

1.2 Report of the Supervisory Board

Dear shareholders,

in the past fiscal year, Zalando continued to innovate for customers and partners and amid a challenging economic environment laid the foundations for future growth with investments in key strategic areas such as content creation, logistics and technology.

Zalando continued to play a pioneering role in many areas in 2023, taking a leadership role to solve challenges that are relevant to the fashion and lifestyle industry. For example, we introduced tools that improve our customers' size recommendations based on their unique body measurements, helping to reduce size-related returns and textile waste. Zalando also launched a fashion assistant based on generative artificial intelligence, allowing customers to more easily navigate our assortment using their own words or fashion terms and ultimately helping them find their desired items faster.

To entertain customers and deepen our relationship with them, the company launched 'Stories on Zalando', a new immersive visual-first fashion experience that redefines the discovery of exciting fashion and culture trends. And to help our partners solve some of their biggest challenges, Zalando launched the ZEOS brand, short for Zalando E-commerce Operating System, aiming to build an operating system for the fashion and lifestyle industry that enables brands and retailers to manage their multi-channel business across Europe within one unified platform.

Zalando invested in these strategically important areas in a year that was marked by high inflation and low consumer sentiment in the markets in which it operates. Challenging macroeconomics meant the company had to demonstrate resilience and agility to adapt to the changing environment. The company carried through a program to reduce complexity and embrace simplicity.

Zalando is working to further enhance practices with regard to environmental, social, and governance (ESG) factors, aligning with the belief that sustainable business practices are integral to long-term success. For example, we are working to weave sustainability more closely into all aspects of our business to help make fashion and lifestyle a more sustainable industry, with a lower environmental footprint and a more equitable, transparent and circular supply chain.

Updating our remuneration system for the Management Board has been an important corporate governance initiative over the past few months. The Supervisory Board Chairperson spoke with investors and with the management board to evaluate the company's needs and identify improvement areas as well as addressing concerns raised by shareholders and proxy advisors. The proposed adjustments, outlined in the remuneration report, will be submitted to the annual general meeting 2024 for approval and will align our practices better with the expectations of shareholders and uphold our commitment to responsible corporate

governance. Crucially, it will allow Zalando to attract and retain the best talent from around the world.

The Supervisory Board reappointed Co-CEOs Robert Gentz and David Schneider for four-year terms commencing on December 1, 2023. We are thrilled that the founders have renewed their commitment at this important time, driving the growth strategy by building on the company's unique capabilities and offerings.

One of the keys to Zalando's success since it was founded in 2008 has been its ability to understand significant shifts impacting the world and its industry early on and translate them into opportunities to solve challenges for customers and partners. Zalando's entrepreneurial and can-do mindset made it one of the first and few European success stories of a large-scale digital consumer company both emerging in, and focused on, Europe.

The industry is again undergoing significant change, opening up tremendous opportunities and the possibility to shape the industry's future. Zalando is working to seize those opportunities with quality offerings and have a net-positive impact for people and the planet. Companies at the forefront of the changing landscape that make smart investments will be able to create demand, decoupling themselves from the wider sector.

In consultation with the supervisory board, Zalando has further developed its strategy to steer investment decisions. The vision is to build an ecosystem for fashion and Lifestyle e-commerce. The company will increasingly differentiate its e-commerce experience through quality to make sure customers and partners recognize and appreciate the high value of experiences, services and offers. Zalando is also working to make the discovery of fashion and lifestyle products more fun as it becomes the go-to place for discovery and entertainment. The B2B strategy is to become an enabler for the e-commerce transactions of business customers across Europe by offering an operating system for fashion and lifestyle to merchants.

In summary, we remain committed to fostering innovation, being change-makers, and delivering value to our shareholders. The Supervisory Board will continue active dialogue with the Management Board to advise and support, ensuring that the company is well positioned to achieve its strategic ambitions and financial goals in the future.

Consultation and monitoring

The Supervisory Board duly performed its duties in accordance with statutory requirements, the Articles of Association, the Supervisory Board's Rules of Procedure and the German Corporate Governance Code. It received regular and detailed written and oral reports on the intended business strategy, material issues regarding financial, investment, personnel planning and the progress of business as well as risks and opportunities. In particular, the Management Board consulted the Supervisory Board on the group's general strategy and provided regular updates on the reshaping program that was launched at the beginning of 2023 with the aim to reduce complexity in the organization and to increase Zalando's ability for speed of execution. Transactions requiring approval were presented by the Management Board.



The Supervisory Board – from top left to bottom right:

Jennifer Hyman Member of the Supervisory Board, member of the D&I and sustainability committee, **Anders Holch Povlsen** Member of the Supervisory Board, member of the nomination committee, member of the remuneration committee, **Anika Mangelmann** Member of the Supervisory Board, member of the remuneration committee, **Mariella Röhm-Kottmann** Deputy chairperson of the Supervisory Board, chairperson of the audit committee, member of the D&I and sustainability committee, **Kelly Bennett** Chairperson of the Supervisory Board, chairperson of the remuneration committee, chairperson of the nomination committee, **Matti Ahtiainen** Member of the Supervisory Board, member of the audit committee, **Niklas Östberg** Member of the Supervisory Board, member of the audit committee, member of the nomination committee, **Susanne Schröter-Crossan** Member of the Supervisory Board, member of the audit committee, member of the remuneration committee, chairperson of the D&I and sustainability committee, **Jade Buddenberg** Member of the Supervisory Board, member of the D&I and sustainability committee

Meetings of the Supervisory Board and its committees

The plenum of the Supervisory Board held five meetings during the fiscal year 2023. In addition, the audit committee held five meetings, the remuneration committee held six meetings, the nomination committee held two meetings and the D&I and sustainability committee held three meetings during the fiscal year 2023. Further, the Supervisory Board passed three circular resolutions and one written resolution regarding the formal adjustment of the Articles of Association. The Supervisory Board and its committees convened regularly without the Management Board as necessary to consider items that pertained to the Management Board or required internal discussion among Supervisory Board members alone. The plenum of the Supervisory Board was informed about the discussions and decisions of meetings of the committees at its subsequent plenary meetings. One meeting of the Supervisory Board plenum was held as an in presence meeting, three meetings of the Supervisory Board plenum were held as hybrid meetings, i.e., in presence meetings in which virtual participation was possible, and one meeting in a virtual format as video conference. One meeting of the Audit Committee was held as an in presence meeting. All other committee meetings were held in a virtual format as video conferences. The average rate of participation by members in the meetings of the Supervisory Board and its committees was 89%. The participation rate of individual members in the meetings of the Supervisory Board and its committees is set out in the following chart:

Overview of plenary and committee meetings and attendance on an individual basis in fiscal year 2023

	Tenure	Plenum	Audit committee	Remuneration committee	Nomination committee	D&I and sustainability committee	Total attendance rate (rounded)
Matti Ahtiainen	Since June 2020	5 / 5	5 / 5	--	--	--	100%
Kelly Bennett	Since May 2019	5 / 5	2 / 2	4 / 4	2 / 2	1 / 1	100%
Jade Buddenberg	Since June 2020	5 / 5	--	--	--	3 / 3	100%
Jennifer Hyman	Since June 2020	4 / 5	--	--	--	2 / 3	75%
Anika Mangelmann	Since June 2020	5 / 5	--	6 / 6	--	--	100%
Anders Holch Povlsen	Since December 2013	3 / 5	--	5 / 6	2 / 2	--	62%
Niklas Östberg	Since May 2021	3 / 5	3 / 5	--	--	--	60%
Mariella Röhm-Kottmann	Since May 2019	5 / 5	5 / 5	--	--	2 / 2	100%
Cristina Stenbeck	From May 2019 to May 2023	2 / 2	--	2 / 2	2 / 2	--	100%
Susanne Schröter-Crossan	Since May 2023	3 / 3	3 / 3	4 / 4	--	2 / 2	100%
Total attendance rate							89%

Plenary meetings

In each of its ordinary quarterly meetings, the plenum of the Supervisory Board reviewed and discussed the management reports on the overall development of the business, including its financial performance, and the company's execution and its communicated strategy as well as recent capital markets developments. The chairpersons of each of the committees of the Supervisory Board reported regularly to the full Supervisory Board on the activities and conclusions of the diverse Supervisory Board committees.

In addition, the Supervisory Board dealt with the following focus areas:

At its extraordinary meeting on February 9, 2023, the Supervisory Board discussed the program to reshape parts of the company by reducing complexity and embracing simplicity in the company's set-up of and the related contemplated removal of several hundred overhead roles across many of Zalando's teams.

At its ordinary meeting on March 6, 2023, the Supervisory Board discussed and in accordance with the recommendations of the audit committee adopted the financial statements for 2022 (including the combined management report) and approved the consolidated financial statements for 2022 (including the combined management report) as well as the combined non-financial declaration 2022 and the remuneration report 2022 as presented by the Management Board. It followed the proposal of the Management Board for the appropriation of profit for fiscal year 2022. In addition, the Supervisory Board adopted a resolution regarding its report for fiscal year 2022 and dealt with the agenda for the annual general meeting in 2023. The Supervisory Board also discussed first considerations regarding mid-term financial, sustainability and diversity & inclusion targets and the update of the mid-term group strategy.

At its ordinary meeting on May 24, 2023, the Supervisory Board in particular dealt with the election of its chairperson and deputy chairperson as well as the (re-)election of the members of the Supervisory Board's committees. The Supervisory Board resolved to enlarge its remuneration and its sustainability and D&I committee by one additional member each. The Supervisory Board further discussed the decision of the European Commission to designate Zalando as "Very Large Online Platform" under the Digital Services Act, the influence of artificial intelligence on the company's business and the update on the program to reshape parts of the company started in February 2023.

At its ordinary meeting on September 7, 2023, the Supervisory Board dealt with the determination of the remuneration and its appropriateness and resolved on the reappointment of Robert Gentz and David Schneider as members of the Management Board for a term of four years from December 1, 2023 to November 30, 2027. Furthermore, the Supervisory Board continued the discussion on the mid-term strategic vision of the company and discussed a further update on the program to reshape parts of the company.

At its ordinary meeting on December 5, 2023, the Supervisory Board discussed the budget and annual plan for the 2024 financial year and approved it after a thorough review. Furthermore, the Supervisory Board discussed an update on the mid-term group strategy presented by the Management Board. The Supervisory Board also dealt with personnel-related matters, including the position and compensation framework for senior leadership levels below the Management Board, and discussed a proposal of a refined Management Board remuneration system. The Supervisory Board resolved the annual declaration of conformity with the German Corporate Governance Code which the Management Board resolved beforehand. Finally, the Supervisory Board discussed the status of its ongoing efficiency self-assessment process for fiscal year 2023.

Based on the law and the requirements outlined in the Articles of Association and the Management Board's Rules of Procedure, certain transactions and measures require the prior approval of the Supervisory Board. These transactions and measures were presented to the Supervisory Board for approval. The Supervisory Board approved inter alia the updated long-term logistic network build out plan as well as a new multi-supplier reverse factoring program.

The Supervisory Board and the Management Board implemented an internal procedure for complying with approval requirements for related party transactions pursuant to Section 111a et. seq AktG (German Stock Corporation Act). No such transactions required the approval or disclosure during the reporting year.

Audit committee

The audit committee reviewed and examined the annual financial statements and the consolidated financial statements for 2022 (including the combined management report), the combined non-financial declaration 2022 and the remuneration report 2022, as well as the quarterly statement for the first quarter, the half-year report and quarterly statement for the third quarter of 2023. The committee regularly reviewed and discussed the focus and the quality of the audit, the status reports on GRC (Governance, Risk & Compliance) including data privacy, cyber security, litigation and the work of internal audit as well as treasury reports.

It also received relevant regulatory updates and regularly discussed the status and development of the financial and non-financial internal control system. The audit committee was involved in the preparation of the Supervisory Board's proposal to the annual general meeting 2023 for the appointment of the auditor and the group auditor. In anticipation of the auditor change in the upcoming fiscal year 2024, the audit committee has dealt with the respective transition plan and took preparatory measures for the auditor rotation. The audit committee discussed with the auditors the audit risk assessment, the audit strategy and audit planning, and the audit results. The chairperson of the audit committee conferred with the auditors on the audit focus areas and regularly discussed the auditor's progress with the auditor and reported thereon to the audit committee. The audit committee regularly consulted with the auditors regarding relevant matters without the Management Board present.

Furthermore, the meetings of the audit committee covered a variety of other topics, such as information security, inventory management, tax compliance, the German Supply Chain Act, Zalando Payments GmbH's business and strategy and the reverse factoring program. The audit committee also discussed the budget, the new segment reporting format as well as the dividend policy for 2024.

Remuneration committee

The remuneration committee dealt with the Management Board's effectiveness and the processes of its continuous evaluation, the remuneration report 2022 as well as the amendments to the Supervisory Board's remuneration proposed to the annual general meeting 2023. The remuneration committee also addressed the succession plan for the Management Board and prepared the reappointment of Robert Gentz and David Schneider as members of the Management Board. In this context it considered the remuneration and employment terms of the Co-CEOs and prepared the respective decisions for the Supervisory Board. The remuneration committee also reviewed the remuneration framework of the two levels below the Management Board.

The remuneration committee discussed in particular potential needs to amend the Management Board's remuneration framework. As a result, the remuneration committee resolved in principle on November 13, 2023 to redesign the current remuneration system of the Management Board, to prepare the decisions for the Supervisory Board in this regard and to discuss the proposed new system with our investors at the corporate governance roadshow at the beginning of the fiscal year 2024. The new Management Board remuneration system will be submitted to the annual general meeting on May 17, 2024 for approval.

Nomination committee

The nomination committee continued to prepare the succession plan of the Supervisory Board. In this context, it prepared in particular the election proposals for the Supervisory Board at the annual general meeting on May 24, 2023. Dr. Sandra Dembeck's sideline activity as non-executive director at Exor, N.V. that started in June 2023 was discussed and approved in a meeting of the nomination committee on February 28, 2023. Further, the nomination committee approved the appointment of Robert Gentz as a member of the board of directors of the private holding company Illusian Holding Oy in December 2023 by circular resolution.

D&I and sustainability committee

The D&I and sustainability committee continued to deal with the company's efforts to further embed sustainability and D&I matters into its strategy. It received regular updates on the sustainability and the D&I strategy of our company and contributed to the further development of these strategies.

Conflicts of interest

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

Training and professional development

The Supervisory Board members are regularly offered trainings that deal with a variety of legal and compliance topics. Cristina Stenbeck as chairperson of the Supervisory Board at the time as well as Kelly Bennett as her successor were briefed concerning the annual governance roadshow which took place at the beginning of the year 2023 to discuss governance related topics with institutional investors. Furthermore, the General Counsel conducted a training with Kelly Bennett on his role as chairperson of the Supervisory Board and the associated rights and duties. Mariella Röhm-Kottmann received a legal training on chairing the annual general meeting. Upon her election, Susanne Schröter-Crossan received our onboarding training for Supervisory Board members.

Audit and ratification of the annual financial statements and consolidated financial statements

The annual financial statements and the consolidated financial statements for 2023, both including the combined management report were audited with an unqualified audit opinion. The remuneration report 2023 and the combined non-financial declaration 2023¹ were audited with unqualified opinions. The Management Board forwarded the annual financial statements and the consolidated financial statements for fiscal year 2023, both including the combined management report, and the combined non-financial declaration 2023, the remuneration report 2023 as well as the proposal of the Management Board for the appropriation of profit 2023 as well as the auditors' reports to the Supervisory Board and the audit committee for approval.

In the first step, the audit committee comprehensively examined and discussed the financial statements, the non-financial declaration, the remuneration report and the proposal for the appropriation of profit in the presence of the auditor. The auditor reported on the most significant audit matters.

Based on the audit committee's recommendation, the Supervisory Board examined the annual financial statements and consolidated financial statements for fiscal year 2023, both including the combined management report, and the combined non-financial declaration, the remuneration report as well as the proposal of the Management Board for the appropriation of profit. The result of the pre-assessment conducted by the audit committee and the Supervisory Board's own conclusions concurred with the result of the external auditor. Based

¹ The combined non-financial declaration was reviewed with separate limited assurance engagement.

on this final review, the Supervisory Board raised no objections to the audit. The Supervisory Board approved the annual financial statements for 2023, which are therefore adopted, and approved the consolidated financial statements for 2023, both including the combined management report, the combined non-financial declaration 2023 and the remuneration report 2023. The Supervisory Board concurred with the proposal of the Management Board for the appropriation of profit (to be carried forward to new account), in consideration in particular of the company's growth trajectory, financial plans, desired flexibility and strategy.

Corporate governance

The annual declaration of conformity was issued by the Management Board and the Supervisory Board in December 2023. The complete text of the declaration can be found in [2.5.2 Declaration of conformity](#). The declaration is made permanently available in the Corporate governance section on the company's website.

More information on corporate governance can be found in the section [2.5 Corporate Governance Statement](#). With regard to the remuneration structure for the members of the Management Board for fiscal year 2023 and to avoid repetition, please see the section [1.3 Remuneration report 2023](#).

Personnel matters

The term of office of all shareholder representatives on the Supervisory Board ended upon the conclusion of the annual general meeting held on May 24, 2023. All shareholder representatives were re-elected at the annual general meeting on May 24, 2023. Cristina Stenbeck did not stand for re-election after having served on the Supervisory Board from 2014 to 2016 and from 2019 to 2023. In her place, Susanne Schröter-Crossan was newly appointed as member of the Supervisory Board. All shareholder representatives were elected until the end of the annual general meeting that resolves on the discharge of liability for fiscal year 2024. Kelly Bennett became chairperson and Mariella Röhm-Kottmann deputy chairperson of the Supervisory Board. Membership in the various committees is detailed in [2.5.3 Two-tier board system](#).

We extend our sincere gratitude to the management and all of the company's employees. Without their passion, creativity, and hard work Zalando's success would not be possible. Additionally, we appreciate the trust and confidence you, our valued shareholders, have placed in Zalando. Your continued support is instrumental in our journey toward sustained growth and excellence. We are excited about the opportunities that lie ahead and look forward to navigating the future together.

Berlin, March 12, 2024

Kelly Bennett