the resolution of the Company’s General Meeting on May 22, 2019 under agenda item 7, as amended by resolution of the Company’s General Meeting of May 18, 2022. The conditional capital increase will be implemented only to the extent that the holders of the granted subscription rights exercise their right to subscribe for shares of the Company and the Company grants no treasury shares or cash payments to fulfil the subscription rights. The new shares under the conditional capital will be issued for the minimum issue amount pursuant to section 9 para. 1 AktG. The new shares shall participate in the profits from the beginning of the fiscal year in which they are issued; notwithstanding this, the new shares shall participate in the profits from the beginning of the fiscal year preceding the fiscal year in which such new shares are created, if the General Meeting has not yet adopted a resolution on the appropriation of the distributable profit (Bilanzgewinn) of the fiscal year preceding the fiscal year in which such new shares are created.”*

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## **II. Remuneration report 2021**

The remuneration report describes the features of the remuneration system and remuneration for individual current and former members of the Management Board and the Supervisory Board of Zalando for fiscal year 2021 in accordance with Section 162 AktG (German Stock Corporation Act) and the recommendations of the German Corporate Governance Code.



## 1. Introduction

Zalando is always evolving and thrives on entrepreneurial spirit. Zalando's ambition has led to remarkable growth and value creation that have taken the company from a startup to the stock exchange in near record time. DAX-listed and founder-led, Zalando's story is still at the beginning, and the company will continue to make bold moves in pursuit of our vision of being the Starting Point for Fashion.

We are making strong progress and expect to achieve the growth targets we have set ourselves for 2025. Most importantly, our progress continues to be driven by the distinctive qualities that have differentiated our approach from the beginning: customer focus, entrepreneurship, speed and empowerment. Enshrined as Our Founding Mindset, these qualities have been and will continue to be the critical ingredient in our long-term success and achievement of our goal to reimagine fashion for the good of all.

Our Founding Mindset defines who we are and sets us apart from the competition. Our entrepreneurial spirit means we remain dissatisfied with the status quo but we know that, ultimately, sustainable progress at scale depends on all Zalandos acting like owners – from our founders to new joiners. Whether at Zalando for ten years or ten days, we want all Zalandos to feel like entrepreneurs – to be proud of the company's progress and to feel they share in its success. Entrepreneurship is at the core of how we think about working together, how we innovate for our customers and partners, and how we compensate employees for the time and energy they dedicate to the company.

## 2. Background

Just over 13 years ago, we took our first steps as Zalando by selling shoes out of an apartment in Berlin. Today, Zalando is a leading European fashion and lifestyle platform that employs more than 17,000 people and serves more than 48 million customers in 23 European countries. Our goal is to be the Starting Point for Fashion: the intersection of fashion and lifestyle for our customers and a platform that unlocks potential to create value and opportunity for all stakeholders.

Our success story is deeply rooted in our culture and drive for innovation which we attribute in no small part to the company continuing to be founder-led by Robert Gentz and David Schneider as Co-CEOs. Over the last year, our Co-CEOs have increased their stake in Zalando from 3.57% to 5.16%, underlining their strong continuous commitment to Zalando's long-term health and success. Across all levels of the organization, we want employees to share our founders' mindset and commitment by owning a stake in Zalando's future. This is enabled either through stock options as part of compensation packages or through our employee participation program, which is widely adopted among Zalando employees.



The Supervisory Board considers the remuneration framework a crucial element that supports and nurtures Zalando's Founding Mindset in senior management and connects it closely to our corporate strategy and growth ambitions. The remuneration framework ties the long-term financial success of the members of the Management Board closely to the long-term success of Zalando.

Over the years, Zalando has grown at a rapid pace, and the compensation frameworks have always reflected the stage of development of the company at each moment in time. Some remuneration components settled in 2021 date back to share-based compensation plans from 2011. In 2011, our revenue was just over EUR 500m, and we were still loss-making. The future of Zalando was by no means certain and liquidity via an IPO was not in the immediate future. Share-based compensation was and remains dependent on the successful future of the company.

With each new compensation plan, we factored in Zalando's growth stage. For example, in 2013 Zalando had about EUR 1.7bn in revenue and option strike prices in our compensation plans were considerably higher than in the two prior years. We have always reflected the growth in the value and size of Zalando in our compensation. Our underlying philosophy has remained the same: promote ownership among managers and employees alike to encourage accountability, bold decision-making and long-term thinking across our teams. And throughout the years, we took investor as well as proxy advisor feedback into account to refine these remuneration frameworks further.

In 2021, the annual general meeting (AGM) approved the remuneration system 2021 reflecting the next step in the evolution of our compensation framework commensurate with the stage of our development and our entry into the DAX. The new remuneration system is closely linked to the progress of our platform strategy, growth ambitions and ESG targets – with a strong focus on shareholder value creation.

The company aims to achieve a Gross Merchandise Volume (GMV)<sup>2</sup> of more than EUR 30bn by 2025, and – long-term – to serve more than 10% of the European fashion market. Our remuneration framework provides the incentives necessary for the company to attract and retain the best talent to achieve Zalando's strategic objectives and growth ambitions.

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<sup>2</sup> GMV (Gross Merchandise Volume) is defined as the value of all merchandise sold to customers after cancellations and returns and including VAT, dynamically reported. It does not include B2B revenues (e.g. Partner Program commission, Zalando Marketing Services or Zalando Fulfillment Solutions) and other B2C revenues (e.g. service charges like express delivery fees); these are included in revenue only. GMV is recorded based on the time of the customer order.



### **3. Changes in the composition of the Management Board and Supervisory Board during 2021**

Robert Gentz and David Schneider lead the company as Co-CEOs. Rubin Ritter resigned from the Management Board and as Co-CEO during the reporting period with effect as of June 1, 2021. The Supervisory Board appointed Dr. Astrid Arndt to the newly created position of Chief People Officer (CPO) on April 1, 2021. At the same time, Chief Technology Officer, Jim Freeman, transitioned into a newly created Chief Business and Product Officer (CBPO) role developing, marketing and growing our consumer offerings. As of March 1, 2022, David Schröder will assume a newly created role of Chief Operating Officer (COO), focusing on building and scaling unique capabilities and enabling the company's growth, and Dr. Sandra Dembeck will join the Management Board as the company's new CFO. The remuneration system 2021 applies to the service agreements of Dr. Sandra Dembeck and Dr. Astrid Arndt.

On the Supervisory Board, Niklas Östberg succeeded Jørgen Madsen Lindemann on May 19, 2021, who did not stand for re-election to the Supervisory Board after serving as a member since 2016. The Chairperson of the Supervisory Board, Cristina Stenbeck, whom the German Corporate Governance Code considers independent, took over as chairperson of the remuneration committee after Mr. Lindemann's departure.

### **4. Management Board remuneration**

#### **Procedure for determining the remuneration system for the Management Board**

The remuneration system for the Management Board of Zalando is resolved by the Supervisory Board in accordance with Section 87a (1) AktG. The Supervisory Board is supported in this by its remuneration committee. The remuneration committee develops recommendations for the remuneration system for the members of the Management Board, taking into account our long-term strategy, design principles, the legal requirements, the requirements of the German Corporate Governance Code as well as feedback and recommendations from investors and proxy advisors and submits them to the entire Supervisory Board for discussion and resolution.

In order to assess whether the remuneration of the individual members of the Management Board is in line with market practice, the Supervisory Board benchmarks it with the remuneration paid to the Management boards of a group of comparable companies to be determined by the Supervisory Board, taking into account the market position (including market capitalization, revenue, industry, size and country) and the overall financial position of the respective company. In addition, the Supervisory Board considers the level of remuneration of the members of the Management Board in relation to the remuneration structure within the company.



As a matter of principle, the Supervisory Board and its remuneration committee consult external experts to develop the remuneration system and to assess the appropriateness of the remuneration – which has also been applied for the development and assessment of the appropriateness of the remuneration system 2021. The remuneration expert is rotated from time to time and when consulting an external remuneration expert, the Supervisory Board ensures that the remuneration expert is independent of the Management Board and the company.

The remuneration system is submitted to the general meeting for approval in the case of any material change, but at least every four years. If the general meeting does not approve the remuneration system, a reviewed remuneration system will be submitted for approval at the latest at the following annual general meeting.

The remuneration system is regularly reviewed by the Supervisory Board, supported by its remuneration committee.

Throughout the process of determining, implementing and reviewing the remuneration system, the requirements of the AktG and the Supervisory Board's rules of procedure as well as the recommendations of the German Corporate Governance Code on the avoidance and handling of conflicts of interest are carefully respected.

### **New remuneration system for the Management Board ("remuneration system 2021")**

The Supervisory Board developed a new remuneration system for the members of the Management Board which the AGM approved on May 19, 2021, and which came into effect as of June 1, 2021 (the "remuneration system 2021").

The remuneration system 2021 follows our remuneration philosophy of tying entrepreneurial culture, strategy progression and growth ambitions together in a competitive remuneration framework. The remuneration system 2021 applies for members of the Management Board who are newly appointed or whose existing appointments were renewed after June 1, 2021. The Supervisory Board fully applied the remuneration system 2021 to the service agreements of Dr. Astrid Arndt, who was newly appointed to the Management Board on April 1, 2021, and to Dr. Sandra Dembeck, who will join the Management Board on March 1, 2022, as Chief Financial Officer. The remuneration system 2021 will further apply to all new Management Board appointments as well as contract renewals of existing Management Board members.

### **Guiding principles**

The Supervisory Board's objective is to offer the members of the Management Board a competitive remuneration package that allows us to attract the best global candidates for a position on our Management Board and retain the existing members of the Management Board, including the co-founders and Co-CEOs. At the same time, the Supervisory Board seeks to maintain sufficient flexibility to react to structural changes and different market conditions.



For the design and development of the remuneration system 2021 the Supervisory Board applied guiding principles to create an incentive for results-oriented and sustainable corporate management that fully aligns with the strategy and the long-term success of Zalando.

The remuneration system 2021 in our opinion contributes significantly to the execution and promotion of the business strategy, as well as the long-term and sustainable development of the Zalando group. We believe it ensures remuneration that is appropriate and at market standard for the members of the Management Board, in order to attract and retain the talent required to achieve our strategic ambitions. Remuneration is based on performance targets and considers in our opinion appropriately the performance of each member of the Management Board. In this context, we believe that actions of the members of the Management Board are oriented towards the interests of shareholders, resulting e.g. in no or considerably lower payouts of variable compensation in the case of a declining share price or moderate payouts in the case of moderate share price increases. The fixed integration of Environmental, Social and Governance (ESG) targets into the remuneration structure encourages sustainable and future-oriented action. Such targets are deeply rooted in our sustainability (do.MORE) as well as diversity and inclusion (do.BETTER) strategies and can lower the number of LTI shares or options by up to 20% if targets are not achieved. The overall structure is further designed to promote an entrepreneurial culture of ownership and risk-taking in the Management Board and across the company. The system, however, allows for flexibility to tap into a wide talent market.

Business strategy	Promotion of the <b>business strategy</b> as well as the <b>long-term</b> and <b>sustainable</b> development of ZALANDO SE and the Zalando-Group
Appropriate and market standard remuneration	Ensuring an <b>appropriate</b> and <b>market standard</b> remuneration for the members of the Management Board to allow the Company to attract, incentivize and retain the <b>specific type of talent</b> and leadership required for its <b>strategic ambitions</b>
Ambitious performance targets	Definition of <b>ambitious performance targets</b> and <b>appropriate consideration of the performance</b> of the members of the Management Board (pay for performance)
Focus on shareholder value creation	Orientation of the actions of the members of the Management Board towards the <b>interest of the shareholders</b>
Linked to ESG criteria	Consideration of <b>sustainability and environmental social governance (ESG)</b> aspects to ensure social and future-oriented action
Entrepreneurial culture	Promotion of <b>entrepreneurial culture</b>

### Investor and proxy advisor feedback

When designing the remuneration system in 2020, the Supervisory Board, with the support of market-leading compensation experts, took into account feedback on the previous systems from investors and proxy advisors. This includes: ensuring strong alignment between remuneration and communicated strategy targets, appropriate remuneration levels reflecting market standards for all Management Board members, performance targets that do not reward failure,



malus and clawback rules, as well as taking the remuneration of the wider leadership levels into account by applying the Zalando Ownership Plan (ZOP).

Following a corporate governance roadshow in the run-up to the AGM 2021, the Supervisory Board, guided by further investor and proxy advisor recommendations refined the remuneration system 2021 that was put forward to the AGM. The Supervisory Board fully aligned the financial GMV key performance indicator (KPI) with the relevant guidance and strategy with higher incentives for overachievement. For example, the maximum GMV target achievement increased from an initially envisaged 115% to 125%. The Supervisory Board further introduced, inter alia, measures to mitigate extraordinary developments on payouts, transparent terminology as well as measurable and strategic ESG targets to incentivize and reward sustainable corporate management.

Zalando does not believe in short-term oriented compensation but follows the philosophy that compensation should be tied to the long-term success of the company. Against this backdrop, the Supervisory Board decided against the introduction of a traditional Short-Term Incentive (STI) as a variable remuneration component and instead adhered to the Zalando Ownership Plan (ZOP) as one variable remuneration component, despite the absence of performance criteria. We are convinced that the ZOP is a better fit than any other short-term oriented compensation element and strengthens the philosophy of all senior leadership levels across Zalando acting as one team, given the ZOP already applies to all leadership levels. We believe the ZOP provides, inter alia, an equity incentive comparable to what many international talents are accustomed to – enabling Zalando to recruit the best talent for the company. While both ZOP options and ZOP shares vest immediately with grant, the options have a waiting period of two years.

The remuneration system 2021 was passed by the AGM 2021 with 72.27% of the votes. Following the AGM, the Supervisory Board considered the criticism of the remuneration system 2021, mainly due to the lack of a traditional Short-Term Incentive linked to a performance criterion. It nevertheless decided not to amend the remuneration system 2021 and to keep the ZOP as part of the variable remuneration. As outlined above, the Supervisory Board strongly believes in the value that the alignment between Management Board and the wider leadership levels through the ZOP ensures. In addition, Zalando follows the philosophy that compensation should be tied to the long-term success of the company and thus does not favor traditional Short-Term Incentives. The Supervisory Board will take the shareholder feedback into account when further refining the remuneration system going forward.

## **Remuneration system 2021**

At a glance

The remuneration system 2021 consists of a fixed base salary, customary fringe benefits, and two variable remuneration components: the Zalando Ownership Plan (ZOP) and a Long-Term incentive program (LTI).

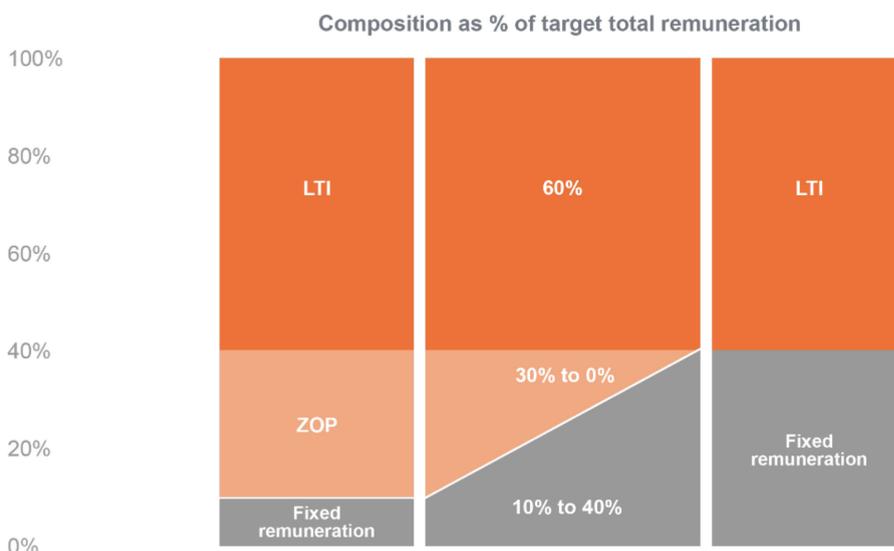


The ZOP is based on a variable incentive plan which has been in place since 2019 for all leaders at the company and has been introduced to the remuneration system for the members of the Management Board to promote the alignment of the remuneration of the members of the Management Board with the company's overall remuneration philosophy.

The LTI is a performance-related remuneration component which is linked to the company's strategic growth targets and, through the introduction of an ESG modifier, its sustainable development. For each performance period, the Supervisory Board defines measurable, and transparent ESG targets on the basis of our ESG strategy. In selecting the specific ESG targets, the Supervisory Board pays particular attention to relevance and measurability of the targets based on the underlying ESG strategy which is subject to continuous evolution.

The amount of the variable remuneration of the members of the Management Board under both variable remuneration components is directly tied to the development of our share price, thereby linking the interests of the members of the Management Board with those of the shareholders. The fixed integration of ESG targets into the remuneration structure encourages sustainable and future-oriented action and incentivizes a long-term development of the company.

The LTI is 60% of the total target remuneration for members of the Management Board. The remaining 40% can be designed flexibly, depending on personal circumstances and preferences: A minimum of 10% and a maximum of 40% of total compensation is represented by the fixed base salary. Consequently, the ZOP makes up between 0% and 30% of target total compensation, traded-off with the fixed base salary.



We believe the remuneration system 2021 for the members of the Management Board is clear and comprehensible. It complies with the requirements of the newly introduced Section 87a AktG and with the recommendations of the German Corporate Governance Code with the exception of the disclosed

deviation from the recommendation in G.7 of the German Corporate Governance Code.



### Maximum remuneration

In the remuneration system 2021, the Supervisory Board has determined a maximum remuneration in accordance with Section 87a (1) Sentence 2 No. 1 AktG. The total maximum remuneration for one fiscal year is determined as the sum of all remuneration components received for such fiscal year (in particular the fixed annual salary, the fringe benefits, the inflow value under the ZOP 2021 as well as the pro rata inflow value under the LTI 2021), regardless of whether the payout occurs in this fiscal year or at a later date.

The maximum remuneration for one fiscal year is based on the pro rata inflow value for the LTI after the expiry of the four-year waiting period for each fiscal year and the respective maximum limits for variable remuneration – amounting to EUR 15.75m for a CEO and to EUR 10.5m for ordinary members of the Management Board.

In addition to the total maximum remuneration in accordance with Section 87a (1) Sentence 2 No. 1 AktG, the settlement values of the variable remuneration components provided for under the remuneration system 2021 (LTI 2021, ZOP 2021) are capped at a maximum amount per option (please see section Long-Term Incentive 2021 (LTI 2021), applicable to Dr. Astrid Arndt for details). Besides that, the service agreements of the members of the Management Board provide for a cap on fringe benefits in the amount of EUR 25,000 to EUR 30,000 gross per year.

### Malus and clawback regulations

In the case of a willful or grossly negligent serious breach of the obligations pursuant to Section 93 AktG or internal compliance policies and behavioral guidelines or severe compliance infringements by a member of the Management Board, the Supervisory Board may, at its sole discretion, retain in whole or in part variable remuneration that has not been paid out (malus).

In such a case, the Supervisory Board may further, at its sole discretion, reclaim in whole or in part variable remuneration that has already been paid out (clawback). Further, the Supervisory Board has the possibility to reclaim variable remuneration in the case of an undue payout based on incorrect information.

### Overview of Management Board remuneration in 2021

#### **Expenses in 2021**

The following table shows the total expenses recognized in 2021 for fixed and one-year variable remuneration within the consolidated income statement of the group. The table also includes expenses recognized in the prior year to indemnify Jim Freeman for negative tax consequences under Section 409A of the U.S. Internal Revenue Code in the following years.

For multi-year variable share-based payment plans the table also shows the expenses in accordance with IFRS 2 as this best represents the allocation of the multi-year remuneration components over the period these are earned. In addition to the expenses shown in the table, income of EUR 5.5m was recognized according to the forfeiture of unvested options under LTI 2018. Because of the graded vesting of options and the corresponding frontloading, the company already recognized expenses in prior years for unvested options which were now reversed for those unvested options which were forfeited due to the mutually termination of the service agreement of Rubin Ritter.

Expenses recognized for the members of the Management Board

	Robert Gentz, Co-CEO		David Schneider, Co-CEO		Rubin Ritter, Co-CEO (until June 1, 2021)	
IN EUR	2021	2020	2021	2020	2021	2020
Fixed remuneration	78,045	77,490	78,305	83,431	37,983	84,046
One-year variable remuneration	-	-	-	-	-	-
409A tax indemnification	-	-	-	-	-	-
Equity-settled share-based payment transactions (IFRS 2 expenses)	2,886,568	4,240,799	2,886,568	4,240,799	1,327,365	4,240,799
<b>Total expenses</b>	<b>2,964,613</b>	<b>4,318,289</b>	<b>2,964,873</b>	<b>4,324,230</b>	<b>1,365,348</b>	<b>4,324,845</b>

	David Schröder, CFO		Dr. Astrid Arndt, CPO (since April 1, 2021)		Jim Freeman, CBPO	
IN EUR	2021	2020	2021	2020	2021	2020
Fixed remuneration	520,739	517,944	381,250	-	821,674	819,378
One-year variable remuneration	-	-	-	-	-	125,000
409A tax indemnification	-	-	-	-	-	6,620,466
Equity-settled share-based payment transactions (IFRS 2 expenses)	996,936	1,639,176	1,509,603	-	2,175,860	3,686,364
<b>Total expenses</b>	<b>1,517,675</b>	<b>2,157,120</b>	<b>1,890,853</b>	<b>-</b>	<b>2,997,534</b>	<b>11,251,208</b>

## Remuneration awarded and due in 2021 (Section 162 (1) Sentence 1 AktG)

The table below shows the remuneration awarded and due (gewährte und geschuldete Vergütung) to the current and former members of the Management Board during their term of appointment in the fiscal year 2021, including their relative share in accordance with Section 162 (1) Sentence 2 No. 1 AktG. The remuneration includes all amounts actually received (gewährte Vergütung) as well as all amounts legally due but not yet received (geschuldete Vergütung). This includes the annual fixed compensation and fringe benefits paid out in the fiscal year 2021 (and 2020 respectively), remuneration received for variable remuneration components, particularly for virtual options exercised in the fiscal year 2021 (and 2020 respectively) as well as payments received in the fiscal year 2021 (and 2020 respectively) with respect to tax indemnifications and settlement of option cancellations.

In addition to the remuneration awarded and due – and in accordance with practice in prior years – the table also includes remuneration resulting from the exercise of real stock options in the fiscal year 2021 (and 2020 respectively). All option exercises of the three Co-CEOs in 2021 date back to pre-IPO real stock

option programs (SOP 2011 and SOP 2013) granted in 2011 and 2013 which were actually received in 2011 and 2013 according to Section 162 (1) Sentence 1 AktG. The same applies to options under SOP 2014. The exercises of the SOP 2013 program were settled in conditional capital so as not to draw cash from Zalando, which was instead invested into further growing the business. Thus, these options represent and were granted for (performance) periods between 2011 and 2017, hence well before the reporting year 2021 when the company was at an early stage of its development.

#### Remuneration of the members of the Management Board

IN EUR	Robert Gentz, Co-CEO		David Schneider, Co-CEO		Rubin Ritter, Co-CEO (until June 1, 2021)	
	2021	2020	2021	2020	2021	2020
<b>Fixed remuneration</b>						
Base salary	65,000	65,000	65,000	65,000	27,264	65,000
Fringe benefits	13,045	12,490	13,305	18,431	10,719	19,046
<b>Total fixed</b>	<b>78,045</b>	<b>77,490</b>	<b>78,305</b>	<b>83,431</b>	<b>37,983</b>	<b>84,046</b>
<b>Variable remuneration</b>						
One-year variable	-	-	-	-	-	-
<b>Multi-year variable</b>						
VSOP 2017	-	-	-	-	-	-
VSOP 2018	-	-	-	-	-	-
LTI 2019	-	-	-	-	-	-
409A tax indemnification	-	-	-	-	-	-
Settlement for option cancellations	-	-	-	-	-	-
<b>Total variable</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Remuneration awarded and due according to Section 162 (1) Sentence 1 AktG</b>	<b>78,045</b>	<b>77,490</b>	<b>78,305</b>	<b>83,431</b>	<b>37,983</b>	<b>84,046</b>
Proportion of fixed remuneration*	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Proportion of variable remuneration*	-	-	-	-	-	-
<b>Remuneration from exercise of real stock options</b>						
SOP 2011	-	40,419,302	-	40,419,302	6,029,628	-
SOP 2013	45,380,914	-	45,380,914	-	36,442,552	53,219,500
SOP 2014	-	-	-	-	-	-
<b>Total remuneration</b>	<b>45,458,959</b>	<b>40,496,792</b>	<b>45,459,219</b>	<b>40,502,733</b>	<b>42,510,163</b>	<b>53,303,546</b>

\*) The proportion of fixed and variable remuneration in relation to the total remuneration does not reflect the relative proportions indicated in the remuneration system 2021 as the latter are based on the total target remuneration for a fiscal year, whereas the fixed and variable remuneration entitlements (awarded and due) as reflected in this table result from different remuneration periods and partially also from remuneration components as agreed and applicable prior to the remuneration system 2021.



IN EUR	David Schröder, CFO		Dr. Astrid Arndt, CPO (since April 1, 2021)		Jim Freeman, CBPO	
	2021	2020	2021	2020	2021	2020
Fixed remuneration						
Base salary	500,000	500,000	360,693	-	800,000	800,000
Fringe benefits	20,739	17,944	20,557	-	21,674	19,378
<b>Total fixed</b>	<b>520,739</b>	<b>517,944</b>	<b>381,250</b>	<b>-</b>	<b>821,674</b>	<b>819,378</b>
Variable remuneration						
One-year variable	-	-	-	-	-	125,000
Multi-year variable						
VSOP 2017	-	9,830,559	-	-	-	-
VSOP 2018	-	-	-	-	6,060,444	-
LTI 2019	13,892,943	-	-	-	5,477,604	1,945,236
409A tax indemnification	-	-	-	-	503,000	2,335,938
Settlement for option cancellations	-	-	-	-	-	6,134,757
<b>Total variable</b>	<b>13,892,943</b>	<b>9,830,559</b>	<b>-</b>	<b>-</b>	<b>12,041,048</b>	<b>10,540,931</b>
<b>Remuneration awarded and due according to Section 162 (1) Sentence 1 AktG</b>	<b>14,413,682</b>	<b>10,348,503</b>	<b>381,250</b>	<b>-</b>	<b>12,862,722</b>	<b>11,360,309</b>
Proportion of fixed remuneration*	3.6%	5.0%	100.0%	-	6.4%	7.2%
Proportion of variable remuneration*	96.4%	95.0%	-	-	93.6%	92.8%
Remuneration from exercise of real stock options						
SOP 2011	-	-	-	-	-	-
SOP 2013	-	-	-	-	-	-
SOP 2014	-	1,614,056	-	-	-	-
<b>Total remuneration</b>	<b>14,413,682</b>	<b>11,962,559</b>	<b>381,250</b>	<b>-</b>	<b>12,862,722</b>	<b>11,360,309</b>

\*) The proportion of fixed and variable remuneration in relation to the total remuneration does not reflect the relative proportions indicated in the remuneration system 2021 as the latter are based on the total target remuneration for a fiscal year, whereas the fixed and variable remuneration entitlements (awarded and due) as reflected in this table result from different remuneration periods and partially also from remuneration components as agreed and applicable prior to the remuneration system 2021.

In addition, the following table shows the remuneration awarded and due as well as remuneration according to option exercises in the fiscal year for the former member of the Management Board received after the end of his service agreement.



## Remuneration of the former member of the Management Board

	<b>Rubin Ritter, Co-CEO (after June 1, 2021)</b>	
IN EUR	<b>2021</b>	<b>2020</b>
Fixed remuneration		
Base salary	-	-
Fringe benefits	6,530	-
Total fixed	6,530	-
Variable remuneration		
One-year variable	-	-
Multi-year variable	-	-
Total variable	-	-
<b>Remuneration awarded and due according to Section 162 (1) Sentence 1 AktG</b>	<b>6,530</b>	<b>-</b>
Proportion of fixed remuneration	100.0%	-
Proportion of variable remuneration	-	-
Remuneration received from exercise of stock options		
SOP 2013	46,555,000	-
<b>Total remuneration</b>	<b>46,561,530</b>	<b>-</b>

The current and former members of the Management Board did not receive any compensation from other group companies in the fiscal year 2021.

The compensation components of each member of the Management Board as well as the explanation of how the compensation complies with the relevant remuneration system, how it promotes the long-term development of the company and how the performance criteria have been applied is described in detail in the following sections.

## 5. Overview of remuneration systems applicable during the reporting period

As stated above, the remuneration system 2021 will be applicable to all service agreements for members of the Management Board who are newly appointed or whose appointments are renewed after the effective date June 1, 2021. The new system has already been applied to Dr. Astrid Arndt's appointment to the Management Board as of April 1, 2021.

For existing service agreements concluded before 2021, the existing remuneration arrangements as agreed in the existing service agreements continued to apply during the reporting year in accordance with Section 26j (1) EGAktG (Introductory Act to the Stock Corporation Act) and the rationale of the German Corporate Governance Code, in particular in order to avoid modifications to the already granted Long-Term Incentive plans with a multi-year assessment basis.



The remuneration system for the Co-CEOs, Robert Gentz and David Schneider, and the former Co-CEO, Rubin Ritter, who resigned from the Management Board with effect as of June 1, 2021, was approved by the Supervisory Board and the AGM in May 2018. In due consideration of the feedback received from investors, the service agreements with the Co-CEOs that implemented the remuneration system were concluded in August 2018 for a five-year term commencing on December 1, 2018. The remuneration system for the Co-CEOs also served as the basis for assessing the remuneration of the CBPO Jim Freeman and the CFO David Schröder, who were appointed to the Management Board in 2019.

Although there are certain differences between the compensation packages issued in 2018 and 2019 that reflect the various roles, they share in principle the same or similar elements (e.g. compensation components, type of options) and underlying mechanics (e.g. performance hurdle). The Supervisory Board continues to believe that the entrepreneurial risk and return profile reflected in those former (still applicable) remuneration systems for the Co-CEOs as well as the CFO and CBPO still fit the needs of Zalando as a high-growth company.

The following detailed tables for each variable remuneration program include inter alia, the information on the number of options granted and exercised during the reporting period as well as the performance measurement of the performance criteria applicable to the virtual or real stock options exercised during the reporting period.

## Remuneration components applicable in 2021 (Section 162 (1) Sentence 2 No. 1, 3 AktG)

### **Fixed remuneration components**

During the reporting year, the current and former members of the Management Board received a fixed base salary which was paid in monthly installments. In addition, they were entitled to non-cash payments (such as the use of company cars) and other fringe benefits, including reimbursement of standard expenses, contributions towards health insurance, and monthly gross amounts that correspond to the employer's contributions to the statutory pension and unemployment insurance.

### **Variable remuneration components**

During the reporting period, the variable remuneration of each current and former member of the Management Board was based on Long-Term Incentive programs (LTI) granting virtual option rights, which are linked to the performance of the company under its long-term growth strategy and to the development of the share price, creating a strong link to the shareholders' interests. In addition, the most recent Long-Term Incentive program LTI 2021 includes strategic ESG targets which incentivize and reward sustainable corporate management and social responsibility. Under the remuneration system 2021, a second variable incentive component was introduced, the Zalando Ownership Plan (ZOP). The ZOP is based on a variable incentive plan for the senior management of the company that has been in place since 2019. This has now been introduced to the



remuneration system for the members of the Management Board to promote the alignment of the remuneration of the members of the Management Board with the company's overall remuneration philosophy.

According to their respective appointment, the CPO, Dr. Astrid Arndt, participates in the LTI 2021 as well as the ZOP 2021, while CBPO, Jim Freeman, and CFO, David Schröder, participate in the LTI 2019 and Co-CEOs, Robert Gentz, David Schneider and Rubin Ritter (who resigned from the Management Board with effect as of June 1, 2021) participate in the LTI 2018.

In addition to the variable remuneration components based on the current contractual arrangements there are still options outstanding from previous stock option plans or virtual option plans which have been granted to some members of the Management Board prior to their current appointment.

### Applicable variable remuneration components in the reporting period

#### **Long-Term Incentive 2021 (LTI 2021), applicable to Dr. Astrid Arndt**

The LTI 2021 is a share-based virtual option program which is linked to the development of the company's Gross Merchandise Volume as a key performance indicator and takes into account ESG targets by means of a modifier. As such, the Long-Term Incentive structure creates a strong alignment with shareholders' interests, includes a clear pay-for-performance link and encourages and rewards a long-term and future-oriented management of the company. The inclusion of ESG targets incentivizes the sustainable development of Zalando.

Under the LTI 2021, the members of the Management Board are granted two types of options, namely virtual LTI Shares and virtual LTI Options, by way of a one-off grant for the entire term of their service agreement (sequential plan). The LTI provides the members of the Management Board with the flexibility to individually determine the proportion of LTI Shares (LTI Shares Ratio) and LTI Options (LTI Options Ratio). The choice of a mixture of LTI Shares and LTI Options takes into account the different personal circumstances and risk-affinity of members of the Management Board and provides the Supervisory Board with the flexibility to accommodate all talent profiles. For this purpose, the Supervisory Board sets a target value in euro as grant value. The number of LTI Shares to be granted is calculated by dividing this grant value by the product of the share price as per the grant date and a fixed conversion factor for LTI Shares of 1, and multiplying this quotient with the LTI Shares Ratio. The number of LTI Options to be granted to the individual Management Board member is calculated by dividing the grant value by the product of the share price as per the grant date and a fixed conversion factor for LTI Options of 0.4, and multiplying this quotient with the LTI Options Ratio.

The number of LTI Shares and LTI Options which can be exercised is subject, inter alia, to their prior vesting, the expiry of the relevant waiting period and depends on the extent to which the performance criteria are met during the respective performance period.



## Vesting scheme

The options vest in quarterly tranches over a performance period equal to the relevant term of the service agreement.

As a rule, in all cases of premature termination of the office as a member of the Management Board, options which have not yet vested on the date of such termination will cease to vest and be forfeited without compensation. In certain situations of termination qualifying as 'bad leaver' events, even vested and unexercised options of the member of the Management Board concerned will be forfeited without compensation. However, by way of an exception from the above, if the member of the Management Board is revoked from office as member of the Management Board by the company without good cause for termination within the meaning of Section 626 BGB (German Civil Code) and without qualifying as a 'bad leaver', such member of the Management Board retains, in addition to the options which have vested until such termination, also those options which would have vested during a period of two years thereafter.

## Waiting period and exercise period

LTI Shares and LTI Options can only be exercised after the expiry of a four-year waiting period commencing on the grant date. Furthermore, LTI Shares and LTI Options can only be exercised within a fixed exercise period of three years after the expiry of the waiting period. LTI Shares and LTI Options which are still unexercised upon the expiry of the exercise period are forfeited without compensation.

## Performance period and performance criterion

The overall target achievement under the LTI 2021 is measured in two steps, (i) on the basis of the development of the GMV of the Zalando group during the performance period commencing on the grant date until the end of the term of the service agreement as the most relevant performance parameter under our long-term strategy and (ii) by taking into account the achievement of certain ESG targets by means of a modifier of between -20%-points and 0%-points.

In the first step, the percentage of vested options which can be exercised depends on the extent to which the targeted GMV compound annual growth rate ("CAGR") in alignment with the company's strategy has been achieved during the performance period. If the targeted GMV CAGR during the performance period has been met, the target achievement rate is 100%. Subsequent increases or decreases of the GMV CAGR compared to the targeted GMV CAGR result in a corresponding increase or decrease of the target achievement rate.

The target achievement rate for the LTI Shares and LTI Options granted to Dr. Astrid Arndt as of April 1, 2021, is determined as follows:



<b>GMV CAGR</b>	<b>Target achievement rate</b>
< 11.5 %	0%
≥ 11.5 % and < 13.8 %	50%
≥ 13.8 % and < 16.1 %	60%
≥ 16.1 % and < 18.4 %	70%
≥ 18.4 % and < 20.7 %	80%
≥ 20.7 % and < 23.0 %	90%
<b>≥ 23.0 % and &lt; 25.3 %</b>	<b>100%</b>
≥ 25.3 % and < 28.8 %	110%
≥ 28.8 %	125%

The maximum target achievement is 125%. In the event that the GMV target achievement falls below 50%, the number of exercisable LTI Shares and LTI Options is 0.

In the second step, the target achievement rate is adjusted under application of an ESG modifier which can result in the deduction of a percentage of between -20%-points and 0%-points from the target achievement rate, depending on the degree of target achievement of the agreed ESG targets during the performance period. The ESG targets for the LTI Shares and LTI Options granted to Dr. Astrid Arndt as of April 1, 2021, comprise a sustainability target aligned with the company's do.MORE strategy and a diversity and inclusion target aligned with the company's do.BETTER strategy, both clearly defined and measurable. The sustainability target which is weighted with 40% consists of four environmental sub-targets concerning the reduction of Scope 1 and 2 greenhouse gas (GHG) emissions by 80% by the end of the performance period against a 2017 base year, the increase of the annual sourcing of renewable electricity to 100% by the end of the performance period, the reduction of Scope 3 GHG emissions from private label products by 40% per million euros gross profit by the end of the performance period from a 2018 base year as well as ensuring that 90% of suppliers of the company (by emissions covering purchased goods and services sold on its platform, packaging and last-mile-delivery) will have science-based targets by the end of the performance period.

The sustainability target achievement rate for the LTI Shares and LTI Options granted to Dr. Astrid Arndt as of April 1, 2021, is determined as follows. Each sustainability sub-target is weighted with 25% within the sustainability target achievement rate:



Sub-targets				Sub-target achievement
(i) Scope 1 and 2 GHG emissions	(ii) Renewable electricity	(iii) Scope 3 GHG emissions	(iv) Science-based targets at suppliers	
80 % and above	100 %	40 % and above	90 % and above	0 %
75 % and above		33 % and above	74 % and above	-5 %
69 % and above		26 % and above	58 % and above	-10 %
64 % and above		19 % and above	42 % and above	-15 %
below 64 %	below 100 %	below 19 %	below 42 %	-20 %

The diversity and inclusion target which is weighted 60% focuses on the increase of the share of women in leadership positions and is also divided into four different sub-targets representing different leadership levels as follows:

- (i) 40%-60% share of women in an Senior Contributor (SC)1 role until the end of the performance period;
- (ii) 40%-60% share of women in an Senior Contributor (SC)2 role until the end of the performance period;
- (iii) 40%-60% share of women in an Executive Contributor (EC)1 role until the end of the performance period;
- (iv) 40%-60% share of women in an Executive Contributor (EC)2 role until the end of the performance period.

The diversity and inclusion target achievement rate for the LTI Shares and LTI Options granted to Dr. Astrid Arndt as of April 1, 2021, is determined as follows. Each diversity and inclusion sub-target is weighted with 25% within the diversity and inclusion target achievement rate:

Sub-targets				Sub-target achievement
(i) SC1	(ii) SC2	(iii) EC1	(iv) EC2	
40 %-60 %	40 %-60 %	40 %-60 %	40 %-60 %	0 %
38 % and above	-5 %			
36 % and above	-10 %			
34 % and above	-15 %			
less than 34 %	-20 %			



The performance measurement and evaluation based on the parameters set out above for the virtual LTI Shares and virtual LTI Options granted to Dr. Astrid Arndt in the fiscal year 2021 can only be completed following the end of the performance period upon the end of her current contractual term, i.e. in 2025.

#### Settlement value, cap

The LTI Shares entitle the member of the Management Board to a cash payment in the amount of the difference between the company's share price as per the exercise date and an exercise price of EUR 1.00 per LTI Share. The LTI Options entitle the member of the Management Board to a cash payment in the amount of the difference between our share price as per the exercise date and the share price as per the grant date. The payout (the settlement value) under the LTI 2021 is capped at 200% of the share price as per the grant date for LTI Shares and at 250% of the share price as per the grant date for LTI Options. The company is entitled to settle its obligation by way of delivery of the respective number of treasury shares as settlement shares equivalent to the settlement value.

#### Development of options outstanding

The number of options outstanding of LTI 2021 developed as follows in the reporting period:



	Dr. Astrid Arndt			
	Number of LTI Shares	Exercise price (in EUR)	Number of LTI Options	Exercise price (in EUR)
<b>Outstanding as of Jan 1, 2020</b>	<b>0</b>	-	<b>0</b>	-
Granted during the year	0	-	0	-
Vested during the year	0	-	0	-
Forfeited during the year	0	-	0	-
Exercised during the year	0	-	0	-
<b>Outstanding as of Dec 31, 2020</b>	<b>0</b>	-	<b>0</b>	-
<b>Exercisable as of Dec 31, 2020</b>	<b>0</b>	-	<b>0</b>	-
<b>Outstanding as of Jan 1, 2021</b>	<b>0</b>	-	<b>0</b>	-
Granted during the year	29,240	1.00	73,099	85.50
Vested during the year	5,483	1.00	13,705	85.50
Forfeited during the year	0	-	0	-
Exercised during the year	0	-	0	-
<b>Outstanding as of Dec 31, 2021</b>	<b>29,240</b>	<b>1.00</b>	<b>73,099</b>	<b>85.50</b>
<b>Exercisable as of Dec 31, 2021</b>	<b>0</b>	-	<b>0</b>	-
<b>Weighted average remaining contractual life of options outstanding (in years)</b>				
As of Dec 31, 2020		-		-
As of Dec 31, 2021		6.3		6.3
<b>Weighted average share price (in EUR) for options exercised in</b>				
2020		-		-
2021		-		-

### Zalando Ownership Plan 2021 (ZOP 2021), applicable to Dr. Astrid Arndt

Under the ZOP 2021, virtual ZOP Shares and/or virtual ZOP Options are granted in an annual target amount, divided into quarterly tranches.

The ZOP 2021 provides the members of the Management Board with the flexibility to individually determine the proportion of ZOP Shares and of ZOP Options (ZOP Shares Ratio or ZOP Options Ratio, respectively, each from 0% to 100% but in steps of 5%) during a fixed annual selection window. The number of ZOP Shares to be granted for the respective annual period is calculated by dividing the annual target amount by the product of the share price as per the grant date and a fixed conversion factor of 1.05 and multiplying this quotient with the ZOP Shares Ratio. The number of ZOP Options to be granted for the respective annual period is calculated by dividing the annual target amount by the product of the share price as per the grant date and a fixed conversion factor of 0.3 and multiplying this quotient with the ZOP Options Ratio. For the ZOP 2021 tranches granted in the fiscal year 2021, 100% was granted in ZOP Shares to Dr. Astrid Arndt.



### Waiting period and exercise period

The ZOP Shares are not subject to a waiting period, whereas the ZOP Options are only exercisable after a waiting period of two years commencing on the grant date. Furthermore, ZOP Shares and ZOP Options are only exercisable during an exercise period of three years (i) following the grant date in the case of the ZOP Shares and (ii) following the expiry of the waiting period in case of the ZOP Options.

### Performance criterion

The ZOP 2021 does not provide for specific performance targets to be achieved (other than the LTI 2021 as described above) but is a share-based remuneration component and as such linked to the share price development. The share-based structure of the ZOP contributes to the alignment of the interests of the members of the Management Board with those of the shareholders of Zalando in promoting the long-term development and growth of the company.

### Settlement value and cap

The ZOP Shares entitle the members of the Management Board to a cash payment in the amount of the difference between the share price at the time ZOP Shares are exercised and the exercise price of EUR 1.00 per exercised ZOP Share. The ZOP Options entitle the members of the Management Board to a cash payment in the amount of the difference between the share price as per the exercise date and the share price as per the grant date. The payment claim (the Settlement Value) under the ZOP is limited to 200% of the share price as per the grant date per ZOP Share and to 250% of the share price as per the grant date per ZOP Option. The company is entitled to settle its obligation by way of delivery of the respective number of treasury shares as settlement shares equivalent to the settlement value.

### Development of options outstanding

The number of options outstanding of ZOP 2021 developed as follows in the reporting period:



	Dr. Astrid Arndt	
	Number of ZOP Shares	Exercise price (in EUR)
<b>Outstanding as of Jan 1, 2020</b>	<b>0</b>	<b>-</b>
Granted during the year	0	-
Vested during the year	0	-
Forfeited during the year	0	-
Exercised during the year	0	-
<b>Outstanding as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>
<b>Exercisable as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>
<b>Outstanding as of Jan 1, 2021</b>	<b>0</b>	<b>-</b>
Granted during the year	1,903	1.00
Vested during the period	1,903	1.00
Forfeited during the year	0	-
Exercised during the year	0	-
<b>Outstanding as of Dec 31, 2021</b>	<b>1,903</b>	<b>1.00</b>
<b>Exercisable as of Dec 31, 2021</b>	<b>1,903</b>	<b>1.00</b>
<b>Weighted average remaining contractual life of options outstanding (in years)</b>		
As of Dec 31, 2020		-
As of Dec 31, 2021		2.6
<b>Weighted average share price (in EUR) for options exercised in</b>		
2020		-
2021		-

### Long-Term Incentive 2019 (LTI 2019), applicable to Jim Freeman and David Schröder

The LTI 2019 is a share-based virtual option program that is linked to the development of our share price during the four-year term of office of Jim Freeman and David Schröder and the growth of our business during the performance period (as defined below). As such, we believe the Long-Term Incentive structure creates strong alignment with shareholders' interests, includes a clear pay-for-performance link and encourages and rewards the long-term and future-oriented management of the company.

Under the LTI 2019, the members of the Management Board are granted three types of options, namely Type A, Type B and/or Type C Options by way of a



one-off grant for the entire term of their service agreement (sequential plan). Each option relates to one share in the company. Type A options have an exercise price of EUR 29.84 and Type B and Type C options have an exercise price of EUR 1.00.

The number of LTI 2019 options which can be exercised is subject to, inter alia, their prior vesting, the expiry of the relevant waiting period and depends on the extent to which the targeted growth of our group's business under the performance criterion is met during the respective performance period.

With respect to negative tax consequences resulting for the CBPO Jim Freeman as a citizen of the United States of America from the application of certain provisions of Sec. 409A of the U.S. Internal Revenue Code, specific rules of the LTI 2019 have been amended (the "Restated LTI 2019") and 68,500 options vested by March 31, 2020 have been canceled and settled by the company as cash and share consideration. The company has indemnified Jim Freeman from the tax penalty under US law imposed on the settlement value and the remaining options under the restated LTI 2019, whereby the indemnity in relation to remaining options is capped and will not exceed the amount which would have been payable if the relevant per-share value of the respective remaining options for purposes of calculating the respective penalties had been EUR 55.00.

#### Vesting, waiting period and exercise period

The LTI 2019 options vest in quarterly tranches over a four-year period. Whereas the Type B and Type C Options vest linearly, Type A Options vest in increasing tranches. Vested performance-based options can only be exercised after the expiry of a waiting period of one to four years (depending on their time of vesting) commencing on April 1, 2019.

Under the Restated LTI 2019 (see above), the non-performance based Type C Options (for details see below) granted to Jim Freeman vest at the end of each quarter or, if the vesting date falls on December 31, November 1 of each calendar year. For these non-performance based options, the respective waiting period expires at the end of the applicable vesting date. Besides, under the Restated LTI 2019 the exercise period for all Type C Options is shortened and expires at the end of the calendar year within which the respective applicable waiting period expires. The exercise period for the remaining options ends as of March 31, 2023.

As a rule, in all cases of premature termination of the office as a member of the Management Board, options which have not yet vested on the date of such termination will cease to vest and be forfeited without compensation. In certain situations of termination qualifying as 'bad leaver' events, even vested and unexercised options of the member of the Management Board will be forfeited without compensation. However, by way of an exception from the above, if the member of the Management Board is revoked from office as member of the Management Board by the company without good cause for termination within the meaning of Section 626 BGB and without qualifying as a 'bad leaver', such



member of the Management Board retains, in addition to the options which have vested until such termination, also those options which would have vested during a period of two years thereafter.

#### Performance period and performance criterion

The performance period commences on the grant date (April 1, 2019) and corresponds to the applicable waiting period for the respective options resulting in a one-year performance period for options with a one-year waiting period, a two-year performance period for options with a two-year waiting period, etc.

The performance criterion measures the CAGR of Zalando group's business during the relevant performance period. The measure for growth of the company's business is the company's consolidated revenue. However, should the share from the company's Partner Program increase to at least a 14% share in consolidated revenue, adjusted for the grossed-up Partner Program merchandise volume (i.e. not including Partner Program commission only as in revenue, but treating the Partner Program as wholesale, thus grossed up to show 100% of the Partner Program merchandise volume), then this adjusted consolidated revenue is to be used as the relevant parameter for the growth of the company's business for the full relevant performance period as this number then more adequately reflects the growth of the company's overall business.

The percentage of vested options which can be exercised depends on the extent to which a targeted CAGR of at least 15% has been achieved during the performance period. This requires an outperformance of the expected continued strong growth of the European online fashion retail market during the term of appointment as member of the Management Board by a factor of roughly 2. At the time of establishing the LTI 2019 for Jim Freeman and David Schröder, the European online fashion retail industry was projected to grow at a CAGR of 7%<sup>3</sup> by 2023.

100% of the vested options can be exercised if the CAGR equals or exceeds 15%. Otherwise, depending on the extent of the shortfall of the actual CAGR from such target CAGR, the percentage of the relevant vested options which can be exercised decreases.

For Type A and Type B Options the following step function applies; at a CAGR below 10%, the payout is zero:

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<sup>3</sup> CAGR (2018-2023); Source: Euromonitor, fixed exchange rates. Data for Europe (excluding Russia) includes apparel and footwear, bags/luggage, jewelry and watches. All figures incl. sales tax.



<b>CAGR</b>	<b>Exercisable options (as % of the total number of vested options)</b>
CAGR $\geq$ 15.0 %	100 %
< 15.0 % and $\geq$ 14.5 %	90 %
< 14.5 % and $\geq$ 14.0 %	80 %
etc.	
< 11.5 % and $\geq$ 11.0 %	20 %
< 11.0 % and $\geq$ 10.0 %	10 %
< 10.0 %	0 %

For Type C Options the following step function applies. At a CAGR below 11%, the payout is 50%, i.e. 50% of the relevant vested options can be exercised irrespective of the achievement of a performance criterion after expiry of the waiting period:

<b>CAGR</b>	<b>Exercisable options (as % of the total number of vested options)</b>
CAGR $\geq$ 15.0 %	100 %
< 15.0 % and $\geq$ 14.5 %	90 %
< 14.0 % and $\geq$ 13.0 %	80 %
< 13.0 % and $\geq$ 12.0 %	70 %
< 12.0 % and $\geq$ 11.0 %	60 %
< 11.0 %	50 %

Non-performing options (i.e. options that could not be exercised due to a shortfall in CAGR) with a four-year waiting period are forfeited without compensation. Non-performing options with a waiting period of less than four years may become exercisable at a later stage, provided that the relevant CAGR increases.

### Settlement value and cap

The member of the Management Board is entitled to the amount by which the share price as per the exercise date exceeds the exercise price of EUR 29.84 for Type A Options and EUR 1.00 for Type B and Type C Options. This amount (the Settlement Value) is limited to a maximum of EUR 70.16 per Type A and EUR 99.00 per Type B and Type C Option. In order to achieve this maximum amount, the company's share price upon exercise needs to reach EUR 100.00. The company is entitled to settle its obligation by way of delivery of the respective number of treasury shares as settlement shares equivalent to the settlement value.

### Development of options outstanding

The number of options outstanding under the LTI 2019 and restated LTI 2019 developed as follows in the reporting period:



	David Schröder		David Schröder		Jim Freeman	
	Number of Type A options	Exercise price (in EUR)	Number of Type B options	Exercise price (in EUR)	Number of Type C options	Exercise price (in EUR)
<b>Outstanding as of Jan 1, 2020</b>	<b>400,000</b>	<b>29.84</b>	<b>110,000</b>	<b>1.00</b>	<b>274,000</b>	<b>1.00</b>
Granted during the year	0	-	0	-	0	-
Vested during the year	90,302	29.84	26,140	1.00	48,929	1.00
Forfeited during the year	0	-	0	-	0	-
Waived during the year*	4,698	29.84	1,360	1.00	2,446	1.00
Canceled during the year**	0	-	0	-	68,500	1.00
Exercised during the year	0	-	0	-	24,463	1.00
<b>Outstanding as of Dec 31, 2020</b>	<b>395,302</b>	<b>29.84</b>	<b>108,640</b>	<b>1.00</b>	<b>178,591</b>	<b>1.00</b>
<b>Exercisable as of Dec 31, 2020</b>	<b>50,000</b>	<b>29.84</b>	<b>27,500</b>	<b>1.00</b>	<b>0</b>	<b>-</b>
<b>Outstanding as of Jan 1, 2021</b>	<b>395,302</b>	<b>29.84</b>	<b>108,640</b>	<b>1.00</b>	<b>178,591</b>	<b>1.00</b>
Granted during the year	0	-	0	-	0	-
Vested during the year	117,500	29.84	27,500	1.00	68,500	1.00
Forfeited during the year	0	-	0	-	0	-
Exercised during the year***	155,000	29.84	52,500	1.00	67,277	1.00
<b>Outstanding as of Dec 31, 2021</b>	<b>240,302</b>	<b>29.84</b>	<b>56,140</b>	<b>1.00</b>	<b>111,314</b>	<b>1.00</b>
<b>Exercisable as of Dec 31, 2021</b>	<b>302</b>	<b>29.84</b>	<b>1,140</b>	<b>1.00</b>	<b>0</b>	<b>-</b>
<b>Weighted average remaining contractual life of options outstanding (in years)</b>						
As of Dec 31, 2020		5.3		5.3		1.9
As of Dec 31, 2021		4.3		4.3		1.4
<b>Weighted average share price (in EUR) for options exercised in</b>						
2020		-		-		79.96
2021		89.61		90.73		85.67
Share price cap****		100.00		100.00		100.00
Measured CAGR for exercised options in 2021 based on adjusted consolidated revenue		-		-		-
Target achievement		100.0%		100.0%		100.0%

\*) Waiver in connection with voluntary contribution to COVID-19 pandemic saving measures.

\*\*\*) Canceled and settled as cash and share consideration to mitigate negative tax consequences under Section 409A of the U.S. Internal Revenue Code.

\*\*\*\*) Of 155,000 options exercised in 2021 100,000 options were exercised on May 21, 2021 and 55,000 options were exercised on August 25, 2021 at EUR 29.84. Of 52,500 options exercised in 2021 27,500 options were exercised on May 21, 2021 and 25,000 options were exercised on August 25, 2021 at EUR 1.00. Of 67,277 options exercised in 2021 41,591 options were exercised on May 20, 2021. 8,562 options were exercised on June 8, 2021 and 17,124 options were exercised on November 4, 2021 at EUR 1.00.

\*\*\*\*\*) All options were exercised at a share price below the share price cap.



## **Long-Term Incentive 2018 (LTI 2018), applicable to Robert Gentz, David Schneider and Rubin Ritter**

The LTI 2018 is a share-based option program which grants both real (equity) stock options as well as virtual stock options. The program is linked to the development of the share price of the company and the growth of the company's business during the five-year service agreement term of the Co-CEOs. As such, the Long-Term Incentive structure includes a strong retention element as well as a clear pay-for-performance link. In addition, we believe it creates strong alignment with shareholders' interests and promotes the long-term development of the company. Each option relates to one share in the company and has an exercise price of EUR 47.44. The exercise price was determined on the basis of the current share price as per the date of the execution of the service agreements in August 2018 and then increased by 5%.

### **Vesting scheme**

The LTI 2018 options vest in quarterly tranches over a five-year period.

As a rule, in all cases of premature termination of the office as a member of the Management Board, options which have not yet vested on the date of such termination will cease to vest and be forfeited without compensation. In certain situations of termination qualifying as 'bad leaver' events, even vested and unexercised options of the member of the Management Board concerned will be forfeited without compensation. However, by way of an exception from the above, if a member of the Management Board is revoked from office as member of the Management Board by the company without good cause for termination within the meaning of Section 626 BGB and without qualifying as a 'bad leaver', such member of the Management Board retains, in addition to the options which have vested until such termination, also those options which would have vested during a period of two years thereafter.

With the termination of the service agreement of Rubin Ritter with effect as of June 1, 2021, options granted to him under the LTI 2018 ceased to vest after June 1, 2021, with any options not vested until then forfeited without compensation.

### **Performance criterion**

The performance criterion for the LTI 2018 options measures the CAGR of Zalando group's business during the relevant performance period as depicted by the relevant growth parameter described below as the most relevant performance parameter under the company's long-term strategy in 2018. The percentage of vested options of a beneficiary which can be exercised depends on the extent to which a targeted CAGR of at least 15% has been achieved during the performance period. This requires the company to outperform the expected continued strong growth of the European online fashion retail market between 2018 until 2023 by a factor of roughly 2. At the time when the remuneration



system for the Co-CEOs was established, the European online fashion retail industry was projected to grow at a CAGR of 7%<sup>4</sup> over a five-year period.

The company's consolidated revenue is used as the relevant parameter for the growth of the company's business. However, should the share from the company's Partner Program increase to a 14% share in consolidated revenue, adjusted for the "grossed up Partner Program merchandise volume" (i.e. not including Partner Program commission only as in revenue, but treating the Partner Program as wholesale, thus grossed up to show 100% of the Partner Program merchandise volume), then this adjusted consolidated revenue is to be used as the relevant parameter for the growth of the company's business for the full relevant performance period as this number then more adequately reflects the growth of the company's overall business and ensures the Management Board is agnostic in its steering between the company's wholesale and its marketplace business.

100% of the vested options can be exercised if the CAGR equals or exceeds 15%. Otherwise, depending on the extent of the shortfall of the actual CAGR from such target CAGR, the percentage of the relevant vested options which can be exercised decreases in steps, with each 0.5ppt of CAGR below 15% resulting in a 10% payout reduction, the last step being < 11.0% and ≥ 10.0%; below 10% CAGR the payout is zero:

Performance criterion

<b>CAGR</b>	<b>Exercisable options (as % of the total number of vested options)</b>
CAGR ≥ 15.0%	100%
< 15.0% and ≥ 14.5%	90%
< 14.5% and ≥ 14.0%	80%
etc.	
< 11.5% and ≥ 11.0%	20%
< 11.0% and ≥ 10.0%	10%
< 10.0%	0%

### Waiting period and performance period

The options can only be exercised after the expiry of a waiting period of four years commencing on the effective date December 1, 2018 for 57% of the options and 4.75 years for the remaining 43% of the options. The performance period relevant for the achievement of the performance criterion equals the waiting period (i.e. 4 and 4.75 years) for the respective options. LTI 2018 options will become exercisable and their performance criterion will be measured for the first time in the year 2022.

<sup>4</sup> CAGR (2018-2023); Source: Euromonitor, fixed exchange rates. Data for Europe (excluding Russia) includes apparel and footwear, bags/luggage, jewelry and watches. All figures incl. sales tax.



### Settlement value and cap

Upon the exercise of virtual stock options, the beneficiary is entitled to the amount by which the share price as per the exercise date exceeds the exercise price of EUR 47.44. This amount (the settlement value) is limited to a maximum of EUR 97.14 per option. In order to achieve this maximum amount the company's share price will need to reach EUR 144.58. The company is entitled to settle its obligation by way of delivery of the respective number of treasury shares as settlement shares equivalent to the settlement value.

Upon the exercise of equity stock options, the beneficiary is entitled to the respective number of new shares of the company equivalent to the amount by which the share price as per the exercise date exceeds the exercise price of EUR 47.44. This amount (the settlement value) is limited to a maximum of EUR 97.14 per option. In order to achieve this maximum amount the company's share price will need to reach EUR 144.58. The company is entitled to settle its obligation in cash or by way of delivery of the respective number of treasury shares as settlement shares equivalent to the settlement value.

### Development of options outstanding

The number of options outstanding of LTI 2018 developed as follows in the reporting period:



	Robert Gentz		David Schneider		Rubin Ritter	
	Number of options	Exercise price (in EUR)	Number of options	Exercise price (in EUR)	Number of options	Exercise price (in EUR)
<b>Outstanding as of Jan 1, 2020</b>	<b>1,750,000</b>	<b>47.44</b>	<b>1,750,000</b>	<b>47.44</b>	<b>1,750,000</b>	<b>47.44</b>
Granted during the year	0	-	0	-	0	-
Vested during the year	323,983	47.44	323,983	47.44	323,983	47.44
Forfeited during the year	0	-	0	-	0	-
Waived during the year*	26,017	47.44	26,017	47.44	26,017	47.44
Exercised during the year	0	-	0	-	0	-
<b>Outstanding as of Dec 31, 2020</b>	<b>1,723,983</b>	<b>47.44</b>	<b>1,723,983</b>	<b>47.44</b>	<b>1,723,983</b>	<b>47.44</b>
<b>Exercisable as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>Outstanding as of Jan 1, 2021</b>	<b>1,723,983</b>	<b>47.44</b>	<b>1,723,983</b>	<b>47.44</b>	<b>1,723,983</b>	<b>47.44</b>
Granted during the year	0	-	0	-	0	-
Vested during the year	350,000	47.44	350,000	47.44	175,000	47.44
Forfeited during the year**	0	-	0	-	875,000	-
Exercised during the year	0	-	0	-	0	-
<b>Outstanding as of Dec 31, 2021</b>	<b>1,723,983</b>	<b>47.44</b>	<b>1,723,983</b>	<b>47.44</b>	<b>848,983</b>	<b>47.44</b>
<b>Exercisable as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>Weighted average remaining contractual life of options outstanding (in years)</b>						
As of Dec 31, 2020		5.9		5.9		5.9
As of Dec 31, 2021		4.9		4.9		4.9
<b>Weighted average share price (in EUR) for options exercised in</b>						
2020		-		-		-
2021		-		-		-

\*) Waiver in connection with voluntary contribution to COVID-19 pandemic saving measures.

\*\*) With the termination of the service agreement of Rubin Ritter with effect as of June 1, 2021, options granted to him under the LTI 2018 ceased to vest after June 1, 2021, with 875,000 options not vested until then forfeited without compensation.

### **Virtual Stock Option Program 2018 (VSOP 2018), applicable to Jim Freeman**

The CBPO Jim Freeman served the company as SVP Engineering prior to his appointment as member of the Management Board on April 1, 2019 and participated in the VSOP 2018 at that time. Under the VSOP 2018 375,000 options with an exercise price of EUR 29.84 continued to vest in quarterly tranches after the appointment as member of the Management Board and were therefore considered part of the Management Board remuneration. The exercise of the virtual options requires the achievement of the performance criterion which is determined in a CAGR of the Zalando group net merchandise value of at least

6% during a lock-up period of two to five years. The exercise of the virtual options requires the expiry of a lock-up period of two to five years.

The beneficiary is entitled to the amount by which the share price as per the exercise date exceeds the exercise price of EUR 29.84. This amount (the settlement value) is limited to a maximum of EUR 70.16 per option. In order to achieve this maximum amount the company's share price will need to reach EUR 100.00. The company is entitled to settle its obligation by way of delivery of the respective number of treasury shares as settlement shares equivalent to the settlement value.

With respect to negative tax consequences resulting for Jim Freeman as a citizen of the United States of America from the application of certain provisions of Sec. 409A of the U.S. Internal Revenue Code, specific rules of the VSOP 2018 have been amended (the "Restated VSOP 2018") and 250,000 options vested until April 1, 2020 were canceled and settled by the company as cash and share consideration in 2020. The company will indemnify Jim Freeman from the penalty imposed under Sec. 409c of the U.S. Internal Revenue Code on the settlement value and the remaining options under the Restated VSOP 2018, whereby the indemnity in relation to remaining options is capped and will not exceed the amount which would have been payable if the relevant per-share value of the respective remaining options for purposes of calculating the respective penalties had been EUR 55.00.

Under the Restated VSOP 2018, the remaining options' expiry date is the last day of the calendar year in which the respective lock-up period for such options expires.

#### Development of options outstanding

The number of options outstanding under VSOP 2018 of Jim Freeman developed as follows in the reporting period:

VSOP 2018



	<b>Jim Freeman</b>	
	<b>Number of options</b>	<b>Exercise price (in EUR)</b>
<b>Outstanding as of Jan 1, 2020</b>	<b>500,000</b>	<b>29.84</b>
Granted during the year	0	-
Vested during the year	50,938	29.84
Forfeited during the year	0	-
Waived during the year*	4,062	29.84
Canceled during the year**	250,000	29.84
Exercised during the year	0	-
<b>Outstanding as of Dec 31, 2020</b>	<b>245,938</b>	<b>29.84</b>
<b>Exercisable as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>
<b>Outstanding as of Jan 1, 2021</b>	<b>245,938</b>	<b>29.84</b>
Granted during the year	0	-
Vested during the year	95,000	29.84
Forfeited during the year	0	-
Exercised during the year***	105,938	29.84
<b>Outstanding as of Dec 31, 2021</b>	<b>140,000</b>	<b>29.84</b>
<b>Exercisable as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>
<b>Weighted average remaining contractual life of options outstanding (in years)</b>		
As of Dec 31, 2020		1.8
As of Dec 31, 2021		1.4
<b>Weighted average share price (in EUR) for options exercised in</b>		
2020		-
2021		87.05
Measured CAGR for exercised options in 2021 based on net merchandise volume		27.8%
Target achievement		100.0%

- \*) Waiver in connection with voluntary contribution to COVID-19 pandemic saving measures.
- \*\*) Canceled and settled as cash and share consideration to mitigate negative tax consequences under Section 409A of the U.S. Internal Revenue Code.
- \*\*\*) 105,938 options were exercised on May 21, 2021 at EUR 29.84.



## **Stock Option Program 2014 (SOP 2014) and Virtual Stock Option Program 2017 (VSOP 2017), applicable to David Schröder**

The CFO David Schröder served the company as SVP Convenience prior to his appointment as member of the Management Board on April 1, 2019 and participated at that time among other senior management members in the SOP 2014 as well as the VSOP 2017. The options under SOP 2014 as well as under the VSOP 2017 had already been fully exercised as of December 31, 2020.

Under the SOP 2014, 55,428 stock options with an exercise price of EUR 17.72 still continued to vest in quarterly tranches after the appointment as member of the Management Board as of April 1, 2019 and were therefore considered part of the Management Board remuneration. The last tranche vested on July 1, 2020. As of July 1, 2020, the contractual performance target which was determined in a transactional net sales CAGR of at least 5% during the waiting period was achieved and the waiting period of four years had expired. The beneficiary is entitled to acquire one new share or treasury share (at the company's sole discretion) for each exercised stock option under SOP 2014. The company is entitled to settle its obligation by making a cash payment in an amount equal to the excess of the share price as of the exercise date over the exercise price for each exercised stock option.

Under the VSOP 2017 120,834 options (thereof 37,500 Type A with an exercise price of EUR 25.00 and 83,334 Type B Options with an exercise price of EUR 50.00) continued to vest in quarterly tranches after the appointment as member of the Management Board as of April 1, 2019 and were therefore considered part of the Management Board remuneration. Each virtual option entitled the beneficiary to receive a cash payment of the company, or – at the sole discretion of the company – shares in the company, in the amount equal to the excess of the closing price of the company's shares over the exercise price for the relevant type of virtual options. As of July 1, 2020, the last tranche of VSOP 2017 vested, the contractual performance target which was determined in a transactional net sales CAGR of at least 5% during the waiting period was achieved and the waiting period of three years had expired.



	David Schröder	
	Number of options	Exercise price (in EUR)
<b>Outstanding as of Jan 1, 2020</b>	<b>33,257</b>	<b>17.72</b>
Granted during the year	0	-
Vested during the year	0	-
Forfeited during the year	0	-
Exercised during the year	33,257	17.72
<b>Outstanding as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>
<b>Exercisable as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>
<b>Outstanding as of Jan 1, 2021</b>	<b>0</b>	<b>-</b>
Granted during the year	0	-
Vested during the year	0	-
Forfeited during the year	0	-
Exercised during the year	0	-
<b>Outstanding as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>
<b>Exercisable as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>
<b>Weighted average remaining contractual life of options outstanding (in years)</b>		
As of Dec 31, 2020		-
As of Dec 31, 2021		-
<b>Weighted average share price (in EUR) for options exercised in</b>		
2020		66.25
2021		-



	David Schröder	
	Number of options	Weighted average exercise price (in EUR)
<b>Outstanding as of Jan 1, 2020</b>	<b>290,000</b>	<b>42.24</b>
Granted during the year	0	-
Vested during the year	68,564	42.63
Forfeited during the year	0	-
Waived during the year*	3,936	35.42
Exercised during the year	286,064	42.27
<b>Outstanding as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>
<b>Exercisable as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>
<b>Outstanding as of Jan 1, 2021</b>	<b>0</b>	<b>-</b>
Granted during the year	0	-
Vested during the year	0	-
Forfeited during the year	0	-
Exercised during the year	0	-
<b>Outstanding as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>
<b>Exercisable as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>
<b>Weighted average remaining contractual life of options outstanding (in years)</b>		
As of Dec 31, 2020		-
As of Dec 31, 2021		-
<b>Weighted average share price (in EUR) for options exercised in</b>		
2020		76.70
2021		-

\*) Waiver in connection with voluntary contribution to COVID-19 pandemic saving measures.



## **Stock Option Program 2013 (SOP 2013) and Stock Option Program 2011 (SOP 2011), applicable to Robert Gentz, David Schneider and Rubin Ritter**

Before the introduction of the LTI 2018, the Co-CEOs participated among others in the Long-Term Incentive plans SOP 2013 and SOP 2011, both of which granted real stock options rather than virtual entitlements. All options granted under the SOP 2013 and SOP 2011 became exercisable prior to the reporting period but were still partially outstanding during the reporting period.

The SOP 2013 options were granted to the Co-CEOs in the fiscal year 2013. Each SOP 2013 option entitles the beneficiaries to acquire one share. The exercise price is EUR 15.63 per option. The beneficiaries can alternatively request a reduction of the exercise price from EUR 15.63 to EUR 1.00 for all or some of the options already vested. In this case, the number of options is reduced so that it leaves the beneficiary at the time of the request neither better nor worse off economically. The options granted to the beneficiaries vested in monthly tranches over a five-year period. The last tranche of SOP 2013 vested in November 2018. The exercise of the options required the expiry of a four-year waiting period and the achievement of the performance criterion which was determined in a transactional net sales CAGR of at least 5% during the four-year waiting period. The waiting period ended in December 2017 and the performance criterion was fully achieved at the end of this period.

The options of SOP 2011 were granted to the Co-CEOs in the fiscal year 2011. Each SOP 2011 option entitles the beneficiary to acquire one share. The exercise price is EUR 5.65 per option. The options granted to the beneficiaries vested in monthly tranches over a seven-year period and became exercisable upon vesting. The last tranche of the SOP 2011 vested in October 2018. The options can be exercised for an unlimited period of time. As of the reporting date, the options under SOP 2011 have been fully exercised.

### **Development of options outstanding**

The number of options outstanding of SOP 2011 and SOP 2013 and developed as follows in the reporting period:

	Robert Gentz		David Schneider		Rubin Ritter	
	Number of options	Exercise price (in EUR)	Number of options	Exercise price (in EUR)	Number of options	Exercise price (in EUR)
<b>Outstanding as of Jan 1, 2020</b>	<b>635,800</b>	<b>5.65</b>	<b>635,800</b>	<b>5.65</b>	<b>74,800</b>	<b>5.65</b>
Granted during the year	0	-	0	-	0	-
Vested during the year	0	-	0	-	0	-
Forfeited during the year	0	-	0	-	0	-
Exercised during the year	635,800	5.65	635,800	5.65	0	-
<b>Outstanding as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>74,800</b>	<b>5.65</b>
<b>Exercisable as of Dec 31, 2020</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>74,800</b>	<b>5.65</b>
<b>Outstanding as of Jan 1, 2021</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>74,800</b>	<b>5.65</b>
Granted during the year	0	-	0	-	0	-
Vested during the year	0	-	0	-	0	-
Forfeited during the year	0	-	0	-	0	-
Exercised during the year*	0	-	0	-	74,800	5.65
<b>Outstanding as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>Exercisable as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>Weighted average remaining contractual life of options outstanding (in years)</b>						
As of Dec 31, 2020		-		-		Unlimited
As of Dec 31, 2021		-		-		-
<b>Weighted average share price (in EUR) for options exercised in</b>						
2020		69.22		69.22		-
2021		-		-		86.26

\*) Exercised on March 22, 2021 at EUR 5.65.



	Robert Gentz**,****		David Schneider**,****		Rubin Ritter***	
	Number of options	Weighted average exercise price (in EUR)	Number of options	Weighted average exercise price (in EUR)	Number of options	Weighted average exercise price (in EUR)
<b>Outstanding as of Jan 1, 2020*</b>	<b>639,540</b>	<b>15.63</b>	<b>639,540</b>	<b>15.63</b>	<b>2,730,200</b>	<b>15.63</b>
Granted during the year	0	-	0	-	0	-
Vested during the year	0	-	0	-	0	-
Forfeited during the year	0	-	0	-	0	-
Exercised during the year	0	-	0	-	800,000	1.00
<b>Outstanding as of Dec 31, 2020</b>	<b>532,265</b>	<b>1.00</b>	<b>532,265</b>	<b>1.00</b>	<b>1,332,675</b>	<b>1.00</b>
<b>Exercisable as of Dec 31, 2020</b>	<b>532,265</b>	<b>1.00</b>	<b>532,265</b>	<b>1.00</b>	<b>1,332,675</b>	<b>1.00</b>
<b>Outstanding as of Jan 1, 2021</b>	<b>532,265</b>	<b>1.00</b>	<b>532,265</b>	<b>1.00</b>	<b>1,332,675</b>	<b>1.00</b>
Granted during the year	0	-	0	-	0	-
Vested during the year	0	-	0	-	0	-
Forfeited during the year	0	-	0	-	0	-
Exercised during the year	532,265	1.00	532,265	1.00	925,200	1.00
<b>Outstanding as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>407,475</b>	<b>1.00</b>
<b>Exercisable as of Dec 31, 2021</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>407,475</b>	<b>1.00</b>
<b>Weighted average remaining contractual life of options outstanding (in years)</b>						
As of Dec 31, 2020		2.0		2.0		2.0
As of Dec 31, 2021		-		-		1.0
<b>Weighted average share price (in EUR) for options exercised in</b>						
2020		-		-		67.52
2021		86.26		86.26		90.71
<b>Measured CAGR for exercised options in 2021 based on transactional net sales (TNS)</b>		<b>26.9%</b>		<b>26.9%</b>		<b>26.9%</b>
Target achievement		100.0%		100.0%		100.0%

\*) For 3,253,800 options, Rubin Ritter used the contractually agreed provision to reduce the exercise price to EUR 1.00 in 2018 and 2020. This reduced the number of these options to 2,503,246, of which 200,000 were exercised in 2018, 170,571 in 2019, 800,000 in 2020 and 925,200 in 2021 at EUR 1.00. For 639,540 options, Robert Gentz and David Schneider each used the contractually agreed provision to reduce the exercise price to EUR 1.00 in 2020. This reduced the number of these options to 532,265.

\*\*\*) All 532,265 options were exercised on March 22, 2021 at EUR 1.00.

\*\*\*\*) Of 925,200 options exercised in 2021 175,200 options were exercised on March 19, 2021 and 250,000 options were exercised on May 31, 2021, on June 7, 2021 and on August 23, 2021 respectively. All options were exercised at EUR 1.00.

\*\*\*\*\*) In addition, a company wholly owned by the Management Board member Robert Gentz and a company wholly owned by the Management Board member David Schneider each exercised 2,191,315 options on March 22, 2021 at a share price of EUR 86.26 and an exercise price of EUR 1.00. These options were transferred by the Management Board members to the companies in 2017 and 2018.



Further information pursuant to Section 162 AktG

**Compliance with the maximum remuneration  
(Section 162 (1) Sentence 2 No. 7 AktG)**

During the reporting period the remuneration system 2021 was only applicable to the remuneration of Dr. Astrid Arndt. Accordingly, the total maximum compensation amount stipulated under the remuneration system 2021 as of the end of the reporting period only applied to Dr. Astrid Arndt. For Dr. Astrid Arndt, the total maximum compensation for a fiscal year is capped at EUR 5.25m. Since the pro rata inflow from the LTI options and LTI shares granted to Dr. Astrid Arndt under the LTI 2021 for the fiscal year 2021 can only be determined after the expiry of the waiting period of four years, compliance with the maximum remuneration for the fiscal year 2021 can only be conclusively reported in the context of the remuneration report for the fiscal year 2025.

**Application of malus and clawback during reporting year  
(Section 162 (1) Sentence 2 No. 4 AktG)**

The remuneration system 2021 and in its implementation the service agreement of Dr. Astrid Arndt provide for malus and clawback clauses. In the case of a willful or grossly negligent serious breach of the obligations pursuant to Section 93 AktG or internal compliance policies and behavioral guidelines or severe compliance infringements by the member of the Management Board, the Supervisory Board may, at its sole discretion, retain in whole or in part variable remuneration (under ZOP 2021 and/or LTI 2021) that has not been paid out. In such a case, the Supervisory Board may, at its sole discretion, reclaim in whole or in part variable remuneration that has already been paid out. Furthermore, the Supervisory Board has the possibility to reclaim variable remuneration in the case of an undue payout based on incorrect information.

In the fiscal year 2021, the Supervisory Board did not make use of the option to retain (malus) or reclaim (clawback) variable remuneration components as none of the above conditions were ascertained by the Supervisory Board.

The service agreements of the members of the Management Board which were concluded before the implementation of the remuneration system 2021 do not include malus or clawback provisions. This does not affect the applicable legal situation regarding any claims for damages on the part of the company against the Management Board members in the event of culpable breaches of duty (such as according to Section 93 (2) AktG).



**Benefits promised or granted to a member of the Management Board by a third party with regard to his/her activity as a member of the Board of Management (Section 162 (2) No.1 AktG)**

During the fiscal year 2021, no benefits were granted to the members of the Management Board by third parties. Also, there are no outstanding benefits that were promised by third parties to the members of the Management Board.

**Benefits promised to the members of the Management Board in the event of regular or early termination (Section 162 (2) No. 2 and 3 AktG)**

Severance entitlements upon premature termination

The service agreements of all current Management Board members provide that in the event of a removal from office for good cause pursuant to Section 84 (4) AktG, the company may terminate the service agreement prematurely within the statutory termination period pursuant to Section 622 BGB. In such an event and if there is no good cause for the termination within the meaning of Section 626 BGB, the member of the Management Board is entitled to a cash severance payment which amounts to two times the annual fixed salary, however, not more than the fixed salary that would have been payable for the remaining term of the service agreement.

Entitlement upon death and permanent incapacity

In the event of death, the service agreements of all current members of the Management Board provide for continued payment of the fixed remuneration for the month of death and the following three months to the spouse, registered partner or partner and/or any children under the age of 25 living with the member of the Management Board and being entitled to child support.

In the event of permanent incapacity to work, the service agreement will end without notice of termination being required at the end of the calendar quarter in which such permanent incapacity to work is determined. If a Management Board member is temporarily unable to work as a result of illness, accident or any other reason beyond the Director's control, the Director's Service Agreement provides for a continued payment of his/her fixed remuneration for up to six weeks, but not beyond the effective termination date of the service agreement.



## Treatment of outstanding variable remuneration

In the event of a permanent incapacity of a Management Board member unvested Options under the LTI 2018, the LTI 2019 and the LTI 2021 continue to vest (until termination of the office of the member of the Management Board) also during periods of inability to work.

Also unvested options under the LTI 2018, the LTI 2019 and the LTI 2021 which would have vested during the following two years can be kept by the member of the Management Board and continue to vest in accordance with the terms and conditions of the applicable LTI scheme.

Otherwise, as a general rule, if a leaver event occurs (as defined in each of the programs) all unvested options of the members of the Management Board under the LTI 2018, the LTI 2019 and the LTI 2021 are forfeited without compensation. However, in the case of a revocation of a member of the Management Board from office by the company for good cause pursuant to Section 84 (4) AktG without the Management Board member qualifying as bad leaver (as defined in each of the programs), the Management Board member retains all unexercised stock options under the LTI 2018, the LTI 2019, the LTI 2021 and the ZOP 2021 and all unvested options under the LTI 2018, the LTI 2019 and the LTI 2021 which would have vested during the following two years can be kept by the Management Board member and continue to vest in accordance with the terms and conditions of the applicable LTI scheme. If the Management Board member qualifies as bad leaver (as defined in each of the programs), all unsettled options of the Management Board member under the LTI 2018, the LTI 2019 or the LTI 2021 (irrespective of vested or not), and all yet unexercised options under the SOP 2013 or the SOP 2011 and all yet unexercised virtual stock options under the ZOP 2021 are forfeited without compensation.

In addition, under the SOP 2011 and upon request of the company, in a bad leaver event a Management Board member is obliged to re-transfer to the company against payment of the exercise price all shares acquired by the Management Board member under the SOP 2011 which are still owned by the Management Board member at the time of the bad leaver event (as defined in the program).

Under the VSOP 2018, in a leaver event (as further defined) the virtual stock options granted will irrevocably cease to vest, and all of the unvested virtual stock options will be forfeited without entitlement to compensation. In the case of a bad leaver event all vested and unexercised virtual stock options will be forfeited without entitlement to compensation. In the case of a leaver event that does not qualify as a bad leaver event (good leaver event) all of the vested and unexercised virtual stock options are retained.



## Entitlements upon a change of control

If the office or service agreement of a member of the Management Board ends due to a change of control, there are no contractually agreed change-of-control severance entitlements. There are also no specific contractually agreed termination rights for the members of the Management Board in the event of a change of control.

However, the LTI 2018, the LTI 2019 and the LTI 2021 provide for a cancellation right of the Management Board members in the event of a change of control (as defined in each of the program rules) pertaining to unexercised vested options, and the SOP 2013 in relation to a certain portion of the options (equal to the portion of shares or assets of the company acquired by the acquirer(s) of control), in return for which the Management Board member is then entitled to a cash compensation per unexercised vested option.

The cash compensation per unexercised vested option (under the LTI 2018, the LTI 2019 and the LTI 2021) generally corresponds to the compensation per share under the takeover offer minus the exercise price or (in the case of the SOP 2013) the compensation per share under the takeover offer if such offer is made or the volume-weighted average share price of one share in the company during the last 30 trading days prior to the change-of-control-event, in each case minus the exercise price.

Also, under the LTI 2018, the LTI 2019 and the LTI 2021, the company itself can request a cancellation of unexercised vested options in exchange for a payment of the above cash compensation and replacement of unvested options by an economically equivalent new incentive program, and under the SOP 2013 the company can request a replacement of some or all of the unvested options by an economically equivalent new incentive program.

Under the VSOP 2018, in the event of a change of control (as defined in the program) the company may request that a portion of the then outstanding vested virtual stock options which is equal to the portion of the shares or assets (as the case may be) acquired of the company in the relevant change of control event shall be canceled in exchange for a payment by the company of an amount equal to the excess, if any, of (i) the product of the relevant share price and the number of virtual stock options canceled over (ii) the aggregate exercise price for all such canceled virtual stock options, subject to certain deductions. The remaining vested virtual stock options not subject to the cancellation request remain unaffected.

The existing variable remuneration programs do not provide for any accelerated vesting in the case of a change of control.



### Post-contractual non-compete clause

A post-contractual non-competition clause and accordingly also a promise of a non-compete compensation payment have not been agreed in the service contracts of the Management Board members who were active as Management Board members in the reporting year.

### **Benefits promised or granted to a former member of the Management Board whose position ended in the course of the reporting year (Section 162 (2) No. 4 AktG)**

The service agreement of Rubin Ritter was mutually terminated, without any severance payment, with effect as of June 1, 2021. The options granted to Rubin Ritter under the SOP 2011, the SOP 2013 and the LTI 2018 remain subject to the terms and conditions of the relevant program, i.e., in particular, options that were not vested by May 31, 2021 were forfeited without compensation.

For a transitional period until September 1, 2021 Rubin Ritter agreed to be available to respond to certain information requests with respect to business related matters and to share related expertise and know-how. During this transition period Rubin Ritter was entitled to keep his Company mobile/IT devices and in connection with his transitional services, the support of his former Management Board assistant. Also, under the termination agreement, Rubin Ritter is entitled to use his company car for private use until the end of the term of the underlying lease contract on July 10, 2022 (with any wage taxes to be borne by the company).

### **Deviations from the remuneration system during the reporting period (Section 162 (1) Sentence 2 No. 5 AktG)**

In exceptional cases, the Supervisory Board may temporarily deviate from the components of the remuneration system for the Management Board of Zalando in accordance with Section 87a (1) Sentence 2 AktG if this is necessary in the interest of the long-term welfare of the company. During the fiscal year 2021, there was no deviation from the remuneration system 2021.

## **6. Remuneration of Supervisory Board members**

The remuneration system for the members of the Supervisory Board is based on the legal requirements and takes into account the recommendations and suggestions of the German Corporate Governance Code. The partially adjusted remuneration system for the Supervisory Board was submitted to the AGM 2021 for resolution in accordance with Section 113 (3) AktG and resolved with effect for the fiscal year beginning on January 1, 2021.

The remuneration of Supervisory Board members is governed by Article 15 of the Articles of Association. The remuneration of the members of the Supervisory Board is balanced overall and commensurate with the responsibilities and tasks of the members of the Supervisory Board and the situation of the company, taking into account the remuneration arrangements of other large listed



companies. The members of the Supervisory Board receive a purely function-related fixed remuneration in accordance with Clause G.18 of the German Corporate Governance Code. No performance-related remuneration or financial or non-financial performance criteria are provided for. This best reflects the independent supervisory and advisory function of the Supervisory Board, which is not geared to short-term corporate success but to the long-term development of the company.

The fixed annual remuneration is EUR 180,000 for the chairperson of the Supervisory Board, EUR 135,000 for the deputy chairperson of the Supervisory Board and EUR 90,000 for every other member of the Supervisory Board. For their work on the audit committee, members of the Supervisory Board receive an additional fixed annual remuneration of EUR 10,000. The chairperson of the audit committee receives an additional fixed annual remuneration of EUR 50,000.

The respective amount of the fixed remuneration takes into account the specific function and responsibility of the members of the Supervisory Board. In particular, in accordance with Clause G.17 of the German Corporate Governance Code, the higher time commitment of the chairperson and the deputy chairperson of the Supervisory Board as well as of the chairperson and the members of the audit committee is also appropriately taken into account through a corresponding additional remuneration. Attendance fees are not paid.

Supervisory Board members who are members of the Supervisory Board or the audit committee or hold the office of the chairperson or deputy chairperson of the Supervisory Board or of the chairperson of the audit committee for part of a fiscal year only, receive a corresponding proportionate remuneration. The remuneration falls due at the end of the fiscal year for which the remuneration is paid.

In addition to the function-related fixed remuneration, the members of the Supervisory Board are reimbursed for their reasonable out-of-pocket expenses incurred in the performance of the Supervisory Board mandate as well as any value added tax payable on their remuneration and expenses. Furthermore, the members of the Supervisory Board are included in a D&O liability insurance policy for board members maintained by the company in the company's interests that will provide reasonable coverage against financial damages. The premiums for this insurance policy are paid by the company.

The general meeting determines the remuneration of the members of the Supervisory Board upon proposal of the Management Board and the Supervisory Board in the Articles of Association or by resolution. The general meeting resolves on the remuneration of the members of the Supervisory Board at least every four years. A resolution confirming the existing remuneration is also permissible in this respect. Should the general meeting not confirm the remuneration system submitted to a vote, a revised remuneration system must be submitted to the following AGM at the latest. In preparation for the resolution of the general meeting, the Management Board and the Supervisory Board each review whether the remuneration, in particular with regard to its amount and structure, continues to be in our interest and is in an appropriate relationship to

the tasks of the members of the Supervisory Board and the situation of the company. The Supervisory Board may also carry out a horizontal market comparison for this purpose. In doing so, the Supervisory Board may seek advice from an external remuneration expert. If necessary, the Management Board and the Supervisory Board will propose an appropriate adjustment of the remuneration to the AGM.

In accordance with Section 162 (1) Sentence 1 AktG, the following table shows the remuneration awarded and due (“gewährte und geschuldete Vergütung”) to the members of the Supervisory Board in the fiscal years 2021 and 2020. According to the remuneration system for the members of the Supervisory Board, the remuneration only consists of a fixed component for each member of the Supervisory Board:

#### Remuneration of the members of the Supervisory Board

IN EUR	2021	2020
Alexander Samwer (until June 23, 2020)	-	30,986
Anders Holch Povlsen (since December 9, 2013)	90,000	76,918
Anika Mangelmann (since June 23, 2020)	90,000	34,014
Anthony Brew (until June 23, 2020)	-	30,986
Beate Siert (until June 23, 2020)	-	30,986
Cristina Stenbeck (since May 22, 2019)	180,000	150,000
Jade Buddenberg (since June 23, 2020)	90,000	34,014
Jennifer Hyman (since June 23, 2020)	90,000	34,014
Jørgen Madsen Lindemann (until May 19, 2021)	38,082	80,000
Kelly Bennett (since May 22, 2019)	145,000	93,082
Konrad Schäfers (until June 23, 2020)	-	38,137
Mariella Röhm-Kottmann (since May 22, 2019)	140,000	100,000
Matti Ahtainen (since June 23, 2020)	100,000	41,863
Niklas Östberg (since May 19, 2021)	61,918	-
<b>Remuneration awarded and due according to Section 162 (1) Sentence 1 AktG</b>	<b>1,025,000</b>	<b>775,000</b>

The current and former members of the Supervisory Board did not receive any compensation from other group companies in the fiscal year 2021.

## 7. Comparative presentation of the development of the remuneration

In accordance with Section 162 (1) Sentence 2 No. 2 AktG, the following tables show the annual change in remuneration to the current and former members of the Management Board and of the Supervisory Board as well as the annual change in average employee remuneration on a full-time equivalent basis over the last five fiscal years and the company’s performance. The remuneration of the Management Board members for the years 2017 to 2019 is based on the



amount of “benefits received” as reported in the annual reports 2017 to 2019. The presentation of the average employee remuneration is based on the total workforce employed by Zalando. While the yearly target and fixed average remuneration on a full-time equivalent basis of employees increased year-on-year, the figures below show the remuneration including option exercises in the relevant year. In 2020, a higher amount of equity remuneration was exercised compared to 2021. Taking into account the holding periods over several years for the employee share programs, the figures shown are distorted. The development of the company's net income is shown alongside the development of the revenue of the Zalando group.

Comparative table on the change of remuneration awarded and due according to Section 162 (1) Sentence 1 AktG and company performance

	Annual change 2021 to 2020	Annual change 2020 to 2019	Annual change 2019 to 2018	Annual change 2018 to 2017
Remuneration of the members of the Management Board				
Robert Gentz, Co-CEO	0.7%	2.2%	-99.5%	30.0%
David Schneider, Co-CEO	-6.1%	8.1%	-99.5%	29.8%
Rubin Ritter, Co-CEO (until June 1, 2021)	-54.8%	-98.8%	-66.5%	392.7%
David Schröder, CFO	39.3%	457.8%	-	-
Dr. Astrid Arndt, CPO (since April 1, 2021)	-	-	-	-
Jim Freeman, CBPO	13.2%	947.5%	-	-
Company performance				
Net Income of ZALANDO SE	-20.1%	373.5%	7.8%	-68.3%
Revenue of the group	29.7%	23.1%	20.3%	20.0%
Average remuneration on a full-time equivalent basis of employees				
ZALANDO SE	-3.2%	16.1%	0.8%	32.8%

Comparative table on the change of remuneration awarded and due according to Section 162 (1) Sentence 1 AktG and company performance

	Annual change 2021 to 2020	Annual change 2020 to 2019	Annual change 2019 to 2018	Annual change 2018 to 2017
Remuneration of the members of the Supervisory Board				
Alexander Samwer (until June 23, 2020)	-	-52.3%	0.0%	0.0%
Anders Holch Povlsen (since December 9, 2013)	17.0%	-14.5%	0.0%	12.9%
Anika Mangelmann (since June 23, 2020)	164.6%	-	-	-
Anthony Brew (until June 23, 2020)	-	-52.3%	64.0%	-
Beate Siert (until June 23, 2020)	-	-52.3%	0.0%	0.0%
Cristina Stenbeck (since May 22, 2019)	20.0%	63.2%	-	-
Jade Buddenberg (since June 23, 2020)	164.6%	-	-	-
Jenifer Hyman (since June 23, 2020)	164.6%	-	-	-
Jörgen Madsen Lindemann (until May 19, 2021)	-52.4%	0.0%	0.0%	8.4%
Kelly Bennett (since May 22, 2019)	55.8%	89.9%	-	-
Konrad Schäfers (until June 23, 2020)	-	-52.3%	0.0%	0.0%
Mariella Röhm-Kottmann (since May 22, 2019)	40.0%	63.2%	-	-
Matti Ahtiainen (since June 23, 2020)	138.9%	-	-	-
Niklas Östberg (since May 19, 2021)	-	-	-	-
Company performance				
Net Income of ZALANDO SE	-20.1%	374.5%	7.8%	-68.3%
Revenue of the group	29.7%	30.4%	23.6%	20.0%
Average remuneration on a full-time equivalent basis of employees				
ZALANDO SE	-3.2%	16.1%	0.8%	32.8%

Berlin, February 28, 2022



Robert Gentz, David Schneider, James M. Freeman, II, David Schröder,  
Dr. Astrid Arndt, Cristina Stenbeck, Mariella Röhm-Kottmann

## **Independent auditor's report**

To **ZALANDO SE**

We have audited the attached remuneration report of Zalando SE prepared to comply with Sec. 162 AktG ["Aktiengesetz": German Stock Corporation Act] for the fiscal year from January 1 to December 31, 2021 and the related disclosures. We have not audited the content of the remuneration report in section „1.4.1 Introduction” and „1.4.2 Background” where they go beyond the scope of Sec. 162 AktG.

### **Responsibilities of the executive directors and the supervisory board**

The executive directors and supervisory board of ZALANDO SE are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, the executive directors and supervisory board are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on this remuneration report and the related disclosures based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report and the related disclosures are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the remuneration report and the related disclosures. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the remuneration report and the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report and the related disclosures in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the accounting policies used and the reasonableness of accounting estimates made by the executive directors and supervisory board, as well as

evaluating the overall presentation of the remuneration report and the related disclosures.



We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the fiscal year from January 1 to December 31, 2021 and the related disclosures comply, in all material respects, with the financial reporting provisions of Sec. 162 AktG. Our opinion on the remuneration report does not cover the content of the above mentioned disclosures of the remuneration report that go beyond the scope of Sec. 162 AktG.

## **Other matter – formal audit of the remuneration report**

The audit of the content of the remuneration report described in this auditor's report comprises the formal audit of the remuneration report required by Sec. 162 (3) AktG and the issue of a report on this audit. As we are issuing an unqualified opinion on the audit of the content of the remuneration report, this also includes the opinion that the disclosures pursuant to Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects.

## **Limitation of liability**

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the IDW on January 1, 2017, which are attached to this report, are applicable to this engagement and also govern our responsibility and liability to third parties in the context of this engagement.

Berlin, February 28, 2022

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Ludwig	Haas
Wirtschaftsprüfer	Wirtschaftsprüfer

[German Public Auditor] [German Public Auditor]

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## **Company's website and documents and information accessible there**

This notice of the General Meeting, the documents to be made available to the General Meeting and further information in connection with the General Meeting can be accessed via the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022> from the time at which the General Meeting is convened.

Any countermotions, election proposals and requests to add items on the agenda by shareholders that are received by the company and that must be published will also be made accessible via the aforementioned website. The voting results will also be published at this internet address after the General Meeting.

The company's Shareholder Portal which, among other things, enables duly registered shareholders to exercise their voting rights before and during the General Meeting, can also be accessed via the website. Duly registered shareholders can follow the General Meeting on May 18, 2022, in full length, live, in audio and video from 10:00 hours (CEST) via the Shareholder Portal. The speech by the Management Board can also be followed by the interested public live and in audio and video on the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>. After the General Meeting, the speech by the Management Board will also be available there as a recording.

## **Total number of shares and voting rights at the time of convening**

At the time of convening the General Meeting, the registered capital (*Grundkapital*) of the company amounts to 262,022,094.00 EUR and is divided into 262,022,094 no-par value bearer shares. Each no-par value share grants one vote at the General Meeting. Therefore, the total number of shares and of voting rights at the time of convening the General Meeting each amount to 262,022,094 respectively. This total number also includes 5,414,954 treasury shares held at that point in time from which the company does not derive any rights.

## **Conducting the General Meeting as a virtual general meeting without physical presence of the shareholders or their authorized representatives, audio and video broadcast**

On the basis of the Act on Measures in Corporate, Co-operative, Association, Foundation and Commonhold Property Law to Combat the Effects of the COVID-19 Pandemic (*Gesetz über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohnungseigentumsrecht zur Bekämpfung der Auswirkungen der COVID-19-Pandemie*) of March 27, 2020 (Federal Law Gazette I (BGBl. I) No. 14 2020, p. 570), last amended by Art. 15 of the Act on the Establishment of a "2021 Reconstruction Aid" Special Fund and on the Temporary Suspension of the Obligation to File for Insolvency due to Heavy Rainfalls and Floods in July 2021 as well as on the Amendment of Other Acts of September 10, 2021 (*Gesetz zur Errichtung eines Sondervermögens „Aufbauhilfe*



2021“ und zur vorübergehenden Aussetzung der Insolvenzantragspflicht wegen Starkregenfällen und Hochwassern im Juli 2021 sowie zur Änderung weiterer Gesetze vom 10. September 2021) (Federal Law Gazette I (BGBl. I) No. 63 2021, p. 4147) (**COVID-19-Act**), the Management Board of ZALANDO SE has decided, with the approval of the Supervisory Board, in view of the still ongoing COVID-19 pandemic and the objective of counteracting the further spread of COVID-19 and preventing health risks for shareholders, employees and the company’s board members, to hold the Annual General Meeting on May 18, 2022, again as a virtual general meeting without the physical presence of the shareholders or their authorized representatives (with the exception of the company’s proxies) this year.

The shareholders and their authorized representatives (with the exception of the company’s proxies) can therefore not physically participate in the General Meeting. However, they have the possibility of following the Virtual General Meeting live, in audio and video as well as of exercising voting rights by means of electronic connection (**Connection**) via the company’s Shareholder Portal accessible online at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>. No provision has been made for participation within the meaning of Section 118 (1) Sentence 2 AktG.

Voting rights may only be exercised by duly registered shareholders or their authorized representatives by absentee voting or by granting authorization and issuing instructions to the company’s proxies. The duly registered shareholders or their authorized representatives will be given the right to ask questions by means of electronic communication via the company’s Shareholder Portal. In addition, duly registered shareholders or their authorized representatives may submit statements in text form or video messages relating to the agenda via the Shareholder Portal. Finally, duly registered shareholders or their authorized representatives who have exercised their voting rights may declare their objection to one or more resolutions of the General Meeting to the minutes of the notary public by means of electronic communication via the company’s Shareholder Portal.

To help shareholders prepare for the General Meeting, the main points of the Co-CEO’s speech will be made available online on the company’s website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022> a few days before the General Meeting. The right to make amendments to the speech for the day of the General Meeting remains reserved.

Instead of the conventional admission ticket, duly registered shareholders will be sent an AGM ticket with further information on exercising their rights. Among other things, the AGM ticket contains the individual access data (AGM ticket number and password) with which the shareholders can use the company’s Shareholder Portal accessible online at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.



## Password-protected Shareholder Portal

The company will maintain a password-protected Shareholder Portal at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022> from April 27, 2022. To be able to use the Shareholder Portal, you must log in with the individual access data (AGM ticket number and password) that you receive with your AGM ticket.

Shareholders will receive further details regarding the Shareholder Portal and the registration and usage conditions with their AGM ticket or on the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>. Please also note the technical information at the end of this invitation notice.

## Requirements for connecting to the General Meeting and exercising shareholder rights, in particular voting rights

Shareholders who register with the company in text form (Section 126b of the German Civil Code (*Bürgerliches Gesetzbuch* – **BGB**)) at the following address and send the company a special proof of their shareholding issued by their custodian institution (last intermediary) in text form (Section 126b BGB) to this address are entitled to connect to the General Meeting (via the company's Shareholder Portal) and to exercise their shareholder rights, in particular their voting rights (**Duly Registered Shareholders**):

**ZALANDO SE**  
c/o Better Orange IR & HV AG  
Haidelweg 48  
81241 Munich  
Fax: +49 (0)89 889 690 633  
Email: [meldedaten@zalando.de](mailto:meldedaten@zalando.de)

The proof of shareholding must refer to the beginning of April 27, 2022, 0:00 hours (CEST) (**Record Date**). Both registration and proof of shareholding must have been received by the company at the above-mentioned address by the end of May 11, 2022, 24:00 hours (CEST) (time of receipt) at the latest. Proof of shareholding in accordance with Section 67c (3) AktG shall be sufficient in any case.

It is noted that in the notifications pursuant to Section 125 AktG, which are to be prepared in form and content in accordance with the requirements of the Implementing Regulation (EU) 2018/1212, a record date (Aufzeichnungsdatum) is to be indicated in field C.5. of Table 3 of the Implementing Regulation (EU) 2018/1212. This record date (Aufzeichnungsdatum) (in the present case: April 26, 2022) is not identical with the Record Date (Nachweisstichtag) to be designated pursuant to Section 123 (4) AktG (in the present case: April 27, 2022, 0:00 hours (CEST)). Here, the company follows a recommendation from the Association of German Banks' Implementation Guide for the German Market on the Shareholder Rights Directive II/ARUG II.



The only persons who will be treated as shareholders in relation to the company and may therefore connect to the General Meeting and exercise shareholder rights, particularly the voting right, are those persons who have provided the special proof of shareholding in time. Should this proof not be provided or not be provided in the proper form, the company may reject the shareholder.

The right to connect, to exercise shareholder rights and the extent of the voting right are based exclusively on the respective shareholders' shareholding as of the Record Date. The Record Date does not entail any restriction on the ability to sell the shares held. Even in the case of complete or partial sale of the shareholding after the Record Date, only the shareholding of the respective shareholders as of the Record Date is relevant to exercising shareholder rights, connecting to the General Meeting and the extent of the voting right, meaning that sales of shares after the Record Date have no effect on the respective shareholders' right and the extent of the voting right. The same applies to acquisitions of shares or additional shares after the Record Date. Persons who do not yet own any shares as of the Record Date and only become shareholders afterwards only have entitlement (particularly voting entitlement) in respect of the shares held by them if they obtain a proxy or authorization to exercise such rights from the previous shareholder. The Record Date has no significance for dividend entitlement.

After receipt by the company of the registration and the special proof of shareholding, the shareholders will be sent AGM tickets for exercising their rights in relation to the General Meeting, including the individual access data (AGM ticket number and password) for the company's Shareholder Portal for the purpose of connecting to the General Meeting and exercising shareholder rights.

### **Exercising voting rights by absentee voting**

Duly Registered Shareholders may cast their votes in writing or by means of electronic communication (absentee voting).

Before the General Meeting, the absentee voting form sent with the AGM ticket can be used for this purpose. The relevant form can be requested by regular mail to the address ZALANDO SE, c/o Better Orange IR & HV AG, Haidelweg 48, 81241 Munich, Germany, or by email to [briefwahl@zalando.de](mailto:briefwahl@zalando.de) and is also available for download on the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

Votes cast by means of the absentee voting form (text form pursuant to Section 126b BGB shall suffice) must have arrived at the company by regular mail at the following address by no later than 24:00 hours (CEST) on May 17, 2022 (time of receipt):

**ZALANDO SE**  
c/o Better Orange IR & HV AG  
Haidelweg 48  
81241 Munich

Votes cast by absentee voting that cannot be unequivocally attributed to a proper registration will not be considered.

Before and during the General Meeting, the company's Shareholder Portal, which can be accessed online at

<https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>

is also available for exercising voting rights by means of (electronic) absentee voting. Electronic absentee voting via the Shareholder Portal will be possible from April 27, 2022 until the commencement of voting on the day of the General Meeting. The exact time shall be determined by the person chairing the meeting.

Absentee votes already cast may be changed or revoked by regular mail until May 17, 2022, 24:00 hours (CEST) (time of receipt). A revocation form can be requested by regular mail to the address ZALANDO SE, c/o Better Orange IR & HV AG, Haidelweg 48, 81241 Munich, Germany, or by email to [briefwahl@zalando.de](mailto:briefwahl@zalando.de) and is also available for download on the company's website at

<https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

Via the Shareholder Portal, you can also change or revoke any votes previously cast by means of absentee voting before and during the General Meeting until the commencement of voting (the exact time shall be determined by the person chairing the meeting). This also applies to votes cast using the absentee voting form.

If no express or clear vote is cast in the absentee voting with regard to an item on the agenda, this is considered to be an abstention on this agenda item.

Further instructions on absentee voting are included on the AGM ticket sent to Duly Registered Shareholders.

### **Exercising voting rights by granting authorization and issuing instructions to the company's proxies**

We offer our shareholders as a service the possibility of granting authorization to company's proxies bound by the shareholder's instructions to exercise their voting right in the General Meeting. In this case, too, timely registration for the General Meeting and proof of shareholding in accordance with the above provisions are required in each case. Insofar as company's proxies are authorized, they must in any case be given instructions on the individual agenda items or the countermotions and election proposals for the exercise of voting rights made accessible prior to the General Meeting. The company's proxies are obliged to vote according to these instructions and will not exercise the voting right without having received such explicit instructions.

The authorization of such proxies, the issuing of instructions and any amendments of such as well as the revocation of proxy authorization must be effected in text form (Section 126b BGB); they may be made by the following methods only:



Prior to the General Meeting, an authorization with instructions to the company's proxies can be granted by means of the authorization and instruction form received by the shareholders together with their AGM ticket for the General Meeting.

The relevant form can be requested by regular mail to the address ZALANDO SE, c/o Better Orange IR & HV AG, Haidelweg 48, 81241 Munich, Germany, or by email to [vollmacht@zalando.de](mailto:vollmacht@zalando.de) and is also available for download on the company's website at

<https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

For organizational reasons, authorizations granted and instructions issued to the company's proxies by means of the authorization and instruction form prior to the General Meeting must be received by the company by May 17, 2022, 24:00 hours (CEST) (date of receipt). The authorization and instructions issued to the company's proxies by means of the authorization and instruction form shall be sent exclusively to the following address:

**ZALANDO SE**

c/o Better Orange IR & HV AG

Haidelweg 48

81241 Munich

Email: [vollmacht@zalando.de](mailto:vollmacht@zalando.de)

Authorizations and instructions already granted/issued to the company's proxies may be changed or revoked in the above manner until May 17, 2022, 24:00 hours (CEST) (time of receipt). A revocation form can be requested by regular mail to the address ZALANDO SE, c/o Better Orange IR & HV AG, Haidelweg 48, 81241 Munich, Germany, or by email to [vollmacht@zalando.de](mailto:vollmacht@zalando.de) and is also available for download on the company's website at

<https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

Prior to and during the General Meeting, authorizations and instructions to the company's proxies can also be granted, issued, changed or revoked electronically via the company's Shareholder Portal until the commencement of voting on the day of the General Meeting. The exact time shall be determined by the person chairing the meeting. Shareholders can obtain further details regarding the Shareholder Portal on the company's website at

<https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

Further information on the granting of authorization and issuance of instructions to the company's proxies is contained on the AGM ticket sent to the Duly Registered Shareholders.

**Authorization of third parties to exercise voting and other rights**

Shareholders can have their voting rights and other rights exercised by authorized representatives, for example by intermediaries, a shareholders' association, a proxy advisor or any other authorized third party, after granting the appropriate authorization. In these cases, too, timely registration for the General Meeting and proof of shareholding in accordance with the above provisions are



required in each case. Authorized third parties may in turn exercise the voting right by absentee voting or by granting authorization and issuing instructions to the company's proxies (see above). Should the shareholder grant an authorization to more than one person, the company may refuse to accept one or more of these pursuant to Section 134 (3) Sentence 2 AktG.

According to Section 134 (3) Sentence 3 AktG and § 17 (4) of the company's Articles of Association, the granting of the authorization, its revocation and the proof of the authorization to be provided to the company must be in text form (Section 126b BGB) if no authorization is granted under Section 135 AktG. We would like to point out that when authorizing the exercise of voting rights in accordance with Section 135 AktG (granting authorization to intermediaries, proxy advisors, shareholders' associations, or other professional agents), distinctions must generally be observed. Shareholders intending to authorize an authorized representative for the exercise of voting rights in accordance with Section 135 AktG are asked to obtain information on any distinctions in conferment of authority from the party to be authorized in the respective case and to coordinate with such party.

The authorization may be granted to the authorized representative or to the company. Proof of an authorization granted may be provided by the authorized representative sending such proof (for example, the original authorization or a copy thereof) to the following address:

**ZALANDO SE**  
c/o Better Orange IR & HV AG  
Haidelweg 48  
81241 Munich  
Email: [vollmacht@zalando.de](mailto:vollmacht@zalando.de)

The aforementioned transmission channels are also available if the authorization is to be granted by means of a declaration to the company, in which case no separate proof of the authorization needs to be provided. The revocation of an authorization that has been granted may also be declared directly to the company using the aforementioned transmission channels.

If the granting or proof of an authorization or its revocation by means of a declaration to the company is made by regular mail or by email, for organizational reasons, it must be received by the company by May 17, 2022, 24:00 hours (CEST) (date of receipt).

Shareholders wishing to authorize a representative are requested to use the form of authorization provided by the company for granting such authorization. Such form of authorization will be sent to the Duly Registered Shareholders together with the AGM ticket and can be requested by regular mail to the address ZALANDO SE, c/o Better Orange IR & HV AG, Haidelweg 48, 81241 Munich, Germany, or by email to [vollmacht@zalando.de](mailto:vollmacht@zalando.de). In addition to this, an authorization form can also be downloaded from the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.



For the revocation of the authorization, a revocation form can be requested by regular mail to the address ZALANDO SE, c/o Better Orange IR & HV AG, Haidelweg 48, 81241 Munich, Germany, or by email to [vollmacht@zalando.de](mailto:vollmacht@zalando.de). In addition to this, such form can also be downloaded from the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

Prior to and during the General Meeting, authorizations can also be granted or revoked electronically via the company's Shareholder Portal until the commencement of voting on the day of the General Meeting. The exact time shall be determined by the person chairing the meeting. Shareholders can obtain further details regarding the Shareholder Portal on the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

The use of the Shareholder Portal by the authorized representative requires that the relevant individual access data to the Shareholder Portal are provided to the authorized representative. If an authorization is granted by declaration to the company and by making use of the form provided by the company, a postal address of the authorized representative may be provided for this purpose. If a representative is authorized by means of declaration to the company via the Shareholder Portal, either a postal address of the authorized representative or an email address of the authorized representative may be provided. Apart from that, the Shareholder Portal also allows the direct download of the individual access data by the grantor of the authorization in order to forward the access data to the authorized representative. If the grantor of the authorization does not indicate a postal address or email address of the authorized representative, the individual access data for the authorized representative will be sent by regular mail to the address of the relevant grantor of the authorization in order to forward the access data to the authorized representative. If only the proof of authorization is sent to the company, the individual access data for the authorized representative will be sent to the postal address indicated in the proof. If you provide a postal address, please take into account the usual processing and post delivery times for the transmission of access data. Shareholders who wish to make use of the option to authorize a representative are therefore requested to do so in good time in order to enable timely access to the individual access data by the respective authorized representatives.

Banks, shareholders' associations, proxy advisors and other intermediaries or equivalent persons as defined by Section 135 AktG who represent a majority of shareholders are recommended contacting the following address in advance of the General Meeting with regard to the exercise of the voting rights:

**ZALANDO SE**  
c/o Better Orange IR & HV AG  
Haidelweg 48  
81241 Munich  
Email: [meldedaten@zalando.de](mailto:meldedaten@zalando.de)

Further instructions on granting authorizations to third parties are included on the AGM ticket sent to Duly Registered Shareholders.

**Information on the shareholder rights pursuant to Art. 56 Sentence 2 and 3 SER in conjunction with Section 50 (2) SEAG, Sections 122 (2), 126 (1) and 127 AktG in conjunction with Section 1 (2) Sentence 3 COVID-19-Act, Section 131 (1) AktG in conjunction with Section 1 (2) Sentence 1 No. 3, Sentence 2 COVID-19-Act**

Requests to add items to the agenda pursuant to Art. 56 Sentences 2 and 3 SER, Section 50 (2) SEAG, Section 122 (2) AktG

Shareholders whose shares together amount to not less than one twentieth of the share capital or represent a pro rata amount of 500,000 EUR (corresponding to 500,000 shares) may request that items be put on the agenda and announced. Each new item must be accompanied by a statement of reasons or a resolution proposal.

The request is to be addressed to the Management Board of the company in writing and must be received by the company at least 30 days prior to the meeting – not including the day of receipt and the day of the meeting – i.e. by the end of April 17, 2022, 24:00 hours (CEST) (time of receipt) at the latest. Any requests to add items to the agenda which are received after such date will not be taken into account.

Requests to add items to the agenda shall be sent to the following address:

**ZALANDO SE**  
Management Board  
Valeska-Gert-Strasse 5  
10243 Berlin

The requests to add items to the agenda shall be published and submitted in the same way as applicable for calling the meeting.

Countermotions and election proposals by shareholders pursuant to Sections 126 (1), 127 AktG, Section 1 (2) Sentence 3 COVID-19-Act

Shareholders may send countermotions against proposals by the Management Board and/or Supervisory Board on specific items on the agenda and proposals for the election of the auditor and the election of the members of the Supervisory Board. Countermotions must include a statement of reasons for same; election proposals do not have to include a statement of reasons. Countermotions to the agenda and election proposals are to be sent exclusively to the following address:

**ZALANDO SE**  
c/o Better Orange IR & HV AG  
Haidelweg 48  
81241 Munich  
Germany  
Email: [gegenantraege@zalando.de](mailto:gegenantraege@zalando.de)



Countermotions and election proposals received by the company at the aforementioned address by the end of May 3, 2022, 24:00 hours (CEST) (time of receipt) at the latest will be made accessible, subject to the further prerequisites of Sections 126, 127 AktG and including the name of the respective shareholders and – in the case of motions – the statement of reasons, on the company's website at

<https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022> immediately following receipt. Any statements of position by the management will also be published at the same internet address.

Motions or election proposals by shareholders that are to be made accessible pursuant to Section 126 AktG or Section 127 AktG shall be deemed to have been made at the meeting if the shareholder making the motion or submitting the election proposal is duly authorized and registered for the General Meeting (Section 1 (2) Sentence 3 of the COVID-19-Act). This also applies to countermotions to agenda items that have been added to the agenda at the request of a minority of shareholders in accordance with Section 122 (2) AktG on the basis of permitted requests for additions to the agenda which have been submitted in due time.

Right to ask questions by means of electronic communication pursuant to Section 1 (2), Sentence 1, No. 3, Sentence 2 COVID-19-Act

Duly Registered Shareholders or their authorized representatives shall be granted the right to ask questions at the Virtual General Meeting by means of electronic communication in accordance with Section 1 (2) Sentence 1 No. 3, Sentence 2 of the COVID-19-Act. The Management Board may require that questions must be submitted no later than one day before the General Meeting. The Management Board of ZALANDO SE has made use of this option with the approval of the Supervisory Board. Pursuant to Section 1 (2) Sentence 2 of the COVID-19-Act, the Management Board will decide in its dutiful free discretion how it will answer questions.

Any questions must be submitted via the company's Shareholder Portal accessible online at

<https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022> no later than one day prior to the General Meeting, i.e. by the end of May 16, 2022, 24:00 hours (CEST) (time of receipt). It is not possible to submit questions by other means.

Questions can no longer be submitted after expiry of the aforementioned deadline. It is intended that the names of those asking the questions will generally be stated as part of the Q&A process, provided that the person asking the question has indicated when submitting the question that he/she wishes to be named. In this respect, please note the further explanations on shareholder rights and on data protection at the end of this invitation notice. Shareholders do not have a right to information pursuant to Section 131 (1) AktG in the context of the Virtual General Meeting.



## Submission of statements in text form or video messages

Due to the concept of the Virtual General Meeting, shareholders or their authorized representatives generally do not have the opportunity to comment on the agenda at the General Meeting. Nevertheless, the company voluntarily gives Duly Registered Shareholders or their authorized representatives the opportunity – exceeding the requirements of the COVID-19-Act – to submit statements in text form (Written Statements) or video messages relating to the agenda for publication on the company's Shareholder Portal prior to the General Meeting.

Duly Registered Shareholders or their authorized representatives may submit Written Statements or video messages relating to the agenda in German to the company via the company's Shareholder Portal accessible online at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022> by May 13, 2022, 24:00 hours (CEST) (time of receipt). The length of a Written Statement should not exceed 10,000 characters (including spaces) or – in the case of video messages – three minutes. Only Written Statements or video messages in which the shareholder or authorized representative express their opinion themselves or appear in person are permitted.

It should be noted that there is no legal claim to publication of a Written Statement/video message on the Shareholder Portal. In particular, the company reserves the right not to publish Written Statements/video messages with offensive, discriminatory, criminally relevant or obviously false or misleading content or without any reference to the agenda of the General Meeting or in a language other than German. This also applies to Written Statements of more than 10,000 characters (incl. spaces) or video messages of more than three minutes or those that do not meet the technical requirements or were not transmitted via the Shareholder Portal within the aforementioned period. The company also reserves the right to publish only one Written Statement or video message per shareholder/authorized representative and to request proof that the shareholder has registered for the General Meeting in due form and time. If several Written Statements/video messages are submitted, the most recent one will be published in each case.

In addition to publication of the submitted Written Statement/video message on the Shareholder Portal, the Management Board reserves the right to decide, at its own discretion, to also play individual video messages made accessible in the video and audio broadcast during the General Meeting. There is no legal claim to the live broadcasting of a video message during the General Meeting.

Both the publication of the Written Statement or video message on the Shareholder Portal and, if applicable, the broadcasting during the General Meeting will be made by naming the relevant submitting shareholder or authorized representative. In this respect, please note the further explanations on data protection at the end of this invitation notice.



Motions, election proposals, questions or objections contained in Written Statements/video messages will not be taken into account. These must be submitted in each case exclusively by using the means and in compliance with the requirements and deadlines specified in this convocation notice. Further information on the technical requirements for submitting Written Statements or video messages can be found on the Shareholder Portal accessible online at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

#### Declaring objections to the minutes of the notary public

Duly Registered Shareholders who have exercised their voting rights by means of electronic communication or by granting authorization – or their authorized representatives – may electronically declare objections to any resolutions of the General Meeting to the notary's minutes from the beginning of the General Meeting until its closure by the person chairing the meeting via the company's Shareholder Portal accessible online at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

#### Further explanations of shareholder rights

Further explanations of shareholder rights pursuant to Art. 56 Sentence 2 and 3 SER in conjunction with Section 50 (2) SEAG, Sections 122 (2), 126 (1) and 127 AktG in conjunction with Section 1 (2) Sentence 3 COVID-19-Act, Section 131 (1) AktG as well as Section 1 (2) Sentence 1 No. 3 in conjunction with Sentence 2 COVID-19-Act can be found on the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.

#### UTC times

All times indicated in this convocation notice are in Central European Summer Time (CEST) as the time zone applying to Germany. With regard to coordinated universal time (UTC), this corresponds to the ratio of UTC = CEST minus two hours.

#### **Information on data protection for shareholders and their authorized representatives**

When you register for the General Meeting, use our Shareholder Portal, grant a proxy, connect to the Virtual General Meeting, submit questions, a Written Statement or a video message, or exercise other shareholder rights, we process personal data (e.g. name, address, email address, number of shares, class of shares, type of ownership of the shares and number of the AGM ticket, your individual access data for the Shareholder Portal, the IP address from which you use the Shareholder Portal, the content of the questions you submitted and their answers, the content of the Written Statement or video message you submitted as well as any objections declared) about you and/or your authorized representative. This is done to enable shareholders or their authorized representatives to connect to and exercise their rights in connection with the Virtual General Meeting. Furthermore, we process your personal data to comply with our legal obligations in connection with the conduct of the Virtual General Meeting.



The entity responsible for processing your personal data is:

**ZALANDO SE**

Valeska-Gert-Strasse 5

10243 Berlin

Telephone: + 49 (0)30 2000 88 400

Email: [info@zalando.de](mailto:info@zalando.de)

If we use service providers to conduct the Virtual General Meeting, they process your personal data only on our behalf and are otherwise obliged to maintain confidentiality.

If the legal requirements are met, every data subject has the right to information, correction, restriction, deletion and, if applicable, objection regarding the processing of their personal data at any time, as well as the right to data transmission and the right to complain to a competent data protection supervisory authority.

Further information about the handling of your personal data in connection with the Virtual General Meeting, in particular regarding the submission of questions, Written Statements or video messages, and about your rights under the EU General Data Protection Regulation can be accessed at any time on the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022> or be requested from the following address: ZALANDO SE, Valeska-Gert-Strasse 5, 10243 Berlin, email: [datenschutz@zalando.de](mailto:datenschutz@zalando.de).

**Technical instructions for the Virtual General Meeting**

To follow the Virtual General Meeting and to use the Shareholder Portal and exercise shareholder rights, you need an internet connection and an internet-capable device. In order to be able to render the video and audio broadcast of the General Meeting optimally, a stable internet connection with a sufficient transmission speed is recommended.

If you use a computer to receive the video and audio broadcast of the Virtual General Meeting, you will need a browser and speakers or headphones.

To access the company's Shareholder Portal, you need your individual access data (AGM ticket number and password), which you receive with the AGM ticket or as an authorized representative. Using this access data, you can log in to the Shareholder Portal on the login page.

In order to avoid the risk of restrictions in the exercise of shareholder rights due to technical problems during the Virtual General Meeting, it is recommended that shareholder rights (in particular voting rights) be exercised before the start of the General Meeting wherever possible. The company's Shareholder Portal will be accessible from April 27, 2022.

Shareholders will receive further details regarding the Shareholder Portal and the registration and usage conditions with the AGM ticket or on the company's website at <https://corporate.zalando.com/en/investor-relations/annual-general-meeting-2022>.



### **Information on availability of video and audio broadcast**

Duly Registered Shareholders or their authorized representatives can follow the General Meeting on May 18, 2022, in full length, live, in audio and video from 10:00 hours (CEST) via the company's Shareholder Portal. The video and audio broadcast of the Virtual General Meeting and the availability of the Shareholder Portal may be subject to fluctuations in accordance with the current state of the art due to restrictions on the availability of the telecommunications network and limitations on third-party internet services, on which the company has no influence. The company can therefore not assume any guarantees or liability for the functionality and constant availability of the internet services used, the third-party network elements used, the video and audio broadcast or access to the Shareholder Portal and its general availability. The company also does not assume any responsibility for errors and defects in the hardware and software used for the online service, including such of the service companies used, unless caused intentionally. For this reason, the company recommends that the above-mentioned options for exercising rights, in particular voting rights, be exercised at an early stage. The person chairing the meeting must reserve the right to interrupt or completely discontinue the Virtual General Meeting if this is mandatorily required for data protection or security considerations.

Berlin, April 2022

**ZALANDO SE**  
**The Management Board**