Financial Statements and Combined Management Report

2024

zalando

Content

Company

Combined management report

Annual financial statements

Other information and service

Company

1.1 Report of the supervisory board

Dear shareholders,

2024 has been a successful year for Zalando. Zalando has successfully navigated through the challenges faced by many in the industry thanks to its focus on innovation, technology and profitable growth. The company is now in a stronger position than 12 months ago. By collaborating closely with the management board, the supervisory board provided strategic oversight and supported Zalando's vision to build a leading ecosystem for fashion and lifestyle e-commerce. Together, we have made significant progress in advancing strategic initiatives, enhancing financial stability and laying the groundwork for sustainable growth in the years to come.

Reflecting on the year

In March 2024, Zalando announced its ecosystem strategy with the aim of building a leading pan-European fashion and lifestyle e-commerce ecosystem around two growth vectors: business-to-consumer (B2C) and business-to-business (B2B). This dual approach positions Zalando as a pivotal player in both the consumer and business markets, driving sustained growth and innovation. Throughout the year, Zalando executed its ecosystem strategy, boosting its quality assortment, expanding its lifestyle offerings and adding more B2B partners. The company also invested in developing and offering AI-powered tools, driving customer loyalty, making fashion discovery more entertaining, and further strengthening its European logistics network.

In December 2024, the company also unveiled Zalando's biggest-ever acquisition, announcing its intention to launch a public takeover offer for 100% of the shares of Hamburg-based e-commerce group ABOUT YOU. The combined and distinct B2C and B2B offerings of both companies will even better serve the needs of customers and partners, enabling the combined group to cover a larger share of the European fashion and lifestyle e-commerce market. The supervisory board supports this strategic transaction, which brings together two founder-led teams with a strong cultural fit, entrepreneurial track record and highly complementary capabilities. We are confident in management's ability to successfully execute the integration.

The company has further strengthened its practices in environmental, social and governance (ESG) areas, with the belief that a more sustainable business will be a more successful business in the long term. Sustainability, diversity and inclusion are all core elements of Zalando's strategy. Zalando's efforts are underpinned by its long-term ambition to achieve net-zero emissions for its own operations and private labels by 2040 and across its value chain by 2050. Our diversity & inclusion and sustainability committee is closely monitoring and advising on these efforts.

Adapting responsibilities within the management board

To ensure the effective execution of its updated strategy, the supervisory board adapted the responsibilities within Zalando's management board. Co-founder David Schneider decided to move into a management board role fully dedicated to building partner relationships across

Zalando's B2C and B2B ambitions, effective as of 1 September 2024. He handed over his co-CEO role to David Schröder, who had previously been serving as the company's COO and CFO. Co-founder Robert Gentz continued as co-CEO.

Dr Astrid Arndt was reappointed as a member of the management board for a period of four years, starting 1 September 2024, as Chief People Officer, with the additional mandate of strengthening Zalando's corporate functions to enable the effective execution of Zalando's ecosystem strategy. Dr Sandra Dembeck (CFO) continued to be a member of the management board during the reporting period and until the end of her term on 28 February 2025. We thank Dr Sandra Dembeck for all her contributions. She has played a crucial role in leading Zalando as the company successfully adapted to a challenging macroeconomic environment, expanded margins and increased liquidity, and steering us back to growth. She also had an important role in building the strategic foundation for the company's success going forward.

The supervisory board continues to place a high priority on the search for and appointment of a suitable candidate for the position of CFO. While the supervisory board is working on the succession of the finance role, co-CEO David Schröder will, for the interim period, take on the respective responsibilities at the management board level and work together with strong finance and corporate governance teams and their experienced executives to ensure the effective and smooth continuation of Zalando's operations in these areas.

New remuneration system

At the annual general meeting in May 2024, Zalando presented a new remuneration system for the management board to align our practices better with the expectations of shareholders and uphold our commitment to responsible corporate governance. We are pleased to report that you, our valued shareholders, approved this proposal with a majority of more than 90%.

Your endorsement reflects a shared commitment to fostering a remuneration structure that not only motivates and rewards Zalando's leadership, but also ensures alignment with the interests of all stakeholders. As of now, management board members Robert Gentz, David Schneider, David Schröder and Dr Astrid Arndt have entered into service agreements under the new remuneration system. This marks a significant milestone in enhancing accountability and driving sustainable success. We are confident that this updated framework will contribute to the company's continued growth, strong governance and long-term performance.

What's to come

Zalando's ambition is to lead the way in European fashion and lifestyle e-commerce and cover a larger share of the 450bn EUR European fashion market in the long term. In pursuit of this goal, 2025 will be full of new inspiration, new content and new ways of personalising the experience for customers. Visiting Zalando should be fun, entertaining and full of wow moments. In B2B, Zalando's e-commerce operating system, ZEOS, will further enable brands and retailers to manage their multi-channel business across Europe within a unified platform featuring logistics, software and service offerings. In addition, 2025 will mark the year when we finalise the company's public tender offer for ABOUT YOU, advancing towards full ownership.

In summary, we are confident that Zalando will continue its path of profitable growth in 2025 and the years to come. The supervisory board will maintain its active engagement with the management board, offering advice and support to ensure the successful execution of Zalando's strategy.

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 and material issues regarding financial, investment and personnel planning and the progress of business, as well as on risks and opportunities. In particular, the management board consulted the supervisory board on the updated group strategy. Matters requiring approval of the supervisory board were presented by the management board.

The supervisory board (from left back to right front):
Niklas Östberg, member of the supervisory board, member of the nomination 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; **Matti Ahtiainen,** member of the supervisory board, member of the audit committee; **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; **Jade Buddenberg,** member of the supervisory board, member of the D&I and sustainability committee; **Susanne Schröter-Crossan,** member of the supervisory board, chairperson of the D&I and sustainability committee, member of the audit committee, member of the remuneration committee; **Kelly Bennett,** chairperson of the supervisory board, chairperson of the remuneration committee, chairperson of the nomination committee, member of the audit committee

Meetings of the supervisory board and its committees

The plenum of the supervisory board held nine meetings during the financial year 2024. In addition, the audit committee held five meetings, the remuneration committee held four meetings, the nomination committee held two meetings and the D&I and sustainability committee held two meetings during the financial year 2024. Furthermore, the supervisory board passed four 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 was 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-person meeting, three meetings of the supervisory board plenum were held as hybrid meetings, i.e. in-person meetings in which virtual participation was possible, and five meetings were held in virtual format as video conferences. One meeting of the audit committee was held as an in-person meeting. All other committee meetings were held in virtual format as video conferences. The average rate of participation of members in the meetings of the supervisory board and its committees was 86%. Supervisory board members who were unable to attend a meeting for reasons other than a possible conflict of interest could still engage with the meeting topics through the preparatory documents and respective interaction with the chairperson of the supervisory board and participate in the resolutions by submitting their vote before, during, or after the meeting. 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 financial year 2024

	Tenure	Plenum	Audit committee	Remuneration committee	Nomination committee	D&I and sustainability committee	Attendance rate (rounded)
Matti Ahtiainen	Since June 2020	9 / 9	5 / 5	--	--	--	100%
Kelly Bennett	Since May 2019	9 / 9	2 / 2	4 / 4	2 / 2	--	100%
Jade Buddenberg	Since June 2020	9 / 9	--	--	--	2 / 2	100%
Jennifer Hyman	Since June 2020	5 / 9	--	--	--	1 / 2	55%
Anika Mangelmann	Since June 2020	8 / 9	--	4 / 4	--	--	92%
Anders Holch Povlsen	Since December 2013	4 / 9	--	1 / 4	2 / 2	--	47%[1]
Niklas Östberg	Since May 2021	6 / 9	3 / 3	--	2 / 2	--	79%
Mariella Röhm-Kottmann	Since May 2019	9 / 9	5 / 5	--	--	2 / 2	100%
Susanne Schröter-Crossan	Since May 2023	9 / 9	5 / 5	3 / 4	--	2 / 2	95%

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 strategy as well as recent capital market 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.

[1] Anders Holch Povlsen did not attend three extraordinary meetings of the supervisory board concerning the potential acquisition of ABOUT YOU due to a conflict of interest.

In addition, the supervisory board dealt with the following focus areas:

At its ordinary meeting on 12 March 2024, the supervisory board discussed and examined the annual financial statements, the consolidated financial statements as well as the combined management report including the non-financial declaration for the 2023 financial year. In accordance with the recommendations of the audit committee, the supervisory board approved the annual financial statements and consolidated financial statements together with the combined management report. The annual financial statements were thus adopted. At this meeting, the supervisory board also approved the remuneration report 2023 and followed the proposal of the management board for the appropriation of profit for financial year 2023. In addition, the supervisory board adopted a resolution regarding its report for financial year 2023 and dealt with the agenda for the annual general meeting in 2024. The supervisory board also discussed the updated group strategy to build a pan-European fashion and lifestyle e-commerce ecosystem around its two key growth vectors: business-to-consumer (B2C) and business-to-business (B2B). Furthermore, it dealt with and approved the updated remuneration system for the members of the management board and approved a share buyback programme on the basis of the authorisation granted by the annual general meeting 2020 to meet the company’s obligations under its option programmes to employees of the Zalando group and to members of the management board.

At its extraordinary meeting on 30 April 2024, the supervisory board discussed and approved the adoption of the responsibilities within the management board, and in particular the envisaged change of the co-CEO position from David Schneider to David Schröder to ensure the effective execution of the updated group strategy.

The ordinary meeting of the supervisory board on 16 May 2024 centred on the report of the Chief People Officer on updates in the area of people, organisation and company culture. In addition, the members of the supervisory board received a briefing on the upcoming annual general meeting.

Following the recommendation of the remuneration committee, at its extraordinary meeting on 5 August 2024 the supervisory board approved the extension of Dr Astrid Arndt’s appointment for a term of four years from 1 September 2024 to 31 August 2028. Also on the recommendation of the remuneration committee, the supervisory board dealt with the adjustment in remuneration reflecting the changed roles of David Schneider and David Schröder on the management board and approved the respective new service agreements. All three contract renewals were concluded in accordance with the new remuneration system for the members of the management board, which was approved by the annual general meeting on 17 May 2024.

The ordinary meeting on 5 September 2024 focused on strategic updates. In particular, the supervisory board dealt with the inspiration and entertainment pillar in the group’s B2C strategy as well as the logistics network strategy 2028 updated according to the company’s new strategic ambitions. The supervisory board further discussed Zalando’s initiatives and potential opportunities around the use of generative artificial intelligence.

At its ordinary meeting on 5 December 2024, the supervisory board discussed the budget and annual plan for the 2025 financial year and approved it after a thorough review. The supervisory board approved the renewal of the service agreement of the co-founder and co-CEO Robert Gentz, implementing the new remuneration system for the members of the management board with effect from 1 January 2025 for the remaining term of his appointment. Further, the supervisory board defined the performance criteria for each management board member for the financial year 2025, covering all variable remuneration components of the new remuneration system. The supervisory board also dealt with personnel-related matters, including the executive position planning and compensation framework for senior leadership levels below the management board. The supervisory board resolved the annual declaration of conformity with the German Corporate Governance Code, which had been resolved by the management board beforehand. Finally, the supervisory board discussed the status of its ongoing efficiency self-assessment process for the financial year 2024.

The supervisory board held three extraordinary meetings on 18 November, 9 December and 11 December 2024 to discuss in depth and approve the intention to submit a voluntary public tender offer to acquire up to 100% of the shares of the e-commerce company ABOUT YOU Holding SE (ABOUT YOU). In the first meeting dated 18 November 2024 the general opportunity has been presented to the members of the supervisory board of acquiring ABOUT YOU with a particular focus on the deal rationale and the financial profile thereof. After having been provided with an update on the contemplated combination in its ordinary meeting dated 5 December 2024, the members of the supervisory board had deep dived inter alia into the findings of the due diligence, the valuation, the strategic rationale, value creation and potential risk of the deal as well as the deal structure and process. On 11 December 2024, the members of the supervisory board resolved the preceding resolutions of the management board related to, inter alia, the submission of the takeover offer to all shareholders of ABOUT YOU and the conclusion of the transaction documents.

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 and approved after a thorough review.

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. of the AktG (German Stock Corporation Act). No such transactions required 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 2023, the combined management report (including the combined non-financial declaration) for 2023 and the remuneration report for 2023, as well as the quarterly statement for the first quarter, the half-year report and the quarterly statement for the third quarter of 2024. 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 audits 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 regularly informed about and discussed the progress of the sustainability reporting to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD) and its applicable European Sustainability Reporting Standards (ESRS) in the combined non-financial declaration. The audit committee was involved in the preparation of the supervisory board's proposal to the annual general meeting 2024 for the appointment of the auditor and the group auditor. The audit committee discussed the audit risk assessment, the audit strategy, the audit planning and the audit results with the auditors. 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 presence of the management board.

Furthermore, the meetings of the audit committee covered a variety of other topics, such as information security, inventory management, tax compliance, Zalando Payments GmbH's business and strategy and the reverse factoring programme. The audit committee also discussed the budget as well as the dividend policy for 2025.

Remuneration committee

The remuneration committee prepared the decision for the supervisory board on the new remuneration system for the members of the management board, which was approved by the annual general meeting in May 2024. The remuneration committee also addressed the succession plan for the management board and prepared the reappointment of Dr Astrid Arndt as member of the management board for a term of four years. It dealt with the changed roles of David Schneider and David Schröder on the management board and the associated changes to their remuneration. In this context, the remuneration committee applied the new remuneration system for management board members, which was approved by the annual general meeting on 17 May 2024, and prepared the respective decisions for the supervisory board. In addition, it acknowledged the process of target-setting for the variable remuneration components under the new remuneration system for the management board members. The remuneration committee further discussed the executive position planning and compensation framework for senior leadership levels below the management board.

Nomination committee

The nomination committee continued to address the succession plan of the supervisory board. In this context, the nomination committee prepared the election proposals for the supervisory board at the annual general meeting in May 2025 under consideration of its composition targets and its overall profile of required skills and expertise.

D&I and sustainability committee

The D&I and sustainability committee had an in-depth discussion on the sustainability strategy shaped by two long-term ambitions: achieving net zero for our own operations and private labels by 2040 and for emissions across the group's entire value chain by 2050, as well as further empowering workers through decent work. It was also regularly informed about the progress of the sustainability and D&I strategy and the respective goals. The D&I and sustainability committee was also informed about the preparation of the sustainability reporting and the requirements of the Corporate Sustainability Reporting Directive.

Conflicts of interest

Due to a conflict of interest regarding the potential acquisition of ABOUT YOU, the member of the supervisory board Anders Holch Povlsen decided not to participate in the three extraordinary meetings held for this purpose. He did not receive any documents or other information for these meetings. Apart from that, no other conflicts of interest of a member of the supervisory board occurred in the context of the work of the supervisory board.

Training and professional development

The supervisory board members are regularly offered training dealing with a variety of legal and compliance topics. In the financial year 2024, the members of the supervisory board received training on sustainability topics, respective reporting and the Corporate Sustainability Reporting Directive. As chairperson of the supervisory board, Kelly Bennett was briefed concerning the annual governance roadshow which took place at the beginning of 2024 to discuss governance-related topics with institutional investors. Mariella Röhm-Kottmann received legal training on chairing the annual general meeting.

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

The annual financial statements and the consolidated financial statements for 2024, were audited with an unqualified audit opinion. Furthermore, the remuneration report for 2024 and the combined management report including the sustainability statement for 2024[2] were also audited with unqualified opinions. The management board forwarded the annual financial statements and the consolidated financial statements for the financial year 2024, together with the combined management report including the sustainability statement for 2024, as well as the remuneration report for 2024, the proposal of the management board for the appropriation of profit for 2024 and the auditors' reports to the audit committee and the supervisory board for approval.

In the first step, the audit committee comprehensively examined and discussed the financial statements, the sustainability statement, 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 the financial year 2024, together with the combined management report including the sustainability statement, as well as the remuneration report and 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 on this final review, the supervisory board raised no objections to the audit. The supervisory board

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[2] The sustainability statement for 2024 was reviewed under a separate limited assurance engagement.

approved the annual financial statements for 2024, which were therefore adopted, and approved the consolidated financial statements for 2024, together with the combined management report including the sustainability statement for 2024 as well as the remuneration report for 2024. The supervisory board concurred with the proposal of the management board for the appropriation of profit (to be carried forward to new account), in particular consideration 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 2024. The complete text of the declaration can be found in section 2.5.2 Declaration of conformity. The declaration is permanently available in the corporate governance section on the company's website.

More information on corporate governance can be found in section 2.5 Corporate governance statement. With regard to the remuneration structure for the members of the management board for financial year 2024, and to avoid repetition, please see section 1.2 Remuneration report.

Personnel matters

During the financial year 2024, the composition of the supervisory board remained unchanged. All shareholder representatives are elected until the end of the annual general meeting that resolves on the discharge of liability for financial year 2024. Kelly Bennett remained chairperson and Mariella Röhm-Kottmann remained deputy chairperson of the supervisory board throughout the reporting period. Membership on the various committees is detailed in section 2.5.3 Two-tier board system.

In closing, we extend our heartfelt gratitude to the members of the management team and all Zalando employees. Their passion, creativity and dedication are the foundation of the company's success. We look forward to further driving innovation, embracing change, and delivering sustained value to our shareholders. Your trust as shareholders is of the utmost importance to us, as is your continued support on our journey of growth and excellence.

Berlin, 5 March 2025

Kelly Bennett

1.2 Remuneration report

The remuneration report describes the features of the remuneration system and the remuneration for individual current and former members of our management board and supervisory board for the financial year 2024 in accordance with Section 162 of the AktG (Aktiengesetz, German Stock Corporation Act) and the recommendations of the German Corporate Governance Code.

1.2.1 Introduction

As a founder-led company, Zalando has evolved rapidly from a start-up selling flip-flops out of a flat in Berlin in 2008 to a leading European destination for fashion and lifestyle with more than 50 million active customers. Our success is a direct result of the company’s entrepreneurial spirit and culture, and the remuneration system for our management board has always reflected our “act like an owner” principle. At the same time, Zalando’s remuneration framework has evolved to reflect our development in meeting stakeholder needs, attracting and retaining talent, and adapting to our changing operating environment.

As outlined in the previous year’s remuneration report, the supervisory board proposed adjustments to the remuneration system for the management board, which were submitted for approval at the annual general meeting on 17 May 2024. These adjustments, which align with prevailing market practices, incorporated valuable input from shareholders and proxy advisors. The changes are designed to ensure that the remuneration structure effectively supports the implementation of the company’s business strategy while maintaining the entrepreneurial principles that have been fundamental to the company’s long-term success. Overall, the support for the revised remuneration system for the management board (Remuneration System 2024) at the annual general meeting on 17 May 2024 was strong, which was reflected in an approval rate of 92.23%. This was a substantial improvement in comparison to the previous remuneration system, which had an approval rate of 72.27% at the annual general meeting on 19 May 2021 (Remuneration System 2021). The Remuneration System 2024 applies to all new service agreements for members of the management board concluded or extended from 18 May 2024 onwards.

Investors appreciated that the company had reacted to the feedback shared, in particular during the annual general meeting on 24 May 2023. However, concern remained regarding how long it would take until all service agreements of our management board members would comply with the provisions of the Remuneration System 2024. In particular, the co-founders and then co-CEOs Robert Gentz and David Schneider had entered into new service agreements with a four-year term starting on 1 December 2023 under the Remuneration System 2021. To address this investor concern, our supervisory board aimed to change the service agreements of our management board members from the Remuneration System 2021 to the Remuneration System 2024 as rapidly as possible.

This change was successfully implemented. During the financial year 2024, the service agreement of our management board member Dr Astrid Arndt (CPO) was renewed for another four-year term. The service agreements of our management board members David Schröder (co-CEO) and David Schneider (co-founder) were moved to the Remuneration System 2024 in connection with the change in their roles within our management board (for details see the following section Changes in the composition of the management board and supervisory board during 2024). The service agreement of our co-founder and co-CEO Robert Gentz was also changed to the Remuneration System 2024 with legal effect as of 1 January 2025. The service agreement of our former CFO Dr Sandra Dembeck, being the last remaining service agreement under the Remuneration System 2021, expired at the end of its term on 28 February 2025 and was not renewed as Dr Sandra Dembeck has decided to leave our management board after the expiry of her regular term of office.

Overview of the components of the Remuneration System 2024

The Remuneration System 2024 is based on the previous Remuneration System 2021 with the following important new features:

Remuneration System for the management board

	Remuneration System 2024		**Remuneration System 2021**	
Fixed	Fixed salary & fringe benefits	Fixed cash component	Fixed salary & fringe benefits	Fixed cash component
		Paid in monthly instalments		Paid in monthly instalments
		Standard benefits		Standard benefits
Variable	**Zalando Growth Incentive 2024 (ZGI 2024)**	**Annual performance measurement based on financial performance metric, payout cap**	Zalando Ownership Plan 2021 (ZOP 2021)	Quarterly grant of ZOP 2021 Options (PO) and Shares (PS)
		Increased upside potential in the case of overperformance		No performance conditions
		Portion of net payout to be invested in shares		Immediate vesting for PS, two-year waiting period for PO, payout caps
		Shares to be held one year, no further conditions		
	Rolling Long-Term Incentive 2024 (LTI 2024)	**Rolling annual grant of LTI 2024 Options (PO) and Shares (PS)**	Sequential Long-Term Incentive 2021 (LTI 2021)	Sequential grant of LTI 2021 Options (PO) and Shares (PS) for the term of the service agreement
		Fixed mix between PO and PS with flexibility for supervisory board to deviate if appropriate		Free to select mix, but minimum portion of PO of 50%
		Performance metrics: gross merchandise volume (GMV) **and adj. EBIT, ESG modifier (factor 0.8 to 1.2)**		Performance metrics: gross merchandise volume (GMV) and (optional) adj. EBIT; ESG modifier (0 to -20% points)
		Three-year performance and one-year holding period		Performance period equals term of service agreement; four-year waiting period
		Payout caps		Payout caps
	Maximum remuneration	Annual max. rem. co-CEO: 15.75m EUR	Maximum remuneration	Annual max. rem. co-CEO: 15.75m EUR
		Annual max. rem. board members: 10.5m EUR		Annual max. rem. board members: 10.5m EUR

*) **Bold** = changes to previous system

Two significant changes are worth highlighting. First, the previous Zalando Ownership Plan 2021 (ZOP 2021) has been replaced by a Zalando Growth Incentive 2024 (ZGI 2024), which introduces financial targets into the short-term variable remuneration component. The ZGI 2024 is a market-standard cash-settled short-term incentive that depends on the achievement of annual financial targets. In order to further promote an entrepreneurial culture, the management board is obliged to reinvest 50% of the net payouts under the ZGI 2024 in Zalando shares with a holding period of one year. As a result of the introduction of the ZGI 2024, the members of the management board no longer have the flexibility to individually determine the proportion of remuneration instruments during their term of office. Second, the Long-Term Incentive (LTI) grant has been changed to an annual grant structure, replacing the previous sequential grant model in order to align the incentive structure within our management board and to increase the transparency in remuneration levels.

Changes in the composition of the management board and supervisory board during 2024

In the financial year 2024, the composition of our management board remained unchanged.

Our CPO Dr Astrid Arndt was reappointed as a member of the management board for a period of four years starting 1 September 2024 until 31 August 2028, and her service agreement was renewed accordingly. Further, the responsibilities within our management board were adapted to ensure the effective execution of our ecosystem strategy. Co-founder David Schneider decided to move into a management board role that is fully dedicated to building partner relationships across Zalando's B2C and B2B ambitions, and handed over his co-CEO role to David Schröder, who had, until then, served as the company's COO. In addition to leading the People & Organisation teams and building a diverse and inclusive culture, Dr Astrid Arndt also took over additional central functions-related responsibilities to enable the effective execution of the company's ecosystem strategy. David Schneider, David Schröder and Dr Astrid Arndt entered into new service agreements that reflected the change in their roles within the management board.

The composition of our supervisory board has not changed in the reporting period. For details on the composition of supervisory board and its various committees please refer to section 2.5 of the Corporate governance statement.

1.2.2 The Remuneration Systems 2024 and 2021

The current Remuneration System 2024, which came into effect on 18 May 2024, is a fundamental development of the previous Remuneration System 2021, which came into effect on 1 June 2021.

Design of the Remuneration Systems 2024 and 2021

Both Remuneration Systems 2024 and 2021 were designed to contribute significantly to the promotion and execution of the business strategy as well as the sustainable long-term development of the Zalando group. They ensure that remuneration is appropriate and at market standards 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, in our opinion, appropriately considers the performance of each member of the management board. In this context, we believe that the 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 remuneration 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. The overall structure is designed to promote an entrepreneurial culture of ownership in the management board and across our company.

The new features of the Remuneration System 2024 aim to further promote these goals, taking into account market practice and responding to suggestions made by shareholders and proxy advisors at the annual general meeting on 24 May 2023 and by investors during the supervisory board chairperson's Governance Roadshow in January 2024 as well as ensuring compliance with laws and the recommendations of the German Corporate Governance Code. In the view of the supervisory board, the adjustments also ensure that the remuneration promotes the realisation of the business strategy and simultaneously maintains the distinctive entrepreneurial elements that have made Zalando the successful company it is today.

In detail, the Remuneration System 2024 comprises the following features:

Remuneration System 2024: Overview

Fixed remuneration components		
Fixed salary	Paid in monthly instalments	
Fringe benefits	Company car, allowance for health insurance, reimbursement of expenses, employee voucher, D&O insurance, employer's contribution to the statutory pension and unemployment insurance	
Variable remuneration components		
Zalando Growth Incentive 2024 (ZGI 2024)	Structure	Cash-settled short-term incentive with obligation to invest 50% of the net payout into company shares with a minimum holding period of one year
	Grant	Annual
	Performance targets	Depending on target achievement, payout of 0–200% of the target value; performance criteria relate to Zalando group's revenue during a performance period of one financial year
	Cap	200% of target value
Rolling Long-Term Incentive 2024 (LTI 2024)	Structure	Share-based long-term remuneration component consisting of virtual options (**LTI 2024 Shares** and **LTI 2024 Options**) with a fixed ratio of 25% LTI 2024 Shares and 75% LTI 2024 Options. The LTI 2024 Shares and the LTI 2024 Options may be settled, at the election of the company, in shares of the company or in cash.
	Grant	Annual
	Waiting period	Four years
	Performance targets	Depending on the achievement of performance targets during a performance period of three years, the number of LTI 2024 Shares and LTI 2024 Options may range between 0% and 125% of the initially granted number of an annual tranche
		Gross merchandise volume of the Zalando group (promotion of the continuous growth of the company's business)
		Adjusted EBIT of the Zalando group as a percentage of revenue (promotion of a profitable growth of the company's business)
		ESG targets taken into account by way of a modifier with a factor of 0.8–1.2 (promotion of sustainable corporate management)
	Exercise period	Three years
	Exercise price	LTI 2024 Shares – 1.00 EUR LTI 2024 Options – share price at grant
	Share price cap	LTI 2024 Shares – 200% of share price at grant LTI 2024 Options – 250% of share price at grant
Further provisions		
Maximum remuneration	Maximum remuneration for one financial year of 15.75m EUR for each of both co-CEOs and 10.5m EUR for each ordinary management board member	
Malus and clawback provisions	Right of the supervisory board to retain or reclaim variable remuneration in cases of a severe breach of statutory obligations or internal compliance policies and behavioural guidelines or severe compliance infringements; right of the supervisory board to reclaim variable remuneration in cases of an undue payout based on incorrect information	
Severance cap	Severance payments shall not exceed twice the annual remuneration and shall not constitute remuneration for more than the remaining term of the service agreement	
Change of control	No payments in cases of early termination due to a change of control; right to cancel vested but unexercised LTI 2024 Shares and LTI 2024 Options against a compensation payment in cases of a change of control	

The following overview shows the features of the Remuneration System 2021:

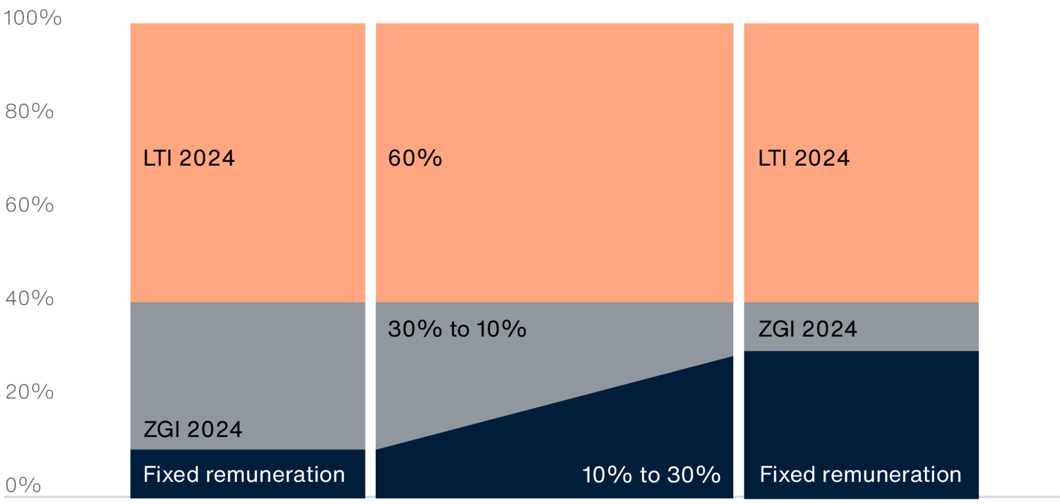
Remuneration System 2021: Overview

Fixed remuneration components		
Fixed salary	Paid in monthly instalments	
Fringe benefits	Company car, allowance for health insurance, reimbursement of expenses, employee voucher, D&O insurance, employer's contribution to the statutory pension and unemployment insurance	
Variable remuneration components		
Zalando Ownership Plan 2021 (ZOP 2021)	Structure	Share-based remuneration component consisting of virtual options (**ZOP 2021 Shares** and **ZOP 2021 Options**) with a free choice of mixture of ZOP 2021 Options and ZOP 2021 Shares. The ZOP 2021 Shares and the ZOP 2021 Options may be settled, at the election of the company, in shares of the company or in cash.
	Grant	Quarterly
	Waiting period	ZOP 2021 Shares – no waiting period ZOP 2021 Options – two-year waiting period
	Exercise period	Three years
	Exercise price	ZOP 2021 Shares – 1.00 EUR ZOP 2021 Options – share price at grant
	Share price cap	ZOP 2021 Shares – 200% of share price at grant ZOP 2021 Options – 250% of share price at grant
Long-Term Incentive 2021 (LTI 2021)	Structure	Share-based long-term remuneration component consisting of virtual options (**LTI 2021 Shares** and **LTI 2021 Options**) with a minimum of 50% LTI 2021 Options. The LTI 2021 Shares and the LTI 2021 Options may be settled, at the election of the company, in shares of the company or in cash.
	Grant	One-off grant at the beginning of the service agreement
	Waiting period	Four years
	Performance targets	Depending on the achievement of performance targets during a performance period that equals the duration of the service agreement, the number of LTI 2021 Shares and LTI 2021 Options may range between 0% and 125% of the initially granted number at plan start
		Gross merchandise volume of Zalando SE (promotion of the continuous growth of the company's business)
		Optional: additional financial target, either adj. EBIT or revenue of Zalando SE
		ESG targets taken into account by way of a modifier (promotion of sustainable corporate management) with a potential reduction of payout of 0 to -20% points
	Exercise period	Three years
	Exercise price	LTI 2021 Shares – 1.00 EUR LTI 2021 Options – share price at grant
	Share price cap	LTI 2021 Shares – 200% of share price at grant LTI 2021 Options – 250% of share price at grant
Further provisions		
Maximum remuneration	Maximum remuneration for one financial year of 15.75m EUR for each of both co-CEOs and 10.5m EUR for each ordinary management board member	
Malus and clawback provisions	Right of the supervisory board to retain or reclaim variable remuneration in cases of a severe breach of statutory obligations or internal compliance policies and behavioural guidelines or severe compliance infringements; right of the supervisory board to reclaim variable remuneration in cases of an undue payout based on incorrect information	
Severance cap	Severance payments shall not exceed twice the annual remuneration and shall not constitute remuneration for more than the remaining term of the service agreement	
Change of control	No payments in cases of early termination due to a change of control; right to cancel vested but unexercised LTI 2021 Shares and LTI 2021 Options against a compensation payment in cases of a change of control	

Composition of the remuneration

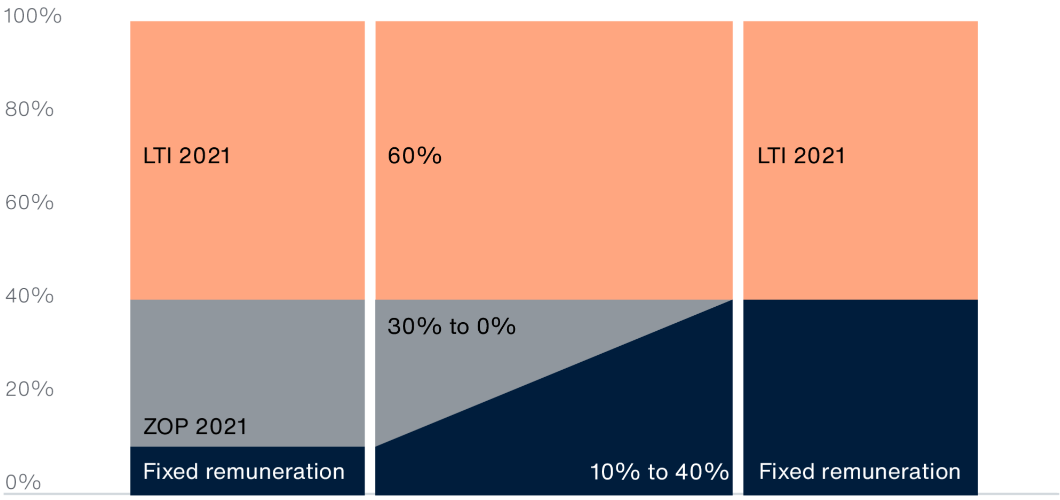
In the Remuneration System 2024, the target total remuneration of the management board members is composed as follows: the fixed remuneration represents between around 10% and around 30% of the target total remuneration, and consists of a fixed salary and fringe benefits (the latter in the amount of up to around 1% of the target total remuneration); the ZGI 2024 represents between around 10% and around 30%; and the LTI 2024 corresponds to around 60% of the target total remuneration. Such a structure shall provide for the flexibility of Zalando's supervisory board to answer the different needs of current and future members of the management board in terms of their remuneration structure, taking into account customary market practice and appropriateness.

Remuneration System 2024: Composition as % of target total remuneration



In the Remuneration System 2021, the LTI 2021 amounts to 60% of the target total remuneration for members of the management board. The remaining 40% can be allocated flexibly, depending on personal circumstances and preferences: A minimum of 10% and a maximum of 40% of the target total remuneration is represented by the fixed remuneration component (i.e. fixed salary plus fringe benefits). Consequently, the ZOP 2021 makes up between 0% and 30% of the target total remuneration, which is traded off with the fixed remuneration component.

Remuneration System 2021: Composition as % of target total remuneration



Determination of appropriate remuneration

The supervisory board sets the remuneration for the management board pursuant to Section 87 (1) of the AktG. 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 board members of a group of comparable companies taking into account the market position (including market capitalisation, revenue, industry, size and country) and the overall financial position. In order to ensure appropriate remuneration for the members of the management board, the supervisory board further 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.

Application of the Remuneration Systems 2024 and 2021

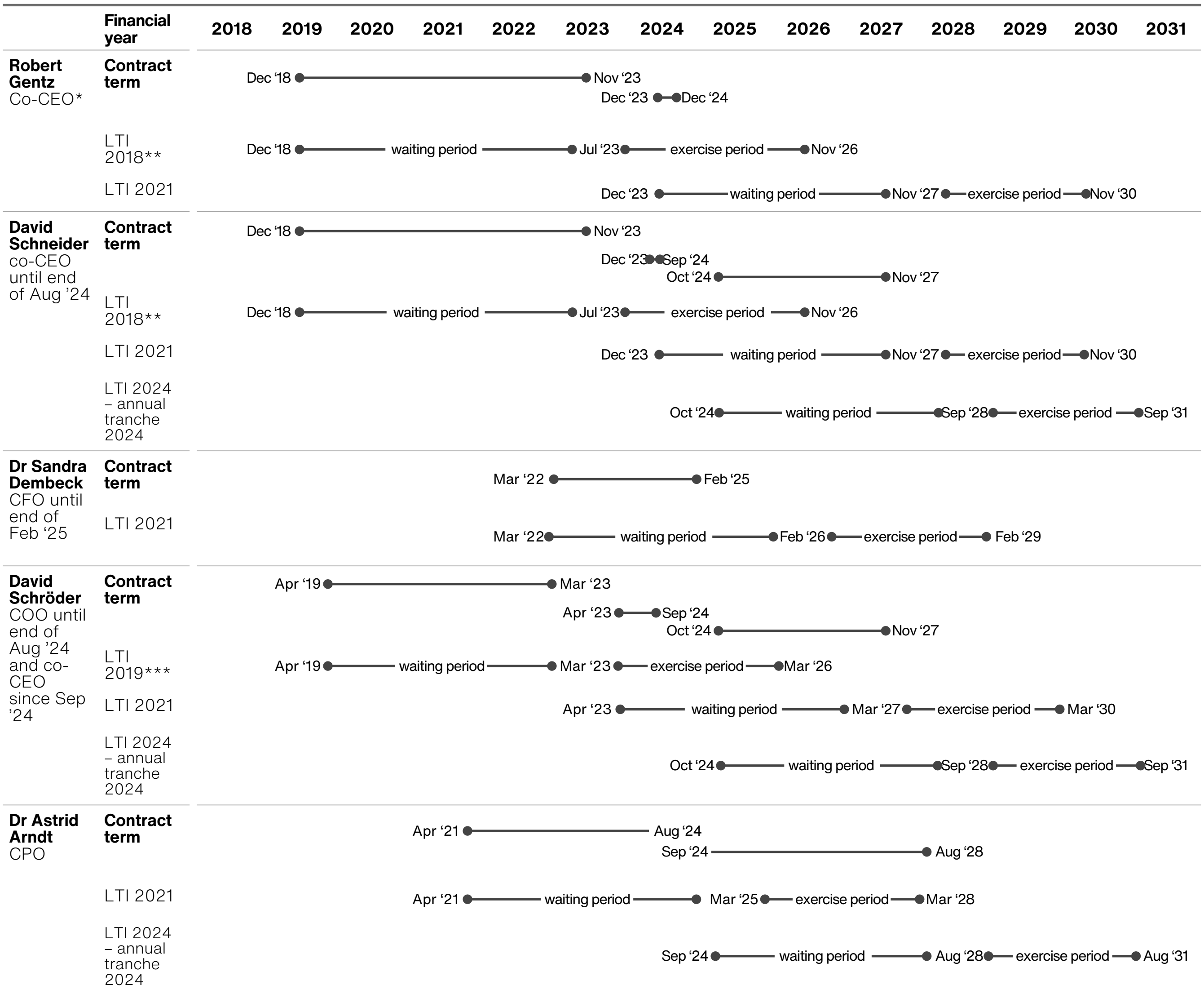
At the beginning of the reporting year 2024, the Remuneration System 2021 was applied to the service agreements of all our management board members.

As outlined above in the section Changes in the composition of the management board and supervisory board during 2024, the service agreement of our management board member Dr Astrid Arndt (CPO) was renewed for another four-year term and adapted to her extended role in the reporting period. Further, the service agreements of our management board members David Schröder (co-CEO) and David Schneider (co-founder) were moved to the Remuneration System 2024 in connection with the change in their roles within the management board. With legal effect as of 1 January 2025 the service agreement of our co-CEO Robert Gentz was also moved to the Remuneration System 2024. All new service agreements were concluded in compliance with the Remuneration System 2024 and replaced the previous service agreements which had complied with the provisions of the Remuneration System 2021. The replacement of the service agreements led to a reduction in the LTI 2021 Shares and LTI 2021 Options that had been granted to the management board members at the beginning of their respective term of office as the vesting of these instruments ended upon termination of the respective previous service agreements.

Remuneration under the new service agreements was benchmarked with companies on the DAX and MDAX by an independent external expert. To put the remuneration levels of this benchmark exercise into an international perspective, the supervisory board also acknowledged the remuneration levels of technology-driven peer companies in Europe and the USA.[3]

The following overview shows the contract term of the different service agreements and their related variable long-term incentive remuneration components in the reporting year for all management board members that were in office at the end of the reporting year 2024:

[3] The composition of this international comparison group was as follows: Alphabet Inc.; Amazon.com, Inc.; Apple Inc.; ASOS Plc.; boohoo group plc.; Booking Holdings Inc.; Chewy, Inc.; eBay Inc.; Etsy, Inc.; Meta Platforms, Inc.; Netflix, Inc.; Ocado Group plc.; PayPal Holdings, Inc.; Pinterest, Inc.; Qurate Retail, Inc.; Snap Inc.; Spotify Technology S.A.; Uber Technologies, Inc.; Wayfair Inc.



*) The new service agreement of our co-CEO Robert Gentz has started on 1 January 2025 and ends on 30 November 2027.
**) The LTI 2018 has different waiting periods. The last waiting period ended on 31 July 2023.
***) The LTI 2019 has different waiting periods. The last waiting period ended on 30 March 2023.

Remuneration structure of the service agreements based on the Remuneration System 2024

The following overview summarises the remuneration structure of the new service agreements of David Schröder, David Schneider and Dr Astrid Arndt, which became effective during the reporting period and are based on the Remuneration System 2024.

Remuneration structure based on Remuneration System 2024*

Applicable for	David Schröder co-CEO	David Schneider	Dr Astrid Arndt CPO
Start date of contract term	1 Oct, 2024	1 Oct, 2024	1 Sep, 2024
End date of contract term	30 Nov, 2027	30 Nov, 2027	31 Aug, 2028
Fixed salary and fringe benefits portion as % of target total remuneration	**15%**	**10%**	**21%**
Zalando Growth Incentive 2024 (ZGI 2024) as % of target total remuneration	**25%**	**30%**	**19%**
Rolling Long-Term Incentive 2024 (LTI 2024) – annual tranche 2024			
End of performance period	30 Sep, 2027	30 Sep, 2027	31 Aug, 2027
Quarterly vesting start	31 Dec, 2024	31 Dec, 2024	30 Nov, 2024
End of waiting period	30 Sep, 2028	30 Sep, 2028	31 Aug, 2028
End of exercise period	30 Sep, 2031	30 Sep, 2031	31 Aug, 2031
LTI 2024 Shares portion as % of target total remuneration	**15%**	**15%**	**15%**
Share price cap in EUR	58.00	58.00	45.42
Exercise price in EUR	1.00	1.00	1.00
LTI 2024 Options portion as % of target total remuneration	**45%**	**45%**	**45%**
Share price cap in EUR	72.50	72.50	56.78
Exercise price in EUR	29.00	29.00	22.71
Weighting of performance conditions for LTI 2024 Shares and LTI 2024 Options – annual tranche 2024			
GMV CAGR	60%	60%	60%
Adjusted EBIT as % of revenue	40%	40%	40%
ESG modifier			
Sustainability target weighting in modifier	50%	50%	50%
Sub-targets	(i) Scope 1 and 2 GHG emissions, (ii) scope 3 GHG emissions – both equally weighted		
Diversity & inclusion target weighting in modifier	50%	50%	50%
Sub-targets	Share of women in (i) Senior Contributor 1 roles, (ii) Senior Contributor 2 roles, (iii) Executive Contributor 1 roles, (iv) Executive Contributor 2 roles – all equally weighted		
Maximum total remuneration annualised in EUR	**15,750,000**	**6,300,000**	**9,000,000**

*) Percentage shares in target total remuneration are rounded.

Remuneration structure of the service agreements based on the Remuneration System 2021

The following overview summarises the remuneration structure of the service agreements of our management board members which are based on the Remuneration System 2021.

Remuneration structure based on Remuneration System 2021*

Applicable for	Robert Gentz co-CEO	David Schneider co-CEO until the end of Aug 2024	David Schröder COO until the end of Aug 2024, co-CEO since Sep 2024	Dr Sandra Dembeck CFO until the end of Feb 2025	Dr Astrid Arndt CPO
Start date of contract term	1 Dec, 2023	1 Dec, 2023	1 Apr, 2023	1 Mar, 2022	1 Apr, 2021
End date of contract term	31 Dec, 2024	30 Sep, 2024	30 Sep, 2024	28 Feb, 2025	31 Aug, 2024
Fixed salary and fringe benefits portion as % of target total remuneration	**10%**	**10%**	**16%**	**26%**	**24%**
Zalando Ownership Plan 2021 (ZOP 2021)			**see separate table below for details**		
ZOP 2021 grants as % of target total remuneration	**30%**	**30%**	**24%**	**14%**	**17%**
Long-Term Incentive 2021 (LTI 2021)					
End of performance period	30 Nov, 2027	30 Nov, 2027	31 Mar, 2027	28 Feb, 2025	31 Mar, 2025
Quarterly vesting start	29 Feb, 2024	29 Feb, 2024	30 Jun, 2023	31 May, 2022	30 Jun, 2021
End of waiting period	30 Nov, 2027	30 Nov, 2027	31 Mar, 2027	28 Feb, 2026	31 Mar, 2025
End of exercise period	30 Nov, 2030	30 Nov, 2030	31 Mar, 2030	28 Feb, 2029	31 Mar, 2028
LTI 2021 Shares portion as % of target total remuneration	**15%**	**15%**	**15%**	**30%**	**30%**
Share price cap in EUR	44.66	44.66	76.24	107.68	171.00
Exercise price in EUR	1.00	1.00	1.00	1.00	1.00
LTI 2021 Options portion as % of target total remuneration	**45%**	**45%**	**45%**	**30%**	**30%**
Share price cap in EUR	55.83	55.83	95.30	134.60	213.75
Exercise price in EUR	22.33	22.33	38.12	53.84	85.50
Weighting of performance conditions for LTI 2021 Shares and Options					
GMV CAGR	66.67%	66.67%	66.67%	100%	100%
Adjusted EBIT as % of revenue	33.33%	33.33%	33.33%	n/a	n/a
ESG modifier					
Sustainability target weighting in modifier	50%	50%	50%	60%	40%
Sub-targets**	(i) Scope 1 and 2 GHG emissions, (ii) renewable electricity, (iii) scope 3 GHG emissions, (iv) science-based targets at suppliers – all equally weighted (i) Scope 1 and 2 GHG emissions, (ii) scope 3 GHG emissions - all equally weighted			n/a	
Diversity & inclusion target weighting in modifier	50%	50%	50%	40%	60%
Sub-targets	Share of women in (i) Senior Contributor 1 roles, (ii) Senior Contributor 2 roles, (iii) Executive Contributor 1 roles, (iv) Executive Contributor 2 roles (v) C8 roles – all equally weighted			Share of women in (i) Senior Contributor 1 roles, (ii) Senior Contributor 2 roles, (iii) Executive Contributor 1 roles, (iv) Executive Contributor 2 roles – all equally weighted	
Maximum total remuneration annualised in EUR	**15,750,000**	**15,750,000**	**10,000,000**	**6,838,000**	**5,250,000**

*) Percentage shares in target total remuneration are rounded. The provided information in this table is part of the section 2.8 Sustainability statement of the combined management report for the financial year 2024 (ESRS 2 GOV-3 para. 29).
**) The performance period for the sustainability targets for Robert Gentz, David Schröder and David Schneider are divided into two sub-periods that are both weighted equally on a pro-rata basis. The first sub-period ends on 31 March 2025 and comprises 4 sub-targets. The second sub-period runs until the end of the respective performance period and comprises 2 sub-targets.

Options under the ZOP 2021 are granted on a quarterly basis, which leads to the following different exercise periods, waiting periods and share price caps for the tranches of options under the ZOP 2021 which were granted as remuneration to the management board members for their services performed during the reporting period:

ZOP 2021 option type	ZOP 2021 tranche grant date	Service period	Waiting period end	Exercise period end*	Grant share price in EUR	Share price cap in EUR
ZOP 2021 Shares	1 Apr, 2024	1 Jan – 31 Mar, 2024	n/a	31 Mar, 2027	25.66	51.32
ZOP 2021 Shares	1 Jul, 2024	1 Apr – 30 Jun, 2024	n/a	30 Jun, 2027	22.85	45.70
ZOP 2021 Shares	1 Oct, 2024	1 Jul – 30 Sep, 2024	n/a	30 Sep, 2027	29.00	58.00
ZOP 2021 Shares	1 Jan, 2025	1 Oct – 31 Dec, 2024	n/a	31 Dec, 2027	32.22	64.44
ZOP 2021 Options	1 Apr, 2024	1 Jan – 31 Mar, 2024	31 Mar, 2026	31 Mar, 2029	25.66	64.15
ZOP 2021 Options	1 Jul, 2024	1 Apr – 30 Jun, 2024	30 Jun, 2026	30 Jun, 2029	22.85	57.13
ZOP 2021 Options	1 Oct, 2024	1 Jul – 30 Sep, 2024	30 Sep, 2026	30 Sep, 2029	29.00	72.50
ZOP 2021 Options	1 Jan, 2025	1 Oct – 31 Dec, 2024	31 Dec, 2026	31 Dec, 2029	32.22	80.55

*) If the exercise period ends during a black-out period, the option expiry may be delayed until the end of the next appropriate trading window.

1.2.3 Description of our incentive plans

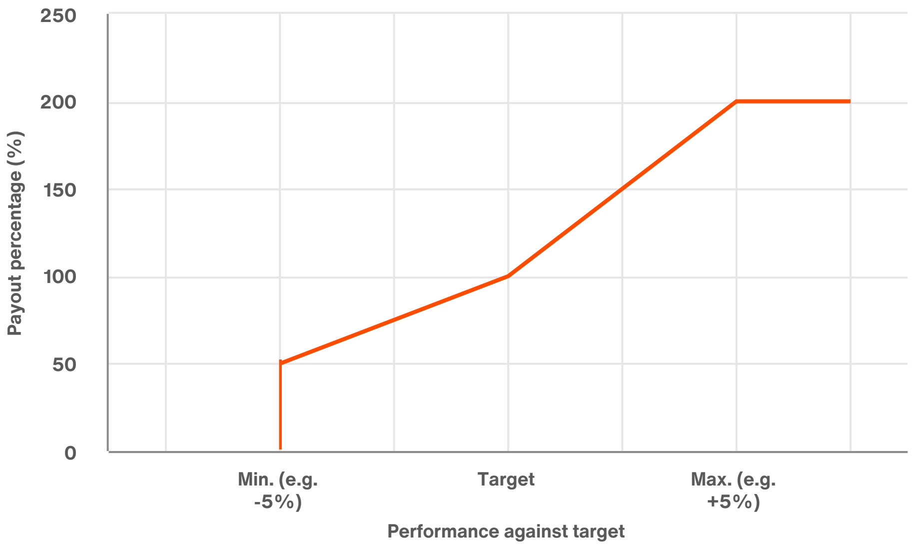
In addition to the incentive plans ZGI 2024 and LTI 2024 under the Remuneration System 2024, there are several different previous option programmes under which (virtual) stock options were granted to management board members over the past years. In this section we describe all the incentive plans that are relevant for this remuneration report, including the ZGI 2024 and the LTI 2024.

ZGI 2024

The ZGI 2024 is a cash-settled variable remuneration component which is linked to the achievement of certain financial performance targets during a performance period of one financial year (ZGI Performance Period). The target value of the ZGI 2024 component shall equal the share of the ZGI 2024 component in the target total remuneration of a management board member (ZGI Target Remuneration).

For each forthcoming ZGI Performance Period, the supervisory board shall determine for the member of the management board a specific financial performance target with respect to the development of the Zalando group's revenue (ZGI Target). For each upcoming ZGI Performance Period, the supervisory board shall be entitled to change the financial performance criteria and link the ZGI Target to other financial key performance indicators derived from the relevant company strategy communicated to the capital markets. Any change in the financial performance criteria will be published in the relevant remuneration report.

The supervisory board will determine ZGI Target rates as percentage values (ZGI Target Rates), whereby the achievement of the ZGI Target shall correspond to a ZGI Target Rate of 100%. Furthermore, the supervisory board will set minimum and maximum ZGI Target amounts, corresponding to a minimum ZGI Target Rate of 50 % and a maximum ZGI Target Rate of 200 %. The ZGI Target Rates are extrapolated linearly, whereby an overachievement of the ZGI Target shall lead to a steeper linear increase. This design encourages and recognises exceptional performance by offering a higher potential payout for exceeding the set ZGI Target. If the minimum ZGI Target amount is not achieved, the payout under the ZGI shall be zero.



In the event that circumstances arise that could not have been foreseen when the ZGI Target was set and which have a significant impact on the target total remuneration of the Management Board member (in particular: major acquisitions by the company), the Supervisory is entitled to adjust the ZGI remuneration component to reflect the effect of such extraordinary events.

After the end of a ZGI Performance Period, the supervisory board will determine which ZGI Target Rate has been achieved. The product of the achieved ZGI Target Rate and the ZGI Target Remuneration is the amount to be paid out to the management board member after the end of the ZGI Performance Period (ZGI Payout). The ZGI Payout shall take place the day after the publication of the company's annual report for the financial year which corresponds to the ZGI Performance Period (ZGI Payout Date).

The management board member shall be obliged to invest 50 % of the net ZGI Payout to acquire shares in Zalando SE on a stock exchange (Investment Shares). The specific acquisition date shall be determined by the supervisory board with the proviso that the acquisition of the Investment Shares needs to take place within a maximum period of five trading days at the Frankfurt stock exchange following the ZGI Payout Date. The Investment Shares need to be held by the management board member for at least one year after their acquisition (ZGI Holding Period). The purchase of the Investment Shares will be facilitated by a service provider, ensuring compliance with the ZGI Holding Period.

If the service agreement of a management board member begins or ends during a financial year, the ZGI Target Remuneration for that financial year shall apply on a pro rata basis.

For the financial year 2024, the supervisory board has set the following ZGI Target Rates:

Overview performance calibration for the Zalando group's revenue growth (yoy)

Applicable for	David Schröder co-CEO	David Schneider	Dr Astrid Arndt CPO
Performance period		Financial year 2024	
ZGI Target Rate			
0%		<0%	
50%		0%	
60%		0.5%	
70%		1.0%	
80%		1.5%	
90%		2.0%	
100%		2.5%	
120%		3.0%	
140%		3.5%	
160%		4.0%	
180%		4.5%	
200%		≥5%	

As Zalando's group revenue grew by 4.2% year-over-year in the financial year 2024, a ZGI Target Rate of 160% has been achieved.

LTI 2024

The LTI 2024 is a performance-related long-term remuneration component that is linked to our strategic financial performance targets and, through the introduction of an ESG modifier, the sustainable development of the company.

Under the LTI 2024, the members of the management board are granted two types of options, namely virtual LTI 2024 Shares (with an exercise price of 1.00 EUR) and virtual LTI 2024 Options (with an exercise price of the share price at grant) in annual tranches (rolling plan). The ratio of the LTI 2024 Shares and the LTI 2024 Options is fixed and amounts to 25% LTI 2024 Shares and 75% LTI 2024 Options. In exceptional cases, the supervisory board is entitled to set a different ratio which would then be disclosed and explained in the remuneration report for the respective financial year. If the waiting period of four years and the other exercise conditions are fulfilled, the LTI 2024 shall entitle the member of the management board upon exercise to a cash payment in the amount of the difference between the company's share price[4] as per the exercise date and the exercise price of the respective

[4] To the extent the company's share price does not exceed the applicable share price cap of the LTI 2024.

LTI 2024 option. The company is entitled to settle its obligation by delivering treasury shares instead of making a cash payment.

The final number of exercisable LTI 2024 Shares and LTI 2024 Options of an LTI 2024 tranche depends on the extent to which the targeted rate of the GMV and adjusted EBIT of the Zalando group as well as defined ESG targets are met over a three-year performance period, starting on the grant date of the relevant LTI 2024 tranche.

With regard to the growth of Zalando's group GMV, the following financial performance targets have been set for the annual LTI 2024 tranches that were granted during the reporting period:

Overview performance calibration GMV CAGR

Applicable for	David Schröder co-CEO	David Schneider	Dr Astrid Arndt CPO
Performance period	Oct 2024 – Sep 2027		Sep 2024 – Aug 2027
Target achievement rate			
0%	< 4.80%		< 4.70%
50%	4.80%		4.70 %
60%	5.30%		5.20 %
70%	5.80%		5.70 %
80%	6.30%		6.20 %
90%	6.80%		6.70 %
100%	7.30%		7.20 %
105%	7.80%		7.70 %
110%	8.30%		8.20 %
115%	8.80%		8.70 %
120%	9.30%		9.20 %
125%	9.80%		9.70 %

The compound annual growth rate (CAGR) of the GMV in the performance period is determined by using Zalando's group GMV over the 12 months prior to the grant date of the virtual options under the LTI 2024 and Zalando's group GMV over the last 12 months of the performance period as the final measurement period.

The following targets have been determined for the adjusted EBIT margin for the annual LTI 2024 tranches granted during the reporting period:

Overview performance calibration adjusted EBIT as % of revenue

Applicable for	David Schröder co-CEO / David Schneider	Dr Astrid Arndt CPO
Performance period	Oct 2024 – Sep 2027	Sep 2024 – Aug 2027
Target achievement rate		
0%	< 4.20%	< 4.10%
50%	4.20%	4.10 %
60%	4.40%	4.30 %
70%	4.60%	4.50 %
80%	4.80%	4.70 %
90%	5.00%	4.90 %
100%	5.20%	5.10 %
105%	5.40%	5.30 %
110%	5.60%	5.50 %
115%	5.80%	5.70 %
120%	6.00%	5.90 %
125%	6.20%	6.10 %

The final number of exercisable options from the annual LTI 2024 tranches granted in the reporting period is calculated in a first step by determining the target achievement of the financial performance targets, whereby the GMV target is weighted with 60% and the adjusted EBIT margin target is weighted with 40%. In a second step, the ESG modifier needs to be considered. In this regard, ESG performance targets in the field of sustainability and diversity and inclusion (D&I) have been set (each weighted at 50%). The degree of achievement of the ESG performance targets may result in an increase or a decrease of the financial target achievement by a factor of 0.8 to 1.2. The final number of exercisable LTI 2024 options after the end of the waiting period is the product of the initial number of granted LTI 2024 Shares and LTI 2024 Options and the overall target achievement.

The following ESG performance targets for sustainability have been set for the annual LTI 2024 tranches that were granted during the reporting period:

ESG modifier – sustainability targets

	David Schröder co-CEO David Schneider	Dr Astrid Arndt CPO
Performance period	Oct 2024 – Sep 2027	Sep 2024 – Aug 2027
(i) Scope 1 and 2 GHG emissions reductions vs. 2022 (50% weighting)		
Target achievement rate		
80%	18.8 %	18.3 %
84%	19.8 %	19.3 %
88%	20.8 %	20.3 %
92%	21.8 %	21.3 %
96%	22.8 %	22.3 %
100%	23.8 %	23.3 %
104%	24.8 %	24.3 %
108%	25.8 %	25.3 %
112%	26.8 %	26.3 %
116%	27.8 %	27.3 %
120%	28.8 %	28.3 %
(ii) Scope 3 GHG emissions reduction vs. 2022 (50% weighting)		
Target achievement rate		
80%	11.3 %	11.0 %
84%	11.9 %	11.6 %
88%	12.5 %	12.2 %
92%	13.1 %	12.8 %
96%	13.7 %	13.4 %
100%	14.3 %	14.0 %
104%	14.9 %	14.6 %
108%	15.5 %	15.2 %
112%	16.1 %	15.8 %
116%	16.7 %	16.4 %
120%	17.3 %	17.0 %

The ESG performance targets for D&I under for the annual LTI 2024 tranches that were granted in the reporting year are as follows:

ESG modifier – D&I targets

	David Schröder co-CEO	David Schneider	Dr Astrid Arndt CPO	
Performance period	Oct 2024 – Sep 2027		Sep 2024 – Aug 2027	
Sub-targets	Share of women in: (i) Senior Contributor 1 (SC1) roles – 25% (ii) Senior Contributor 2 (SC2) roles – 25% (iii) Executive Contributor 1 (EC1) roles – 25% (iv) Executive Contributor (EC2) roles – 25%			
Target achievement rate	SC1	SC2	EC1	EC2
80%	37.0 %	<40%	37.5 %	37.5 %
84%	37.6 %	n/a	38.0 %	38.0 %
88%	38.2 %	n/a	38.5 %	38.5 %
92%	38.8 %	n/a	39.0 %	39.0 %
96%	39.4 %	n/a	39.5 %	39.5 %
100%	40–60%	40–60%	40–60%	40–60%
105%	One further sub-target achieved to 100%			
110%	Two further sub-targets achieved to 100%			
120%	All sub-targets achieved to 100%			

In the event that circumstances arise that could not have been foreseen when the financial and non-financial targets were set and which have a significant impact on the target total remuneration of the Management Board member (in particular: major acquisitions by the Company), the Supervisory is entitled to adjust the LTI 2024 remuneration component to reflect the effect of such extraordinary events.

ZOP 2021

The ZOP 2021[5] is a variable remuneration component under the Remuneration System 2021. Its share-based structure contributes to the alignment of the interests of the members of the management board with those of our shareholders in promoting the long-term development and growth of the company.

Under the ZOP 2021, virtual options in the form of ZOP 2021 Shares (with an exercise price of 1.00 EUR) and/or ZOP 2021 Options (with an exercise price of the share price at grant) are granted in quarterly tranches. The management board members can freely determine the proportion of ZOP 2021 Shares and of ZOP 2021 Options (in steps of 5%) during a fixed annual selection window. The ZOP 2021 Shares are not subject to a waiting period, whereas the ZOP 2021 Options are only exercisable after a waiting period of two years. Upon exercise, the ZOP 2021 entitles the member of the management board to a cash payment in the amount of the difference between the company's share price[6] as per the exercise date and the

5 As the concrete terms and conditions of the ZOP component under the Remuneration System 2021 differ in some details, there are ZOP plan rules having different denominations (ZOP 2021, ZOP 2021/2022, ZOP 2023 and ZOP 2024) to distinguish between the applicable plan rules. For the purpose of this remuneration report, all different ZOP plan rules under the Remuneration System 2021 are collectively referred to as "ZOP 2021".

6 To the extent the company's share price does not exceed the applicable share price cap of the ZOP 2021.

exercise price of the respective virtual option. The company is entitled to settle its obligation by delivering treasury shares instead of making a cash payment.

LTI 2021

Along with the ZOP 2021, the LTI 2021[7] is the second variable remuneration component under the Remuneration System 2021. The LTI 2021 is a performance-related long-term remuneration component that is linked to our strategic financial performance targets and, through the introduction of an ESG modifier, the sustainable development of the company.

Under the LTI 2021, the members of the management board are granted two types of options, namely virtual LTI 2021 Shares (with an exercise price of 1.00 EUR) and virtual LTI 2021 Options (with an exercise price of the share price at grant), by way of a one-off grant at the beginning of the service term for the entire term of their service agreement (sequential plan). If the waiting period of four years and the other exercise conditions are fulfilled, the LTI 2021 entitles the member of the management board upon exercise to a cash payment in the amount of the difference between the company's share price[8] as per the exercise date and the exercise price of the respective LTI 2021 option. The company is entitled to settle its obligation by delivering treasury shares instead of making a cash payment.

In the service agreement with a management board member, the supervisory board sets ambitious financial and ESG performance targets for a performance period which equals the term of the service agreement. The financial performance targets relate to the growth of the company's GMV. As additional financial performance targets, the company's adjusted EBIT or revenue may be considered. The final number of exercisable virtual options under the LTI 2021 depends on the extent to which the the financial and ESG performance targets are met during the performance period.

7 As the concrete terms and conditions of the LTI component under the Remuneration System 2021 differ in particular with regard to the performance targets, there are LTI plan rules with different denominations (LTI 2021, LTI 2021/2022, LTI 2023 and LTI 2024) to distinguish the applicable plan rules. For the purpose of this remuneration report, all different LTI plan rules under the Remuneration System 2021 are collectively referred to as "LTI 2021".

8 To the extent the company's share price does not exceed the applicable share price cap of the LTI 2021.

With regard to the growth of the company's GMV, the following financial performance targets have been set under the LTI 2021:

Overview performance calibration GMV CAGR

Applicable for	**Robert Gentz co-CEO** / **David Schneider co-CEO until the end of Aug 2024**	**David Schröder COO until the end of Aug 2024 and co-CEO since Sep 2024**	**Dr Sandra Dembeck CFO until the end of Feb 2025**	**Dr Astrid Arndt CPO**
Performance period	Dec 2023 – Nov 2027	Apr 2023 – Mar 2027	Mar 2022 – Feb 2025	Apr 2021 – Mar 2025
Target achievement rate				
—%	**< 7.0%**	**< 6.0%**	**< 11.5%**	**< 11.5%**
50%	**≥ 7.0% and ≤ 8.0%**	**≥ 6.0% and < 6.5%**	**≥ 11.5% and < 13.5%**	**≥ 11.5% and < 13.8%**
60%	≥ 8.1% and ≤ 9.0%	≥ 6.5% and < 7.0%	≥ 13.5% and < 15.5%	≥ 13.8% and < 16.1%
70%	≥ 9.1% and ≤ 10.0%	≥ 7.0% and < 8.0%	≥ 15.5% and < 17.5%	≥ 16.1% and < 18.4%
80%	≥ 10.1% and ≤ 11.0%	≥ 8.0% and < 9.0%	≥ 17.5% and < 19.5%	≥ 18.4% and < 20.7%
90%	≥ 11.1% and ≤ 12.0%	≥ 9.0% and < 10.0%	≥ 19.5% and < 21.5%	≥ 20.7% and < 23.0%
100%	**≥ 12.1% and ≤ 13.0%**	**≥ 10.0% and < 11.0%**	**≥ 21.5% and < 23.5%**	**≥ 23.0% and < 25.3%**
110%	≥ 13.1% and ≤ 15.0%	≥ 11.0% and < 13.0%	≥ 23.5% and < 25.5%	≥ 25.3% and < 28.8%
125%	**> 15.0%**	**≥ 13.0%**	**≥ 25.5%**	**≥ 28.8%**

The compound annual growth rate (CAGR) of the GMV in the performance period is determined using Zalando's group GMV over the last 12 months prior to the grant date of the virtual options under the LTI 2021 and Zalando's group GMV over the last 12 months of the performance period as the final measurement period.

In the case of our former CFO Dr Sandra Dembeck and our CPO Dr Astrid Arndt, the financial target of their LTI 2021 remuneration component relates only to the growth of the company's GMV as shown in the overview. For our co-CEOs Robert Gentz and David Schröder and our co-founder David Schneider, the average adjusted EBIT margin during the performance period was introduced in their service agreements, which were concluded in the financial year 2023. This additional financial performance target reflects the company's focus on profitable growth. The weighting of their financial targets is two-thirds for the GMV target and one-third for the adjusted EBIT margin target.

The following targets have been determined for the adjusted EBIT margin:

Overview performance calibration adjusted EBIT as % of revenue

Applicable for	**Robert Gentz co-CEO**	**David Schneider co-CEO until the end of Aug 2024**	**David Schröder COO until the end of Aug 2024 and co-CEO since Sep 2024**
Performance period	Dec 2023 – Nov 2027		Apr 2023 – Mar 2027
Target achievement rate			
–%		**< 3.96%**	**< 3.60%**
50%		**≥ 3.96% and ≤ 4.25%**	**≥ 3.60% and < 3.75%**
60%		≥ 4.26% and ≤ 4.50%	≥ 3.75% and < 4.00%
70%		≥ 4.51% and ≤ 4.75%	≥ 4.00% and < 4.25%
80%		≥ 4.76% and ≤ 5.00%	≥ 4.25% and < 4.50%
90%		≥ 5.01% and ≤ 5.25%	≥ 4.50% and < 4.75%
100%		**≥ 5.26% and ≤ 5.50%**	**≥ 4.75% and < 5.00%**
110%		≥ 5.51% and ≤ 6.90%	≥ 5.00% and < 6.00%
125%		**> 6.90%**	**≥ 6.00%**

Adjusted EBIT is defined as EBIT before equity-settled share-based payment expenses, restructuring costs, acquisition-related expenses and significant non-operating one-time effects. The relevant adjusted EBIT margin during the performance period is based on the equally weighted average adjusted EBIT margin for each year of the four-year performance period.

The number of exercisable options under the LTI 2021 after the waiting period is calculated in a first step by multiplying the target achievement rate of the financial performance target with the number of vested options under the LTI 2021. In a second step, the ESG modifier needs to be considered. In this regard, ESG performance targets in the field of sustainability and diversity and inclusion (D&I) have been set. In the case of our co-CEOs Robert Gentz and David Schröder and our co-founder David Schneider, the sustainability target and the D&I target are weighted equally; for our former CFO Dr Sandra Dembeck, the weighting is 60% for the sustainability target and 40% for the D&I target, and for our CPO Dr Astrid Arndt, the weighting is 40% for the sustainability target and 60% for the D&I target. The achievement of the ESG performance targets is considered by means of a modifier that leads to a reduction of between 0 and 20 percentage points of the number of exercisable options under the LTI 2021.

The following ESG performance targets for sustainability have been set under the LTI 2021:

ESG modifier - Sustainability Targets

	Robert Gentz co-CEO David Schneider co-CEO until the end of Aug 2024	**David Schröder COO until the end of Aug 2024, co-CEO since Sep 2024**	**Dr Sandra Dembeck CFO until the end of Feb 2025**	**Dr Astrid Arndt CPO**
Performance period	Dec 2023 – Mar 2025	Apr 2023 – Mar 2025	Mar 2022 – Feb 2025	Apr 2021 – Mar 2025
(i) Scope 1 and 2 GHG emissions (25% weighting)				
Target achievement rate				
—%	≥ 80.0 %	≥ 80.0 %	≥ 80.0 %	
-5%	≥ 79.3 %	≥ 79.3 %	≥ 75.0 %	
-10%	≥ 78.7 %	≥ 78.7 %	≥ 69.0 %	
-15%	≥ 78.0 %	≥ 78.0 %	≥ 64.0 %	
-20%	< 78.0 %	< 78.0 %	< 64.0 %	
(ii) Renewable electricity (25% weighting)				
Target achievement rate				
—%	100%			
-20%	below 100%			
(iii) Scope 3 GHG emissions (25% weighting)				
Target achievement rate				
—%	≥ 40.0%	≥ 40.0%	≥ 40.0%	
-5%	≥ 33.0%	≥ 33.0%	≥ 33.0%	
-10%	≥ 26.0%	≥ 26.0%	≥ 26.0%	
-15%	≥ 19.0%	≥ 19.0%	≥ 19.0%	
-20%	< 19.0%	< 19.0%	< 19.0%	
(iv) Science-based targets at suppliers (25% weighting)				
Target achievement rate				
—%	≥ 90.0%	≥ 90.0%	≥ 90.0%	
-5%	≥ 79.3%	≥ 79.3%	≥ 74.0%	
-10%	≥ 68.7%	≥ 68.7%	≥ 58.0%	
-15%	≥ 58.0%	≥ 58.0%	≥ 42.0%	
-20%	< 58.0%	< 58.0%	< 42.0%	

It is important to note that the performance periods for the sustainability targets of our co-CEOs Robert Gentz and David Schröder and our co-founder David Schneider have been divided into two sub-periods that are both weighted equally on a pro rata basis. The first sub-period ends in all cases on 31 March 2025. The sustainability targets for the second sub-period have been determined by the supervisory board in accordance with the targets set out in the sustainability strategy for 2025 onwards.

ESG modifier - Sustainability Targets

	Robert Gentz co-CEO David Schneider co-CEO until the end of Aug 2024	David Schröder COO until the end of Aug 2024, co-CEO since Sep 2024
Performance period	Apr 2025 – Nov 2027	Apr 2025 – Mar 2027
(i) Scope 1 and 2 GHG emissions (50% weighting)		
Target achievement rate		
—%	≥ 24.50 %	≥ 21.25 %
-5%	≥ 23.25 %	≥ 20.00 %
-10%	≥ 22.00 %	≥ 18.75 %
-15%	≥ 20.75 %	≥ 17.50 %
-20%	< 19.50 %	< 16.25 %
(ii) Scope 3 GHG emissions (50% weighting)		
Target achievement rate		
—%	≥ 14.75%	≥ 12.75%
-5%	≥ 14.00%	≥ 12.00%
-10%	≥ 13.25%	≥ 11.25%
-15%	≥ 12.50%	≥ 10.50%
-20%	< 11.75%	< 9.75%

The ESG performance targets for D&I under the LTI 2021 are as follows:

ESG modifier – D&I targets

	Robert Gentz co-CEO	David Schneider co-CEO until the end of Aug 2024	David Schröder COO until the end of Aug 2024, co-CEO since Sep 2024	Dr Sandra Dembeck CFO until the end of Feb 2025	Dr Astrid Arndt CPO
Performance period	Dec 2023 – Nov 2027		Apr 2023 – Mar 2027	Mar 2022 – Feb 2025	Apr 2021 – Mar 2025
Sub-targets	Share of women in: (i) Senior Contributor 1 (SC1) roles – 20% (ii) Senior Contributor 2 (SC2) roles – 20% (iii) Executive Contributor 1 (EC1) role – 20% (iv) Executive Contributor (EC2) roles – 20% (v) C8 – 20%			Share of women in: (i) Senior Contributor 1 (SC1) roles – 25% (ii) Senior Contributor 2 (SC2) roles – 25% (iii) Executive Contributor 1 (EC1) roles – 25% (iv) Executive Contributor (EC2) roles – 25%	
Target achievement rate					
—%	40% to 60%			40% to 60%	
-5%	≥ 39%			≥ 38%	
-10%	≥ 38%			≥ 36%	
-15%	≥ 37%			≥ 34%	
-20%	< 37%			< 34%	

The evaluation based on the performance targets set out above can only be completed following the end of the relevant performance period. The target achievement will be disclosed in the remuneration report following the end of the respective performance period.

LTI 2019 and LTI 2018

The service agreement of our co-CEO David Schröder that was concluded in 2019 and the service agreements of our co-founders Robert Gentz and David Schneider that were concluded in 2018 comprised long-term incentive remuneration components under the LTI 2019 and the LTI 2018, respectively. Both LTI 2019 and LTI 2018 are shared-based option programmes. Whereas the LTI 2019 only grants virtual stock options, the LTI 2018 grants both real (equity) stock options as well as virtual stock options. Under both programmes, each option relates to one share in the company, but different exercise prices apply.

The LTI 2019 and the LTI 2018 have the following main features:

Overview LTI 2019 and LTI 2018

Applicable for	**Robert Gentz co-CEO**	**David Schneider co-CEO until the end of Aug 2024**	**David Schröder COO until the end of Aug 2024, co-CEO since Sep 2024**
Contract term	**1 Dec, 2018 – 30 Nov, 2023**		**1 Apr, 2019 – 30 Mar, 2023**
LTI plan	**LTI 2018**		**LTI 2019**
End of performance and waiting period	57% of options: 30 Nov, 2022 43% of options: 31 Jul, 2023		15% of options: 31 Mar, 2020 27% of options: 31 Mar, 2021 29% of options: 31 Mar, 2022 29% of options: 31 Mar, 2023
End of exercise period	30 Nov, 2026		31 Mar, 2026
Share price cap in EUR	144.58		100.00
Exercise price in EUR	47.44		Options type A: 29.84 Options type B: 1.00
Performance criterion	**Consolidated revenue CAGR**		
Weighting	100%		100%

Both LTI 2019 and LTI 2018 comprise identical financial targets that relate to the compound annual growth rate of the consolidated group revenue during the respective performance periods. The following overview shows the relevant financial targets as well as the target level achievement:

Financial targets LTI 2019 and LTI 2018

Overview performance calibration consolidated revenue CAGR

Applicable for	Robert Gentz co-CEO	David Schneider co-CEO until the end of Aug 2024	David Schröder COO until the end of Aug 2024, co-CEO since Sep 2024
End of performance period	57% of options: 30 Nov, 2022 43% of options: 31 Jul, 2023		31 Mar, 2023
Target achievement rate			
0%	**< 10.0%**		
10%	≥ 10.0% and < 11.0%		
20%	≥ 11.0% and < 11.5%		
etc.			
80%	≥ 14.0% and < 14.5%		
90%	≥ 14.5% and < 15.0%		
100%	**≥ 15.0%**		
Actual target achievement consolidated revenue CAGR[9]			
30 November 2022			
Consolidated revenue CAGR	25%		
Target achievement rate	100%		
31 July 2023			
Consolidated revenue CAGR	21%		
Target achievement rate	100%		
31 March 2020 – 31 March 2023			
Consolidated revenue CAGR			19% – 31%
Target achievement rate			100%

Further details on the LTI 2019 and the LTI 2018 can be found in the remuneration report 2022.

9 In line with the provisions of LTI 2019 and LTI 2018, the company's consolidated revenue was adjusted to include full partner business merchandise volume, i.e. not including partner business commission only as in revenue, but treating the partner business as wholesale, thus grossed up to show 100% of the partner business merchandise volume.

1.2.4 Target total remuneration

The target total remuneration for each member of the management board is determined by the supervisory board in compliance with statutory provisions and the requirements of the applicable remuneration system. The amount of the target total remuneration is the sum of all the fixed and variable remuneration components for one year in the event of 100% target achievement.

The following tables show the individual target values, along with the minimum and maximum values, for the remuneration components contractually agreed on for the reporting year 2024.

Annualised target total remuneration levels 2024[10]

	Robert Gentz co-CEO			David Schröder COO until end of Aug 2024, co-CEO since Sep 2024[11]		
all values in EUR	**Target**	Minimum	Maximum	**Target**	Minimum	Maximum
Fixed salary	390,000	390,000	390,000	525,000	525,000	525,000
Zalando Ownership Plan 2021 (ZOP 2021)[12]						
ZOP 2021 Shares	945,000	0	1,766,745			
ZOP 2021 Options	315,000	0	1,575,059	592,500	0	2,962,750
ZGI 2024				262,500	0	525,000
Long-Term Incentive 2021 (LTI 2021)						
LTI 2021 Shares	630,000	0	1,539,779	371,250	0	916,000
LTI 2021 Options	1,890,000	0	8,859,344	1,113,750	0	5,220,659
Rolling Long-Term Incentive 2024 (LTI 2024)						
LTI 2024 Shares				157,500	0	464,353
LTI 2024 Options				472,500	0	2,657,813
Total remuneration	**4,170,000**	**390,000**	**14,130,927**	**3,495,000**	**525,000**	**13,271,575**

[10] For the LTI 2021, the contractual target value of the multi-year grant of options has been calculated down to annual values for the purpose of this overview. Fringe benefits are not included in the overview. The maximum values shown are purely arithmetical and do not take into account the applicable contractual maximum limits for the total remuneration (cf. the description in 1.3.7).

[11] The target total remuneration for David Schröder is calculated pro rata on the basis of his service agreement that ran from 1 April 2023 until 30 September 2024 and his new service agreement that came into effect as of 1 October 2024. The annualised target total remuneration under David Schröder's service agreement as of 1 April 2023 amounted to 3.3m EUR.

[12] The target amount of the ZOP 2021 component included in this overview may differ slightly from the mathematical pro rata amount due to rounding differences in relation to the quarterly granting of the ZOP 2021 Shares and ZOP 2021 Options.

	Dr Sandra Dembeck CFO until Feb 2025			**David Schneider co-CEO until the end of Aug 2024[13]**			**Dr Astrid Arndt CPO[14]**		
	Target	Minimum	Maximum	**Target**	Minimum	Maximum	**Target**	Minimum	Maximum
	575,000	575,000	575,000	339,750	339,750	339,750	516,667	516,667	516,667[15]
	325,000	0	596,206	708,750	0	1,323,680	233,333	0	436,869
				236,250	0	1,181,323			
				157,500	0	315,000	191,667	0	383,333
	687,500	0	1,702,791	472,500	0	1,154,834	416,667	0	1,035,583
	687,500	0	3,222,661	1,417,500	0	6,644,508	416,667	0	1,953,114
				78,750	0	232,177	150,000	0	440,092
				236,250	0	1,328,906	450,000	0	2,531,250
	2,275,000	**575,000**	**6,096,658**	**3,647,250**	**339,750**	**12,520,178**	**2,375,001**	**516,667**	**7,296,908**

13 The target total remuneration for David Schneider is calculated pro rata on the basis of his service agreement that ran from 1 December 2023 until 30 September 2024 and his new service agreement that came into effect as of 1 October 2024. The annualised target total remuneration under David Schneider's service agreement as of 1 December 2023 amounted to 4.2m EUR.

14 The target total remuneration for Dr Astrid Arndt is calculated pro rata on the basis of her service agreement that ran from 1 April 2021 until 31 August 2024 and her new service agreement that came into effect as of 1 September 2024. The annualised target total remuneration under Dr Astrid Arndt's service agreement as of 1 April 2021 amounted to 2.1m EUR.

15 In the case of our CPO Dr Astrid Arndt, the maximum amount of fringe benefits per year amounts to 25,000 EUR. Under her previous service agreement that ran from 1 April 2021 until 31 August 2024, non-paid out fringe benefits were paid out in addition to the fixed salary.

The target total remuneration determined for each member of the management board was set in adequate proportion to the responsibilities and performance of the respective member of the management board and to the situation of the company. In addition, the supervisory board ensured that the target total remuneration was in line with market practice.

1.2.5 Development of outstanding options

The following overviews show the development of the outstanding options in the reporting period for current and former members of our management board under the option programmes described above under section 1.2.3 Description of our incentive plans.

LTI 2024

According to the new service agreements of David Schröder, David Schneider and Dr Astrid Arndt, which became effective during the reporting period and are based on the Remuneration System 2024, options under LTI 2024 were initially granted in the financial year 2024.

LTI 2024

	David Schröder			
	Number of LTI 2024 Shares	**Exercise price (in EUR)**	**Number of LTI 2024 Options**	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**0**	**–**	**0**	**–**
Granted during the year	0	–	0	–
Vested during the year	0	–	0	–
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**0**	**–**	**0**	**–**
Granted during the year	5,431	1.00	40,733	29.00
Vested during the year	452	1.00	3,395	29.00
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**5,431**	**1.00**	**40,733**	**29.00**
Exercisable as of 31 Dec, 2024	**0**	**–**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		–		–
As of 31 Dec, 2024		6.8		6.8
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

LTI 2024

	David Schneider			
	Number of LTI 2024 Shares	Exercise price (in EUR)	Number of LTI 2024 Options	Exercise price (in EUR)
Outstanding as of 1 Jan, 2023	**0**	**–**	**0**	**–**
Granted during the year	0	–	0	–
Vested during the year	0	–	0	–
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**0**	**–**	**0**	**–**
Granted during the year	2,716	1.00	20,366	29.00
Vested during the year	227	1.00	1,698	29.00
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**2,716**	**1.00**	**20,366**	**29.00**
Exercisable as of 31 Dec, 2024	**0**	**–**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		–		–
As of 31 Dec, 2024		6.8		6.8
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

LTI 2024

	Dr Astrid Arndt			
	Number of LTI 2024 Shares	**Exercise price (in EUR)**	**Number of LTI 2024 Options**	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**0**	**–**	**0**	**–**
Granted during the year	0	–	0	–
Vested during the year	0	–	0	–
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**0**	**–**	**0**	**–**
Granted during the year	6,605	1.00	49,538	22.71
Vested during the year	551	1.00	4,129	22.71
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**6,605**	**1.00**	**49,538**	**22.71**
Exercisable as of 31 Dec, 2024	**0**	**–**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		–		–
As of 31 Dec, 2024		6.7		6.7
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

ZOP 2021

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

ZOP 2021

	Robert Gentz			
	Number of ZOP 2021 Shares	**Exercise price (in EUR)**	**Number of ZOP 2021 Options**	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**0**	**–**	**0**	**–**
Granted during the year	0	–	0	–
Vested during the year	0	–	0	–
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**0**	**–**	**0**	**–**
Granted during the year	29,993	1.00	34,990	25.03
Vested during the period	29,993	1.00	34,990	25.03
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**29,993**	**1.00**	**34,990**	**25.03**
Exercisable as of 31 Dec, 2024	**29,993**	**1.00**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		–		–
As of 31 Dec, 2024		2.6		4.6
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

ZOP 2021

	David Schröder			
	Number of ZOP 2021 Shares	**Exercise price (in EUR)**	**Number of ZOP 2021 Options**	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**0**	**–**	**0**	**–**
Granted during the year	5,460	1.00	36,835	22.34
Vested during the year	5,460	1.00	36,835	22.34
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**5,460**	**1.00**	**36,835**	**22.34**
Exercisable as of 31 Dec, 2023	**5,460**	**1.00**	**0**	**–**
Outstanding as of 1 Jan, 2024	**5,460**	**1.00**	**36,835**	**22.34**
Granted during the year	0	–	108,581	24.25
Vested during the period	0	–	108,581	24.25
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**5,460**	**1.00**	**145,416**	**23.77**
Exercisable as of 31 Dec, 2024	**5,460**	**1.00**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		2.5		4.7
As of 31 Dec, 2024		1.5		4.2
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

ZOP 2021

	Dr Sandra Dembeck	
	Number of ZOP 2021 Shares	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**7,317**	**1.00**
Granted during the year	10,915	1.00
Vested during the year	10,915	1.00
Forfeited during the year	0	–
Exercised during the year*	6,754	1.00
Outstanding as of 31 Dec, 2023	**11,478**	**1.00**
Exercisable as of 31 Dec, 2023	**11,478**	**1.00**
Outstanding as of 1 Jan, 2024	**11,478**	**1.00**
Granted during the year	12,764	1.00
Vested during the period	12,764	1.00
Forfeited during the year	0	–
Exercised during the year*	17,234	1.00
Outstanding as of 31 Dec, 2024	**7,008**	**1.00**
Exercisable as of 31 Dec, 2024	**7,008**	**1.00**
Weighted average remaining contractual life of options outstanding (in years)		
As of 31 Dec, 2023		2.6
As of 31 Dec, 2024		1.9
Weighted average share price (in EUR) for options exercised in		
2023		35.61
2024		29.55

*) For 2024, 563 options were exercised on 10 September 2024 at 1.00 EUR and 16,671 options were exercised on 11 October 2024 at 1.00 EUR. All 6,754 options exercised in 2023 were exercised on 10 March 2023 at 1.00 EUR.

ZOP 2021

	David Schneider			
	Number of ZOP 2021 Shares	Exercise price (in EUR)	Number of ZOP 2021 Options	Exercise price (in EUR)
Outstanding as of 1 Jan, 2023	**0**	**–**	**0**	**–**
Granted during the year	0	–	0	–
Vested during the year	0	–	0	–
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**0**	**–**	**0**	**–**
Granted during the year	29,993	1.00	34,990	25.03
Vested during the period	29,993	1.00	34,990	25.03
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**29,993**	**1.00**	**34,990**	**25.03**
Exercisable as of 31 Dec, 2024	**29,993**	**1.00**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		–		–
As of 31 Dec, 2024		2.6		4.6
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

ZOP 2021

	Dr Astrid Arndt	
	Number of ZOP 2021 Shares	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**12,107**	**1.00**
Granted during the year	11,754	1.00
Vested during the year	11,754	1.00
Forfeited during the year	0	–
Exercised during the year	0	–
Outstanding as of 31 Dec, 2023	**23,861**	**1.00**
Exercisable as of 31 Dec, 2023	**23,861**	**1.00**
Outstanding as of 1 Jan, 2024	**23,861**	**1.00**
Granted during the year	12,808	1.00
Vested during the period	12,808	1.00
Forfeited during the year	0	–
Exercised during the year*	1,903	1.00
Outstanding as of 31 Dec, 2024	**34,766**	**1.00**
Exercisable as of 31 Dec, 2024	**34,766**	**1.00**
Weighted average remaining contractual life of options outstanding (in years)		
As of 31 Dec, 2023		2.1
As of 31 Dec, 2024		1.7
Weighted average share price (in EUR) for options exercised in		
2023		–
2024		26.45

*) For 2024, 824 options were exercised on 5 September 2024 at 1.00 EUR and 1,079 options were exercised on 11 October 2024 at 1.00 EUR.

LTI 2021

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

LTI 2021

	Robert Gentz			
	Number of LTI 2021 Shares	**Exercise price (in EUR)**	**Number of LTI 2021 Options**	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**0**	**–**	**0**	**–**
Granted during the year	112,853	1.00	846,395	22.33
Vested during the year	0	–	0	–
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**112,853**	**1.00**	**846,395**	**22.33**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**112,853**	**1.00**	**846,395**	**22.33**
Granted during the year	—	–	0	–
Vested during the year	28,214	1.00	211,598	22.33
Forfeited during the year	82,209	1.00	616,576	22.33
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**30,644**	**1.00**	**229,819**	**22.33**
Exercisable as of 31 Dec, 2024	**0**	**–**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		6.9		6.9
As of 31 Dec, 2024		5.9		5.9
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

LTI 2021

	David Schröder			
	Number of LTI 2021 Shares	**Exercise price (in EUR)**	**Number of LTI 2021 Options**	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**0**	**–**	**0**	**–**
Granted during the year	51,941	1.00	389,559	38.12
Vested during the year	9,741	1.00	73,044	38.12
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**51,941**	**1.00**	**389,559**	**38.12**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**51,941**	**1.00**	**389,559**	**38.12**
Granted during the year	0	–	0	–
Vested during the year	9,740	1.00	73,044	38.12
Forfeited during the year	32,460	1.00	243,471	38.12
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**19,481**	**1.00**	**146,088**	**38.12**
Exercisable as of 31 Dec, 2024	**0**	**–**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		6.3		6.3
As of 31 Dec, 2024		5.3		5.3
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

LTI 2021

	Dr Sandra Dembeck			
	Number of LTI 2021 Shares	**Exercise price (in EUR)**	**Number of LTI 2021 Options**	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**38,308**	**1.00**	**95,770**	**53.84**
Granted during the year	0	–	0	–
Vested during the year	12,769	1.00	31,923	53.84
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**38,308**	**1.00**	**95,770**	**53.84**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**38,308**	**1.00**	**95,770**	**53.84**
Granted during the year	0	–	0	–
Vested during the year	12,769	1.00	31,924	53.84
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**38,308**	**1.00**	**95,770**	**53.84**
Exercisable as of 31 Dec, 2024	**0**	**–**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		5.2		5.2
As of 31 Dec, 2024		4.2		4.2
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

LTI 2021

	David Schneider			
	Number of LTI 2021 Shares	**Exercise price (in EUR)**	**Number of LTI 2021 Options**	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**0**	**–**	**0**	**–**
Granted during the year	112,853	1.00	846,395	22.33
Vested during the year	0	–	0	–
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**112,853**	**1.00**	**846,395**	**22.33**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**112,853**	**1.00**	**846,395**	**22.33**
Granted during the year	0	–	0	–
Vested during the year	23,486	1.00	176,138	22.33
Forfeited during the year	89,367	1.00	670,257	22.33
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**23,486**	**1.00**	**176,138**	**22.33**
Exercisable as of 31 Dec, 2024	**0**	**–**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		6.9		6.9
As of 31 Dec, 2024		5.9		5.9
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

LTI 2021

	Dr Astrid Arndt			
	Number of LTI 2021 Shares	**Exercise price (in EUR)**	**Number of LTI 2021 Options**	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**29,240**	**1.00**	**73,099**	**85.50**
Granted during the year	0	–	0	–
Vested during the year	7,310	1.00	18,275	85.50
Forfeited during the year	0	–	0	–
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2023	**29,240**	**1.00**	**73,099**	**85.50**
Exercisable as of 31 Dec, 2023	**0**	**–**	**0**	**–**
Outstanding as of 1 Jan, 2024	**29,240**	**1.00**	**73,099**	**85.50**
Granted during the year	0	–	0	–
Vested during the year	5,482	1.00	13,706	85.50
Forfeited during the year	3,655	1.00	9,138	85.50
Exercised during the year	0	–	0	–
Outstanding as of 31 Dec, 2024	**25,585**	**1.00**	**63,961**	**85.50**
Exercisable as of 31 Dec, 2024	**0**	**–**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)				
As of 31 Dec, 2023		4.3		4.3
As of 31 Dec, 2024		3.3		3.3
Weighted average share price (in EUR) for options exercised in				
2023		–		–
2024		–		–

LTI 2019

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

LTI 2019

	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)
Outstanding as of 1 Jan, 2023	**240,302**	**29.84**	**56,140**	**1.00**	**42,814**	**1.00**
Granted during the year	0	–	0	–	0	–
Vested during the year	120,000	29.84	27,500	1.00	42,814	1.00
Forfeited during the year	0	–	0	–	0	–
Exercised during the year*	0	–	0	–	42,814	1.00
Outstanding as of 31 Dec, 2023	**240,302**	**29.84**	**56,140**	**1.00**	**0**	**–**
Exercisable as of 31 Dec, 2023	**240,302**	**29.84**	**56,140**	**1.00**	**0**	**–**
Outstanding as of 1 Jan, 2024	**240,302**	**29.84**	**56,140**	**1.00**	**0**	**–**
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	–	0	–
Outstanding as of 31 Dec, 2024	**240,302**	**29.84**	**56,140**	**1.00**	**0**	**–**
Exercisable as of 31 Dec, 2024	**240,302**	**29.84**	**56,140**	**1.00**	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)						
As of 31 Dec, 2023		2.3		2.3		–
As of 31 Dec, 2024		1.3		1.3		–
Weighted average share price (in EUR) for options exercised in						
2023		–		–		26.09
2024		–		–		–
Share price cap**		100.00		100.00		100.00
Measured CAGR for options exercised in 2024 based on adjusted consolidated revenue		–		–		–
Target achievement		–		–		–

*) For 2023, all 42,814 options were exercised on 5 June 2023 at 1.00 EUR.
**) All options were exercised at a share price below the share price cap.

LTI 2018

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

LTI 2018

	Robert Gentz		David Schneider		Rubin Ritter	
	Number of LTI 2018 options	Exercise price (in EUR)	Number of LTI 2018 options	Exercise price (in EUR)	Number of LTI 2018 options	Exercise price (in EUR)
Outstanding as of 1 Jan, 2023	**1,723,983**	**47.44**	**1,723,983**	**47.44**	**848,983**	**47.44**
Granted during the year	0	–	0	–	0	–
Vested during the year	350,000	47.44	350,000	47.44	0	–
Forfeited during the year	0	–	0	–	0	–
Exercised during the year	0	–	0	–	0	–
Outstanding as of 31 Dec, 2023	**1,723,983**	**47.44**	**1,723,983**	**47.44**	**848,983**	**47.44**
Exercisable as of 31 Dec, 2023	**1,723,983**	**47.44**	**1,723,983**	**47.44**	**848,983**	**47.44**
Outstanding as of 1 Jan, 2024	**1,723,983**	**47.44**	**1,723,983**	**47.44**	**848,983**	**47.44**
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	–	0	–
Outstanding as of 31 Dec, 2024	**1,723,983**	**47.44**	**1,723,983**	**47.44**	**848,983**	**47.44**
Exercisable as of 31 Dec, 2024	**1,723,983**	**47.44**	**1,723,983**	**47.44**	**848,983**	**47.44**
Weighted average remaining contractual life of options outstanding (in years)						
As of 31 Dec, 2023		2.9		2.9		2.9
As of 31 Dec, 2024		1.9		1.9		1.9
Weighted average share price (in EUR) for options exercised in						
2023		–		–		–
2024		–		–		–

VSOP 2018[16]

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

VSOP 2018

	Jim Freeman	
	Number of VSOP 2018 options	**Exercise price (in EUR)**
Outstanding as of 1 Jan, 2023	**60,000**	**29.84**
Granted during the year	0	–
Vested during the year	30,000	29.84
Forfeited during the year	0	–
Expired during the year	60,000	29.84
Exercised during the year	0	–
Outstanding as of 31 Dec, 2023	**0**	**–**
Exercisable as of 31 Dec, 2023	**0**	**–**
Outstanding as of 1 Jan, 2024	**0**	**–**
Granted during the year	0	–
Vested during the year	0	–
Forfeited during the year	0	–
Expired during the year	0	–
Exercised during the year	0	–
Outstanding as of 31 Dec, 2024	**0**	**–**
Exercisable as of 31 Dec, 2024	**0**	**–**
Weighted average remaining contractual life of options outstanding (in years)		
As of 31 Dec, 2023		–
As of 31 Dec, 2024		–
Share price cap		100.00
Weighted average share price (in EUR) for options exercised in		
2023		–
2024		–
Measured CAGR for options exercised in 2024 on net merchandise volume		–
Target achievement		–

16 Details on the terms and conditions of the VSOP 2018 can be found in our remuneration report 2022.

1.2.6 Remuneration awarded and due in 2024

This section describes the remuneration awarded and due (gewährte und geschuldete Vergütung) to the current and former members of the management board in the corresponding financial year related to their term of appointment, 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 salary and fringe benefits for the financial year 2024 (and 2023, respectively), remuneration received for variable remuneration components as well as payments only received in the financial year 2023 with respect to tax indemnifications. To ensure transparency, the amounts to be paid out under the ZGI 2024 in the financial year 2025 for the performance during the financial year 2024 are also shown.

The concept of the reporting leads to the result that variable remuneration components under our option programmes are only shown to the extent that options were actually exercised in the financial year 2024 (and 2023, respectively).

Remuneration of the members of the management board

	Robert Gentz, co-CEO		David Schröder, co-CEO		Dr Sandra Dembeck, CFO	
in EUR	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Fixed remuneration						
Fixed salary	390,000	93,550	525,000	500,000	575,000	583,846
Fringe benefits	15,079	15,356	24,255	23,851	25,992	24,830
Total fixed	405,079	108,906	549,255	523,851	600,992	608,676
Variable remuneration						
One-year variable*	–	–	420,000	–	–	–
Multi-year variable						
ZOP 2021	–	–	–	–	492,091	229,771
409A tax indemnification**	–	–	–	–	–	–
Total variable	–	–	420,000	–	492,091	229,771
Remuneration awarded and due according to Section 162 (1) Sentence 1 AktG	**405,079**	**108,906**	**969,255**	**523,851**	**1,093,083**	**838,447**
Proportion of fixed remuneration***	100.0%	100.0%	56.7%	100.0%	55.0%	72.6%
Proportion of variable remuneration***	–	–	43.3%	–	45.0%	27.4%

*) Includes amounts to be paid out under the ZGI 2024 in the financial year 2025 for performance during the financial year 2024.
**) With respect to the negative tax consequences resulting for the former member of the management board 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 31 March 2020 have been cancelled and settled by the company as a cash and share consideration. The company has indemnified Jim Freeman from the tax penalty under U.S. law imposed on the settlement value and the remaining options under the restated LTI 2019, whereby the indemnity in relation to the 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 55.00 EUR.
***) The proportion of fixed and variable remuneration in relation to total remuneration does not reflect the relative proportions indicated in the Remuneration Systems 2024 and 2021 as the latter are based on the target total remuneration for a financial 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 Systems 2024 and 2021.

	David Schneider		Dr Astrid Arndt, CPO		Jim Freeman, CBPO (until 31 March 2023)	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
	339,750	93,550	516,667	498,760	–	200,000
	15,991	15,076	27,589	23,406	–	6,596
	355,741	108,626	544,255	522,166	–	206,596
	252,000	–	306,667	–	–	–
	–	–	48,431	–	–	–
	–	–	–	–	–	972,852
	252,000	–	355,097	–	–	972,852
	607,741	**108,626**	**899,352**	**522,166**	**–**	**1,179,448**
	58.5%	100.0%	60.5%	100.0%	–	17.5%
	41.5%	–	39.5%	–	–	82.5%

The following table shows the remuneration awarded and due in the financial years 2024 (and 2023, respectively) that the former management board member Jim Freeman received after the end of the service agreement.

Remuneration of former members of the management board

	Jim Freeman, former CBPO (after 31 March 2023)	
in EUR	**2024**	**2023**
Fixed remuneration		
Fixed salary	–	–
Fringe benefits	–	–
Total fixed	–	–
Variable remuneration		
One-year variable	–	–
Multi-year variable*	–	1,074,328
Total variable	–	1,074,328
Remuneration awarded and due according to Section 162 (1) Sentence 1 AktG	**–**	**1,074,328**
Proportion of fixed remuneration	–	–
Proportion of variable remuneration	–	100.0%

*) Jim Freeman exercised 42,814 Type C options under the LTI 2019 on 5 June 2023 with an exercise price of 1.00 EUR each.

The current and former members of the management board did not receive any remuneration from other group companies in the financial year 2024 (and 2023, respectively).

1.2.7 Further information pursuant to Section 162 AktG

Compliance with maximum remuneration (Section 162 (1) Sentence 2 No. 7 of the AktG)
The maximum remuneration stipulated in the Remuneration Systems 2024 and 2021 amounts to 15.75m EUR for each of our co-CEOs and to 10.5m EUR for each of the other members of the management board. All current service agreements of the management board members provide for caps in line with the Remuneration Systems 2024 and 2021, as applicable.

In the current service agreements of our management board members, the total remuneration for each of our co-CEOs Robert Gentz and David Schröder per financial year is capped at 15.75m EUR, for David Schneider at 6.3m EUR and for Dr Astrid Arndt at 9m EUR. The total remuneration for our former CFO Dr Sandra Dembeck per financial year was capped in her service agreement at 6.84m EUR. Since the (pro rata) inflow from the LTI 2024/LTI 2021 Shares and LTI 2024/LTI 2021 Options granted to the members of the management board can only be determined after the expiry of the waiting period of four years, compliance with the maximum remuneration for the financial year 2024 can only be conclusively reported in the context of the remuneration report for the financial year 2026 (for Dr Sandra Dembeck), 2027 (for Robert Gentz) and 2028 (for David Schröder, David Schneider and Dr Astrid Arndt).

Application of malus and clawback during reporting year (Section 162 (1) Sentence 2 No. 4 of the AktG)
The Remuneration Systems 2024 and 2021 and — in their implementation — the service agreements of the members of the management board provide for malus and clawback clauses. In the case of a wilful or grossly negligent serious breach of the obligations pursuant to Section 93 of the AktG or internal compliance policies and behavioural 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 that has not been paid out (malus). In such cases, the supervisory board may, at its sole discretion, reclaim, in whole or in part, variable remuneration that has already been paid out (clawback). Furthermore, the supervisory board has the possibility of reclaiming variable remuneration in the case of an undue payout based on incorrect information.

In the financial year 2024, 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.

Benefits promised or granted to a member of the management board by a third party with regard to their activity as a member of the management board (Section 162 (2) No.1 of the AktG)
During the financial year 2024, 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 of the AktG)

Severance entitlements upon premature termination

All service agreements of the management board members during the reporting year provide that, in the event of a removal from office for good cause pursuant to Section 84 (4) of the AktG, the company may terminate the service agreement prematurely within the statutory termination period pursuant to Section 622 of the BGB (German Civil Code). In such an event, and if there is no good cause for the termination within the meaning of Section 626 of the BGB, the member of the management board is entitled to a cash severance payment which amounts to two times their annual fixed salary, but 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, all service agreements of the members of the management board during the reporting period 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 management board member's control, the management board members' service agreements provide for a continued payment of their fixed remuneration for a period of up to three months, 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 2024, the LTI 2021, the LTI 2019 and the LTI 2018 will generally continue to vest (until termination of the office of the member of the management board). This also applies during periods of inability to work.

As a general rule, if a leaver event occurs (as defined in each of the programmes), all unvested options of the members of the management board under the LTI 2024, the LTI 2021, the LTI 2019 and the LTI 2018 will be 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) of the AktG without the management board member qualifying as a bad leaver (as defined in each of the programmes), e.g. in the case of a permanent incapacity of a management board member, the management board member will retain all unexercised stock options under the LTI 2024, the LTI 2021, the LTI 2019, the LTI 2018 and the ZOP 2021, and all unvested options under the LTI 2024, LTI 2021, the LTI 2019 and the LTI 2018 which would have vested during the following two years may be kept by the management board member and will continue to vest in accordance with the terms and conditions of the applicable LTI scheme.

If the management board member qualifies as a bad leaver (as defined in each of the programmes), all unsettled options of the management board member under the LTI 2024, the LTI 2021, the LTI 2019 and the LTI 2018 (irrespective of whether vested or not) and all as yet unexercised virtual stock options under the ZOP 2021 will be forfeited without compensation.

Entitlements relating to 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 2024, the LTI 2021, the LTI 2019 and the LTI 2018 provide for a cancellation right of the management board members in the event of a change of control (as defined in each of the programme rules) pertaining to unexercised vested options, 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 2024, the LTI 2021, the LTI 2019 and the LTI 2018) generally corresponds to the compensation per share under the takeover offer minus the exercise price if such offer is made or the volume-weighted average share price of one share in the company over the last 30 trading days prior to the change of control event, in each case minus the exercise price.

In addition, under the LTI 2024, the LTI 2021, the LTI 2019 and the LTI 2018, 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 programme.

The existing variable remuneration programmes 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 former members of the management board whose positions ended in the course of the reporting year (Section 162 (2) No. 4 of the AktG)
No such benefits were promised or granted during the reporting year.

Deviations from the remuneration system during the reporting period (Section 162 (1) Sentence 2 No. 5 of the 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 of the AktG where this is necessary in the interest of the long-term welfare of the company. During the financial year 2024, there was no deviation from the applicable Remuneration System 2024 or Remuneration System 2021, respectively. All service agreements of the management board members during the reporting period complied with the provisions of the Remuneration System 2024 or Remuneration System 2021 as applicable in each case.

1.2.8 Remuneration of supervisory board members

The remuneration system for the members of the supervisory board is based on legal requirements and takes into account the recommendations and suggestions of the German Corporate Governance Code. The annual general meeting of the company on 24 May 2023 resolved to partially adjust the remuneration system for the supervisory board in accordance with Section 113 (3) of the AktG to reflect the increased demands of the role of supervisory board members due to higher professionalisation and time commitments. In this context, the remuneration of the chairperson of the supervisory board, the chairperson of the audit committee and the members of the audit committee was increased with effect as of 24 May 2023. Except for these adjustments, the former remuneration system for the supervisory board members as resolved upon by the annual general meeting 2021 remained unchanged.

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 is 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.

Further details on the remuneration system of the supervisory board can be found in the remuneration report 2023.

In accordance with Section 162 (1) Sentence 1 of the AktG, the following table shows the remuneration awarded and due (gewährte und geschuldete Vergütung) to the members of the supervisory board in the financial years 2024 and 2023. According to the remuneration system for the members of the supervisory board, the remuneration consists of only a fixed component for each member of the supervisory board:

Remuneration of the members of the supervisory board

in EUR	2024	2023
Kelly Bennett (since 22 May 2019)	206,393	178,452
Mariella Röhm-Kottmann (since 22 May 2019)	200,000	176,493
Anders Holch Povlsen (since 9 December 2013)	90,000	90,000
Niklas Östberg (since 19 May 2021)	103,607	106,082
Jennifer Hyman (since 23 June 2020)	90,000	90,000
Susanne Schröter-Crossan (since 24 May 2023)	110,000	66,904
Matti Ahtiainen (since 23 June 2020)	110,000	106,082
Jade Buddenberg (since 23 June 2020)	90,000	90,000
Anika Mangelmann (since 23 June 2020)	90,000	90,000
Cristina Stenbeck (until 24 May 2023)	–	70,521
Remuneration awarded and due according to Section 162 (1) Sentence 1 AktG	**1,090,000**	**1,064,534**

The current and former members of the supervisory board did not receive any remuneration from other group companies in the financial year 2024 (and 2023, respectively).

1.2.9 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 of the current and former members of the management board and supervisory board, the annual change in average employee remuneration on a full-time equivalent basis over the last five financial years, as well as the company's performance.

The presentation of the average employee remuneration is based on the total workforce employed by Zalando SE. 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 options exercised in the relevant year. The figures shown are distorted since they take into account the holding periods over several years for the employee stock option programmes.

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 2024 to 2023	**Annual change 2023 to 2022**	**Annual change 2022 to 2021**	**Annual change 2021 to 2020**
Remuneration of the members and former members of the management board				
Robert Gentz, co-CEO	272.0%	38.9%	0.4%	0.7%
David Schröder, co-CEO	85.0%	0.9%	-96.4%	39.3%
Dr Sandra Dembeck, CFO (since 1 March 2022)	30.4%	-15.9%	–	–
David Schneider	459.5%	38.6%	0.1%	-6.1%
Dr Astrid Arndt, CPO (since 1 April 2021)	72.2%	3.7%	32.0%	–
Jim Freeman, CBPO (until 31 March 2023)	–	-60.1%	-56.1%	13.2%
Rubin Ritter, co-CEO (until 1 June 2021)	–	–	-71.2%	-47.0%
Company performance				
Net income of Zalando SE	77,732.2%	105.3%	-168.4%	-20.1%
Revenue of the group	4.2%	-1.9%	-0.1%	29.7%
Average remuneration on a full-time equivalent basis of employees				
Zalando SE	0.3%	14.1%	-3.4%	-3.2%

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

	Annual change 2024 to 2023	**Annual change 2023 to 2022**	**Annual change 2022 to 2021**	**Annual change 2021 to 2020**
Remuneration of the members and former members of the supervisory board				
Kelly Bennett (since 22 May 2019)	15.7%	23.1%	0.0%	55.8%
Mariella Röhm-Kottmann (since 22 May 2019)	13.3%	26.1%	0.0%	40.0%
Anders Holch Povlsen (since 9 December 2013)	0.0%	0.0%	0.0%	17.0%
Niklas Östberg (since 19 May 2021)	-2.3%	6.1%	61.5%	–
Jennifer Hyman (since 23 June 2020)	0.0%	0.0%	0.0%	164.6%
Susanne Schröter-Crossan (since 24 May 2023)	64.4%	–	–	–
Matti Ahtiainen (since 23 June 2020)	3.7%	6.1%	0.0%	138.9%
Jade Buddenberg (since 23 June 2020)	0.0%	0.0%	0.0%	164.6%
Anika Mangelmann (since 23 June 2020)	0.0%	0.0%	0.0%	164.6%
Cristina Stenbeck (until 24 May 2023)	–	-60.8%	0.0%	20.0%
Company performance				
Net income of Zalando SE	77,732.2%	105.3%	-168.4%	-20.1%
Revenue of the group	4.2%	-1.9%	-0.1%	29.7%
Average remuneration on a full-time equivalent basis of employees				
Zalando SE	0.3%	14.1%	-3.4%	-3.2%

Berlin, 5 March 2025

Robert Gentz David Schröder

David Schneider Dr Astrid Arndt

Kelly Bennett Mariella Röhm-Kottmann

Report of the independent auditor on the audit of the content of the remuneration report issued in accordance with Section 162 AktG[17]

To Zalando SE, Berlin

Report on the audit of the remuneration report

We have audited the attached remuneration report of Zalando SE, for the financial year from 1 January 2024 to 31 December 2024, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of Zalando SE are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the 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, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

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

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17 The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.
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Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from 1 January 2024 to 31 December 2024, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

Other matter – formal examination of the remuneration report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforesaid services to Zalando SE, are set out in the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2024.By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Berlin, 5 March 2025

KPMG AG Wirtschaftsprüfungsgesellschaft

Schmidt Wirtschaftsprüfer [German Public Auditor]	Sternberg Wirtschaftsprüfer [German Public Auditor]

Combined management report

2.1 Information on our group

2.1.1 Business model

Our vision is to build the leading pan-European ecosystem of fashion and lifestyle e-commerce. To enable our updated vision, we have leveraged the e-commerce platform capabilities that we have developed over the past 16 years. What started as a Berlin-based online shoe store in 2008 has evolved into a leading European fashion and lifestyle e-commerce platform in just a few years. We connect customers and lifestyle brands, offering a one-stop shopping experience with a curated selection of the latest fashion trends. We want to provide inspiration through a high degree of personalisation, creating the right choice for every customer.

We serve more than 50 million active customers in 25 markets across Europe with our fashion and lifestyle offering that includes clothing, footwear, accessories and beauty products. The assortment of international brands ranges from world-famous names to local labels. Our localised offer caters to the different tastes of customers in each of our 25 markets. Our pan-European logistics network of 13 fulfilment centres enables us to serve our customers across Europe fast and seamlessly. We offer our customers multiple propositions to meet their shopping needs, ranging from Fashion, Kids & Family, Designer and Sports, to Beauty, Lounge by Zalando and Pre-owned.

The ecosystem model is a strategic evolution from the current platform model and enables us to serve a larger share of the growing fashion and lifestyle e-commerce market as well as deepen relationships with customers and partners by helping solve many other challenges. For this, we have expanded our business capabilities around two sets of customers: B2C (business-to-consumer) and B2B (business-to-business).

In B2C, we move from a primarily transaction-focused fashion platform to a go-to destination for fashion and lifestyle, personalised content and inspiration. To achieve this, we differentiate through quality across the customer journey, setting the highest bar of a quality experience for customers and brands alike. For us, this means that we offer our customers the most sought-after brands they love, and innovate the digital experience in a way that solves real customer problems, such as finding the right size and fit. Quality also means enabling informed choices for our customers, both in sustainability and in Adaptive fashion, and investing in the highest quality version of local convenience in every market we operate in. In addition to a quality experience, we further enhance our role in our customers' lifestyle journeys as we elevate existing categories such as Sports and Kids & Family to distinct propositions. We aim to generate a lifestyle destination that is inspiring, entertaining and helpful for people to navigate their lifestyle consumption choices.

Our brand partnerships play an integral role in our B2C business model. We continue to work with our partners to find new and innovative ways to connect our customers with the most relevant brands, articles and content. This happens through a combination of our retail[18] and

[18] Formerly known as wholesale and offprice business.

partner business,[19] as well as our value-added partner services such as Zalando Partner Marketing Services[20] (ZMS) that offer various advertising formats for brands.

In B2B we are opening up our logistics infrastructure, software and service capabilities to be a key enabler for e-commerce transactions of brands and retailers, regardless of whether they take place on or off the Zalando platform. Through Zalando Fulfilment Solutions (ZFS), we already offer our brand partners a B2B logistics service that makes use of our European logistics network to increase customer reach, convenience and customer satisfaction. ZFS also helps to reduce complexity and shipping costs, removing the complications of cross-border e-commerce for our partners when selling through our partner business.

In 2023, we launched the B2B brand ZEOS (Zalando E-commerce Operating System). Through ZEOS Fulfilment, including ZFS and our multi-channel fulfilment (MCF), we are building an operating system for the fashion and lifestyle industry that enables brands and retailers to manage their multi-channel businesses across Europe within one unified platform. By doing so, partners leverage 16 years of investment in key capabilities that drive our customer experience and partner business, including technology and logistics. ZEOS Fulfilment can process orders that were placed via nine major e-commerce platforms and the brands' own e-commerce channels.

To accelerate the execution of the ecosystem strategy, we continue to invest in our technological capabilities. In 2023, we launched the Zalando Assistant, powered by the large language models of AI research and the deployment company OpenAI. After months of successful collaboration, the two companies have now together committed to continuing their deep collaboration and developing more innovative generative AI solutions tailored to the fashion industry. In addition, we plan to further strengthen our existing tech site footprint while adding a new complementary site in Shenzhen, China's tech heart. Through the site in China, we will leverage local expertise in social commerce and combine it with the company's deep understanding of the European market to offer our European customers personalised inspiration and entertainment.

Zalando and ABOUT YOU agreed to team up to better serve the needs of customers and partners through their combined and distinct B2C and B2B offerings, enabling the combined group to cover a larger share of the European fashion and lifestyle e-commerce market. For further details, please refer to section 2.1.3 Group strategy.

19 Partner Programme and Connected Retail.
20 Zalando Marketing Services has been rebranded to Zalando Partner Marketing Services to create a unified and consistent experience for partners to navigate through the various partner offerings.

2.1.2 Group structure

Governance and control

The Zalando group is managed by its ultimate parent company, Zalando SE, which was founded in 2008. With its registered office in Berlin, Germany, Zalando SE bundles all management functions and generates the vast majority of group revenue. In addition to the parent company, Zalando is comprised of 58 subsidiaries that operate, inter alia, in the areas of logistic services, customer service, payments, product presentation, advertising, marketing, software development, integration services and private labels. Zalando SE has full control over all subsidiaries, either indirectly or directly. Supplementary information concerning the separate financial statements of Zalando SE is presented in section 2.7 Supplementary management report to the separate financial statements of Zalando SE.

The management board of Zalando SE consisted of five members as of the reporting date who are jointly responsible for the management of the group. Robert Gentz (co-founder, co-CEO) oversees our strategy, with a particular focus on expanding our B2C growth vector to build the go-to destination for quality fashion and lifestyle shopping as well as inspiration. David Schröder (co-CEO) is co-responsible for the company's strategy, with a focus on building the B2B operating system that enables e-commerce across Europe on and off the Zalando platform, and further developing our unique capabilities and infrastructure. Dr Sandra Dembeck (CFO) led the Finance and Corporate Governance teams during the reporting period and until the end of her term on 28 February 2025. Co-CEO David Schröder will, for an interim period, take on the CFO responsibilities on management board level. David Schneider (co-founder) focuses on building group-wide strategic partnerships across our B2C and B2B ambitions. Dr Astrid Arndt (CPO, corporate functions) leads the People & Organisation (P&O) teams in building a diverse and inclusive culture, and also strengthens our corporate functions to enable the effective execution of our ecosystem strategy.

Consisting of nine members, the supervisory board not only appoints, but also regularly advises the management board and monitors its management activities. The supervisory board is directly involved in decisions of fundamental importance to the company. In particular, it reviews the financial statements and management reports, and it reports on the audit to the annual general meeting. Our supervisory board is made up of long-term investors, employees and independent experts. For more information regarding the supervisory board, please refer to section 2.5.5 Supervisory board.

Group segments

In line with our updated group strategy to build the leading pan-European fashion and lifestyle e-commerce ecosystem, we have expanded our capabilities around two sets of customers: B2C (business-to-consumer) and B2B (business-to-business). We have shifted our steering and decision-making from a sales channel view (fashion store and offprice) to a distinction between the B2C and B2B segments. From Q1 2024 our external reporting has been adjusted accordingly to reflect these two operating segments.

The majority of our business is with our B2C business and its supporting services, including our partner business and ZMS. The B2B segment comprises services that provide B2B products we offer to our partners on and off our Zalando platform to meet their business needs (i.e. ZEOS Fulfilment including ZFS and MCF, Tradebyte and Highsnobiety).

Revenue and profitability generated through external business partners as well as the internal transactions between our segments are reported to the chief operating decision-maker. As a result, the segment reporting continues to comprise a reconciliation column to reconcile the segment figures (covering both internal and external transactions) to the consolidated group figures (showing only external transactions).

The management board measures the performance of the segments on the basis of revenue and adjusted EBIT, which for segment reporting purposes are defined in the same way as for the consolidated financial statements of the group.

2.1.3 Group strategy

Building the leading pan-European fashion and lifestyle e-commerce ecosystem

Zalando has evolved its strategy and is now working towards developing a pan-European e-commerce ecosystem for fashion and lifestyle around our two key growth vectors in business-to-consumer (B2C) and business-to-business (B2B). We see this as a logical strategic evolution from our previous platform strategy (with Zalando as the “Starting point for Fashion”) and we will now serve an even larger share of the fashion and lifestyle e-commerce market, as well as deepen relationships with customers and partners, both on and off the Zalando platform.

Today, Zalando is a significant meeting point for people and lifestyle brands in Europe. It is a place where more than 50 million active customers each year come to shop fashion and lifestyle; a place where more than 6,000 brands are connected, from global and local stars to beauty specialists. Our ability to connect all these amazing brands on one platform and with a large logistics network for fashion and lifestyle in Europe is unique and something we are proud of.

Now, as Zalando transitions from a platform to an ecosystem, we remain intensely focused on expanding the scope and the impact of both our B2C and B2B businesses, in addition to continuing to enable a more sustainable and equitable future for the fashion industry as a whole at scale.

In B2C, we are making Zalando the go-to destination for quality fashion, lifestyle shopping and inspiration. We will continue to further differentiate Zalando through quality and offer the best possible shopping experience across the entire customer journey. We will continue to serve more and more of our customers’ lifestyle needs by elevating and expanding our categories and propositions, including our growing Sports and Kids & Family propositions. And we will also continue decisively along our current path to increasingly shift Zalando from being a more transaction-focused customer experience to one that offers personalised inspiration and entertainment at every turn.

In B2B, we are focusing on building an operating system that can enable fashion and lifestyle brands and retailers' entire e-commerce businesses across the complex European market, both on and off the Zalando platform. Europe holds huge untapped e-commerce potential and this B2B opportunity significantly enlarges Zalando's long-term value creation potential by leveraging the unique capabilities we have been developing for over 16 years. Our B2B business is already an approximately 1.0bn EUR revenue business offering a growing number of brands an incredibly attractive suite of solutions spanning logistics, software and services. In the future, we expect ZEOS to continue to scale and we will create even more win-win opportunities for consumers and brands.

Sustainability, diversity and inclusion are all core elements of our strategy, and we use them to create a significant competitive advantage in attracting customers and brand partners. Our updated strategy builds on our do.MORE foundation by embedding sustainability and diversity & inclusion (D&I) across our own operations, with a focus on enabling customers to make informed choices aligned with their values, while supporting our partners in working towards their sustainability ambitions and helping them understand the rapidly evolving regulatory environment.

We prioritise responsible purchasing practices throughout our value chain to further support decent working conditions and we engage with partners to adopt science-based targets and align with our sustainability objectives. Our efforts are underpinned by two long-term ambitions. First, we have the ambition to achieve net-zero emissions for our own operations and private labels by 2040 and across our value chain by 2050. Second, we further empower workers through decent work by deepening human rights due diligence in our own operations and those of our partners, as well as further evolving our purchasing practices and wage management systems in our private labels by 2028.

To complement these ambitions, we are strengthening our circular economy initiatives through our second-hand business and the implementation of packaging waste reduction programmes as well as enhancing supply chain monitoring for responsible practices. Furthermore, we are strengthening our ambition to be inclusive by design and celebrate the diversity of our customers, partners and teams as inclusivity drives innovation and deepens customer relationships across diverse European markets.

This integrated approach balances our business growth with measurable environmental, social and governance objectives, positioning us to address market-specific sustainability challenges while meeting evolving customer demands for sustainable and inclusive fashion.

Financial opportunity

We have laid the strategic groundwork for delivering a vision that extends beyond traditional B2C frameworks. As the structural shift towards online shopping in Europe accelerates, we expect to benefit across all dimensions.

Our financial profile combines our scale, strong growth and proven profitability — and, in the long term, we aim to cover the equivalent of roughly 15% of the European fashion market, with a current estimated scale of 450bn EUR.

Therefore, our opportunities in Europe remain massive, and we have the clear ambition to deliver strong growth while continuing our margin expansion towards our long-term target of 10–13% adj. EBIT margin (in % of revenue). At the same time, we demonstrate strong cash generation, which gives us the financial flexibility to invest in organic and inorganic value-accretive opportunities for our company and shareholders.

Market environment

The global economy has remained stable, supported by a reduction in inflation, which has boosted real household incomes and spending. Economic activity in Europe continued to recover in 2024, with the euro area growing by 0.8%, and is expected to strengthen further in the coming year, driven by a recovery in domestic demand, easing financial conditions and favourable energy and commodity prices.[21] The euro area consumer confidence indicator showed modest improvement, rising from -16.0 points at the beginning of the year to -14.5 points by year end.[22]

Germany's economy contracted again in 2024, with GDP declining by 0.2%, following a 0.3% contraction in 2023. This downturn was primarily driven by intensified competition in key export markets, persistently high energy costs, elevated interest rates and an uncertain economic outlook.[23] However, recovery is anticipated, with GDP expected to grow by 0.7% in 2025 and 1.2% in 2026, supported by rising real incomes, a gradual rebound in private investment and improving export demand.[24] German e-commerce sales in the clothing segment (apparel & shoes) increased slightly by 0.2% in 2024 to 18.6bn EUR including VAT,[25] while German brick-and-mortar fashion sales remained flat.[26]

Strategic progress

The B2C and B2B strategy aims to deepen relationships with customers and partners by integrating these growth vectors, thus transitioning from a platform model to a more interconnected ecosystem. Overall, the ecosystem strategy positions Zalando to capitalise on growing market opportunities by fostering a more integrated, quality-focused and sustainable e-commerce ecosystem.

Business-to-consumer (B2C)

In B2C, we aim to cover a larger share of the 450bn EUR European fashion and lifestyle market. With more than 50 million active customers across Europe in 2024, approximately 10% of the relevant European population are Zalando customers. This means that there is still substantial room to win new customers. Our goal is to increase the size and quality of our active customer base and to deepen customer relationships by increasing quality and relevance as well as expanding Zalando's fashion and lifestyle propositions, including Fashion,

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21 OECD Economic Outlook, December 2024.
22 European Commission, January 2025.
23 Deutsche Bundesbank: Monthly Report, January 2025.
24 OECD Economic Outlook, December 2024.
25 BEVH press release, January 2025.
26 Textilwirtschaft, January 2025.

Beauty, Pre-owned, Lounge by Zalando and Designer, as well as our propositions Sports and Kids & Family. The updated loyalty programme Zalando Plus rewards customers for their engagement. Zalando remains committed to innovation and excellence, ensuring that every customer interaction is tailored, inspiring and impactful — empowering customers to have fun and feel confident in their fashion choices and lifestyles.

Our brand partnerships and platform approach remain fundamental to our business strategy. These close partnerships enable us to offer our customers a curated assortment and create substantial benefits for customers and partners, and for Zalando. Thousands of globally recognised, locally relevant and emerging brands have partnered with us this year to grow their businesses. Zalando's business models — retail and partner business — continued to drive growth. The retail model remains a key pillar of our assortment strategy, securing a "must-have" selection for customers across Europe. Our partner business enables brands and retailers to sell on Zalando while retaining full control over their offer, content and pricing, supporting their growth and internationalisation. In 2024, the partner business showed strong growth, contributing 34.3% (2023: 33.6%) to Zalando's GMV. Zalando Partner Marketing Services (ZMS), Zalando's 360° retail media unit, offers enhanced marketing services to help partners with customer-centric insights and campaigns along the entire customer journey, as well as meet the increasing demand for engaging and inspiring customer experiences. In 2024, ZMS revenues represented 1.4% (2023: 1.3%) of Zalando's GMV.

Our B2C strategy focuses on three strategic growth pillars: 1) differentiation through quality, 2) lifestyle expansion and 3) inspiration & entertainment. This approach will drive growth through improved customer retention, increased spend and higher engagement. Quality differentiation will boost loyalty, while lifestyle expansion will enhance customer spend and share of wallet. Inspirational content will increase user engagement, driving both stronger KPIs and higher advertising revenue. Together, these pillars set the stage for sustained growth, with significant potential for scale and success.

In alignment with our ecosystem strategy, Zalando unveiled a new brand positioning in autumn 2024, focusing on quality, lifestyle and inspiration to enhance customers' style confidence and meet their evolving needs. Launched through the "What Do I Wear?" campaign, the rebrand includes a refreshed visual identity and custom font for improved accessibility.

Differentiating through quality

The first growth pillar of the B2C strategy differentiates through quality to drive customer acquisition and retention. Quality relates to every part of the customer journey by offering a relevant assortment, tailored digital experience, sustainable and inclusive choices, as well as personalised convenience with the aim of providing the best possible shopping experience in fashion and lifestyle and becoming a trusted European brand. This quality differentiation creates a flywheel of benefits: customers gain access to more than 6,000 brands, 11,000 exclusive products and 300 hot drops; partners tap into over 50 million active customers across 25 markets through our partner business; and Zalando benefits from increased scalability, flexibility and a margin-accretive platform business.

In 2024, Zalando made significant strides in strengthening its brand portfolio and enhancing the customer experience. We added brand partners such as NNormal, Fjällräven, Marine Serre, Dyson and Hoka Lifestyle, further diversifying our offerings and sparking excitement among our customers. Curated capsule collections like Calvin Klein x Jeremy Allen White increased customer engagement and gave people even more reasons to visit Zalando regularly.

To improve the quality of our digital experience, we expanded our sizing advice and body measurement tool to customers in Spain, France and Italy, bringing the total number of markets to six. This initiative was complemented by an enhanced virtual fitting room, where customers can now create 3D avatars based on their body measurements for a more personalised and accurate fitting experience. Initially launched in 14 European markets with a curated selection of Levi's products, this new feature allows customers to virtually try on a curated selection of Levi's products for men and women. This reflects Zalando's ongoing commitment to addressing customer frustrations with traditional fitting rooms, poor size guides and the inconvenience of returns.

In terms of convenience, we strengthened our logistics network by opening a new fulfilment centre near Paris in October. This facility helps provide customers across France and neighbouring countries with more localised offerings and greater convenience. Additionally, we improved our localised convenience across markets, such as in Sweden where we reduced delivery times for most items to just one or two days.

In 2024, we also evolved the loyalty programme Zalando Plus, introducing a points-based system to reward customer loyalty. This new free-to-join model recognises engagement through purchases and other activities, such as subscribing to newsletters. Points earned unlock four distinct benefit levels, offering perks like birthday vouchers and exclusive events. The new approach, initially tested in Spain, was expanded to France and Austria later in the year. The programme will continue to roll out to more markets in 2025.

Lifestyle expansion

The second growth pillar of Zalando's B2C strategy is to further expand as a lifestyle destination, following people's lifestyle choices and building out more areas that address their lifestyle needs. The company is elevating existing categories into distinct propositions which offer a captivating experience by combining a more comprehensive assortment, personalised inspiration and seamless convenience. Areas in which Zalando is building propositions include Sports, which is an increasingly important part of our customers' lifestyles and social lives, and Kids & Family, where Zalando can meet more needs of families as the kids grow and develop lifestyle interests. Zalando also plans to roll out more of its existing propositions in more European countries.

Zalando continues to elevate its Designer propositions. As part of this development, we have partnered with British-Japanese musician and actor Rina Sawayama, who will serve as the new ambassador for the Designer offering. The collaboration with Rina Sawayama underscores Zalando's commitment to delivering superior customer experiences and continuous inspiration for fashion lovers. Zalando also partnered with the Italian heritage brand Aspesi to release an exclusive co-designed capsule collection, "Cinema Club", inspired by Italian cinema. Moreover, we welcomed the luxury brand Helmut Lang on Zalando, marked by an exclusive editorial styled by the brand's Creative Director, Peter Do.

In the beauty space, Zalando expanded its portfolio of prestige and luxury cosmetic brands by launching a dedicated luxury hub within its Beauty section providing a premium platform for these products. The beauty expansion also includes the addition of several exciting new brands, such as Sol de Janeiro and Dyson. We also enhanced our digital experience by introducing free beauty sampling in Germany, following a successful launch in Austria. Customers can select two trial-sized products when they reach a minimum order value to make product discovery and trial easier for them.

To further enable our lifestyle destination strategy, Zalando capitalised on the "Summer of Sports" momentum by launching dedicated campaigns in major European cities featuring sports icons like Robert Lewandowski and David Alaba. This initiative aligns with Zalando's ongoing efforts to broaden its offering and become a key lifestyle destination.

Lounge by Zalando continued to contribute to GMV growth. We improved delivery times, size and fit capabilities, and personalisation efforts that increased GMV per customer. Enhancements to navigation and user experience further increased customer engagement, delivering positive results. We are also pleased to see customers embracing the opportunity to try on and purchase Pre-owned articles in the majority of our 15 Zalando outlets, in addition to using our dedicated online Pre-owned offer.

Inspiration & entertainment

The third B2C growth pillar focuses on integrating content into commerce by offering personalised inspiration and entertainment. Zalando leverages data and technology to create engaging content, building on its acquisition of Highsnobiety in 2022 and the launch of "Stories on Zalando" in 2023. Additional inspirational content and social features will drive higher engagement, increasing time spent on the app and generating more advertising revenue from brands and partners.

Zalando further evolved "Stories on Zalando", its content hub offering curated fashion and culture trends in visual-first formats, such as short videos. A new feature on the platform allows users to explore fashion through the perspectives of their favourite icons and tastemakers. Influencers like Caro Daur, Linda Tol and Jordan Anderson now share exclusive content and showcase curated fashion selections, reinforcing Zalando's commitment to providing an inspiring, consistent experience across all touchpoints.

In 2024, Zalando expanded its AI-powered Assistant to all 25 markets, offering personalised fashion advice in local languages through intuitive text and voice queries. Powered by Zalando's own AI models and OpenAI's large language models, the assistant understands context like location, weather and occasion to provide tailored recommendations. New features include voice interaction and Trend Spotter integration, enabling users to explore weekly fashion trends. Building on a successful partnership, Zalando and OpenAI will continue collaborating to develop even more generative AI solutions for the fashion industry.

Additionally, Zalando expanded its Trend Spotter tool to all markets and added Amsterdam, London, Warsaw and Zurich to the list of cities, now covering ten European fashion capitals. Powered by Zalando's own data, Trend Spotter allows customers to explore weekly emerging trends and offers insights into why specific items are trending locally or across Europe, delivering a more localised and dynamic shopping experience.

As part of our focus on strengthening our tech capabilities, Zalando utilised generative AI to scale the creation of product background images, thus enhancing content, reducing costs and increasing customer engagement. Additionally, the establishment of a new tech site in Shenzhen will combine local expertise in social commerce with Zalando's deep understanding of the European market, offering customers even more personalised inspiration and entertainment.

Business-to-business (B2B)

Zalando is opening up its logistics infrastructure, software and service capabilities to become a key enabler for e-commerce transactions of brands and retailers, regardless of whether they take place on or off the Zalando platform.

Within ZEOS Fulfilment, the B2B business unit launched in autumn 2023, Zalando is working on an operating system for e-commerce and will continue to externalise its unique capabilities to all brands and retailers in the fashion and lifestyle industry. It is centred around three propositions: Logistics, Software and Services. Logistics is the infrastructure layer, giving brands access to Zalando's 13 fashion-specific fulfilment centres, 20 return centres, 40 local carriers, and more than 160 localised delivery and returns services. Software is a layer of digital services that integrate with marketplaces like Otto or ABOUT YOU, connect with a pan-European network of carriers, and provide brands and retailers with insights and recommendations to steer their business. Finally, Services is a complementary layer, where we plan to integrate third parties, e.g. content providers or financing services. These three layers will be seamlessly integrated, but they can also be used in a modular way, depending on brands' needs.

In 2024, we scaled our multi-channel fulfilment solution further by adding new markets and sales channels, including brands' own online shops, thereby attracting more business volume and new partners. The ZEOS multi-channel offering has now been expanded to serve over 40 partners. British fashion retailer Next has signed an agreement with ZEOS Fulfilment to fulfil most of NEXT's online direct-to-consumer business in continental Europe. Other partners include Timex Group, an American global watchmaking company, as well as Belgian womenswear brand LolaLiza, and the contemporary Spanish footwear brand Camper. We have also introduced Switzerland as a new market, bringing the total number of markets to 12. ZEOS Fulfilment now covers nine major European marketplaces, including Otto and ABOUT YOU, enabling the fulfilment of orders placed via these platforms and additionally partners' own webshops. This expansion enhances the value proposition for Zalando's partners. ZEOS Fulfilment also offers an attractive and growing suite of software and service solutions developed by our in-house product and engineering teams. For example, we are piloting new software products, such as the Replenishment Engine, which advises partners on what and when to replenish within our logistics network. This also includes Tradebyte, which connects over 1,000 brands with more than 90 European marketplaces. Their new product, TB.360, provides brands with a comprehensive view of their business, streamlining market complexities to enhance operational efficiency, maximise profitability and optimise marketing strategies — all through a single interface.

Acquisition of ABOUT YOU

On 11 December, we announced our intention to submit a voluntary tender offer to acquire the ABOUT YOU group. The ABOUT YOU management board and supervisory board have decided to recommend that shareholders accept this offer. The envisaged transaction will play into our strategy to build the leading pan-European ecosystem for fashion and lifestyle e-commerce. In B2C, the group will drive a dual-brand strategy, offering distinct shopping experiences to better serve the specific needs of customers and partners. In B2B, ABOUT YOU's SCAYLE unit will complement Zalando's e-commerce operating system ZEOS to help enable brands and retailers manage their multi-channel business across Europe within a unified platform featuring logistics, software and service offerings. The transaction comes with compelling value-creation opportunities that the two companies, operating in the same industry, can generate by collaborating in a wide range of areas such as B2B, logistics, payments and commercial. In the longer term, Zalando will be targeting significant group EBIT synergies of around 100m EUR per annum. The closing of the transaction is expected in summer of 2025, subject to obtaining the relevant regulatory approvals.

Sustainability, diversity & inclusion

Sustainability and diversity & inclusion (D&I) are core elements of our updated strategy, integrated across business units to create a competitive advantage. Transitioning to a more sustainable, equitable and accessible future requires collective effort.

Diversity & inclusion

In 2024 we strengthened our commitment to be inclusive by design, recognising that D&I leads to better innovation, deeper customer relationships and a more positive industry impact. Our do.BETTER strategy includes 12 D&I ambitions and targets around four pillars: talents, leadership, customers and partners. Zalando is committed to creating an inclusive workplace for our talents, accelerating leadership accountability and diversity, providing inclusive experiences and content for our customers, and fostering D&I in the wider fashion industry together with our partners.

Talents

We aim to create an inclusive workplace that provides equal access to opportunities. In 2024, to foster our Women in Tech goal aimed at 40 to 60% women in tech job families, we launched our new Women in Tech steering committee, allocating ownership for delivery and progress jointly to our senior leadership in both P&O and Tech. To enable more effective planning and execution of our initiatives, we also established a dedicated core team to guide the strategic direction of the Zalando Women's Network. With the aim of providing direct assistance to employees with severe or equal status disabilities, we appointed dedicated Disability Inclusion Officers this year in Berlin and Erfurt, who actively advocate for inclusivity. Zalando's Employee Resource Groups (ERGs) are another important measure for ensuring a more respectful and inclusive company culture. To foster community and create open and transparent dialogue, our ERGs put together a series of events in 2024. The occasions of Black History Month, International Women's Day and Ramadan during the year provided several opportunities for dialogue at Zalando around inclusion for its employees.

Leadership

Our commitment to women in leadership is reflected in our target of increasing the share of women in each of our five top leadership levels (including the management board) to 40–60%. In this context, we offer women who have been identified for potential promotion a tailored development programme called TripleSteps, which includes a personal coach, a sponsor, and job shadowing and peer network opportunities. On 31 December 2024, the average percentage of women in the top five levels of leadership of 36.9% is still below this target. We have renewed our commitment to reaching the target across all five of our top leadership levels in 2025.[27]

Customers

We continue our efforts to champion D&I, improve accessibility and offer a welcoming space for customers to discover and express themselves. We offer dedicated internal training around accessibility and Adaptive fashion for our engineers, product designers, specialists and private label designers. We celebrated our customers' diversity through our content, campaigns and storytelling. In 2024, we broadened our fashion assortment with Adaptive sportswear as well as Adaptive fashion and footwear for kids. This collection from our private label brands ensures that children, regardless of their physical abilities, have access to stylish, functional and comfortable clothing. The inspiration behind our collection comes directly from the invaluable insights shared by parents and caregivers of children with disabilities.

Partners

Zalando's strategic focus is to become a partner of choice for brands that stem from underrepresented groups with a commitment to diversify our partner portfolio. To further foster diversity and innovation within the fashion industry, we launched a six-month accelerator programme for small Black-owned brands in 2024. The programme aims to upskill small, Black-owned fashion brands looking to expand their business to major e-commerce platforms such as Zalando. Over the past year, we have further expanded our D&I-focused collaborations with long-standing partners and started working with several more. We now carry more than 600 Adaptive fashion styles from Zalando's private labels and partner brands such as Tommy Hilfiger, Nike, Friendly Shoes and our latest additions from 2024, including selected items from BOSS, Adidas, JanSport and Skechers. With brands such as Andrew Fitzsimons, we focus on product and representation for LGBTQIA+ in Beauty. We also offer brands that cater to all skin types and tones, such as black|Up, a Black-owned cosmetic brand specialising in makeup for dark skin tones. Other Black-owned brands we feature include Bouclème, Danessa Myricks Beauty, and Freya + Bailey.

27 This includes the management board level. Highsnobiety entities are not included in this metric and target.

Sustainability

Given Zalando’s pursuit of a leading position in the pan-European fashion and lifestyle E-commerce ecosystem, we aspire to embrace our role as an enabler and connector to drive progress among customers, brand partners, manufacturers, innovators, regulators and our employees.

We aim to leverage our strengths to propel fashion brands and suppliers to attain their sustainability ambitions, and we seek to empower customers to make informed purchasing decisions, select superior-quality items and derive greater satisfaction by choosing an assortment and brands that align with their values. We believe that a broader industry transformation can only happen through investment in technology and processes. In this context, we strive to support scaling industry innovators by enabling access to customers, brands and financing. Furthermore, we encourage and welcome EU policymakers to establish a consistent regulatory framework that will enhance consumer trust and protection and ensure a level playing field against unfair competitive practices.

Our efforts are underpinned by our two sustainability ambitions. First, we have the ambition to achieve net-zero GHG emissions for our own operations and private labels by 2040 and across our value chain by 2050. To complement this ambition, we are strengthening our circular economy initiatives through our second-hand business and implementing comprehensive packaging waste reduction programmes. Second, we aim to further empower workers through decent work by deepening human rights due diligence in our own operations and those of our partners, as well as further evolving our purchasing practices and wage management systems in our private labels by 2028.

Since the announcement of our net-zero ambition in March 2024, we have developed and submitted our net-zero targets to the Science Based Targets initiative (SBTi) for validation and have started developing a climate transition action plan. We also continued to expand the FASHION LEAP FOR CLIMATE learning platform by onboarding new partners such as ASOS, Selfridges Group, Boozt and Cascale. The platform provides brands with free peer-learning opportunities and step-by-step guidance to measure emissions and set ambitious reduction targets. The engagement of our brand partners will remain essential for achieving our own net-zero ambition.

In May 2024, we joined The Fashion ReModel alongside other leading brands and retailers to overcome barriers to scaling circular business models. The project is run by the Ellen MacArthur Foundation, an international NGO whose mission is to accelerate the transition to a circular economy. Moreover, to enable a wider industry transformation towards a circular economy, we continue to work with the Graduate Fashion Foundation to create a free Circularity Masterclass for fashion design students. This training, aimed at fostering knowledge and passion for circularity, was introduced as an educational supplement at six universities across five European countries. Additionally, with the aim of achieving a fully closed-loop system for all intralogistics boxes looking forward, we also continued the expansion of reusable cardboard boxes to additional fulfilment and return centres across our network throughout the year.

2.1.4 Management system

We use various indicators to measure our performance in accordance with our group objectives. In this way, we remain focused on driving topline growth while delivering improved profitability and at the same time investing to capture future growth. These major key performance indicators (KPIs) are derived from the guidance of our management board and group planning. Our group planning constantly monitors our financial KPIs and performs a monthly comparison with our budget. Our major KPIs for the group performance management are GMV, revenue, adjusted EBIT (margin) and capex. The management board steers the company at a consolidated group level as well as at the segment level. GMV is the value of all merchandise sold to customers after cancellations and returns and including VAT, dynamically[28] reported. It includes neither B2B revenues (e.g. ZEOS Fulfilment) nor other B2C revenues (e.g. partner business commissions, ZMS and service charges like express delivery fees); these are included in revenue only. Whereas GMV is recorded at the time of the customers' order, revenue is recorded at the point in time when control over the promised goods and services is transferred. In contrast to our EBIT, the adjusted EBIT is EBIT without equity-settled share-based compensation, restructuring costs, acquisition-related expenses and significant non-operating one-time effects. Capex is defined as the sum of the payments for investments in fixed assets and intangible assets excluding payments for the acquisition of companies.

In addition to these major financial KPIs, we also use a range of further KPIs to manage our business.

- **Active customers:** Active customers is the number of customers who have placed at least one order in the last 12 months during the reporting period, irrespective of returns. The number of customers who have completely cancelled their orders is excluded.
- **Number of orders:** Number of orders is the number of orders placed by customers during the reporting period, irrespective of cancellations or returns. An order is counted on the day the customer places the order. The number of orders placed may differ from the number of orders delivered because the orders at the end of the reporting period may still be in transit or may have been cancelled.
- **Average GMV per active customer:** Average GMV per active customer is the average value of all merchandise sold to active customers after cancellations and returns and including VAT in the last 12 months of the reporting period.
- **Average orders per active customer:** Average orders per active customer is the number of orders in the last 12 months of the reporting period, divided by the number of active customers.
- **Average basket size**: Average basket size is the GMV (including the gross merchandise volume from our partner business) after cancellations and returns and including VAT, divided by the number of orders in the last 12 months of the reporting period.

[28] GMV is retrospectively corrected based on the cancellations and returns and thus prior-year figures may deviate from the information published in prior reports.

2.1.5 Research and development

We develop the key software components of our platform internally. The developments relate to a labour-intensive software development process aimed at adding new functionalities and/or enhancing the existing system landscape by significant system functionalities along the entire value and process chain. This ensures that our technology platform supports the company strategy and is aligned with the operating processes and systems. Development work at Zalando is performed by different teams of developers for B2C and B2B. In B2C, Zalando provides an multi-brand shopping experience for fashion and lifestyle products. In B2B, Zalando leverages its own logistics infrastructure, software and service capabilities to support brands and retailers in managing and scaling their entire e-commerce business, both on and off the Zalando platform.

In 2024 we recognised capitalisable development costs of 83.7m EUR (prior year: 74.5m EUR), of which 46.3m EUR relate to assets under development (prior year: 6.5m EUR). We continue investing in our technology platform, including ongoing improvements and the continued innovation of existing products and processes in pursuit of our vision to build the leading pan-European ecosystem for fashion and lifestyle e-commerce.

Zalando does not operate a research and development department in the sense of an industrial company. Our software development departments optimise the existing offers and work on establishing innovative products in the market. Accordingly, research has a subordinate role and consequently research costs were immaterial.

2.1.6 Key intangible resources

Our reporting approach

In this section we provide information on our key intangible resources in accordance with Article 19 Section 1, of the Directive 2013/34/EU (Accounting Directive) as amended by the Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive), which are those intangible resources on which our business model fundamentally depends. This includes an explanation of how our business model fundamentally depends on such resources and how such resources are a source of value creation for Zalando.

Zalando defines and categorises intangible resources ("intangibles") considering the IIRC and WICI Frameworks.[29] Intangibles are defined as all non-monetary and non-physical resources that either alone or in conjunction with other resources can generate a positive or negative effect on the value of Zalando in the short-, medium- or long-term. Intangible resources include intangibles that are both recognised or not recognised in our consolidated statement of financial position (for further details on recognised intangibles see sections 3.5.5 Accounting policies and 3.5.7 (11.) Intangible assets). We group intangibles into three main categories:

- Social and relationship capital
- Intellectual and organisational capital
- Human capital

Our business model is further described in section 2.1.1 Business model. Our vision is to build the leading pan-European ecosystem of fashion and lifestyle e-commerce around our two key growth vectors: B2C (business-to-consumer) and B2B (business-to-business). This updated vision leverages our e-commerce platform capabilities that we have developed over the past 16 years and enables us to serve a larger share of the growing fashion and lifestyle e-commerce market as well as deepen relationships with customers and partners.

We have identified the key intangible resources on which our business model fundamentally depends. These are our customers and partners, our platform capabilities and logistics network, as well as our employees. In the short-term, these intangible resources have already contributed to the value creation of Zalando in the financial year 2024 and will continue to contribute to achieve our next year's outlook (see section 2.4.2 Future development of the group). However, they are also key resources for achieving our updated vision and will be crucial for achieving our mid-term guidance and long-term ambition.[30] This is why we will continuously invest in these areas through our growth initiatives that we have defined.

We have classified our intangible resources into the three categories mentioned above. However, there will always be an overlap between the different categories. For this reason, the classification is based on how we understand each different category and its respective characteristics as well as the characteristics of our intangible resources. Furthermore, in most cases, value creation within a company is not the output of a separate resource; it is the result of interactions between intangible and tangible resources within the dynamic system of a large group like Zalando. Hence, there is always a dependency between resources, and our business model depends on the successful interaction of all our resources. It is therefore not reasonable to quantify an individual positive or negative effect these resources may have on the value creation for Zalando.

Social and relationship capital: our customers and partners

We currently serve more than 50 million active customers in 25 markets with an assortment of international brands and local labels across multiple propositions, including Fashion, Kids & Family, Designer and Sports, Beauty, Lounge by Zalando and Pre-owned. On average these customers shop nearly five times a year with Zalando, spending around 295 EUR per year.

[29] IIRC Integrated Reporting Framework, January 2021, and WICI Intangibles Reporting Framework, September 2016.
[30] Zalando Strategy Update 2024, March 2024.

Even if approximately 10% of the relevant European population are already Zalando customers and value the Zalando brand, there is still substantial opportunity to acquire new customers. Our goal is to increase the size and quality of our active customer base and to deepen customer relationships by increasing quality and relevance as well as expanding Zalando's fashion and lifestyle propositions. This pays directly into our GMV and revenue for the B2C segment to achieve our growth and profitability ambitions in the short-, medium- and long-terms. B2C currently accounts for all our GMV and more than 90% of our revenues, and therefore substantially contributes to future growth.

We invest to increase our number of active customers by retaining our active customer base, re-activating inactive customers and attracting new customers. In alignment with our ecosystem strategy, we unveiled a new brand positioning in autumn 2024 focusing on quality, lifestyle and inspiration to enhance customers' style confidence and meet their evolving needs. Launched through the "What Do I Wear?" campaign, the rebrand includes a refreshed visual identity and custom font for improved accessibility. We also evolved our loyalty programme Zalando Plus in 2024 that we will roll out further in 2025 to more markets and customers from a paid membership to a free-to-join model introducing a points-based system to reward customer loyalty. For further information on our new loyalty programme, please see section 2.1.3 Group strategy and 3.5.5 Accounting policies.

In the area of engagement, we want to differentiate through quality. Quality relates to every part of the customer journey by offering a relevant assortment, tailored digital experience, sustainable and inclusive choices, as well as personalised convenience with the aim of providing the best possible shopping experience in fashion and lifestyle and be a trusted European brand. We focus on integrating content into commerce by offering personalised inspiration and entertainment. Zalando leverages data and technology to create engaging content, building on its acquisition of Highsnobiety in 2022 and the launch of "Stories on Zalando" in 2023. Our brand partnerships and platform approach remain fundamental to our business strategy. These close partnerships enable us to offer our customers a curated assortment and create substantial benefits for customers and partners, and for Zalando.

In order to provide personalised content and inspiration, we depend fundamentally on data that we collect from our customers and partners. We continuously enhance our data and analytics capabilities to ensure that we can enable informed decisions. We also focus on further developing the quality of data and investing to keep our systems and data safe against breaches of our data protection standards and data disclosure to unauthorised parties. Zalando operates under both European and national data protection regulations, and we closely monitor changes in legislation in order to properly adopt regulatory requirements. Data collection, processing and usage in accordance with the law is fundamental to us as it is essential for both our partner-related data and especially our customers and their trust in our products and services. For further information on our consumers and end-users, please see section 2.8.3 Social information (ESRS S1 - S4) of our sustainability statement.

Intellectual and organisational capital: our platform capabilities and logistics network

Over the past 16 years Zalando has built an innovative digital experience that connects customers and partners which is the core of our business model. We have developed key software components of our platform internally, and we continuously add new functionalities and enhance the existing system landscape. This ensures that our technology platform supports our strategy and is aligned with our operating processes and systems. In 2024, we capitalised development costs of 83.7m EUR, which mainly relate to ensuring a state-of-art digital experience in the short- to medium-term, for example by introducing an AI-powered fashion assistant. We are also working further on solving real customer problems, such as finding the right size and fit using an AI-powered size recommendation feature built by our Zurich tech hub Fision, which we acquired in 2020, and that helps customers find the right size and fit based on their own body measurements. In the medium-to long-term, we will work on leveraging generative AI in new ways to make our customer experience even more engaging. Furthermore, we will ramp up our new tech hub in China to tap into local expertise in social commerce.

Zalando has also built a logistics network across Europe to serve our customers rapidly and seamlessly through our 13 fulfilment centres. In building this network, we diligently assessed various locations to find those that served our needs best. This ensures that we are where our customers are, and thus the time to customer is reduced. In addition, it also connects the fulfilment centres to one network that allows for flexible capacity planning and shifting capacities between the fulfilment centres. We are able to serve nearly every customer, every market and every partner from every centre within our network. This is possible because we have built our own logistics operation management system that we have rolled out or that will be rolled out in its third version to our newest fulfilment centres in the Netherlands, France and Germany.

This network is accessible to all our B2B partners and serves as a key enabler for e-commerce transactions for brands and retailers, regardless whether these take place on or off the Zalando platform. In 2023 we introduced our ZEOS brand. ZEOS Fulfilment is an operating system for the fashion and lifestyle industry that enables brands and retailers to manage their multichannel businesses across Europe within one unified platform. ZEOS Fulfilment can fulfil orders that are placed via nine major e-commerce platforms and the brands' own e-commerce channels. The B2B segment already accounts for around 10% of Zalando's revenues. We expect ZEOS Fulfilment to continue to scale rapidly, creating even more win-win opportunities for consumers and brands. In the medium-term, B2B will therefore over proportionately contribute to the envisaged revenue growth for the group.

Our industry is currently undergoing transformation. As an organisation, we have set ourselves a target of contributing to this transformational process by becoming an enabler of a more sustainable future for the fashion industry. Our organisation is set up in such a way that allows us to be adaptive and therefore increases the resilience of our business model. Our long-term ambition is to achieve net-zero GHG-emissions in our own operations and private labels by 2040, and net-zero emissions across the group's value chain by 2050 (see 2.1.3 Group strategy). For further information on innovation and partnerships, see section 2.8.4 Governance information (ESRS G1) of our sustainability statement.

Human capital: our employees

Employees are key enablers in creating and enhancing our resources and ultimately creating value for the company. Currently, Zalando has more than 15,000 direct employees with many more working indirectly for Zalando at our partners, suppliers and service providers. Around 3,000 employees work in our tech departments to build our technological capabilities, and more than 5,500 employees work in our fulfilment centres, ensuring customer convenience in B2C and leveraging our B2B business. And although most of our employees (around 7,800) are employed in Berlin, we have a very diverse workforce from around 140 different nations. Around 47% of our employees and 37% of our leadership are female.

We want to create an inclusive workplace that provides equal opportunities. This starts with our hiring policies to ensure inclusive hiring and reduce potential biases. This vision also determines how we physically build a modern and inclusive workplace and sets clear guidelines on how we expect our employees to behave (our Code of Ethics). It determines the work-related standards we and our partners should adhere to (our Code of Conduct) and how we define our cultural principles that guide us through our day-to-day work decisions (our founding mindset). Finally, we have introduced a policy around promotion and development which is based on feedback to regularly assess performance and define individual development paths in a fair and transparent process. We have established Zalando as a brand that attracts talents and leaders and ensures that we have access to the skills, competencies and knowledge needed to execute our business models. For further information on our business conduct, please see section 2.8.4 Governance information (ESRS G1) of our sustainability statement.

In addition to setting standards for our own employees, our vision to be a fashion platform that is welcoming to everyone also comes with the commitment to build a company where respect and inclusive behaviour are second nature in every area. We therefore also further empower workers through decent work, by deepening human rights due diligence in our own operations and those of our partners, as well as further evolving our purchasing practices and wage management systems in our private labels by 2028. These ambitions will support our business model by reducing possible negative impacts for Zalando related to workers in our own operations and at our partners. For further information regarding our own workforce and workers in the value chain, please see section 2.8.3 Social information (ESRS S1-S4) of our sustainability statement.

2.2 Report on economic position

2.2.1 Macroeconomic and sector-specific environment

The global economy has remained stable while inflation has continued to decline and global trade has revived. Lower inflation is supporting real household income and spending, although consumer confidence in many countries remains below pre-pandemic levels. Labour market pressures are easing, with unemployment still near historic lows. While real interest rates remain elevated, falling nominal yields are spurring early recoveries in the housing and credit markets. Headline inflation is returning to target levels in many advanced and emerging economies, despite lingering pressures in the services sector.[31]

In 2024 global GDP growth was recorded at 3.2%, with a slight increase to 3.3% forecast for 2025. For the euro area, the GDP growth rate was lower at 0.8% in 2024, with expectations of a modest increase to 1.3% in 2025, as per OECD data.[32] Over the past two years, household savings in the euro area have surged due to a combination of rising real incomes, elevated real interest rates and negative real wealth effects. Strong growth in disposable income, fuelled by higher wages and non-labour income, has enabled households to save more. Elevated real interest rates have made saving more attractive, encouraging households to increase their savings. Additionally, declines in real wealth, such as falling asset prices, have led to precautionary saving as households aim to rebuild financial security amidst economic uncertainties.[33]

The Federal Statistical Office (Destatis) reported a 0.2% decline in Germany's GDP for 2024, following a 0.3% contraction in 2023. This continued economic downturn has been attributed to several key factors, including intensified competition in key export markets, persistently high energy costs and elevated interest rates.[34]

Consumer price inflation in the euro area was confirmed at 2.4% year-on-year in December 2024, edging closer to the European Central Bank's target of 2%, and significantly lower than its peak of 10.6% in October 2022.[35] Meanwhile, consumer confidence in the region showed modest improvement, rising from -16.0 points at the beginning of the year to -14.5 points by year end. However, despite this progress, it remains below the long-term average of -11.7 points recorded since 2000.[36]

After two years of significant decline, the German online fashion market is showing signs of recovery. In 2024, e-commerce sales of clothing and shoes in Germany grew by 0.2% compared to the previous year, reaching a total value of 18.6bn EUR, including VAT.[37] This marks a positive turnaround for the industry after a period of double-digit declines. Similarly, German brick-and-mortar store ended the year with flat growth.[38]

31 OECD Economic Outlook, December 2024.
32 OECD Economic Outlook, December 2024.
33 European Central Bank, January 2025.
34 Deutsche Bundesbank: Monthly Report, January 2025.
35 OECD Economic Outlook, December 2024.
36 European Commission, January 2025.
37 BEVH press release, January 2025.
38 Textilwirtschaft, January 2025.

2.2.2 Business development

2024 was a year of recovery and return to growth, and improved economic conditions like lower inflation and rising wages supported consumer demand. This positive trend fuelled increased consumer spending across the industry, with online spending in particular picking up again after two challenging years.

After a demanding 2023, Zalando successfully returned to growth in 2024. Our focus on inventory management and consequently better sell-through rates supported our gross margin development in 2024. We remained focused on managing our cost lines, with fulfilment costs continuing to decrease. Marketing investments were adjusted to meet higher demand, leading to an increased marketing cost ratio. We managed to grow our active customer base by 4.5% year-on-year to 51.8m active customers — a new all-time high — at the end of 2024 (prior year: 49.6m).

Based on our updated strategy to build the leading pan-European ecosystem for fashion and lifestyle e-commerce, we continued to selectively invest in strategic growth opportunities such as the evolvement of our loyalty programme, elevating propositions like Sports, and continuously expanding our customer experience beyond the transaction with the aim of making fashion discovery more inspiring and entertaining. Additionally, we are continuing to invest in our European logistics network which supports future growth in B2C and B2B. We went live with our new fulfilment centre outside of Paris at the beginning of October and we will open the Frankfurt warehouse in 2026, thereby supporting growth in the mid-term. B2B is continuing on its trajectory of double-digit revenue growth with ZFS being the major driver. In 2024 we enabled further sales channels for ZEOS, thereby expanding our value proposition for our partners. Through our ZEOS multi-channel fulfilment, we are now serving nine marketplaces as well as brands' own e-commerce channels.

As a result of our focus on certain strategic growth opportunities, we closed the first year of our ecosystem strategy with a GMV increase of 4.5% year-on-year to 15.3bn EUR (prior year: 14.6bn EUR). The group recorded revenue of 10.6bn EUR (prior year: 10.1bn EUR), with an increase of 4.2% compared to 2023. In 2024, we significantly improved adjusted EBIT, reaching 511.1m EUR (prior year: 349.9m EUR), and the corresponding adjusted EBIT margin strengthened to 4.8% (prior year: 3.5%).

Brand partnerships are instrumental in creating endless possibilities for our customers. This is why our platform strategy continues to be an integral part of our ecosystem strategy. We aim to facilitate access by retailers and brands to our platform through a combination of our retail and partner businesses.

The engagement of our partners in setting and achieving meaningful emissions reduction targets is essential to achieving our own net-zero ambition. In 2024, we continued our work to cut scope 3 greenhouse gas emissions. To scale our efforts, we expanded the FASHION LEAP FOR CLIMATE initiative by onboarding new partners such as ASOS, Selfridges Group, Boozt and Cascale. Our online learning platform supports brand partners in setting climate targets aligned with science to reduce their greenhouse gas emissions. Additionally, we have integrated science-based targets as a mandatory requirement in all our contractual negotiations with packaging suppliers.

In March 2024, we progressed further in our transition from plastic to paper shipping bags, significantly reducing single-use plastic in our own operations. We also took additional steps to apply circular economy principles in the close-the-loop-stage. With the aim of a fully closed-loop system for all intralogistics boxes, we further expanded our reusable system for intralogistics cardboard boxes to more fulfilment and return centres within our network throughout 2024, which led to a reduction of 1,614 metric tons of packaging. The implementation in most of our fulfilment and return centres is expected to be completed by 2025.

We strive to be inclusive by design and to differentiate through quality across the customer journey, setting the highest bar for a quality experience for customers and brands alike. This includes enabling informed choices for our customers in Adaptive fashion. In 2024, we offered dedicated training around accessibility and Adaptive fashion for our engineers, product designers, specialists and private label designers.

Furthermore, we broadened our fashion assortment with Adaptive sportswear as well as Adaptive fashion and footwear for kids, and expanded our D&I-focused collaborations with brand partners, who now carry more than 600 Adaptive fashion styles from Zalando's private labels and partner brands such as Tommy Hilfiger, Nike, Friendly Shoes, BOSS, Adidas and Skechers.

We endeavour to offer a range that caters to all skin and hair types and, to date, have successfully added 57 brands that originate from or serve the Black community. One example of this is black|Up, a black-owned cosmetics brand that specialises in make-up for dark skin tones. In 2024, we also launched a Black-owned brands accelerator to support small Black-owned fashion brands that want to expand their business to large e-commerce platforms such as Zalando.

2.2.3 Economic situation

Financial performance of the group

As outlined above, 2024 has been a year with muted GDP growth, lower inflation and real disposable income growth. Moreover, fashion online spend was supported by online growth picking up again after two challenging years, and in our first year of executing our ecosystem strategy, Zalando has been able to return to growth. GMV increased by 4.5%, with revenues following this trend at 4.2% higher in a yearly comparison. We focused on inventory management by having a more selected and curated season-buy approach, which improved sell-through rates. As a consequence, our retail business[39] demonstrated improved performance, achieving positive growth in 2024, thereby supporting an expansion of group gross margins. At the same time, our partner business continued its growth path. Furthermore, efficiency gains in fulfilment supported adjusted EBIT margin improvements despite higher spending in marketing. Overall, we managed to improve profitability, which is demonstrated by a significant increase in adjusted EBIT to 511.1m EUR (prior year: 349.9m EUR) and an adjusted EBIT margin to 4.8% (prior year: 3.5%). Net income was 251.1m EUR (prior year: 83.0m EUR).

Condensed consolidated income statement

in m EUR	2024	As % of revenue	2023	As % of revenue	Change
GMV	15,296.2	144.7%	14,631.0	144.2%	0.4pp
Revenue	10,572.5	100.0%	10,143.1	100.0%	0.0pp
Cost of sales	-6,270.5	-59.3%	-6,212.7	-61.3%	1.9pp
Gross profit	**4,302.0**	**40.7%**	**3,930.4**	**38.7%**	**1.9pp**
Fulfilment costs	-2,418.4	-22.9%	-2,458.3	-24.2%	1.4pp
Marketing costs	-979.2	-9.3%	-752.5	-7.4%	-1.8pp
Administrative expenses	-513.3	-4.9%	-490.8	-4.8%	0.0pp
Other operating income	20.9	0.2%	20.6	0.2%	0.0pp
Other operating expenses	-20.1	-0.2%	-58.5	-0.6%	0.4pp
EBIT	**391.9**	**3.7%**	**190.9**	**1.9%**	**1.8pp**
Share-based payments	82.4	0.8%	83.0	0.8%	0.0pp
Acquisition-related expenses	30.5	0.3%	19.4	0.2%	0.1pp
One-time effects	6.3	0.1%	24.2	0.2%	-0.2pp
Restructuring costs	0.0	0.0%	32.4	0.3%	-0.3pp
Adjusted EBIT	**511.1**	**4.8%**	**349.9**	**3.5%**	**1.4pp**

39 Formerly known as our wholesale and offprice business.

The key performance indicators developed as follows in the reporting period:

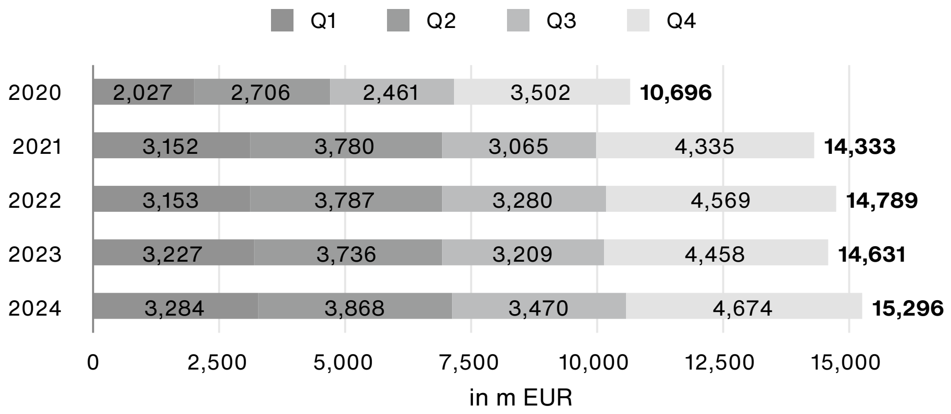
Key figures

	2024	2023	Change
Key performance indicators			
Gross merchandise volume (GMV*) (in m EUR)	15,296.2	14,631.0	4.5%
Revenue (in m EUR)	10,572.5	10,143.1	4.2%
Adjusted EBIT (in m EUR)	511.1	349.9	46.0%
Adjusted EBIT margin (as %)	4.8	3.5	1.4pp
EBIT (in m EUR)	391.9	190.9	>100%
EBIT margin (as %)	3.7	1.9	1.8pp
Capex (in m EUR)	-206.9	-263.2	-21.4%
Active customers (LTM**) (in m)	51.8	49.6	4.5%
Number of orders (in m)	251.0	244.8	2.5%
Average GMV* per active customer (LTM**) (in EUR)	295.4	295.2	0.1%
Average orders per active customer (LTM**)	4.8	4.9	-1.9%
Average basket size (LTM**) (in EUR)	60.9	59.8	2.0%

pp = percentage points
Rounding differences may arise in the percentages and numbers provided in this annual report.
*) 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 includes neither B2B revenues (e.g. ZEOS services) nor other B2C revenues (e.g. partner business commissions, Zalando Marketing Services and service charges like express delivery fees); these are included in revenue only. GMV is recorded based on the time of the customers' orders. Due to the dynamic reporting of GMV, prior-year figures may deviate from former published reports.
**) Calculated based on the last 12 months (LTM).

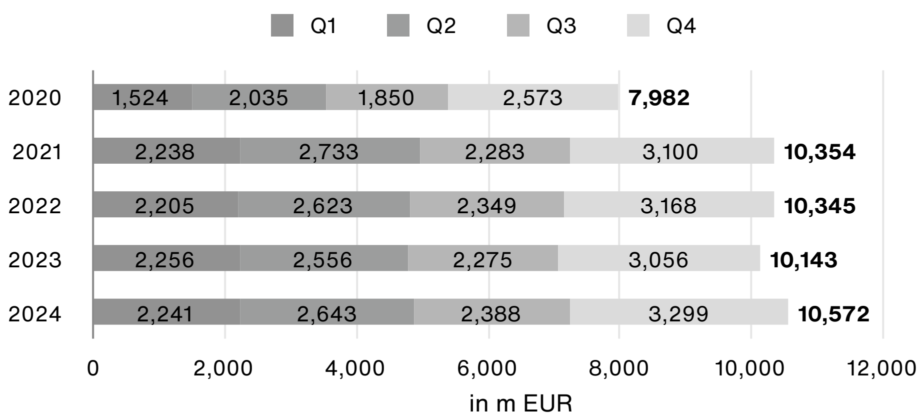
Results of operations[40]

GMV by quarter (2020–2024)



[40] The statements on the quarterly development of GMV and revenue are unaudited.

Revenue by quarter (2020–2024)



In 2024, GMV increased by 4.5% to 15,296.2m EUR (prior year: 14,631.0m EUR), supported by successful demand activation across our lifestyle propositions such as Sports and Kids & Family, favourable seasonal trading patterns, as well as a stabilising trend in online sales.

As of 31 December 2024, the group had 51.8 million active customers compared to 49.6 million active customers as of 31 December 2023, corresponding to an increase of 4.5%. GMV per active customer remained broadly stable with 0.1% reaching 295.4 EUR. In 2024 the average basket size per order reached 60.9 EUR, corresponding to a 2.0% increase and compensating for the decline in average orders per active customer to 4.8 (-1.9% compared to 2023). Along with this, a growing number of customers adopted multiple propositions, including Fashion, Beauty, Designer, Sports, Kids & Family, Lounge by Zalando and Pre-owned.

Revenue was up 4.2% to 10,572.5m EUR (prior year: 10,143.1m EUR), supported by the positive GMV development of our retail business, continued growth of our partner business as well as strong revenue growth in B2B. In 2024, we continued to grow our partner business GMV by 6.7%, thereby reaching a partner business GMV share of 34.3% compared to 33.6% in the prior year. The difference between GMV and revenue development is inherent in our partner business model, where selling prices are fully reflected in the GMV metric, while revenue only includes commission income on the selling price. Revenue from our ZMS as well as from our B2B segment, including Zalando Fulfilment Solutions (ZFS) and our newly launched multi-channel offering, is considered in revenue but not in GMV.

Cost of sales only slightly increased by 0.9% year-on-year from 6,212.7m EUR to 6,270.5m EUR. Our focus on inventory management led to improved sell-through rates, thereby strengthening our gross margins, which rose to 40.7% year-on-year (prior year: 38.7%).

The fulfilment cost ratio as a percentage of revenue further decreased by 1.4 percentage points from 24.2% in 2023 to 22.9% in 2024. This decline was driven by favourable order economics among other things, reflected in a higher average basket size and cost reductions, as well as the scaling of our ZEOS fulfilment business.

Marketing expenditure increased significantly by 226.7m EUR reaching 979.2m EUR. This represents a marketing cost ratio of 9.3%, an increase of 1.8 percentage points, as we deliberately raised our investments in performance marketing to capitalise on the better top-line momentum. Additionally, we increased brand marketing through the launch of several key campaigns to drive demand and enhance brand visibility.

Administrative expenses rose from 490.8m EUR in 2023 to 513.3m EUR in 2024 due to one-off expenses stemming from acquisition-related expenses, especially advisory fees relating to the running ABOUT YOU tender offer, as well as one-offs relating to the valuation of rights-of-use assets. Administrative expenses in proportion to revenue remained stable at 4.9%.

Other operating expenses decreased to 20.1m EUR (prior-year period: 58.5m EUR), primarily due to the one-off costs in 2023 related to the reshaping programme that comprised expenses for severance and garden leave payments as well as the related consulting fees.

As a result of our continued focus on gross margins and cost efficiencies we recorded a significant improvement in adjusted EBIT (EBIT before expenses for equity-settled share-based payments, restructuring costs, acquisition-related expenses and other significant non-operating one-time effects) of 511.1m EUR in 2024 (prior year: 349.9m EUR). EBIT adjustments of 119.2m EUR (prior year: 159.1m EUR) mainly stem from share-based compensation, the increase of acquisition-related expenses due to the ABOUT YOU tender offer, as well as effects from the valuation of lease assets that are no longer planned to be used for our own business (in the prior year additionally from restructuring costs from our reshaping programme). The adjusted EBIT margin improved to 4.8% (prior year: 3.5%).

Our financial result of -23.9m EUR in 2024 (prior year: -38.0m EUR) mainly comprised interest and similar expenses of 93.4m EUR (prior year: 85.6m EUR) and interest and similar income of 75.7m EUR (prior year: 46.5m EUR). The changes compared to the prior year were mainly due to the increased volume invested in the euro, which impacted the interest income from money market funds and deposits.

Income taxes of -116.9m EUR (prior year: -69.9m EUR) comprised current taxes of -144.4m EUR (prior year: -78.5m EUR), with an EBT of 368.0m EUR (prior year: 152.9m EUR) and deferred tax of 27.5m EUR (prior year: 8.5m EUR). The net income of our group was 251.1m EUR (prior year: 83.0m EUR).

Results by segment

The segment results of our group can be summarised as follows:

Segment results of the group 2024

in m EUR	B2C	B2B	Total	Recon-ciliation	Total group
GMV	15,296.2	–	15,296.2	0.0	15,296.2
(prior year)	*(14,631.0)*	*–*	*(14,631.0)*	*(0.0)*	*(14,631.0)*
Revenue	9,657.7	952.6	10,610.3	-37.8	10,572.5
(prior year)	*(9,301.8)*	*(854.4)*	*(10,156.2)*	*(-13.1)*	*(10,143.1)*
thereof intersegment revenue	0.0	37.8	37.8	-37.8	0.0
(prior year)	*(0.0)*	*(13.1)*	*(13.1)*	*(-13.1)*	*(0.0)*
Adjusted EBIT	488.7	22.8	511.5	-0.4	511.1
(prior year)	*(310.8)*	*(39.2)*	*(349.9)*	*(0.0)*	*(349.9)*
Adjusted EBIT margin	5.1%	2.4%	4.8%	–	4.8%
(prior year)	*(3.3%)*	*(4.6%)*	*(3.4%)*	*–*	*(3.5%)*
Share-based payments	74.2	8.2	82.4	0.0	82.4
(prior year)	*(76.7)*	*(6.3)*	*(83.0)*	*(0.0)*	*(83.0)*
Acquisition-related expenses	14.0	16.5	30.5	0.0	30.5
(prior year)	*(1.8)*	*(17.6)*	*(19.4)*	*(0.0)*	*(19.4)*
One-time effects	6.3	0.0	6.3	0.0	6.3
(prior year)	*(24.2)*	*(0.0)*	*(24.2)*	*(0.0)*	*(24.2)*
Restructuring costs	0.0	0.0	0.0	0.0	0.0
(prior year)	*(31.5)*	*(0.9)*	*(32.4)*	*(0.0)*	*(32.4)*
EBIT	394.2	-1.9	392.3	-0.4	391.9
(prior year)	*(176.5)*	*(14.4)*	*(190.9)*	*(0.0)*	*(190.9)*

In line with our updated strategy to build the leading pan-European fashion and lifestyle e-commerce ecosystem, we are expanding our capabilities around two sets of customers: B2C and B2B. From Q1 2024 onwards our external reporting was adjusted accordingly to reflect these two operating segments.[41]

The B2C segment, which covers the majority of our business, includes our retail business, formerly known as fashion store and offprice, as well as our platform service ZMS. The full-year 2024 GMV in B2C increased by 4.5%. This development was mainly supported by successful demand activation across our lifestyle propositions such as Sports and Kids & Family, favourable seasonal trading patterns, as well as a stabilising trend in online sales.

Revenues reached 9,657.7m EUR and rose by 3.8%, 0.7pp below the GMV growth rate, as the partner business continued to grow, increasing its share of B2C GMV to 34.3% in 2024

[41] For further information please see sections 2.1.2 Group structure and 2.1.3 Group strategy.

(prior year: 33.6%). ZMS, our marketing division, creates connections between brands and consumers through engaging ad formats. Zalando Marketing Services revenue increased to 1.4% (2023: 1.3%) of our B2C GMV, as partners started spending more following muted marketing spending across the sector in 2023.

Gross margins in B2C showed a strong increase of 2.3 percentage points to 43.5%, supported by improved inventory management leading to higher sell-through rates in our retail business and continued growth of our partner business. Combined with lower fulfilment costs, this enabled us to raise our investments in marketing. Adjusted EBIT for the year increased to 488.7m EUR compared to 310.8m EUR in 2023. Adjusted EBIT margin improved to 5.1% in 2024 (3.3% in 2023).

The B2B segment covers the B2B services we offer to our partners both on and off our Zalando platform. B2B products comprise our ZEOS brand (including ZFS and our multi-channel fulfilment offering), Tradebyte as well as Highsnobiety. As mentioned above, B2B does not contribute to GMV.

Revenues in B2B continue to outgrow group revenues and showed an increase of 11.5%, reaching 952.6m EUR (prior-year period: 854.4m EUR), with ZFS being the major growth driver. Gross margin in B2B reached 11.6% (prior-year period: 12.6%). The B2B segment recorded an adjusted EBIT of 22.8m EUR in 2024 compared to 39.2m EUR in 2023. The adjusted EBIT margin reached 2.4%, down from 4.6% in the prior-year period due to front-loaded investments.

Cash flows

The group's condensed statement of cash flows is presented in the following table:

Condensed statement of cash flows

in m EUR	2024	2023
Cash flow from operating activities	**654.1**	**949.5**
Cash flow from investing activities	**-269.8**	**-320.7**
Cash flow from financing activities	**-325.6**	**-123.6**
Net change in cash and cash equivalents from cash-relevant transactions	58.8	505.2
Change in cash and cash equivalents due to exchange rate movements	-4.2	3.2
Cash and cash equivalents at the beginning of the period	2,533.2	2,024.8
Cash and cash equivalents as of 31 December	**2,587.8**	**2,533.2**
Free cash flow	**379.4**	**683.8**

In 2024, we generated a positive cash flow from operating activities of 654.1m EUR, driven mainly by our operating income (considering that our net income comprises non-cash expenses like depreciation and share-based payments) and partially compensated for by the development of our net working capital.

In comparison to 2023, the decrease in cash flow from operating activities of 295.4m EUR resulted primarily from the different development of net working capital in 2023 compared to the reporting period and the effects from the collection of VAT receivables in Poland in 2023, which is reflected in other assets and liabilities. These effects are partly offset by the increase in our operating income.

Cash flow from investing activities was predominately impacted by capex amounting to 206.9m EUR (prior year: 263.2m EUR), which mainly consisted of investments in the logistics infrastructure related to the fulfilment centres in Germany, France and Poland, as well as capex in internally developed software.

Furthermore, we acquired ABOUT YOU shares. In line with the statement of intent made on 11 December 2024, we submitted a voluntary public takeover offer to acquire up to 100% of the share capital of ABOUT YOU for a cash offer price of 6.50 EUR per share. The total consideration amount will be approx. 1.14bn EUR and will be fully funded from the cash available to us as of the reporting date. By 31 December 2024, we had already acquired approx. 5.63% of the ABOUT YOU shares on the stock exchange for a total of 67.9m EUR, impacting our cash flow from investing activities for 2024. For the purpose of the takeover offer, Zalando paid 403.0m EUR at the start of 2025 into a trust account subject to drawing restrictions. We increased this stake acquired on the stock exchange by additional 1,356,641 shares to a total of 6.36% as of the expiry of the first acceptance period on 17 February 2025.

As a result, our free cash flow decreased by 304.4m EUR to 379.4m EUR, from 683.8m EUR in the prior year.

Cash flow from financing activities predominately consisted of payments of the principal portion of lease liabilities amounting to 134.5m EUR (prior-year: 128.1m EUR), payments for the repurchase of treasury shares of 99.5m EUR (prior-year: 0.0m EUR) as part of our share buyback programme, as well as the repurchase of convertible bonds of 95.5m EUR (prior-year period: 0.0m EUR).

Overall, cash and cash equivalents remained strong at 2,587.8m EUR as of 31 December 2024 (31 December 2023: 2,533.2m EUR).

Credit facility

On 20 May 2022, we entered into a revolving credit facility with a group of banks for an amount of 1,250.0m EUR. The facility can be drawn in EUR and utilised for general business purposes (including acquisitions) as well as for guarantees. In 2024, the facility was extended until 20 May 2029 and can be increased by an amount of up to 1,500m EUR. As of 31 December 2024 an amount of 148.4m EUR had been utilised for bank guarantees and letters of credit (prior year: 99.6m EUR).

Financial position

The group's financial position is shown in the following condensed statement of financial position.

Assets

in m EUR	31 Dec, 2024		31 Dec, 2023		Change	
Non-current assets	2,532.3	31.7%	2,540.5	32.6%	-8.2	-0.3%
Current assets	5,451.6	68.3%	5,249.2	67.4%	202.4	3.9%
Total assets	**7,983.9**	**100.0%**	**7,789.7**	**100.0%**	**194.2**	**2.5%**

Equity and liabilities

in m EUR	31 Dec, 2024		31 Dec, 2023		Change	
Equity	2,665.3	33.4%	2,373.1	30.5%	292.2	12.3%
Non-current liabilities	1,328.5	16.6%	1,890.4	24.3%	-561.9	-29.7%
Current liabilities	3,990.2	50.0%	3,526.2	45.3%	464.0	13.2%
Total equity and liabilities	**7,983.9**	**100.0%**	**7,789.7**	**100.0%**	**194.2**	**2.5%**

Compared to 31 December 2023, our total assets increased by 2.5% to 7,983.9m EUR. The statement of financial position is dominated by property, plant and equipment, net working capital, as well as cash and cash equivalents.

Non-current assets comprised additions to property, plant and equipment of 109.5m EUR (prior year: 217.5m EUR), primarily relating to the fulfilment centres in Germany, France and Poland. The effects were compensated for by depreciations. In addition, financial assets increased to 143.4m EUR (prior year: 85.2m EUR), mainly due to the acquisition of ABOUT YOU shares (67.9m EUR as of 31 December 2024). Furthermore, additions related to capitalised development costs as well as to prepayments and assets under development amounted to 84.2m EUR (prior year: 74.8m EUR). Key components of the software used by Zalando are developed internally, e.g. order and fulfilment processes are supported using internally developed software.

The development of current assets was essentially driven by an increase in inventories and cash and cash equivalents. In 2024, inventories rose by 7.6% to 1,549.7m EUR (prior year: 1,440.9m EUR), resulting from higher inbounds. Cash and cash equivalents increased by 2.2% to 2,587.8m EUR (prior year: 2,533.2m EUR). For more detailed information on the movement of cash and cash equivalents, please refer to "Cash flows" section in 2.2.3 Economic situation.

Equity increased by 12.3% with a carrying amount of 2,665.3m EUR as of 31 December 2024 (prior year: 2,373.1m EUR). The increase stems primarily from our positive total comprehensive income for the period and was partly offset by the repurchase of treasury shares (99.5m EUR) in our share buyback programme. In the reporting period, the equity ratio improved from 30.5% at the beginning of the year to 33.4% as of 31 December 2024.

Our non-current liabilities decreased by 561.9m EUR to 1,328.5m EUR as of 31 December 2024 due to a partial repurchase of Tranche A convertible bonds with a principal amount of 100.0m EUR and the reclassification of the remaining Tranche A convertible bonds to current liabilities as these will become due on 6 August 2025. In addition to this, the development of current liabilities is mainly impacted by increased other current non-financial liabilities. The effect was partly offset by trade payables and similar liabilities, which decreased by 1.3% to 2,745.1m EUR as of 31 December 2024 (prior year: 2,782.0m EUR). Furthermore, supplier claims against Zalando, totalling 639.2m EUR as of 31 December 2024, were transferred to various factoring providers (prior year: 590.1m EUR). These balances were recognised under trade payables and similar liabilities.

Net working capital, consisting of inventories as well as trade and other receivables less trade payables and similar liabilities, increased from -441.8m EUR in the prior year to -269.3m EUR as of 31 December 2024.

Overall assessment

The management board is pleased with the progress of the business in 2024. While we continue to operate in an improving but rather weak market environment, we proved to be able to return to growth and meaningfully expand margins.

In the first year of our updated strategy to build a pan-European ecosystem for fashion and lifestyle on Zalando and beyond, we focused on boosting the scale and impact of our B2C and B2B growth vectors by expanding into the go-to-destination for quality fashion & lifestyle shopping and inspiration in B2C and into the operating system to enable brands' e-commerce across Europe on and off Zalando in B2B.

On 10 October 2024 Zalando upgraded its full-year outlook to reflect a stronger performance in the third quarter amid an industry-wide strong start to the fall/winter season. We narrowed our full-year GMV guidance range to between 3% and 5% (initial guidance 0% to 5%) and the revenue guidance range was tightened to between 2% and 5% (initial guidance 0% to 5%). Expectations for the fourth quarter remained largely unchanged. Adjusted EBIT forecasts increased to a range of 440m EUR to 480m EUR, up from a previous guidance range of 380m EUR to 450m EUR. Additionally, we lowered our expected capex investments to around 200m EUR for the full year, compared with a previous guidance range of 250m EUR to 350m EUR.

After a better-than-expected fourth quarter of 2024, Zalando pre-released major full year figures on 15 January 2025. On the back of strong customer growth fuelled by marketing and better sell-through, adjusted EBIT was expected to reach around 510m EUR, above the company's guidance of 440m EUR to 480m EUR.

On 11 December 2024 we announced our intention to submit a voluntary public tender offer to acquire up to 100% of the share capital of ABOUT YOU for an equity consideration of

1.1bn EUR, to be paid in cash. The transaction comes with compelling group EBIT synergies of around 100m EUR per year in the long term. Zalando and ABOUT YOU operate in the same industry. By collaborating together we can generate synergies in a wide range of areas such as B2B, logistics, payments and commercial collaborations. This transaction plays into Zalando's ecosystem strategy to build a leading pan-European fashion and lifestyle e-commerce ecosystem around two growth vectors — B2C and B2B — which aim to deepen relationships with our customers and partners. Further details on this transaction can be found in the "Cash flows" section in 2.2.3 Economic situation.

With GMV growth of 4.5% and revenue growth of 4.2% we ended the year in the upper end of the GMV and revenue guidance ranges. The adjusted EBIT surpassed our 440m EUR to 480m EUR guidance range by more than 30m EUR, reaching an adjusted EBIT level of 511.1m EUR. Capital expenditure amounted to 206.9m EUR, in line with our revised guidance of around 200m EUR.

2.2.4 Employees

The average headcount over 2024 decreased by 485 employees (down 3%) from 15,793 to 15,309 employees compared to prior year.[42]

[42] Headcount excludes working students, interns & apprentices.

2.3 Risk and opportunity report

Identifying and acting on opportunities as well as mitigating risks is essential for the continued success of our company. At Zalando, we define opportunities and risks as events that, in the case of materialisation, would result in positive or negative deviations from our business goals.

In the current forecasting period we identified no individual risks or aggregate risks that might threaten Zalando as a going concern.

As a large international company, we are exposed to macroeconomic, sector-specific and company-specific risks and opportunities. The risk and opportunity report provides an overview of the implemented risk management system (RMS), presenting the most relevant risks and opportunities that we take into consideration.

The management board of Zalando SE holds overall responsibility for the development and operation of an effective RMS and internal control system (ICS) for Zalando.

The RMS and ICS are subject to monitoring through internal audits, which are embedded into the overall process. Furthermore, external quality assessments are periodically performed on each of these systems.

As a result of these various examinations, assessments and reporting regarding the RMS and ICS, the management board is not aware of any circumstances that undermine the appropriateness and effectiveness of these systems.[43]

2.3.1 Risk and opportunity management system

The management board has tasked the Risk Management team with running the RMS at Zalando based on the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management standard as well as on the requirements of assurance standard 981 of the Institute of Public Auditors in Germany (IDW).

Zalando's risk management policy, complemented by its risk management manual, outlines the strategic principles for the development, implementation and operation of the RMS of the Zalando group. The RMS defines the organisational roles, responsibilities and authorities, as well as the processes and required documentation for identifying, assessing, controlling and reporting risks and opportunities.

Included in the RMS is the risk-bearing capacity (RBC) model: for determining Zalando's total risk exposure (TRE), the group's risk portfolio is aggregated via Monte Carlo simulation.[44] The result is then compared to the organisation's risk capital consisting of the liquidity and equity position of the company. In the case of inadequate risk capital, the management board will be informed immediately in order to take appropriate measures.

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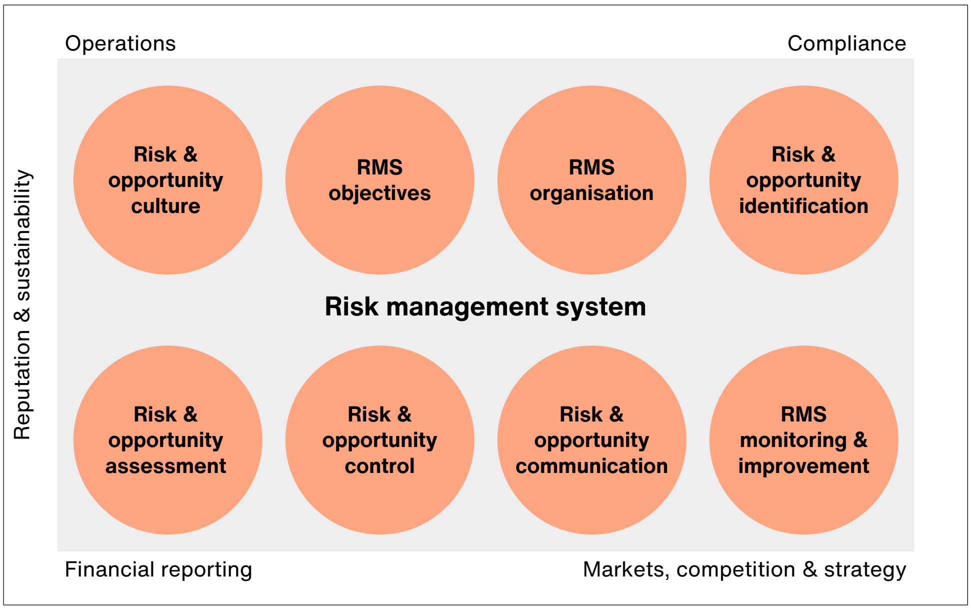
[43] The effectiveness test was not part of the substantive audit of the combined management reporting.
[44] This method simulates different outcomes using random (integer) variables from the selected distribution functions that describe the risk.

Our RMS consists of the following elements:

RMS elements



The RMS provides the framework for establishing our risk culture by systematically identifying, assessing, controlling, monitoring and communicating the risks and opportunities effectively. We continuously improve and enhance our RMS, aligning it with COSO and IDW standards and best practices.

In this sense, we commence our bi-annual risk cycles with a meeting of the risk committee to define the major topics of focus for the upcoming risk cycle. The risk committee consists of senior management representatives of different business and governance areas and provides a cross-functional view of Zalando’s risk situation by flagging and discussing the main risk drivers identified as part of the normal business activities. These are shared with the management board, thus enabling them to provide their feedback and ask clarifying questions as well as gather further context regarding the relevance for Zalando. In a next step, the Risk Management team schedules the respective deep dive sessions or risk workshops.

In 2024 we also collaborated closely with our Sustainability and D&I team to align with the Corporate Sustainability Reporting Directive (CSRD) methodology and ensure that the most relevant risks in the CSRD framework are adequately reflected in the corporate risk landscape.

RMS objectives

The main purpose of the RMS is the early identification of risks that could threaten Zalando as a going concern or hinder us in reaching our strategic objectives, to create the necessary transparency about risks and opportunities for decision-makers, to foster a risk and opportunity culture and to create a common understanding of risks and opportunities throughout the company with the goal of providing decision-makers with valuable information on risks and opportunities.

Risk and opportunity identification and monitoring

Multiple methods, including workshops and self-assessments, are used for the identification and assessment of risks and opportunities which are carried out by both the risk and opportunity owners (i) during day-to-day operations and (ii) together with the Risk Management team in the bi-annual risk cycles.

To rapidly identify and act upon emerging risks, we have implemented an ad-hoc reporting procedure that informs the Risk Management team and the management board about current risk events and major risk changes in level of materiality on an ad-hoc basis.

To ensure the continuation of our future success and strong and profitable growth, we aim to systematically identify and efficiently seize opportunities within our various business areas. Hence, reporting on opportunities is an important element of our RMS.

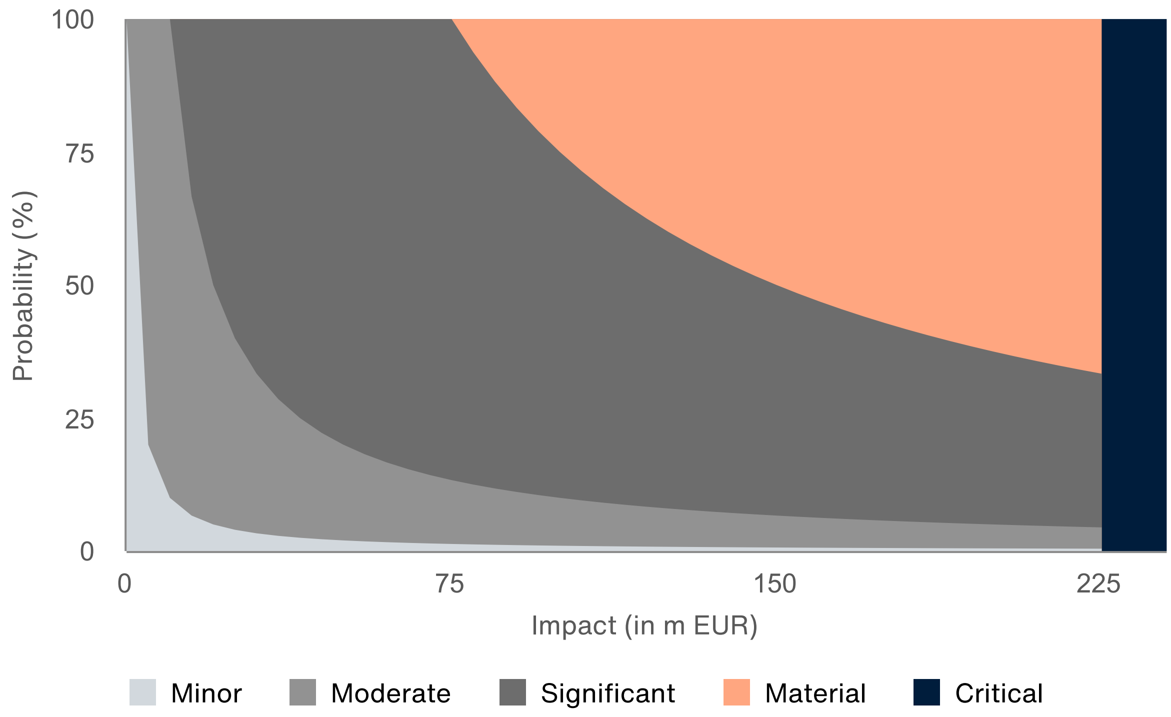
Risk and opportunity assessment

All individual risks and opportunities identified are evaluated with regard to their probability of occurrence and their potential impact. Probability and impact are assessed separately for each risk or opportunity over a three-year horizon. The identified individual risks and opportunities are aggregated to determine our total risk exposure and its result is compared with our liquidity and equity positions as part of the risk-bearing capacity assessment.

The probability of occurrence represents the possibility that a specific impact for a risk or an opportunity may materialise within a one-year time horizon. The impact assessment is conducted on quantitative or qualitative scales. The quantitative scale refers to the potential financial impact on profit (EBIT). The qualitative scale considers the impact on our reputation. If any, we separately track risks with a net impact exceeding 225m EUR on EBIT as business-critical, since these risks might threaten the achievement of our strategic goals and/or Zalando as a going concern. In the assessment of individual risks, we consider both gross and net risks. The gross risk represents the inherent risk before any mitigation efforts, whereas the net risk reflects the residual risk after all implemented mitigation measures have been considered. This report focuses exclusively on net risk assessments.

Based on the respective combination of probability and impact, risks and opportunities are classified as minor, moderate, significant, material or critical. The top risks and opportunities are described in detail in this report.

Risk and opportunity matrix



Risk and opportunity control

Risk and opportunity owners are responsible for defining and implementing effective measures to mitigate risks and seize opportunities within their areas of responsibility, and for managing their risks and opportunities effectively, with the ultimate goal of safeguarding Zalando's best business interests. Depending on the type and assessment of the risks, different risk strategies or a combination of strategies could be applied by the risk owners to reduce the risk after considering the corresponding costs and benefits. These risk strategies include risk avoidance, mitigation, transfer (to a third party) and acceptance.

2.3.2 Internal control systems

In addition to the overall RMS, we have implemented a system of internal controls based on the widely accepted COSO framework, as well as on the requirements of assurance standard 982 published by the IDW.

ICS objectives[45]

The ICS enables us to provide reasonable assurance with regard to achieving the company's strategic, operational, financial and compliance objectives. This is realised through the identification of risks in our key business processes and the implementation of mitigating controls. The ICS envelops multiple business processes, including both financial and non-financial reporting. The non-financial reporting includes the sustainability statement and performance management aspects.

[45] The appropriateness and effectiveness of the system of non-financial controls as part of our sustainability statement and of performance management were not part of the audit of the combined management reporting.

Control environment, risk assessment and control activities[46]

The ICS aims to identify, assess and manage operational risks that could have a significant impact on the appropriate content and presentation of the separate and consolidated financial statements, including management reporting, as well as the annual sustainability statement. The ICS ensures the accuracy of financial and non-financial reports by embedding directive, preventive, monitoring and detective control measures into the relevant processes that have a significant influence on financial and non-financial reports. These control measures ensure the reliable and robust preparation of these reports.

The processes, the risks relevant to financial and non-financial reporting, as well as the controls mitigating these risks are analysed, evaluated and documented. A cross-process risk and control matrix contains the relevant controls, including a description and the type of control, the frequency with which the control is carried out, the mitigated risk and the person responsible. The control mechanisms implemented affect multiple processes and thus frequently overlap. These mechanisms include determining principles and procedures, defining processes and controls, and introducing approval and testing plans and guidelines, among other things.

Improvement and communication

The ICS is continuously updated and the control landscape is adapted to the changing processes using a standardised risk and control matrix. The effectiveness of the controls is assessed annually, either through a test of controls or a structured self-assessment process, or a combination of both. A detailed risk-based scoping exercise serves as a precursor to this. The management board and the audit committee have oversight of the ICS, with the results reported at least once a year.

[46] The appropriateness and effectiveness of the system of non-financial controls as part of our sustainability statement and of performance management were not part of the audit of the combined management reporting.

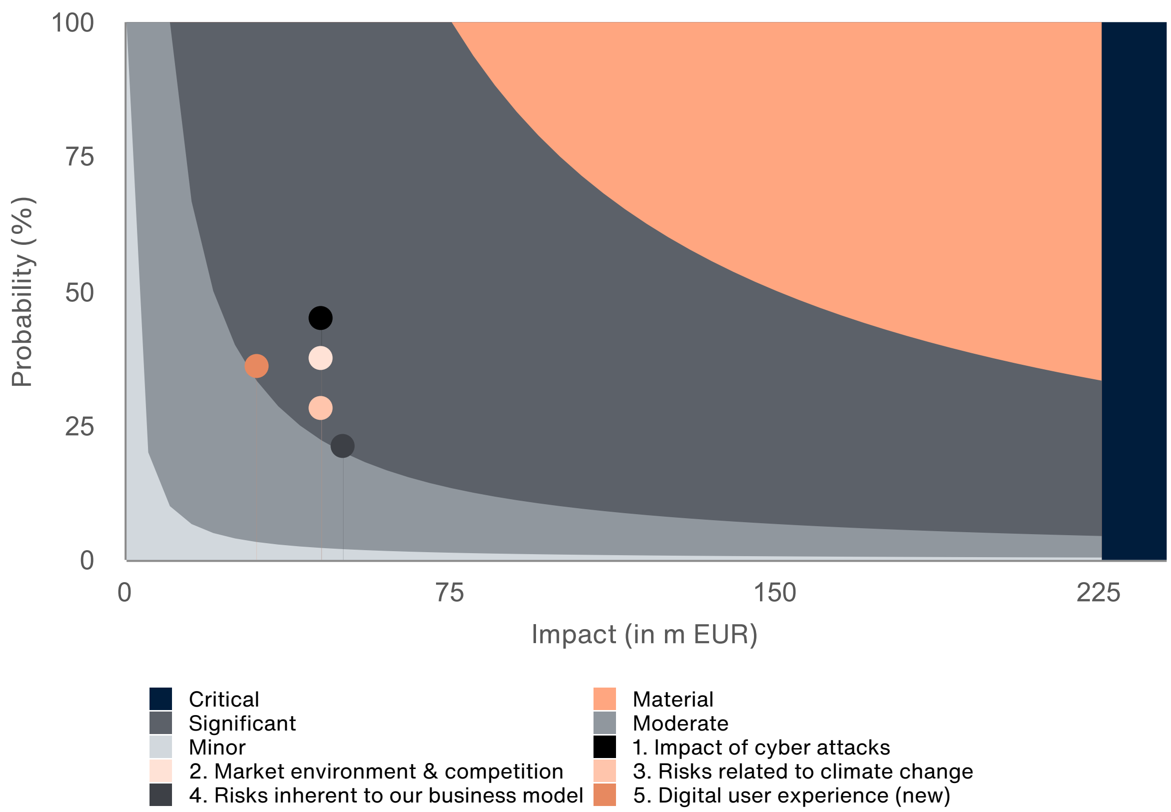
2.3.3 Illustration of risks

The individual risks that are part of the Zalando risk landscape have been aggregated using Monte Carlo simulation to determine the total risk exposure of Zalando. As a result, we identified no single or aggregate risk that might threaten Zalando SE as a going concern. The following risk table and matrix provide an overview of the top risks that are the strongest drivers of Zalando's overall risk situation.

Top risks

	2024			2023	
Risk	**Assessment**	**Impact**	**Probability**	**Impact**	**Probability**
1. Impact of cyber attacks	Significant	High	Medium	High	Medium
2. Market environment & competition	Significant	High	Medium	High	Medium
3. Risks related to climate change	Significant	High	Medium	High	High
4. Risks inherent to our business model	Significant	High	Low	High	Low
5. Digital user experience (new)	Significant	High	Medium	-	-

Risk matrix: probability & impact



The high-level explanations for the changes to the top risks displayed in the risk table above are as follows:

- The risks related to climate change were reassessed in 2024 using more data points on the impact of extreme weather events to determine the correlation between these events and their impact on sales. The outcomes from this detailed analysis have led to a significant reduction of the impact assessment, reducing the risk class from “material” to “significant”.
- The reduction of the risks related to climate change mean that the cyber threat risk is now ranked highest in our risk universe. This risk was reassessed to account for the damage that could be caused by a potential successful cyberattack, which could potentially result in significant revenue loss, the unavailability of key services and data loss.
- The market environment and competition risk as well as the risks inherent to our B2C business model remained stable compared to the second half of 2023.
- The risk of failing to offer an attractive digital user experience is now categorised as “significant”, thus moving it into the top risks. In reassessing this risk, the business considered that executing the planned initiatives around inspiration and entertainment could significantly impact user experience and platform usability, especially in cases where new features are not sufficiently developed or tested to ensure a more engaging and smooth digital user experience. Incorporating cutting-edge trends and technologies to stay ahead of industry innovations is deemed crucial for our continued business success, but also presents inherent risks.

As a company operating in many countries, we are continuously exposed to macroeconomic, market and geopolitical developments. We consider the external developments described below as being particularly relevant to Zalando as they may influence Zalando’s top risks or lead to new risks in the short, medium, or long term.

The macroeconomic outlook for 2025 remains challenging, with increased uncertainty arising from political instability in Europe, persistent core inflation, elevated interest rates and a potential impending trade war between the U.S. and China. These factors can contribute to increased operational costs for companies as well as declining household incomes and weakened consumer sentiment, which is not likely to resolve before the end of 2025. However, the overall fashion market in 2025 is forecasted to show moderate growth, especially in the middle and lower segments, as well as in the recommerce segment.

In addition, there are potential short- and medium-term risks due to global geopolitical instability resulting from events like the Ukraine war or the ongoing conflict in the Middle East. Energy markets are particularly sensitive to such risks. If the situation were to escalate and the risks were actualised, this would possibly exacerbate supply chain disruptions and further dampen consumer demand.

We envisage stricter and more complex regulatory requirements emerging at the EU level, focused on increased social responsibility imposed on companies, especially of a certain size or market relevance, as well as stricter product quality, safety and sustainability requirements for the fashion industry, paired with an increasing focus by regulators in creating a secure digital environment for consumers. In this regard, fashion and lifestyle may move from a lighter-touch regulatory framework into a heavily regulated industry similar to food and beverage. While the purpose of the European regulations may be well-intended, the transposition into national law is often unharmonised, creating high complexity for Zalando, which operates at a pan-European level.

The following section provides a brief overview of the five main risks listed above.

Impact of cyber attacks on Zalando

Providing a secure experience for our customers, partners and employees is paramount to Zalando, and in 2024 we continued strengthening our tools and processes to keep our data safe. However, risks to Zalando's infrastructure, services, applications and data remain, including potential disruptions from cyberattacks such as denial of service, malware, ransomware and confirmed data breaches.

The growing sophistication of threats requires ongoing threat intelligence and adaptive measures to protect our customers, employees, partners and our overall organisation. To support this, we are refining our cybersecurity campaign with a diverse educational programme to help employees prevent attacks and report incidents promptly. Simultaneously, we continue to upskill our team to address emerging trends and implement effective measures to improve our ability to detect and minimise the impact of attacks. We have also launched a series of cybersecurity crisis simulations to educate our executives on how to respond to a major cyber incident.

Market environment and competition

While the fashion industry is expected to grow in 2025, a high level of competition within the online segment as well as from the offline segment are expected to persist for the foreseeable future, with companies competing for a potentially declining share of consumers' fashion spending due to the challenging macroeconomic environment and geopolitical instability. Strong competition is coming from Chinese and Southeast Asian low-cost, ultra-fast-fashion e-commerce companies entering the European online fashion market, as well as from local multi-brand heroes in the lower- and medium-price fashion segment. As a new competitive player, recommerce is expected to capture a significant part of customers' fashion spend.

As a consequence of the fragmented competitive e-commerce landscape in Europe, we expect companies' top lines and profitability to be pressured by continued cost inflation. In addition, we expect increased promotional and discounting activity by all fashion players as a result of weak demand and excess levels of inventory to clear overstock.

As a clear differentiator from the ultra-fast-fashion segment, we plan to continue to build on those strengths that set us apart from the competition. In this regard, we want to better serve the needs of our customers and partners through our B2C and B2B offerings, offering personalised inspiration and entertainment by seamlessly integrating the discovery and shopping journey into our ecosystem.

Risks related to climate change

Seasonality in terms of common weather patterns triggers a change in wardrobe in Europe referred to as the spring/summer and autumn/winter collections. The growing impact of climate change is blurring traditional seasonal weather patterns, making transitions more volatile and unpredictable. Unpredictable or fluctuating demand makes campaign and launch planning more challenging and complicates inventory management, often resulting in overstock and the need for heavy discounting activities to clear excess stock.

Other effects of climate change having increasing significance are extreme weather events. With a rise in global temperatures, the frequency and intensity of rainfall in Europe are expected to increase, as evidenced by the floods that affected several regions of Valencia in Spain in October and November 2024 along with the floods in Italy in May 2023. These extreme weather events affect our business and pose a risk to our logistics sites with potential disruptions to our logistics operations due to unavailability of our own or public infrastructure.

Climate change has the potential to further disrupt our supply chains by impacting manufacturing countries or major ports and shipping routes, causing delays in the transportation and production of finished goods and/or scarcity of raw materials like cotton. These disruptions could result in price increases and shorter times for selling off the respective products in the Zalando app and web.

Mild weather and prolonged seasons are expected to continue in the future, hindering the predictability of seasonal changes. In order to mitigate climate-related risks, Zalando approaches weather-induced uncertainty with more flexible procurement and planning processes as well as by expanding our product range in non-seasonal areas.

Risks inherent to our B2C business model

Through our updated strategy, Zalando aims to create an ecosystem in Europe where users can explore lifestyle choices across fashion, sports, beauty and more, with the ultimate goal of creating an attractive platform so that we continue to be relevant and strengthen our competitive edge.

As economic conditions remain challenging, customers are becoming much more wary of their fashion spending. To earn and retain the customers' attention, we believe the best strategy is to excite customers with inspirational stories about our offer and how to experience us. Also, offering a balanced assortment is crucial. By continuously improving our destinations for customers and brands we aim to deliver on our promises of fashion inspiration, partner brand equity and engagement.

We work on creating an environment where brands can interact with customers through tailored marketing campaigns and place their products in a distinguished way on Zalando, as well as providing them with flexibility for content generation that aligns to their branding and unique needs. At the same time, we enhance our customers' experience through inspiration, by giving them fresh fashion ideas and engaging ways to explore what is new and what is upcoming. In this way we can offer our partners meaningful growth and customer-loyalty opportunities, while at the same time providing an opportunity to deepen our customer and partner relationships.

Neglecting the necessary changes or inadequately implementing these measures mentioned above could lead to the migration of customers or partners away from Zalando, followed by revenue losses.

Digital user experience

For Zalando and its partners to remain relevant in the fashion industry, it is crucial to continuously adapt and update the web shop and app with innovative features to keep them up to date and appealing. By focusing on delivering a seamless discovery and shopping experience, we aim to keep our position as a well-known destination, not only for a relevant and attractive assortment, but also for an unparalleled user experience.

Our goal is to captivate our customers with new features and inspire them to return more often to Zalando, and ultimately to make purchases. Technical issues in the deployment of new features, particularly when bugs or inefficiencies are accidentally introduced into the platform, can disrupt the user experience and also lead to a direct loss in sales and customer trust. While these issues are usually rapidly identified and resolved, the continuous introduction of new features and further innovations may increase the exposure to these events.

See section 2.3.4 Illustration of opportunities for the measures taken to positively influence the commercial and strategic objectives of Zalando.

2.3.4 Illustration of opportunities

According to the definition of an opportunity as a positive deviation from planned values, we identified no material opportunity that could help us significantly overachieve our targets. Going beyond the materiality boundary, our major initiatives, including deepening customer relationships and enabling partners and customers on our platform, continue to be key drivers that put us in a position to seize opportunities and support our growth targets.

Inspiration and entertainment projects

In their customer journey, the new generation of online shoppers are increasingly looking to be inspired by new fashion and lifestyle choices and having those choices presented in appealing and entertaining ways through conversational- and engagement-focused experiences. As there is currently no go-to place that seamlessly integrates a quality discovery and shopping journey in Europe, our customers often come to Zalando for the pure shopping experience while looking for inspiration on different social media channels disconnected from the shopping platforms.

The rapid evolution of online consumer behaviour, driven in particular by the increasing influence of social commerce, presents opportunities. Our vision is to become the leading ecosystem for fashion and lifestyle in Europe where customers look for continuous inspiration and entertainment, with a seamless integration of the shopping experience.

To enable this, Zalando has decided to scale up our tech set-up, investing additional resources and opening a tech hub in Shenzhen. Through these initiatives we plan to overcome the challenge of turning Zalando from a shopping platform into a platform that integrates the journeys of discovery and shopping.

Reshaping loyalty: the new loyalty programme

Our customers are at the centre of everything we do, and to show our appreciation and strengthen our relationship with them, we are reshaping our loyalty programme.

The new programme is a points-based loyalty system that rewards customers for not only their purchases but also for their engagement on our platform. Our approach is centred on creating an experience that acknowledges every interaction and offers rewards that resonate with customer behaviour.

All customers with a Zalando account will be eligible for this free-to-use loyalty programme, being able to unlock various benefit levels by collecting points. As customers collect more points, they unlock additional benefits, gaining access to exclusive rewards as their engagement grows. Through this reward system we aim to recognise our customers and ensure they feel valued for their continued trust and loyalty to us, thus fostering longer and deeper relationships.

2.4 Outlook

- European fashion sales growth is expected to remain low in 2025, with geopolitical instability and economic volatility being the main risk factors.
- Private consumption in the euro area is expected to grow, supported by real wage increases, high household savings rates and the continued expansion of real disposable incomes.
- Zalando's long-term ambition remains to further increase its market share in the fashion market.
- For 2025 we are expecting GMV and revenue growth of 4% to 9%; adjusted EBIT is expected to be between 530m EUR and 590m EUR.
- Our 2025 outlook reflects our ambition to accelerate growth, while at the same time we continue to focus on profitability.

2.4.1 Future overall economic and industry-specific situation

The global economy has shown resilience this year despite varying levels of activity across countries and sectors. Inflation has steadily declined, and is now aligned with central bank targets in most economies. Labour market conditions have loosened somewhat, although unemployment rates remain near historic lows. However, several risks could arise. The most prominent of these include the potential escalation of geopolitical tensions, the possibility of inflation persisting for longer than anticipated and the threat of a sudden and significant correction in financial market valuations. The OECD expects global GDP growth to rise from 3.2% in 2024 to 3.3% annually in both 2025 and 2026. This growth is supported by low inflation, steady employment gains and easing monetary policies, which are expected to bolster demand. However, this positive outlook is tempered by moderate challenges stemming from necessary fiscal tightening in many countries. Europe's GDP growth is projected to accelerate from a 0.8% year-on-year growth in 2024 to 1.3% in 2025 and 1.5% in 2026, driven by a recovery in domestic demand. Private consumption is forecasted to benefit from wage growth in robust labour markets and the continued expansion of real disposable incomes as demand in key trading partners strengthens. In Germany, the economy is projected to recover, growing by 0.7% in 2025 and 1.2% in 2026, also driven by rising real incomes, a gradual recovery in private investment and improving export demand. However, policy uncertainty may dampen investor confidence.[47]

In 2024, the euro area experienced an inflation rate of 2.4%. It is anticipated that this rate will steadily decline to 2.1% in 2025 and further to 2.0% in 2026, owing mainly to a moderate unwinding of services inflation.[48]

The table below shows OECD actual (through 2024) and forecast (2025–2026) private consumption growth rates for the period 2022 through 2026.[49]

[47] Source: OECD Economic Outlook, December 2024.
[48] Source: OECD Economic Outlook, December 2024.
[49] Percentage changes, volume (2015 prices); source: OECD Economic Outlook, December 2024.

Private consumption growth per country

	Historical data			Forecast	
	2022	2023	2024	2025	2026
Euro area	4.9	0.7	0.9	1.3	1.5
Germany	5.6	-0.2	0.4	0.9	1.1
Switzerland	4.3	1.5	1.5	1.5	1.6
Spain	4.8	1.8	2.7	2.4	1.8
France	3.2	0.9	0.8	1.2	1.5
Italy	5.0	1.0	-0.1	0.7	1.1

The European non-luxury fashion industry is expected to grow at an annual rate of 2% to 4% by 2025. However, the outlook for 2025 remains uncertain, as consumer confidence, geopolitical instability and economic volatility continue to present significant risks to the industry's growth trajectory.[50]

2.4.2 Future development of the group

At the beginning of 2024, we communicated our vision to build the leading pan-European ecosystem for fashion and lifestyle e-commerce. We leverage our best-in-class e-commerce platform capabilities that we have developed over the past 16 years to enable our updated vision, thereby expanding from a retail mindset into an ecosystem that is not limited by inventory ownership and connects customers and brands.

In 2025, we will increase the scale of our B2C and B2B growth vectors by expanding into the go-to-destination for quality fashion and lifestyle shopping and inspiration and engagement in B2C while at the same time we continue to scale our operating system in B2B to enable brands e-commerce across Europe on and off Zalando. The expected structural growth for the online fashion market will further support our topline development in 2025.

Our projection for fiscal year 2025 is based on group planning for the entire Zalando Group, taking into account ongoing business trends, as well as opportunities and risks. Our forecast does not account for any impacts from the anticipated consolidation resulting from the public tender offer for ABOUT YOU, with the transaction expected to close in summer 2025.

In 2024, the macroeconomic environment improved slightly on the back of lower inflation rates and real disposable income growth. Spending in the e-commerce space turned back into positive territory and started to recover after two challenging years. In our first year of executing our updated strategy we were able to return to growth by delivering a strong topline development. We made substantial progress in adjusted EBIT, resulting in a significant improvement in adjusted EBIT margins.

50 Source: McKinsey, The state of fashion, 2025.

For financial year 2025, Zalando predicts to accelerate growth with GMV of the group in the range of 15.9bn EUR to 16.7bn EUR corresponding to growth rates of 4% to 9% compared to 2024. Our B2B growth vector does not contribute to GMV.[51]

Revenue is expected to grow at a similar level as GMV, resulting in revenue growth in 2025 of 4% to 9% corresponding to 11.0bn EUR to 11.5bn EUR for the group.

Within our segments, we project that B2B segment revenue growth will significantly outpace B2C revenue growth, while we expect B2C revenue growth to be modestly below group revenue growth.

At the same time we continue to focus on profitability and anticipate an adjusted EBIT of the group of 530m EUR to 590m EUR, implying an adjusted EBIT margin of 4.8% to 5.1%.

Furthermore, we continue to invest into logistics and technology to enable our long-term growth ambition and plan capex of around 180m EUR to 280m EUR in 2025.[52]

Outlook 2025	
GMV	4% to 9%
Revenue	4% to 9%
Adjusted EBIT	530m EUR to 590m EUR
Capex	180m EUR to 280m EUR

2.4.3 Overall assessment by the management board of Zalando SE

The management board is very pleased with the progress of the business in 2024. While we continue to operate in an improving but still challenging macroeconomic environment characterised by low GDP growth and continued political tensions, we were able to return to growth and to expand profitability.

The year 2024 was the first year of our updated strategy to become the leading pan-European ecosystem for fashion and lifestyle e-commerce. Our retail business showed positive development, and our partner business also continued to grow, as indicated by an increase in the partner business share of GMV. Coupled with higher demand for our ZMS, B2C managed to perform well.

B2B continued to significantly outgrow group revenues, with the ongoing scaling of ZFS as the major revenue contributor. Our multi-channel fulfilment offering, introduced in 2023, showed tremendous growth, albeit on a small scale. While we already have a strong position in the ZEOS logistics layer, we will also increase our focus on software and services.

51 As per definition GMV does not include B2B revenues. As such our GMV outlook for the group relates to the B2C segment only, meaning Group GMV equals B2C GMV.
52 Zalando invests into logistics and technology at Group level and does not segment these investments into B2C and B2B.

We continue to selectively invest in strategic growth opportunities that allow us to successfully execute our updated strategy to build the leading ecosystem for fashion and lifestyle e-commerce. Examples of strategic investments include the evolvement of our loyalty programme, elevating propositions like Sports, and continuously expanding our customer experience beyond the transaction with the aim of making fashion discovery more inspiring and entertaining. Additionally, we will continue to invest in our European logistics network to support future growth in B2C and B2B. We went live with our new fulfilment centre outside Paris at the beginning of October and we will add the Frankfurt warehouse in 2026, thereby supporting growth in the mid-term.

Zalando has a clear vision to build the leading pan-European ecosystem for fashion and lifestyle e-commerce, to be the go-to platform for quality discovery in fashion and lifestyle, and to provide our unique Zalando e-commerce operating system, ZEOS, which is based on logistics, software and service infrastructure, to merchants across Europe. We serve more than 50 million active customers across Europe, covering 25 markets. By capitalizing on our learnings over the past years and months, especially in adapting to a volatile environment, and by enhancing our relationships with customers and partners, Zalando is confident that we will be able to serve more than 15% of the fashion market in the long term. The year 2025 will be about accelerating growth, while at the same time continuing to focus on margins.

The forward-looking statements contained in this management report are made to the best of the management board’s knowledge and belief, based on estimates made at the time these financial statements were prepared. These statements are inherently subject to a number of risks and uncertainties. Should one of these or other uncertainties materialise, or should the assumptions on which the statements are based prove to be incorrect, actual results may differ from these forecasts.

2.5 Corporate governance statement[53]

In this statement, our management board and supervisory board report on the corporate governance at our company pursuant to Sections 289f and 315d of the HGB (German Commercial Code) and as stipulated in Principle 23 of the German Corporate Governance Code.

2.5.1 Corporate governance

Corporate governance describes the system of how a company is managed and supervised. It comprises the structure of all relevant regulations, processes and practices.

We believe that good corporate governance is the basis for our corporate success. It ensures that our company is managed transparently, effectively and responsibly towards sustainable prosperity. Good corporate governance creates trust in our company by our shareholders, partners, employees and all other stakeholders.

Our sustainability efforts as well as our efforts to foster diversity and inclusion (D&I) form an integral part of our corporate governance. More information on the company's sustainability and D&I activities can be found in section 2.8 Sustainability statement.

We constantly monitor our corporate governance efforts and take into consideration the recommendations and suggestions set out in the German Corporate Governance Code.

2.5.2 Declaration of conformity

The management board and supervisory board of Zalando SE issued the following declaration regarding the recommendations of the Government Commission German Corporate Governance Code in accordance with Section 161 of the AktG (German Stock Corporation Act) in December 2024 and published it on the company's website:

The management board and supervisory board of Zalando SE issued the last annual declaration of conformity with the recommendations of the "Government Commission German Corporate Governance Code" in December 2024. The management board and the supervisory board of Zalando SE declare the following pursuant to Section 161 of the German Stock Corporation Act (AktG):

Zalando SE has acted in conformity with the recommendations of the "Government Commission German Corporate Governance Code" in the version of 28 April 2022 (GCGC) published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on 27 June 2022 since the last annual declaration of conformity was issued in December 2023, with the exception of recommendation G.7 explained below. Zalando SE complies and will continue to comply with the GCGC with the exception of recommendation G.7 explained below.

[53] The statements on corporate governance in accordance with Sections 289f and 315d of the HGB are an unaudited part of the combined management report.

Deviation from recommendation G.7 of the GCGC

Pursuant to recommendation G.7, sentence 1 of the GCGC, referring to each forthcoming financial year, the supervisory board shall establish performance criteria for each management board member covering all variable remuneration components; such performance criteria mainly being, besides operating targets, strategic targets.

The new remuneration system for the management board members, which came into effect on 18 May 2024 (Remuneration System 2024), complies with all recommendations of the GCGC. In particular, all variable remuneration components under the Remuneration System 2024 are linked to the achievement of performance criteria. The Remuneration System 2024 applies to all service contracts of the management board members concluded from 18 May 2024 onwards. It was already applied in the course of the conclusion of new services agreements for four of the five management board members, with effect from 1 September 2024, from 1 October 2024, or from 1 January 2025 respectively. The service agreement of the other management board member expires as of 28 February 2025. We also intend to comply with all recommendations of the GCGC in accordance with the Remuneration System 2024 for all future management board service agreements to be concluded after the issuance of this declaration of conformity.

For the remuneration granted until the effectiveness of the respective new service agreements of the management board members and the expiry of the service agreement as of 28 February 2025, the remuneration system for the management board which became effective as of 1 June 2021 (Remuneration System 2021) continued and continues to apply. For the remuneration granted under the Remuneration System 2021, the deviation from the recommendation G.7 remains in place, because one of the two variable components, the Zalando Ownership Plan (ZOP), does not provide for specific performance criteria. The ZOP is a share-based remuneration component which is as such linked to the share price increase to ensure alignment with the shareholders' interest. The other variable remuneration component under the Remuneration System 2021, the long-term incentive plan (LTI), which accounts for the largest share in the total compensation, is also share-based and is linked to strategic performance targets including financial and ESG criteria.

2.5.3 Two-tier board system

Our company is organised as a European stock corporation (Societas Europaea, SE) with its registered office in Berlin, Germany. In accordance with the applicable German and European stock corporation law, our company has a two-tier board system with a management board and a supervisory board.

The management of our company is exclusively assigned to the management board. The supervisory board monitors the work of the management board, and advises and appoints the members of the management board. Both bodies are strictly separated from each other in terms of competencies and members. However, they work closely together in a spirit of trust for the benefit of the company.

The composition, competencies and processes of our boards are defined primarily by the German Stock Corporation Act, the SE Act, the European SE regulation, our articles of association and the respective board's rules of procedure. The articles of association of the company and the rules of procedure for the supervisory board are available on our corporate website.

2.5.4 Management board

Composition

In the financial year 2024, Zalando adapted the responsibilities within its management board to ensure the effective execution of its updated group strategy. Co-founder Robert Gentz continued to lead our company as co-CEO. Co-founder David Schneider decided to move into a management board role that is fully dedicated to building partner relationships across Zalando's B2C and B2B ambitions and handed over his co-CEO role to David Schröder, who had previously been serving as the company's COO. Dr Astrid Arndt was reappointed as a member of the management board for a period of four years starting 1 September 2024 until 31 August 2028. She was reappointed as Chief People Officer with the additional mandate of strengthening Zalando's corporate functions to enable the effective execution of Zalando's ecosystem strategy. Dr Sandra Dembeck (CFO) continued to be member of the management board during the reporting period and until the end of her term on 28 February 2025.

Composition of the management board

Name	Title	Last appointment as of	Appointed until
Robert Gentz	Co-Chief Executive Officer (co-CEO)	1 January 2025	30 November 2027
David Schröder	Co-Chief Executive Officer (co-CEO)	1 October 2024	30 November 2027
Dr Sandra Dembeck	Chief Financial Officer (CFO)	1 March 2022	28 February 2025
David Schneider	Co-founder, Strategic Partnerships	1 October 2024	30 November 2027
Dr Astrid Arndt	Chief People Officer, Corporate Functions (CPO)	1 September 2024	31 August 2028

The supervisory board appoints the members of our management board and ensures that all members of our management board shall have the knowledge, skills and professional expertise required to duly fulfil their tasks and responsibilities. While qualification and the specific needs of the company shall be the decisive criteria with regard to the management board's composition, the supervisory board emphasises the importance of diversity.

Diversity is understood in a broad sense as the combination of individual identities and experiences. These identities and experiences include gender, nationality, ethnicity, life experience and background (e.g. social or academic background). The supervisory board strives to adequately consider the various fields of core competences of the business model. The supervisory board also takes the following particular aspects into account:

- The management board as a whole should have appropriate management experience.

- The management board as a whole should, if possible, have knowledge and balanced experience based on different training and professional backgrounds, in particular in the fashion, technology and e-commerce industries, and should have international experience.
- The management board as a whole should, if possible, possess several years of experience in the fields of strategy, finance and personnel management.
- The supervisory board aims for a balanced gender representation in the management board and has resolved on a corresponding target in accordance with Section 111 (5) of the AktG (see section 2.5.6 Target of female representation on the supervisory board, the management board and on management levels below the management board according to Sections 76 (4), 111 (5) AktG).
- A management board member should not be older than 65 years when elected.

As of 31 December 2024, the share of female representatives in the management board amounted to 40%, thus ensuring balanced gender representation on the management board. The other criteria of the company's diversity concept have also been fulfilled by the current composition of the management board.

Our supervisory board and management board work together closely to ensure long-term succession planning for the composition of the management board. The supervisory board aims to fill management board positions with the most suitable candidates. It is in continuous contact with the management board and it monitors senior management personnel within Zalando as well as respective talent on the market in order to identify and develop candidates to fill management board positions.

Dr Sandra Dembeck is a non-executive director at Exor N.V., the Netherlands. Apart from this, the members of the management board of Zalando SE are not members of any statutory supervisory board or members of any comparable controlling body in Germany or abroad.

Tasks

The management board has overall responsibility to independently and diligently manage our company's business with the goal of achieving sustainable growth. The management board develops the strategic direction of our company, coordinates it with the supervisory board and ensures its implementation. This includes Zalando's integrated sustainability strategy with the ambition of becoming a key enabler of a more sustainable and equitable fashion industry at scale, and with Zalando's diversity and inclusion strategy bringing to life the diversity of our talents, leaders, customers and partners.

The management board prepares the company's quarterly statements, the half-year and annual report, the annual separate financial statements of Zalando SE, the consolidated financial statements of the Zalando group and the combined management report of Zalando SE and the Zalando group. In addition, the management board has established a risk management system and an internal control system as further detailed in section 2.3 Risk and opportunity report. Furthermore, it ensures compliance with statutory provisions and the company's internal policies and works towards their group-wide observance (compliance).

The supervisory board has set up rules of procedure for the management board that further specify the collaboration within the management board and distribute the responsibility for the different business areas between the members of the management board. Notwithstanding their joint responsibility for managing the company, each member of the management board has sole responsibility for the business area allocated to them.

Our two co-chairpersons of the management board, Robert Gentz and David Schröder, jointly coordinate all responsibilities of the management board. They act to ensure that the management of all business areas is uniformly guided by the objectives set and approved as a whole by the management board. All members of our management board work collaboratively together and inform each other constantly about any significant measures and events within their areas of responsibility.

The management board meets regularly, typically every week. There is a constant and constructive exchange between the management board and the supervisory board members. In particular, the chairperson of the supervisory board is informed regularly, typically every two weeks, on the progress of our business and the situation of the company and other group entities, with the management board consulting with them on our strategy, planning, business development and risk management. Should an important event occur or should any business issue arise that could be of significance to the evaluation of the situation, or the development or management of our company, the management board will inform the chairperson of the supervisory board immediately. Furthermore, our CFO and the chairperson of the supervisory board's audit committee conduct a regular monthly exchange with regard to audit committee-related matters.

The management board supports structures that foster a constructive and open exchange with the company's employees and their representatives to the benefit of our company and our employees.

Conflicts of interest

Each member of the management board is required to disclose any conflicts of interest to the supervisory board immediately. All transactions between the company or group entities on the one hand and the members of the management board as well as their related parties on the other must be conducted at arm's length. Material transactions require supervisory board approval and must be published to the extent legally required.

Remuneration

The remuneration report for the financial year 2024, the opinion of the auditor pursuant to Section 162 of the AktG and the currently valid remuneration system for the management board are published on our website. The remuneration report for the financial year 2024 is contained in section 1.2 Remuneration report of this annual report.

2.5.5 Supervisory board

Our supervisory board consists of nine members, six of which are shareholder representatives and three employee representatives. The representatives of the shareholders on the supervisory board are elected by the annual general meeting without being bound to election proposals. The participation of representatives of employees on the supervisory board and the appointment procedure in this respect are determined by the applicable statutory provisions as well as a co-determination agreement concluded in accordance with the provisions of the SEBG (German SE Participation Act).

Composition

Our supervisory board has set targets for its composition. From a general point of view, our supervisory board strives for a composition that takes account of and safeguards the specific needs of the company so that the management board is monitored, supervised and advised in a competent and professional manner.

Each member of the supervisory board shall have the knowledge, skills and professional experience required for them to duly fulfil their tasks and responsibilities and shall make sure that they have sufficient time to perform their duties. The competence profile of the supervisory board as a whole comprises industry competence (in particular in the fields of fashion, technology and commerce) and finance competence as well as competences in the areas of strategy, supervision, innovation and sustainability. The members of the supervisory board as a group shall be familiar with the sector in which the company is operating. At least one member of the supervisory board must have expertise in the field of accounting and at least one further supervisory board member must have expertise in the field of auditing.

In addition, the supervisory board also considers further core competences of its members in the company's present and future business models. While qualification shall still be the decisive criterion, our supervisory board strives to adequately consider the international character of the company's business. At the same time, the supervisory board pays attention to diversity, in particular to variety as regards professional experience and expertise, cultural and educational background as well as age. In order to accommodate the international character of the company, the supervisory board shall, as a rule, have at least two international members. The supervisory board members should not be older than 70 years when elected.

Our supervisory board members shall not be members of governing bodies of, or exercise advisory functions at, significant competitors of our company in the area of online platforms. No more than two former members of the management board shall be members of the supervisory board. Further, at least four shareholder representatives on the supervisory board shall be independent from the company and its management board as defined in recommendation C.7 of the German Corporate Governance Code, and at least two shareholder representatives shall be independent from a controlling shareholder, if any, as defined in recommendation C.9 of the German Corporate Governance Code. In the view of the supervisory board, this is an adequate number of independent shareholder representatives.

The supervisory board aims for a balanced gender representation on the supervisory board and has renewed its commitment to a balanced gender representation and resolved to maintain the target of at least 40% women and at least 40% men on the supervisory board (which corresponds to a minimum number of four female and four male members) until 31 December 2027 (see section 2.5.6 Target of female representation on the supervisory board, the management board and on management levels below the management board according to Sections 76 (4), 111 (5) AktG).

Candidates who are likely to be confronted with an increased level of conflicts of interest should not be proposed for election by the annual general meeting. The regular limit of length of membership for members of our supervisory board shall be 12 years. The supervisory board is convinced that such a composition ensures an independent and efficient consultation and oversight of the management board.

The nomination committee of the supervisory board considers the targets described above regarding the composition of the supervisory board when it prepares the proposals of the supervisory board to the general meeting for the election of supervisory board members.

The composition of our supervisory board in financial year 2024 met the composition targets it had set itself in all respects; in particular, the required expertise is represented on the supervisory board and the targets of the diversity concept are met.

The following overview shows the profile of skills and expertise of our supervisory board as well as the evaluation of the independence of the shareholder representatives.

Composition of the supervisory board

Name of supervisory board member	Nationality	Profession	Profile of skills and expertise						
			Industry	Finance	Strategy	Super-vision	Inno-vation	Sustain-ability	Indepen-dence
Kelly Bennett	Canadian	Chairperson of the supervisory board and executive advisor	✓		✓		✓	✓	✓
Jennifer Hyman	US-American	CEO, chair of the board and co-founder at Rent the Runway Inc.	✓		✓	✓	✓	✓	✓
Niklas Östberg	Swedish	CEO and co-founder of Delivery Hero SE	✓	✓	✓		✓		✓
Anders Holch Povlsen	Danish	CEO of Bestseller A/S	✓		✓	✓		✓	
Mariella Röhm-Kottmann	German	CFO of Sunlight Group Energy Storage Systems Industrial and Commercial Société Anonyme		✓*		✓		✓	✓
Susanne Schröter-Crossan	German	CFO of sennder Technologies GmbH		✓*		✓		✓	✓
Matti Ahtiainen	Finnish	Employed at Zalando Finland Oy	✓	✓**					***
Jade Buddenberg	German	Employed at Zalando SE	✓		✓		✓	✓	***
Anika Mangelmann	German	Employed at Zalando SE	✓						***

*) Expertise according to Sec. 107 (4) 3, 100 (5) of the German Stock Corporation Act (AktG) in the field of auditing and accounting.
**) Expertise according to Sec. 107 (4) 3, 100 (5) of the German Stock Corporation Act (AktG) in the field of accounting.
***) In accordance with the German Corporate Governance Code; in principle, the supervisory board does not take the independence of employee representatives into consideration.

The following overview lists all of the companies and enterprises in which the members of our supervisory board are currently members of a statutory supervisory board or members of comparable controlling bodies in Germany or abroad.

Current and past mandates of the supervisory board

Name of supervisory board member	Memberships of supervisory boards whose establishment is required by law or of comparable domestic or foreign controlling bodies of business enterprises
Kelly Bennett (chairperson)	–
Jennifer Hyman	The Estée Lauder Companies Inc., USA (member of the board of directors)
Niklas Östberg	trivago N.V., Germany (member of the supervisory board)
Anders Holch Povlsen	Heartland A/S, Denmark, and various entities of the Heartland group (including entities in the Bestseller group and Intervare A/S and subsidiaries) as well as entities with a family connection (member of the board of directors) J.Lindeberg AB, Sweden (member of the board of directors) Donau Agro Invest P/S, Denmark (member of the board of directors)
Mariella Röhm-Kottmann (deputy chairperson)	Siltronic AG, Germany (member of the supervisory board) Until March 2024: - ZF India Pvt. Ltd., India (chairperson of the board of directors) - Compagnie Financière de ZF SAS, France (chairperson of the supervisory board) - ZF Services España, S.L., Spain (member of the board of directors)
Susanne Schröter-Crossan	HelloFresh SE, Germany (member of the supervisory board)
Matti Ahtiainen	–
Jade Buddenberg	–
Anika Mangelmann	–

Tasks

Our supervisory board advises and monitors the management board on the management of our company. The management board consults with the supervisory board on strategy, planning, business development, risk situation, risk management and compliance of our company. The supervisory board works with the company's best interests in mind in a close and trusting collaboration with the management board. It is committed to the company's culture and its founding mindset.

The supervisory board examines and approves the annual financial statements and consolidated financial statements as well as the combined management report of Zalando SE and the Zalando group, taking into account the report of the independent auditors. In addition, the supervisory board approves the management board's proposal for the appropriation of distributable profit and the report of the supervisory board to the annual general meeting. Further, it monitors observance with statutory provisions and the company's internal policies (compliance).

The supervisory board appoints the members of the management board and determines the remuneration of the management board on the basis of the remuneration system approved by the general meeting.

The supervisory board has adopted rules of procedure that are published on our corporate website. They govern the procedures and allocation of duties of the supervisory board and its committees. Our supervisory board holds at least one meeting per quarter. Further meetings are convened as necessary. Our supervisory board meets regularly without the management board.

Committees

In the financial year 2024, the supervisory board had four regular committees in accordance with its rules of procedure — the audit committee, the remuneration committee, the nomination committee and the D&I and sustainability committee. These committees comprise at least three members each. The chairperson of each committee reports regularly to the supervisory board on the activities of the committee.

Audit committee

The audit committee monitors the accounting and the financial reporting process. It deals intensively with the annual financial statements and the consolidated financial statements, together with the combined management report. On the basis of the independent auditors' report, it makes recommendations with respect to the approval of the annual financial statements and the consolidated financial statements. Furthermore, it makes recommendations to the supervisory board with regard to the resolution on the appropriation of distributable profit. The audit committee also reviews and discusses the annual and half-year reports as well as quarterly statements, and the auditor's review of the annual and half-year report prior to publication. Furthermore, the audit committee concerns itself with the sustainability reporting.

The audit committee additionally monitors the effectiveness of the internal control system including the internal accounting control system and risk management. It is also competent in matters of strategic importance, provided that the supervisory board has delegated the authority to the audit committee accordingly.

The audit committee supervises the auditing process and is competent in particular for the selection of the statutory auditor and for monitoring the audit quality. It discusses the audit reports with the auditor as well as its findings, and provides recommendations in this respect to the supervisory board. The chairperson of the audit committee regularly discusses the progress of the audit with the auditor and reports thereon to the audit committee. The audit committee consults with the auditor on a regular basis without the management board.

Members of the audit committee until 5 September 2024
Mariella Röhm-Kottmann (chairperson)
Matti Ahtiainen
Susanne Schröter-Crossan
Niklas Östberg

Members of the audit committee since 5 September 2024
Mariella Röhm-Kottmann (chairperson)
Matti Ahtiainen
Susanne Schröter-Crossan
Kelly Bennett

According to Sections 107 (4) and 100 (5) of the AktG, at least one member of the audit committee must have expertise in the field of accounting and at least one further audit committee member must have expertise in the field of auditing. Following from recommendation D.3 of the German Corporate Governance Code, expertise in the field of accounting shall consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and expertise in the field of auditing shall consist of special knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and its audit.

The chairperson of our audit committee, Mariella Röhm-Kottmann, and a member of the audit committee, Susanne Schröter-Crossan, both have the required expertise in the areas of accounting and auditing.

Mariella Röhm-Kottmann holds a degree in economic engineering (Diplom-Wirtschaftsingenieurin), has passed the certified German chartered accountant (Wirtschaftsprüfer) exam as well as the tax advisor (Steuerberater) exam and has many years of professional experience as an audit partner at one of the big four audit companies. In her current position as Chief Financial Officer of Sunlight Group Energy Storage Systems Industrial and Commercial Société Anonyme, Mariella Röhm-Kottmann oversees the company's financial operations, strategy and ESG initiatives. In her prior role as Senior Vice President Finance at ZF Friedrichshafen AG, she was responsible in particular for external and internal accounting, ESG reporting, the risk management and internal control systems as well as global shared services for the entire group. Mariella Röhm-Kottmann is an independent member of the supervisory board representing the shareholders.

Susanne Schröter-Crossan holds a degree in business administration (Diplom-Kauffrau). Since March 2024 Susanne Schröter-Crossan has been Chief Financial Officer of sennder Technologies GmbH and leads the company's financial department. Between July 2020 and March 2023 she was Chief Financial Officer of LEG Immobilien SE, where she was responsible for Investor Relations, Finance & Controlling, Portfolio Management and Accounting & Taxes.

Susanne Schröter-Crossan has been a member of the supervisory board of HelloFresh SE since May 2021, where she is the chairperson of the audit committee. In these positions, she is regularly involved in a wide variety of accounting and auditing topics.

The member of the audit committee Matti Ahtiainen has the requisite expertise in the area of accounting. He started his professional career as an accountant after graduating from the Helsinki School of Economics. In recent years, Matti Ahtiainen has held positions of responsibility in the finance department at various companies, where he has gained specialist knowledge and experience in the application of accounting principles and in internal controlling and risk management systems.

Remuneration committee

The remuneration committee deals with all questions related to the management board's remuneration. This includes in particular the responsibility for the company's remuneration system for the management board as well as the amount and appropriateness of the management board's remuneration. The remuneration committee reviews the performance of the management board members on a regular basis. It also supports the supervisory board regarding the annual executive position planning for the two management levels below the management board and material changes thereto, as well as the corresponding compensation framework for these positions. The remuneration committee provides recommendations as a basis for decision-making by the supervisory board. The chairperson of the remuneration committee, Kelly Bennett, is an independent member of the supervisory board representing the shareholders.

Members of the remuneration committee
Kelly Bennett (chairperson)
Anika Mangelmann
Anders Holch Povlsen
Susanne Schröter-Crossan

Nomination committee

The nomination committee is exclusively composed of shareholder representatives. It prepares the proposals of the supervisory board to the annual general meeting regarding the election of supervisory board members, taking into account the specific targets of the supervisory board regarding its composition. On the basis of a target profile, the nomination committee creates a shortlist of available candidates with whom it conducts structured interviews. In these interviews it seeks to determine whether the candidate in question is suitable and will have sufficient time available to perform the duties of the supervisory board with due care. It then recommends a candidate to the supervisory board for its approval including a substantiation for its recommendation. Furthermore, the nomination committee reviews intended sideline activities of the members of the management board, including board mandates, and issues the required approval.

Members of the nomination committee
Kelly Bennett (chairperson)
Anders Holch Povlsen
Niklas Östberg

D&I and sustainability committee

Our D&I and sustainability committee supports the management board and supervisory board in measures related to diversity & inclusion as well as sustainability as part of our group strategy and ensures the close involvement of the supervisory board in these areas and the related reporting.

Members of the D&I and sustainability committee
Susanne Schröter-Crossan (chairperson)
Jade Buddenberg
Jennifer Hyman
Mariella Röhm-Kottmann

Training

We believe that good corporate governance requires a high level of awareness of statutory requirements. The supervisory board members take responsibility for undertaking any training or professional development measures necessary for the performance of their duties and are supported in this by the company. New members of the supervisory board are supported with an onboarding training which includes topics like the tasks, rights and duties of the supervisory board, the internal organisation, the tasks of the committees of the supervisory board, conflicts of interest and directors' dealings, as well as insights into our business model. In the financial year 2024 the members of the supervisory board received training on sustainability topics, the related reporting requirements and the Corporate Sustainability Reporting Directive. Kelly Bennett, as chairperson of the supervisory board, was briefed concerning the annual governance roadshow which took place at the beginning of the year to discuss governance-related topics with institutional investors. Furthermore, Mariella Röhm-Kottmann received legal training on chairing the annual general meeting.

Self-assessment

Our supervisory board regularly assesses the effectiveness of its own activities and those of its committees.

In December 2024, a questionnaire was sent to the supervisory board members to monitor the level of efficiency in a self-assessment. The questionnaire focused on the supply of information to the supervisory board, the structure and efficiency of meetings, the setup and procedures of the supervisory board's committees, the structure of the supervisory board, its succession planning as well as the level of information on specific focus topics the supervisory board has been involved with. No noteworthy shortcomings were identified in the self-assessment.

Conflicts of interest

Each member of the supervisory board must disclose any conflicts of interest to the supervisory board, particularly those that might arise as a result of an advisory or committee function at customers, suppliers, creditors, borrowers or other third parties. If a member of the supervisory board has a significant, non-temporary conflict of interest, that member should resign from office.

Remuneration

The remuneration report for the financial year 2024, the opinion of the auditor pursuant to Section 162 of the German Stock Corporation Act and the latest resolution of the general meeting regarding the remuneration of the supervisory board pursuant to Section 113 of the German Stock Corporation Act are published on our corporate website. The remuneration report for the financial year 2024 is included in this annual report.

2.5.6 Target of female representation on the supervisory board, the management board and on management levels below the management board according to Sections 76 (4), 111 (5) AktG

We attach great importance to diversity & inclusion within Zalando and we are convinced that only a diverse and inclusive culture will ensure that we have the best talent on board and can truly serve our customer base. We aim for balanced gender representation in our leadership positions. Balanced representation is defined as a 40–60% corridor where we aim for women and men to reach a representation of 40–60%.

The supervisory board renewed its commitment to continue aiming for balanced gender representation on the supervisory board and management board within the 40–60% corridor by 31 December 2027.

For the four leadership levels below the management board, our commitment is to a 40–60% corridor for each leadership level by 31 December 2025. Thereafter, we aim to extend the target by an additional management level (Senior Team Lead) to increase or maintain the proportion of at least 40–60% women until 31 December 2027.

As of 31 December 2024, the representation of women is as follows:

- 55.6% of the supervisory board
- 40% of the management board
- 45.5% of the first management level below the management board (SVPs)
- 32.6% of the second management level below the management board (VPs)
- 33.3% of the third management level below the management board (Directors)
- 38% of the fourth management level below the management board (Heads)

2.5.7 Annual general meeting and investor relations

Our shareholders can exercise their rights at the annual general meeting that takes place within the first six months of each business year. Every shareholder is entitled to attend the annual general meeting, to speak on items on the agenda and to ask relevant questions and propose relevant motions. Each share has one vote. The annual general meeting held on 24 May 2023 authorised the management board of the company to make provision for a virtual general meeting for a period of two years after the registration of the new provision in section 16a of the articles of association in the commercial register. In particular, the annual general meeting decides on the appropriation of distributable profit, the discharge of the management board and the supervisory board, the election of supervisory board members and the appointment of the auditor. In addition, it decides on all amendments to the articles of association. The general meeting generally adopts advisory resolutions on the approval of the remuneration system for the management board members prepared by the supervisory board, on the actual remuneration of the supervisory board, as well as proposes resolutions on the approval of the remuneration report for the preceding financial year. The management board presents the annual financial statements and the consolidated financial statements of Zalando SE, together with the combined management report, to the annual general meeting.

The next annual general meeting will take place on 27 May 2025 as a virtual meeting. The convocation and all relevant documents will be published on our corporate website.

We focus on a continuous, transparent and trustworthy exchange with all capital market participants. Our Investor Relations team informs regularly on all relevant business developments via our corporate website. All relevant dates can be found on the corporate website in our financial calendar. The Investor Relations team can be contacted via email at investor.relations@zalando.de in cases of any capital market-related questions.

2.5.8 Corporate governance practices

Zalando's Corporate Compliance team is responsible for monitoring, managing, documenting and reporting on compliance risks derived from breaches of the law, group policies and ethical standards in business at a group-wide level. Our compliance management system encompasses policy management, a help desk function, whistleblowing management (including related investigations where required), business partner due diligence and compliance-related training. The Corporate Compliance team also conducts risk assessment and management in the area of business partner-related compliance. For this, legal and ethical risks covered by our Code of Ethics and Code of Conduct, including related policies, are centrally managed within the Corporate Governance department.

Our group-wide policy landscape is built around two fundamental guidelines: our Code of Ethics and our Code of Conduct.

The Zalando Code of Ethics outlines the standards to which we as a company adhere. Based on fundamental values of honesty, respect, trust and fairness, the code forms the basic guideline for our work-related interactions. It sets mandatory standards and clear expectations for professional, ethical and responsible behaviour. Our Code of Ethics requires all employees to follow the law and also defines our expectations with regard to diversity & inclusion, respectful behaviour and the avoidance of conflicts of interest. Fostering a speak-up culture so that employees actively participate and raise concerns or report potential compliance breaches is an essential part of Zalando's culture. This expectation is complemented by the promise to protect all those who report an incident in good faith from negative consequences. The Code of Ethics has been communicated to all employees in various languages and is available on our corporate website. It also stipulates the obligation for all employees to comply with our data protection standards, as set out in internal policies, principles and guidelines. Protecting personal data, as well as collecting, processing and using the data in accordance with the law is fundamental to Zalando because it is essential not only for our employee and partner-related data, but especially our customers and their trust in our products and services. This customer trust is the basis for long-term customer relationships. Therefore, Zalando ensures regular employee privacy training and has designed actionable privacy principles to create awareness and guardrails for privacy-compliant business design and conduct. For our employees, we have a dedicated online resource with guidance on how Zalando handles employee data and sets out rights employees have in relation to personal data they share with Zalando. Specialised privacy roles are trained to support all business divisions with guidelines and standards to ensure company-wide proper safeguards are implemented. Zalando is regulated under European and national data protection regulations and we closely monitor changes in the legislation in order to properly adopt regulatory requirements.

In the reporting period, we also maintained our concept of having local enablers outside our headquarters to serve as multipliers for compliance topics as well as be an additional, local contact point to the centralised Corporate Compliance team. This ensures a better understanding of local challenges and helps drive well-informed solutions by removing (potential) barriers when seeking assistance with compliance.

Making ethical behaviour natural internally also leads to comparable expectations towards external partners. Therefore, the Zalando Code of Conduct outlines the standards to which we hold our business partners accountable. It covers the areas of human rights, including supply chain compliance and labour rights, environmental protection, fair and ethical business practices, monitoring and complaints. Our Code of Conduct is published on our corporate website. It applies to all business partners — including suppliers, service providers, platform partners, distributors, consultants and agents of Zalando SE and all its subsidiaries. We expect every business partner to acknowledge the standards set out in our Code of Conduct and require the existence of appropriate management systems and due diligence processes to be in place.

Zalando carries out business partner due diligence reviews (sanction list screening and compliance database and adverse media checks, followed by an in-depth review carried out by the Corporate Compliance team if any findings are made) for defined groups of business partners and in cases where potential compliance risks are apparent.

Our compliance training entails our Code of Ethics, Code of Conduct and group policies, including anti-corruption-related policies such as our group policy benefits, gifts, events and expenses. We train colleagues with leadership responsibility in person or via video chat solutions. In the training sessions we discuss in detail all questions related to the relevant topics. We aim for a high level of knowledge of our leaders in particular about our internal guidelines as those having leadership responsibility should be role models. Employees without leadership responsibility are made aware of our compliance-relevant regulations via e-learning courses. The e-learning courses are mandatory for all employees who have a Zalando email address (except for defined roles with low compliance risks in logistics and stores). Each mandatory training course is followed by mandatory refresher courses every other year. Employees receive an automatic reminder to fulfil their training obligations. If the employees do not fulfil their obligations, the lead will be informed and reminded repeatedly until the training is completed.

In the reporting period, 30 compliance basics face-to-face training courses were carried out, compared to 46 in 2023. The reduction of our training offer originates from the switch to web-based trainings as the default solution, allowing for a larger number of overall participants per meeting. A total of 4.759 employees completed the compliance basics e-learning courses (2023: 4,988), among them 2.561 employees of Zalando SE (2023: 2,785).

Various communication channels are available to facilitate the reporting of presumed compliance infringements to the Corporate Compliance team. Infringements can be reported — in various languages — via a whistleblowing tool from a third-party provider, inter alia, and on an anonymous basis if preferred. The anonymous and protected reporting channel is available to employees as well as third parties (further details can be found in Process to raise concerns under ESRS S1 Own workforce of the section 2.8 Sustainability statement). Reported cases which qualify as potential compliance violations are managed by the Corporate Compliance team; if a reported scenario qualifies as a potential serious case, a compliance panel takes over decision-making relating to the consequences. The panel consists of senior executives and our Chief People Officer.

Information on detected compliance infringements and important updates of processes or policies are reported to the management board and the audit committee of the supervisory board at least on a quarterly basis. Additionally, the latter receives information about training participation rates.

Suggestions of the German Corporate Governance Code

Our company voluntarily complies with the suggestions of the German Corporate Governance Code, with only the following exception:

According to suggestion A.8 of the German Corporate Governance Code, the management board should convene an extraordinary general meeting in the event of a takeover offer at which shareholders discuss the takeover offer and may decide on corporate actions. We do not consider strict adherence to this suggestion being in the best interest of the company and its stakeholders. Convening an extraordinary general meeting is an organisational challenge and may delay the implementation of necessary corporate actions to respond to a takeover offer. Therefore, we would only convene an extraordinary general meeting on a case-by-case basis in appropriate situations.

2.6 Takeover law disclosures pursuant to Sections 289a (1), 315a (1) HGB and explanatory report[54]

The disclosures required according to Sections 289a (1), 315a (1) HGB are listed and explained below.

Composition of issued capital

With respect to the composition of the issued capital, please refer to section 3.5.7 (20.) Equity of the Notes.

[54] Takeover law disclosures pursuant to Sections 289a (1), 315a (1) HGB are part of the combined management report and also form part of the corporate governance statement, together with the declaration of conformity.

Restrictions relating to voting rights or the transfer of shares

At the end of the reporting year, Zalando SE had 4,738,381 treasury shares that do not grant rights in accordance with Section 71b AktG.

Shareholdings that exceed 10% of the voting rights

At the end of financial year 2024, Anders Holch Povlsen held an indirect shareholding in Zalando SE that exceeded the threshold of 10% of voting rights. Information on the amount of the above-mentioned shareholdings in the company can be found in 1.4 The Zalando share – 2024 in review.

Statutory regulations and provisions of the articles of association concerning the appointment and removal from office of management board members, and concerning modifications to the articles of association

According to Article 9 (1), Article 39 (2) and Article 46 of the SE Regulation, Sections 84 and 85 AktG and Article 7 (4) of the articles of association, the supervisory board appoints the members of the management board for a maximum term of five years. Reappointments are permissible. The supervisory board is authorised to revoke the appointment of a management board member for cause (for details, see Article 9 (1), Article 39 (2) of the SE Regulation, Section 84 AktG). According to Article 7 (1) of the articles of association, the management board consists of one or more members. The number of members of the management board is determined by the supervisory board.

The general meeting passes resolutions to amend the articles of association. According to Article 20 (2) of the articles of association, amendments to the articles of association require a two-thirds majority of the valid votes cast or, if at least one-half of the share capital is represented, a simple majority of the valid votes cast, unless this conflicts with mandatory legal provisions.

According to Article 12 (5) of the articles of association, the supervisory board is entitled to make changes to the articles of association that pertain to the wording only. Pursuant to Article 4 (3) of the articles of association, the supervisory board is authorised to adjust the wording of the articles of association to reflect the implementation of the increase in the registered share capital from authorised capital or after the term of the authorisation has expired.

Authority of the management board to issue shares or acquire treasury shares

After the partial exercise of a corresponding authorisation granted by the annual general meeting on 23 June 2020 based on resolutions of the management board and the supervisory board on 13 June 2022, our management board is authorised to increase the registered share capital of the company until 22 June 2025, with the consent of the supervisory board, once or several times, by up to a total of 99,254,719.00 EUR through the issue of up to 99,254,719 new no-par value bearer shares against contributions in cash and/or in kind (Authorised Capital 2020). The shareholders are, in principle, entitled to subscription rights. The management board is authorised to exclude the subscription rights of the shareholders with the consent of the supervisory board in the cases described in the authorisation. The total shares issued under the authorisation with the exclusion of subscription rights must not exceed 20% of the registered share capital, either at the time the authorisation becomes effective or at the time it is exercised. This 20% limit includes (i) treasury shares sold with the exclusion of subscription rights and (ii) shares to be issued to service bonds with conversion and/or option rights or obligations, insofar as the bonds were issued with the exclusion of shareholders' subscription rights on the basis of the authorisation by the annual general meeting of 23 June 2020. The management board is authorised, with the consent of the supervisory board, to determine any further details of the capital increase, the additional content of the rights arising from the shares, and the conditions of the share issue. The new shares participate in profits from the start of the financial year in which they are issued. However, the management board may, to the extent it is legally permissible, and subject to the consent of the supervisory board, determine that the new shares shall bear dividend rights from the beginning of an already past financial year for which no resolution of the general meeting regarding the appropriation of the net profit had been passed at the time when they were issued.

The share capital of Zalando SE is conditionally increased by up to 3,053,650.00 EUR by the issuance of up to 3,053,650 new no-par value bearer shares (Conditional Capital 2014). The Conditional Capital 2014 may only be used to fulfil the subscription rights which have been granted to employees of the company as well as members of the management bodies and employees of companies affiliated with the company according to the meaning of Sections 15 et seq. AktG in connection with the Stock Option Program 2014 in accordance with the resolution of the annual general meeting of the company on 3 June 2014, as amended by the company's annual general meetings of 11 July 2014, 23 June 2020 and 18 May 2022. The conditional capital increase will only be implemented to the extent that such subscription rights have been issued in accordance with the Stock Option Program 2014 as resolved by the annual general meeting on 3 June 2014, as amended by the company's annual general meetings of 11 July 2014, 23 June 2020 and 18 May 2022, the holders of the subscription rights exercise their rights and the company does not deliver treasury shares to satisfy the subscription rights.

The share capital of Zalando SE is conditionally increased by up to 3,001,764.00 EUR against contributions in cash and in kind by the issuance of up to 3,001,764 new no-par value bearer shares with a pro rata share in the share capital of 1.00 EUR 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 annual general meeting of the company of 31 May 2016, as amended by the resolution of our annual general meeting of 18 May 2022. The new shares shall be subscribed against either a cash payment in the amount of the lowest issue price according to the meaning of Section 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 authorisation of the annual general meeting of 31 May 2016, as amended by the resolution of our annual general meeting of 18 May 2022. The conditional capital increase will be implemented only to the extent that subscription rights or stock appreciation rights with subscription rights have been issued in accordance with the resolution of the annual general meeting of 31 May 2016, as amended by the resolution of the company's annual general meeting of 18 May 2022, the holders of subscription rights exercise their rights, and the company grants no treasury shares or cash payments to satisfy the subscription rights. The subscription shares will be issued at the lowest issue price of 1.00 EUR.

Zalando SE's share capital is conditionally increased by up to 1,522,269.00 EUR 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 of servicing 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 our annual general meeting on 22 May 2019 under agenda item 7, as amended by the resolution of our annual general meeting of 18 May 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 (1) AktG.

The share capital is conditionally increased by up to 75,199,787.00 EUR by issuing up to 75,199,787 new no-par value bearer shares (Conditional Capital 2020). The exclusive purpose of the conditional capital increase is to grant shares to the holders/creditors of convertible bonds and/or bonds with warrants or a combination of all of these instruments issued until 22 June 2025 by the company or any subordinate group company of the company, pursuant to the authorisation on which a resolution was passed by the annual general meeting on 23 June 2020, under agenda item 11 lit. b), and that grant a conversion or option right to new no-par value bearer shares of the company or provide for a conversion or option obligation or an option entitling the issuer to deliver shares to the extent that they are issued against cash contributions. The new shares are issued in each case at a conversion price or option price to be stipulated pursuant to the authorisation resolution specified above. The conditional capital increase is carried out only to the extent to which use is made of conversion or option rights or conversion or option obligations are fulfilled or an option entitling the issuer to deliver shares is exercised and no other forms of fulfilment of delivery are used. The management board is authorised, with the consent of the supervisory board, to determine the further details of the implementation of conditional capital increases.

The new shares from the Conditional Capital 2014, the Conditional Capital 2016, the Conditional Capital 2019 and the Conditional Capital 2020 participate in the profits from the beginning of the financial year in which they are issued; notwithstanding this, the new shares participate in the profits from the beginning of the financial year preceding the financial year in which such new shares are created if the annual general meeting has not yet adopted a resolution on the appropriation of the distributable profit for the financial year preceding the financial year in which these new shares are created.

The management board is authorised, by resolution of the annual general meeting of 23 June 2020, to acquire treasury shares until 22 June 2025 for any permissible purpose totalling up to 10% of its registered capital as of the date of the resolution or as of the date on which the authorisation is exercised if the latter value is lower. Shares acquired may not at any time amount to more than 10% of the total share capital when taken together with other treasury shares held by the company or allocable to the company in accordance with Sections 71a et seq. AktG. In addition to this, the management board is authorised to use derivatives to acquire treasury shares until 22 June 2025. All shares that are acquired using derivatives are limited to shares that pertain to at most 5% of the share capital existing as of the date of the resolution of the annual general meeting or, if the amount is lower, share capital existing at the time this authorisation is exercised.

With regard to details of the authorisation to acquire treasury shares, we refer to the resolutions proposed by the management board and the supervisory board in items 8 and 9 of our annual general meeting agenda for 23 June 2020, which was published in the German Federal Gazette on 15 May 2020.

Company compensation agreements that have been entered into with management board members or employees in the event of a takeover bid

The Long-Term Incentives LTI 2018, LTI 2019 and LTI 2021,[55] and the Rolling Long-Term Incentive LTI 2024 allow for a replacement of option rights held by the management board in the case of a change of control. The supervisory board and the management board are both entitled to request the cancellation of the vested outstanding options in exchange for payment by the company. LTI 2018, LTI 2019, LTI 2021 and Rolling LTI 2024 options not yet vested at the time of a change in control may be replaced at the discretion of the supervisory board by an economically equivalent new programme.

Significant company agreements subject to a change of control due to a takeover bid

The material agreements that are subject to the condition of a change of control involve the revolving credit facility, the convertible bonds, various reverse factoring agreements as well as individual agreements in the areas of B2B fulfilment services, third party logistics services and packaging supply. In the event of a change of control, these agreements provide the right to terminate the agreement and accelerate repayment or, for factors, the right to terminate the agreement or renegotiate the contractual terms. In the event of a change of control, each bondholder is entitled to call all or any of its bonds that have not yet been converted or redeemed. If a bondholder cancels the bonds, the bonds must be repaid on the control acquisition date.

[55] The term "LTI 2021" includes all plan rules under the remuneration system 2021 regardless of their grant date, i.e. the plan rules with the denominations LTI 2021, LTI 2021/2022, LTI 2023 and LTI 2024.

2.7 Supplementary management report to the separate financial statements of Zalando SE

The management report of Zalando SE as a separate entity and the group management report have been combined. The following notes are based on the annual financial statements of Zalando SE, which were prepared in accordance with the provisions of the HGB [Handelsgesetzbuch: German Commercial Code] and the AktG [Aktiengesetz: German Stock Corporation Act] in conjunction with Art. 61 EU CR 2157/2001.

2.7.1 Business activity

Zalando SE is the parent company of the Zalando group. Its registered office is the corporate headquarters in Berlin. The company runs a European online fashion and lifestyle platform and connects customers, brands and partners. Its operating activities mainly include the development, sourcing, marketing, retail and commission sale of various types of goods, in particular clothing and shoes, as well as related consumer- and partner-facing services. Other responsibilities include the management of online destinations, HR management, IT, finance management and risk management.

As the parent company of the group, Zalando SE is represented by its management board, which determines the direction of the group and defines the corporate strategy.

The financial statements of Zalando SE are prepared in accordance with the HGB. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU. This gives rise to differences in recognition and measurement policies. The differences primarily relate to provisions, fixed assets, financial instruments and deferred taxes.

In addition, Zalando SE has extensive supply and service relationships with its subsidiaries. The services provided essentially encompass fulfilment and distribution services, content creation and customer service, as well as procurement, administrative, payment and IT services.

2.7.2 Economic situation of Zalando SE

The results of Zalando SE's operations are presented in the following condensed income statement and are broken down by type of expense within the company. The year 2024 was a year of recovery and return to growth for the fashion e-commerce sector. Favourable economic conditions like lower inflation and rising wages supported consumer sentiment. This positive trend fuelled increased consumer spending, particularly online. After a difficult 2023, Zalando successfully navigated these shifting dynamics and returned to growth in 2024. To further capitalise on these opportunities and solidify its position in the market, Zalando unveiled its updated strategy in March 2024, with the aim of building the leading pan-European fashion and lifestyle e-commerce ecosystem around two growth vectors: business-to-consumer (B2C) and business-to-business (B2B). We focused on strategic initiatives within our three B2C growth pillars, namely quality, lifestyle expansion, and inspiration and entertainment. In B2B, through ZEOS, we are building an operating system to enable fashion and lifestyle e-commerce across Europe.

This has resulted in increased revenues and a significantly improved operating result.

Income statement of Zalando SE
according to the German Commercial Code (short version)

in m EUR	2024	As % of sales	2023	As % of sales	Change in percentage points
Revenue	10,272.6	100.0%	9,859.4	100.0%	0.0 pp
Own work capitalised	65.7	0.6%	54.3	0.6%	0.1 pp
Other operating income	186.5	1.8%	291.0	3.0%	-1.1 pp
Cost of materials	-5,254.3	-51.1%	-5,318.2	-53.9%	2.8 pp
Gross profit	**5,270.5**	**51.3%**	**4,886.6**	**49.6%**	**1.7 pp**
Personnel expenses	-642.1	-6.3%	-661.9	-6.7%	0.5 pp
Amortisation and depreciation	-80.3	-0.8%	-84.1	-0.9%	0.1 pp
Other operating expenses	-4,321.6	-42.1%	-4,126.4	-41.9%	-0.2 pp
Operating result	**226.5**	**2.2%**	**14.1**	**0.1%**	**2.1 pp**
Financial result	**10.3**	**0.1%**	**27.3**	**0.3%**	**-0.2 pp**
Earnings before taxes	**236.8**	**2.3%**	**41.4**	**0.4%**	**1.9 pp**
Income taxes	-77.6	-0.8%	-39.7	-0.4%	-0.4 pp
Other taxes	-6.4	-0.1%	-1.9	0.0%	0.0 pp
Net income/loss for the year	**152.8**	**1.5%**	**-0.2**	**0.0%**	**1.5 pp**
Operating result margin	2.2%	–	0.1%	–	2.1 pp

In the reporting period, revenue, as the main key performance indicator of Zalando SE, increased by 413.2m EUR to 10,272.6m EUR. The 4.2% increase in revenue was influenced by slightly improved consumer demand and active customer growth in 2024. This was driven by the positive development of our retail business, continued growth of our partner business as well as strong revenue growth in B2B.

Other operating income mainly results from income from foreign currency translation, the release of accruals and group recharges.

The cost of materials decreased by 63.9m EUR to 5,254.3m EUR. Our focus on inventory management led to higher sell-through rates, thereby strengthening our gross margins. Overall, the company generated a gross profit of 5,270.5m EUR in the financial year 2024 (prior year: 4,886.6m EUR).

Personnel expenses declined by 19.9m EUR to 642.1m EUR, mainly impacted by a decrease in the average headcount by 254, from 6,292 in the prior year to 6,038 employees in 2024.

Amortisation and depreciation decreased by 3.8m EUR.

Other operating expenses primarily include fulfilment costs as well as marketing expenses. The increase of 195.2m EUR in other operating expenses is primarily due to an increase in these categories. The rise in fulfilment costs was lower than the increase in revenue, which was driven by favourable order economics, reflected in a higher average basket size and cost reductions, as well as the scaling of our ZEOS fulfilment business. Marketing spending increased as we deliberately raised our investments in performance marketing to capitalise on the improved top-line momentum. Additionally, we increased brand marketing as we launched several key campaigns to drive demand and enhance brand visibility.

The operating result for the year of 226.5m EUR increased by 2.1 percentage points in revenue, resulting in a solid profit, due mainly to a lower cost of materials and lower personnel expenses.

The financial result mainly comprises interest expenses of 102.6m EUR (prior year: 92.7m EUR) and interest income of 108.1m EUR (prior year: 67.6m EUR), income from long-term loans of 21.5m EUR (prior year: 24.4m EUR), the amortisation of financial assets of 30.9m EUR (prior year: 0.0m EUR), as well as income from profit transfers of 30.8m EUR (prior year: 33.2m EUR) and expenses from loss absorption of 24.2m EUR (prior year: 5.3m EUR) during the reporting period.

Income taxes include deferred taxes and current income taxes paid or payable. They comprise trade tax, corporate income tax and a solidarity surcharge. As in the prior year, the statutory corporate income tax rate including the solidarity surcharge for the assessment period 2024 was 15.8%. The applicable trade tax rate was 14.7% (prior year: 14.8%).

Current and deferred taxes are presented in the following table:

Income taxes

in m EUR	**2024**	**2023**
Deferred taxes	19.3	4.5
Current taxes in Germany	-96.9	-44.2
Total	**-77.6**	**-39.7**

Net assets and financial position

The net assets of Zalando SE are shown in the following condensed balance sheet:

Assets

in m EUR	31 Dec, 2024		31 Dec, 2023		Change
Non-current assets	2,181.2	33.2%	2,113.3	34.5%	67.9
Current assets	4,287.6	65.3%	3,943.9	64.5%	343.7
Prepaid expenses	38.6	0.6%	21.7	0.4%	16.8
Deferred tax assets	58.2	0.9%	38.9	0.6%	19.3
Total assets	**6,565.6**	**100.0%**	**6,117.9**	**100.0%**	**447.7**

Equity and liabilities

in m EUR	31 Dec, 2024		31 Dec, 2023		Change
Equity	2,051.0	31.2%	1,915.8	31.3%	135.2
Provisions	715.2	10.9%	633.8	10.4%	81.4
Liabilities	3,772.8	57.5%	3,554.9	58.1%	217.9
Deferred income	26.7	0.4%	13.5	0.2%	13.2
Total equity and liabilities	**6,565.6**	**100.0%**	**6,117.9**	**100.0%**	**447.7**

The total assets of Zalando SE increased by 7.3%. The assets of Zalando SE mainly consist of financial and current assets, specifically securities and cash, shares in affiliated companies as well as inventories and receivables. Equity and liabilities comprise equity and current and non-current liabilities and provisions.

In the financial year 2024, additions to non-current assets mainly referred to financial assets (367.3m EUR) relating chiefly to loans to affiliated companies (172.2m EUR), shares in affiliated companies (115.6m EUR) and equity investments (79.6m EUR), as well as to intangible assets (80.2m EUR). Investments in subsidiaries were primarily made to finance infrastructure investments and the expansion of business. Equity investments increased due to our acquisition of ABOUT YOU shares, which we recognised with 79.6m EUR as of 31 December 2024. Disposals mainly related to loans to affiliated companies (262.1m EUR), which showed a net decrease.

The increase in current assets in the financial year 2024 was mainly driven by intercompany receivables (369.7m EUR) and inventories (175.2m EUR). Cash and securities decreased by 266.7m EUR. The increase in inventories results mainly from higher inbounds. Inventories chiefly comprised merchandise used in the core operational business of Zalando SE. The increase in intercompany receivables is primarily attributable to receivables from intercompany factoring. The balance increased due to later payments, considering a longer returns provision period.

The equity ratio was at 31.2% (prior year: 31.3%).

Provisions and liabilities increased by 299.3m EUR to 4,488.0m EUR, mainly impacted by increased trade payables and intercompany payables and partly offset by the decreased convertible bonds, which was partially repurchased with a principal amount of 100.0m EUR. As of 31 December 2024, this item pertains mainly to trade payables, intercompany liabilities, the convertible bond, and provisions for product return claims and outstanding invoices for fulfilment and marketing expenses.

Under reverse factoring agreements, suppliers' claims against Zalando totalling 639.2m EUR were transferred to various factors as of 31 December 2024 (31 December 2023: 590.1m EUR). These are recognised in the statement of financial position under trade payables.

Regarding the liquidity and financial development of Zalando SE, we refer to the financial development of the Zalando group, which basically reflects the financial development of Zalando SE. Furthermore, Zalando SE is responsible for the cash management of the Zalando group.

In the financial year 2024, Zalando generated a positive cash flow from operating activities of 62.9m EUR (prior year: 599.4m EUR). In addition to the net income of 152.8m EUR, operating cash flow was largely impacted by increased inventory and receivables from affiliated companies, as well as increased trade payables.

The cash flow from investing activities in financial year 2024 was mainly driven by capital increases in subsidiaries that were used to invest in the fulfilment infrastructure as well as investments in purchased and self-developed software. Furthermore, we acquired shares in ABOUT YOU amounting to 79.6m EUR.

The cash flow from financing activities predominately consisted of payments for the repurchase of treasury shares of 99.5m EUR (prior year: 0.0m EUR) as part of our share buyback programme, as well as the repurchase of convertible bonds of 95.5m EUR (prior-year period: 0.0m EUR). Cash and cash equivalents consisted of cash on hand and bank balances, as well as fixed-term deposits at financial institutions and in money market funds. Zalando SE was able to meet its financial obligations at all times over the past financial year.

2.7.3 Risks and opportunities

The business development of Zalando SE is subject to essentially the same operating risks and opportunities as the group. Zalando SE fully participates in the operating risks of its subsidiaries. Statements made by the management board on the overall assessment of the group's risk situation thus also refer to the risk situation of Zalando SE. The description of Zalando SE's accounting-related internal control system and risk management system stipulated in Section 289 (5) HGB is provided in the risk and opportunity report of the group.

2.7.4 Outlook

The statements made on the development of revenue for the group also apply here by virtue of the close ties between Zalando SE and the group companies and its weight within the group. The statements also reflect the expectations for the parent company in terms of trends and intensity of the expected developments in the main key performance indicators.

Berlin, 5 March 2025

Robert Gentz David Schröder

David Schneider Dr Astrid Arndt

2.8 Sustainability statement

2.8.1 General information

Basis for preparation

This combined non-financial declaration (hereinafter also referred to as “sustainability statement”) has been prepared to meet the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 (hereinafter the “EU Taxonomy Regulation”) as well as to meet the requirements of Sections 315b and 315c of the German Commercial Code [Handelsgesetzbuch, HGB] for a group non-financial declaration and Sections 289b to 289e HGB for a non-financial declaration of Zalando SE. The combined non-financial declaration relates to the period from 1 January to 31 December 2024.

In accordance with Sections 289b and 315b HGB, Zalando SE as the parent company has to prepare a non-financial (group) declaration for Zalando SE and the Zalando group. The following contents represent the combined non-financial declaration for the financial year 2024 for Zalando SE and the Zalando group (hereinafter “Zalando”). In accordance with Section 289d HGB, the group non-financial declaration was prepared on the basis of the European Sustainability Reporting Standards (ESRS) as a framework. As all the aspects described apply equally to Zalando SE and the group, there was no separate application of a framework with regards to Section 289d HGB for the parent company.

The content of this statement is based on the results of a 2024 Double Materiality Assessment (DMA) performed in accordance with the requirements set out in the CSRD and ESRS, and includes topics that are relevant to our stakeholders or required by the national regulations which Zalando follows. The sustainability statement therefore contains disclosures on environmental matters, employee matters, social matters, respect for human rights, and anti-corruption and bribery matters. We also comply with the disclosure requirements of the EU Taxonomy Regulation.

Overview HGB matters and ESRS topics

HGB matter	ESRS topic
Environmental matters	ESRS E1 Climate change ESRS E2 Pollution ESRS E3 Water resources ESRS E5 Resource use and circular economy
Employee matters	ESRS S1 Own workforce ESRS S2 Workers in the value chain
Social matters	ESRS S4 Consumers and end-users
Respect for human rights	ESRS S1 Own workforce ESRS S2 Workers in the value chain
Anti-corruption and bribery matters	ESRS G1 Business conduct General disclosures: GOV-1
Additional	Innovation and partnerships

This sustainability statement has been prepared on a consolidated basis and according to the same principles as the financial statements. Thus, the consolidated quantitative Environmental, Social and Governance (ESG) data comprises the parent company Zalando SE and subsidiaries controlled by Zalando SE. The number of subsidiaries included in the basis of consolidation is 58 in financial year 2024 (prior year: 58). Associates and joint ventures are not included in the consolidated ESG metrics. The consolidation of all quantitative ESG metrics follows the principles outlines above, unless otherwise specified in the sustainability-related accounting policies described next to each reported metric in sections E, S and G.

We actively manage impacts, risks and opportunities (IROs) identified through our activities, and we adjust our group strategy on a regular basis to reflect our priorities and economic, financial and regulatory conditions. As a general principle, our policies, actions, and targets are applicable across the Zalando group. In cases where a policy, action or target pertains only to a particular activity or business unit or where certain activities or business units are excluded, this is clearly outlined in the sustainability statement.

This sustainability statement covers the upstream and downstream value chain as follows:

- Upstream value chain: raw material sourcing, manufacturing and production (we do not own any manufacturing or production facilities), packaging suppliers and brand partners.
- Downstream value chain: logistics and transportation, customer use phase (customers include anyone purchasing products from our websites and outlets), end-of-life and circularity, customer engagement and platform partners.

The scope of our DMA concerning our upstream and/or downstream value chain is detailed in the Impacts, risks and opportunities section below. The extent to which policies, actions, targets and metrics incorporate value chain information is detailed in the relevant disclosure requirements. The identified metrics, the basis for preparation, the resulting level of accuracy and the planned actions to improve accuracy in the future are specified in the sustainability-related accounting policy described next to each reported metric.

We use assessments and estimates for the reporting of some metrics. For example, we rely on industry averages or estimates for some scope 3 emissions categories due to challenges concerning data availability. Visibility into Tier 2 and Tier 4 suppliers is still developing across the whole fashion industry. Customer use phase impacts are estimated based on available research. For the outcome uncertainty of each metric, we disclose the sources of the estimates contributing to the uncertainty. We regularly reassess our use of estimates and judgements based on experience, the development of ESG reporting as well as on a number of other factors. Besides the limited assurance engagement conducted by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, the metrics were not additionally validated by any external body.

We did not use the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation.

References to additional information in other parts of the management report, the financial statements and notes demonstrate the interconnectivity between sustainability reporting and financial reporting. If mandatory information is fulfilled through a statement in other parts of the management report, this is marked as "Incorporation by reference".

In accordance with transitional provisions in the ESRS:

- Certain information related to our value chain is omitted in cases where no data with satisfactory integrity was available at the time of reporting. This applies to ESRS S2, as we currently do not have information at that level of detail and we only have limited data on individual groups of workers across our entire value chain. Due to the complexity of the fashion supply chain, we have so far focused on information-gathering via (local) organisations and multi-stakeholder initiatives. They provide us with insights into groups of workers that are specifically risk-exposed to certain types of legal violations by industry actions to help us carry out due diligence. While such assessments lack a connection to individual entities and/or workers, they are useful in helping us identify material risks. Our ambition is to improve over time our understanding of how workers in our value chain are materially impacted by our business.
- We do not provide comparative data for the first year of preparing the sustainability statement, except in cases where data has been disclosed in our capital market communication in previous years and is comparable, meaning it aligns in terms of scope and methodology with the current year's figures. These comparative figures are included alongside the annual data.

In line with the signed purchase agreements with Otto GmbH & Co KG and with Aktieselskabet af and the statement of intent made on 11 December 2024, on 20 January 2025 we submitted a voluntary public takeover offer to the shareholders of ABOUT YOU Holding SE, Hamburg (ABOUT YOU), to acquire up to 100% of its share capital. As of the date of authorisation for issue of this report, the closing of our acquisition of ABOUT YOU shares via our public takeover offer and these two purchase agreements remains subject to anti-trust and supervisory approval. For additional information, please refer to section 3.5.8 (11.) Subsequent events in the notes to the consolidated financial statements. The anticipated acquisition of ABOUT YOU is expected to impact our future sustainability statement.

Governance

Role of the administrative, management and supervisory bodies

Zalando is organised as a European stock corporation with its registered office in Berlin, Germany. In accordance with the applicable German and European stock corporation law, we have a two-tier board system with a management board and a supervisory board.

The management of Zalando is exclusively assigned to our management board. As of 31 December 2024, our management board comprised five members: Robert Gentz (co-CEO and co-founder), David Schröder (co-CEO), Dr Sandra Dembeck (CFO), David Schneider (co-founder, strategic partnerships) and Dr Astrid Arndt (CPO, corporate functions).

The supervisory board appoints our management board members, ensuring they possess the requisite knowledge, skills and professional expertise. While the primary criterion shall be the member's qualification and Zalando's specific needs, our supervisory board emphasises the importance of diversity. Diversity is understood in a broad sense as the combination of individual identities and experiences, including gender, nationality, ethnicity, life experiences and backgrounds (e.g. social or academic background). Our supervisory board strives to adequately consider the various fields of core competences pertinent to our business model. The management board as a whole should have appropriate management experience and should, if possible, have knowledge and balanced experience based on different training and professional backgrounds, particularly in the fashion, technology and e-commerce industries, along with international experience. In addition, our management board should collectively possess, if possible, several years of experience in strategy, finance and personnel management, and members should not be older than 65 years when elected. Our supervisory board aims for balanced gender representation on the management board. As of 31 December 2024, 40% of the management board were female which aligns with our gender goal of 40–60%. For further information, please refer to ESRS S1 Own workforce in the section 2.8.3 Social information.

Our management board possesses an array of skills and expertise essential for addressing Zalando's key material IROs related to sustainability. Specifically, Robert Gentz oversees the overall Zalando strategy with a particular focus on expanding our B2C growth vector to build the go-to destination for quality fashion and lifestyle shopping as well as inspiration. David Schröder shares responsibility for our strategy, with a focus on building the B2B operating system that enables e-commerce across Europe, both on and off our platform, and further developing our unique capabilities and infrastructure. David Schneider focuses on building group-wide strategic partnerships across our B2C and B2B ambitions. Dr Sandra Dembeck leads the Finance and Corporate Governance teams. Dr Astrid Arndt leads the People & Organisation (P&O) and Corporate Affairs teams, building a diverse and inclusive culture, and also strengthens the corporate functions to enable the effective execution of our ecosystem strategy. Their collective expertise and competencies are crucial for implementing our net-zero ambition for greenhouse gas (GHG) emissions, advancing decent work practices in the supply chain, expanding circular economy initiatives, integrating sustainability topics into the customer experience and ensuring compliance with evolving sustainability regulations. By aligning these diverse skills with our material IROs, we are well positioned to execute our sustainability strategy as part of our group strategy, to drive innovation and to create long-term value for all stakeholders.

Our supervisory board is responsible for overseeing and advising the management board. The supervisory board consists of nine members: six shareholder representatives and three employee representatives.

Our supervisory board endeavours to maintain a composition that aligns with the specific requirements of Zalando, thereby ensuring competent and professional oversight and advisory support for the management board. Each member shall possess the requisite knowledge, skills and experience to discharge their duties effectively and ensure that sufficient time is dedicated to perform their associated duties. The competence profile of the supervisory board as a whole comprises industry competence (in particular in the fields of fashion, technology and commerce) and finance competence, as well as competences in the areas of strategy, supervision, innovation and sustainability. The members of the supervisory board as a group shall be familiar with the sector in which we operate. At least one member must have expertise in the field of accounting and at least one in auditing. The supervisory board also considers further core competences of its members in our present and future business models.
While qualification shall still be the decisive criterion, our supervisory board strives to adequately consider our international character and places significant emphasis on diversity, especially in professional experience and expertise, cultural and educational background as well as age. The supervisory board shall include a minimum of two international members and strives for balanced gender representation. As of 31 December 2024, the female representation on the supervisory board was 55.6%. A supervisory board member should not exceed 70 years of age when elected.

Supervisory board members shall not be members of governing bodies of, or exercise advisory functions at, significant online platform competitors of Zalando. No more than two former members of the management board shall be members of the supervisory board.

Furthermore, at least four shareholder representatives on the supervisory board shall be independent from Zalando and its management board as defined in recommendation C.7 of the German Corporate Governance Code, and at least two shareholder representatives shall be independent from a controlling shareholder, if any, as defined in recommendation C.9 of the German Corporate Governance Code. The supervisory board considers this to be an adequate number of independent shareholder representatives. As of 31 December 2024, five of the six shareholder representatives (83%) are considered independent. The supervisory board is of the opinion that the current composition of our supervisory board aligns with its established composition targets.

Our supervisory board assembles a diverse set of expertise essential for addressing our sustainability challenges and opportunities. The supervisory board members have expertise and experience in domains such as circular fashion, digital commerce, supply chain management, the social and environmental impact of fashion retail, ESG reporting as well as the scaling of ESG-related business practices. This collective expertise enables us to integrate sustainability into our digital platform, expand circular economy initiatives, address logistics emissions, transition to more sustainable product offerings, integrate sustainability into financial planning and leverage sustainability as a competitive advantage while supporting brands in becoming more sustainable. In the current reporting period, the members of the supervisory board received a training on sustainability reporting and CSRD.

The table below shows the profile of skills and expertise of our supervisory board as well as an evaluation of the independence of the shareholder representatives:

Composition of the supervisory board

Name of supervisory board member	Nationality	Profession	Profile of skills and expertise						
			Industry	Finance	Strategy	Super-vision	Inno-vation	Sustain-ability	Indepen-dence
Kelly Bennett	Canadian	Chairperson of the supervisory board and executive advisor	✓		✓		✓	✓	✓
Jennifer Hyman	US-American	CEO, chair of the board and co-founder at Rent the Runway Inc.	✓		✓	✓	✓	✓	✓
Niklas Östberg	Swedish	CEO and co-founder of Delivery Hero SE	✓	✓	✓		✓		✓
Anders Holch Povlsen	Danish	CEO of Bestseller A/S	✓		✓	✓		✓	
Mariella Röhm-Kottmann	German	CFO of Sunlight Group Energy Storage Systems Industrial and Commercial Société Anonyme		✓*		✓		✓	✓
Susanne Schröter-Crossan	German	CFO of sennder Technologies GmbH		✓*		✓		✓	✓
Matti Ahtiainen	Finnish	Employed at Zalando Finland Oy	✓	✓**					***
Jade Buddenberg	German	Employed at Zalando SE	✓		✓		✓	✓	***
Anika Mangelmann	German	Employed at Zalando SE	✓						***

*) Expertise according to Sec. 107 (4) 3, 100 (5) German Stock Corporation Act (AktG) in the field of auditing and accounting.
**) Expertise according to Sec. 107 (4) 3, 100 (5) German Stock Corporation Act (AktG) in the field of accounting.
***) In accordance with the German Corporate Governance Code, as a principle, the supervisory board does not take the independence of employee representatives into consideration.

More detailed information on the composition and responsibilities of the management board and supervisory board can be found in section 2.5 Corporate governance statement of our combined management report.

Information on sustainability matters addressed by Zalando's governance bodies

In 2023, the Sustainability team and the Diversity and Inclusion (D&I) team merged to form a centralised Sustainability and D&I (SDI) team within the Corporate Development department, with the aim of integrating both into our group strategy. The team is now led by Senior Vice President (SVP) Corporate Development, who reports directly to management board member and co-CEO Robert Gentz. The SDI team establishes the overarching direction, and together with embedded teams located across the business, from sustainability in logistics to product sustainability, drives progress towards the strategic goals. These efforts are particularly supported by three governance bodies: Zalando Senior Executive team (consisting of SVPs), the management board and the D&I and sustainability committee of the supervisory board.

The SVPs translate strategic ambitions into annual goals and oversee the IROs. In 2024, SDI goals and ambitions were owned at the following levels:

- CPO — goals for the P&O part of the organisation.
- SVP — goals and ambitions related to SDI, net zero for GHG-emissions, decent work.

SVPs are informed monthly about goals and project progress and hold monthly meetings with co-CEO David Schröder to strategise on advancing sustainability objectives. This process is led by the Finance team and incorporates SDI goals and projects. The goals' owners are responsible for ensuring the delivery of the target. They address project setup challenges and are kept informed of the team's capabilities through their direct reports. This enables them to assess whether the skill sets within the project teams align with the intended SDI impacts. Based on this evaluation, they can determine whether the existing expertise is adequate or whether additional specialists are needed to enhance the project's effectiveness.

The second governance body is our management board who is responsible for the overall Zalando group strategy, including SDI ambitions. They attend the monthly meetings mentioned above once a quarter. Additionally, they receive quarterly reports from the Finance team that include updates on SDI ambitions and conduct biannual progress reviews with detailed evaluations of achievements and future plans. The biannual progress review for SDI is conducted with Robert Gentz (co-CEO).

The D&I and sustainability committee supports the management board and supervisory board in planning the strategic framework for all group-wide SDI measures. The committee conducts six-monthly steering reviews to contribute to the development of these strategies.

In 2024, we updated our group strategy which was formally approved by the management board. This process involved discussing several IROs, particularly those related to our net-zero ambition (carbon emissions and reductions, and the role of circularity and material substitution) and decent work (with a focus on workers in the value chain). In order to embed these topics into our strategy, the related IROs were integrated into the relevant discussions taking place in the organisation's three governance bodies.

Integration of sustainability-related performance in incentive schemes

We have a remuneration system for our management board members that integrates sustainability matters. This integration is a part of the commitment to sustainable corporate governance, aligning executive compensation with long-term value creation that includes ESG targets. The remuneration system was updated in 2024 and applies to all service agreements with our management board members that were concluded after 18 May 2024. The service agreements with our management board members that were in place at the beginning of the reporting year were concluded under the previous remuneration system from the year 2021, and also contained sustainability-related targets which are described in detail in our 1.2 Remuneration report, table "Remuneration structure based on the remuneration system 2021" (incorporation by reference: ESRS 2 GOV-3 paragraph 29).

Subsequently, all service agreements with our management board members have been moved from the previous remuneration system to the current remuneration system. During the financial year 2024, the service agreement with our management board member Dr Astrid Arndt (CPO) was renewed for another four-year term. The service agreements with our management board members David Schröder (co-CEO) and David Schneider (co-founder) were moved to the new remuneration system in connection with the change in their roles within our management board. The service agreement with our co-founder and co-CEO Robert Gentz was also changed to the current remuneration system with legal effect as of 1 January 2025. The service agreement with our former CFO Dr Sandra Dembeck, as the last remaining service agreement under the previous remuneration system, expired on 28 February 2025 and was not renewed as Dr Sandra Dembeck had decided to leave our management board after the completion of her regular term of office. For more details on Zalando's previous and current remuneration system and its links with ESG targets as well as the sustainability-related performance targets in the service agreements with our management board members, please refer to the corresponding description in our 1.2 Remuneration report.

The key characteristics of Zalando's incentive schemes for the management board include a mix of financial performance targets and ESG performance targets. The target total remuneration of the updated remuneration system is composed as follows: the fixed remuneration represents between around 10% to around 30% of the target total remuneration; it consists of the fixed salary and fringe benefits (the latter in the amount of up to around 1% of the target total remuneration). The Zalando Growth Incentive 2024 (ZGI) represents between around 10% to around 30% and the Rolling Long-Term Incentive 2024 (LTI) corresponds to around 60% of the target total remuneration.

The LTI is a long-term incentive plan under which virtual options are granted to members of the management board. Options under the LTI are granted on a yearly basis with a performance period of three years. During the performance period, certain financial and ESG targets need to be achieved. The ESG targets include goals such as reducing carbon emissions and increasing D&I at Zalando.

Specific ESG-related targets are defined by the supervisory board for each performance period under the LTI. The ESG targets need to be ambitious, measurable and transparent, and based on Zalando's ESG strategies that are applicable at the time.

As described above, our management board members David Schröder, David Schneider and Dr Astrid Arndt concluded service agreements with Zalando under the new remuneration system for the management board in the reporting year 2024. Accordingly, these three management board members were granted virtual options under the LTI that included the following specific ESG targets:

- **Sustainability:** 1) Reduction of scope 1 and 2 GHG emissions by 5% annually until the end of the performance period (against a baseline of the financial year 2022) (25% weighting) and 2) Reduction of scope 3 GHG emissions by 3% annually until the end of the performance period (against a baseline of the financial year 2022) (weighting 25%). These targets are in line with our net-zero ambition. For more information, please refer to

Targets related to climate change mitigation and adaptation in section 2.8.2 Environmental information.

- **D&I:** Achieving a share of 40–60% women in Zalando's four top leadership levels below the management board (weighting 50%). This target is in line with our women in leadership target. For more information please refer to Targets related to own workforce in section 2.8.3 Social information.

The ESG-related performance metrics are considered in the form of ESG modifiers that adjust the number of exercisable options under the LTI by a factor of 0.8 to 1.2, and hence have a direct impact on the total variable remuneration outcomes. The percentage of variable remuneration that depends on ESG-related targets can vary. On the basis of 60% of the target total remuneration being in the form of LTI, the total target remuneration would increase by a total of 12% if all ESG criteria were fully met. Given that not achieving the ESG targets could also result in a malus, up to 24% of the target total remuneration could be impacted by outcomes of the ESG targets (assuming 100% financial target achievement). Taking into account that the sustainability (GHG emissions reduction) targets are weighted with 50% in the ESG modifiers for the virtual options granted to the management board members under the LTI in the financial year 2024, 12% of the total target remuneration could be impacted by the outcome of the ESG targets that include GHG emissions performance targets. The proportion of the variable remuneration dependent on ESG targets that is recognised in our consolidated income statement is 13.4% in the financial year 2024. Of this, 6.7% relates to sustainability targets and 6.7% to D&I targets.

The terms of the incentive schemes, including the sustainability-related targets, are approved by the supervisory board. The supervisory board is responsible for setting ambitious financial and ESG performance targets. The supervisory board also reviews and adjusts these targets as necessary to align with our strategic objectives and sustainability commitments. These disclosures reflect our comprehensive approach to integrating sustainability into its executive compensation frameworks, ensuring that leadership is incentivised to meet both financial and ESG goals.

The members of our supervisory board receive a purely function-related fixed remuneration in accordance with G.18 of the German Corporate Governance Code. No performance-related remuneration or financial or non-financial performance criteria are provided for. For further details please refer to our 1.2 Remuneration report.

Statement on due diligence

The following table shows how and where the application of the main aspects and steps of the due diligence process are reflected in our sustainability statement:

Statement on due diligence

Core elements of due diligence	Description	Paragraphs in the Sustainability Statement	Reference
a) Embedding due diligence in governance, strategy and the business model	Details the structure and responsibilities of Zalando’s management and supervisory boards, including their role in overseeing sustainability matters. Describes how these bodies are informed about and address sustainability issues. Outlines Zalando’s strategy, business model and value chain, including how sustainability is integrated into these elements.	ESRS 2 GOV-1: Role of the administrative, management and supervisory bodies	152
		ESRS 2 GOV-2: Information on sustainability matters addressed by Zalando’s governance bodies	154
		SBM-1: Strategy, business model and value chain	160
b) Engaging with affected stakeholders in all key steps of the due diligence	Explains how Zalando engages with various stakeholder groups, including customers, brand partners, suppliers, employees, investors, and local communities. Describes specific processes for engaging with employees, such as surveys and feedback mechanisms. Outlines engagement with workers in the value chain, including collaborations with organisations like the International Labour Organization (ILO) BetterWork and the Fair Wear Foundation (FWF).	SBM-2: Interests and views of stakeholders	163
		S1-2: Process for engaging with own workforce	235
		S1-3: Processes to raise concerns	236
		S2-2/3: Workers in the value chain engagement: Impacts, concerns, and remediation channels	243
c) Identifying and assessing adverse impacts	Details Zalando’s DMA process, including how IROs are identified and prioritised. Provides an overview of the material IROs identified, including their time horizons and levels of responsibility.	IRO-1: Identification and assessment of material IROs	166
		SBM-3: Material IROs and their interaction with strategy and business model	173
d) Taking action to address these adverse impacts	Describes specific actions taken to address impacts related to Zalando’s employees, such as implementing working time management systems and disability inclusion initiatives. Outlines actions taken to address impacts in the value chain, including joining the FWF and membership in industry associations.	E1-3: Actions and resources related to climate change policies	196
		E2-2: Actions and resources related to pollution	209
		E5-2: Actions and resources related to resource use and circular economy	215
		S1-4: Actions and resources related to own workforce	236
		S2-4: Actions and resources related to workers in the value chain	245
		G1-3: Prevention and detection of corruption and bribery	264
e) Tracking the effectiveness of these efforts and communicating how impacts are addressed	Explains how Zalando uses metrics to evaluate performance and effectiveness in relation to material sustainability matters. Describes how targets are used to track the effectiveness of policies and actions, including the process for setting and monitoring these targets.	E1-4: Targets related to climate change mitigation and adaptation	199
		E1-5: Energy consumption and mix	202
		E1-6: Gross scopes 1, 2, 3 and total GHG emissions	204
		E3-4: Metrics for our water consumption	211
		E5-3: Targets related to resource use and circular economy	217
		E5-4: Resource inflows	218
		E5-5: Resource outflows	220
		S1-5: Targets related to own workforce	239
		S1-11: Social protection	229
		S1-14: Health and safety metrics	231
		S1-15: Work-life balance metrics	230
		S1-17: Incidents, complaints and severe human rights impacts	234
		G1-4: Incidents of corruption and bribery	265

Risk management and internal controls over sustainability reporting

Given the first-time application of ESRS, we have set up a dedicated project in order to prepare underlying assessments, structures and processes that enable us to implement the requirements of the ESRS and report on our sustainability matters. The governance mechanisms for reporting on project progress, next steps and any critical issues included weekly updates to project sponsors through the Zalando Group Portfolio management process, monthly meetings with CSRD steering committee, and quarterly updates to the audit committee of the supervisory board. Moreover, following the newly-established SDI and our governance structures, as outlined in the “Information on sustainability matters addressed by Zalando’s governance bodies” section above, a monthly update to the SVP Corporate Development was provided as part of the goal review process specifically for the project’s progress and next steps. Finally, a project update was provided on a monthly basis to the SDI team and key collaborators through our SDI portfolio reporting.

The following risks were identified during the project phase:

- **Resource constraints**: Processes have been established to mitigate potential resourcing challenges related to recruitment. These measures aim to ensure that the project is adequately supported throughout its life cycle.
- **Interpretation ambiguity**: Interpreting the ESRS presents a significant level of ambiguity, particularly concerning their implementation for Zalando. To address this, the CSRD project team initiated early communication with the auditors to align on project milestones and interpretations, ensuring clarity.
- **Technical risks**: The first-time implementation and assurance of ESRS metrics introduces risks related to auditor observations that may necessitate changes to metric definitions or their implementation. To mitigate this, the CSRD project team has proactively engaged with the auditors to clarify areas of ambiguity and has ensured that key requirements on metric methodologies are reviewed before year-end procedures.

By addressing these risks through strategic processes and open dialogue with the auditors, the CSRD project team has aimed to enhance project stability and its compliance. Throughout the preparation of our sustainability statement, we also conducted several internal review rounds to gather comprehensive feedback, incorporating insights from SVPs, Vice Presidents (VPs), the steering committee and the management board.

In 2024, we launched a project to update the existing internal control system (ICS) for non-financial information and extend it to new processes to control risks related to the sustainability statement metrics. The ICS identifies, assesses and manages operational risks affecting the content and presentation of our sustainability statement through preventive, monitoring and detective controls and validation steps. Our ICS is integrated into various processes that significantly influence non-financial reporting. For more general information on our ICS, please refer to section 2.3.2 Internal control systems of our Risk and opportunities report.

Strategy

Strategy, business model and value chain

Group strategy

In line with our updated group strategy, we have expanded our capabilities around two sets of customers: B2C (business-to-consumer) and B2B (business-to-business). Our vision is to build the leading pan-European ecosystem for fashion and lifestyle e-commerce around these two growth sectors by leveraging best-in-class e-commerce platform capabilities developed over the past 16 years. For more detailed information, please refer to our group segments in the section 2.1.2 Group structure and our group strategy in section 2.1.3 Group strategy of the combined management report.

Zalando's average number of salaried employees (excluding apprentices and working students) was 15,309 in financial year 2024 (prior year: 15,793). For more information about our own workforce, please refer to ESRS S1 Own workforce in section 2.8.3 Social information. The total revenue of Zalando according to IAS 1.82(a) amounts of 10,572.5m EUR, as disclosed in our 2024 consolidated financial statements and under section 3.5.7 (1.) Revenue in the notes to the consolidated financial statements.

Creating value through sustainability and D&I

In 2023, we completed the do.MORE strategy cycle, in which we made significant progress on carbon reduction, human rights and circularity. The progress we have made, challenges we have faced and lessons we have learned over the past years have served as the basis for planning the next steps on our journey to further empower our organisation and our partners to drive change in our industry and beyond.

In addition to our do.MORE strategy, we strive to ensure our company and culture reflect the rich diversity of our customers. In our 2021 do.BETTER strategy, we therefore set out our plans to build a workplace where respect and inclusive behaviour are second nature. At the same time, we set out to create an inclusive assortment and representative content for our customers. Our do.BETTER strategy is divided into four pillars of talents, leadership, customers and partners. Each pillar holds equal importance for our growth, learning and impact. With our do.BETTER strategy, we set 12 D&I ambitions and targets around these four pillars and work towards these. We strive to create an inclusive workplace for our talents, accelerate leadership accountability and diversity, provide inclusive experiences and content for our customers, and foster D&I in the wider fashion industry together with our partners. The do.BETTER strategy cycle concluded at the end of 2024, with an update scheduled for 2025.

Strategy update

Sustainability and D&I are core elements of our updated strategy, integrated across all business models to create a competitive advantage. This represents an evolution from our previous do.MORE strategy, embedding sustainability more deeply into our operations and decision-making processes.

Our ambition is to be a key enabler of a more sustainable and inclusive fashion industry at scale. We are working towards this by leveraging our platform to:

- Enable our customers to make informed choices with an assortment and brands that align with their values.
- Enable partners in working towards their sustainability ambitions and adapting to evolving regulatory environment.
- Foster innovation to reduce negative environmental and social impacts at an industry level.

Moving beyond our previous do.MORE strategy, we are now embedding sustainability across all areas of our updated group strategy and operations:

- We have established **two key long-term sustainability ambitions**:
  - **Net-zero emissions** by 2040 in our own operations and private labels, and by 2050 for the remaining company value chain emissions (which include fashion brand partners, packaging and transportation emissions). Currently we do not have net-zero targets for the 2024 financial year, but in March 2024, we announced our ambition to achieve net-zero GHG emissions aligned with the definition by the Science Based Targets initiative (SBTi). Targets have been submitted to the SBTi for validation. Once net-zero targets have been established (validated by the SBTi), we will communicate the related targets in the first half of 2025. For more information on our net-zero ambition, please refer to Targets related to climate change mitigation and adaptation in section 2.8.2 Environmental information.
  - Further empower workers through **decent work** by deepening human rights due diligence in our own operations and those of our partners, as well as further evolving our purchasing practices and wage management systems in our private labels by 2028. For more information on our decent work ambition, please refer to Targets related to workers in the value chain in section 2.8.3 Social information.

To achieve these ambitions, our work on SDI considers the impact of our products, services, markets and customer segments on sustainability:

- **Fashion and apparel:** Our core business, including our private labels and brand partners, has significant environmental and social impacts throughout the value chain. We are continually enhancing our supply chain monitoring to achieve our long-term sustainability goals and to ensure responsible practices throughout the value chain. We are working with our brand partners to align their practices with our long-term sustainability objectives, including encouraging the adoption of science-based targets (SBTs).
- **Circular economy initiatives:** We are improving our circular economy through our second-hand business and continuing the implementation of packaging waste reduction programmes to support our long-term sustainability goals:
  - **Second-hand business:** Our growing Pre-owned fashion segment contributes to our circular economy goals and helps extend the lifespan of garments.
  - **Packaging** (not a revenue stream, but crucial for sustainability): We have introduced alternative packaging initiatives to reduce waste and improve recyclability, aligning with our sustainability strategy.

- **Markets:** We operate across diverse European markets, each having varying implications relating to sustainability. Factors such as local renewable energy availability, recycling infrastructure, and customer attitudes towards fashion that seek to improve our environmental and social impact influence our approach in each market.
- **Customer segments:** Our customer base spans different groups and purchasing behaviours with varying engagement levels in more sustainable offerings. We are strengthening our ambition to be "inclusive by design", recognising that greater D&I leads to better innovation, deeper customer relationships and a more positive industry impact. Thus, we are evolving our strategies to cater to the growing demand for sustainable and inclusive fashion.

These significant products, services, markets and customer segments, along with our recent strategic updates, directly affect our sustainability concerns by influencing and shaping our environmental impact, social responsibility and governance practices. We continue to evolve our offerings and strategies to balance business growth with our sustainability and inclusivity goals across all our operations.

Business model and value chain

In B2C, we offer a multi-brand shopping experience for fashion and lifestyle products to more than 50 million active customers in 25 markets that includes clothing, footwear, accessories and beauty. In B2B, we are opening up our logistics infrastructure, software and service capabilities to become a key enabler for e-commerce transactions of brands and retailers, regardless of whether they take place on or off the Zalando platform. Our own operations comprise the parent company Zalando SE and Zalando's subsidiaries that operate, inter alia, in the areas of logistics services, customer service, payments, product presentation, advertising, marketing, software development, integration services and private labels. Our private labels business involves the design and branding of items, while production is outsourced to external manufacturers. For more information about our business model please refer to section 2.2.1 Business model of our combined management report.

To gather, develop and secure the inputs for our business, we collaborate with suppliers that have years of technical expertise in their respective areas. The Private Label team with product, sourcing, quality and sustainability experts is located primarily in Berlin, with regional sourcing offices in Portugal and China.

Our upstream and downstream value chain includes brand partners, suppliers, logistics providers, and customers as the main business actors. We collaborate closely with brand partners and suppliers for product sourcing and development, we work with logistics providers for distribution, and we serve customers directly through our e-commerce platform. We will only cover the key value chains listed below, as we have multiple value chains, including the private labels and the partner business for third-party brands.

Our key value chains comprise 11 areas of activity through the product life cycle:

- **Design:** Our private labels and brand partners design products based on materials, look, style, and quality.
- **Raw materials:** Our private labels and brand partners work with suppliers to source and process raw materials.
- **Material and component production:** Producers convert fibres into yarn and yarn into fabric.
- **Product manufacturing:** Our private labels and brand partners work with suppliers and factories to create products.
- **Procurement and buying:** We present the creations of thousands of brands to our customers.
- **Transport:** Our logistics partners transport products to our fulfilment and return centres.
- **Fulfilment:** Our products are stored in fulfilment centres and shipped when customers place orders.
- **Distribution:** Our logistics partners and those of our brand partners deliver products to our customers or we sell them from our outlet stores.
- **Use:** Our customers wear, care for and repair their products.
- **Reuse:** Our customers can offer products as second-hand goods in selected markets through “Pre-owned by Zalando”.
- **Close the loop:** We help to scale effective solutions to close the loop through investments in leading technologies, increase the use of recycled content in our product assortment and explore approaches to better support customers and partners on this journey.

Interests and views of stakeholders

Our key stakeholders are characterised by their interdependence with and proximity to us and our activities and include investors, employees, customers and suppliers, authorities, associations, media, and non-governmental organisations (NGOs), at both the local and global level. In the past three years particular, we have received an increased number of SDI-related questions during our annual general meetings. Our former non-financial declaration and our first annual sustainability statement according to the ESRS offer stakeholders an overview of our ESG activities, results, performance, and targets in ESG areas. These efforts aim to build trust and address the concerns of the people within our ecosystem.

Based on the engagements undertaken and as delineated in our 2024 DMA, we are aware of a multitude of topics of concern. Our customers and suppliers, whether brand partners or direct suppliers, expect ethical behaviour from us at all times. Other key focus areas for our stakeholders include circularity and human rights issues, with particular emphasis on fair wages, prevention of child and forced labour and digital security. Further information on our stakeholder engagement can be found in the Impacts, risks and opportunities section.

In 2024, we continued our engagement with diverse stakeholders across our industry to discuss and act on complex environmental, human rights and D&I issues. We highlight our partnerships in Entity-specific information: Innovation and partnerships in section 2.8.4 Governance information. We prioritise listening to stakeholders to shape our sustainability efforts, projects and processes, and ensure transparency in our communications.

Concerns are regularly shared with relevant business units and the D&I and sustainability committee.

Stakeholder feedback is crucial for our decisions and strategy setting. For example, during the research for our updated strategy, stakeholder feedback indicated that previous SDI efforts were too broad and not sufficiently in depth. In response, we revised our approach to focus resources on impactful areas. Consequently, our next strategic cycle will concentrate on three key ambitions: 1) net-zero GHG emissions, 2) decent work, and 3) our role as an enabler.

Our progress is bolstered by partnerships with brands and customer input, but the support and insights from industry groups and NGOs are invaluable. Their guidance helps us address current issues, plan for the future and uphold high standards through essential perspectives, inspiration and feedback.

With every new strategic development, the stakeholder engagement approach has been revised to align with the updated established strategic objectives. In addition, legislative changes such as the Corporate Sustainability Due Diligence Directive (CSDDD) mandate deeper connections between Zalando and local stakeholders, potentially altering our current stakeholder list. We engage with policymakers and regulators whose work shapes the frameworks, guidelines and incentives that drive sustainability and transparency. Collaborations have given us key insights into evolving regulations, enabling us to adjust our strategies and operations while contributing our technical and operational expertise. Continued collaboration with all stakeholders is essential for positive, lasting change.

The stakeholders we are currently engaged with include:

Stakeholder engagement

Why we engage	How we engage	Key topics and concerns discussed
Customers Engaging with customers helps us to understand their needs and anticipate market trends. Leadership in environmental and social impacts is crucial for retailers. Customers insight programmes enable us to predict preferences and adapt to cultural tastes. We ensure product quality, safety, and compliance with laws, regulations and policies to protect our customers.	▪ Customers' questions and feedback via customer care channels ▪ Use of customer insight programmes for understanding and cultural insights ▪ Using digital tools to enhance insights into consumer trends	▪ Climate change ▪ Governance and business conduct, ethics, transparency ▪ Human rights ▪ Innovation capabilities ▪ Product environmental and social performance ▪ Product quality and safety
Brand partners Engaging effectively with our brand partners allows us to anticipate customer needs and market trends, ensuring we provide the right product at the right time.	▪ Brand partner questions, feedback and requests received via email and in meetings ▪ Brand partner days ▪ Customer and industry conferences and events ▪ Collaborative relationships with ongoing dialogue through all partner-facing colleagues	▪ Climate change ▪ Governance and business conduct, ethics, transparency ▪ Human rights ▪ Innovation capabilities ▪ Product environmental and social performance ▪ Product quality and safety ▪ Responsible sourcing and traceability
Suppliers We view our suppliers as partners, collaborating for mutual value creation through open dialogue and supplier-enabled innovation. This engagement ensures high standards for our suppliers in business ethics, respect for people and environmental care. We support their future readiness through active collaboration and by requiring compliance with rapidly changing regulatory requirements thereby enhancing their own offerings and achieving their targets.	▪ Assessments ▪ Supplier audits ▪ Collaborations to improve performance ▪ Multi-stakeholder initiatives ▪ Supplier events: capacity building, discussing issues ▪ Direct engagement with supplier relationship managers	▪ Climate change ▪ Synthetic fibres ▪ Human rights ▪ Innovation capabilities ▪ Raw material availability ▪ Responsible sourcing and traceability

Stakeholder engagement

Why we engage	How we engage	Key topics and concerns discussed
Employees We foster open dialogue and collaboration to identify development initiatives and innovative ideas that drive our business. We protect employees from reprisals, intimidation, threats and negative impacts on their employment, such as termination, demotion, or loss of compensation. Achieving our goals requires unity and a workplace where everyone thrives.	▪ Quarterly meetings ▪ Quarterly engagement and culture survey ▪ Regular D&I survey ▪ Encouraging horizontal open feedback culture between employees, peers and leads ▪ Strategic Employee Relations team, Zalando Employee Participation (ZEP) and works councils	▪ SDI ambitions, actions and concerns ▪ People development ▪ Employee health, safety and well-being ▪ Mandatory compliance trainings on business conduct and ethics
Investors and shareholders Our active dialogue with capital markets ensures transparency and helps us improve our reporting practices. Our established relationships with debt investors, financial institutions and credit rating agencies secure funding for investments. The provision of timely and comprehensive information facilitates informed decision-making by investors and shareholders, thereby fostering secure, transparent, and enduring relationships.	▪ Annual general meeting ▪ Annual investor conferences and investor roadshows ▪ Quarterly earnings calls and financial reports ▪ Briefings with sell-side analysts ▪ Conferences including ESG-focused conferences with investors and other financial stakeholders	▪ Climate change ▪ D&I ▪ People development ▪ Economic performance ▪ ESG management ▪ Governance, business conduct, ethics, transparency ▪ Human rights ▪ Innovation capabilities ▪ Product environmental and social performance ▪ Raw material availability ▪ Supply chain management ▪ Water management ▪ Biodiversity
Local communities Engaging in open dialogue cultivates positive relationships and facilitates collaboration with communities and neighbourhoods on initiatives and causes that benefit local populations, contribute to the preservation of local ecosystems and support sustainable livelihoods.	▪ Local site community engagement programme, e.g. Design Academy connecting young brands and designers with industry experts in collaboration with VORN - The Berlin Fashion Hub ▪ Ongoing dialogue with local authorities and organisations ▪ Employees volunteering in local social activities through corporate volunteering with the corporate volunteering organisation vostel.de. 16 hours each year, our employees are offered the opportunity to engage in community work ▪ Local partners (NGOs e.g. Society for Sports and Youth Welfare (GSJ) - Berlin, Deutsches Rotes Kreuz (DRK), Ukraine Hilfe Berlin) or cooperatives (e.g. Berlin Social Academy) ▪ Financial and in-kind donations to local Berlin-based non-profits	▪ Collaborating with both European and Berlin communities to drive transformation within the fashion industry and to advance knowledge in fashion innovation ▪ Climate change ▪ D&I ▪ Local community development ▪ Humanitarian aid
Public and regulatory agencies Engaging with external partners is crucial for inspiring and leading by example as a responsible business entity. Regulatory and legislative decisions can only be influenced effectively through collective action. We engage with local governments and regulators to understand evolving landscapes and address their concerns thereby facilitating the formulation of mutually advantageous solutions.	Amongst those we engage with include: ▪ ILO Better Work ▪ German International Cooperation Society (GIZ) ▪ Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, BMZ) ▪ CDP (formerly the Carbon Disclosure Project)	▪ Climate change ▪ Governance, business conduct, ethics, transparency ▪ Human rights ▪ Product environmental and social performance ▪ Product quality and safety ▪ Responsible sourcing and traceability
Innovators and partners We engage in innovative partnerships to expand our internal capabilities and explore extended possibilities and opportunities. Through our collaborations, we access the latest trends and extend our innovation ecosystem globally, accelerating our efforts. We support innovators and partners by providing expertise, industry knowledge and best practices, helping them accelerate innovation and have success. These collaborations foster mutual growth.	▪ Global network of accelerators and incubators ▪ Partnerships with innovators, accelerators and academia ▪ Connected to disruptive and digital trends ▪ Co-creation and co-innovation opportunities	▪ Climate change ▪ Innovation capabilities ▪ Product environmental and social performance ▪ Product quality and safety

Impacts, risks and opportunities

Identification and assessment of material IROs

We finalised our first DMA at the beginning of 2024. This comprehensive framework allows us to evaluate and disclose ESG-related IROs. The DMA-approach goes beyond the traditional materiality approach and also considers outward-looking impacts, such as those on the environment, society and the economy, as well as inward-looking risks and opportunities related to sustainability. As a way of aligning our business performance with the expectations of our stakeholders and society at large, the DMA provides a profound understanding of different perspectives. The results of the DMA were used in combination with upstream and downstream stakeholder feedback from civil society organisations, industry, regulators and investors, as well as research conducted to gather feedback on the direction of our strategic goals. We will update our assessment periodically to align with changes in our business operations and external circumstances.

We leveraged our due diligence processes to conduct the DMA by identifying, assessing and prioritising impacts, engaging with stakeholders and following the systematic steps outlined below. The identification of IROs was informed by our operational processes, and these IROs were subsequently incorporated into the DMA. Examples of processes where we identified IROs related to the environment and society are as follows:

- Audit processes (internal, customers, suppliers, authorities)
- Purchasing processes
- Sales and marketing processes
- Stakeholder dialogue
- Human rights risk assessment
- Climate and nature risk assessment

Through the DMA, we identified 16 sustainability matters that are material to our stakeholder groups. These represent the most material sustainability considerations for our business and performance, with potential impacts in the short-term (< 1 reporting year), medium-term (up to 5 years) or long-term (> 5 years). Our previous materiality assessment was conducted in 2019. Following the adoption of the final ESRS, we have been applying the DMA approach since 2023 to gain a deeper understanding of the interests and concerns of our key stakeholders.

Step 1: Long-list and short-list of topics identification
To establish a foundation for our 2024 DMA, we conducted a comprehensive review encompassing over 150 ESG topics. The compilation of topics was informed by legal mandates, notably ESRS 1, alongside external reports, including industry and global risk reports, peer and consumer publications, ESG reporting frameworks, our prior materiality assessment, and input from employees. These topics were meticulously categorised and grouped into a condensed list of subjects for deeper examination. Ultimately, a final list of 20 topics for assessment was derived, aimed at determining the material considerations pertinent to us.

Step 2: Detailed IRO identification
We conducted a detailed analysis of our value chain to evaluate the impacts of our operations, and the risks, opportunities and dependencies related to the identified sustainability topics. We assessed the primary activities and impacts within our entire value chain and our own operations. Our internal teams collaborated to identify the environmental, social, and governance IROs. We specifically analysed the key materials sourced, the production of raw materials, the manufacturing processes and the primary regions from which we source. We examined our business model to confirm that no significant variations in IRO profiles were observed across our segments that would necessitate further steps in the materiality analysis. Additionally, we mapped the IROs across our value chain in terms of time horizons and our role in relation to the impacts or risks and opportunities.

Step 3: IRO assessment
IROs were assessed via categories defined by the ESRS. Impact materiality considers the likelihood and severity of impacts, and financial materiality considers the likelihood and magnitude of potential financial effects. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.

Impact materiality scoring methodology: The impacts were assessed and rated based on their severity and likelihood. Severity is determined by factors such as scale, scope and irremediable character, as outlined in ESRS 1. The severity and likelihood of impacts were scored on a scale ranging from low (1) to high (5), for positive and negative impacts refer to the tables below.

Impact materiality | Negative impact rating scales

Likelihood		**Severity**					
		Scale		**Irremediable character**		**Scope**	
	Probability of occurrence		**Severity of the impact**		**Reversibility of negative impact**		**Number of affected stakeholders; geographical reach**
5	>75% | The impact scenario will occur once a year or more frequently	5	Very high impact	5	Irreversible	5	Very high number of stakeholders (> 10 million); global impact
4	>50–75% | The impact scenario will occur every one to two years	4	High impact	4	Reversible with difficulty in the long term	4	High number of stakeholders (> 1–10 million); multi-regional impact
3	>25–50% | The impact scenario will occur every two to four years	3	Medium impact	3	Reversible with difficulty in the short to medium term	3	Medium number of stakeholders (> 10,000–1 million); regional impact
2	>10–25% | The impact scenario will occur every four to ten years	2	Low impact	2	Easily reversible in the long term	2	Low number of stakeholders (> 100–10,000); local impact
1	0–10% | The impact scenario will occur in ten years or less	1	Very low impact	1	Easily reversible in the short to medium term	1	Very low number of stakeholders (0–100); highly localised impact

Impact materiality | Positive impact rating scales

	Likelihood		Severity	
			Scale	Scope
	Probability of occurrence		Severity of the impact	Number of affected stakeholders; geographical reach
5	>75% | The impact scenario will occur once this year or more frequently	5	Very high impact	Very high number of stakeholders (> 10 million); global impact
4	>50–75% | The impact scenario will occur every one to two years	4	High impact	High number of stakeholders (> 1–10 million); multi-regional impact
3	>25–50% | The impact scenario will occur every two to four years	3	Medium impact	Medium number of stakeholders (> 10,000–1 million); regional impact
2	>10–25% | The impact scenario will occur every four to ten years	2	Low impact	Low number of stakeholders (> 100–10,000); local impact
1	0–10% | The impact scenario will occur in ten years or less	1	Very low impact	Very low number of stakeholders (0–100); highly localised impact

Financial materiality scoring methodology: ESRS 1 requires companies to consider financial effects related to sustainability matters that are not (yet) reflected in the financial statements but could have significant effects on the company's financial position, earnings, cash flows, access to finance or cost of capital over the short-, medium- or long-term, such as human capital and natural capital. Risks and opportunities were assessed and scored considering the likelihood of occurrence and the magnitude of potential financial effects. We considered the connections between impacts and dependencies with the associated risks and opportunities by mapping these elements, ensuring a comprehensive understanding of their interdependencies. This process involved identifying each impact's dependencies and systematically analysing how these could trigger specific risks or opportunities.

The scales used are aligned with our risk management system (RMS) and are summarised in the tables below.

Financial materiality | Risk rating scales

	Likelihood		Magnitude
			Risk
	Probability of occurrence		Magnitude of potential financial effect
5	>75% | The impact scenario will occur once a year or more frequently	5	Quantitative: >70m EUR EBIT impact, OR qualitative: International media reports with long-term effects (>1 month) NPS change by 15 percentage points
4	>50–75% | The impact scenario will occur every one to two years	4	Quantitative: >20–70m EUR EBIT impact, OR qualitative: National media reports with long-term effects (>1 month) NPS change by 10-15 percentage points Influence on >1,000 employees
3	>25–50% | The impact scenario will occur every two to four years	3	Quantitative: >6–20m EUR EBIT impact, OR qualitative: National media reports with long-term effects (>1 week) NPS change by 5-10 percentage points Influence on <1,000 employees
2	>10–25% | The impact scenario will occur every four to ten years	2	Quantitative: >1–6m EUR EBIT impact, OR qualitative: Local media reports with long-term effects (<1 week) NPS change by 2-5 percentage points Influence on >=100 employees
1	0–10% | The impact scenario will occur in ten years or less	1	Quantitative: 0–1m EUR EBIT impact, OR qualitative: Local media reports with long-term effects (<1 day) NPS change by >=0–<2 percentage points Influence on >=0–<100 employees

NPS: Net Promoter Score

Financial materiality | Opportunity rating scales

	Likelihood		Magnitude
			Opportunity
	Probability of occurrence		Magnitude of potential financial effect
5	>75% | The impact scenario will occur once a year or more frequently	5	Quantitative: >70m EUR EBIT impact, OR qualitative: International media reports with long-term effects (>1 month) NPS change by 15 percentage points
4	>50–75% | The impact scenario will occur every one to two years	4	Quantitative: >20–70m EUR EBIT impact, OR qualitative: National media reports with long-term effects (>1 month) NPS change by 10-15 percentage points Influence on >1,000 employees
3	>25–50% | The impact scenario will occur every two to four years	3	Quantitative: >6–20m EUR EBIT impact, OR qualitative: National media reports with long-term effects (>1 week) NPS change by 5-10 percentage points Influence on <1,000 employees
2	>10–25% | The impact scenario will occur every four to ten years	2	Quantitative: >1–6m EUR EBIT impact, OR qualitative: Local media reports with long-term effects (<1 week) NPS change by 2-5 percentage points Influence on >=100 employees
1	0–10% | The impact scenario will occur in ten years or less	1	Quantitative: 0–1m EUR EBIT impact, OR qualitative: Local media reports with long-term effects (<1 day) NPS change by >=0–<2 percentage points Influence on >=0–<100 employees

NPS: Net Promoter Score

The likelihood of a risk or opportunity occurring in the short-, medium- or long-term. Likelihood is scored from very unlikely to near certain (0–100%).

The risk and opportunity assessment for establishing double materiality is partially integrated into our risk management process. To proactively manage material risks or opportunities that could impact Zalando's stability, we have implemented a comprehensive RMS. The RMS defines organisational roles, responsibilities, and processes for identifying, assessing, controlling and reporting risks and opportunities. This system fosters a risk-aware culture by embedding risk management into our broader business processes, ensuring cohesive governance, control and reporting.

As part of this framework, the Governance and Risk team reviewed the material risks from the DMA, selecting key risks for inclusion in the annual risk assessment cycle. The RMS estimates the potential impacts of these risks, involving stakeholders from various business units to ensure a thorough evaluation. By integrating this process into its overall risk management framework, we align its efforts to mitigate risks and leverage opportunities that could influence its operations and financial performance. For further details on our RMS, please refer to 2.3 Risk and opportunity report of our combined management report.

We do not prioritise sustainability-related risks above other risks. All risks embedded in our RMS — whether financial, operational, or sustainability-related risks — are assessed using the same framework, focusing on their potential financial or reputational impact. We report the top risks based on their probability and impact on our financial performance, ensuring that sustainability risks are included when they meet the financial thresholds.

As per the requirements of the German Commercial Code (HGB), companies must not only report on material aspects, but also disclose corresponding risks associated with their operations, business relationships, products and services, which have or are highly likely to have a severe negative effect on the five aspects as per Section 289c (2) HGB. We currently do not consider any material risks pursuant to Section 289c (3) No. 3 and No. 4 HGB that are highly likely to have or will have severe negative effects on the five aspects.

The IRO assessment was reviewed by the SDI team, which supported the DMA process. Intermediate results were shared with internal stakeholders to validate their reliability.

Since 2023, during the preparation of our DMA, we actively collaborated with stakeholders likely to be affected by our activities and who have significant influence on us achieving our sustainability targets. Stakeholders were categorised into two groups: affected stakeholders and users of sustainability statements. The affected stakeholders primarily include suppliers, employees, local communities, broader society and the environment. Users of sustainability statements typically encompass customers, investors and regulatory authorities. By engaging with diverse stakeholder groups to refine and assess the IROs, we obtained comprehensive insights into their key concerns.

The table below summarises how we engaged with the different stakeholder groups and the main outcomes of our engagements on the DMA.

DMA stakeholder engagement

Stakeholders group	Type of engagement	Purpose of the engagement	Internal/external
Financial Market Participants	Qualitative Assessment One-on-one Interview	IROs identification and assessment	Internal Investor Relations
Internal employees and SDI experts	Workshop sessions per E, S, G dimension	IROs identification and assessment	Internal SDI Corporate Compliance Private Labels, Environmental Operations Ethical Sourcing Legal Financial Reporting Governance Corporate Affairs
Suppliers	Qualitative Assessment One-on-one Interview (Direct)	Informing the materiality assessment	External
Business partners	Qualitative Assessment One-on-one Interview (Direct)	Informing the materiality assessment	External
Civil society & NGOs	Qualitative Assessment One-on-one Interview (Direct)	Informing the materiality assessment	External

The interviews provided a comprehensive understanding of stakeholder perspectives, which are crucial for informing our sustainability strategy and decision-making processes. Feedback from our brand partners highlighted key sustainability impacts, including climate change and biodiversity concerns. They emphasised opportunities for us to drive positive change through initiatives like sustainability labelling and circular packaging. Concerns were raised about supply chain risks related to climate impacts and customer demand dynamics.

Conversations with suppliers revealed insights into sustainability challenges and opportunities within our supply chain. They emphasised the importance of addressing climate impacts in transportation and returns, as well as promoting product quality and improved working conditions. Suppliers highlighted potential risks such as margin pressures and compliance with evolving regulations.

Engagement with our Investor Relations team emphasised the significance of transparency and performance metrics related to ESG factors for our investors. They highlighted the importance of data disclosure on climate targets, supply chain management and biodiversity conservation to mitigate investment risks.

Discussions with NGOs underscored social impact considerations, particularly regarding vulnerable worker groups and labour practices. NGOs recommended actions to improve social dialogue, collective bargaining and responsible purchasing practices. They highlighted opportunities for us to enhance our human rights performance through social marketing initiatives.

Threshold setting and material matters definition

An ESG topic is material to us based on the impact of our activities on the environment and people across the value chain. An ESG topic is material from a financial perspective if it triggers financial effects on the organisation by potentially generating risks or opportunities that influence or are likely to influence the current situation, future development, financial position, cash flows, access to capital and the cost of capital, and therefore the enterprise value of Zalando in the short-, medium- or long-term but is not included in the financial reporting at the reporting date.

The final IRO scores based on the above methodologies range between a minimum of 1 and a maximum of 25. The impact materiality threshold is set at 11.5 and the financial materiality threshold is set at 11. This means that IROs scoring above these values and their associated ESRS topic are deemed material, ensuring that only the most significant matters are addressed, reflecting a strategic alignment with organisational goals and stakeholder expectations. Further information on the application of materiality of information is disclosed as part of the respective disclosure requirements.

The material topics are organised into three main categories, and our policies, actions, targets and metrics related to these material topics are discussed in the respective chapters (E, S and G) of our sustainability statement.

Biodiversity and ecosystems

We did not identify biodiversity and ecosystem impacts as material; however, to comply with the requirements of ESRS 1.29, we have disclosed the information required by ESRS E4 related to IRO-1. We identified and assessed actual and potential IROs on biodiversity and ecosystems for our own operations, as well as across our upstream and downstream value chain. The assessment included an evaluation of dependencies on biodiversity and ecosystems and their services, and was informed by an external report that offered insights into biodiversity and ecosystem services. The same assessment criteria and ranges as outlined above were applied.

We identified and assessed transition risks, including reputational, regulatory and market risks related to biodiversity loss, as well as physical risks and opportunities related to biodiversity and ecosystems. We considered systemic risks to the extent that negative impacts on biodiversity and ecosystems might jeopardise the availability of relevant ecosystem services such as raw materials for production, and might also result in reputational effects. One driver for this could be, for example, the introduction of invasive or alien species through activities in our value chain. We did not conduct direct consultations with affected communities regarding the sustainability assessment of shared biological resources and ecosystems. For details on how we actively collaborated with stakeholders likely to be affected by our activities, please refer to the stakeholder engagement information above.

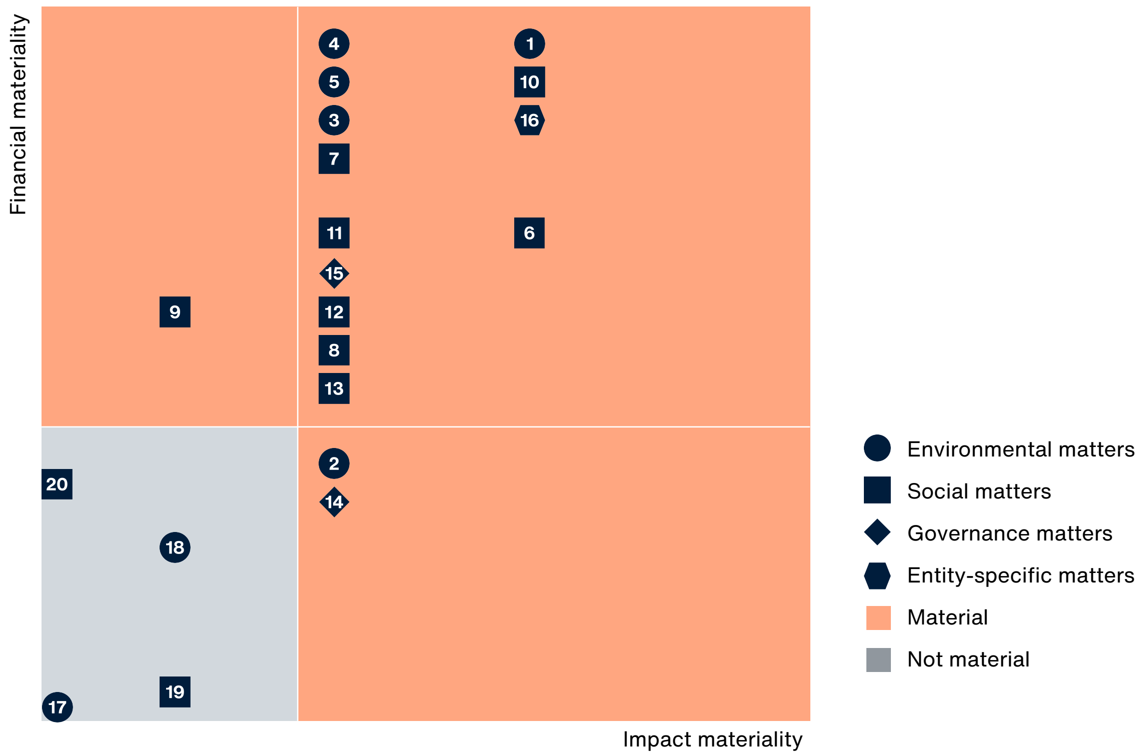
Sites located in biodiversity-sensitive areas: As an online fashion retailer and platform with a focus on e-commerce, logistics and customer services, we concentrated on assessing our own office locations, fulfilment and return centres — operated by us, on our behalf or by a third party — as well as those sites within our value chain linked to the production (Tier 1) of our private labels. Based on our assessment, which was conducted using the Natura 2000 network of protected areas, the UNESCO World Heritage sites and Key Biodiversity Areas (KBAs), we did not identify any sites located in biodiversity-sensitive areas. For 2024, we have not yet assessed whether we have sites located near biodiversity-sensitive areas, but we are planning to conduct this assessment in 2025. Based on this, we have determined that the implementation of measures to mitigate risks relating to biodiversity-sensitive areas is not required at this time.

List of ESRS disclosure requirements
In our sustainability statement, we have adhered to the disclosure requirements outlined by the ESRS, as shown in the Index - List of ESRS disclosure requirements of our Appendix. Additionally, we have included a list of all data points derived from other EU legislation, as listed in Appendix B of ESRS 2.

Material IROs and their interaction with strategy and business model
We evaluated the relevance of sustainability-related IROs from a gross impact perspective. This approach excludes the consideration of our management practices during the assessment. In the following chapters covering the ESG dimensions, we explain our management practices for addressing our material IROs.

The following materiality matrix offers a brief overview of the DMA results, categorised according to both impact materiality and financial materiality dimensions.

Materiality matrix



1 ESRS E1 Climate change: mitigation, adaptation and energy

2 ESRS E2 Pollution: pollution of air, water and soil, substances of concern, substances of very high concern, microplastics

3 ESRS E3 Water resources

4 ESRS E5 Resource use & circular economy: resource inflows and outflows

5 ESRS E5 Resource use & circular economy: waste

6 ESRS S1 Own workforce: working conditions, other work-related rights

7 ESRS S1 Own workforce: health and safety

8 ESRS S1 Own workforce: equal treatment (D&I), development

9 ESRS S1 Own workforce: employee satisfaction and retention

10 ESRS S2 Workers in the value chain: working conditions, equal treatment and opportunities for all, other work-related rights

11 ESRS S4 Consumers: information-related impacts (including privacy)

12 ESRS S4 Consumers: personal safety

13 ESRS S4 Consumers: social inclusion

14 ESRS G1 Business conduct: animal welfare

15 ESRS G1 Business conduct: political engagement and lobbying activities, management of relationships with suppliers including payment practices, corporate culture, corruption and bribery, protection of whistleblowers

16 Innovation and partnerships

17 ESRS E3 Marine resources

18 ESRS E4 Biodiversity & ecosystems (all sub-topics)

19 ESRS S3 Affected communities (all sub-topics)

20 ESRS S4 Consumers: others

Material IROs list

The detailed DMA results are listed in the table below according to the order of the ESRS. The material sustainability matters are structured in alignment with the ESRS in topics, sub-topics, and sub-sub-topics. The table outlines the level of our responsibility and the associated triggers for each material IRO. For each identified impact, we evaluated whether it leads to risks or opportunities, particularly those arising from dependencies on key resources such as natural, human or financial capital.

Additionally, the assessment considers not only risks and opportunities directly linked to identified impacts but also those that stem from resource dependencies where no direct impact may be observed. This ensures that risks and opportunities that arise independently of specific impacts — such as broader market or resource dynamics — are also captured in our analysis. This comprehensive approach helps us identify potential risks and opportunities, both impact-related and non-impact-related, ensuring a thorough understanding of our sustainability landscape. The table includes information on the level of responsibility that each material IRO entails. This responsibility is categorised as “caused”, “contributed” or “linked to”. These triggers can stem from factors within our control, our business relationships or our dependencies on external resources. In the table, VC refers to the value chain and OO stands for own operations, covering our direct activities. The time horizons are aligned to ESRS 1 and divided into “actual” (0–1 year), which reflects immediate, realised impacts, and “potential” (1–5 years or beyond 5 years), which captures longer-term, forecasted or anticipated impacts.

Overview of material IROs

Material sub-topic	Material sub-sub-topic	Description of IROs	Time horizon	Level of responsibility/ triggers
ESRS E1 Climate change				
Climate change mitigation	-	**[Negative impacts - VC & OO]** Zalando’s operations and value chain emit greenhouse gases (GHGs), intensifying climate change. Direct emissions from fulfilment centres, upstream and downstream activities, and raw material extraction contribute to higher GHG concentrations in the atmosphere. These factors collectively worsen climate patterns and contribute to long-term environmental impacts.	Potential: >5 years	Caused by and linked to Zalando
Climate change mitigation; climate change adaptation	-	**[Physical risks - OO]** Climate change disrupts weather patterns, leading to decreased seasonal demand patterns, with potential effects on overstock. On the supply side, reduced availability of key materials due to extreme weather increases production costs and price volatility, and causes operational and logistics disruptions. **[Transition risks - OO]** Risks linked to a decrease in the availability of renewable energy sources, (energy market volatility) and low-emissions sources for the implementation of strategic goals that could impact Zalando from a reputational and/or financial perspective.	Physical: 0–1 year, 1–5 years and >5 years Transition: 1–5 years	Within Zalando’s control; business relationship dependencies
Climate change adaptation; energy	-	**[Opportunities transition - OO]** Potential decrease in energy consumption and costs due to improved energy efficiency and other decarbonisation initiatives (long-term contracts for green energy, investments in renewable energy sources, higher automation in logistics centres, offices).	1–5 years	Within Zalando’s control
ESRS E2 Pollution				
Pollution of air, water and soil; substances of concern; substances of very high concern; microplastics	-	**[Negative impacts - VC]** Material processing activities, such as wet processing in manufacturing, lead to negative environmental impacts, e.g. reduced water quality. Insufficient chemical management practices could result in the release of harmful substances into the environment.	Actual: 0–1 year and potential: 1–5 years	Linked to Zalando
ESRS E3 Water resources				
Water	Water consumption; water withdrawals; water discharges	**[Negative impacts - VC]** Zalando’s portfolio production could contribute to the depletion of local water resources. Water-intensive processes such as farming, textile treatment with chemicals and customer use (e.g. washing of garments during product use) require substantial water and energy inputs, impacting water availability and quality.	Potential: 1–5 years	Linked to Zalando
		[Risk - OO] Water scarcity could lead to limited availability of raw materials (e.g. cotton) and impact production and processing at business partners and suppliers. The resulting increase in product prices may pose a risk to Zalando’s financial position and performance due to the likelihood of higher procurement costs.	1–5 years	Resources dependencies
ESRS E5 Resource use and circular economy				
Resources inflows and outflows related to products and services	-	**[Positive impacts - VC]** Designing products with a focus on longevity, reusability, and recyclability extends their life cycle, and using materials more efficiently reduces the consumption of natural resources and the generation of waste.	Potential: 1–5 years	Caused by Zalando
Resource outflows related to products and services	-	**[Negative impacts - VC]** Zalando’s business generates volumes of sold, unsold and returned products, causing waste management challenges both upstream and downstream and increasing resource extraction.	Actual: 0–1 year and potential: 1–5 years	Linked to Zalando
Resource outflows related to products and services	-	**[Risks - OO]** Product returns, overstock, outlets, the associated waste and the limited recycling infrastructure are associated with higher costs and the reputational risks relating to the mismanagement of unsold products.	1–5 years	Business relationship & resources dependencies
Resources inflows and outflows related to products and services	-	**[Opportunities - OO]** As a platform, Zalando can support brands in terms of circularity, e.g. through Zalando’s logistics processes, scaling alternative materials innovations and new business models, increasing reputation and customers’ trust.	1–5 years	Business relationship & resources dependencies

Overview of material IROs

Material sub-topic	Material sub-sub-topic	Description of IROs	Time horizon	Level of responsi-bility/ triggers
Waste	-	**[Negative impact - VC]** Certain returned products, such as opened cosmetics, require disposal, which contributes to waste generation and is associated with impacts like land use and GHG emissions.	Actual: 0–1 year	Caused by Zalando
		[Risks - OO] Zalando product returns, overstock, outlets, and associated waste incur higher costs and could pose reputational risks related to the recycling of unsold products.	1–5 years	Within Zalando's control
ESRS S1 Own workforce				
Working conditions; other work-related rights	Secure employ-ment; working time; adequate wages; child & forced labour; social protection; measures against violence and harassment in the workplace	**[Negative impacts - OO]** Vulnerable groups of workers are at risk of human rights violations, including modern slavery, forced labour, excessive working hours and limited pay. Additionally, violence, harassment and discrimination within the organisation could negatively affect employees' physical and mental well-being. The absence of social protection further impacts employee well-being during significant life events.	Actual: 0–1 year	Caused by Zalando
	Social dialogue; freedom of association; collective bargaining; work-life balance	**[Risks - OO]** Denial of freedom of association and collective bargaining leads to unattractive working conditions, resulting in decreased workforce and negative economic performance. Non-compliance with standards and regulations leads to e.g. reputational risks and impact on economic performance.	0–1 year	Within Zalando's control
Health and safety	Health and safety; work-life balance	**[Negative impacts - OO]** Insufficient work-life balance, such as inadequate flexible working time models, could result in health issues. Additionally, inadequate prevention measures, including lack of proper training, qualification, and personal protective equipment, could lead to severe health consequences	Actual: 0–1 year	Caused by Zalando
		[Risks - OO] Lack of work-life balance and limited flexible working models could cause employee burnout and reduced productivity. Insufficient prevention measures, such as inadequate training and personal protective equipment, could lead to workplace injuries and fatalities.	0–1 year	Within Zalando's control
Equal treatment (D&I); development	Training and skills development	**[Positive impacts - OO]** Enhanced skill set of office employees leads to, e.g. increased employability, purchasing power and standard of living.	Actual: 0–1 year	Caused by Zalando
	Gender equality & equal pay for work of equal value; employ-ment & inclusion of persons with disabilities; measures against violence & harassment in the workplace; diversity	**[Negative impacts - OO]** Lack of inclusiveness could result in stress and negative health effects. Vulnerable groups are at risk of human rights violations, such as discrimination, excessive working hours, limited pay and sexual exploitation.	Actual: 0–1 year	Caused by Zalando
	Gender equality & equal pay for work of equal value; measures against violence & harassment in the workplace; diversity	**[Opportunity - OO]** Enhancing D&I across the workforce leads to, e.g. good working environments yielding higher employee satisfaction and performance, improved retention and lower costs related to employee turnover.	0–1 year	Within Zalando's control
Employee satisfaction and retention	Gender equality & equal pay for work of equal value; employ-ment & inclusion of persons with disabilities; diversity	**[Risks - OO]** A lack of diversity in hiring and support structures and the challenges in attracting and retaining talent could reduce employee satisfaction and pose reputational risks.	1–5 years	Within Zalando's control

Overview of material IROs

Material sub-topic	Material sub-sub-topic	Description of IROs	Time horizon	Level of responsi-bility/ triggers
ESRS S2 Workers in the value chain				
Working conditions; equal treatment and opportunities for all; other work-related rights	Secure employment; working time; adequate wages; social dialogue; freedom of association; collective bargaining; work-life balance; health and safety; child & forced labour	**[Negative impacts - VC]** Forced labour and human trafficking represent severe violations, resulting in loss of freedom and diminished quality of life. Inadequate wages and excessive working hours could lead to workforce dissatisfaction and adverse health effects. Additionally, the denial of freedom of association and collective bargaining further exacerbates these issues. Insufficient preventive measures and training could increase the risk of workplace accidents and health problems. Discrimination against vulnerable groups — including Indigenous peoples, minority groups, migrant workers, sexual minorities, and women and girls — could pose further risks, undermining their rights and well-being. The use of force against workers and a lack of secure employment create additional concerns.	Actual: 0–1 year	Linked to Zalando
	Child & forced labour; working time; adequate wages; health and safety; measures against violence and harassment in the workplace; gender equality and equal pay for work of equal value; secure employment	**[Risks - OO]** The garment and footwear sectors are becoming increasingly vulnerable due to the weak governance and enforcement of child labour laws, leading to serious reputational risks for the company. Insufficient and inaccurate worker data complicates the identification of various risks. The employment of migrant workers, especially those with irregular status, further heightens the risk of forced labour. Wage non-compliance is a critical issue across labour-intensive stages in the supply chain, particularly in countries lacking strong regulatory frameworks and effective collective bargaining. This contributes to significant wage disparities. Additionally, occupational health and safety (OHS) failures remain a serious concern, although some progress has been made, OHS risks continue to threaten worker safety.	0–1 year	Business relation-ship depend-encies
ESRS S4 Consumers and end-users				
Information related impacts (including privacy)	Access to (quality) information	**[Positive impact - VC]** By providing reliable, standardised sustainability data for consumers through third-party standards, Zalando can contribute to a informed decision-making process for consumers.	Potential: 1–5 years	Caused by Zalando
	Privacy; access to (quality) information	**[Risks - OO]** Misleading sustainability claims or discrepancies between external portrayals of diversity and internal practices could pose a reputational risk and accusations of “pink-washing”. Additionally, there is a risk of discriminatory marketing practices, including the display of offensive content in product images on the Zalando website. Inadequate IT security could lead to data breaches, exposing personal and confidential business information. This could result in potential personal financial damage and privacy violations.	0–1 year	Business relation-ship depend-encies; caused by Zalando
	Access to (quality) information	**[Opportunities - OO]** Zalando enhances consumer satisfaction through the provision of comprehensive information regarding return policies, conditions and their statuses. By promoting a diverse and inclusive product assortment, Zalando differentiates itself from competitors and increases its market share. By offering reliable and standardised sustainability data through third-party standards, Zalando strengthens its reputational standing.	1–5 years	Within Zalando’s control; business relation-ship de-pendencies
Personal safety	Health and safety; security of a person; protection of children	**[Negative impacts - VC]** Inadequate product safety standards (e.g. regarding chemicals in beauty products, garments and accessories) could lead to adverse human health effects.	Actual: 0–1 year	Caused by and linked to Zalando
		[Risks - OO] Inadequate product safety standards (e.g. regarding materials in beauty products and garments) could result in fines or loss of reputation.	1–5 years	Within Zalando’s control; business relation-ship de-pendencies
Social inclusion	Non-discrimination; access to products and services; responsible marketing practices	**[Positive impacts - VC]** By offering a diverse and inclusive product assortment (e.g. regarding sizes, cosmetics for all skin tones or Adaptive fashion for people living with permanent or temporary impairments) Zalando caters to the needs of consumer segments which are often overlooked and limited in options.	Actual: 0–1 year	Caused by Zalando
		[Opportunity - OO] By offering a diverse partner portfolio, Zalando caters to underserved consumer segments and increases its market share.	1–5 years	Within Zalando’s control

Overview of material IROs

Material sub-topic	Material sub-sub-topic	Description of IROs	Time horizon	Level of responsi-bility/ triggers
ESRS G1 Business conduct				
Animal welfare	-	**[Negative impact - VC]** Low standards of livestock treatment, e.g. leather, wool or down sourcing could result in inadequate animal welfare.	Actual: 0–1 year and potential: 1–5 years	Linked to Zalando
Political engagement & lobbying activities; management of relationships with suppliers incl. payment practices	-	**[Positive impact - VC]** Zalando can contribute to a fashion industry that addresses environmental and social issues by engaging policymakers and industry associations, setting supplier standards and empowering business partners to enhance ethical practices, thereby reducing environmental and societal impacts.	Actual: 0–1 year and potential: 1–5 years	Caused by Zalando
Corporate culture	-	**[Negative impact - VC & OO]** Failure to comply with existing and upcoming regulations, laws and tariffs including CSRD, CSDDD, ESPR, EPR, and employee regulations could result in negative impacts. Additionally, non-compliance may also lead to broader societal impacts, including potential violations of human rights and social welfare.	Potential: 1–5 years	Caused by Zalando
Corruption & bribery; protection of whistleblowers; corporate culture	Prevention and detection including training; incidents	**[Risks - OO]** Bribery and corruption in the fashion industry could conceal serious violations like child labour and environmental abuses, posing legal and reputational risks for Zalando. Failure to promptly address compliance issues through whistleblowing protection increases the likelihood of legal or reputational harm. Zalando faces potential fines and market challenges through non-compliance with sustainability regulations like the EU Green Deal and ecodesign standards, which require minimum recycled content in products. Meeting EU packaging targets is crucial for avoiding fines.	0–1 year and 1–5 years	Within Zalando's control; business relation-ship depend-encies
Political engagement & lobbying activities	-	**[Opportunities - OO]** Zalando's proactive lobbying could potentially impact brand differentiation by fostering regulatory awareness and contributing to a progressive industry landscape. Enforcing higher environmental and social standards with suppliers attracts customers and drives sales. Using digital solutions reduces product returns and costs. Comprehensive climate risk management enhances company value and investor perception, demonstrating Zalando's commitment to sustainability.	0–1 year and 1–5 years	Within Zalando's control; business relation-ship depend-encies
Entity-specific information - ESRS 2				
Innovation and partnerships	-	**[Risks - OO]** Failing to meet Zalando's sustainability goals due to a lack of innovation could pose a reputational risk.	0–1 year	Within Zalando's control
	-	**[Opportunities - OO]** Innovation scouting and partnerships give Zalando the opportunity to enhance our portfolio with more sustainable products and logistics services for customers, as well as sustainability services for brand partners, to boost business resilience and discover new markets.	0–1 year and 1–5 years	Business relation-ship depend-encies

VC: value chain; OO: own operations

Current financial effects

For the financial year 2024, we did not identify any financial effects from our material risks and opportunities on our financial position, financial performance or cash flows. Additionally, we did not identify any material risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in our related financial statements.

Zalando's resilience assessment

We have assessed the resilience of our strategy and business model in relation to sustainability matters, focusing in particular on our ability to address material risks and leverage opportunities over the short, medium and long term.

Key elements of our resilience assessment include:

- **Climate change adaptation:** Our future net-zero ambition for 2040 (own operations and private labels) and 2050 (entire value chain) demonstrates our long-term planning for climate resilience. We are investing in renewable energy, process improvements, and circular business models to reduce our carbon footprint and adapt to a low-carbon economy.
- **Supply chain resilience:** Our factory improvement programme and efforts create conditions aimed at mitigating environmental risks in our supply chain.
- **Circular economy transition:** Our investments in Pre-owned fashion, material innovations, and partnerships with organisations position us to benefit from the shift towards more circular business models.
- **Regulatory preparedness:** We are proactively preparing for upcoming EU regulations like the Ecodesign for Sustainable Products Regulation and the CSDDD, enhancing our long-term regulatory resilience.
- **Customer engagement:** Our strategy to empower customers to make better choices aligns with evolving customer preferences for fashion that contributes positively to environmental and social issues, supporting our long-term market position.

This resilience assessment informs our ongoing strategy development and business model evolution, ensuring we can adapt to and thrive in a rapidly changing sustainability landscape.

How Zalando addresses the material IROs

Climate change: Climate change is one of the most material topics for our operations and value chain, as it affects emissions throughout the entire lifecycle of a product — from production to transportation and distribution, all the way to the use phase. Physical climate risks can disrupt logistics and influence raw material availability and prices. Simultaneously, as a major European retailer, we have the opportunity to drive sustainability in the fashion industry by investing in new innovative fibres, low-impact products and packaging innovation. Key risks also include climate-related regulatory changes and emission reduction mandates. For more details, please refer to ESRS E1 Climate change in section 2.8.2 Environmental information.

Pollution: Industry-specific processes may adversely affect water quality. For instance, synthetic fibres shedding microplastics and the application of pesticides and fertilisers in cotton farming can contaminate soil and water sources. To address this issue, we have implemented chemical compliance programmes to minimise harmful discharges. Linked to our circularity goal, we aim to reduce our environmental impact and enhance clothing quality by sourcing alternative chemicals and fibres as well as by recycling clothing. For further information, please refer to ESRS E2 Pollution in section 2.8.2 Environmental information.

Water resources: Our business relies on continuous water availability, with water scarcity and quality issues already evident. Water is crucial throughout our own operations and value chain, from cotton cultivation to garment maintenance and corporate operations. In 2024, we conducted our first water risk assessment, starting with our own operations, and a strategy will be developed based on the findings. For further information, please refer to ESRS E3 Water resources in section 2.8.2 Environmental information.

Resource use and circular economy: As a fashion retailer, our reliance on raw materials such as cotton, polyester and leather makes us susceptible to long-term supply reductions due to climate change. In the short- to medium-term we must adhere to new regulations, such as the Ecodesign for Sustainable Products Regulation, and aim to increase our use of recycled materials while diminishing our reliance on primary resources to enhance resilience. At Zalando, we perceive these challenges as opportunities to develop innovative business and customer types predicated on circularity. For further information, please refer to ESRS E5 Resource use and circular economy in section 2.8.2 Environmental information.

Own workforce and workers in the value chain: Our policies and practices impact our employees and those in our value chains. We include these individuals in our human rights due diligence, risk assessments, and policies on human rights and modern slavery. Our efforts aim to foster a healthy and safe work environment, provide stable employment, establish grievance mechanisms, and prevent child and forced labour in our value chain. We prioritise measures positively impacting our employees and workers in our value chain by building a loyal, diverse and skilled workforce, improving health and safety standards and enhancing supplier employment practices. To address gender equality and disability inclusion, we have implemented several activities and integrated works councils deep into our organisation. Employee Resource Groups (ERGs) allow diverse talents to voice important topics. Additionally, we are members of several organisations that help us adopt best practices. For further information, please refer to ESRS S1 Own workforce and ESRS S2 Workers in the value chain in section 2.8.3 Social information.

Consumers and end-users: Our key impacts on consumers include ensuring product safety and enhancing shopping satisfaction by providing timely, relevant quality information, such as return policies and detailed product descriptions. Our objective is to enable consumers to make informed choices with an assortment and brands that align with their values. This includes serving a diverse and inclusive consumer base by offering a wide range of sizes, cosmetics for various skin tones, as well as Adaptive fashion[56], while understanding the reputational risks related to “pink-washing”. We are committed to inclusivity and strive to create a welcoming platform for all. To achieve this ambition, we offer an assortment for previously excluded groups and focus on accessibility and an inclusive user experience. For further information, please refer to ESRS S4 Consumers and end-users in section 2.8.3. Social information.

Business conduct: We place a high priority on maintaining honest and transparent business conduct, with a particular emphasis on safeguarding customer data privacy and ensuring responsible marketing and lobbying activities. Supplier relationships are established in accordance with our Code of Conduct, and risk-based assessments are conducted to ensure compliance. As a retailer, we are dedicated to upholding ethical standards with respect to animal welfare. For further information on our business conduct, please refer to ESRS G1 Business conduct in section 2.8.4 Governance information.

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56 Adaptive fashion is apparel made for people with permanent or temporary disabilities that offers additional functionality to make dressing easier.

Innovation and partnerships: The transition to a more sustainable and equitable fashion industry necessitates strategic collaboration across the entire ecosystem. As a key player in European fashion e-commerce, we aim to serve as an “enabler” by fostering progress among stakeholders through strategic collaborations with various organisations. These partnerships are deemed essential for accessing innovation trends, expanding the ecosystem and accelerating sustainability ambitions, particularly in areas like material innovation, supply chain decarbonisation and circular business models. By acting as an enabler and connector within the industry, we aim to drive systemic change and enhance our resilience and competitiveness. For further information on innovation and partnerships, please refer to Entity-specific information in section 2.8.4 Governance information.

2.8.2 Environmental information

Disclosures pursuant to Article 8 of EU Taxonomy regulation

In its Action Plan on Financing Sustainable Growth published in 2018, the European Commission set an objective to redirect capital flows towards sustainable investment. In this context, a standardised classification system — the EU Taxonomy — was established to define criteria classifying economic activities as being environmentally sustainable. Companies subject to sustainability reporting or consolidated sustainability reporting according to Directive 2013/34/EU are required to report in line with the EU Taxonomy Regulation (Regulation (EU) 2020/852). Companies must therefore extend their non-financial disclosures by reporting on how and to what extent the company's activities are associated with economic activities that qualify as environmentally sustainable.

According to Article 8 of the EU Taxonomy regulation, reporting companies shall disclose the proportion of the company's turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for both Taxonomy-eligible and Taxonomy-aligned economic activities. In order to be deemed Taxonomy-aligned, a Taxonomy-eligible economic activity shall fulfil the following criteria as defined in Article 3 of the EU Taxonomy regulation. The economic activity:

- contributes substantially to one or more of the environmental objectives set out in Article 9, in accordance with Articles 10 to 16;
- does not significantly harm any of the environmental objectives set out in Article 9, in accordance with Article 17;
- is carried out in compliance with minimum safeguards laid down in Article 18; and
- complies with technical screening criteria, as defined by a substantial contribution to environmental objectives and adherence to the Do No Significant Harm (DNSH) principle, in accordance with Article 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2).

We started reporting according to the EU Taxonomy Regulation and the corresponding Delegated Acts in 2021. Based on our first assessment, we identified one material Taxonomy-eligible economic activity within our group related to the leasing of assets covering our office buildings, outlets and logistic centres (economic activity 7.7 listed in Annex I of the Delegated Regulation (EU) 2021/2139) for which we reported Taxonomy-eligibility. In 2022, reporting was expanded to include the assessment of the Taxonomy-alignment of activities within the Zalando group. In 2022, the Commission Delegated Regulation (EU) 2022/1214 was applied, amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and amending Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities. We assessed Annex I and Annex II that amend the list of economic activities regarding the first two environmental objectives as well as related technical screening and DNSH criteria. We neither perform any of the new activities nor are we affected by the changes to the technical screening criteria.

Moreover, in 2023 the European Commission issued Commission Delegated Regulation (EU) 2023/2485, amending the Delegated Regulation (EU) 2021/2139 by establishing additional technical screening criteria, as well as Commission Delegated Regulation (EU) 2023/2486 supplementing Regulation (EU) 2020/852 by establishing economic activities as well as related technical screening criteria for the remaining four environmental objectives. As for 2023, we did not identify any significant activity under the regulations for 2024.

Our approach of assessing economic activities under the EU Taxonomy Regulation for financial year 2024 is explained in more detail below.

Our approach

For our 2024 financial year, we are required to assess the alignment of our eligible economic activities within the six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

We conducted updated assessments of economic activities under all six environmental objectives. This review did not result in any change to our previously identified material Taxonomy-eligible economic activities, hence we still only report on the CapEx related to the leasing of our buildings and the corresponding OpEx (economic activity 7.7 listed in Annex I of the Delegated Regulation (EU) 2021/2139). In the 2024 financial year, we expanded the number of leased buildings, which led to additional right-of-use assets of 62.6m EUR (prior year: 213.5m EUR). This is material from our group perspective and is therefore reported as Taxonomy-eligible CapEx. The additions mainly relate to a new fulfilment centre in France as well as a new office building and new outlets in Germany.

We calculated total CapEx as additions to intangible assets, property, plant and equipment as well as right-of-use assets (excluding any re-measurements) for the financial year as disclosed in the notes to the consolidated financial statements under 3.5.7 (11.) Intangible assets, 3.5.7 (12.) Property, plant and equipment and 3.5.7 (13.) Right-of-use assets and lease liabilities.[57] Additions to right-of-use assets of 97.3m EUR (prior year: 231.2m EUR) as disclosed in the notes also include 34.7m EUR (prior year: 17.7m EUR) related to re-measurements that are not included in total CapEx. Total CapEx for the 2024 financial year therefore amounts to 258.8m EUR (prior year: 507.3m EUR) resulting in Taxonomy-eligible ("EL") CapEx of 24.2% (prior year: 42.1%). The significant decline in CapEx is related to less additions to property, plant and equipment as well as to right-of-use assets.

For our leased buildings we calculated an OpEx of 12.5m EUR for the 2024 financial year (prior year: 12.5m EUR) related to maintenance and repair as well as the day-to-day servicing of these assets. Total OpEx for 2024 amounts to 199.4m EUR (prior year: 182.6m EUR) and relates to non-capitalised development costs, costs for short term leasing, costs for maintenance and repair as well as costs for day-to-day servicing of assets.

[57] CapEx under EU Taxonomy regulation is defined as additions to assets which is different to our KPI Capex that is defined as payments for assets

Apart from economic activity 7.7, we did not identify any other material CapEx, OpEx or Taxonomy-related turnover. For this evaluation, we used a materiality threshold of 1.0% on CapEx, OpEx and turnover. We only report an eligible activity if it meets at least one of the thresholds. However, total CapEx, OpEx and turnover are calculated without applying a materiality threshold. Hence, turnover disclosed for Taxonomy-non-eligible activities is the total revenue of the group for the 2024 financial year according to IAS 1.82(a) in the amount of 10,572.5m EUR (prior year: 10,143.1m EUR) as disclosed in our consolidated financial statements for 2024 and further described under 3.5.7 (1.) Revenue in the notes to the consolidated financial statements. We have allocated all of the calculated Taxonomy-eligible CapEx and OpEx to the environmental objective of climate change mitigation. In addition, only one economic activity was identified for which Taxonomy-eligible CapEx and OpEx were calculated. This avoided any double counting.

Furthermore, we assessed the proportion of our CapEx that qualifies as environmentally sustainable and is therefore reported as CapEx related to Taxonomy-aligned economic activities. This assessment was based on the criteria laid down in Article 3 of the EU Taxonomy Regulation. Because our CapEx is only related to the purchase of output, we connected with the owners of the respective facilities to collect the relevant information. The information obtained relating to the technical screening criteria, including both the substantial contribution and the DNSH principles, was insufficient to perform the assessment. As a result, we were not able to qualify our Taxonomy-eligible CapEx related to the leasing of buildings as Taxonomy-aligned CapEx for the 2024 financial year. This correspondingly also applies to related OpEx. Furthermore, since we did not identify any Taxonomy-eligible turnover, we could not calculate any Taxonomy-aligned turnover.

Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures tor research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

2024		Year		Substantial contribution criteria					
Economic activities	**Code**	**CapEx (m EUR)**	**Proportion of CapEx, 2024 (%)**	**Climate change mitigation (%)**	**Climate change adaptation (%)**	**Water (%)**	**Pollution (%)**	**Circular Economy (%)**	**Biodiversity (%)**
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0**						
Of which enabling		0.0	–						
Of which transitional		0.0	–						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Acquisition and ownership of buildings	CCM 7.7	62.6	24.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		62.6	24.2	24.2					
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		62.6	24.2	**24.2**					
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities		196.2	75.8						
Total		**258.8**	**100.0**						

	DNSH criteria ("Do No Significant Harm")									
	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2023 (%)	Category enabling activity (E)	Category transitional activity (T)
								0.0		
								–		
								–		
								42.1		
								42.1		
								42.1		

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

2024	Year			Substantial contribution criteria					
Economic activities	**Code**	**OpEx (m EUR)**	**Proportion of OpEx, 2024 (%)**	**Climate change mitigation (%)**	**Climate change adaptation (%)**	**Water (%)**	**Pollution (%)**	**Circular Economy (%)**	**Biodiversity (%)**
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0**						
Of which enabling		0.0	–						
Of which transitional		0.0	–						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Acquisition and ownership of buildings	CCM 7.7	12.5	6.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12.5	6.3	6.3					
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		12.5	6.3	**6.3**					
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		186.9	93.7						
Total		**199.4**	**100.0**						

DNSH criteria ("Do No Significant Harm")									
Climate change mitigation (Y/N)	**Climate change adaptation (Y/N)**	**Water (Y/N)**	**Pollution (Y/N)**	**Circular Economy (Y/N)**	**Biodiversity (Y/N)**	**Minimum safeguards (Y/N)**	**Proportion of Taxonomy-aligned (A.1.) or -eligble (A.2.) OpEx, 2023 (%)**	**Category enabling activity (E)**	**Category transitional activity (T)**
							0.0		
							–		
							–		
							6.8		
							6.8		
							6.8		

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

2024		**Year**		**Substantial contribution criteria**					
Economic activities	**Code**	**Turnover (m EUR)**	**Proportion of turnover, 2024 (%)**	**Climate change mitigation (%)**	**Climate change adaptation (%)**	**Water (%)**	**Pollution (%)**	**Circular Economy (%)**	**Biodiversity (%)**
A. Taxonomy-eligible Activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0**						
Of which enabling		0.0	–						
Of which transitional		0.0	–						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Turnover of Taxonomy-eligible but not environ-mentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0.0						
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		0.0	0.0						
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities		10,572.5	100.0						
Total		**10,572.5**	**100.0**						

	DNSH criteria ("Do No Significant Harm")									
	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2023 (%)	Category enabling activity (E)	Category transitional activity (T)
								0.0		
								–		
								–		
								0.0		
								0.0		

Environmental information (ESRS E1–E5)

The following sections cover Zalando's management practices and performances related to climate change, pollution, water and resource use and circular economy matters. Highsnobiety, due to its distinct business model as a media and curated retail platform, is not covered under the actions and targets further described in the sections below. However, it remains aligned with Zalando's overall SDI ambition and policies. For more information on Highsnobiety, please refer to our group segments in the section 2.1.2 Group structure of the combined management report. Logistics and non-logistics sites that are under construction throughout the financial year are also omitted from our environmental considerations and calculations.

ESRS E1 Climate change

Integration of sustainability-related performance in incentive schemes

For information on how climate-related considerations are factored into the remuneration of members of the administrative, management and supervisory bodies, please refer to Integration of sustainability-related performance in incentive schemes in section 2.8.1 General information.

Material IROs and their interaction with strategy and business model — resilience analysis and climate scenario planning

The resilience analysis conducted in June 2022 and updated in 2024 is based on our climate scenario planning, covering both direct and indirect emissions from our own operations (scope 1 and 2) and indirect emissions along the upstream and downstream value chain (scope 3). Risks that met the financial materiality thresholds as a result of the resilience analysis were further embedded into our risk management process. Our full value chain has been included in this analysis: upstream, including design, raw material production, manufacturing processes; own operations, including procurement and buying plus fulfilment; downstream, including transport, product use and end-of-life. The analysis considers material physical risks, including hazards related to temperature, water, wind and soil. Additionally, potential policy and legal developments, technology shifts, market changes and reputational events were assessed to evaluate our exposure to transition risks. For more information, please refer to Impacts, risks and opportunities in section 2.8.1 General information.

We assessed the climate resilience of our business by looking at climate-related transition and physical risks and opportunities in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The analysis took into account factors such as the availability of new technologies, regulatory developments, macroeconomic trends, customer expectations and the broader business environment, including competitor actions. We used two different global GHG emissions pathways for the scenario analysis. In particular, we considered the Intergovernmental Panel on Climate Change's (IPCC's) AR5 Representative Concentration Pathways (RCP) 2.6 scenario, which assumes an increase in global temperatures to 1.5°C, and the AR5 IPCC RCP 8.5 scenario, with an increase of 4°C. The scenarios consider temperature, precipitation and the number of hot days. These scenarios were adapted to local conditions, and potential impacts on retail companies were assessed across three time frames: by 2025 (short-term), by 2030 (medium-term) and by

2050 (long-term). Parameters including increases in average monthly temperatures, precipitation levels and the number of extreme heat days (above 35°C) were analysed, and findings for Germany were confirmed using World Bank modelling tools.

The climate scenario analysis conducted in 2022 enhanced our strategic planning by identifying climate-related risks and opportunities, and highlighting necessary investments for a science-based net-zero ambition through a cross-functional evaluation of potential business impacts. Physical risks include disruptions to sales and forecasting due to shifting weather patterns, extreme weather events impacting revenue, supply chain disruptions from raw material shortages, operational risks at logistic centres and stores and logistics delays due to severe weather. Transition risks are linked to the energy market volatility leading to renewable energy scarcity and increased operational costs from rising energy prices, which could also lead to reputational risks from potentially missing emission reduction targets and following changes of customer preferences.

Although uncertainties remain — particularly in financial, reputational and strategic analyses — due to the qualitative assessment of the likelihood and magnitude of the potential impacts, we remain confident in our ability to adapt through strategic investments by setting SBTs aligned with our net-zero ambition for emissions reduction and enhancing logistics with the integration of renewable energy. We plan to update the climate scenarios analysis in 2025 to reflect new data and trends. For more information on our targets and ambition on climate change, please refer to the section below Targets related to climate change mitigation and adaptation.

Our business activities, including production, distribution, transportation and sale of goods, are major contributors to our carbon footprint. Our 2024–2028 corporate strategy (please refer to section 2.1.3 Group strategy of the combined management report) showcases our ability to adapt to climate-related risks and opportunities. A key component of this strategy is the introduction of the new B2B business model, ZEOS Fulfilment, which maximises the use of our existing logistics services. Through ZEOS Fulfilment, we aim to create an operating system for fashion and lifestyle in Europe, enabling brands and retailers to manage their multi-channel businesses within one unified platform across the continent via Zalando. We have been doing this by first opening up access to our expansive and well-invested logistics, software and services infrastructure. ZEOS Fulfilment aims to reduce industry overstock, shorten parcel delivery distances and aggregate customer orders placed across multiple platforms. This shift reflects our increasing focus on offering services, thus contributing to long-term efficiency and enhanced carbon management. For more details on our strategy, please refer to the Strategy section of 2.8.1 General information; for more details on specific activities and emissions coverage, please refer to Targets related to climate change mitigation and adaptation and Gross scopes 1, 2, 3 and total GHG emissions sections below.

Identification and assessment of material climate-related IROs

Our business operations are linked to emissions being released into the atmosphere through our value chain. To understand what drives the most impact, we calculate our GHG emissions footprint on a yearly basis following the GHG Protocol (GHGP) as the accounting standard of reference. By following the GHGP, we ensure all our activities are screened and included in the estimations of our impact on climate change. For more information on the screened activities, please refer to Gross scopes 1, 2, 3 and total GHG emissions section below.

In order to identify and assess the physical risks we may be exposed to, we took into consideration the results of the climate resilience analysis performed in 2022, and the annual climate-related risk assessments embedded in our risk process. Physical risks include: changing temperatures, heat waves, and extreme weather events like floods or drought, which can impact logistics operations and value chains, and can result in potential financial loss. Our Governance and Risk team biannually identifies, assesses and reports climate-related risks through workshops, self-assessments and ad-hoc reporting. The process involves close collaboration with the SDI team.

As detailed in the resilience analysis section above, we adopted the TCFD recommendations to conduct an initial assessment of our exposure to climate change. This assessment considered longer time horizons and was performed in 2022 to better understand the potential risks and opportunities associated with climate change. We do not explicitly link short-, medium- and long-term time horizons to the expected lifetime of our assets, as our operations primarily involve retailing with limited tangible assets. Our strategic planning is focused on short-term cycles, typically spanning four years. However, we recognise the long-term implications of climate change.

In assessing the extent to which our business activities may be exposed and are sensitive to the identified climate-related hazards, we took into consideration the likelihood and magnitude of impacts. We did not use geospatial coordinates nor the full magnitude and duration of the hazards.

In order to identify and assess the transition risks and opportunities for our business, we considered the results of the climate resilience analysis performed in 2022 alongside factors such as the availability of new technologies, regulatory developments, macroeconomic trends, customer expectations and the broader business environment, including competitor actions. In our assessment of the extent to which our assets and business activities may be exposed and are sensitive to the identified climate-related transition events, we considered the likelihood and magnitude of impacts. The 1.5°C climate scenario analysed in 2022 supported us to assess the compatibility of our business model with a climate-neutral economy. We have not identified any assets or business activities that are inherently incompatible with a climate-neutral economy. The climate scenarios analysed considered both transition and physical risks. We have limited high-emissions assets, considering that transportation and manufacturing processes with higher locked-in GHG emissions are primarily outside our direct operations. While no incompatible activities nor assets were found, significant efforts are being focused on our net-zero ambition to ensure business alignment with a climate-neutral economy. Progressing towards our net-zero ambition will involve improving energy efficiency and increasing the uptake of renewable energy in our operations and value chain, increasing the share of lower carbon materials, and driving business efficiencies while scaling circular business models.

For the preparation of our 2024 financial statements, we also make assumptions in alignment with the scenarios used for identifying climate-related physical and transition risks about the expected climate change developments, conditions and, based on these, the expected impacts on our cash flows. However, we have determined that climate change does not have a significant impact on the financial statements or on the estimates and assumptions made when preparing the annual report and consolidated accounts.

Our climate scenario analysis used two pathways to assess the potential impacts of physical and transition risks and opportunities: the IPCC’s AR5 RCP 2.6 and the AR5 RCP 8.5.
For more information, please refer to the Resilience analysis and climate scenario planning section above.

Policies related to climate change mitigation and adaptation
The mitigation of and adaptation to the impacts of climate change are critical to the resilience of our business operations and value chain. The objective of our climate change policy is to address the identification, assessment, management and remediation of our material climate change mitigation and adaptation impacts and risks. By implementing the objectives and management principles of this policy, we aim to enhance the resilience of our business against the impacts of climate change, ensuring long-term sustainability and value creation for our stakeholders. Our climate change policy applies to our own operations and value chain.
The highest level of responsibility with respect to overseeing climate-related issues lies with Robert Gentz (co-CEO) as member of the management board. The co-CEO is the highest decision-making body for climate-related issues.

For policy purposes, the term “climate change mitigation” describes our endeavours to both support the Paris Agreement goals relating to our climate and nature impact and set targets in alignment with the SBTi framework. This applies to our actions across scope 1, 2 and 3 emissions (our own operations and the value chain), including an ambition to enable partners’ climate action, and continued work with partners who we see as acting on climate change.
Our **climate change mitigation** guiding objectives and management principles are as follows:

- **Reducing GHG emissions**: We are committed to minimising our GHG emissions by implementing rigorous reduction targets aligned with the latest climate science. This includes adopting best practices in emissions monitoring and reporting, identifying cost-effective technology solutions for pilot and deployment, and engaging with stakeholders to support less carbon-intensive practices.
- **Enhancing energy efficiency**: We prioritise the optimisation of energy use across all our operations through the implementation of energy-efficient technologies and processes. This involves regular energy audits, upgrading equipment to more efficient models, and promoting energy-saving behaviour among employees to reduce overall energy consumption.
- **Continuing the transition to renewable energy sources**: We are working to increase our use of renewable energy sources in energy consumption. This ambition includes procuring renewable energy and supporting our partners to similarly increase their use of renewable energy.

"Climate change adaptation" refers to our process of adjusting to actual and expected climate change and its impacts, and includes our efforts to adjust our operations, strategies and practices to minimise the negative impacts of climate change and to take advantage of any potential opportunities. This includes managing physical risks, such as extreme weather events and long-term changes in climate patterns, as well as understanding how these changes may affect our value chain, operations and customers. Our **climate change adaptation** guiding objectives and management principles are as follows:

- **Assessing climate risks**: We regularly assess climate-related risks as part of our annual risk management process for our own operations and value chain, developing strategies to manage and mitigate these risks effectively.
- **Enhancing sustainable and more climate-resilient practices**: We aim to enhance the resilience of our infrastructure and value chain by collaborating with suppliers to address climate risks, ensure continuity and promote sustainable practices and technologies, and by integrating climate adaptation into our strategic planning and decision-making processes.

Across our climate change mitigation and adaptation efforts, we are committed to enabling sustainable practices within our own operations and value chain. This involves sourcing materials responsibly, reducing waste, promoting circular economy principles, and working with suppliers and partners to encourage sustainable practices throughout the value chain. We engage with stakeholders, including employees, customers, and suppliers to build awareness and collaborate on climate change mitigation and adaptation initiatives.

The policy objectives and management principles guide our engagement with employees and partners on sustainability and climate change. We continuously engage employees and partners through internal enablement trainings to increase awareness and responsibility within Zalando to support fashion that is produced, consumed and sold in a more responsible manner. We are dedicated to working with suppliers who share our commitment to sustainability. We will continue to engage with our suppliers to promote and support the adoption of less carbon intensive practices, including reducing GHG emissions, reducing resource use, setting SBTs and minimising waste. We prioritise the sourcing of materials and products that decrease our environmental impact. This includes selecting more sustainably sourced raw materials, as aligned with our circularity policy. For further information on our approach to alternative materials and sourcing, please refer to the section ESRS E5 Resource use and circular economy.

Actions and resources related to climate change policies

Our climate change policy aims at decarbonising our own operations (scope 1 and 2) and value chain (scope 3) emissions in line with our SBTs. The actions listed below showcase our main initiatives to support the policy objectives of energy efficiency and the transition to renewable energy sources, as well as the decarbonisation of our value chain. The GHG emission reductions from our efforts relating to decarbonising our own operations and the value chain are reported under the section Gross scopes 1, 2, 3 and total GHG emissions. The expected GHG emission reductions of our actions are described in the section Targets related to climate change mitigation and adaptation. We acknowledge that our ability to implement actions related to climate change is dependent on the availability and effective allocation of financial, technological and human resources. Investments in renewable energy, energy and resource efficiency measures and sustainable infrastructure are central to our climate strategy. These investments rely on securing adequate funding and alignment with operational priorities.

The actions listed in the climate change, water, resource use and circular economy sections also address some of the identified physical and transition climate-related risks, such as operational and logistics disruptions, alternative materials sourcing and energy market volatility. We plan to continue assessing these risks as part of our overall risk management process and transition planning in alignment with our net-zero ambition.

1. Decarbonisation of our own operations

In 2024, scope 1 and scope 2 contributed less than 1.0% of our total GHG emissions. GHG emissions in these categories are primarily driven by heating in the offices, outlets, and logistic centres that are fully operated by us. Our main actions to decarbonise our operations and achieve our SBTs are described below. Six logistics centres included within the ESRS E1 scope (financial plus operational control) are excluded from our GHGP scope regarding the decarbonisation actions due to a lack of operational control. For further information on our ESRS E1 scope and GHGP scope please refer to “Methodology used for target setting” in the section Targets related to climate change mitigation and adaptation.

- **Heating**: Most heating-related emissions are generated from within our logistics network. While some sites are already fully electrified, we continued in 2024 to work towards electrifying additional sites through the replacement of gas boilers with heat pumps in the office areas of three of our fulfilment centres in Poland, finalising the construction project at the end of 2024. The impact on our own operations was accounted for in the 2024 GHG inventory and will continue to be accounted for in the following periods.
- **Electricity**: Switching to renewables is an important practice that is related to reducing overall electricity and energy consumption. We have been procuring 100.0% of our electricity from renewable sources since 2018 and are a member of the RE100 initiative. This includes continuing to generate electricity from photovoltaic panels at our fulfilment centres in Lahr, Rotterdam and Verona. Purchasing renewable electricity is an ambition we strive to maintain year after year and is a pillar of our scope 1 and 2 decarbonisation strategy for the foreseeable future.
- **Efficiency**: Our energy management system is certified under ISO 50001. Beyond this, we implement various initiatives in specific logistics and non-logistics sites to drive further efficiency gains on an annual basis. This includes:
  - Conversion to LED in administrative areas and social facilities.
  - Optimisation of the air handling systems by the landlord or the operator.

2. Decarbonisation of value chain: packaging and last-mile delivery

In 2024 we engaged with our packaging and last-mile delivery partners to support them in setting their own emissions reduction targets in line with the SBTi criteria. This initiative will contribute to our 2025 target “suppliers SBT setting” as well as to our net-zero ambition, further described under the section Targets related to climate change mitigation and adaptation. Partners that contribute significantly to our corporate carbon footprint have been a particular focus of negotiations. In addition, SBTs have already been introduced as a hard criterion in all contractual negotiations with our packaging suppliers. We have implemented SBT setting as a criterion for last-mile delivery partners and have begun more frequent and granular monitoring to inform tailored actions.

3. Decarbonisation of the value chain: Brand engagement SBT

The majority of our emissions fall under scope 3, primarily concentrated in one category: products we buy and sell to customers (70.0%). When our brand partners set and achieve their own emissions reduction targets, they will continue contributing to our scope 3 emissions reduction in the years to come in alignment with our net-zero ambition. In 2024, we deepened our collaboration with brand partners selling on our channels, further expanding the FASHION LEAP FOR CLIMATE learning platform (LEAP), which we launched in 2022 in partnership with ABOUT YOU and YOOX NET-A-PORTER. This platform provides brands with free peer-learning opportunities and step-by-step guidance to measure emissions and set ambitious reductions targets. In 2024, with our LEAP partners we:

- Tested methods, including one-on-one post-LEAP support, to better understand remaining barriers to climate targets setting and support brands to take the next steps.
- Recruited 19 additional Zalando brands to join the programme.
- Expanded the initiative across the fashion industry by onboarding new retail partners and aligning with wider industry efforts. Notably, ASOS, Selfridges Group, Boozt, and Cascale joined the initiative as partners in 2024.

This initiative is a component of our long-term value-chain decarbonisation strategy to support and incentivise our brand partners to take climate action. The engagement of our brand partners in setting and achieving meaningful emissions reduction goals will remain essential to achieving our own net-zero ambition. Through the FASHION LEAP FOR CLIMATE initiative, we are positioning ourselves as an enabler for industry-wide climate action.

4. Decarbonisation of value chain: factory improvement programme

In collaboration with the Apparel Impact Institute (Aii) and RESET Carbon, in 2024 our private labels expanded the factory improvement programme to 18 Tier 1 and Tier 2 suppliers in textile, polyurethane, leather and footwear production across China, Bangladesh, India and Turkey. This follows the successful completion of the programme's first year in 2023 by 12 suppliers. The programme focuses on developing and implementing site-specific action plans to reduce GHG emissions and water consumption, particularly in factories with wet processing plants which are both highly water and energy intensive. In addition to ensuring factories have robust environmental management systems, these plans also include measures to enhance energy efficiency, transition to cleaner fuels, increase renewable energy use and improve water recycling, thereby reducing wastewater discharge. In collaboration with Aii and RESET Carbon, we will provide further support for action plan implementation and build capacity in energy management systems. We will continue to monitor the progress of the 12 facilities' action plans from the first year and we will continue to monitor our strategic carbon emitter suppliers in alignment with our private labels' net-zero ambition.

Targets related to climate change mitigation and adaptation

1. Zalando 2025 targets

By the end of 2025, we aim to achieve our short-term SBTs — validated by the SBTi in 2020 and a core component of our previous do.MORE strategy — to reduce GHG emissions.
Our targets achievement disclosures are based on the GHG inventory disclosed in the column “2024 (GHGP scope)” in the table E1-6 GHG emissions. Our current targets are:

- We are committed to reducing scope 1 and 2 GHG emissions by 80.0% by 2025 against a 2017 base year. We are also committed to expanding annual sourcing of renewable electricity from 34.0% in 2017 to 100.0% by 2025.
- We are committed to reducing scope 3 GHG emissions from private label products by 40.0% per million euros gross profit by 2025 from a 2018 base year. We are also committed to having 90.0% of our suppliers (by emissions, including goods and services sold through our platform, packaging, and last-mile delivery partners) having set SBTs by 2025.

At the end of 2024 we are on track to achieve our scope 1 and 2 targets, having achieved an 82.0% reduction compared to 2017. Across our scope 3 targets, we have progressed significantly:

- Our scope 3 GHG emissions from private label products decreased by 48.2% per million euros gross profit from a 2018 base year, compared to 43.0% in 2023.
- 70.5% of our suppliers in scope have set SBTs, compared to 64.8% in 2023. In 2024, brand partners with set SBTs accounted for 70.0% of our brand supplier-related emissions, up from 65.2% in 2023. Packaging partners who set SBTs increased to 74.5%, up from 59.7% in 2023. Last-mile delivery partners who set SBTs increased to 76.9%, up from 59.6% in 2023.

At present, we have not established specific targets in line with the ESRS to address physical and transition risks, as our primary focus remains achieving our GHG reduction targets.

Targets and scope

	Baseline value and year	**Target value and year**	**2024 progress**
Scope 1 and 2 GHG emissions targets			
Absolute value of total GHG emissions reduction scope 1 and 2	27,413 tons CO_2eq (2017)	Reduction of 80.0% (2025)	Reduction of 82.0%
Absolute value of scope 1 GHG emissions reduction	4,687 tons CO_2eq		4,417.3 tons CO_2eq Reduction of 6.0%
Absolute value of market-based scope 2 GHG emissions reduction	22,725 tons CO_2eq		505.0 tons CO_2eq Reduction of 98.0%
Scope 3 GHG emissions targets – private labels			
Intensity value	100 tons CO_2eq/m EUR (2018)	Reduction of 40.0% CO_2eq/m EUR gross profit (2025)	Reduction of 48.2%
Scope 3 GHG emissions targets – other			
Suppliers SBTs setting (including goods and services sold through its platform, packaging, and last-mile-delivery partners)	N/A	90.0% (2025)	70.5%

We have not set or communicated any absolute scope 3 GHG emissions reduction target from private label products. However, ESRS E1-4 requires the disclosure of absolute values when reporting intensity targets. To meet the requirements of ESRS E1-4 we therefore present a baseline value of 228,161 tons CO_2eq (ca. 8.0% of total scope 3 GHG emissions) for the baseline year 2018 for absolute scope 3 GHG emissions from private label products. By 2025, we expect the absolute value to be slightly higher compared to the baseline year 2018. Nevertheless, we aim to achieve our intensity target, as indicated in the table above. By the end of 2024, the value is at 222,734 tons CO_2eq.

2. Zalando net-zero ambition

We do not currently have net-zero targets for the 2024 financial year. However, in March 2024 we communicated the ambition to achieve net-zero GHG emissions, aligned with the SBTi's definition. Long-term emissions reduction targets have been developed and submitted to the SBTi for validation. Once net-zero targets have been set (validated by the SBTi), we aim to communicate the related targets in the first half of 2025. Thereafter, these validated and externally communicated net-zero targets will replace the 2025 SBTs. Our net-zero ambition was formulated as follows: "achieving net-zero emissions by 2040 for own operations and private labels, and by 2050 for the remaining company value chain emissions (which include fashion brand partners, packaging and transportation emissions)."

Methodology used for target setting

Our short-term (2025) emissions reduction targets were developed in accordance with the SBTi target-setting framework. Our targets encompass scope 1, 2 and 3 emissions, with scope 1 and market-based scope 2 targets based on the SBTi's absolute contraction methodology. With reference to the GHGP and SBTi requirements, the targets were derived from a GHG emissions baseline inventory developed around the time of SBTs submission that follows the operational control approach ("GHGP scope"), as opposed to the financial control plus operational control approach required by ESRS E1 ("ESRS E1 scope"). Under ESRS E1-6, scope 1 and 2 GHG emissions shall first include the emissions of the consolidated accounting group of Zalando (financial control) and additionally account for the emissions of business partners over which Zalando has operational control. Operational control is defined in Annex 2 of the Delegated Act as the situation where "the undertaking has the ability to direct the operational activities and relationships of the entity, site, operation or asset". Six logistic centres — which are part of the consolidated accounting group of Zalando (i.e. scope 1 and 2 under ESRS E1-6) — are accounted for in our GHGP scope within scope 3 category 4, upstream transportation and distribution. Thus, our short-term (2025) emissions reduction targets scope 1 and 2 portion covers 89.9% (when considering location-based emissions, 42.0% when considering market-based emissions) of the financial year 2024 GHG emissions inventory ("ESRS E1 scope") disclosed under E1-6. Additionally, Zalando includes in scope 3 category 1, purchased goods and services, emissions associated with goods sold by Zalando partner business. These emissions have been integrated into our baseline GHG inventory and 2025 SBTs (i.e. included in our "GHGP scope"). In the "ESRS E1 scope" only the portions of these emissions that need to be disclosed in scope 3, categories 11 and 12, according to the ESRS E1 requirements, should be considered. Please refer to the table E1-6 GHG emissions for an overview of both GHG inventories.

The development and approval of these 2025 targets involved extensive engagement with internal stakeholders during 2019 and 2020 prior to submission to the SBTi. Both our annual GHG inventory and progress towards our public climate targets are disclosed annually, including through the Carbon Disclosure Project (CDP). To ensure our targets were representative, the baseline year of 2017 for Zalando's scope 1 and 2 2025 targets was selected based on the most recent GHG inventory available during the target-setting process, reflecting Zalando's average performance.

The methodologies and frameworks used in setting our SBTs are based on foundational inputs from the IPCC and International Energy Agency pathways for corporate decarbonisation. In the absence of sector-specific pathways, the global cross-sector pathway of the SBTi was used as a basis. Through the SBTi validation process, SBTi assessed that our scope 1 and 2 targets are aligned with 1.5°C IPCC decarbonisation pathways. The SBTi is an organisation that helps companies to set science-based climate targets. The targets of the SBTi are widely accepted and are considered to be "science-based". The methodology of the SBTi is subject to inherent uncertainties regarding the underlying scientific findings and forward-looking assumptions about the reduction of GHG emissions necessary to achieve the 1.5°C reduction pathway. Updated scientific findings on the course of climate change could lead to a change in the SBTi methodology and the assessment of whether the ambition level of the targets is sufficient to limit global warming to 1.5°C.

For the near-term 2025 targets related to scope 3 emissions, we have adopted two distinct approaches: an emissions intensity target for our private labels' emissions, and an engagement target for emissions associated with fashion brand products and packaging and last-mile transport services. While these 2025 scope 3 targets are SBTi-validated, they do not align with a 1.5°C decarbonisation pathway. Regarding our partner engagement target, to exert as much influence as possible on our scope 3 emissions, and as part of our SBTs, we focused on our biggest partners. These partners include brands, packaging suppliers and last-mile delivery partners, covering 90% of our supplier emissions. We have committed to supporting them in setting their own SBTs by the end of 2025. This is a quantitative engagement target aligned with the SBTi criteria for supplier or customer engagement targets which requires us to provide information about the percentage of emissions covered from relevant upstream and downstream categories. The target is based on conclusive scientific evidence that emissions need to be cut at a rate and pace aligned with climate science. By encouraging our partners to set their own science-based emissions reduction targets by 2025, we are aiming to contribute to climate action at scale. In 2020, when the targets were first validated and externally communicated, partners accounting for 34% of our 2020 supplier-related emissions had set SBTs. Progress is measured annually and compared to the previous year.

Our current targets include absolute, intensity and engagement targets. For our scope 1 and 2 GHG targets in particular, our main levers are renewable electricity and heating technology switches. Through these main levers we expect to reach up to 100.0% of our scope 1 and 2 targets. The majority of our scope 3 emissions are associated with the fashion and lifestyle products manufacturing stages and the raw materials used in these stages; this is applicable both to our Zalando private labels' scope 3 emissions and to our brand partners' product-related emissions. In relation to some of the current actions, and mostly in relation to our industry-wide efforts to decarbonise the value chains, the main levers and their estimated maximum emissions reduction potential is:

- Material substitution, with up to 10% reduction potential.
- Energy efficiency and renewable energy, with up to 60% reduction potential.
- Circular business models and business efficiencies, with up to 5% reduction potential.

Transition plan for climate change mitigation

We are actively developing a climate transition action plan, and we are committed to disclosing this plan within the next two years.

Energy consumption and mix

We calculate the metrics "E1-5 Energy consumption and mix" considering the total energy consumption across our own operations. This includes electricity consumption, district heat consumption and fuel consumption in logistics facilities, non-logistics facilities and vehicles. Fuel consumption includes the combustion of fuels within our own operations, comprising natural gas and burning oil for stationary heating, and petrol, diesel, compressed natural gas, liquefied petroleum gas and liquefied natural gas for vehicles. Fuel data is converted to megawatt hours (MWh) using the conversion factors published by the former UK Department for Business, Energy & Industrial Strategy (BEIS). For electricity and district heat consumption, supplier-specific data is used when available; otherwise, the Association of Issuing Bodies dataset for electricity and location-based data for district heating are used to determine the mix of fossil, renewable, and nuclear sources.

We operate entirely within a “high climate impact sector” (Statistical Classification of Economic Activities in the European Community, NACE Section G — Retail). As such, our total energy consumption is fully attributable to high climate impact activities. Similarly, since all our operations fall under this classification, our “net revenue from activities in high climate impact sectors” corresponds to Zalando’s total net revenue in the financial statements, ensuring comprehensive reporting of both energy use and revenue generation.

The same energy consumption data is also used to calculate scope 1 and 2 GHG emissions.

Energy consumption and mix

	Unit	31 Dec, 2024
Fuel consumption from coal and coal products	MWh	0.0
Fuel consumption from crude oil and petroleum products	MWh	2,802.4
Fuel consumption from natural gas	MWh	25,479.1
Fuel consumption from other fossil sources	MWh	0.0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	25,972.2
Total fossil energy consumption	MWh	54,253.7
Share of fossil sources in total energy consumption	%	30.65
Consumption from nuclear sources	MWh	0.0
Share of consumption from nuclear sources in total energy consumption	%	0.0
Fuel consumption from renewable sources, including biomass	MWh	0.0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	115,141.7
Consumption of self-generated non-fuel renewable energy	MWh	7,614.6
Total renewable energy consumption	MWh	122,756.3
Share of renewable sources in total energy consumption	%	69.3
Total energy consumption	MWh	**177,010.0**
Renewable energy production	MWh	0.0
Non-renewable energy production	MWh	0.0
Total net revenue from activities in high climate impact sectors	m EUR	10,572.5
Total energy consumption from activities in high climate impact sectors	MWh	177,010.0
Energy intensity per net revenue	MWh/m EUR	**16.7**

We do not provide comparative data for the first year of preparing the sustainability statement, except in cases where data has been disclosed in previous years and is comparable, meaning it aligns in terms of scope and methodology with the current year’s figures. Since the 2023 and 2024 energy consumption data are not directly comparable — due to the aggregation of the 2024 energy data in accordance with the applicable ESRS E1 scope — we do not disclose the 2023 energy consumption data.

Gross scopes 1, 2, 3 and total GHG emissions

There were no significant changes in the definition of what constitutes the reporting entity and its upstream and downstream value chain.

We calculate our GHG emissions following the GHGP as the accounting standard of reference. We use CO_2-equivalent emissions factors, when available, within our GHG inventory in order to account for the Kyoto Protocol GHGs. Our scope 3 emissions accounted for 99.9% and scope 1 and 2 emissions accounted for 0.1% of our total GHGs.

Scope 1 emissions are calculated as the sum of emissions from 1) mobile fuel combustion in our company vehicles, 2) stationary fuel combustion of natural gas and burning oil for heat in our fulfilment centres and office buildings, and 3) refrigerant losses in our fulfilment centres and office buildings.

For scope 2 emissions, both market-based and location-based scope 2 emissions are calculated (Zalando uses market-based scope 2 emissions in its official GHG inventory). Zalando procures most of its electricity through green tariffs contracts. Only for less than 1% of electricity consumption, the purchase of unbundled certificates is performed within two months after the reporting period ends. District heating is consumed in some office buildings, and this consumption is multiplied by district heating emission factors and supplier-specific factors where available. Location-based scope 2 emissions are calculated by multiplying electricity consumption with country-specific electricity grid emission factors and district heating consumption with district heating grid emission factors where available.

For scope 1 and scope 2 emissions, we disclose emissions for the consolidated Zalando group. We did not identify any facilities or assets under our operational control that are not already fully consolidated in our financial statements.

For scope 3 emissions, a range of methodologies, assumptions and emission factors are used to calculate the individual scope 3 categories. Less than 1% of scope 3 emissions are calculated using primary data. The most significant scope 3 category for us is category 1, purchased goods and services. The methodology used for this category is explained below in further detail. In our GHG inventory, we include the following scope 3 categories:

- Category 1 – Purchased goods and services
- Category 2 – Capital goods
- Category 3 – Fuel and energy related activities
- Category 4 – Upstream transportation and distribution
- Category 5 – Waste generated in operations
- Category 6 – Business travel
- Category 7 – Employee commuting
- Category 9 – Downstream transportation and distribution
- Category 11 – Use of sold products
- Category 12 – End-of-Life treatment of sold goods
- Category 15 – Investments

The scope 3 categories that are not relevant to us and are therefore excluded are:

- Category 8 – Upstream leased assets: Emissions from leased properties are already included under scope 1 and 2.
- Category 10 – Processing of sold products: We do not sell intermediate products for further processing.
- Category 13 – Downstream leased assets: We do not lease any assets to third parties that are not already accounted for under scope 1 and 2.
- Category 14 – Franchises: We have no franchises, making this category irrelevant to our operations.

Category 1 – Purchased goods and services: This category covers all upstream emissions from the production of products acquired and delivered to us, including raw material extraction, manufacturing and transportation up to the Tier 1 supplier. Given the scale of our operations, these emissions are the most significant scope 3 (and overall) GHG category. It also includes upstream emissions of packaging and non-product procurement. For the majority of these product emissions, emissions are calculated using physical activity data including product volumes, material types and product weights (kg), where material types are first mapped to the Higg Materials Sustainability Index (Higg MSI) material emission factors (expressed in kg/CO_2eq). Finally, product volumes are multiplied by product weights, then multiplied by the Higg MSI emission factors to arrive at total emissions. For packaging emissions, we track packaging volume and materials and apply emission factors from Defra (BEIS) by material type, and multiply by volume to calculate emissions. Finally, the emissions for non-product-related procurement are calculated using a spend-based method as follows: non-product procurement (in EUR, split by commodity group) is multiplied by environmentally extended input-output (EEIO) emission factors from the EEIO model EXIOBASE.

All values, targets and the accounting methodology described above trace back to Zalando's historical GHG inventory accounting approach for external annual reporting and progress tracking against near-term 2025 SBTs. These "GHGP scope" values can be found in the column "2024 (GHGP scope)" in the E1-6 GHG emissions table below. Column "2024 (ESRS E1 scope)" shows the values according to the ESRS E1 scope (financial plus operational control) and in line with the GHGP requirements. The values differ due to the following reasons:

- Scope 3 category 1: Partner business sold products emissions are excluded in the "ESRS E1 scope".
- Scope 3 category 11: Partner business distributed products use-phase emissions are included in the "ESRS E1 scope".
- Scope 3 category 12: Partner business distributed products end-of-life emissions are included in the "ESRS E1 scope".

For information on our "ESRS E1 scope" and "GHGP scope" in relation to our targets achievement, please refer to "Methodology used for target setting" in the section Targets related to climate change mitigation and adaptation.

E1-6 GHG emissions

	Unit	2024 (GHGP scope)	2024 (ESRS E1 scope)
Scope 1 GHG emissions			
Gross scope 1 GHG emissions	tCO_2eq	4,417.3	6,510.7
Percentage of scope 1 GHG emissions from regulated emission trading schemes	%	0.0	0.0
Scope 2 GHG emissions			
Gross location-based scope 2 GHG emissions	tCO_2eq	55,966.0	60,638.8
Gross market-based scope 2 GHG emissions	tCO_2eq	505.0	5,127.7
Scope 3 GHG emissions			
Gross scope 3 GHG emissions	tCO_2eq	4,484,812.9	3,463,574.5
Purchased goods and services	tCO_2eq	3,773,605.6	2,540,840.0
Capital goods	tCO_2eq	26,705.0	26,705.0
Fuel and energy-related activities	tCO_2eq	8,597.9	10,089.3
Upstream transportation and distribution	tCO_2eq	312,677.0	305,512.0
Waste generated in operations	tCO_2eq	768.4	768.4
Business travel	tCO_2eq	3,173.0	3,173.0
Employee commuting	tCO_2eq	7,559.0	7,559.0
Upstream leased assets	tCO_2eq	0.0	0.0
Downstream transportation and distribution	tCO_2eq	6,123.0	5,972.0
Processing of sold products	tCO_2eq	0.0	0.0
Use of sold products	tCO_2eq	285,358.7	487,127.3
End-of-life treatment of sold products	tCO_2eq	57,550.1	73,132.5
Downstream leased assets	tCO_2eq	0.0	0.0
Franchises	tCO_2eq	0.0	0.0
Investments	tCO_2eq	2,696.0	2,696.0
Total GHG emissions			
Total GHG emissions (location-based)	tCO_2eq	4,545,196.0	3,530,724.0
Total GHG emissions (market-based)	tCO_2eq	4,489,735.0	3,475,213.0

Deviating from the structure prescribed by the ESRS, the table above does not include disclosures regarding a base year or target milestones, as new long-term targets are planned to be published in 2025.

GHG emission intensities

	Unit	31 Dec, 2024
GHG emissions intensity, location-based	tCO_2eq/m EUR	334.0
GHG emissions intensity, market-based	tCO_2eq/m EUR	329.0
Net revenue (in financial statements) used to calculate GHG intensity	m EUR	10,572.5

Biogenic emissions

in tCO_2eq	31 Dec, 2024
Biogenic emissions of CO_2 from the combustion or bio-degradation of biomass not included in scope 1 GHG emissions	43.0
Biogenic emissions of CO_2 from combustion or bio-degradation of biomass not included in scope 2 GHG emissions	0.0
Biogenic emissions of CO_2 from combustion or bio-degradation of biomass that occur in value chain not included in scope 3 GHG emissions	0.0

We procure most of our electricity through green tariffs contracts that cover both our fulfilment centres and the electricity consumption of most office buildings. To cover grey electricity consumption in some locations and for our electric vehicles, we purchase an unbundled GoO for the appropriate kWh which also has information about energy-generation attributes.

Contractual instruments linked to scope 2 GHG emissions

	31 Dec, 2024
Percentage of energy consumption related to market-based scope 2 GHG emissions, linked to contractual instruments	77.4
Percentage of energy consumption related to market-based scope 2 GHG emissions, linked to bundled contractual instruments by energy generation type	76.6
Hydropower	50.0
Wind	37.2
Solar	11.3
Unspecified	1.5
Percentage of energy consumption related to market-based scope 2 GHG emissions linked to unbundled contractual instruments	0.8

GHG removals and GHG mitigation projects financed through carbon credits and Internal carbon pricing

In 2024, we neither purchased carbon credits nor initiated any carbon removal projects. Our primary focus remains on reducing our GHG footprint through energy efficiency, renewable energy adoption and material substitution.

We do not currently apply internal carbon pricing schemes.

ESRS E2 Pollution

Identification and assessment of material pollution-related IROs

We have identified five significant environmental impacts and associated human health concerns related to pollution. These impacts are as follows:

- **Water pollution**: arising from the material processing phase, particularly during dyeing, and involving the use of water and chemicals.
- **Microplastic release**: synthetic fibres contribute to the release of microplastics during washing cycles, posing risks to aquatic ecosystems and human health.
- **Air pollution**: caused by fragmented value chains that depend on long-distance transportation, leading to increased emissions.
- **Soil pollution**: resulting from the use of pesticides and fertilisers in the conventional farming of natural fibres, which contaminate both soil and water sources.
- **Chemical pollution**: processes such as bleaching, printing and finishing often involve harmful chemicals that, if not properly managed, can be released into the environment.

The material environmental impacts resulting from the DMA occur during the production and distribution stages, including raw material extraction, textile production and transportation. These stages are outside our direct operations. Within our own operations, emissions are comparatively non-significant. For example, non-carbon emissions to air of our fulfilment centres are significantly lower than the emissions generated by the manufacturing processes. Similarly, microplastics potentially generated from our operations, if present, are minimal compared to the microplastics generated during the use phase of a fashion product over its life span. We did not screen site locations for pollution-related IROs, as none of the sites under our operation and control have emission sources that require reporting according to Regulation (EC) No 166/2006 of the European Parliament and of the Council (European Pollutant Release and Transfer Register, E-PRTR Regulation). Affected communities along the value chain were not directly consulted during the DMA. For further information on stakeholder engagement in our DMA, please refer to Impacts, risks and opportunities in section 2.8.1 General information.

For these reasons, our disclosures on pollution focus on our policies and actions related to chemical management. Accordingly, we have not yet established any group-wide policies, actions or targets in relation to pollution of air, water, soil and microplastics in line with the ESRS. Reporting on pollution metrics (disclosure requirements ESRS E2-4 and E2-5) for our own operations is not included as it is considered not material to Zalando according to our DMA.

Policies related to pollution

To manage upstream and downstream impacts and comply with regulations, we have developed a chemical management system. This includes the Restricted Substances List (RSL) to determine chemical requirements and limits for harmful substances in products. For private labels, the Manufacturing Restricted Substances List (MRSL) restricts chemicals in production, aligned with Zero Discharge of Hazardous Chemicals standards. For more information on our chemical management system and the processes for remediating negative impacts, please refer to ESRS S4 Consumers and end-users: personal safety in section 2.8.3. Social information.

Actions and resources related to pollution

At Zalando, we monitor the effectiveness of our MRSL and RSL through a risk-based due diligence programme. Our Quality Assurance team conducts regular testing of products and materials throughout the production cycle, from raw materials to finished goods, utilising accredited third-party laboratories. For more information on our quality checks on products and materials, please refer to ESRS S4 Consumers and end-users - Actions related to personal safety in section 2.8.3. Social information.

Targets related to pollution

We aim to ensure alignment with the existing regulatory framework. Our pollution-related commitments focus on preventing harmful substances in products by adhering to regulatory thresholds. For more information, please refer to ESRS S4 Consumers and end-users - Targets related to personal safety in section 2.8.3. Social information.

ESRS E3 Water resources

Identification and assessment of material water-related IROs

Our business depends on continued access to water, and we are already witnessing the effects of water scarcity and water quality risks in our activities. Previously assessed climate-related risks and opportunities described in the Resilience analysis and climate scenario planning in section ESRS E1 Climate change have informed our DMA. Our climate resilience analysis contributes to identifying water-related risks linked to the increasing occurrence of extreme weather events, such as flooding or droughts, along our value chain and in our own operations. Key risks carried into our DMA include reputational risks from water consumption in our value chain, business continuity risks from water scarcity affecting raw material availability and human health impacts from reduced water security. Opportunities centre on the potential to enable collective action on water stewardship. No IROs related to marine resources were identified as our business does not rely on marine resources. We have not screened our assets and activities to identify the IROs. However, in 2024 we undertook an assessment of water risk areas related to our own operations. This assessment specifically focuses on our direct impact on water consumption in these water risk regions, with further details provided in the following section. In 2024, we conducted a water risk assessment for our private labels for major Tier 2 (wet processing) facilities, and going forward we aim to pay particular attention to our private labels' water impact, particularly in high water stress areas. Direct consultations with affected communities have not been conducted.

Policies related to water

We established our water management policy in 2024, reflecting our ambition to addressing the critical water challenges associated with our own operations and value chain. This policy sets the foundation for managing water consumption and pollution and for managing water-related risks. We are dedicated to continuously expanding and refining our water management approach in the future in alignment with industry best practices and stakeholder expectations. Water management is critical for the resilience of our business operations and value chain. The aim of our water management policy is to minimise our water consumption and water pollution, comply with regulatory requirements and ensure the responsible use of water resources across our own operations and value chain.

Our water stewardship guiding objectives and management principles are:

- **Pursuing efficient water use:** We are dedicated to measuring our water footprint and identifying opportunities to reduce water consumption — especially in areas of limited water availability and higher water stress — and enhancing water efficiency across our operations while promoting best practice for water use across our value chain. This could include adopting water-saving technologies, optimising processes to reduce water consumption and promoting responsible water use among employees.
- **Minimising water pollution:** Our aim is to identify key sources of water pollution and opportunities to minimise it, including ensuring that wastewater is treated to meet or exceed environmental standards before discharge.
- **Complying with regulations:** We will pursue compliance with water-related regulations and standards that apply to our business. This involves monitoring regulatory changes and implementing due diligence procedures, where relevant.
- **Managing water-related risks, impacts, dependencies and opportunities:** We will regularly assess water-related risks and impacts pertaining to our own operations and value chain and develop strategies to manage and mitigate material issues. This assessment may also include identifying dependencies on water resources in alignment with leading guidance and frameworks.
- **Engaging stakeholders:** We will engage with stakeholders to gain additional insight, build awareness, and collaborate on water-related initiatives to promote the minimisation of our water consumption and water pollution.
- **Enhancing product and service design:** We will continue to integrate sustainable business practices, including water efficiency and water pollution prevention, into the design and classification of our products and services. This includes identifying materials and processes which require less water and which generate minimal wastewater.

The scope of our water management policy in 2024 includes:

- Water management and the identification of opportunities for reducing water consumption in our fulfilment centres and offices;
- Minimisation of water use and improved water management, including pollution and water treatment for priority private labels' value chain partners.

Within our management board, the highest level of responsibility with respect to the oversight of environment-related topics, including water, lies with our co-CEO Robert Gentz.
The co-CEO is the highest decision-making body for water-related issues.

Our water management policy and initiatives, the 2024 water risk assessment for our own operations and the water footprint calculation align with the principles of both the Alliance for Water Stewardship Standard and the CEO Water Mandate in terms of identifying water stress and water-related risks. We plan further alignment with these and other related principles and objectives of internationally recognised standards for water management to guide our efforts in sustainable water use, pollution control, and watershed protection.

Our current focus is on understanding and assessing our impact in areas of high water consumption and stress. This will inform future policies that address high water stress areas.

Actions and resources related to water management

Our key action is the factory improvement programme — the initiative to engage factories in our private labels' value chain to address their carbon and water impacts. Participating factories develop and sign off on action plans to improve their water and energy management. For further information on the initiative please refer to Actions and resources related to climate change policies in section ESRS E1 Climate change.

Targets related to water management

We are currently in the exploratory phase and have not yet set specific water targets in line with the ESRS. We are considering water quality, quantity, and risk and stress levers.

The monitoring of water consumption will be used to track the effectiveness of our water management policy related to water quantity (for our own operations). As the policy emphasises efficient water use, tracking consumption will allow us to measure progress towards our objectives. The year 2024 will act as the baseline for future evaluations, providing a reference point for our ongoing improvement efforts.

Metrics for our water consumption

In 2024, we focused on establishing our corporate water footprint and water risk assessment, starting with our own operations water metrics calculation.

Water consumption

	Unit	31 Dec, 2024
Total water consumption	m^3	22,938.1
Share of the measure obtained from direct measurement	%	46.0
Total water consumption in areas at material water risk, including areas of high-water stress	m^3	1,901.3
Total water recycled and reused	m^3	0.0
Total water stored	m^3	19.2
Water intensity	m^3/m EUR	2.2

Our disclosed water metrics are based on the measurements of water withdrawals for our logistics and non-logistics sites in our own operations. The water withdrawal is captured either via metre readings or from invoices. In cases where actual water withdrawal data is unavailable, such as at smaller office sites, we estimate withdrawals based on comparable locations and surface area.

Water consumption: For each Zalando logistics and non-logistics site, the values for water consumption are estimated based on the measured water withdrawal data from the water supply network:

- For non-logistics facilities (e.g. office spaces, showrooms, retail spaces, etc.): Water consumption is estimated to be 10% of the water withdrawn from the water supply network. The estimation is based primarily on data from the literature and the range is adjusted to account for geography, nature of activities in these spaces — primarily non-intensive water use activities, where a high share of water withdrawn is returned to the sewer system.
- For logistics facilities (e.g. fulfilment centres): Water consumption is estimated to be 10% of the water withdrawn from the water supply network. The estimation is based primarily on data from the literature and the range is adjusted to account for geography and the nature of activities in these spaces.

Ultimately, our total water consumption is calculated as the sum of all water consumption (in m^3) at facilities in our own operations.

Total water consumption in areas at water risk: To identify areas of high water risk, we employ a composite index approach that aggregates multiple water-related risks, i.e. physical risk quantity, physical risk quality, and regulatory and reputational risks, allowing for a comprehensive risk assessment. The calculation is performed on via the World Resources Institute Aqueduct tool, which returns values for the total water risk on a scale from “0” (low risk) to “5” (extremely high risk). The assessment covered 63 logistics and non-logistics sites. Among all Zalando sites, only our fulfilment centre in Lodz, Poland is classified as in an area at high overall water risk.

Water consumption in areas at water risk is calculated as the sum of all water consumption at facilities that are located in areas of high and extremely high overall water risk (scores from 3 to 5).

Total water recycled and reused: The total water recycled and reused is the amount of water and wastewater (treated or untreated) that has been used more than once within Zalando before being discharged.

- For non-logistics facilities (e.g. office spaces, showrooms, retail spaces, etc.): No water is recycled and reused.
- For logistics facilities (e.g. fulfilment centres): No water is recycled and reused.

Total water stored: The total water stored is the amount of water that is held in water storage facilities, and is calculated as the sum of all water volumes stored at facilities in our own operations.

- For non-logistics facilities (e.g. office spaces, showrooms, retail spaces, etc.): The volume of water stored is reported equal to the storing capacity of the water tanks at each site.
- For logistics facilities (e.g. fulfilment centres): The volume of water stored is reported equal to the storing capacity of the water tanks at each site.

Change in water stored: This represents the year-on-year difference in the volume of water stored at our logistics and non-logistics facilities. Since 2024 is the first year of measurement, the first available value will be reported in the 2025 financial year.

Water intensity: The water intensity ratio is calculated by dividing the total water consumption for our own operations by the net revenue of Zalando. Our water intensity is 2.2 m^3/m EUR. This relatively low value for the water intensity metric reflects the limited water consumption in our direct operations.

Within our own operations, we do not engage in water-intensive activities as our core processes, e.g. warehousing, office and showrooms, have a relatively low water usage. We acknowledge that our more significant water impacts lie within our upstream value chain, particularly in raw material extraction, product manufacturing, and downstream activities related to product use.

ESRS E5 Resource use and circular economy

Identification and assessment of material resource use and circular economy-related IROs

To identify the environmental impact potential related to the circular economy, we conducted life cycle assessments (LCAs) in 2022 and updated them in 2024 during the DMA. They encompassed different circular business models such as pre-owned, take-back, care and repair, and reusable packaging. The LCA results highlighted that raw material extraction and processing were the most significant environmental impact areas of a product's life cycle. These outcomes informed our DMA, completed in 2024, and our new circularity policy.

Regarding the use of materials, we depend heavily on cotton, polyester and leather as key materials for the majority of products offered by our private label business and brand partners. By embedding more sustainable practices across our value chain — from product sourcing and design to logistics and recommerce — we ensure that we remain resilient in the face of emerging environmental challenges, while contributing to the creation of long-term value for our stakeholders. We have outlined the specific business units responsible for managing IROs related to our resource use and circular economy initiatives below.

The SDI team includes resources dedicated to the oversight of the comprehensive assessment of IROs related to resource use and the circular economy. This team sets our strategic direction for transitioning to a circular economy by developing strategic initiatives and partnerships that accelerate circular innovation.

Policies related to resource use and circular economy

Our circularity policy provides an overarching strategic framework for driving progress in the circular economy to manage our material IROs. The policy focuses on three foundational pillars: i) Circular products, ii) Circular business models and iii) End-of-life, broadly covering our business activities. We are committed to fostering innovation by continuing our efforts to support and scale up initiatives, building on strategic investments in textile-to-textile recyclers to date. For further information on our approach to innovation, please refer to Entity-specific information: Innovation and partnerships in section 2.8.4 Governance information.

Circularity is a complementary component of our net-zero ambition which we aim to achieve through three primary decarbonisation levers: material substitution, energy and circular business models. Circularity plays an important role, particularly in material use and circular models, advancing our progress towards our net-zero ambition. Furthermore, circularity is embedded across other dimensions of our sustainability approach, including decent work and D&I. It is a component of our strategy in both the B2C and B2B vectors. For our customers, circularity enables a better shopping experience by empowering them to buy and wear more apparel with a reduced environmental impact and feel better informed about their fashion choices. In the B2B space, circular services enhance our role as an ecosystem partner for our brands.

Our circularity policy closely considers the transition away from virgin resources, particularly within the circular products and end-of-life pillars. Increasing the use of recycled content, especially within our private labels, is a core part of our circular products pillar. We aim to scale the use of recycled content, focusing primarily on cotton, man-made cellulosics (MMCFs) and polyester. For the end-of-life pillar, we are currently exploring the landscape in detail to define the key areas in which we can support the industry.

Our circularity policy scope covers both upstream and downstream activities, engaging a range of cross-functional internal as well as external stakeholders, including brand partners, suppliers and third parties. Dedicated resources within our SDI team are responsible for the design and content of the policy. The VP SDI is accountable for its effective implementation across the business.

Our circularity policy was closely developed in collaboration with key external partners, notably the Ellen MacArthur Foundation (EMF). As a partner of the EMF, we align our circularity strategy with its guiding principles. In addition to collaborating with external partners, our circularity policy was developed through active engagement with cross-functional teams across Zalando. This approach has ensured alignment on key areas of overlap and clearly defined roles between the SDI team and embedded teams within the various business models.

In line with the direction set by the circularity policy, we have applied a set of minimum sustainability and circularity product requirements through the implementation of the sustainable sourcing policy. The policy informs and guides our private labels, suppliers, agents and trading companies (i.e. business partners) on minimum environmental and ethical practices to ensure that the products we procure and sell meet sustainability-related regulatory requirements and our own requirements.

The policy aims to support the transition to a fair, sustainable and circular economy and defines a level of ambition brands should strive for, along with industry initiatives that could support their sustainability journey.

We require all partners to comply with certain minimum requirements at the product level that go beyond legal requirements. If there is doubt that these requirements are being met, we can request supporting evidence to ensure that the minimum requirements at the product level are being fulfilled. Products found to be non-compliant with the policy's minimum requirements are off-boarded from the platform where necessary.

In addition to the circularity and sustainable sourcing policies, Zalando's logistic sites in our operating countries are responsible for implementing a waste management approach and, where applicable, coordinate this with logistic partners.

Actions and resources related to resource use and circular economy

Single-use plastic reduction

As part of our previous sustainability strategy, do.MORE, significant efforts were made to reduce the amount of single-use plastic packaging. Key initiatives included introducing paper-based alternatives in 2021 and transitioning from plastic mailing bags to paper shipping bags.

The implementation of paper shipping bags began in January 2021, with the goal of replacing plastic shipping bags across the network. By the end of 2022, we had partially rolled out paper alternatives, increasing the paper bag share to 76.2%.[58] Additionally, in October 2022, we eliminated the use of void fill from the shipments going out from our fulfilment centres, excluding Lounge by Zalando. Before, boxes were filled with void fill (plastic matter) to transport the products in a stable and protected manner.

In May 2023, we launched a new shipping bag specification and tender, which redesigned our entire packaging portfolio. This included the development of a comprehensive specification document that aimed to achieve a full rollout of paper shipping bags while eliminating plastic shipping bags. The transition was completed in March 2024, and the initiative has contributed to the significant reduction of single-use plastics across our portfolio.

Contract adjustments

In all contractual negotiations with our packaging suppliers, we have established the following mandatory actions:

- **LCA:** Suppliers are required to support the execution of an LCA of the product(s) in accordance with the European Product Environmental Footprint methodology, in cooperation with us.
- **Forest Stewardship Council (FSC) certification:** Suppliers must provide documented proof of FSC certification for any virgin forest fibres (100.0% or mixed). This proof must include the FSC Chain of Custody certification code and FSC licence code.
- **Mechanical recyclability documentation:** Upon written request, suppliers shall provide documentation on mechanical recyclability of products (e.g. ISO 14021 certification as proof of self-declared "recyclable" claim).

These stringent requirements have been introduced to new and renewed contracts with packaging suppliers, starting in 2024. By integrating these sustainability requirements into our contractual agreements, we aim to gain comprehensive insights into the environmental impacts of each of our packaging products, facilitating informed decision-making and identifying areas for improvement. We also aim to ensure that the materials used in packaging

[58] Unaudited. Highsnobiety entities were excluded due to immateriality.

come from responsibly managed forests, supporting our circularity policy by reducing waste and enhancing material reuse.

Reusable intralogistics boxes

We have implemented a reusable system for intralogistics boxes, specifically for medium and large cardboard boxes, which serve as tertiary packaging to move items between all our logistics sites including fulfilment centres for Lounge by Zalando and return centres.

Launched in 2022, this process was applied to our medium-sized boxes, covering some fulfilment centres for Lounge by Zalando and return centres, avoiding the use of 980 metric tons of new boxes in that year. In 2023, by expanding the use of reusable cardboard boxes to more fulfilment and return centres, we avoided the use of 3,000 metric tons of packaging material.[59] In 2024, we continued the expansion of reusable cardboard boxes to additional fulfilment and return centres across our network, resulting in 1,614 metric tons of packaging avoided. This expansion included standardising operational processes and reallocating reused boxes. We also initiated the development of a reusable concept for our large intralogistics boxes.

The project aims for continuous expansion until a fully closed-loop system for all intralogistics boxes has been achieved. The full implementation is expected to be completed by 2025 in 14 fulfilment and return centres, with plans for future expansion.

Recommerce

In recommerce, we offer customers the opportunity to extend the life of fashion items through Trade-in and Pre-owned.

We launched our Trade-in service in September 2020. Using Trade-in today, customers in five markets (AT, DE, DK, NL, SE) can sell back items previously purchased on Zalando across women, men and unisex in textile, sports, footwear and bags. All items sent in by customers are individually assessed by an expert team in our logistics centre to ensure authenticity and sufficient item quality for resale. A payout is awarded for each item which passes our quality check, either in the form of a Zalando gift card, which may be redeemed on all items in our app and web store (including Pre-owned), or in the form of an equivalent-value donation to a charitable cause (Red Cross, humedica, WeForest), with customers offered a choice between the two options.

Through Pre-owned, also launched in September 2020 on Zalando and now live in 13 markets as an ongoing initiative, we offer those items sold back to us through Trade-in in a dedicated catalogue, enabling second hand shopping on Zalando. Orders are fulfilled from a Zalando logistics outbound centre, combining new and second hand items in one box where possible.

We track progress via the number of markets in which recommerce is live. Market scope is differentiated by (i) the number of markets in which customers can sell back to us (Trade-in, in 2024 live in AT, DE, DK, NL, SE) and (ii) the number of markets, in which customers can purchase second hand clothing (Pre-owned, in 2024 live in 13 markets: AT, BE, CZ, DE, DK,

[59] Unaudited. Highsnobiety entities were excluded due to immateriality.

ES, FI, FR, IE, IT, NL, PL, SE). In addition, we enable customers to shop pre-owned assortment in selected Zalando outlet locations. In 2024, 11 locations carried a dedicated Pre-owned space, offering women and men pre-owned clothing (Dresden, Düsseldorf, Frankfurt, Hamburg, Hannover, Cologne, Leipzig, Mannheim, Münster, Stuttgart, Ulm). To further enhance the customers experience, we are in the process of building an improved long-term concept, which more deeply integrates our Pre-owned offer within our physical stores, with the aim to better satisfy the demand for pre-owned clothing across relevant Zalando outlet locations.

Preferred materials for private labels

In 2024, the private labels business unit defined a set of preferred materials, which include organic, recycled or regenerative materials, and responsibly sourced materials, including trademarked MMCFs and Leather Working Group-certified leather. The private labels' preferred materials initiative is set until 2033. Key actions in 2024 to increase the adoption of preferred materials for private label products included:

- Increased use of organic and regenerative materials for products made of cotton
- Increased use of recycled materials for products made of polyester and cotton
- Increased use of responsibly sourced materials in our products, including Leather Working Group-certified leather, FSC-certified or Programme for the Endorsement of Forest Certification (PEFC) MMCF materials, and animal fibres certified by the Responsible Wool Standard or Responsible Mohair Standard. Additionally, we are incorporating materials produced using lower environmental impact and processing techniques.

Information on the targets for the materials used for private labels is described in the section below.

Targets related to resource use and circular economy

In 2024, we evaluated the material choices for our private labels using tools such as LCA and the net-zero reduction model to identify the most impactful raw materials. The assessment identified cotton and polyester as the most impactful materials in terms of both environmental impact and having the biggest volume share of the private labels' material portfolio. Therefore, we prioritised setting targets for cotton and polyester for our private label business, as well as packaging paper, focusing on the resource inflows associated with these materials. At present, we have not adopted specific targets for resource outflows and waste in line with the ESRS.

Private labels target: Following LCA findings and our circular economy and sustainable sourcing policies to reduce reliance on virgin materials, we have committed to fully phase out virgin polyester and conventional cotton for our private labels by 2033 (0 tons) compared to a 2024 baseline of 1,429 tons. We will source preferred material options, including recycled for polyester and organic, regenerative and recycled for cotton, among others.

The target applies to the total weight of polyester and cotton used across all private label products. The target will enable us to achieve impact at scale and aligns with the broader climate and resource efficiency goals and our net-zero ambition. Focusing on these materials enables us to drive direct positive impact through our private labels, while the findings from the LCA provide scientific evidence that guided our target-setting process.

The Private Label team developed the targets in consultation with the private labels' Commercial teams, as well as the SDI team. The targets have been approved by the VP Private Label and Product Supply.

Packaging target: We aim to source 100.0% recycled or FSC-certified paper packaging on an annual basis.

We have committed to sourcing 100.0% of our packaging from recycled or sustainable sources (FSC or Blauer Engel certified sources), aligned with our circular economy and sustainable sourcing policy objectives of transitioning away from virgin resources. This target covers all packaging procured by us for final products, measured by total weight. The scope includes both our own operations and upstream sourcing, with a global reach. The target has an annual timeframe for completion, meaning that the baseline year coincides with the target year (2024). The target will be reviewed annually, taking into account changes in active suppliers and the products procured each year.

We base our calculations on the specifications of the primary material, which accounts for more than 95% of the product's total weight. If the primary material is FSC-certified, we consider the entire weight of that material to be sustainably sourced. For recycled content, only the percentage of recycled material within the primary component is counted as sustainably sourced. We base this target on scientific evidence, using LCAs to quantify packaging impact in supplier contracts. Packaging weight is tracked via our SAP system, and FSC certificates are provided at a supplier level. By 2024, 89.0% of our packaging came from sustainable sources or from recycled content, we will work together with our suppliers to collect the proper documentation that validates the sourcing of the rest of the materials.

To set our packaging target, we engage with key internal and external stakeholders, including senior management, suppliers and environmental organisations, to align with industry best practices. As part of the Canopy Pack4Good initiative, we collaborated with Canopy to adopt sustainable sourcing goals, resulting in our target to use 100.0% recycled or FSC-certified paper packaging.

Resource inflows

At Zalando, resource inflows include all products and materials that enter our facilities, including packaging. This encompasses items from various businesses: Our B2C segment, Fashion (including retail and partner business), as well as all product categories such as private labels, Lounge by Zalando, Zalando Outlets and recommerce, in addition to our B2B segment with ZEOS Fulfilment (including ZFS and our multi-channel fulfilment offering). Whilst packaging within recommerce is included in the scope of resource inflow calculations, the data related to recommerce products is excluded from the calculations as this information has already been accounted for during the product's first life cycle.

All product categories, such as fashion, footwear, accessories and electronics, are reported in aggregate form. The resource inflow metrics refer to all products and materials used for the production of products and packaging. The reported data reflects the materials in their original state, including product and packaging weight and material composition, as they enter our facilities. The resource inflow metrics were calculated using all available article and packaging data, including weight, material composition and sustainably sourced and recycled materials data. This includes materials adhering to third-party certifications or licensed or trademarked standards, such as the Global Recycle Standard and the Global Organic Textile Standard. Packaging material is considered sustainably sourced if it meets one of the following conditions: i) the supplier provides material that is specifically FSC-certified; ii) the supplier holds an FSC certificate for their company and Zalando includes a contractual requirement that all materials delivered must be FSC-certified; or iii) the packaging is labelled as FSC MIX or FSC RECYCLED, confirming compliance with FSC sustainability standards. Sustainably sourced and recycled material data undergo automated validation processes to ensure accuracy and applicability. Additionally, a binary classification system is applied to distinguish between technical and biological materials. Data duplication is prevented via various mechanisms including (i) building distinct article provision into the calculation methodology (ii) ensuring comparability of data across metrics, (iii) comparing of aggregate data results with GHG accounting results and (iv) testing results for duplication prior to calculation.

As a multi-brand retail platform Zalando's ability to acquire product sustainability-related data is partly limited. We know that many of our business partners struggle to significantly increase the use of sustainably sourced materials in their own assortments, due to technological challenges in innovation and price premiums for many of these materials, and customers' willingness to pay more for sustainable products. Even when our partners have successfully integrated these materials into their assortments, the lack of unified data standards, evolving regulatory requirements and difficulty in data sharing processes presents an added challenge to share this information upstream with a multi-brand retailer like Zalando.

We anticipate that the use of such materials throughout the fashion sector will organically increase in coming years, as regulatory eco-design and reporting requirements continue to expand in Europe. However, we aim to continue enabling and encouraging business partners on our platform to adopt sustainably-sourced, recycled materials and design strategies that support the circular economy, through our sustainable sourcing policy and our voluntary sustainability-related claim framework.

Resource inflows

	2024
Overall total weight of technical and biological materials used during the reporting period (in tons)	200,893.4
Overall total weight of products and technical materials	102,550.0
Overall total weight of products and biological materials	98,343.3
Percentage of biological materials that is sustainably sourced	26.0
Products	3.8
Packaging	85.9
The absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking’s products and services (in tons)	31,334.3
Products	4,901.0
Packaging	26,433.3
Percentage of secondary reused or recycled components, secondary intermediary products and packaging and secondary materials	15.6
Products	3.3
Packaging	48.5

Resource outflows

Durability: After conducting an in-depth market analysis and a durability maturity assessment, we found that no established methodology or industry-wide averages exist for our product categories to make comparisons. Therefore, durability is excluded from the 2024 sustainability statement. Further analysis will be conducted to incorporate any future sector-specific requirements for reporting. We recognise why such a metric is useful for the industry and especially for customers, but this sector already faces a proliferation of tools and methodologies at a time when standardisation is required. Therefore, we are dedicated to work on an industry wide solution.

Repairability: Currently, there is no established rating system to evaluate the repairability of fashion products, resulting in an inconsistent approach for assessing the feasibility and ease of repair of garments and accessories. We are actively monitoring upcoming regulatory changes, including the Right to Repair Directive (EU) 2024/1799, which will take effect in 2026. The regulation is expected to influence how repairability is addressed, although it will still vary based on the specific damage and product involved. We expect the sector-specific ESRS being developed by the European Financial Reporting Advisory Group to provide guidance on how to evaluate the repairability of fashion products.

We have developed our first repairability guidelines for our private labels, with a focus on promoting design elements and techniques, which support product repairability, including:

- Facilitation of future repairs and alterations, such as wider seam allowances and easy replacement of components such as zips with readily available substitutes.
- Increasing modularity, allowing worn-out parts such as collars and belts to be replaced.
- Enabling adjustments in style, function and size through features such as drawstrings, adjustable side seams and hems, and additional buttons or elastics.

Recyclable content in products: Current reporting guidelines do not yet define how to assess the recyclable content of fashion products. After thoroughly analysing existing industry standards and regulations related to recyclability and metric methodologies, we explored the possibility of establishing an internal metric for product recyclability. However, we concluded that the available definitions and methodologies do not meet the qualitative characteristics (QC) of information required by ESRS 1. Specifically, we are unable to ensure faithful representation (QC5-QC9) or provide comparable data over time (QC10-QC12). CSRD aims to standardise sustainability reporting across companies, with sector-specific standards expected to result in reliable and comparable information. In line with this objective, we have excluded the recyclability of products from the sustainability statement, as we believe current methodologies would not deliver the level of transparency and consistency required.

Recyclable content in product packaging: Our current methodology considers product packaging recyclable if the material making up 95–100% of the product packaging meets specific criteria for recycling processes. According to the minimum standard defined by the Central Agency Packaging Register [Zentrale Stelle Verpackungsregister], “mechanically recyclable” means that the packaging can be sorted and processed using available industrial recycling technologies to produce high-quality recyclates. This involves assessing the material composition of the packaging, the presence of appropriate sorting and recycling infrastructure, and ensuring the packaging can substitute virgin material in typical applications after recycling. We consider a material as recyclable when we have self declarations from suppliers or when the specifications of the material indicate that it is paper, paperboard or cardboard, and aligns with the definition of “fibrous material” in the standard mentioned above.

The rate of recyclable content in products packaging in 2024 is 95.9%.

Waste

In the fashion e-commerce sector, waste generation primarily comes from two sources: packaging and textile waste. At Zalando, we are committed to reducing our environmental impact by addressing both of these areas:

- **Packaging:** The majority of our waste (92%) is packaging-related, driven by customers returns, as well as internal logistics processes. Our approach focuses on reducing excess packaging through optimised design, and reusing boxes within intralogistics operations, thus minimising the need for new packaging materials. Our packaging generated waste consists of paper and cardboard (83.7% of our total generated waste), plastic (1.5%), wooden (3.5%) and mixed packaging (3.0%).
- **Textiles:** Our multi-channel sales strategy contributes positively to waste minimisation by optimising inventory management. Unsold inventory is offloaded across various platforms, including Lounge by Zalando and outlet stores. In addition, we take the opportunity to donate remaining stock to organisations such as humedica or sell it to retail partners, ensuring no goods are destroyed except for health, hygiene or safety reasons. In order to fully comply with our duty of care, we only work with selected aid organisations and retail partners whose headquarters are located within the EU and who are therefore also bound by applicable laws. As a result of the above, textile waste accounts only for 0.26% of our total generated waste.

96.6% of our total generated waste is recycled, while only 3.1% is incinerated and just 0.3% is disposed by landfilling.

Waste categorisation and data collection: Our waste is categorised as either hazardous or non-hazardous, with key examples of each as follows:

- Non-hazardous waste (99.8% of total waste generated) includes paper, cardboard, metals, plastic packaging, biodegradable kitchen waste, and non-dangerous electronic waste.
- Hazardous waste (0.2% of total waste generated) includes certain beauty products, dangerous e-waste, and packaging materials containing chemicals.

Waste data is collected at the site level, where waste quantities and treatment routes are documented by our waste service providers. Precise weighing ensures accuracy, and any missing data is estimated based on averages from similar sites or previous time periods.

We do not provide comparative data for the first year of preparing the sustainability statement, except in cases where data has been disclosed in previous years and is comparable, meaning it aligns in terms of scope and methodology with the current year's figures. Since the 2023 and 2024 waste data are not directly comparable — due to the aggregation of the 2024 waste data in accordance with the applicable ESRS scope — we do not disclose the 2023 waste data.

Extended producer responsibility (EPR): As part of our commitment to responsible waste management, we participate in EPR programmes. We work with multiple producer responsibility organisations (PROs) across our markets to ensure responsible collection, recycling, and disposal of products and packaging. This collaboration ensures compliance with EPR regulations and supports recycling infrastructure. To meet our EPR obligations, we submit detailed reports to authorities and PROs, enhancing transparency in our waste management processes. Additionally, we contribute financially through EPR fees, helping to support efficient product disposal and recycling.

Resource outflows – Waste

	2024
Total Waste generated (in tons)	33,340.1
Total hazardous waste generated	79.0
Total non-hazardous waste generated	33,261.1
Non-hazardous waste diverted from disposal (in tons)	32,142.9
Non-hazardous waste diverted from disposal due to preparation for reuse	174.4
Non-hazardous waste diverted from disposal due to recycling	31,007.9
Non-hazardous waste diverted from disposal due to other recovery operations	960.7
Non-hazardous waste directed to disposal (in tons)	1,118.2
Non-hazardous waste directed to disposal by incineration	1,011.8
Non-hazardous waste directed to disposal by landfilling	105.5
Non-hazardous waste directed to disposal by other disposal operations	0.9
Non-recycled waste (in tons)	1,143.5
Percentage of non-recycled waste	3.4

2.8.3 Social information

ESRS S1 Own workforce

Material IROs and their interaction with strategy and business model and Interests and views of stakeholders

Our workforce encompasses a diverse array of job families and capabilities and comprises employees in overhead functions, such as finance, human resources, IT, marketing (overhead employees), non-overhead employees working in our logistic centres, outlet stores or customers care centres, and non-employees (individuals working at third-party contractors) who are materially impacted by our own operations. Their interests, views and rights actively inform our strategy and business model. The majority of our employees are based in Germany, meaning that policies must primarily conform to German legislation. Nonetheless, we diligently ensure adherence to legal requirements in other jurisdictions where we operate, including other EU member states (e.g. Finland, Sweden, Ireland) and third countries. While most of our operations are centred in the EU, a modest proportion of employees are situated in the USA (Highsnobiety) and China (private labels and tech hub), requiring compliance with the diverse legal frameworks across these regions.

In this section, we cover the following sub-topics:

- Freedom of association, collective bargaining and collective agreements, works councils, consultation and participation rights of workers
- Secure employment
- Social protection
- Work-life balance, working time
- Health and safety
- Gender equality and equal pay for work of equal value
- Adequate wages
- Employment and inclusion of persons with disabilities
- Diversity, elimination of discrimination
- Training and skills development
- Prevention of child labour and forced labour

The actual and potential material impacts on our own workforce identified in our DMA are described in Impacts, risks and opportunities of section 2.8.1 General information. When determining our IROs, we included all individuals within our own workforce who could be materially impacted by our business activities in the scope of our disclosures, covering our own operations. Disclosures on non-employees will be reported in our next sustainability statement for the financial year 2025.

Our DMA identified key areas where our operations could have significant negative impacts. These encompass fair labour standards (wages, working time, job security), workplace safety and well-being, social benefits, inclusive approaches (regarding diversity, non-discrimination, disability inclusion), gender equality, and employee satisfaction.

To address these potential negative impacts, we have implemented comprehensive processes, policies and targets to mitigate risks and promote positive outcomes. We identified material positive impacts on our workforce in the area of training and skills development.

The following risks and opportunities stem from impacts and dependencies on our workforce: risks related to violence and harassment within the organisation, risks related to workers' rights (including collective bargaining), the risk of insufficient work-life balance, the risks of lack of D&I within the organisation and in hiring and support structures, which could lead to legal and reputational liabilities as well as insufficient prevention measures, especially for employees in fulfilment centres, e.g. the qualification and training of employees. Please also refer to Impacts, risks and opportunities in section 2.8.1 General information for a comprehensive list.

We aim to adhere strictly to laws and regulations pertaining to human rights, as well as the prohibition of forced and child labour. We have not identified any risks related to human rights violations. This matter is treated with the utmost seriousness, and we are committed to ensuring that no violations of human rights occur within our workforce.

There are no indications of significant effects on our employees resulting from our planned transition actions aimed at mitigating environmental impacts and achieving eco-friendly and climate-neutral operations. We are currently actively developing a climate transition action plan and are committed to disclosing and implementing it within the next two years.

All metrics for our employees are reported in terms of headcount (individuals who are in an employment relationship with Zalando according to national law or practice) at the end of the financial year, i.e. 31 December 2024, unless otherwise stated. The prior-year data for 2023 presented in this section is unaudited. Part-time work is expressed as a percentage of weekly working hours. Therefore, if required for metrics, part-time work is expressed as the fraction of the full-time equivalent. For example, a part-time position with 50% of the weekly working hours corresponds to a full-time equivalent (FTE) of 0.5. For related information, please refer to 3.5.7 (10.) Personnel expenses in the notes of our consolidated financial statements.

The tables below detail our total employee numbers categorised by gender, contract type and age group.

Total number of employees by gender and by contract type

	Female		Male		Others		Not reported		Total number of employees	
Contract type	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023
Permanent	6,440	6,373	7,367	7,335	9	10	4	1	13,820	13,719
Temporary	1,060	886	917	774	4	2	4	1	1,985	1,663
Non-guaranteed hours	0	0	0	0	0	0	0	0	0	0
Full-time	5,715	5,536	7,139	7,016	10	12	6	2	12,870	12,566
Part-time	1,785	1,723	1,145	1,093	3	0	2	0	2,935	2,816
Total	7,500	7,259	8,284	8,109	13	12	8	2	15,805	15,382

Employees distribution by age groups

Category	under 30 years old		30 to 50 years old		over 50 years old	
Year	Number	%	Number	%	Number	%
31 Dec, 2024	2,705	17.1	10,879	68.8	2,221	14.1
31 Dec, 2023	2,830	18.4	10,385	67.5	2,167	14.1

The following table shows an overview of the distribution of our employees in countries where we have more than 50 employees, broken down by contract type. The definitions of permanent, temporary, non-guaranteed hours, and full-time and part-time employees differ between countries. Country-level data is calculated using the definitions as per the national laws of the countries where the employees are based. Employees with non-guaranteed hours are employed without a guarantee of a minimum or fixed number of working hours. FTEs comprise all full-time positions at Zalando, and part-time positions are any contracts with weekly working hours less than the country full-time definition, e.g. Germany 40 hours, France 35 hours, Finland 37.5 hours and Switzerland 42 hours.

Employees categorised by contract type and region

Contract type	Permanent		Temporary		Non-guaranteed hours		Full-time		Part-time	
Region	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023
Germany	13,020	12,982	1,957	1,639	0	0	12,121	11,888	2,856	2,733
Finland	147	136	0	0	0	0	145	134	2	2
Ireland	101	98	1	1	0	0	100	98	2	1
Italy	67	64	1	0	0	0	10	6	58	58
Poland	178	167	5	13	0	0	183	180	0	0
Sweden	52	36	0	0	0	0	52	36	0	0
United Kingdom	107	93	3	2	0	0	109	94	1	1
United States	48	59	5	0	0	0	53	59	0	0
Total headcount	13,820	13,719	1,985	1,663	0	0	12,870	12,566	2,935	2,816

The following table presents an overview of the gender distribution in number and percentage across our top five leadership levels. We excluded the Highsnobiety entities as their inclusion has no visible effect on the gender distribution of the groups.

Gender distribution at top leadership level

	Female				Male				Others				Not reported			
Category	Number		%		Number		%		Number		%		Number		%	
	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	Dec 31, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023
MB	2	2	40.0	40.0	3	3	60.0	60.0	0	0	0.0	0.0	0	0	0.0	0.0
SVP	5	4	45.5	36.4	6	7	54.5	63.6	0	0	0.0	0.0	0	0	0.0	0.0
VP	14	16	32.6	40.0	29	24	67.4	60.0	0	0	0.0	0.0	0	0	0.0	0.0
Director	38	39	33.3	33.9	76	76	66.7	66.1	0	0	0.0	0.0	0	0	0.0	0.0
Head	174	145	38.0	35.6	284	262	62.0	64.4	0	0	0.0	0.0	0	0	0.0	0.0
Total	233	206	36.9	35.6	398	372	63.1	64.4	0	0	0.0	0.0	0	0	0.0	0.0

A total of 2,374 of our employees departed Zalando during the reporting period. The employee turnover rate for the reporting period was 14.7% (prior year: 22.2 %). This metric is calculated as the sum of all categories of attrition including voluntary and involuntary departures.

There are fluctuations in our employees due to seasonality and demand, especially in Q4, where, during Cyber Week and Christmas, demand is higher, requiring e.g. more logistic centre employees which impacts non-overheard roles. Our overhead employees remain stable, with annual investments in capabilities for our strategic priorities and normal attrition/hiring processes.

Policies and practices related to own workforce

Regarding the integration of the following policies into our operational activities in accordance with our strategy and commitment to our employees, final accountability lies with our CPO. Our internal Zalando employee portal provides employees with a comprehensive repository of all our policies.

Freedom of association: At Zalando, we are committed to upholding the rights of our employees to freely associate, establish works councils and join unions in compliance with the legal frameworks applicable in each of our operating countries across Europe. As a European company with the majority of our employees based in Germany, we recognise the diversity of labour practices across the EU and ensure that our policies align with both national and EU-wide standards on workers' rights.

In Germany, the right to freedom of association is enshrined in the German Constitution [Grundgesetz] under Article 9. Furthermore, representation through works councils is highly regulated by the German Works Constitution Act [Betriebsverfassungsgesetz]. These legal foundations ensure that our employees have the right and the means to organise and represent themselves, and participate in decision-making processes within Zalando.

The voluntary **Zalando Employee Participation (ZEP)** programme provides an additional platform for those employees not represented by a works council, enabling them to engage directly with management and contribute to company decisions. The Strategic Employee Relations team transparently supports employees who wish to establish an informal ZEP, a works council, or who have questions regarding unions and their rights. They work closely with the employees on a daily basis, ensuring that employee participation and co-determination are central to our operations. We have defined own regulations and these have been agreed to by the management board.

We are supported by 10 works councils across various locations in Germany. These works councils, which are created, elected and composed of by our employees, play a critical role in our decision-making processes, particularly on matters that directly impact employees, thus enabling employee participation and co-determination to remain central to our operations.

On a group-wide level, and particularly for cross-border matters, employee representation is further strengthened through our European Works Council (EWC, formerly International Employee Board), which operates under the Act on the Participation of Employees in a European Company [SE-Beteiligungsgesetz, SEBG]. This body ensures that employee perspectives from all our operating countries are considered in our European and global strategies. Furthermore, the employee representatives ensure employee participation at the supervisory board level.

In the following table, we present the percentage of total employees covered by collective bargaining agreements. Where there are one or more collective bargaining agreements in the European Economic Area (EEA), we present the overall percentage of employees covered by such agreement(s) for each country in which there is significant employment (defined as at least 50 employees by head-count representing at least 10% of the total number), and the coverage in non-EEA of collective bargaining agreements. Additionally, we present the global percentage of employees covered by workers' representatives at the country level for each EEA country in which we have significant employment.

Collective bargaining agreements

Coverage rate	Collective bargaining agreements by country	Collective bargaining agreements in the EAA by country	Collective bargaining agreements outside the EEA by country	Workplace representation in countries within EEA
0–19%	Germany	Germany	–	–
20–39%	–	–	–	–
40–59%	–	–	–	–
60–79%	–	–	–	–
80–100%	–	–	–	Germany

Less than 1% of our employees are covered by collective bargaining agreements.

Secure employment: We aim to fully comply with the local legislation relevant to secure employment in the countries in which we operate. We take two approaches to ensuring secure employment, differentiating between overhead functions (embodied by approximately half of our employees) and non-overhead functions (primarily logistics and customer-facing functions embodied by the remaining employees). In general, for overhead employees, we offer an unlimited contract with six months' probation for both parties (employee and Zalando) to reach a long-term commitment agreement. In limited cases and certain instances, such as parental coverage and/or workload peaks, contracts are limited in time.

For non-overhead customer care positions, employees initially begin on a temporary contract directly with Zalando, which can then be extended to a permanent contract after a successful one-year term.

In our logistics centres and outlets, employees typically start on a temporary contract through an external agency for approximately six months. Following a positive performance evaluation and suitable business conditions, employees may transition to a direct, limited-term contract with Zalando. After completing four limited contracts or working for two years, employees in these roles become eligible for a permanent contract.

Social protection: In accordance with German law, all our employees based in Germany working a five-day week are entitled to a minimum of 20 vacation days annually. However, we go beyond this legal requirement, offering employees 27 to 30 vacation days, depending on their role and tenure within Zalando. For employees based outside of Germany, we ensure full compliance with the respective local labour laws, offering vacation days and social benefits that align with or exceed national requirements. In addition, Zalando employees are entitled to special leave in the event of major life events (such as the death of a close relative, relocation, marriage or becoming a parent), as well as special leave or time off for caretaking needs of relatives.

Our employees are covered by comprehensive social protection aligned with local labour laws, which requires that both employees and employers contribute to public funds for unemployment insurance, sickness benefits, work injury compensation, disability support, parental leave and retirement.

Work-life balance: To facilitate a smooth return to work, we offer job security, childcare support and return-to-work programmes. Berlin-based employees have access to approximately 100 kindergarten places through partnerships with daycare providers and our on-campus daycare centre. Additionally, all our employees have access to the work-life balance service provided by the Fürstenberg Institute, offering up to five days of emergency childcare annually. This support proves invaluable in situations like the recent kindergarten strike in Berlin, ensuring employees can manage unforeseen challenges while maintaining a work-life balance.

The percentage of employees entitled to take family-related leave is 100.0 %. Furthermore, the following table shows the percentage of employees that took family-related leave by gender.

Familiy-related leaves

in %	2024	2023
Female	18.7	19.0
Male	11.5	11.4
Others	6.7	17.9
Not reported	0.0	0.0
Total	14.9	15.0

Our approach to work-life balance is similar to the secure employment approach, differentiating between overhead and non-overhead functions. Our policies for overhead employees in this area are shaped by a commitment to fostering a culture of trust and flexibility. This approach empowers employees to take ownership of their tasks, responsibilities and working hours, promoting greater autonomy with the goal of improving both job satisfaction and productivity. Simultaneously, we strictly adhere to legal working hour regulations (such as the Hours of Work Act [Arbeitszeitgesetz, ArbZG]) ensuring that all employees work within the statutory limits. Our non-overhead employees in logistic centres, outlet stores and customer care have flexible shift patterns that accommodate diverse needs. In our logistic centres, teams work across early, late and night shifts, with schedules normally provided several weeks in advance to allow for adequate rest. We offer parental shifts and flexible arrangements to support the work-life balance.

We maintain strict guidelines for special working-time requirements, such as on-call duties and weekend work. These regulations, subject to approval by works councils and local authorities, prioritise employee well-being and prevent overtime. We offer specific compensation for on-call duties, ensuring fair treatment for employees. Our annual assessment and improvement of Cyber Week planning demonstrates our commitment to balancing employee needs with business demands.

Mobile work agreement: In 2022, we introduced a mobile work agreement allowing overhead employees to work remotely for up to 60% of their time, depending on their role and internal team guidelines. This agreement was developed collaboratively between the works councils, Strategic Employee Relations team, and the P&O Executive Leadership team. Additionally, employees with disabilities are offered enhanced flexibility, with the option to work from home up to five days per week, depending on the nature of their role.

Health and safety: The health and safety of employees is critical to our success, and we are committed to providing safe and healthy work environments in every possible instance, recognising our special responsibility to ensure these qualities in our own logistic centres as highlighted by the results of our DMA.

The health, safety, security and environment policy applicable to our Zalando logistics premises, complies with the requirements of the EU Directive (89/391/EEC), the International Organization for Standardization and the Transported Asset Protection Association, and sets out a general approach to health and safety, security and environment in order to protect people, suppliers and business partners as well as to prevent accidents to the same. The policy was authorised by the Director of Warehouse Operation and Director of Logistics Warehouses with consultation from the Legal, Compliance and Governance and Risk teams. The policy is made available to all employees during their onboarding sessions and an annual training on health and safety is provided.

The following table presents the health and safety management system information for our employees. For the metric of rate of recordable workplace accidents, we are using an estimate (38h weekly worked hours) for our Highsnobiety entities.

Health and safety management for employees

Category	2024
Coverage percentage	
Health and safety coverage (in %)	100.0
Work-related fatalities	
Number of fatalities from work-related injuries and illnesses (employees and non-employees)	0
Recordable workplace accidents	
Number of recordable workplace accidents	984
Rate of recordable workplace accidents (per 1m worked hours)	43.5

Gender equality & equal pay: To comply with German pay transparency laws which require employers to provide information about the median compensation of colleagues in comparable roles of the opposite gender, we have implemented a process allowing employees to request such data. Where required, employees can also consult our works council members, who can provide employees with the relevant information.

The following table shows the gender pay gap with a breakdown by overhead and non-overhead employees. The gender pay gap is calculated as the difference between average gross hourly earnings of male paid employees and of female paid employees expressed as a percentage of average gross hourly earnings of male paid employees. Pay refers to wages and salaries earned by full-time and part-time employees (including working students and apprentices) per hour before any tax and social security deductions, including any overtime pay, shift premiums, allowances, bonuses and commissions. Members of the management board are excluded from these calculations. For detailed information on the remuneration of our management board members, please refer to the corresponding description in our 1.2 Remuneration report.

The annual average total remuneration is the ratio of the highest paid individual to the median annual total remuneration for all employees (including working students and apprentices and excluding the highest paid individual and members of the management board). For this, we take into account all payments made to employees, including the base salary (guaranteed, short-term, non-variable cash compensation) plus any variable cash payments and benefits in kind (e.g. cash allowances, bonuses, commissions, profit-sharing, company cars, insurances) as well as annual long-term incentives (e.g. total fair value of stock options, restricted stock, performance stock, phantom stock, stock appreciation rights, long-term cash awards). Given the inclusion of performance-based incentives, this metric is subject to fluctuations over time.

Gender pay gap

	Average remuneration ratio	Gender pay gap in %	
Category	**2024**	**2024**	**2023**
Overhead	-	22.4	21.9
Non-Overhead	-	1.9	1.4
Total	48.5	15.4	15.5

Pay ratios are largely driven by the employee distribution across lower- and higher-paying jobs, such as in non-overhead roles and tech, for instance, and is thus industry- and company-specific. For the gender pay gap in particular, differences in the prevalence of jobs between men and women matters since it immediately impacts the pay average. Similarly, the relative share of male and female employees in the different countries influences the gender pay gap.

The differences in the above-mentioned pay-related factors between men and women explain around 90% of the unadjusted gender pay gap. Therefore, for Zalando, the disclosure of the adjusted gender pay gap is important. For Zalando overall, the adjusted gender pay gap amounts to 1.4% (1.2% prior year); among overhead roles, the adjusted gap is 1.9% (1.7% prior year), and it stands at 0.2% (0.2% prior year) for non-overhead roles. The adjusted pay gap excludes employees in areas with incomplete or non-comparable job grades and families (e.g. Highsnobiety). The calculation of the adjusted gap includes base salary, equity compensation, functional allowances, commuting allowances, boni, and shift and on-call premia. It controls for differences in job grades, job functions, and location. Therefore, it differs from formerly published adjusted gender pay gaps in outcome and controls, i.e. previously focusing only on base salary and equity compensation while additionally controlling for age, tenure, and contract type, and the inclusion of working students ad apprentices.

Adequate wages: For our metrics on adequate wages, in accordance with the Eurostat database, countries within the EEA are used as an applicable benchmark. For countries outside the EEA, any benchmark that meets the criteria set out by the Sustainable Trade Initiative may be used, including applicable benchmarks aligned with the Anker Methodology or provided by the Wage Indicator Foundation or Fair Wage Network. For these countries, there are different adequate wage benchmark figures for different sub-national regions: the U.S Bureau of Labour Statistics, China's average yearly wages and Hong Kong's average monthly wages. Interns and working students are excluded from these calculations. None of our employees are paid below adequate wages.

Employment and inclusion of persons with disabilities: We aim to create an inclusive workplace for employees with disabilities regardless of their official status. To improve Disability inclusion, we implemented an action plan in 2023 for our Berlin-based offices and employees. Key initiatives include accessibility audits and improvements to physical spaces, particularly in our newly constructed Berlin office, Allyship programmes, leadership awareness measures and inclusive recruitment processes.

The **Disability inclusion toolkit** focuses on the disability legal framework in Germany and empowers leaders and P&O business partners to create inclusive environments. Additionally, our Employee Assistance Programme (EAP) provides specialised support for employees navigating disability-related processes like applying for an official German disability pass.

Diversity, elimination of discrimination: We have a clear policy against discrimination documented in our Code of Ethics as described in ESRS G1 Business conduct in section 2.8.4 Governance information.

Zalando do.BETTER: In 2021, we published our first D&I strategy, do.BETTER, which was approved by the management board to create a more inclusive workplace as well as to ensure we support the communities we reach. Applicable across all our entities (with the exception of our Tradebyte and Highsnobiety entities)[60], the strategy is centred around 12 ambitions and targets encompassing talents, leadership, customers and partners.

We report biannually to the D&I and sustainability committee, which comprises all our executive leaders, on the status of our ambitions, targets and learnings. The D&I and sustainability committee meets regularly to support ongoing initiatives. The strategy is published on both our corporate website and our internal Zalando employee portal. The do.BETTER strategy concluded in 2024.

Incidents of discrimination: The following table shows the total number of all incidents of discrimination, including harassment, reported in the financial year. This metric is calculated as the sum of all recorded cases that were categorised as discrimination or (sexual) harassment and assessed as a potential human rights violation, during the reporting period. We also disclose the number of all complaints filed through channels for our employees to raise concerns (including grievance mechanisms) and, where applicable, the National Contact

[60] For more information on Tradebyte and Highsnobiety, please refer to our group segments in the section 2.1.2 Group structure of the combined management report.

Points for the OECD Guidelines for Multinational Enterprises related to the matters defined, excluding those already reported above. Moreover, we disclose the total amount of fines, penalties and compensation for damages as a result of violations regarding social and human rights aspects.

Incidents, complaints and severe human rights impacts

	2024
Number of incidents of discrimination	0
Number of complaints filed through channels for employees to raise concerns	90
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	0
Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	0
Number of severe human rights issues and incidents connected to employees that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	0
Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to employees	0
Number of severe human rights issues and incidents connected to employees	0
Number of severe human rights cases where Zalando played role securing remedy for those affected	0

The 90 complaints we received from our employees in financial year 2024 mainly related to potential unequal treatment and work culture. During the reporting period, we identified and addressed no cases of severe human rights incidents related to our employees. Accordingly, there have been no incidents that may constitute a violation of the UN Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises. We have implemented policies and procedures to prevent such incidents.

Training and skills development: We offer an annual training budget to support individual development for our employees (with the exception of temporary workers, e.g. working students or interns). This budget may be used either on our learning internal catalogue or for external resources in cases where the development requirements are not offered internally. This approach was created by our Learning and Development team and approved by the P&O Executive Leadership team.

In accordance with German educational holiday regulations [Bildungsurlaub], our education time policy allows employees in Germany to pursue personal and professional development through continuous learning. Depending on the federal state, employees may be entitled to up to five days of paid educational leave per year to attend training courses or seminars related to their work or personal interests.

Culture: Our founding mindset principles are encapsulated in four core values: customer focus, entrepreneurial thinking, speed and team spirit. These principles guide decision-making and empower our employees to work in the interest of our customers and partners.

Our management board worked closely with a broad group of leaders to define these principles that are applicable at all levels at Zalando.

Prevention of child and forced labour: We aim to adhere strictly to laws and regulations pertaining to human rights. In this context, the policy statement on Zalando's human rights strategy, described in section ESRS S2 Workers in the value chain, is also relevant for our own workforce. Furthermore, our Code of Ethics outlines the fundamental values of honesty, respect, trust and fairness and sets clear expectations for the professional, ethical and responsible behaviour of all employees. In addition, the group policy internal investigation describes the comprehensive management of reported, actual or suspected compliance violations. For detailed information, please refer to ESRS G1 Business conduct in section 2.8.4 Governance information.

Processes for engaging with own workforce and Interests and views of stakeholders

We maintain a robust engagement framework that includes entity-wide, cross-functional and business unit meetings at various levels, as well as other formats like employee assemblies in co-determined entities. These meetings serve as platforms for sharing updates, gathering feedback and fostering a sense of community. Most of the meetings held in hybrid format to ensure accessibility for all employees, regardless of location. Zalando-wide level meetings are typically hosted by a SVP or one of our management board members.

Our quarterly engagement and culture survey is a valuable tool for gathering anonymous feedback on our employee experiences. Covering topics such as belonging, fairness, support, balance, leadership and overall sentiment, the survey provides both quantitative and qualitative insights. Quantitative metrics, like participation, engagement and strategic alignment offer valuable data on employee feelings and perceptions. Additionally, free text fields allow employees to share detailed feedback on our strengths and areas for improvement. We believe that leaders play a crucial role in cultivating a positive and engaging workplace. Therefore, we hold our leaders responsible for the survey results within their respective teams. After analysing the survey data at various levels, leaders collaborate with their teams to develop action plans that address areas with critical feedback.

To keep improving on D&I as a foundation for our long-term success, we need to understand and improve on employee inclusion experiences. Following on from our 2022 D&I survey, we therefore launched a second D&I survey in 2024 for all our employees, except, due to local data protection regulations, those in Italy and China, and Highsnobiety employees. We anticipate that the results will empower leaders to develop D&I action plans for their business unit. We encourage a transparent open feedback culture between employees, peers and leads.

Our Strategic Employee Relations team is available to transparently support employees who wish to establish an informal ZEP, a works council, or who have questions regarding unions and their rights. For more information, please refer to Freedom of Association in this chapter.

For more information on our human rights strategy that applies to all employees and complements our Code of Ethics, please refer to section ESRS S2 Workers in the value chain.

Processes to raise concerns

If an employee experiences inappropriate behaviour, feels discriminated against or harassed, has a question, wishes to discuss a sensitive situation or observes behaviour that is not in line with our Code of Ethics we encourage them to speak up. In some cases, the best approach could be to directly approach the involved colleague(s). In others, employees might speak to their lead or ask a P&O business partner for advice. If an employee has experienced or witnessed direct or indirect discrimination, harassment or bullying, the Corporate Compliance team that handles our group-wide human rights due diligence and the group's Compliance Management System can be contacted to become involved through a protected system. We also offer a whistleblowing tool for all employees. Employees and externals can raise issues through this tool anonymously 24/7. Employees may also reach out directly via email or in person to the Corporate Compliance team. Every report is investigated promptly, and subject to action where necessary. Employees are provided with additional ways of raising concerns through various feedback sessions, surveys, works councils and department-wide meetings.

Our Corporate Compliance team has access to the data generated through the whistleblowing tool and analyses the data to better understand where issues originate, e.g. business unit, nature of the issue or the location, among others. Other processes, such as the regular anonymous and voluntary D&I survey, help us gain insight into employees' experiences and their perceptions regarding inclusion and belonging. Feedback provided through surveys and feedback sessions and issues raised through our whistleblowing tool are efficiently handled. Our Code of Ethics and Speak Up guidance protects individuals who raise concerns against actions. These are accessible externally on our corporate website and via the internal Zalando employee portal. For more information, please refer to ESRS G1 Business conduct – Policies related to business conduct in section 2.8.4 Governance information.

Actions and resources related to own workforce

The following paragraphs contain a summarised description of our actions. These actions are associated with reducing material impacts outlined in Impacts, risks and opportunities in section 2.8.1. General information.

To demonstrate our commitment to ESG, particularly for our employees, the supervisory board incentivises diverse leadership styles from management through the remuneration system of the management board. Please refer to Integration of sustainability-related performance in incentive schemes in section 2.8.1 General information for further information.

Actions performed in 2024

- **Work time management:** To ensure compliance with EU regulations and improve employee well-being, Zalando is developing a new work time management system for our overhead employees in Germany. This system will provide greater visibility into employee working hours, reducing the risk of undue overtime and enhancing compliance.
  A dedicated team is working on the project, which is scheduled for completion in 2025. The system will be implemented for all overhead employees across Zalando's global operations. Furthermore, a separate work time management system is already in place for

our non-overhead employees, ensuring comprehensive compliance and support for all staff.

- **Appointment of dedicated Disability Inclusion Officers in Berlin and Erfurt:** This permanent role promotes disability inclusion at Zalando and ensures that legal obligations towards people with severe disabilities in the workplace are fulfilled. They ensure compliance with our obligation to support and develop employees with severe disabilities.
- To support a **work environment of psychological safety**, we continued a training programme for leaders called “Let’s talk about well-being” focused on duty of care, the General Data Protection Regulation (GDPR) and active listening, and aimed at enhancing our leaders’ knowledge and empathy when addressing employee’s well-being concerns. Additionally, to create a network of employees which proactively promote a healthy work environment and provide immediate support when needed, we established a network of Mental Health First Aiders and Well-being Ambassadors at our sites in Germany, Helsinki and Dublin in 2024. This programme will be continued during 2025.
- Our logistics Health and Safety team monitors **health and safety data** to ensure prevention measures for workplace injuries. This includes our fulfilment, return and refurbishment centres operated by or on behalf of ourselves. The aim is to provide an overview of health and safety incidents in our logistics network as well as actions taken to avoid health, safety and environmental incidents and impacts, as well as the control measures implemented after such incidents take place. These are long-term actions with the commitment of reducing incidents on a yearly basis.
- Our Learning and Development team has centralised the **learning and development catalogue**, which is accessible to overhead employees and provides a wide range of courses aligned with our business objectives. In order to enhance their skills and improve the employability opportunities for employees, we have included:
  - German language courses, from A1 to C2 level at no extra cost.
  - First Inclusive Leadership Programme, which aims to provide managers with the knowledge and tools necessary to lead diverse and inclusive teams.
- To **enhance awareness of D&I across our employees**, we have implemented a mandatory unconscious-bias training for all employees. Additionally, in 2024 we launched a follow-up D&I survey to measure progress, compare results with our 2022 survey and gather valuable feedback to further strengthen the promotion of D&I within the organisation. Employees from all locations participated in the survey, except, due to local data protection regulations, those in Italy and China and Highsnobiety employees.
- To **increase awareness about the impact of discrimination** in our logistic centres, our employees in Germany participated in a mandatory German General Equal Treatment Act [Allgemeines Gleichbehandlungsgsetz, AGG] workshop as well as in mandatory AGG e-learning. For our employees in Berlin, Dortmund and Helsinki, we established the Equality Allyship Network. This group of dedicated employees actively promotes inclusivity and challenges discrimination.

Long-term actions implemented in business practices

- We are committed to fostering a supportive work environment that prioritises **employee well-being**. To this end, we offer access to the external EAP provided by the Fürstenberg Institute. This comprehensive service provides confidential, multilingual psychosocial counselling to our employees, their close relatives and their friends. The external EAP supports individuals in addressing a wide range of personal and work-related challenges, including:
  - Mental health concerns (e.g. stress, anxiety, depression)
  - Work-life balance issues (e.g. time management, burnout)
  - Relationship difficulties (e.g. family, partner)
  - Financial challenges
  - Childcare support

For employees located outside of Germany, we leverage the Fürstenberg Institute's global network of partners to ensure access to similar high-quality external EAP services. To ensure easy accessibility, detailed information about the entitlements, contact details and guidelines are available on our internal Zalando employee portal.

- To **embed D&I in our culture**, we have streamlined our ways of working by anchoring best practices and creating a proper governance for our 11 ERGs, which are employee-led groups formed on the basis of shared identity or experiences. ERGs aim to create safer spaces and communities where employees come together to discuss their experiences. Each ERG has dedicated sponsors and robust governance structures. Although these networks are mainly based in Berlin, they cooperate with our international sites as well as with Dortmund when necessary. ERGs increase the visibility of underrepresented groups and provide structures to support diversity.
- To **strengthen diversity among our employees**, especially in leadership positions, and ensure the retention of underrepresented groups, we have introduced long-term initiatives focused on accountability and career growth. These include diverse interview panels and measurable goals for talent acquisition and leadership teams to drive impactful progress.

Looking ahead to 2025, we will continue to offer various working time models that provide more flexibility for our logistic centres employees to improve their work-life balance and career opportunities.

We have not implemented specific actions in line with the ESRS for the sub-topics of freedom of association, collective bargaining and collective agreements, works councils and consultation and participation rights of workers, or prevention of child labour and forced labour, as these areas are comprehensively addressed by the existing legal frameworks. By ensuring alignment with national labour laws and international standards, we aim to maintain full compliance with these obligations. For information on how we manage IROs related to these sub-topics, please refer to Policies and practices related to own workforce, Processes for engaging with own workforce and Processes to raise concerns above.

Targets related to own workforce

In line with our areas of work, we have published a set of ambition statements that helped us to measure the progress of our do.BETTER strategy. In addition to these, we have set measurable targets to drive progress towards our commitment, as well as push the accountability for social inclusion topics to management board level.

Women in tech target: In 2020 we committed to increasing the share of women in tech job families to 40–60% by 2023 (as of the end of year 2023, tech job families accounted for 3,075 positions at Zalando). The baseline value in 2020 was 16.4%. In 2023 the share of women in tech reached 25.9%. As of 31 December 2024, our women in tech share has increased by 1.3 percentage points to 27.2% (with the exception of the Highsnobiety entities). The target achievement depends largely on opportunities to hire and lower attrition.

Due to challenges in meeting our initial target, we redefined our women in tech target at the end of H1 2024. Moving forward, instead of a fixed timeline, we will focus on year-on-year growth to achieve sustainable change, still aiming for 40–60% of women in tech job families. Our strategy now includes targeted recruitment and retention, fostering an inclusive workplace culture and collaborating with partners. This plan addresses both internal organisational changes and broader systemic issues. The following measures will ensure we have effective governance structures in place to deliver on this new target:

- In August 2024 we launched our new women in tech steering committee, allocating ownership for delivery and progress jointly to our senior leaders in both P&O and tech.
- We will also focus on three key areas for which we have defined set working groups: hiring and attraction, internal development, and culture and engagement.

Women in leadership target: Our commitment to women in leadership is reflected in our target of increasing the share of women in each of our five top leadership levels (including the management board) to 40–60% (with the exception of the Highsnobiety entities).

The target was initiated in 2019 with a baseline of 29.1% women in our five top leadership levels, with the initial target year of 2023 extended until 2025 for the four leadership levels below the management board and until 2027 for the management board. The baseline in 2019 comprises 0.0% women on the management board, 33.3% at the SVP level, 22.6% at the VP level, 33.3% at the Director level and 30.0% at the Head level. On 31 December 2024, the average percentage of women in the top five levels of leadership of 36.9% is still below this target. Yet, we achieved an increase to 40.0% representation on the management board, 45.5% at the SVP level, 32.6% at the VP level, 33.3% at the Director level and 38.0% at the Head level for the reporting year (see also our Gender distribution table).

We have implemented strategies in recruitment, development, promotion and workplace culture to attract and retain women, monitoring proactively the numbers for promotion by gender. Women who have been identified for a potential promotion are offered a tailored development programme called TripleSteps, which includes a personal coach, sponsor, job shadowing and peer network opportunities. Furthermore, our managers are asked to exchange frequently with employees via regular check-ins and Engagement Talks to gauge workplace satisfaction and engagement. To support work-life integration, we provide flexible working models and family counselling. We are committed to reducing attrition rates and actively engage in regular monthly collaborations with functional leaders to evaluate progress, address challenges and identify impactful interventions.

Employees with severe disabilities: Zalando must comply with Social Code IX – Rehabilitation and Participation of Disabled People legislation [SGB IX - Sozialgesetzbuch – Rehabilitation und Teilhabe von Menschen mit Behinderungen],[61] which means at least 5% of our employees must comprise employees with severe disabilities across all entities in Germany. On 31 December 2024, 2.4% (31 December 2023: 2.5%) of all Zalando employees based in Germany are officially recognised as having a severe disability. An annual fine is payable each year when the required 5% of employees with severe disabilities is not met.

Health and safety targets for logistics operations: Although we do not currently have targets related to health and safety, we are committed to continuously reducing health and safety accidents every year.

We have not currently adopted targets in line with the ESRS specifically addressing the sub-topics of freedom of association, collective bargaining and collective agreements, works councils, consultation and participation rights of workers, secure employment, social protection, work-life balance, working time, adequate wages, elimination of discrimination, training and skills development as well as child labour and forced labour as we aim to comply with the comprehensive legal and international frameworks that govern key labour and human rights issues to guide our practices. This ensures that we meet the required standards and effectively protect workers' rights. By aligning with these frameworks, we maintain a focus on compliance and continuous improvement. For information on how we manage IROs related to these sub-topics, please refer to the sections on Policies and practices related to own workforce, Processes for engaging with own workforce, Processes to raise concerns and Actions and resources related to own workforce above.

[61] § 154 SGB IX Duty of Employers to Employ Severely Disabled Persons (§154 SGB IX Pflicht der Arbeitgeber zur Beschäftigung schwerbehinderter Menschen).

ESRS S2 Workers in the value chain

Material IROs and their interaction with strategy and business model and Interests and views of stakeholders

Decent work is one of two strategic sustainability focus areas in our updated group strategy. Decent work means creating opportunities for productive work in conditions of freedom, equity, security and human dignity. Focusing on decent work is vital for ensuring the fair treatment of workers in our supply chain.

Our decent work focus supports our commitment to respect human rights throughout our operations and supply chain. Although we depend on a complex global supply chain that can pose significant risks to workers, we strive to ensure decent work and fair treatment for all individuals involved in bringing our product portfolio to our customers.

Our DMA identified potential negative impacts related to forced labour, child labour, human trafficking, inadequate wages and excessive working hours. Denial of freedom of association and collective bargaining agreements pose further risks, as does potential discrimination against vulnerable groups, including Indigenous peoples, minority groups, migrant workers, sexual minorities and women and children. These risks can stem from insufficient governance and enforcement, e.g. of child labour laws in factories, and their identification can be complicated due to insufficient and inaccurate worker data. The employment of migrant workers, especially those having irregular status, further heightens the risk of forced labour, while wage non-compliance and a lack of strong regulatory frameworks contribute to significant wage disparities. Notably, a lack of occupational health and safety (OHS) systems threatens worker safety.

In addition to our own risk assessments, industry reports indicate the following areas of potential concern:

- **Cotton production**: There is an elevated risk of forced labour in cotton harvesting, particularly in certain regions of Central Asia.
- **Garment manufacturing**: Some countries in South and Southeast Asia have been identified as having a higher risk of child labour and forced labour in garment factories.
- **Footwear production**: Certain regions in South Asia and Southeast Asia have been associated with risks of child labour in shoe manufacturing.
- **Accessories manufacturing**: The production of accessories like bags and jewellery in some developing countries may involve risks of child labour in informal workshops.

For our private labels, being active in the apparel, accessories and footwear sector, we have identified a significant risk of child labour in India and Bangladesh as well as a significant risk for forced labour in India, Bangladesh, China and Vietnam. These risks are addressed through our comprehensive due diligence processes. We actively engage with suppliers to ensure compliance with international labour standards and continuously work to improve transparency and ethical practices throughout our value chain.

Data on individual groups of workers across our entire value chain is limited as we do not currently have information at that level of detail. Due to the complexity of the fashion supply chain, to help us carry out due diligence, we have so far focused on knowledge gathering via (local) organisations and multi-stakeholder initiatives, providing us with insights about groups of workers being specifically risk-exposed for certain types of legal violations by actions of the industry to help us carry out due diligence. While such assessments lack the connection to individual entities and/or workers, they are useful in helping us identify material risks. Our ambition is to improve, over time, our understanding of how workers in our value chain are materially impacted by our business.

Our approach to identifying material IROs for workers in our value chain is described in Impacts, risks and opportunities in section 2.8.1 General information.

Policies related to workers in the value chain
We respect human rights and uphold responsible labour practices across our entire supply chain, as aligned with the German Supply Chain Due Diligence Act and the UN Guiding Principles on Business and Human Rights. This is achieved through our policies, standards and processes which address impacts, potential risks and opportunities forming the basis for sustainability targets and ambitions.

We aim to ensure, and we expect, that our business partners adhere to our policies emphasising labour rights and ethical business practices. Grievance mechanisms for employees and external members of our supply chain are in place to voice concerns and actively promote the awareness of human rights within Zalando and among our partners. In certain areas, we maintain the right to conduct audits of our partners' processes to review compliance with our ethical standards.

When creating our policies, we consider our legal obligations, established industry standards and the expectations of investors, customers and other stakeholders. For transparency, relevant policies are publicly available on our corporate website.

Code of Conduct: We build strong supplier relationships by setting clear high ethical expectations, fostering trust and integrity in our collaborations through our Code of Conduct, which can be found on our corporate website. This Code outlines the standards to which we hold our business partners accountable and applies to all contractual partners, including our suppliers, service providers, platform partners, distributors, consultants and agents. It covers human rights, labour rights, environmental protection, fair and ethical business practices, and monitoring and complaints. We require all partners to agree with and commit to these standards and have appropriate management systems and due diligence processes in place. Non-compliance will lead to measures being taken, which may include termination of the business relationship.

Policy statement on Zalando's human rights strategy: Our policy statement is based on international standards, including the ILO Conventions and the Universal Declaration of Human Rights, and sets the groundwork for managing human rights due diligence, which is embedded into our operating standards and management practices. The policy applies throughout our entities and for all business activities, including facilities operating on behalf of ourselves, and is approved by our co-CEO Robert Gentz and implemented by the Corporate Governance team, under the responsibility of our SVP Corporate Governance/General Counsel. Additionally, the policy specifies expectations and requirements for all our business partners within the supply chain, encompassing suppliers, service providers, platform partners, distributors, consultants, agents and subcontractors. Our Human Rights Officer monitors the ongoing activities described in the policy and reports to the management board. We continuously evaluate the effectiveness of our approach, updating our practices as required. To this end, we use the databases in place to document our risk mitigating measures (such as audits, business partner checks and investigations) and their results in order to assess them against their appropriateness for risk mitigation in the concrete area. Such an assessment might then, for example, trigger additional mitigating measures in specific parts of our supply chain.

Child labour prevention and remediation policy: In 2023/2024 we introduced a strict child labour prevention and remediation policy that complements our Code of Conduct and human rights strategy. This policy, aligned with German and international regulations, is embedded in the contracts with our private label business partners and outlines expectations for these partners and their subcontractors to prevent, identify and remediate child labour issues, thus ensuring continuous improvement. Business partners must be committed to eliminating child labour, forced labour and other exploitative practices of children and implement written rules, control mechanisms and training programmes to prevent such violations. The policy also covers topics such as working hours, health and safety measures, and access to child care services and education. The implementation of processes described therein is with the responsibility of our Private Label team, overseen at the VP level.

Modern slavery statement: Our modern slavery statement, aligned with international frameworks including the relevant ILO Conventions, sets out our commitment to preventing modern slavery throughout our business operations and supply chain. Published on our corporate website in accordance with the United Kingdom's Modern Slavery Act 2015, the statement details our efforts to prevent and address human rights violations, including modern slavery.

Workers in the value chain engagement: Impacts, concerns, and remediation channels
Our **due diligence programme** supports us in preventing, identifying, managing and remediating potential violations of our standards in our operations, supply chain and business partnerships as per due diligence requirements. The programme is implemented through four cyclical steps:

- **Analyse**: The first step in the cycle is an annual review of our direct contractors to determine their exposure to human rights risks (categorised as low, medium, high or very high risk). To a limited extent, the analysis also includes environmental risks, using a holistic risk assessment methodology for all direct suppliers based on their location, industry and the volume of business with them.
- **Prioritise**: The risk profiles created through the analysis of direct suppliers are enhanced with generic risk information from internal findings and expertise to prioritise plans for prevention, remediation and risk management. In 2024, we completed our second human rights risk assessment of our direct contractual partners in light of the German Supply

Chain Due Diligence Act, which enabled us to prioritise mitigating actions, following the next step of our due diligence programme.

- **Manage**: Based on the assessed and prioritised risks, we deploy a comprehensive, supplier-focused risk management approach that operates on two fronts: proactive risk prevention and reactive risk identification and mitigation.
- **Report**: Reporting of the processes and results of each year's cycle is conducted in adherence to the German Supply Chain Due Diligence Act and the guidance of the competent authority (Federal Office for Economic Affairs and Export Control [Bundesamt für Wirtschaft und Ausfuhrkontrolle, BAFA]).

Proactive risk management: As outlined above, our Code of Conduct serves as the standard foundation for our contractual relations. To monitor alignment with our ethical standards, we implemented a tracking mechanism to evaluate the implementation status of the Code of Conduct within our contractual landscape.

To review compliance of our suppliers, we conduct social standard audits at facilities belonging to our direct logistics and customer care suppliers and require social audits with industry-wide accepted standards, such as the Sedex Members Ethical Trade Audit or Business Social Compliance Initiative from factories supplying our private labels. In 2024, we evaluated 149 social audit reports from private labels' Tier 1 suppliers (31 December 2023: 213). We conducted 65 social standard audits in our fulfilment area, covering customer care and logistic centre providers.

Reactive risk identification and mitigation

To ensure workers and other stakeholders have channels in which to effectively raise their concerns, we offer two whistleblowing tools which allow workers to anonymously report potential issues and incidents. The tools are available to any external party and can be accessed via our corporate website. One of these is the Speak Up tool, which is additionally available in 42 languages as well as via mobile app and hotline.

In addition to these whistleblowing tools, our membership in the International Accord for Health and Safety in the Garment and Textile Industry (formerly the International Accord on Fire and Building Safety in Bangladesh) enables our private labels to receive grievances reported through the Accord's established complaints mechanism in factories in Bangladesh and Pakistan. Any grievance that is connected to our private labels' supply chain is also fed into our remediation framework and followed up accordingly with the supplier concerned.

When potential breaches are identified, we investigate and respond to them in a systematic way to ensure they are effectively addressed. Our investigation and remediation process provides internal teams with a standardised approach to potential violations of all our defined standards. All reports are acknowledged within seven days of receipt, and appropriate measures, including audits and interviews, are taken to thoroughly investigate claims.

When we confirm the occurrence of a violation, we require our business partners to implement suitable remediation measures, which we follow up on to ensure compliance with our standards. If the business partner fails to engage in appropriate remediation measures, or if the violation is of such severity that it warrants immediate business consequences, we will pause, and potentially terminate, the business relationship.

All information received and retained during the investigations is handled confidentially and in accordance with applicable laws and regulations. Our policies, namely the third-party investigation policy and our Code of Conduct, explicitly prohibit actions against individuals who raise concerns in good faith.

In 2024, we opened 17 investigations into potential human rights violations in our supply chain: One led to a termination of the business relationship (compared to two in 2023); a human rights violation in our supply chain could not be proven in eight cases (compared to six in 2023); and nine other investigations are still ongoing, including the case that has already led to the termination of the business relationship as the execution of this decision is still an ongoing process. We place great value on the option of anonymous reporting. Accordingly, we are limited in our ability to follow the source of reports we receive, leading to limited insights into whether workers in the supply chain make use of our reporting possibilities.

Recognising the importance of continuous improvement, we assess the effectiveness of our measures throughout our due diligence practices, including our grievance and remediation measures, using data analysis, industry exchange and engagement with expert organisations. Our data analysis involves comparing data points from the risk assessments, investigations and remediation year-over-year as well as reviewing the audit outcome development. We monitor incoming complaints via our reporting channels in quarterly review cycles and present these to the management board and to the audit committee of our supervisory board. In this review, incoming complaints are classified according to the legal area of the accusation as well as the severity of the accused constellation, amongst others. In this way, we are able to identify patterns and trends and react accordingly.

For information on how we engage with workers in the value chain by collaborating with external stakeholders and local organisations, refer to the following section below on Actions and resources related to workers in the value chain.

Actions and resources related to workers in the value chain

We aim to contribute to the creation of decent jobs in the apparel, accessories and footwear sector by exploring and delivering initiatives to empower workers and improve their livelihoods through upskilling and capacity building. This effort targets both our workers in the value chain and our own employees to raise awareness of workers' rights, including working hours and adequate wages. The paragraphs below offer a summarised description of our training and skilling programmes to effectively manage the material IROs relating to workers in the supply chain:

- Since 2022, we have been training our Private Label teams on living wages to raise awareness for this central issue that can have an impact for workers. The training consists of two modules, one covering basics that almost 200 employees have participated in, and one advanced module for employees directly involved, specifically buying and sourcing experts. The trainings were conducted by an external service provider with years of experience in trade unions and the fashion industry. The content includes a basic definition of terms, different living wage benchmarks, implementation obstacles to remain aware of, and advanced tools like cost calculations and strategies to implement the learnings with direct suppliers. After completion of the training with all relevant employees, the training was preliminarily concluded in 2024. A recording is permanently available on our online training platform for further distribution. A continuation of this format outside the online sessions is currently not planned.

- Our skilling goal, aligned with our previous 2020–2023 do.MORE strategy, was reached in Q1 2024. In collaboration with Shimmy Technologies and RISE (formerly BSR's HERproject), we extended training initiatives to the upstream supply chain, benefiting workers in two factories in Bangladesh. The training included digital literacy, efficiency, gender equality, financial literacy, workplace communication, and health and well-being. This has resulted in improved efficiency, driven by better end-to-end process understanding and optimised factory operations. Additionally, workers have gained valuable knowledge on gender equality, health, hygiene and financial planning, thus enhancing their daily lives.

In addition, we aim to act as an enabler by not only focusing on internal projects but also externalising our work. A key aspect of this is collaborating with stakeholders and local organisations to understand industry challenges on site and follow best practices. We are committed to engaging at multiple levels, from retailer-to-retailer partnerships and brand collaborations to working with external stakeholders, including government representatives and NGOs. We engage with legitimate interest groups because they advocate for workers' rights, bring valuable expertise and are often well known to either local workers or the civil society and/or union organisations to which they belong. Their credibility helps ensure we follow best practices, while supply chain workers' awareness of NGOs fosters trust. This collaboration allows us to gain deeper insights into the specific needs and concerns of workers, enabling us to tailor our initiatives and measures more effectively. We ensure full compliance with antitrust regulations in all of our external engagements.

We engage with workers and their representatives, both directly and indirectly, through our collaborations with the ILO's BetterWork, the International Accord for Health and Safety in the Garment and Textile Industry (formerly the International Accord on Fire and Building Safety in Bangladesh), Cascale (formerly the Sustainable Apparel Coalition), Social & Labor Convergence Program (SLCP), Femnet e.V. and Action, Collaboration, Transformation (ACT). According to our DMA, we have a high risk of child labour due to our industry and the locations in which clothing is produced, particular for our private labels. We have therefore partnered with Save The Children in order to have best practice prevention and remediation solutions in place.

To address identified sector-level risks, we also collaborate with other retailers, industry players and business partners and participate in industry initiatives. We distinguish our industry collaborations in two key areas: 1) our own private labels, where we focus on what we can do differently within Zalando, and 2) brand-facing initiatives, where we explore what we can ask of third-party brands on our platform.

Private labels: In March 2024, we joined the Fair Wear Foundation (FWF) to align our private labels' processes and practices with leading human rights due diligence guidelines in the fashion industry. The FWF provides expert guidance on improving our sourcing, purchasing and human rights risk monitoring practices. In 2024, we conducted a series of workshops with our Sourcing and Commercial teams, as well as our SDI and Corporate Compliance teams, in collaboration with the FWF. These workshops were designed to conduct a gap assessment between our current processes and FWF's Brand Performance Check, and to develop action plans to address any gaps identified. Further information on these partnerships can be found in the stakeholder engagement in Entity-specific information: Innovation and partnerships in section 2.8.4 Governance information.

Brand partners: We participate in the retailer round table of The Industry We Want (TIWW) with other relevant retailers, aiming to align supplier requirements and recommendations to create an industry-aligned framework which fashion brands can use to implement human rights due diligence measures in a quantifiable and measurable way. This is part of our long-term strategy to respond to the need for guidance and unified reporting within the fashion industry. Actions taken in 2024 included participation in working sessions organised by TIWW, where retailers committed to work together towards defining a solution.

Targets related to workers in the value chain

We have not yet adopted measurable targets in line with the ESRS addressing value chain workers. In service of our overall strategic ambition, we defined the ambition to further empower workers through decent work, by deepening human rights due diligence in our own operations and those of our partners, as well as further evolving our purchasing practices and wage management systems in our private labels by 2028.

The strategic ambition of decent work was set by our SDI team and our management board, drawing on existing human rights due diligence experience. A concrete roadmap is currently being developed. The ambition was reviewed by several industry groups during our sustainability strategy update process and its scope was adjusted accordingly. Workers' voices were considered through expert input, such as from NGOs and our new partner FWF.

To track meaningful progress, we will be assessed on our ability to carry out our due diligence responsibilities and adapt and improve our purchasing practices by FWF through their annual Brand Performance Check. The results of this will be made publicly available.

ESRS S4 Consumers and end-users

The following chapter includes four subchapters related to consumers and end-users (i.e. our customers): social inclusion, information-related impacts, personal safety and privacy. Each subchapter is further organised into sections covering our strategy for managing the IROs identified through our DMA, our relevant policies, and processes to manage the sustainability sub-topics as well as actions and targets.

Potential IROs related to our consumers and end-users which we have identified in the course of our DMA are discussed in Impacts, risks and opportunities in section 2.8.1. General information.

Social inclusion

Material IROs and their interaction with strategy and business model and Interests and views of stakeholders

Our aim is to build a European fashion and lifestyle e-commerce ecosystem that differentiates itself through quality while offering the best possible shopping experience for our consumers. This includes enhancing existing categories, offering personalised inspiration and entertainment, and elevating our role in consumers' lifestyle journeys. Over 50 million active end-users are exposed to the information available on our website and outlets. We define our consumers as anyone purchasing products from our websites and outlets. However, anyone visiting our websites or outlets is exposed to the available information. We have not identified any specific groups of end-users that are at risk of harm due to our operations, thus ensuring we are offering diverse products and choices that are in line with our D&I values. Our do.BETTER strategy focuses on four key pillars: talents, leadership, costumers and partners. To ensure we are inclusive for all our consumers, we ensure we follow the German General Equal Treatment Act [Allgemeines Gleichbehandlungsgesetz, AGG]. This includes, but is not limited to, considerations of age, disability or chronic disease, gender and gender identity, ethnic origin, religion or belief and sexual orientation.

Our DMA has identified the following IROs associated with social inclusion:

- Potential positive impacts related to offering a diverse and inclusive assortment of products that meets the needs of often-overlooked consumer segments.
- Potential risks — including discriminatory communication, product design or content featured on our website — stemming from possible discrepancies between external representations of D&I and internal practices of "pink-washing".[62] This risk could lead to reputational damages if accused of pink-washing, which could negatively affect our end-users and lead to a loss in customer loyalty.
- Potential opportunities related to the promotion of a diverse and inclusive product assortment through a varied partner portfolio.

We manage our material risks in our RMS. For more information, please see Risk management in section 2.8.1 General information.

[62] Pink-washing is a tactic that uses messages appearing to support the LGBTQIA+ community to promote goals that often have little or nothing to do with genuine LGBTQIA+ equality or inclusion, including in LGBTQIA+-targeted marketing.

Policies related to social inclusion

We are committed to offering a safe, inclusive and representative shopping experience for consumers and end-users. We have clustered our related policies into two categories, first compliance standards/general anti-discrimination policies and second guidelines that safeguard our employees, our external talents and our business partners. Our policies are updated every two years by our Corporate Compliance team, and include the following:

- **Code of Ethics:** This outlines the standards to which we as a company adhere. Based on the fundamental human rights values of honesty, respect, trust, and fairness, the code sets clear expectations for the professional, ethical, and responsible behaviour of all employees.
- **Compliance standards for external talents** (monitoring standards which are associated with no formal targets): They apply to external vendors and the talent they contract while acting on behalf of Zalando. These guidelines aim to ensure a safe environment for employees and partners while clarifying expected behaviour. They apply to all content on our platforms and are overseen at the SVP level. Developed with input from key teams, the material is accessible to our employees, vendors and partners, with training included in onboarding. The standards help prevent discriminatory or offensive behaviour during production, and a remediation process is in place for escalations in line with Germany's General Equal Treatment Act (AGG).
- **Product, content and brand guidelines** set clear standards for products, content and brand partnerships on our platform, aligning with our Code of Conduct and sustainability standards. These standards apply to all business partners and are based on not only what is legal, but also what we consider offensive or inappropriate. Overseen at the SVP level, the guidelines comply with EU and German regulations, including Section 86a of the German Criminal Code, and are publicly available on our corporate website.

Content guidelines: We also provide guidelines for those involved in content production and post-production processes, such as photography and retouching. In this way, we aim to ensure our employees contribute to our efforts in making our platforms truly representative of and accessible to Disabled communities. This includes:

- Visual content and post-production guidelines
- Content creation guidelines for Adaptive fashion
- Content creation guidelines for Modest fashion[63]

Processes for engaging with consumers and end-users related to social inclusion

Consumer feedback informs our decisions through a reporting mechanism next to each product allowing anonymous or email complaints. The Product & Content (P&C) Forum informs consumers of decisions and allows review requests, thus complying with the Digital Services Act (DSA). Decisions are made within 24 hours, with unresolved cases escalated to the P&C escalation committee. Grievances are handled confidentially, thus respecting the GDPR. While no data on the effectiveness of our engagement with consumers exists, we gather insights from vulnerable consumers through surveys and focus groups. The process, mainly automated, aims to address complaints within 30 business days through an automated system.

63 Modest fashion refers to clothing that follows the principles of modesty in dress, usually in accordance with religious or cultural beliefs.

Actions related to social inclusion

We work towards inclusion and representation of our consumers and end-users by establishing policies and taking actions to improve our practices. Each of these actions and policies have been the result of formalising and implementing new insights gathered on our journey towards our strategic goals over the last three years. To complete this work, we have a dedicated SDI team that sets strategy and supports the teams embedded within various functions by providing research and community/NGO insights on the consumer and partner pillars. There are four embedded teams that work on implementing the actions of the strategy:

- P&O team: HR and culture topics
- Design, Marketing, Content teams: Customer experience, accessibility and product display pages
- Marketing and Creative teams: Styling, shooting, campaigns and social media
- Supply teams: Private label design and buying

In the paragraphs below, we have clustered our activities by action area and provide specific examples of how our actions work to include underrepresented groups. All of our actions are part of our three-year do.BETTER strategy (2021–2024), which concluded this year.

The following training sessions were carried out in 2024 to help our teams improve representation while ensuring empathy towards those with experiences outside of their own community:

- Inclusive production: Aimed at improving the inclusiveness of teams' collaborative processes
- Inclusive language: Aimed at improving the inclusiveness of messaging and project communication through work with copy and language
- Cultural appropriation[64] in fashion: Aimed at cultural appropriation avoidance through practised learning with inspirational materials
- Representation in images: Aimed at advancing awareness of stereotypes and their impact through visual analysis

<u>Assortment offering to appeal to groups that have been previously excluded:</u>

Disability inclusion: Since 2022, we have been offering our own Adaptive fashion assortment through all our private label brands and onboard assortment from brand partners (e.g. Tommy Hilfiger, Nike, Friendly Shoes). We focus on improving our platform's accessibility to facilitate seamless shopping experiences for consumers with disabilities. This includes changing our design approach, scaling accessibility knowledge across the organisation and conducting comprehensive consumer interviews. Inclusive product development, digital accessibility, research and analysis, and improved consumer experience are also key elements of these focus areas. Partnerships with organisations such as All is for All, MovingMood and Ottobock assist teams in raising awareness about the Disabled community and in equipping our Design teams with Adaptive fashion design methodologies. Through partnerships with VORN eG – The Berlin Fashion Hub, Valuable 500 and Making Space, we aim to share knowledge and establish best practices for authentic representation.

[64] Cultural appropriation is the inappropriate or unacknowledged adoption of one or more elements of one culture or identity by members of another culture or identity. This can be especially problematic when members of a dominant culture appropriate elements from marginalised groups.

Ethnic inclusion: We endeavour to provide an assortment that accommodates all skin and hair types. We have made concerted efforts to expand the assortment that originates from or serves the Black community. To date, we have successfully onboarded 57 brands in pursuit of this objective. An example is black|Up, a Black-owned cosmetic brand specialising in makeup for dark skin tones. In 2024, we launched a Black-owned brands accelerator to support small Black-owned fashion brands that want to expand their business onto large e-commerce platforms like Zalando.

LGBTQIA+ inclusion: We have also worked to increase the assortment that serves the LGBTQIA+ community, having onboarded brands like Andrew Fitzsimons and Shakeup Cosmetics. Our "Their Time" campaign in 2024 allowed community members to tell their own stories, and we also strive to support the LGBTQIA+ community in our advertising and campaigns, especially during Pride month.

Gender inclusion: Our private label brand YOURTURN offers unisex apparel available on a unisex hub where other brand partners also host unisex/genderless assortments. Our product detail pages show how items can be worn by anyone, regardless of gender expression.

Size inclusion: Our private labels offer apparel in sizes XXS to XXL, and we feature brands specialising in extended sizing. Consumers can filter for "speciality sizes" including plus-size, tall, petite and maternity. We have collaborated with brands like Filling Pieces for size-inclusive collections, offering items from XS–XXL and shoe sizes from 35–46.

Religious inclusion: We are continuously updating our Modest fashion wear hub and improving SEO[65] discoverability. We have developed guidelines to make garments suitable for consumers seeking Modest fashion. Deborah Latouche Studio assisted us in creating Modest fashion guidelines for authentic representation. Campaigns surrounding religious holidays such as Eid al-Fitr (the festival of breaking the fast) seek to demonstrate our commitment to celebrating consumer diversity.

General inclusion practices, including a Zalando-wide D&I glossary, help enable our teams to produce authentic content representing all consumer groups.

Alongside these inclusion activities, our mitigation methods as described in Processes for engaging with consumers and end-users related to social inclusion allow us to act quickly when consumers and end-users feel offended, unsafe or excluded. The effectiveness of our actions and mitigation strategies were measured in a consumer survey, which we carried out in 2021 and again in Q2 of 2024. In addition, we monitor the number of requests and complaints via our consumer engagement channels.

[65] SEO stands for "search engine optimisation" and helps search engines understand a website's content and connect it with users by delivering relevant, valuable results based on their search queries.

Targets related to social inclusion

At Zalando, we have not adopted measurable targets in line with the ESRS addressing social inclusion. However, as part of our commitment to transparency, we have published thorough D&I reports showcasing the progress on each of the ambition areas in our do.BETTER strategy. This report will now be replaced by the sustainability statement.

In line with our four areas of work, we have published the ambitions that guide us in the progress of our strategy. In addition to this, we have set an internal reporting mechanism for each of the areas of work with our SVPs that ensure that our initiatives drive progress towards our ambitions, as well as push the accountability for social inclusion topics to the executive board level. Please refer to Information on sustainability matters addressed by Zalando's governance bodies in section 2.8.1 General information. SVPs receive monthly progress updates.

To ensure that we offer a range that appeals to groups that have been previously excluded, we have the following ambition to advance our opportunities and positive impact in line with our IROs:

- By 2025, our ambition is to offer a truly diverse assortment for underrepresented groups by providing product choices and thoughtful experiences in every category across price, size and style.

In 2024, the ambition was refined to directly address the key IROs identified via the DMA.

To increase accessibility and when designing an inclusive user experience in our app and web store, we have the following ambition to mitigate a potential risk in line with our IROs:

- By 2025, our ambition is to provide an equally accessible, relevant and welcoming digital experience for consumers from underrepresented groups and have our digital experience regularly evaluated by an independent external panel.

We have the following ambition to engage with underrepresented communities in order to include them in our decision-making process to advance our opportunities and positive impact in line with our IROs:

- By 2025, our ambition is to be a central collaboration point in fashion, bringing together brands, retailers, NGOs, academia, community thought leaders and members of the media to systematically empower and amplify underrepresented voices in the industry.

To represent our consumers authentically, we have the ambition to advance our opportunities and positive impact in line with our IROs:

- By 2024 our consumer experience and communications reflect and celebrate diversity through our visuals, and narratives — and we encourage and support our partners to do the same. As an outcome, we have created content guidelines for those involved in content production and post-production processes, such as photography and retouching. In this way we ensure our employees contribute to our efforts in making our platforms truly representative of and accessible to Disabled communities.

Information-related impacts

Interaction with strategy and business model and interests and views of stakeholders

Over 50 million consumers and end-users are exposed to the information available on our website. We use a set framework to ensure compliance with laws (frameworks for sustainability-related product claims, DSA, etc.) regarding the reliability of information and continuously work to ensure our website is mobile-friendly and that its user interface is accessible for everyone.

Our approach to identifying material IROs for consumers and end-users is described in Impacts, risks and opportunities in section 2.8.1 General information. The scope of ESRS 2 SBM-3 disclosures includes consumers on our platform. The risks identified are heightened awareness of sustainability communication in the fashion industry with concerns over misleading claims and “greenwashing” practices. This risk could lead to lawsuits for not complying with the EU Consumer Protection Act. Our DMA identified potential positive impacts on our consumers and end-users through the provision of reliable, standardised sustainability data for consumers based on third-party standards, thereby allowing us to enable consumers to make informed choices with an assortment and brands that align with their values. By promoting our diverse and inclusive product assortment, we aim to distinguish ourself from other players in the market.

Policies on information-related impacts

We aim to ensure the reliability and accuracy of sustainability-related information at the product level (i.e. product claims) as well as in all related marketing, campaigns and content. Product sustainability-related claims are assigned and presented in our consumer experience when sufficient and relevant data is provided and validated, indicating the use of third-party product standards and certifications. As a secondary measure, we perform verification spot checks on these claims, including the collection and review of supporting documentation and certification from our partners to ensure the claim is accurate and truthful. These verification checks are based on a risk-based due diligence approach, which we aim to further expand in 2025. This is overseen at the SVP level.

In addition, we have sustainability communication guidelines in place both internally and externally (for partners) to ensure that all sustainability-related marketing, campaigns and content avoid greenwashing and are compliant with relevant green claims and consumer protection legislation. This is overseen at the SVP level.

Processes for engaging with consumers and end-users about information-related impacts

We engage with our consumers regularly through our Customer Markets Insight team. In addition to regularly analysing consumer perception and satisfaction, we also conduct targeted research when considering changes to the consumer experience. Depending on the research objectives, we use a mix of quantitative and qualitative methods, both generative and evaluative.

Processes to remediate negative information-related impacts and channels for consumers and end-users to raise concerns

We comply with the DSA. Our aim is to create a safer digital space where the fundamental rights of users are protected and to establish a level playing field for businesses. Notifiers (consumers) can report potential illegal content (product, image, content, etc.) using a standardised form available on our website explaining why and what they are reporting. The report is recorded in our DSA database and assigned to the relevant team to investigate the complaint. Expert teams investigate and decide whether the product is illegal, and communicate with the notifier. The notifier is entitled to respond to the communication only where there is a decision to not impose restrictions, in which case the notifier is entitled to challenge the decision via another process/form. This is also re-routed to the expert teams.

When a product is made unavailable due a DSA violation, we are required to inform all consumers who have bought the product within the last six months of the decision. We also publish a DSA transparency report on our corporate website with the findings from the reporting period. All cases are recorded in the DSA EU commission database.

Sustainability-specific consumer complaints: The DSA requires us to enable consumers to report potential legal violations or concerns, inter alia environmental concerns, e.g. products or product-related claims with wrong, misleading or missing environmental information, or when a product does not fulfil mandatory eco-design requirements. Such consumer complaints are reviewed by us, investigated and, where necessary, result in the information in question being revised or removed to ensure accuracy and compliance. This has become a primary way in which we collect sustainability-related consumer complaints and inquiries.

We also receive consumer complaints and queries directly via our Customer Care team. When sustainability-related complaints or questions are raised, these are directed to the relevant business unit for further investigation as needed.

Actions related to information-related impacts

In 2025, we aim to accompany our sustainability communication guidelines with a formal policy that will outline requirements and expectations for sustainability-related communications. This will be incorporated into our partner onboarding process, as well as apply to all internal employees who support the development of sustainability-related content.

Targets related to information-related impacts

At Zalando we have not adopted targets in line with the ESRS specifically addressing information-related impacts. However, in 2024, we began updating our consumer experience approach based on our consumer engagement experience and existing work on developing product standards.

Personal safety

Interaction with strategy and business model and Interests and views of stakeholders

Our consumers' health and well-being is one of our highest priorities. We define our consumers as anyone purchasing products from our websites and outlets, and take the necessary measures to keep consumers informed about our assortment and their purchase while running a quality assurance programme that protects consumers from physical and chemical injuries.

With regards to our material IROs, we include all consumers and end-users who could be materially impacted by our business activities in the scope of our disclosures. In terms of material negative impacts, inadequate product safety standards can result in individual incidents related to the goods we sell. This risk could lead to fines or reputational loss.

Policies related to product and personal safety

Quality Assurance Manual (QAM): The QAM includes, among other things, product compliance requirements and our contractually expectations for our business partners. The QAM sets out binding minimum requirements for product-related due diligence obligations, including chemical and physical product characteristics as well as labelling obligations. It also specifies notification and reporting duties to support our internal safety procedures. We work closely with our partners to ensure product safety, meet compliance requirements and manage potential corrective measures effectively under the EU General Product Safety Regulation. The QAM is communicated to all business partners on a biannual basis and is available for partners to download from an internal platform. The QAM is regularly updated by internal and external experts and approved by our SVP Corporate Governance/General Counsel. We provide business partners with a “Corporate Compliance Newsletter” each quarter, offering a three-to-six-month compliance outlook. Internally, the QAM is disseminated across all relevant functions. Compliance with the QAM requirements is continuously monitored by Zalando. The relevant procedures are set out in internal work instructions and are reviewed annually. We review relevant information and assess the impact of external factors, focusing on compliance with legal and regulatory obligations and incorporate these into our QAM. We also engage with public bodies, consumer associations and business partners to ensure comprehensive compliance and effectively address any deviation from our quality standards.

Restricted Substance List (RSL): We have developed a RSL that defines binding minimum requirements for chemical parameters for all product groups in order to comply with statutory requirements of the European Commission and national governing bodies. The RSL serves to control the chemical compliance of all products offered, to protect the environment, the consumers and the people within our value chain. The RSL outlines the acceptable limits of potentially toxic or harmful substances that may be present in finished products, used components, materials and packaging. The policy applies to our private label brands, as well as our retail and partner product ranges. All Zalando partners and brands are required to implement a robust chemical management system and due diligence testing to ensure compliance with our RSL and the relevant international standards and legislation. The RSL is published on our corporate website and is annexed to the QAM. The RSL is reviewed by internal and external experts and approved by the SVP Corporate Governance/General Counsel.

For our private labels, we have established an MRSL comprising a list of chemicals and substances that are restricted or prohibited in the manufacturing process. The MRSL has been developed in accordance with Zero Discharge of Hazardous Chemicals (ZDHC) standards and is regularly reviewed and updated to include the most current restricted substances and limits. The most recent MRSL is shared with our suppliers to ensure that safe chemicals are used in the manufacturing process.

Processes for engaging with consumers and end-users related to personal safety
We enable consumers and third-party users such as consumer associations and public authorities to communicate directly and rapidly with us. Consumers can report safety concerns regarding purchased products, incidents of accidents, chemical odours, or allergic reactions either to customer care, through the reporting options available on each product webpage, or directly to a dedicated contact point for product safety issues. The available contact options are in line with the DSA and the European General Product Safety Regulation. Additionally, consumers can find relevant information and guidance in our FAQ section.

Consumers can also report concerns to the local authorities at any time. Reported concerns are investigated by our internal experts and incorporated into the safety management.

In the event of a dangerous product, a product safety recall or a safety warning, we will promptly notify all consumers who have purchased the product through the webshop via email and, where necessary, display the relevant information in our outlet stores. Starting from December 2024, safety alerts will also be posted on our corporate website. Online safety alerts are accessible to all consumers and do not require a registered customer account.

If we become aware that a product in circulation poses a risk, we will immediately inform the business partners concerned, the respective manufacturers and, if applicable, the importers. As a registered user of the European Safety Gate Portal, we are committed to notifying national market surveillance authorities of any dangerous products that are known to have been made available or placed on the market. We continuously monitor publicly accessible product safety alert platforms for incidents relating to our products. In such cases, we take immediate action to identify and remove the products in question from our online offering.

We continuously monitor and assess the effectiveness of consumer engagement against compliance objectives. This is measured using internal performance indicators which are reviewed at least on a monthly basis to ensure effectiveness.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Product non-conformities and safety issues trigger corrective actions designed to ensure consumer and environmental safety. If a product is non-conforming or recalled due to safety issues, consumers are entitled to remedies such as refunds, and will be informed accordingly. Our corrective action process includes:

- **Identification and evaluation**: We assess the severity and scope of any negative impacts, focusing on safety, legality and compliance. A detailed risk analysis helps us understand the potential harm and urgency.
- **Remediation and corrective measures**: Immediate actions are taken to address identified issues, including implementing corrective measures to effectively ensure the product conforms, such as product withdrawal, recall or issuing a safety warning as appropriate.
- **Regulatory compliance**: We report all corrective actions and remedies to the relevant authorities and maintain thorough documentation to ensure transparency.
- **Continuous improvement**: We actively seek feedback from consumers and stakeholders to refine our processes and implement long-term improvements to prevent future issues.

We offer multiple channels for consumers and end-users to raise their concerns or needs directly with us. We actively monitor these tools to ensure that any issues raised are efficiently handled.

- Starting in December 2024, a Product Safety Single Contact Point (Regulation (EU) 2023/988) allows consumers and end-users to raise product safety issues through an email address. Notifications are directed to and handled by the appropriate service unit in a timely manner.
- Notice & Action Mechanisms (DSA regulation (EU) 2022/2065) allow consumers and end-users to report illegal content via our corporate website or a report button on the product page. We inform consumers and end-users about actions taken in response and ensure that notifications include specific details to help identify the content.
- Customer care acts as a mechanism through which consumers and end-users can raise issues, e.g. via a webform, mobile app or email. Our customer care supports consumers with general enquiries e.g. about products, order tracking, technical problems as well as quality and safety issues.

Our Code of Ethics sets clear expectations for ethical and responsible behaviour, grounded in values like honesty, respect, trust and fairness. It applies to everyone in our company, from new employees to founders, and emphasises the importance of acting with integrity in all situations.

Our Code of Ethics expressly prohibits actions against individuals who raise product safety concerns in good faith through the designated channels. Leaders are expected to listen carefully to concerns, maintain confidentiality and take appropriate action, with any failure to adhere to the Code of Ethics potentially leading to disciplinary measures, including termination.

Actions related to personal safety

Processes related to Zalando's RSL and private labels' MRSL: At Zalando, we actively monitor the effectiveness of our MRSL and RSL through a risk-based approach as part of our due diligence programme. We also contractually oblige our partners, brands and private label suppliers to identify whether their products contain any Substances of Very High Concern (SVHCs) and provide information on whether or not SVHCs are present above 0.1% weight by weight. If no SVHCs are identified during routine testing, partners and vendors are required to provide an SVHC declaration. Our Quality Assurance team conducts regular testing of products and materials throughout the production cycle, from raw materials to finished goods, utilising accredited third-party laboratories. We closely track the compliance performance and identify any trends or recurring issues that may require additional attention. For our private labels, we perform quality inbound checks and risk-based chemical and physical testing prior to shipment. To ensure MRSL compliance, we regularly conduct audits of our suppliers' manufacturing processes. For the RSL, we regularly implement random checks on finished products entering our supply chain, including those from brand partners.

We have established a system for documenting and investigating any instances of non-compliance. This allows us to analyse root causes and implement effective corrective actions promptly. Our team regularly reviews global regulations and industry standards to ensure our RSL and MRSL remain current and aligned with best practices. Through these efforts, we strive to minimise the presence of harmful substances in both our products and manufacturing processes in line with our ambition for sustainability and consumer safety. This is an ongoing long-term action.

Targets related to personal safety

At Zalando, we have not adopted targets in line with the ESRS that specifically address personal safety. However, it is important to us to comply with legal requirements and our compliance standards regarding product safety and product conformity. To achieve this, we have established a reporting hierarchy based on compliance management standards and industry good practices, which is reviewed both monthly and annually.

Our internal compliance standards align with corporate compliance goals and are overseen by the management board on an annual basis. These objectives are integrated into our product compliance controls and risk management procedures, and are complemented by strategy.

The baseline for performance indicators is established according to the legislative requirements outlined in the EU General Product Safety Regulation and the EU DSA, which serve as fixed benchmarks for measurement. Our commitment to follow the legal requirements is reviewed and agreed upon annually by the internal teams responsible for product compliance processes and procedures.

Privacy

Interaction with strategy and business model and Interests and views of stakeholders

In our effort to deliver outstanding service, build trust and deepen our relationship with consumers, we must meet certain privacy, regulatory and security requirements — particularly those related to consumer data. Investing in these relationships and protecting our business necessitates tools and processes that support and enable these requirements and aim to ensure that we meet the expectations of our consumers, partners, and employees.

Among these tools is the privacy portal, which all registered Zalando consumers can access through their accounts. The privacy portal aims to make exercising data subject rights, such as accessing a consumer's data or deleting an account, easy and transparent.

Our DMA identified a potential negative impact related to insufficient security in our IT systems, which could lead to the loss of personal data belonging to employees and consumers, and a potential risk of cyber-attacks based on possible weaknesses in our IT systems and controls.

Policies related to privacy

We strive to provide a high level of privacy and security for our consumers, partners and employees through compliance with legislation and a comprehensive framework of policies and processes. The framework addresses the key impacts and potential risks aligning with our privacy standard.

We are regulated under European and national data protection regulations and we closely monitor changes in legislation in order to properly adopt regulatory requirements. One of the main privacy related laws is the GDPR, which regulates data protection and privacy in the EU and the EEA. The GDPR aims primarily to give individuals control over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU.

Information Security Management System (ISMS): The ISMS focuses on cybersecurity management and technology-related risks and applies to all our group entities. The governing principle behind our ISMS is that, as with all management processes, it must remain effective and efficient in the long-term by adapting to changes in the internal organisation and external environment. The implementation of cybersecurity policies, standards, procedures and guidelines establishes the rules by which we operate and protects the data and systems in order to reduce risk, minimise the effect of potential incidents and comply with current and future regulatory obligations. Our cybersecurity and data protection documentation consists of four core elements:

- Policies are set by our management board to establish “management's intent” for cybersecurity and data protection requirements that are necessary to support our group strategy and mission.
- Standards provide us with specific, quantifiable requirements for cybersecurity and data protection.

- Procedures (also known as control activities) establish the defined practices or steps that are performed to meet or implement standards and satisfy control objectives.
- Guidelines comprise additional guidance that is recommended for use.

Processes for engaging with consumers and end-users related to privacy

We provide a privacy notice with information which offers consumers and end-users transparency on how Zalando processes consumer data. This feature is accessible in the consumers' and end-users' accounts and on our platforms. This privacy notice applies to all benefits and services which we offer our consumers and it applies to all corporate websites, apps and other benefits and services offered by us.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns related to privacy

Consumers can raise concerns regarding privacy with our Customer Care team where we have dedicated Privacy Champions (employees with special knowledge of privacy topics). Similarly, a Partner Care team offers support to business partners regarding any privacy topics or concerns. Employees can report security incidents through the internal Zalando employee portal, which is operated 24/7 by the Security Operations Centre Analyst.

Actions related to privacy

We have no specific actions implemented in line with the ESRS related to privacy as we have a robust IT system which mitigates the risk of cyber-attacks.

Targets related to privacy

We are committed to upholding all EU-related privacy legislation and have not adopted any specific targets in line with the ESRS related to privacy at this time.

2.8.4 Governance information

ESRS G1 Business conduct

The role of the administrative, supervisory and management bodies

Our management board and supervisory board members bring together a diverse set of expertise essential for addressing matters of business conduct. They have experience and expertise in business conduct, particularly in the areas of corporate governance, compliance, corporate culture and political engagement, as well as the management of supplier relationships. We report key compliance topics to the management board as well as to the audit committee of the supervisory board on a quarterly basis. The chairperson of the audit committee of the supervisory board reports regularly to the full supervisory board on the activities and conclusions of the audit committee in the area of corporate governance and business conduct matters. Key topics generally include insights into compliance investigation data and potential trends arising from these. These reporting formats offer the option for the compliance function to determine further focus topics where required.

Identification and assessment of business conduct-related IROs

The potential material IROs related to our business conduct which were identified in the course of our DMA are stated in section Impacts, risks and opportunities of 2.8.1. General information.

Policies related to business conduct

Our group policies are in line with our Code of Ethics and the principles of our founding mindset. Our quarterly engagement and culture survey regularly evaluates our current workplace culture, combining both quantitative and qualitative insights. We promise to and expect from all employees an environment in which the values of appreciation, speed, entrepreneurship and personal responsibility are lived. All policies are therefore formulated in such a way that they do not stand in the way of fast and independent decision-making, in which those concerned can take responsibility and act quickly.

For the following policies subject to EU or local laws, a company-wide approval process for group policies is applicable, according to which the policies are approved by a member of the management board, the SVP Corporate Governance/General Counsel as well as contributing and affected parties, such as the P&O, Tax, Indirect Procurement, Privacy and/or Finance teams. In principle, the policies apply to all entities and employees of the Zalando group. We communicate the group policies via various channels such as the company-wide employee self-service system and the intranet. In the mandatory compliance training, employees receive further information about the Code of Ethics, the group policy internal investigations, the group policy benefits, gifts, events and expenses, and the group policy authority to sign. New employees will be enrolled in the compliance training courses once they start their employment. Employees receive compliance refresher courses in a bi-annual cycle. Along with information on the policies, they are provided with, e.g. relevant day-to-day examples, information on where to receive further support, how to speak up and relevant links to further resources. Those functions that are identified as having frequent interaction with public officials, or functions having freedom in terms of negotiation with business partners are considered functions-at-risk, and include procurement, sales, finance and accounting, and supply chain management.

Code of Ethics: Our Code of Ethics outlines the standards to which we as a company aim to adhere to. Based on fundamental values of honesty, respect, trust and fairness, the code sets clear expectations for the professional, ethical and responsible behaviour of all employees. The Code of Ethics includes content added by respective experts on the subject matter from, e.g. Corporate Compliance, P&O, Data Protection, Antitrust, Insider Compliance and Tax. Our Code of Ethics applies to all employees, from new joiners to founders. It is a part of our employment contracts and is communicated via our CPO in group-wide awareness campaigns.

Group policy internal investigations: Our group policy internal investigations describes the overall management of reported, actual or suspected compliance violations, from report intake through the pre-assessment and investigation stages, until completion of the remediation. In principle, internal investigations are performed by the Corporate Compliance team. The process and principles set out in this policy define a minimum standard that must be followed and complied with. This includes the principle of impartiality and that investigations are to be conducted in a timely manner. Where mandatory (as well as local) laws, regulations or rules impose different standards, these are also taken into account.

Speak Up guidance: The Speak Up guidance provides information on channels, processes and basic rules for the established reporting channels for internal and external stakeholders that help us identify potential misconduct. The guidance includes the section “Protection of Whistleblowers” in group policy internal investigations in line with EU Directive 2019/1937. For this reason, the guidance is referenced in the group policy.

Group policy benefits, gifts, events and expenses: This policy defines consistent rules regarding the giving and receiving of gifts, invitations and events to prevent violations of national and international anti-corruption regulations. Members of the management board adhere to the expense guidelines approved by the supervisory board. In subsidiaries having specific (local) rules, the process described there fulfils the equivalent purpose of the group policy benefits, gifts, events and expenses. As it also effects the event booking process, it is additionally embedded in the booking tool.

Group policy authority to sign: The policy defines who is permitted to sign contracts on behalf of Zalando. This includes who may represent Zalando to third parties in the context of establishing legal relationships. This includes, e.g. concluding contracts, the assumption of obligations towards authorities or unilateral declarations of intent. Separate regulations may be defined where required. These are subject to prior alignment and approval by the Corporate Compliance team.

Animal welfare policy: We are committed to responsible trading, aiming to ensure that the goods we sell and procure are produced ethically, safely and with the environment in mind. We have currently not adopted targets or implemented actions that specifically address animal welfare. However, our animal welfare policy available on our corporate website complements our Code of Conduct and other sustainability and ethical standards, setting the baseline for social, environmental and chemical compliance. It applies to all our business partners, including suppliers, agents, trading companies and service providers. The policy outlines the principles that business partners must follow when supplying products made from animal-derived materials for sale through us. It is regularly reviewed to incorporate updates. In recognising our shared responsibility within the fashion industry, we work with expert groups to support research on and the development and implementation of animal welfare standards and value chain transparency.

Management of relationship with suppliers

Indirect procurement: We collaborate with business partners who adhere to our Code of Conduct. We perform mandatory compliance checks for certain business partners to mitigate legal and ethical risks. A risk assessment process classifies vendors by risk level, with high-risk vendors being required to sign the Code of Conduct. We also evaluate suppliers on human rights and environmental risks following the German Supply Chain Act to elevate standards among indirect suppliers**.** We do not have an overarching policy for payment practices, as outlined in Payment practices below.

Our procurement policy and procedures for non-merchandising goods and services ensure compliance, efficiency and cost-effectiveness with external vendors. Our Finance team facilitates the sourcing, negotiation and contracting of suppliers for business units through internal systems. This process includes demand collection, source-to-contract activities and order-to-pay operations with approval workflows, the four-eyes principle and the Legal team's involvement for thorough oversight and regulatory adherence.

Supplier relationship management (SRM): We provide a standardised SRM concept, guideline and toolkit for Sourcing Managers to identify, align and co-manage relevant strategic suppliers with the respective business units. The guideline "Overarching SRM within the Supplier Lifecycle" comprises four steps: 1) identifying SRM-relevant suppliers, 2) aligning relevant business units and communication, 3) engaging with SRM relevant suppliers, 4) re-evaluating for continuous adaptation or updates. Based on the various functions' requirements we provide tools for data collection, analysis and the continuous monitoring of our direct suppliers.

Sustainability partner strategy

We are committed to advancing sustainability in all of our brand partnerships. As part of our strategic approach, we have developed internal processes and best practices on how to engage and enable different subsets of brand partners.

To align with the ESRS, we have established clear criteria for these subsets. These criteria aim to identify the different needs of all our partners while focusing on both the brand partners with the highest demand on our platform as well as those who have established practices, performance and commitment in the sustainability space.

This approach aims to achieve the sustainability ambitions outlined in our group strategy, highlight the necessary efforts across our brand partners and ensure efficient collaboration. It also seeks to elevate standards beyond our already high Code of Conduct and sustainable sourcing policy by focusing our resources on the most impactful brand partners. This approach not only aligns with the ESRS requirements but also reinforces our ambition to drive positive environmental and social change in the e-commerce industry.

Private labels

We believe that greater transparency is a key way of driving change and enabling companies and customers to turn information into informed choices that can lead to a better fashion industry for all. We therefore progressively disclose our list of suppliers and their factories. Due to the size and variety of our product range, our private labels (Anna Field, Even&Odd, Friboo, Pier One, YOURTURN, ZIGN) do not own any of the factories in our value chain. Instead, we collaborate with suppliers that have years of technical expertise in their respective areas. Our Private Label team of product, sourcing, quality and sustainability experts is located primarily in Berlin, with regional sourcing offices in Portugal and China.

Our sustainable sourcing policy complements our Code of Conduct and sustainability standards, setting social, environmental and chemical compliance baselines for all business partners, including those of our private labels. The onboarding process for new suppliers or factories (Tier 1, final assembly factory) aims to ensure compliance with the following key areas defined in our general instructions (GIs): human rights and environment (ethics and sustainability), legal and finance, product labelling and packaging, logistics, product safety and quality management, alongside our terms and conditions. During supplier selection the GIs must be signed, and are included in every contract between our private labels and its suppliers.

Ongoing collaboration takes place throughout the year on an ad-hoc basis based on the supplier's needs. A yearly assessment is always conducted where suppliers/factories are assessed to ensure their performance is in line with our goals and business strategy. In 2024 we evaluated 149 social audit reports from private labels' Tier 1 suppliers (31 December 2023: 213) and turned down the onboarding of 0 factories or suppliers (31 December 2023: 5) for not meeting audit requirements.

We have currently not adopted targets in line with the ESRS that specifically address the management of relationships with suppliers. However, our Code of Conduct, procurement policy and procedures for non-merchandising goods and services as well as our SRM are setting social and environmental compliance baselines for all business partners.

Prevention and detection of corruption and bribery

We utilise a holistic compliance management system that includes policies, communication, training, processes and monitoring to ensure legal compliance with anti-corruption and anti-bribery regulations. Reporters can raise allegations via different channels, which include our whistleblowing tool. The detection of corruption and bribery is covered by the process as outlined in group policy internal investigations (see also above Policies related to business conduct).

With regards to the prevention of corruption and bribery, we have developed and implemented target-group-specific and mandatory compliance training on the principles of the Code of

Ethics and the relevant group policy benefits, gifts, events and expenses and group policy authority to sign. The courses include relevant case examples, interactive elements, links to further resources and contact information. Every new employee is obliged to complete the relevant courses following employment start (basic training programme), and is automatically enrolled in a refresher course after two years. While the standard compliance course takes place online, employees with leadership responsibilities are required to attend face-to-face compliance courses (lead training programme). Overall, 3,561 employees completed the compliance courses described. In terms of anti-bribery and the training programmes described covered 74.8% of functions-at-risk. Those employees who are deemed to be at risk of corruption and bribery as a result of their tasks and responsibilities are covered.

Functions-at-risk covered by training programmes

	31 Dec, 2024
Percentage of functions-at-risk covered by training programme (basic)	72.4
Percentage of functions-at-risk covered by training programme (lead)	78.3

Incidents of corruption or bribery

Our group policy internal investigation describes the management of reported actual or suspected compliance violations, from report intake through the pre-assessment and the investigation stages until completion of remediation. In cases of proven violation, any remediation measures must be in compliance with our Code of Ethics, other rules and policies, as well as applicable law. Any remediation measures must be taken in an appropriate and consistent manner that accounts for the facts and circumstances of each individual case, such as the severity of the compliance violation, the degree of personal involvement and any further aggravating or mitigating circumstances as set out in the group policy internal investigation. These factors may indicate a greater or lesser degree of damage (e.g. financial loss or reputational harm) caused by the violation, or a greater or lesser degree of culpability. The range of remediation measures include training, the monitoring of systems, coaching, restriction of signatory power and/or access rights to specific IT systems, verbal and written warnings, demotion, transfer, suspension from work, termination, legal action for damages and criminal complaints. Any measure is taken according to the applicable local labour laws, regulations and works agreements. Since there were no confirmed incidents of corruption or bribery in 2024, we do not have action plans to prevent corruption or bribery. We have not adopted targets in line with the ESRS that specifically address prevention and detection of corruption and bribery as well as the protection of whistleblowers as we ensure legal compliance with anti-corruption and anti-bribery regulations.

Incidents of corruption or bribery

	2024
Number of convictions for violation of anti-corruption and anti-bribery laws	0
Amount of fines for violation of anti-corruption and anti-bribery laws	0
Number of confirmed incidents of corruption or bribery	0
Number of confirmed incidents in which employees were dismissed or disciplined for corruption- or bribery-related incidents	0
Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	0

Political influence and lobbying activities

Our Public Affairs team is located within the Corporate Affairs department, which, since September 2024, reports to our CPO. The audit committee of the supervisory board is regularly informed about regulatory developments and, where relevant, about our related activities. The team is active at the EU level and conducts public affairs operations in Germany, France and Poland. The main topics covered relate to technology (e.g. DSA, Digital Markets Act), tax, customs and payments (e.g. Customs Reform and VAT reform), and sustainability (e.g. Eco-design for Sustainable Products Regulation). Through our outreach activities, we advocate for assurance from the EU that European businesses are not unfairly disadvantaged compared to economic operators based in non-European countries, and that EU customers can rely on the same rights regardless of where the company they purchase from is based, ensuring a level playing field between all market participants. We do not make any direct or indirect political contributions in terms of donations to political parties or elected officials. At present, we have not implemented specific policies, actions or targets in line with the ESRS.

Our interest representation is registered in the EU transparency register (number 877966419254-70), in Germany (number R003005) and in France.

Lobbying expenses

in EUR	**2024**
Amount of internal and external lobbying expenses	608,212.0
Internal lobbying expenses	508,457.0
External lobbying expenses	99,755.0
Amount paid for membership to lobbying associations	125,827.0

Payment practices

We do not have an overarching policy for payment practices, since all payment terms are agreed in supplier contracts and not all of our suppliers work on a contractual basis. When creating policies for payment practices, we distinguish between (direct) merchandise- and (indirect) procurement-related suppliers and processes.

Standard supplier payment terms can vary between 30–90 days and are negotiated on an individual basis. The most common payment terms specify a minimum of 30 days net for direct and indirect managed suppliers (except landlords, tax authorities, etc. which often have shorter payments terms).

For the procurement of indirect goods and services, we aim for 60-day payment terms for each supplier, and where 60 days is not feasible, we use a different approach to set the terms. For Retail (direct) suppliers, we negotiate terms with a minimum payment term of 90 days net.

We have a robust and automated invoice verification process for the majority of invoices to ensure they are verified and paid automatically and on time. The process is based on the terms and conditions linked to the purchase order, and payments are triggered automatically according to their respective due date. Our average number of days to pay an invoice (depending on individual payment terms) is 50 days. To calculate this metric, the sum of the number of days from baseline date to payment date is divided by the total number of invoices paid.

In cases of merchandise discrepancies, tickets are created for the relevant teams to resolve the discrepancy prior to the payment due date. For the procurement process, we have automatic reminders with an escalation matrix to ensure action, starting nine days after the first approval due date. In rare cases, a manual solution is put in place for merchandise and procurement if automated systems are unavailable. To prevent late payments, which could be due to several issues, we closely monitor the system. Our percentage of payments aligned with standard payment terms is 91.1%. To calculate the proportion of payments that meet standard payment terms, the total number of invoices paid that meet standard payment terms is divided by the sum of the invoices paid. We have not adopted targets in line with the ESRS that specifically address payment practices, as our automated invoice verification process ensures that our payment terms are adhered to.

As of 31 December 2024, one legal proceeding was pending in which an insolvency administrator is demanding payment of contractual consideration allegedly owed. In Zalando’s view, these claims are unfounded. The competent court is currently reviewing the matter.

Entity-specific information: Innovation and partnerships

Strategy and business model interaction with material matter innovation and partnerships

Transitioning to a more sustainable, equitable and accessible future for fashion is not something a single brand or retailer can take on — customers, brand partners and manufacturers, innovators, regulators and employees must work together toward this common vision. Our place in the European fashion ecosystem uniquely positions us to embrace the role of “enabler”, serving as a catalyst, convener and connector to drive progress amongst these diverse stakeholder groups. Our aims are as follows:

- Enable customers to make informed choices with an assortment and brands that align with their values.
- Enable brands and their value chains to become more circular, and to establish and deliver on their sustainability ambitions.
- Scale industry innovators by providing access to customers, brands and financing.
- Work with regulators to ensure a level playing field against unfair competitive practices.
- Empower all our employees to embed sustainability into their mindset and daily work.

Governance

Our head of external stakeholder engagement develops our approach to partnerships based on our strategy goals as well as yearly evaluations carried out together with the SDI Leadership team. There are biannual feedback sessions with our VP SDI and an SVP representative where crucial topics can be escalated, and opportunities for ad-hoc engagement are provided. While strategic direction falls within this role, strategy implementation is embedded into key functions across individuals within the organisation over time. As an example, our partnerships with Textile Exchange and the EMF are located in the Private Label & Sustainable Product and SDI teams, respectively. In addition to the working groups in which we participate as a result of these alliances, we also seek out opportunities to share our lessons learned with other organisations during conferences and other similar events.

Management of IROs related to innovation and partnerships

When identifying potential partner organisations, we take as a starting point our strategic goals. As a major European retailer, our reach is extensive, creating opportunities to learn from and share lessons with a wide range of stakeholders. In so doing, we can better understand how to leverage our position to benefit both ourselves and our partners.

Organisations we are currently engaged with include:

Organisations we engage with

What is it	Why we engage	How we engage
Innovators and partners Global network of accelerators and incubators through our memberships of organisations including Fashion for Good and the Ellen MacArthur Foundation.	We engage in innovative partnerships to go beyond our internal capabilities and seek out extended possibilities and opportunities via collaboration. This allows us to access the latest trends in innovation, to extend our innovation ecosystem to the global level and to accelerate our efforts in this domain. We support innovators and partners by giving them access to expertise and industry knowledge and by sharing best practices. Sharing resources allows us to help them accelerate innovation and contribute to the success of their projects. This extensive collaboration leads to mutual growth.	Taking our strategic goals as a starting point, we seek out innovations that help fill our own capability and knowledge gaps. Working with our internal teams, we identify these gaps and connect with relevant organisations to explore opportunities which may result in co-creation and co-innovation, including studies to build knowledge, pilots to test capabilities and functionality, and eventually, long-term solutions where relevant.
Action, Collaboration, Transformation (ACT) ACT is an agreement between 20 global brands and IndustriALL Global Union in pursuit of living wages for workers in the textile and garment value chains.	At Zalando, we believe that collective bargaining at the industry level, enabled by freedom of association and responsible purchasing practices, is the most realistic pathway to making an impact on wages. We also acknowledge that we cannot wait for these agreements to transpire before we act on our own accord.	Despite the majority of ACT's work being conducted outside the regions in which Zalando sources its products, we have provided financial support to the organisation, thus demonstrating our support to these tenets. At the same time, we actively participate in working groups.
Better Work (ILO) This is a partnership between the ILO and the International Finance Corporation (IFC), a member of the World Bank Group. Better Work unites governments, employers' and workers' organisations, global brands, factory owners and workers to improve working conditions in the global apparel and footwear industry and make the sector more competitive.	The Better Work factory engagement model creates lasting, positive change via tools like assessments, advisory services and training, complementing Better Work's sectoral and national level engagement to change policies, attitudes and behaviour. By sharing their approach and the results of their on-the-ground work, they seek to inform policy making to promote decent work and better business in the garment industry.	Vietnam-based factories related to our private label business are enrolled in the Better Work programme with the programmes having provided benefits to workers and factories on a consistent basis.
Business for Social Responsibility (BSR) BSR is a sustainable business network and consultancy focused on creating a world in which all people can thrive on a healthy planet. BSR provides its 300+ member companies with insight, advice and collaborative initiatives to help them see a changing world more clearly, create long-term value and scale impact.	The ESG landscape is continuously shifting. As such we require trusted partners who can be the first port of call for whatever issue we need to address. BSR supports its members across key focus areas including climate change, inclusion and justice, human rights and value chain sustainability.	BSR supported Zalando in defining the qualitative and quantitative data gaps for CSRD. They also provided early feedback on our sustainability strategy. In addition, they have been a sparring partner on diverse topics such as building value from sustainability, inclusion and justice. We have also been deeply involved in workshops aimed at addressing the tension between business growth and sustainability goals.
Cascale Cascale (formerly Sustainable Apparel Coalition) is a global, non-profit alliance of 300 leading consumer goods brands, retailers, manufacturers, sourcing agents, service providers, trade associations, NGOs and academic institutions. Members represent every link in the global value chain for apparel, footwear and textiles; home furnishings, sporting and outdoor goods, and bags and luggage.	Acquiring trustworthy, reliable data to measure impact across our industry remains a challenge. Cascale covers a significant portion of the sector, helping to build tools and methodologies to gather information from global value chains which can then be used to measure progress on a number of ESG topics.	Zalando has participated in a number of working groups. These include those related to the EU policy landscape, the alignment of tools to address the latest compliance requirements and the question of data harmonisation across the sector. We utilise tools created by Cascale and its members to gather information from our facilities via the facilities social and environment module. We have also used certain emission-factor criteria to calculate our GHG emissions.
Copenhagen Fashion Week (CPHFW) Regarded as the fifth global fashion week, Copenhagen Fashion Week welcomes leading international press, buyers and industry leaders	Sustainability is the core focus for CPHWF, which strives towards making substantial changes to inspire and encourage the industry to accelerate their sustainability efforts. In January 2020, CPHFW unveiled an ambitious three-year Sustainability Action Plan, presenting an innovative system of requirements for brands to be part of the official schedule that was implemented at the AW23 edition of CPHFW. The action plan is revised and released every three years, positioning CPHFW as the leading fashion week within the sustainability field.	We created the Zalando Visionary Award in order to influence positive change in the fashion industry through the vision and work of the next generation's emergent talent. To be eligible for the award, applicants demonstrate how they are making waves in one or more of the following pillars: creativity and design, social impact and innovation. The applications are reviewed and the winner is determined by an international jury consisting of industry thought leaders and representatives from Zalando in addition to the CPHFW show committee.

Organisations we engage with

What is it	Why we engage	How we engage
Ellen MacArthur Foundation (EMF) The EMF is a charity committed to creating a circular economy, designed to eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature. Its goal is to create an economic system that delivers better outcomes for people and the environment.	The EMF, as a circular economy NGO, is a key platform from which we can i) learn - including access to courses and events to upskill Zalando; ii) network – with brand partners and startup innovations who share similar challenges; iii) collaborate – work with leaders on key systemic challenges and share insights from our experiences to support other brands in their transition. We have been a partner for three years.	Zalando is a partner with EMF. We access the EMF Network while benefiting from direct strategic support, including direct one-on-ones with the expert team and membership of the fashion advisory board to discuss key issues with leading peers. We also address systemic issues, participating in the EMF demonstration projects. The Jeans Redesign, which ended in 2023, covered circular product design, while Fashion ReModel, launched this year, targets solutions to solve systemic challenges facing circular business models. In each case, we provide dedicated resources from across the business to learn and implement new insights.
Fair Wear Foundation (FWF) FWF is an independent, non-profit organisation that works with brands to improve conditions for workers in garment and footwear factories.	For the past 25 years, FWF has connected and convened brands, factories, workers, trade unions, NGOs and other industry influencers, and built strong multi-stakeholder networks across the whole value chain. Through access to each of their unique leverage positions, FWF is able to support Zalando as we progress on human rights due diligence and build out our decent work strategy to positively change the lives of the people who make our products.	Zalando became a member of FWF in 2024 and will undergo an annual social assessment of our private label supply chain to identify gaps in our human rights due diligence processes, especially our purchasing practices. The action plan to close gaps will be verified by the FWF and will influence our 2028 roadmap. The yearly assessment called Brand Performance Check will be published externally and classified as either “improvement needed”, “good”, or “leader”.
FASHION LEAP FOR CLIMATE This is an industry-led initiative and e-learning platform to drive climate action in the fashion industry.	Over 5,000 companies from across the globe have committed to setting SBTs through the SBTi. However, only around 320 of these companies are from the fashion and sporting goods industry. Engaging fashion brands to set SBTs is critical for accelerating action to address the industry’s climate impact.	Supported by Quantis, Zalando together with ABOUT YOU and YOOX NET-A-PORTER developed FASHION LEAP FOR CLIMATE, a pre-competitive initiative and online learning platform that aims to drive climate education, engagement and action in the fashion and footwear industry. The platform offers step-by-step guidance to help the e-retailers’ brand partners understand the fashion industry’s stake in the global climate crisis, how to measure their corporate carbon footprints, and how to develop robust SBTs and submit them to the SBTi.

Organisations we engage with

What is it	Why we engage	How we engage
Fashion for Good Fashion for Good is a global initiative to inspire change and drive the collective movement to make fashion a force for good by working directly with the fashion industry to innovate towards solutions that are better for people and the planet. At the core of Fashion for Good is an innovation platform – connecting sustainability innovations with brands, retailers, manufacturers and funders to bring new ideas and technologies from niche to norm. Fashion for Good i) supports disruptive innovators on their journey to scale, providing hands-on project management, access to funding and a robust ecosystem of mentors and experts, thus helping bring the most powerful innovations to market faster; ii) builds coalitions among pioneers and established companies, alongside governments and civil society; iii) mobilises large-scale capital with the potential to create decisive system change.	Zalando has been a partner of Fashion for Good since 2018. This membership directly supports our sustainability ambition, including scaling the use of material innovation and seeking solutions for value chain decarbonisation, providing Zalando with direct access to: i) innovation intelligence & corporate resources, including in-depth analyses of the industry landscape for sustainable innovation across topics of circularity, decarbonisation, supply chain innovation, social innovation, manufacturing processes, packaging, financing and legal issues; ii) innovation programme, connecting our Private Label team and SDI team with material and supply chain innovators; iii) foundational industry projects, providing strategic insights for Zalando's sustainability strategy.	As a member Zalando participates in Fashion for Good foundational projects, including: Sorting for Circularity: Rewear Fashion for Good's Sorting for Circularity framework has been expanded to address the challenge of ensuring rewearable textiles remain in use as opposed to finding their way into global waste streams or landfills. This 18-month project tests automated sorting technologies using artificial intelligence and machine learning to optimise the sorting of rewearable garments and enable greater circularity. The project is currently running and aims to be completed in 2025. Future of Footwear: The project aims to address the key intervention points needed to drive footwear circularity spanning four work streams across the value chain from materials to end of use. Key project work streams focus on: design, materials, end of use and traceability; The project launched in 2024 and will be running through 2025. Footwear Recycling Pilot with Fast Feet Grinded: Zalando joined a footwear recycling pilot project with footwear recycling innovator FastFeetGrinded, which was completed in 2024. The pilot tested and validated a mechanical footwear recycling process to support the uptake of recycled content in footwear, driving the change towards a more circular footwear industry. The insights gained from the pilot will be used to further advance incorporating innovative materials into our private labels footwear assortment and increase share of recycled materials.
International Accord for Health and Safety in the Garment and Textile Industry **Bangladesh Accord** In 2013, the Accord on Fire and Building Safety in Bangladesh was instituted as a five-year agreement to pursue workplace safety in the ready-made garment sector in Bangladesh. This was created in the immediate aftermath of the April 2013 Rana Plaza building collapse that killed more than 1,000 workers and critically injured thousands more. **Pakistan Accord** The Pakistan Accord is a legally binding agreement between global trade unions and brands to ensure worker health and safety in the textile and garment industry of Pakistan.	The Bangladesh Safety Program is a legally binding agreement between garment brands and trade unions to ensure worker health and safety in the Bangladeshi textile and garment industry. The signatory parties to the Bangladesh Safety Program commit to the principles enshrined in the 2023 International Accord, and as stipulated in the 2013, 2018 and 2021 Accord on Fire and Building Safety in Bangladesh. The Pakistan Accord promotes improved health and safety performance by covering all cut-make-trim facilities, (i.e. ready-made garments, home textiles, and fabric and knit accessories suppliers), producing products for Pakistan Accord signatory companies. Additionally, factory mills in Pakistan within the value chains of the signatories are included.	Zalando engages with the organisation and its members regularly to discuss developments, release position papers and align on the further proliferation of the agreement.
Reset Carbon Reset Carbon supports corporate clients in building robust carbon reduction strategies and decarbonisation solutions that drive meaningful results. Their team of engineers and carbon consultants use science-backed methodologies, standardised frameworks, market intelligence and practical expertise to move from strategy development to implementation.	As an implementing partner of the Apparel Impact Institute's Carbon Leadership Program, Reset Carbon has successfully worked with various brands and over 200 textile mills to assess and implement GHG reduction measures.	We collaborate with Reset Carbon to support our partners in decarbonising manufacturing in our private label value chain. For our private label facility improvement programme, we expanded the Carbon Leadership Program's proven methodology to include leather tanneries and polyurethane manufacturers, which are significant GHG emissions contributors at the industry level.

Organisations we engage with

What is it	Why we engage	How we engage
Textile Exchange Textile Exchange’s purpose is to build a global fibre and material production model that positively impacts our planet.Their goal is to help the fashion, textile and apparel industry to reduce the GHG emissions that come from fibre and raw material production by 45% by 2030.	Textile Exchange helps the industry to understand some of the common sustainability challenges that come with producing popular fibres and raw material. They then work with stakeholders all along the value chain to find ways to overcome them at scale.	As a member of Textile Exchange, we interact with the organisation in two main ways: i) benefit from their fibre and material standards and collaborate on labelling of products using these standards; ii) collaborate towards shared goals and multi-stakeholder initiatives. Zalando promotes Textile Exchange’s fibre & material standards by highlighting products and materials in our assortment that achieve these additional sustainability standards, including organic and recycled materials or animal welfare standards. Zalando also engages with Textile Exchange to collaborate and solve industry-wide challenges, including topics such as environmental impacts from raw material production, green claims, traceability, transparency and data sharing.
Social and Labor Convergence Program (SLCP) The SLCP provides the tools for capturing accurate data about working conditions in global value chains. This multi-stakeholder initiative replaces the need for repetitive social audits by facilitating data sharing.	The SLCP focus on a converged assessment framework supports our efforts to improve working conditions in global value chains. This is complementary to the work we do with other organisations in this space and can make a meaningful impact by sharing comparable and verified high-quality data that increases transparency and eliminates audit fatigue to free up and redeploy resources.	We currently accept SLCP data and are working with a wider group of stakeholders on the the use of this data for compliance with new EU legislation, namely CSRD and CSDDD.
Save the Children/The Centre for Child Rights and Business Save the Children (STC) is an organisation aimed at protecting and advancing global children's rights. The Centre for Child Rights and Business is a suborganisation of STC, offering partnership services around child labour prevention and remediation.	Child labour is a salient issue in many manufacturing supply chains, including fashion value chains. We have partnered with STC and the Centre for Child Rights and Business, as leading organisations in this area, as part of our due diligence approach.	With STC, we engage on a level of knowledge exchange and on an industry association level to align with other retailers and brands to collaboratively act against factors increasing the risk of child labour. To concretely act on child labour risks in our private label value chains, we partner with the Centre for Child Rights and Business to train factories in value chains identified as high risk. Zalando private labels started training suppliers in 2023.

Targets and metrics related to innovation and partnerships

We do not establish specific targets related to innovation and partnerships, as we regard this as an entity-specific opportunity that supports the management of our IROs in relation to ESG considerations. Similarly, we do not have specific metrics for this topic, as the effectiveness of these partnerships depends on how the associated sustainability topic is assessed. Further information on how these partnerships support us in managing our IROs can be found in the relevant topical sections.

APPENDIX

List of data points from other EU legislations

The table below includes all of the data points that derive from other EU legislation as listed in ESRS 2 Appendix B, indicating where the data points can be found in our report and which data points were assessed as “not material”.

Disclosure requirement and related data point	SFDR[1] reference	Pillar 3[2] reference	Benchmark Regulation[3] reference	EU Climate Law[4] reference	Outcome of DMA	Reference
ESRS 2 GOV-1, para. 21(d)	Indicator no 13 of Table #1 of Annex 1		Regulation (EU) 2020/1816[5], Annex II		material	153
ESRS 2 GOV-1, para. 21 (e)			Regulation (EU) 2020/1816, Annex II		material	153
ESRS 2 GOV-4, para. 30	Indicator no 10 Table #3 Annex 1				material	157
ESRS 2 SBM-1, para. 40 (d) i	Indicator no 4 Table #1 Annex 1	Article 449a Regulation (EU) No 575/2013; Regulation (EU) 2022/2453[6] Table 1 and Table 2	Regulation (EU) 2020/1816, Annex II		not applicable	not applicable
ESRS 2 SBM-1, para. 40 (d) ii	Indicator no 9 Table #2 Annex 1		Regulation (EU) 2020/1816, Annex II		not applicable	not applicable
ESRS 2 SBM-1, para. 40 (d) iii	Indicator no 14 Table #1 Annex 1		Regulation (EU) 2020/1818[7], Article 12(1) Regulation (EU) 2020/1816, Annex II		not applicable	not applicable
ESRS 2 SBM-1, para. 40 (d) iv			Regulation (EU) 2020/1818, Article 12(1) Regulation (EU) 2020/1816, Annex II		not applicable	not applicable
ESRS E1-1, para. 14				Regulation (EU) 2021/1119, Article 2(1)	material	202
ESRS E1-1, para. 16 (g)		Article 449a Regulation (EU) No 575/2013; Regulation (EU) 2022/2453 Template 1	Regulation (EU) 2020/1818, Article 12(1) d to g, and Article 12(2)		not applicable (no transition plan in place)	not applicable
ESRS E1-4, para. 34	Indicator no 4 Table #2 Annex 1	Article 449a Regulation (EU) No 575/2013; Regulation (EU) 2022/2453 Template 3	Regulation (EU) 2020/1818, Article 6		material	199
ESRS E1-5, para. 38	Indicator no 5 Table #1 and Indicator no 5 Table #2 Annex 1				material	203
ESRS E1-5, para. 37	Indicator no 5 Table #1 Annex 1				material	203
ESRS E1-5, para. 40 to 43	Indicator no 6 Table #1 Annex 1				material	203
ESRS E1-6, para. 44	Indicators no 1 and 2 Table #1 Annex 1	Article 449a; Regulation (EU) No 575/2013; Regulation (EU) 2022/2453 Template 1	Regulation (EU) 2020/1818, Article 5(1), 6 and 8 (1)		material	204
ESRS E1-6, para. 53 to 55	Indicator no 3 Table #1 Annex 1	Article 449a Regulation (EU) No 575/2013; Regulation (EU) 2022/2453 Template 3	Regulation (EU) 2020/1818, Article 8(1)		material	206

Disclosure requirement and related data point	SFDR[1] reference	Pillar 3[2] reference	Benchmark Regulation[3] reference	EU Climate Law[4] reference	Outcome of DMA	Reference
ESRS E1-7, para. 56				Regulation (EU) 2021/1119, Article 2(1)	material	207
ESRS E1-9, para. 66			Regulation (EU) 2020/1818, Annex II Regulation (EU) 2020/1816, Annex II		material (phased-in)	not applicable (phased-in)
ESRS E1-9, para. 66 (a); ESRS E1-9, para. 66 (c)		Article 449a Regulation (EU) No 575/2013; Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5			material (phased-in)	not applicable (phased-in)
ESRS E1-9, para. 67 (c)		Article 449a Regulation (EU) No 575/2013; Regulation (EU) 2022/2453 paragraph 34; Template 2			material (phased-in)	not applicable (phased-in)
ESRS E1-9, para. 69			Regulation (EU) 2020/1818, Annex II		not material	not applicable
ESRS E2-4, para. 28	Indicator no 8 Table #1 Annex 1 Indicator no 2 Table #2 Annex 1 Indicator no 1 Table #2 Annex 1 Indicator no 3 Table #2 Annex 1				not applicable	not applicable
ESRS E3-1, para. 9	Indicator no 7 Table #2 Annex 1				material	209
ESRS E3-1, para. 13	Indicator no 8 Table 2 Annex 1				material	210
ESRS E3-1, para. 14	Indicator no 12 Table #2 Annex 1				not material	not applicable
ESRS E3-4, para. 28 (c)	Indicator no 6.2 Table #2 Annex 1				material	211
ESRS E3-4, para. 29	Indicator no 6.1 Table #2 Annex 1				material	211
ESRS 2-SBM 3 - E4, para. 16 (a) i	Indicator no 7 Table #1 Annex 1				not material	not applicable
ESRS 2-SBM 3 - E4, para. 16 (b)	Indicator no 10 Table #2 Annex 1				not material	not applicable
ESRS 2-SBM 3 - E4, para. 16 (c)	Indicator no 14 Table #2 Annex 1				not material	not applicable
ESRS E4-2, para. 24 (b)	Indicator no 11 Table #2 Annex 1				not material	not applicable
ESRS E4-2, para. 24 (c)	Indicator no 12 Table #2 Annex 1				not material	not applicable
ESRS E4-2, para. 24 (d)	Indicator no 15 Table #2 Annex 1				not material	not applicable
ESRS E5-5, para. 37 (d)	Indicator no 13 Table #2 Annex 1				material	223
ESRS E5-5, para. 39	Indicator no 9 Table #1 Annex 1				material (only hazardous waste)	223
ESRS 2-SBM 3 - S1, para. 14 (f)	Indicator no 13 Table #3 Annex I				material	225
ESRS 2-SBM 3 - S1, para. 14 (g)	Indicator no 12 Table #3 Annex I				material	225
ESRS S1-1, para. 20	Indicator no 9 Table #3 and Indicator no 11 Table #1 Annex I				material	235
ESRS S1-1, para. 21			Regulation (EU) 2020/1816, Annex II		material	224
ESRS S1-1, para. 22	Indicator no 11 Table #3 Annex I				not material	not applicable

Disclosure requirement and related data point	SFDR[1] reference	Pillar 3[2] reference	Benchmark Regulation[3] reference	EU Climate Law[4] reference	Outcome of DMA	Reference
ESRS S1-1, para. 23	Indicator no 1 Table #3 Annex I				material	231
ESRS S1-3, para. 32 (c)	Indicator no 5 Table #3 Annex I				material	236
ESRS S1-14, para. 88 (b) and (c)	Indicator no 2 Table #3 Annex I		Regulation (EU) 2020/1816, Annex II		material	231
ESRS S1-14, para. 88 (e)	Indicator no 3 Table #3 Annex I				material (phased-in)	not applicable (phased-in)
ESRS S1-16, para. 97 (a)	Indicator no 12 Table #1 of annex I		Regulation (EU) 2020/1816, Annex II		material	232
ESRS S1-16, para. 97 (b)	Indicator no 8 Table #3 Annex I				material	232
ESRS S1-17, para. 103 (a)	Indicator no 7 Table #3 Annex I				material	234
ESRS S1-17, para. 104 (a)	Indicator no 10 Table #1 and Indicator no 14 Table #3 Annex I		Regulation (EU) 2020/1816, Annex II Regulation (EU) 2020/1818 Art 12 (1)		material	234
ESRS 2-SBM 3 - S2, para. 11 (b)	Indicators no 12 and 13 Table #3 Annex I				material	241
ESRS S2-1, para. 17	Indicator no 9 Table #3 Annex 1 and Indicator no 11 Table #1 Annex 1				material	242
ESRS S2-1, para. 18	Indicators no 11 and no 4 Table #3 Annex 1				material	243
ESRS S2-1, para. 19	Indicator no 10 Table #1 Annex 1		Regulation (EU) 2020/1816, Annex II Regulation (EU) 2020/1818, Art 12 (1)		material	242
ESRS S2-1, para. 19			Regulation (EU) 2020/1816, Annex II		material	242
ESRS S2-4, para. 36	Indicator no 14 Table #3 Annex 1				material	245
ESRS S3-1, para. 16	Indicator no 9 Table #3 Annex 1 and Indicator no 11 Table #1 Annex 1				not material	not applicable
ESRS S3-1, para. 17	Indicator no 10 Table #1 Annex 1		Regulation (EU) 2020/1816, Annex II Regulation (EU) 2020/1818, Art 12 (1)		not material	not applicable
ESRS S3-4, para. 36	Indicator no 14 Table #3 Annex 1				not material	not applicable
ESRS S4-1, para. 16	Indicator no 9 Table #3 and Indicator no 11 Table #1 Annex 1				not material	not applicable
ESRS S4-1, para. 17	Indicator no 10 Table #1 Annex 1		Regulation (EU) 2020/1816, Annex II Regulation (EU) 2020/1818, Art 12 (1)		not material	not applicable
ESRS S4-4, para. 35	Indicator no 14 Table #3 Annex 1				not material	not applicable
ESRS G1-1, para. 10 (b)	Indicator no 15 Table #3 Annex 1				material	not applicable
ESRS G1-1, para. 10 (d)	Indicator no 6 Table #3 Annex 1				material	not applicable

Disclosure requirement and related data point	SFDR[1] reference	Pillar 3[2] reference	Benchmark Regulation[3] reference	EU Climate Law[4] reference	Outcome of DMA	Reference
ESRS G1-4, para. 24 (a)	Indicator no 17 Table #3 Annex 1		Regulation (EU) 2020/1816, Annex II		material	266
ESRS G1-4, para. 24 (b)	Indicator no 16 Table #3 Annex 1				material	not applicable

1 SFDR = Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).
2 Pillar 3 = Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation 'CRR') (OJ L 176, 27.6.2013, p. 1).
3 Benchmark Regulation = Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).
4 EU Climate Law = Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ("European Climate Law") (OJ L 243, 9.7.2021, p. 1).
5 Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).
6 Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324,19.12.2022, p.1.).
7 Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

Index – List of ESRS disclosure requirements

The following table lists all of the ESRS disclosure requirements which we have complied with in preparing our sustainability statement.

Disclosure requirement	Title	Reference
ESRS 2 General disclosures		149
ESRS 2-BP-1	General basis for preparation of the Sustainability Statement	149
ESRS 2-BP-2	Disclosures in relation to specific circumstances	149
ESRS 2-GOV-1	The role of the administrative, management and supervisory bodies	152
ESRS 2-GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	154
ESRS 2-GOV-3	Integration of sustainability-related performance in incentive schemes (ESRS 2 GOV-3 paragraph 29: 2021 incentive scheme is incorporated by reference in 1.3 Remuneration report)	155
ESRS 2-GOV-4	Statement on due diligence	157
ESRS 2-GOV-5	Risk management and internal controls over sustainability reporting	159
ESRS 2-SBM-1	Strategy, business model and value chain	160
ESRS 2-SBM-2	Interests and views of stakeholders	163
ESRS 2-SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	173
ESRS 2-IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	166
ESRS 2-IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	276
ESRS E1 Climate change		192
ESRS E1-ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	192
ESRS E1-1	Transition plan for climate change mitigation	202
ESRS E1-ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	192
ESRS E1-ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	193
ESRS E1-2	Policies related to climate change mitigation and adaptation	195
ESRS E1-3	Actions and resources in relation to climate change policies	196
ESRS E1-4	Targets related to climate change mitigation and adaptation	199
ESRS E1-5	Energy consumption and mix	202

Disclosure requirement	Title	Reference
ESRS S1-17	Incidents, complaints and severe human rights impacts	234
ESRS S2 Workers in the value chain		241
ESRS S2-ESRS 2 SBM-2	Interests and views of stakeholders	241
ESRS S2-ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	241
ESRS S2-1	Policies related to value chain workers	242
ESRS S2-2	Processes for engaging with value chain workers about impacts	243
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	243
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	245
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	247
ESRS S4 Consumers and end-users – Social inclusion		248
ESRS S4-ESRS 2 SBM-2	Interests and views of stakeholders	248
ESRS S4-ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	248
ESRS S4-1	Policies related to consumers and end-users	249
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	249
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	249
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	250
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	252
ESRS S4 Consumers and end-users – Information-related impacts		253
ESRS S4-ESRS 2 SBM-2	Interests and views of stakeholders	253
ESRS S4-ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	253
ESRS S4-1	Policies related to consumers and end-users	253
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	253
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	254
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	254
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	254
ESRS S4 Consumers and end-users – Personal safety		255
ESRS S4-ESRS 2 SBM-2	Interests and views of stakeholders	255
ESRS S4-ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	255
ESRS S4-1	Policies related to consumers and end-users	255
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	256
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	257
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	258
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	258

Annual financial statements

3.1 Balance sheet as of 31 December 2024

Assets

in m EUR		31 Dec, 2024	31 Dec, 2023
A.	**Fixed assets**		
I.	**Intangible assets**		
1.	Internally generated software thereof under development: 41.3m EUR (prior year: 35.4m EUR)	128.7	112.3*
2.	Purchased concessions, industrial rights and similar rights and assets and licenses in such rights and assets	59.9	71.4
3.	Prepayments and purchased software under development	10.2	8.5
		198.8	**192.1**
II.	**Property, plant and equipment**		
1.	Buildings on third-party land	0.5	0.7
2.	Plant and machinery	0.8	12.2
3.	Other equipment, furniture and fixtures	21.9	32.7
4.	Prepayments and assets under construction	3.0	1.4
		26.2	**47.0**
III.	**Financial assets**		
1.	Shares in affiliated companies	1,508.8	1,424.2
2.	Loans to affiliated companies	367.5	449.5
3.	Equity investments	80.0	0.4
		1,956.2	**1,874.2**
		2,181.2	**2,113.3**
B.	**Current assets**		
I.	**Inventories**		
1.	Raw materials and supplies	16.1	16.6
2.	Merchandise	1,461.4	1,285.7
		1,477.6	**1,302.4**
II.	**Receivables and other assets**		
1.	Trade receivables	267.4	200.1
2.	Receivables from affiliated companies	722.6	352.9
3.	Other assets	100.3	102.0
		1,090.3	**655.1**
III.	**Securities**	**412.6**	**732.9**
IV.	**Cash on hand and bank balances**	**1,307.2**	**1,253.6**
		4,287.6	**3,943.9**
C.	**Prepaid expenses**	**38.6**	**21.7**
D.	**Deferred tax assets**	**58.2**	**38.9**
Total		**6,565.6**	**6,117.9**

*) The position Internally generated software under development was reported under Prepayments and internally generated software under development in the prior year (prior year's value: 43.8m EUR).

Equity and liabilities

in m EUR		31 Dec, 2024	31 Dec, 2023
A.	**Equity**		
I.	**Subscribed capital**	**263.9**	**263.8**
Conditional capital: 82.8m EUR (prior year: 84.8m EUR) Less nominal value of treasury shares		-4.7	-3.3
	Issued capital	259.2	260.5
II.	**Capital reserve**	**1,225.8**	**1,242.1**
	thereof premium realised as of the issue of convertible bonds: 15.4m EUR (prior year: 15.4m EUR)		
III.	**Unappropriated profit**	**566.0**	**413.2**
		2,051.0	**1,915.8**
B.	**Provisions**		
1.	Tax provisions	48.2	6.0
2.	Other provisions	667.0	627.8
		715.2	**633.8**
C.	**Liabilities**		
1.	Bonds thereof convertible: 900.0m EUR (prior year: 1,000.0m EUR)	900.0	1,000.0
2.	Prepayments received on account of orders	38.9	47.9
3.	Trade payables	1,618.1	1,340.2
4.	Liabilities to affiliated companies	997.6	904.3
5.	Other liabilities thereof for taxes: 185.7m EUR (prior year: 167.8m EUR) thereof relating to social security and similar obligations: 0.1m EUR (prior year: 0.2m EUR)	218.1	262.5
		3,772.8	**3,554.9**
D.	**Deferred income**	**26.7**	**13.5**
Total		**6,565.6**	**6,117.9**

3.2 Income statement

for the financial year from 1 January 2024 to 31 December 2024

in m EUR		2024	2023
1.	Revenue	10,272.6	9,859.4
2.	Other own work capitalised	65.7	54.3
3.	Other income thereof income from currency translation: 60.7m EUR (prior year: 184.4m EUR)	186.5	291.0
		10,524.8	10,204.7
4.	Cost of materials		
	a) Cost of raw materials and supplies and of purchased merchandise	-5,198.8	-5,249.4
	b) Cost of purchased services	-55.4	-68.8
5.	Personnel expenses		
	a) Wages and salaries	-562.5	-581.2
	b) Social security, pensions and other benefit costs thereof pension costs: 0.4m EUR (prior year: 0.4m EUR)	-79.5	-80.7
6.	Amortisation of intangible assets and depreciation of property, plant and equipment	-80.3	-84.1
7.	Other operating expenses thereof expenses from currency translation: 50.1m EUR (prior year: 197.9m EUR)	-4,321.6	-4,126.4
		-10,298.3	-10,190.6
8.	Income from equity investments thereof from affiliated companies: 7.7m EUR (prior year: 0.0m EUR)	7.7	0.0
9.	Income from profit transfers	30.8	33.2
10.	Income from other securities and long-term loans thereof from affiliated companies: 21.5m EUR (prior year: 24.4m EUR)	21.5	24.4*
11.	Other interest and similar income thereof from affiliated companies: 33.1m EUR (prior year: 34.2m EUR)	108.1	67.6
12.	Amortisation of financial assets	-30.9	0.0
13.	Expenses from loss absorption	-24.2	-5.3
14.	Interest and similar expenses thereof to affiliated companies: 59.4m EUR (prior year: 50.4m EUR)	-102.6	-92.7
		10.3	27.3
15.	Income taxes thereof income resulting from changes in deferred taxes: 19.3m EUR (prior year: 4.5m EUR)	-77.6	-39.7
16.	Earnings after taxes	159.2	1.7
17.	Other taxes	-6.4	-1.9
18.	Net profit/loss for the year	152.8	-0.2
19.	Unappropriated profit from the prior year	413.2	413.4
20.	**Unappropriated profit**	**566.0**	**413.2**

*) The income from other securities and long-term loans was reported under Other interest and similar income in the prior year (prior year's value: 92.0m EUR).

3.3 Notes to the financial statements

3.3.1 General disclosures on content and classification of the annual financial statements

The company is a large listed corporation pursuant to Section 267 (3) HGB [“Handelsgesetzbuch”: German Commercial Code].

The annual financial statements for the financial year were prepared in accordance with the accounting provisions for businessmen of Section 238 et seq. HGB and the supplementary provisions for public companies (Section 264 et seq. HGB). The provisions of the AktG [“Aktiengesetz”: German Stock Corporation Act] in conjunction with Article 61 Regulation (EC) No 2157/2001 on preparing annual financial statements were also observed. The annual financial statements were prepared on a going concern basis pursuant to Section 252 (1) No. 2 HGB.

The income statement was prepared using the nature of expense method in accordance with Section 275 (2) HGB. Due to rounding, it is possible that individual figures may not add up exactly to the total stated, and the percentages presented may not precisely reflect the figures they correspond to.

The company is based in Berlin and is registered as Zalando SE in the commercial register at the district court of Charlottenburg (HRB 158855 B).

3.3.2 Accounting and valuation methods (Section 284 (2) No. 1 HGB)

The accounting and valuation methods applied comply with the provisions of the HGB (Sections 238 to 263 HGB) as well as the relevant provisions of the AktG in conjunction with Article 61 Regulation (EC) No 2157/2001. Furthermore, the company observed the supplementary provisions governing the accounting and valuation methods that apply for the preparation of annual financial statements by large corporations (Sections 264ff HGB).

The company made use of the option pursuant to Section 248 (2) Sentence 1 HGB to capitalise internally generated intangible assets and amortises these assets. Amortisation is charged using the straight-line method over an average estimated economic useful life of three years. The cost of internally generated intangible assets includes direct costs as well as a proportionate share of overheads. General administration costs and interest on borrowed capital are not included, even if they relate to the production period. Research and distribution costs are also not included. In addition, production costs are only capitalized as internally generated intangible assets if research and development can be reliably distinguished from one another.

Intangible assets purchased from third parties are recognised at acquisition cost and are amortised if they have a limited useful life. Amortisation is charged using the straight-line method over an economic useful life of three to five years.

Property, plant and equipment are recognised at their cost of acquisition and depreciated according to a regular schedule if they have a limited useful life. Property, plant and equipment are depreciated pro rata temporis in equal annual amounts.

Depreciation is charged over the following useful lives:

Useful lives

	Years
Leasehold improvements	7 – 15
Plant and machinery	4 – 20
Other equipment, furniture and fixtures	2 – 15

In addition, non-current assets are always written down to a lower net realisable value as of the reporting date – irrespective of whether they have a limited useful life – in case of permanent impairment.

Low-value assets (cost of acquisition or production between 250.01 EUR and 1,000.00 EUR) are recorded in a collective item and depreciated over five years. Assets with cost of acquisition not exceeding 250.00 EUR are expensed upon acquisition.

Financial assets are recognised at cost or at lower net realisable value, if the reduction in value is expected to be permanent. The attributable values of shares in other entities were calculated based on the capitalised earnings value of the respective investment in accordance with IDW AcP HFA 10.

Raw materials and supplies as well as merchandise are recognised at cost of acquisition factoring in the weighted average pursuant to Section 240 (4) HGB or at net realisable value if it is lower. Cost of acquisition also includes incidental ancillary expenses such as customs duties, taxes or transport costs. Supplier payments, and cash and trade discounts reduce the cost of acquisition. The net realisable value on the reporting date is calculated as the estimated proceeds from the sale less expected sales deductions and any necessary selling costs. Adequate write-downs were made to allow for all risks from slow-moving goods and/or reduced saleability. Apart from customary retention of title, no inventories have been pledged as security to third parties.

Receivables and other assets are stated at their nominal value, unless they have a lower net realisable value on the reporting date. Impairments in the value of trade receivables, primarily arising from B2B sales transactions with partners, are recognised using portfolio-based allowances calculated using allowance rates based on how long they are past due and other factors with an impact on value.

Specific bad debt allowances were recognised for the full amount of uncollectible receivables.

Securities classified as current assets, which exclusively consist of other securities, are recognised at cost of acquisition or, if applicable, at the exchange or market prices if they are lower on the reporting date in accordance with Section 253 (4) HGB.

Cash and cash equivalents are recognised at nominal value.

Prepaid expenses include payments made prior to the reporting date that relate to expenses for a particular period after this date.

Deferred taxes stem from temporary differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax accounts. Deferred taxes are measured using a tax rate of 30.5% (prior year: 30.6%). This comprises corporate income tax, trade tax and the solidarity surcharge of Zalando SE including their controlled companies and trust companies. In accordance with Section 274 (3) HGB, no differences resulting from the application of minimum taxation legislation are taken into account in the recognition and valuation of deferred taxes. Deferred tax assets and liabilities are offset against each other.

Zalando has granted options to employees in managerial positions that entitle the beneficiaries to purchase shares in the company after working for the company for a certain period of time (equity-settled share-based payments). Zalando recognises share-based payment awards in accordance with the provisions of IFRS 2 and recognises the personnel expenses incurred in the financial year at an equal amount in the capital reserve under equity.

The expenses for share-based payment awards for the members of the management board are mainly calculated using graded vesting. This means that the plan expense decreases constantly over the course of the vesting period. For all other plans, expenses are recognised on a straight-line basis.

Tax provisions and other provisions account for all recognisable risks and uncertain liabilities that relate to the past financial year and were identified by the date on which the financial statements were finalised. They are recognised at the settlement value deemed necessary according to prudent business judgment, taking into consideration estimated cost increases, and discounted to the reporting date.

Revenue recognition from the sale of goods was adjusted to reflect an appropriate provision for expected returns. For the recognition of provisions, the cost of materials for expected returns is deducted from revenue in addition to the profit share attributable to returns. In addition, a provision is also recognised for the expected handling costs of returns.

Liabilities are recorded at the settlement amount. Moreover, for convertible bonds the calculated interest rate advantage – where this has been irrevocably realised – is allocated to the capital reserve and a corresponding prepaid expense item is established. A prepaid expense item is likewise established for the transaction costs associated with their issue. This prepaid expense item is offset against interest expense on a pro rata basis. A premium realised as of the issue of the convertible bonds is allocated to the capital reserve.

Liabilities from the sale of gift vouchers are recorded in the full amount upon receipt and adjusted to reflect the estimated utilisation over time.

The company controls the liquidity risk by means of ongoing planning and monitoring of liquidity. To optimise the terms of payment, reverse factoring agreements have been entered into with various suppliers and factors. Under these agreements, the factor purchases the respective supplier receivables due from Zalando. They are disclosed under trade payables on the face of the balance sheet.

Deferred income includes payments received prior to the reporting date that relate to income for a particular period after this date.

Receivables and liabilities in foreign currency are converted on the date of addition and on the reporting date at the average spot exchange rate in accordance with Section 256a HGB. The realisation principle (Section 252 (1) No. 4 Clause 2 HGB) and cost method (Section 253 (1) Sentence 1 HGB) were applied for receivables and liabilities with a remaining period of more than one year.

Zalando SE strategically hedges foreign exchange risks. For this purpose, foreign exchange risks from future purchases in USD and GBP as well as future sales in foreign currency in CHF, GBP, NOK, PLN, CZK, SEK and HUF were hedged. Under the hedging strategy set out by management, Zalando SE uses portfolio hedges for some pending transactions for purchasing goods.

Derivative financial instruments with matching amounts and maturities were used as hedges. The hedging instruments have a (residual) term of up to 16 months. Derivative financial instruments relate to pending transactions. Forward exchange contracts and the corresponding cash flows from orders qualify as hedges as defined by Section 254 HGB. However, only the spot component of the market value development is considered as part of a valuation unit.

Pending purchase and sale transactions and the corresponding spot development of the forward exchange contracts are initially accounted for using the net hedge method. Changes in the value are therefore not recognised as they are offset by changes in the value of the underlying. Once a liability or receivable has been recognised, the changes in the value of liabilities/receivables and forward exchange contracts are accounted for using the gross method. Changes in the value of hedged transactions and the opposite spot developments in the value of forward exchange contracts are then recognised through profit or loss.

The market value of the forward exchange contracts is based on the ECB reference rates taking into account the forward discounts and premiums customary for the market. Since Zalando only includes the spot component as part of a valuation unit, the interest component is freestanding. If it has a negative market value, a provision for potential losses from pending transactions is recognised through profit or loss. If an ineffective portion is identified or expectations regarding the hedged transaction occurring change, the negative market value of the corresponding derivative financial instrument is recognised in the provision for onerous losses through profit and loss. The positive market values of the corresponding instruments are not recognised.

In addition, forward exchange contracts were agreed upon in order to safeguard against short-term liquidity bottlenecks. No hedges were designated for these transactions. If these freestanding derivatives have negative market values, a provision for onerous losses from pending transactions is recognised.

3.3.3 Notes to the balance sheet

Fixed assets

The development of the individual fixed asset items, including depreciation and amortisation for the financial year, is shown in the statement of changes in fixed assets (attachment A to these notes).

The development costs totalled 72.6m EUR in the past financial year (prior year: 68.5m EUR). Of this amount, 65.7m EUR (prior year: 54.2m EUR) was capitalised as internally generated software. As in the prior year, development costs were solely incurred for the development of software. No research costs were incurred.

List of shareholdings classified as fixed financial assets

The company held shareholdings in the following affiliated companies and equity investments as of 31 December 2024:

List of shareholdings

No.	Company	Company domicile	Currency
Subsidiaries			
1	zLabels GmbH[2]	Berlin	EUR
2	Zalando Operations GmbH	Berlin	EUR
3	Zalando Logistics SE & Co. KG[3]	Erfurt	EUR
4	Zalando Logistics Mönchengladbach SE & Co. KG[3]	Mönchengladbach	EUR
5	Zalando Logistics Süd SE & Co. KG[3]	Berlin	EUR
6	Zalando Logistics Operations France SAS[4]	Paris, France	EUR
7	Zalando Customer Care DACH SE & Co. KG[3]	Berlin	EUR
8	Zalando Customer Care International SE & Co. KG[3]	Berlin	EUR
9	Zalando Lounge Service GmbH[2]	Berlin	EUR
10	Zalando Outlets GmbH[2]	Berlin	EUR
11	Zalando Ireland Ltd.[4]	Dublin, Ireland	EUR
12	Zalando Finland Oy[4]	Helsinki, Finland	EUR
13	BREAD & butter GmbH & Co. KG	Berlin	EUR
14	Portokali Property Development III SE & Co. KG[3]	Berlin	EUR
15	Zalando Studios Berlin GmbH	Berlin	EUR
16	Mobile Fashion Discovery GmbH	Berlin	EUR
17	Zalando Marketing Services GmbH[2]	Berlin	EUR
18	BREAD & butter tradeshow Verwaltungs GmbH	Berlin	EUR
19	zLabels Trading Ltd.	Hong Kong, Hong Kong	HKD
20	zLabels China Trading Co. Ltd.	Dongguan, China	CNY
21	ifansho Holding GmbH	Berlin	EUR
22	nugg.ad GmbH	Berlin	EUR
23	Zalando Logistics Operations Polska sp. z o.o.[4]	Gardno, Poland	PLN
24	Tradebyte Software GmbH[2]	Ansbach	EUR
25	Zalando Lounge Logistics SE & Co. KG[3]	Berlin	EUR
26	Zalando Logistics Operations Spain S.L.U.[4]	Elche, Spain	EUR
27	zLabels LP GmbH	Berlin	EUR
28	Zalando Payments GmbH[4]	Berlin	EUR
29	Zalando Switzerland AG[4]	Zurich, Switzerland	CHF
30	Connected Retail GmbH	Berlin	EUR

Share in capital held by[1]	Share in capital as % 2024	Net income/loss for 2024 (in m EUR)	Equity (in m EUR)
Directly	100.0	-10.7	43.2
Directly	100.0	24.2	169.2
Directly 2	99.0 1.0	9.3	99.8
Directly 2	99.0 1.0	8.9	125.6
Directly 2	99.0 1.0	6.7	104.0
Directly	100.0	-2.2	60.3
Directly 2	99.0 1.0	2.4	12.5
Directly 2	99.0 1.0	2.4	12.2
Directly	100.0	0.6	0.0
Directly	100.0	-0.1	13.2
Directly	100.0	11.0	92.7
Directly	100.0	3.6	31.2
Directly	100.0	0.1	3.0
Directly 2	99.9 0.1	0.5	15.0
Directly	100.0	2.5	7.5
Directly	100.0	-0.1	0.1
Directly	100.0	30.2	21.0
13	100.0	0.0	0.0
1	100.0	0.0	2.9
19	100.0	0.1	0.7
Directly	100.0	-4.3	17.6
17	100.0	0.1	3.0
2	100.0	7.4	139.3
Directly	100.0	-13.5	1.2
Directly 2	99.0 1.0	0.7	10.9
1	100.0	0.4	8.6
1	100.0	0.0	0.0
Directly	100.0	60.7	326.8
Directly	100.0	37.4	48.4
Directly	100.0	2.4	8.0

No.	Company	Company domicile	Currency
31	Zalando Beauty Store GmbH	Berlin	EUR
32	Zalando Lounge Logistics Polska sp. z o.o.[4]	Olsztynek, Poland	PLN
33	Tradebyte Software Ltd.[4]	Cheltenham, UK	GBP
34	Anatwine, Inc.	New Castle, Delaware, USA	USD
35	Zalando OpCo Polska Sp. z o.o.[4]	Gluchow, Poland	PLN
36	zLabels Creation & Sales GmbH & Co. KG	Berlin	EUR
37	zLabels Platform Services GmbH & Co. KG	Berlin	EUR
38	Zalando Logistics Operations Italy S.R.L.[4]	Bolzano, Italy	EUR
39	Zalando Logistics Operations Netherlands B.V.	Bleiswijk, Netherlands	EUR
40	Zalando Lounge Content Solutions SE & Co. KG[3]	Berlin	EUR
41	Zalando Customer Care Central Services SE & Co. KG[3]	Berlin	EUR
42	Zalando Stores GmbH & Co. KG	Berlin	EUR
43	Fashion Circle GmbH	Berlin	EUR
44	Zalando Logistics Gießen SE & Co. KG[3]	Berlin	EUR
45	Zalando BTD 003 GmbH	Berlin	EUR
46	Zalando BTD 007 SE & Co. KG[3]	Berlin	EUR
47	Zalando Lounge Operations Bydgoszcz Polska Sp. z.o.o.[4]	Bydgoszcz, Poland	PLN
48	Zalando BTD 009 SE & Co. KG[3]	Berlin	EUR
49	Zalando BTD 010 SE & Co. KG[3]	Berlin	EUR
50	Zalando BTD 011 SE & Co. KG[3]	Berlin	EUR
51	Zalando UK Ltd.	Cheltenham, UK	GBP
52	Zalando Netherlands B.V.	Bleiswijk, Netherlands	EUR
53	Titel Media GmbH	Berlin	EUR
54	Highsnobiety Incorporated	New York, USA	USD
55	Highsnobiety Metaverse GmbH	Berlin	EUR
56	Zalando Sweden AB	Malmö, Sweden	SEK
57	Zalando Customs Operations GmbH	Vienna, Austria	EUR
58	Zalando (Shenzhen) Technology Development Co., Ltd.[5]	Shenzhen, China	CNY

Share in capital held by[1]	Share in capital as % 2024	Net income/loss for 2024 (in m EUR)	Equity (in m EUR)
Directly	100.0	0.0	1.1
Directly	100.0	3.1	64.6
Directly	100.0	-0.7	0.8
33	100.0	0.0	0.0
2	100.0	3.7	71.1
1 27	99.0 1.0	0.1	2.2
1 27	99.0 1.0	0.1	2.5
Directly	100.0	2.5	122.8
Directly	100.0	1.6	141.8
Directly 9	99.0 1.0	0.7	4.4
Directly 2	99.0 1.0	0.1	2.0
10 2	99.0 1.0	4.4	46.9
Directly	100.0	0.0	0.5
Directly 2	99.0 1.0	-5.0	39.4
Directly	100.0	0.0	0.0
Directly 2	99.0 1.0	0.0	0.0
Directly	100.0	-0.3	47.9
Directly 2	99.0 1.0	0.0	0.0
Directly 2	99.0 1.0	0.0	0.0
Directly 2	99.0 1.0	0.0	0.0
Directly	100.0	0.0	0.0
Directly	100.0	0.0	0.0
Directly	86.8	-5.8	23.9
53	100.0	-0.9	3.1
53	100.0	0.0	-0.2
Directly	100.0	2.6	5.6
Directly	100.0	0.0	0.0
Directly	100.0	0.0	0.0

No.	Company	Company domicile	Currency
Equity investments			
59	Moncalieri Logistics S.r.l.[4]	Turin, Italy	EUR

Furthermore, Zalando SE holds 5.63% of the voting rights of ABOUT YOU Holding SE.

1) The number refers to the number of the company in the first column of this list of shareholdings.
2) Net income for 2024 before profit transfer.
3) Zalando SE, Berlin, is this company's general partner.
4) As of 31 December 2023.
5) Company founded in 2024. Local annual financial statements for 2024 have not yet been finalised.

Share in capital held by[1]	Share in capital as % 2024	Net income/loss for 2024 (in m EUR)	Equity (in m EUR)
38	50.0	-0.1	12.7

Inventories

Inventories include goods, primarily consisting of shoe and textile product groups.

Receivables and other assets

Most of the receivables due from affiliated companies are receivables from intercompany factoring of 410.0m EUR (prior year: 72.5m EUR) and trade receivables of 311.7m EUR (prior year: 278.2m EUR).

Other assets mainly consist of VAT refund claims, creditors with a debit balance, income tax refund claims and customs credit.

As in the prior year, all receivables and other assets have a remaining term of less than one year.

Cash on hand and bank balances

In addition to freely disposable bank balances, bank balances comprise overnight and time deposits of 950.0m EUR (prior year: 1,050.0m EUR) with a maturity of up to 92 days.

Deferred taxes

Zalando discloses deferred tax assets and liabilities in the balance sheet as a net amount. This results in a net deferred tax asset of 58.2m EUR (prior year: 38.9m EUR). The deferred tax assets of 114.6m EUR (prior year: 92.6m EUR) mainly relate to investments held in subsidiaries, the differing valuations of current foreign currency receivables and payables (as a result of unrealised exchange rates) as well as the differing valuations of provisions (such as restoration obligations, potential losses, vacation) and the share-based payment programmes.

Deferred tax assets are counterbalanced by deferred tax liabilities of 56.4m EUR (prior year: 53.7m EUR) that mainly result from the capitalisation of internally generated intangible assets.

Deferred taxes break down as follows:

Deferred tax assets and liabilities

in m EUR	Deferred tax assets		Deferred tax liabilities		Net balance	
	31 Dec, 2024	**31 Dec, 2023**	**31 Dec, 2024**	**31 Dec, 2023**	**31 Dec, 2024**	**31 Dec, 2023**
Intangible assets	0.0	0.0	-41.9	-36.9	-41.9	-36.9
Property, plant and equipment and financial assets	58.4	51.2	-1.7	-1.6	56.6	49.6
Receivables and other assets	6.2	8.4	-12.5	-15.0	-6.3	-6.6
Provisions and other liabilities	22.9	18.2	-0.3	-0.2	22.6	18.0
Share-based payments	27.0	14.8	0.0	0.0	27.0	14.8
Total	**114.6**	**92.6**	**-56.4**	**-53.7**	**58.2**	**38.9**
Netting	-56.4	-53.7	56.4	53.7	0.0	0.0
Net deferred tax asset	**58.2**	**38.9**	**0.0**	**0.0**	**58.2**	**38.9**

Equity

Subscribed capital

As of the reporting date, 263,937,633 (prior year: 263,772,023) no-par value registered shares (Stückaktien) are outstanding. Each share represents an imputed share of subscribed capital of 1.00 EUR and entitles the bearer to one vote at the company's annual general meeting.

During the financial year 2024, subscribed capital was increased by a total of 0.2m EUR to 263.9m EUR by making partial use of conditional capital 2014 and 2016. Subscribed capital is fully paid in.

As of the reporting date, authorised and conditional capital comprise the following components:

Authorised and conditional capital

	Amount in m EUR	Number of no-par value shares (Stückaktien)	Purpose
Authorised capital 2020	99.3	99,254,719	Capital increase for contributions in cash or in kind until 22 June 2025
Conditional capital 2014	3.1	3,053,650	Servicing of subscription rights from SOP 2014
Conditional capital 2016	3.0	3,001,764	Servicing of subscription rights from EIP 2016
Conditional capital 2019	1.5	1,522,269	Servicing of subscription rights from LTI 2018
Conditional capital 2020	75.2	75,199,787	Servicing of convertible bonds and/or bonds with warrants or a combination of these instruments issued until 22 June 2025

Content of the authorisation resolution regarding authorised capital 2020

After partial exercise of a corresponding authorisation of the annual general meeting of 23 June 2020 (by resolution of the management board and supervisory board of 13 June 2022), the management board is still authorised to increase the share capital of the company until 22 June 2025, with the consent of the supervisory board, once or several times, by up to a total of 99,254,719 EUR by issuing up to 99,254,719 new no-par value bearer shares against contributions in cash and/or in kind (authorised capital 2020). The shareholders are, in principle, entitled to subscription rights.

In addition, the management board is authorised, subject to the consent of the supervisory board, to preclude the subscription right of the shareholders on one or several occasions in certain cases. The total of the shares issued under the authorisation with the exclusion of subscription rights from capital increases in return for contributions in cash and/or in kind may not exceed 20% of the share capital. This applies to the share capital existing both at the time the authorisation becomes effective and when it is exercised.

In addition, the management board is authorised, with the consent of the supervisory board, to determine any further details of the capital increase, the further content of the rights arising from the shares and the conditions of the share issue.

Treasury shares

In the financial year 2024, Zalando SE issued a total of 2,630,292 treasury shares to employees under stock option plans. In the financial year 2024, a total of 4,092,095 shares in the company were bought back. The buyback began on 13 March 2024 and ended on 12 June 2024. In total, the company holds 4,738,381 treasury shares (share of share capital 4,738,381 EUR) as of the reporting date, and thus 1.80% of the share capital. The treasury shares serve to meet Zalando SE’s obligations arising from stock option plans for employees of the Zalando Group and for members of the management board of Zalando SE.

The following overview is a list of treasury share holdings as well as the treasury shares acquired or sold in the financial year, in the form of a monthly summary. It shows the number of shares, their share of the share capital as well as their share of the subscribed capital in terms of the capital subscribed as of the corresponding reporting date. It also shows the average acquisition price and the overall price per monthly tranche. The sold shares have all been used to meet obligations under share-based remuneration programmes. Zalando SE received a total of 2.3m EUR in the financial year 2024 as of the exercise of options (1.0m EUR in the financial year 2023). This amount has been allocated to cash.

Treasury shares

Date	Number of treasury shares	Total price (excl. incidental acqusition costs) (in EUR)	Average purchase price (in EUR)	Share of share capital (in EUR)	Share of subscribed capital
= As of 31 Dec, 2023	**3,276,578**	**242,422,763**	**73.99**	**3,276,578**	**1.24%**
March 2024	535,483	12,572,086	23.48	535,483	0.20%
April 2024	1,310,999	33,672,722	25.68	1,310,999	0.50%
May 2024	1,309,638	31,353,328	23.94	1,309,638	0.50%
June 2024	935,975	21,886,220	23.38	935,975	0.35%
+ Acquisition in financial year 2024	**4,092,095**	**99,484,356**	**24.31**	**4,092,095**	**1.55%**
January 2024	68,346	6,547,785	95.80	68,346	0.03%
March 2024	474,873	47,892,731	100.85	474,873	0.18%
April 2024	98,757	9,564,904	96.85	98,757	0.04%
May 2024	249,530	24,568,405	98.46	249,530	0.09%
June 2024	179,275	17,114,253	95.46	179,275	0.07%
July 2024	58,647	4,079,571	69.56	58,647	0.02%
August 2024	356,356	24,428,684	68.55	356,356	0.14%
September 2024	78,983	5,472,078	69.28	78,983	0.03%
October 2024	615,698	39,634,827	64.37	615,698	0.23%
November 2024	118,882	7,395,635	62.21	118,882	0.05%
December 2024	330,945	19,511,603	58.96	330,945	0.13%
- Disposal in financial year 2024	**2,630,292**	**206,210,476**	**78.40**	**2,630,292**	**1.00%**
February 2022	457,944	25,783,962	56.30	457,944	0.17%
March 2022	188,342	10,428,324	55.37	188,342	0.07%
March 2024	535,483	12,572,086	23.48	535,483	0.20%
April 2024	1,310,999	33,672,722	25.68	1,310,999	0.50%
May 2024	1,309,638	31,353,328	23.94	1,309,638	0.50%
June 2024	935,975	21,886,220	23.38	935,975	0.35%
= As of 31 Dec, 2024	**4,738,381**	**135,696,643**	**28.64**	**4,738,381**	**1.80%**

Share-based payments

The company uses stock option plans (LTI 2018, 2019, 2021 and 2024, EIP 2016, 2017, 2018, 2019, SOP 2014 as well as ZOP 2019 and 2021) for share-based payments, which are granted to members of the management board and selected employees in managerial positions.

The awards granted under stock option plans are as follows:

Stock option plans

Programme	Outstanding options	Weighted average exercise price (in EUR)	Waiting period
LTI 2018: Management board	4,296,949	47.44	4 – 5 years
LTI 2019: Management board	296,442	24.38	1 – 4 years
LTI 2021: Management board	849,280	29.90	4 years
LTI 2024: Management board	125,389	23.22	4 years
ZOP 2021: Management board	322,616	16.48	0 – 2 years
SOP 2014: Employees	164,051	31.60	4 years
EIP 2016, 2017, 2018, 2019: Employees	2,222,038	41.28	4 years
ZOP 2019: Employees	7,177,835	25.99	0 – 2 years

Capital reserve

The capital reserve amounts to 1,225.8m EUR (prior year: 1,242.1m EUR). In the financial year, the capital reserve included an amount of 69.0m EUR stemming from equity-settled share-based payment awards (prior year: 71.0m EUR). Furthermore, the capital reserve was increased by 1.5m EUR (prior year: 3.3m EUR) in a capital increase from conditional capital 2014 and 2016. The capital reserve increased by 9.1m EUR (prior year: 6.6m EUR) due to the issue of treasury shares under stock option plans. On the other hand, the capital reserve decreased by 95.9m EUR due to the acquisition of treasury shares.

The capital reserve includes an amount of 130.9m EUR (prior year: 239.1m EUR) pertaining to treasury shares.

Unappropriated profit

Unappropriated profit

in m EUR	2024	2023
As of 1 Jan (Unappropriated profit from the prior year)	413.2	413.4
Net profit/loss for the year	152.8	-0.2
As of 31 Dec	**566.0**	**413.2**

Restrictions on distribution pursuant to Section 268 (8) HGB

The following table shows the calculation of the amount not available for distribution pursuant to Section 268 (8) HGB:

Restrictions on distribution pursuant to Section 268 (8) HGB

in m EUR	2024	2023	Changes	
Internally generated intangible assets	128.7	112.3	16.4	14.6%
Less deferred tax liabilities established for this purpose	-39.3	-34.3	-5.0	14.5%
Plus net deferred tax assets	97.5	73.2	24.3	33.2%
Amount not available for distribution	**186.9**	**151.2**	**35.7**	**23.6%**

Voting rights notifications

Pursuant to Section 160 (1) No. 8 AktG, an entity must disclose information regarding shareholdings. Please refer to attachment B to these notes for the shareholdings subject to the notification requirements pursuant to Section 33 (1) or (2) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] and Section 40 (1) WpHG of which the company has been notified.

Provisions

Provisions totalling 715.2m EUR were recognised (prior year: 633.8m EUR). They primarily relate to outstanding invoices for fulfilment expenses (238.2m EUR; prior year: 233.9m EUR), expected returns (163.8m EUR; prior year: 146.5m EUR), outstanding invoices for marketing expenses (127.6m EUR; prior year: 115.9m EUR), other provisions for outstanding invoices (49.7m EUR; prior year: 39.8m EUR) as well as potential losses from pending transactions (29.3m EUR; prior year: 16.4m EUR).

Liabilities

The bonds comprise the tranches issued on 6 August 2020 ("Tranche A" and "Tranche B") of non-subordinated, unsecured convertible bonds with an original aggregate principal amount of 1,000.0m EUR (with an aggregate principal amount of 500.0m EUR for each of these tranches). Tranche A was placed at a price of 100.88% and an annually payable coupon of 0.050% per year, with a term of five years. Tranche B was valued at 100.00% and has an annually payable coupon of 0.625% per year and a term of seven years. Zalando thus received total gross proceeds in the amount of 1,004.4m EUR from its issue of these convertible bonds. The tranches are divided into 10,000 bonds of 100,000 EUR each and are convertible into new or existing no-par value bearer shares of Zalando SE.

The bonds are initially convertible into around 11.1 million new or existing no-par value bearer shares of Zalando. The initial conversion price is 87.6375 EUR (Tranche A) or 92.2500 EUR (Tranche B), which corresponds to a conversion premium of 42.5% and 50.0% above the reference share price of 61.50 EUR. The conversion price may change due to usual anti-dilution clauses. Unless they have previously been converted, redeemed or repurchased and terminated, the convertible bonds in both tranches will be redeemed at their nominal value upon their respective final maturity. In the period between 7 May 2024 and 18 July 2024, 1,000 Tranche A convertible bonds were bought back with an aggregate principal amount of 100.0m EUR and for a total purchase price of 95.5m EUR. On 31 December 2024, these bonds therefore still have a total nominal amount of 900.0m EUR (prior year: 1.0bn EUR). The term of the 400.0m EUR tranche ends on 6 August 2025. The term of the 500.0m tranche ends on 6 August 2027.

Furthermore, under reverse factoring agreements, suppliers' claims against Zalando totalling 639.2m EUR were transferred to various banks as of 31 December 2024 (31 December 2023: 590.1m EUR). They were disclosed under trade payables on the face of the balance sheet. There are customary retentions of title from the purchase of inventories that serve to secure liabilities.

Liabilities to affiliated companies primarily comprise cash pool liabilities of 742.0m EUR (prior year: 548.8m EUR) and trade payables of 255.4m EUR (prior year: 355.5m EUR).

Other liabilities of 218.1m EUR (prior year: 262.5m EUR) relate mainly to taxes (185.7m EUR; prior year: 167.8m EUR) and liabilities related to gift vouchers (14.4m EUR; prior year: 69.9m EUR).

As in the prior year, all liabilities are due in less than one year, apart from the bond with a term until 6 August 2027 (500.0m EUR). The liabilities are not secured by liens or any other similar rights.

3.3.4 Notes to the income statement

Revenue

Revenue stems from the sale of merchandise (8,266.0m EUR; prior year: 7,973.6m EUR), the provision of third-party services (1,698.7m EUR; prior year: 1,561.0m EUR), as well as revenue from intercompany charges (307.9m EUR; prior year: 324.8m EUR).

Income and expenses relating to other periods

Other income contains income relating to other periods of 54.2m EUR (prior year: 41.9m EUR), mainly income from the reversal of provisions. Other expenses contain expenses relating to other periods of 0.0m EUR (prior year: 0.5m EUR). Income taxes include income relating to other periods amounting to 1.4m EUR (prior year: expenses relating to other periods amounting to 4.2m EUR).

Income taxes

Income taxes include the deferred taxes and current income taxes paid or payable. They comprise trade tax, corporate income tax and solidarity surcharge. As in the prior year, the statutory corporate income tax rate, including solidarity surcharge, for the assessment period 2024 was 15.8%. The applicable trade tax rate was 14.7% (prior year: 14.8%). The combined income tax rate is 30.5%.

The application of the German Minimum Tax Act and foreign minimum taxation legislation is not expected to have any material impact on Zalando SE.

Current and deferred taxes are presented in the following table.

Current and deferred taxes

in m EUR	**2024**	**2023**
Deferred taxes	19.3	4.5
Current taxes	-96.9	-44.2
Total	**-77.6**	**-39.7**

3.3.5 Other notes

Number of employees

An annual average of 6,038 (prior year: 6,292) persons were employed by the company in the financial year:

Average number of employees

	2024	2023
Commercial	1,687	1,749
Technology	1,908	2,016
Others	2,443	2,527
Total	**6,038**	**6,292**

Group affiliation

As the German parent company, Zalando SE prepares consolidated financial statements. The consolidated financial statements of Zalando SE, Berlin, are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary German statutory provisions applicable under Section 315e (1) HGB. The consolidated financial statements and the combined management report are published in the Unternehmensregister [German Company Register].

Audit fees

The company has opted not to disclose audit fees in accordance with Section 285 No. 17 last clause HGB. They are disclosed in the consolidated financial statements of Zalando SE.

Subsequent events

In line with the statement of intent made on 11 December 2024, on 20 January 2025 we submitted a voluntary public takeover offer to the shareholders of ABOUT YOU Holding SE, Hamburg (ABOUT YOU), to acquire up to 100% of its share capital for a cash offer price of 6.50 EUR per share. We intend to acquire all of the 186,153,487 shares of ABOUT YOU. ABOUT YOU already holds 10,683,080 shares as treasury shares. The consideration will thus amount to approx. 1.14bn EUR and will be fully funded out of the cash and securities available to us as of the reporting date.

In this regard, on 11 December 2024 we also signed purchase agreements with Otto GmbH & Co KG, to acquire 69,545,116 ABOUT YOU shares (approx. 37.36% of its share capital), and with Aktieselskabet af 12.6.2018 to acquire 38,740,244 ABOUT YOU shares (approx. 20.81% of its share capital), also at a price of 6.50 EUR per share.

Between 11 and 31 December 2024 we had acquired 10,487,732 ABOUT YOU shares (approx. 5.63% of its share capital) on the stock exchange for a total of 67.9m EUR (excluding incidental acquisition cost) and reported this under equity investments. We increased this stake acquired on the stock exchange by additional 1,356,641 shares to a total of 6.36% as of the expiry of the first acceptance period on 17 February 2025

At the expiry of the first acceptance period as of 17 February 2025 within the scope of our public takeover offer, we have been offered 36,253,073 ABOUT YOU shares (approx. 19.47% of its share capital). An additional acceptance period will expire on 6 March 2025.

For the purpose of implementing this voluntary public takeover offer, Zalando paid 403.0m EUR into a trust account subject to a drawing restriction at the start of the financial year 2025.

At the expiry of the first acceptance period as of 17 February 2025, Zalando has access (subject to anti-trust and supervisory approval) to approx. 90.38% of the voting rights of ABOUT YOU after excluding the ABOUT YOU treasury shares. The closing of our acquisition of ABOUT YOU shares via our public takeover offer and these two purchase agreements remains subject to anti-trust and supervisory approval as of the date of authorisation of the financial statements for issue and is expected for summer of 2025.

There were no other significant events between the reporting date (31 December 2024) and the preparation date of the annual financial statements and management report (5 March 2025) that could have a material impact on the presentation of the assets, liabilities, financial position and financial performance of the company.

Members of the supervisory board

Members of the supervisory board

Supervisory board	Profession held	Member of the supervisory board since
Kelly Bennett (chairperson)	Chairperson of the supervisory board and executive advisor, Amsterdam (the Netherlands)	22 May 2019
Mariella Röhm-Kottmann (deputy chairperson)	Chief Financial Officer at Sunlight Group Energy Storage Systems Industrial and Commercial Société Anonyme, Athens (Greece)	22 May 2019
Anders Holch Povlsen	Chief Executive Officer of Bestseller A/S, Viby (Denmark)	12 December 2013
Niklas Östberg	Chief Executive Officer and co-founder of Delivery Hero SE, Zurich (Switzerland)	19 May 2021
Jennifer Hyman	Chief Executive Officer and co-founder at Rent the Runway, Inc., New York (USA)	23 June 2020
Susanne Schröter-Crossan	Chief Financial Officer at sennder Technologies GmbH, Krefeld (Germany)	24 May 2023
Matti Ahtiainen	Employed at Zalando Finland Oy, Espoo (Finland)	23 June 2020
Jade Buddenberg	Employed at Zalando SE, Berlin (Germany)	23 June 2020
Anika Mangelmann	Employed at Zalando SE, Dorsten (Germany)	23 June 2020

The remuneration of the supervisory board is governed by Article 15 of Zalando SE’s articles of association and comprises fixed annual payments. The amount is based on the responsibilities and scope of the activities carried out by the respective supervisory board member as well as the company’s economic situation.

According to the articles of association, the members of the supervisory board received remuneration of 1.1m EUR in the financial year 2024 (prior year: 1.1m EUR). The remuneration of the supervisory board members falls due after the annual general meeting which receives the consolidated financial statements for the financial year for which the remuneration is paid or which decides on the approval of these consolidated financial statements.

Reference is also made to the remuneration report, which is included in the annual report 2024.

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

Current and past mandates of the supervisory board

Name of supervisory board member	Memberships in statutory supervisory boards or comparable controlling bodies of enterprises in Germany or abroad
Kelly Bennett (chairperson)	–
Jennifer Hyman	The Estée Lauder Companies Inc., USA (member of the board of directors)
Niklas Östberg	trivago N.V., Germany (member of the supervisory board)
Anders Holch Povlsen	Heartland A/S, Denmark, and various entities of the Heartland group (including entities in the Bestseller group and Intervare A/S and subsidiaries) as well as entities with a family connection (member of the board of directors) J.Lindeberg AB, Sweden (member of the board of directors) Donau Agro Invest P/S, Denmark (member of the board of directors)
Mariella Röhm-Kottmann (deputy chairperson)	Siltronic AG, Germany (member of the supervisory board) Until March 2024: - ZF India Pvt. Ltd., India (chairperson of the board of directors) - Compagnie Financière de ZF SAS, France (chairperson of the supervisory board) - ZF Services España, S.L., Spain (member of the board of directors)
Susanne Schröter-Crossan	HelloFresh SE, Germany (member of the supervisory board)
Matti Ahtiainen	–
Jade Buddenberg	–
Anika Mangelmann	–

Members of the management board

The management board of Zalando SE is made up as follows:

Members of the management board

Management board member	Profession
Robert Gentz, co-CEO	Management board member responsible for Zalando's strategy with a particular focus on expanding its B2C growth vector to build the go-to destination for quality fashion and lifestyle shopping as well as inspiration.
David Schröder, co-CEO	Management board member co-responsible for the company's strategy, with a focus on building the B2B operating system that enables e-commerce across Europe on and off the Zalando platform, and further developing Zalando's unique capabilities and infrastructure.
Dr Sandra Dembeck, CFO (until 28 February 2025)	Management board member responsible for finance and corporate governance.
David Schneider	Management board member responsible for building Group-wide strategic partnerships across Zalando's B2C and B2B ambitions.
Dr Astrid Arndt, CPO	Management board member responsible for people & organisation, building a diverse and inclusive culture, and also strengthening Zalando's corporate functions to enable the effective execution of Zalando's ecosystem strategy.

Dr Sandra Dembeck is a non-executive director at Exor N.V., the Netherlands. Apart from that, the members of the management board of Zalando SE are not members of a statutory supervisory board or a comparable controlling body in Germany or abroad.

The members of the management board were employed on a full-time basis.

The remuneration of the management board totalled 8.2m EUR in the financial year 2024 (prior year: 21.0m EUR). Under LTI 2024 and ZOP 2021, the members of the management board were granted 0.4 million stock options (total fair value: 4.7m EUR) in the financial year 2024. Under LTI 2021 and ZOP 2021, the members of the management board were granted 2.4 million stock options (total fair value: 18.9m EUR) in the prior year. In the financial year 2024, a total of 1.7 million stock options under LTI 2021 lapsed without compensation (total fair value: 13.3m EUR). This was due to the fact that several management board members have switched over to the 2024 remuneration system.

Contingent liabilities as defined by Section 251 HGB

Contingent liabilities as defined by Section 251 HGB as of the reporting date:

Contingent liabilities

in m EUR	**31 Dec, 2024**
Contingent liabilities from surety insurance policies	400.0
thereof to affiliated companies	(400.0)
Contingent liabilities from bank guarantees	41.1
thereof to affiliated companies	(41.1)
Contingent liabilities from letters of comfort	91.7
thereof to affiliated companies	(91.7)
Total	**532.8**

Based on the economic situation of its subsidiaries and the forecasts available, Zalando SE deems the risk of claims being made from these contingent liabilities to be low.

Other financial obligations pursuant to Section 285 No. 3a HGB

There were other financial obligations from rental and lease agreements of 362.1m EUR (prior year: 454.0m EUR) (thereof to affiliated companies: 0.0m EUR,as in the prior year) as of the reporting date.

These obligations relate to the following items:

Other financial obligations

in m EUR	2024	2023
Rental agreements	361.0	453.0
Lease agreements	1.1	1.0
Total	**362.1**	**454.0**

Rental and lease agreements have a residual term of up to 11 years.

As of the reporting date, there is also a purchase obligation for merchandise for the 2025 spring/summer season which is in line with the normal scope of business.

Derivative financial instruments

As of the reporting date, forward exchange contracts totalled 2,019.0m EUR (prior year: 1,954.7m EUR), of which some had a positive market value of 17.5m EUR (prior year: 2.5m EUR) and some had a negative market value of 10.1m EUR (prior year: 55.0m EUR).

The designation and accounting of valuation units according to HGB was done as follows as of the reporting date:

The gross method was used to combine trade payables in USD and GBP with a volume of 28.2m EUR (prior year: 14.6m EUR) with forward exchange contracts (positive market value: 1.3m EUR (prior year: 0.2m EUR); negative market value: 0.0m EUR (prior year: 0.0m EUR)) in several portfolio hedges in order to hedge the currency risk. The gross method was used to combine receivables from the sale of goods to customers in CHF and SEK with a volume of 0.0m EUR (prior year: 88.8m EUR) with forward exchange contracts (positive market value: 0.0m EUR (prior year: 0.1m EUR); negative market value: 0.0m EUR (prior year: 4.5m EUR)) in several portfolio hedges in order to hedge the currency risk. The effectiveness is measured prospectively using the critical terms match method and retrospectively using the dollar offset method. All value changes in derivatives are expected to be fully compensated in the future, as the critical features of underlying hedged items and hedging instruments match.

The net method was used to combine expected sales of goods to customers in CHF, CZK, GBP, NOK, PLN, SEK and HUF with a volume of 1,716.6m EUR (prior year: 1,478.5m EUR) with forward exchange contracts (positive market value: 8.2m EUR (prior year: 1.2m EUR); negative market value: 10.1m EUR (prior year: 46.6m EUR)) in several portfolio hedges in order to hedge the currency risk. The net method was used to combine expected orders of goods in USD and GBP with a volume of 274.2m EUR (prior year: 258.0m EUR) with forward exchange contracts (positive market value: 7.9m EUR (prior year: 0.4m EUR); negative market value: 0.0m EUR (prior year: 3.2m EUR)) in several portfolio hedges in order to hedge the currency risk. The effectiveness is measured prospectively using the critical terms match method and retrospectively using the dollar offset method. All value changes in derivatives are expected to be fully compensated in the future, as the critical features of underlying hedged items and hedging instruments match.

In addition, CHF, CZK, NOK, PLN, SEK and USD forward exchange contracts were entered into for which the hedges were either ended due to changed expectations regarding the occurrence of the hedged transaction or which were intended for short-term liquidity bottlenecks and which as such are not part of a valuation unit within the meaning of Section 254 HGB as of the reporting date. These forward exchange contracts have a volume of 0.0m EUR (prior year: 114.8m EUR) (positive market value: 0.0m EUR (prior year: 0.7m EUR); negative market value: 0.0m EUR (prior year: 0.7m EUR)). Furthermore, the interest components of all hedging instruments are not considered as part of a valuation unit: positive market value: 2.8m EUR (prior year: 5.0m EUR), negative market value: 1.6m EUR (prior year: 4.6m EUR). A corresponding provision for potential losses from pending transactions was recognised equivalent to the negative freestanding market value.

Related parties disclosures

Related parties are legal or natural persons that can influence Zalando SE or that are subject to the control or significant influence of Zalando SE.

Transactions with related parties were mainly concluded with subsidiaries of Zalando SE. Transactions were also concluded with companies controlled, or jointly controlled, by members of the key management personnel of Zalando SE or by their close family members. Business transactions with related parties are conducted at arm’s length.

Appropriation of profits

The supervisory board and the management board propose that the unappropriated profit of Zalando SE for the past financial year of 565,999,292.00 EUR be carried forward in full.

Corporate governance declaration

The declaration of conformity of the management board and supervisory board on the German Corporate Governance Code pursuant to Section 161 AktG from December 2024 is published on the company's website (https://corporate.zalando.com/sites/default/files/media-download/Zalando%20SE%20Declaration%20of%20Conformity%202024.pdf).

Signing of the 2024 annual financial statements

Berlin, 5 March 2025

The management board

Robert Gentz David Schröder

David Schneider Dr Astrid Arndt

3.3.6 Attachment A to the notes

Statement of changes in fixed assets for financial year 2024

in m EUR	Acquisition and production cost				
	1 Jan, 2024	**Additions**	**Disposals**	**Reclassifications**	**31 Dec, 2024**
Intangible assets					
Internally generated software	382.5	65.7	-51.0	0.0	397.2
Internally generated software	347.1	29.1	-50.2	29.9	355.9
Internally generated software under development	35.4*	36.7	-0.9	-29.9	41.3
Purchased concessions, industrial rights and similar rights and assets and licenses in such rights and assets	158.0	5.9	-5.0	6.0	164.9
Prepayments and purchased software under development	8.5	8.6	-0.9	-6.0	10.2
	549.0	80.2	-56.9	0.0	572.3
Property, plant and equipment					
Buildings on third-party land	1.7	0.2	-1.0	0.0	0.9
Plant and machinery	31.9	0.0	-26.5	0.0	5.5
Other equipment, furniture and fixtures	108.7	2.1	-18.0	0.1	92.9
Prepayments and assets under construction	1.4	2.2	-0.5	-0.1	3.0
	143.6	4.6	-45.9	0.0	102.4
Financial assets					
Shares in affiliated companies	1,500.8	115.6	0.0	0.0	1,616.3
Loans to affiliated companies	457.4	172.2	-262.1	0.0	367.5
Equity investments	2.5	79.6	0.0	0.0	82.0
	1,960.6	367.3	-262.1	0.0	2,065.8
	2,653.2	452.1	-364.8	0.0	**2,740.5**

*) The position Internally generated software under development was reported under Prepayments and internally generated software under development in the prior year (prior year's value: 43.8m EUR).

**) The position Internally generated software under development was reported under Prepayments and internally generated software under development in the prior year (prior year's value: 43.8m EUR).

		Accumulated amortisation, depreciation and impairment				Carrying amounts	
	1 Jan, 2024	**Additions**	**Disposals**	**Reclassifications**	**31 Dec, 2024**	**31 Dec, 2024**	**31 Dec, 2023**
	-270.2	-46.5	48.2	0.0	-268.5	128.7	112.3
	-270.2	-46.5	48.2	0.0	-268.5	87.4	76.9
	0.0	0.0	0.0	0.0	0.0	41.3	35.4**
	-86.6	-23.1	4.6	0.0	-105.0	59.9	71.4
	0.0	0.0	0.0	0.0	0.0	10.2	8.5
	-356.8	-69.5	52.9	0.0	-373.5	198.8	192.1
	-0.9	-0.2	0.6	0.0	-0.5	0.5	0.7
	-19.7	-0.1	15.1	0.0	-4.8	0.8	12.2
	-76.0	-10.5	15.5	0.0	-71.0	21.9	32.7
	0.0	0.0	0.0	0.0	0.0	3.0	1.4
	-96.6	-10.8	31.2	0.0	-76.2	26.2	47.0
	-76.6	-30.9	0.0	0.0	-107.5	1,508.8	1,424.2
	-7.9	0.0	7.9	0.0	0.0	367.5	449.5
	-2.0	0.0	0.0	0.0	-2.0	80.0	0.4
	-86.5	-30.9	7.9	0.0	-109.5	1,956.2	1,874.2
	-539.9	-111.3	91.9	0.0	**-559.2**	**2,181.2**	2,113.3

3.3.7 Attachment B to the notes

Disclosures pursuant to Section 160 (1) No. 8 AktG

The company was notified pursuant to Section 33 (1) or (2) WpHG of shareholdings held in it and makes the following disclosures in accordance with Section 40 (1) WpHG:

Mr Anders Holch Povlsen informed us on 9 April 2021 that his share of voting rights exceeded the threshold of 10% of the voting rights pursuant to Sections 33 and 34 WpHG on 8 April 2021 and came to 10.01% of the voting rights (corresponding to 26,111,595 voting rights) on this day.

Vanguard World Fund, Wilmington, Delaware, USA, informed us on 14 June 2024 that its share of voting rights had fallen below the threshold of 3% of the voting rights pursuant to Sections 33 and 34 WpHG on 11 June 2024 and came to 2.52% (corresponding to 6,660,862 voting rights) on this day.

Baillie Gifford & Co., Edinburgh, United Kingdom, informed us on 20 August 2024 that its share of voting rights had fallen below the threshold of 3% of the voting rights pursuant to Sections 33 and 34 WpHG on 19 August 2024 and came to 2.72% (corresponding to 7,181,179 voting rights) on this day.

The Ministry of Finance on behalf of the State of Norway, Oslo, Norway, informed us on 22 November 2024 that its share of voting rights had fallen below the threshold of 3% of the voting rights pursuant to Sections 33 and 34 WpHG on 19 November 2024 and came to 2.67% (corresponding to 7,035,628 voting rights) on this day.

BlackRock, Inc., Wilmington, Delaware, USA, informed us on 12 December 2024 that its share of voting rights pursuant to Sections 33 and 34 WpHG came to 5.66% on 9 December 2024 (corresponding to 14,942,030 voting rights). On this day, its share of voting rights through instruments according to Section 38 (1) No. (1) WpHG came to 0.02% (corresponding to 51,271 voting rights), its share of voting rights through instruments pursuant to Section 38 (1) No. 2 WpHG came to 0.23% (corresponding to 610,353 voting rights). Its share of voting rights subject to notification pursuant to Section 33 WpHG therefore totalled 5.91% on 9 December 2024 (corresponding to 15,603,654 voting rights).

AKO Capital LLP, London, United Kingdom, informed us on 17 December 2024 that its share of voting rights had fallen below the threshold of 3% of the voting rights pursuant to Sections 33 and 34 WpHG on 11 December 2024 and came to 2.83% (corresponding to 7,462,972 voting rights) on this day.

Morgan Stanley, Wilmington, Delaware, USA, informed us on 20 December 2024 that its share of voting rights pursuant to Sections 33 and 34 WpHG came to 2.29% on 16 December 2024 (corresponding to 6,034,109 voting rights). On this day, its share of voting rights through instruments according to Section 38 (1) No. (1) WpHG came to 1.13% (corresponding to 2,987,041 voting rights), its share of voting rights through instruments pursuant to Section 38 (1) No. 2 WpHG came to 1.07% (corresponding to 2,820,068 voting rights). Its share of voting rights subject to notification pursuant to Section 33 WpHG therefore totalled 4.49% on 29 February 2024 (corresponding to 11,841,218 voting rights).

DWS Investment GmbH, Frankfurt am Main, Germany, informed us on 20 January 2025 that its share of voting rights had exceeded the threshold of 3% of the voting rights pursuant to Sections 33 and 34 WpHG on 16 January 2025 and came to 3.46% (corresponding to 9,144,888 voting rights) on this day.

Massachusetts Financial Services Company, Boston, USA, informed us on 22 January 2025 that its share of voting rights had fallen below the threshold of 5% of the voting rights pursuant to Sections 33 and 34 WpHG on 16 January 2025 and came to 4.83% (corresponding to 12,743,904 voting rights) on this day.

The Capital Group Companies, Inc., Los Angeles, USA, informed us on 10 February 2025 that its share of voting rights had exceeded the threshold of 3% of the voting rights pursuant to Sections 33 and 34 WpHG on 7 February 2025 and came to 3.14% (corresponding to 8,280,458 voting rights) on this day.

Other information and service

4.1 Responsibility statement by the management board

We assure to the best of our knowledge and in accordance with the applicable reporting principles that the financial statements give a true and fair view of the assets, financial and earnings position of the company, and that the management report, which is combined with the group management report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Berlin, 5 March 2025

Management board

Robert Gentz David Schröder

David Schneider Dr Astrid Arndt

4.2 Independent auditor's report

To Zalando SE, Berlin

Report on the Audit of the Annual Financial Statements and of the Combined Management Report

Opinions

We have audited the annual financial statements of Zalando SE, which comprise the balance sheet as at 31 December 2024, and the statement of profit and loss for the financial year from 1 January to 31 December 2024, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report of Zalando SE for the financial year from 1 January to 31 December 2024. In accordance with German legal requirements, we have not audited the content of those components of the management report specified in the “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of those components of the management report specified in the “Other Information” section of the auditor’s report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Valuation of goods

Please refer to section 3.3.2 (Accounting policies) of the notes to the financial statements for information on the accounting policies applied and the assumptions used.

The financial statement risk

The company's balance sheet as at 31 December 2024 includes goods of EUR 1,461 million (22.3% of total assets) after write-downs to the lower fair value of EUR 330 million.

Goods initially recognised at cost (taking into account incidental acquisition costs and purchase price reductions) are written down to the lower fair value if their expected sales proceeds no longer cover the acquisition costs. In accordance with the business model, the fair value on the reporting date is calculated from the estimated sales proceeds less expected sales deductions and costs to make the sale. Risks from above-average storage periods and/or reduced realisability must be taken into account by means of appropriate deductions in the fair value.

The calculation of sales proceeds is based on judgmental assumptions with regard to the sales proceeds achievable in the normal course of business less the expected sales deductions and sales costs still to be incurred, which are derived from historically observed data. The age (seasonality) of the inventories and the realisability of future sales via the distribution channels are particularly important in this context.

The result of this valuation is highly dependent on the assessment of the legal representatives with regard to the factors influencing the value and is therefore subject to considerable uncertainty. There is a risk for the financial statements that the goods are not valued appropriately.

Our audit approach

Based on our understanding of the process, we assessed the design and implementation of identified internal controls relating to the determination of expected sales proceeds.

In doing so, we analysed the determination of the selling costs allocated to the sales and the loss rates observed in the past for the respective distribution and utilisation channels.

Furthermore, we examined the acquisition costs for a randomly selected sample and the seasonal allocation of goods for a randomly selected sample.

In addition, we assessed the Company's analyses of the seasonality of fashion and constantly changing trends and, based on the Company's historical experience, evaluated whether the discounts recorded were appropriate. We assessed these historical empirical values on the basis of the analyses of sales results prepared by the Company. We assessed the specific valuation allowances recognised for outlet merchandise on the basis of comparable sales transactions in the 2024 financial year.

Finally, we formed an expectation for the necessary valuation allowances on the basis of the aforementioned calculation principles and compared these with the company's calculations.

Our observations

The assumptions used to determine the value adjustments for merchandise and the judgement exercised by the legal representatives are appropriate.

Existence and accuracy of revenue from the sale of goods

Please refer to section 3.3.2 (Accounting policies) in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions made.

The financial statement risk

Zalando SE's income statement includes revenue from the sale of goods of EUR 8,266 million. This revenue accounts for around 80% of the Company's total revenue. Revenue from the sale of merchandise has a significant impact on the company's earnings figures and is one of the most important performance indicators for the Company.

Zalando SE recognises revenue from the sale of goods when the service has been rendered or the risk for the products sold has been transferred to the customer. The time of transfer of risk is the time when the customer obtains control of the asset. In the context of the sale of goods via the Zalando online shop, this is the point in time when the goods are delivered to the customer.

Customers of Zalando SE have the option of returning goods free of charge within the statutory cancellation periods as well as within the return periods granted by Zalando. The expected returns not to be recognised as revenue are calculated by the legal representatives. This calculation is based on methods, data and assumptions, in particular regarding expected return rates.

Due to the high transaction volume in the sale of goods and the general risk of fictitious sales, the judgmental decision as to when control of the goods is transferred to the customer and the uncertain estimates of expected returns, there is a risk for the annual financial statements that revenue from the sale of goods does not exist, is not recognised in the correct amount or is incorrectly recognised.

Our audit approach

As part of our audit procedures, we reperformed the revenue recognition process for goods from the order to the receipt of payment on the basis of the process documentation provided to us. We also assessed compliance with the requirements for revenue recognition under commercial law. Furthermore, we tested the effectiveness of internal controls implemented in relation to existence and periodisation of revenue. In particular, this also includes the effectiveness of IT-supported controls. In addition, we examined the accounting journal for manually recorded revenue postings.

In addition, we tested the timing, amount and existence of the revenue recognised by reconciling the recognised amounts with the related purchase orders, external proof of delivery, discounts and payments received. This was based on revenue from the sale of goods in the financial year selected on the basis of a representative random procedure.

We verified the determination of the goods in transit as at the reporting date by verification of the actual delivery of shipments to assess the judgmental decision regarding the transfer of control to the customer. We compared the amounts of expected returns not recognised as revenue with historical return rates and also performed a comparison with the goods returned up to the completion of our audit. We tested the data underlying the determination of actual deliveries and returns for a randomly selected sample.

Our observations

Zalando SE's approach for the recognition of revenue from the sale of goods is appropriate. The assumptions made by Zalando SE regarding the transfer of control to the customer and the determination of expected returns are appropriate.

Other Information

Management respectively the Supervisory Board are responsible for the other information. The other information comprises the following components of the management report, whose content was not audited:

- the sustainability statement, including the combined non-financial statement, which is included in section 2.8 of the combined management report
- the combined corporate governance statement, included in section 2.5 of the combined management report, and
- information extraneous to management reports and marked as unaudited.

The other Information also includes the remaining parts of the annual report. The other Information does not include the annual financial statements, the management report information audited for content and our auditor’s report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the above-mentioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

In accordance with our engagement, we have performed a separate assurance engagement on the sustainability statement. With regard to the nature, scope and results of this assurance engagement, we draw attention to our assurance report dated 5 March 2025.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and

financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file zalandose-2024-12-31-de.zip made and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file made available identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Annual Financial Statements and of the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the annual financial statements and the management report, contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06/2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Company's management is responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available, containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as auditor by the annual general meeting on 17 May 2024. We were engaged by the supervisory board on 15 July 2024. We have been the auditor of Zalando SE without interruption since the financial year 2024.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (longform audit report).

In addition to the financial statement audit, we have provided to group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:

- Audit of the sustainability report for the financial year 2024
- Project-related review of the implementation of the requirements of the CSRD and EU Taxonomy Regulation
- Audit of the remuneration report prepared in accordance with Section 162 AktG
- Review of compliance with EMIR obligations in accordance with section 20 WpHG

Other matter — Use of the Auditor's Report
Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the examined ESEF documents. The annual financial statements and the management report converted into ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement
The German Public Auditor responsible for the engagement is Marius Sternberg.

Berlin, 5 March 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signature] Schmidt	[signature] Sternberg
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Assurance report of the independent German Public Auditor on a limited assurance engagement in relation to the Group Sustainability Statement[1]

To Zalando SE, Berlin

Assurance Conclusion

We have conducted a limited assurance engagement on the Group Sustainability Statement, included in section 2.8 of the combined management report of Zalando SE for the financial year from 1 January to 31 December 2024. The Group Sustainability Statement was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and to fulfil the requirements of Sections 315b and 315c of the HGB [Handelsgesetzbuch: German Commercial Code] for a group non-financial statement and Sections 289b to 289e of the HGB for a non-financial statement of the company.

The prior year's disclosures marked as unaudited are not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 315b and 315c HGB for a group non-financial statement, Sections §§ 289b to 289e of the HGB for a non-financial statement of the Company and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify information to be included in the Group Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section 2.8.1 General information: "Impacts, risks and opportunities" of the Group Sustainability Statement, or
- the disclosures in section 2.8.2 Environmental information: "Disclosures pursuant to Article 8 of EU Taxonomy regulation" of the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on the prior year's disclosures marked as unaudited.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

[1] Our engagement applied to the German version of the Group Sustainability Statement 2024. This text is a translation of the assurance report of the independent German Public Auditor issued in German language, whereas the German text is authoritative.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement".

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [IDW, Institute of Public Auditors in Germany]: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the Group Sustainability Statement

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a Group Sustainability Statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e. fraudulent sustainability reporting in the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

Inherent Limitations in Preparing the Group Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain. As further set forth in section 2.8.1. General information: "Basis for preparation" of the Group Sustainability

Statement, the quantification of the non-financial performance indicators mentioned there is also subject to inherent limitations due to significant estimations and measurement uncertainties.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

German Public Auditor’s Responsibilities for the Assurance Engagement on the Group Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the Company’s executive directors, and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the Company to identify the disclosures to be reported in the Group Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the Company’s control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the Company’s control, as both the Company’s executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, among others, we:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement.

- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the Company to identify the disclosures to be reported in the Group Sustainability Statement, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Statement.
- evaluated local data collection, validation and reporting processes as well as the reliability of selected data during site visits on selected sited.
- considered the presentation of the information in the Group Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement.

Restriction of Use / Clause on General Engagement Term

This assurance report is solely addressed to Zalando SE.

The engagement, in the performance of which we have provided the services described above on behalf of Zalando SE, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of 1 January 2024 (www. kpmg.de/AAB_2024). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the limitation of our liability for negligence to 4m EUR as stipulated in item No. 9 included therein) and acknowledges their validity in relation to us.

Berlin, 5 March 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by]

Knorr Wirtschaftsprüfer [German Public Auditor]	Edelmann Wirtschaftsprüferin [German Public Auditor]

4.3 Glossary

Active customers
Active customers is the number of customers who have placed at least one order in the last 12 months during the reporting period, irrespective of returns. The number of customers who have completely cancelled their orders is excluded.

Adjusted EBIT
Adjusted EBIT is EBIT before equity-settled share-based payment expenses, restructuring costs, acquisition-related expenses and significant non-operating one-time effects.

Average basket size
Average basket size is the gross merchandise volume (including the gross merchandise volume from our partner business) after cancellations and returns and including VAT, divided by the number of orders in the last 12 months of the reporting period.

Average GMV per active customer
Average gross merchandise volume (GMV) per active customer is the average value of all merchandise sold to active customers after cancellations and returns and including VAT in the last 12 months of the reporting period.

Average orders per active customer
Average orders per active customer is the number of orders in the last 12 months of the reporting period, divided by the number of active customers.

Capex
Capex is the sum of the payments for investments in fixed assets and intangible assets excluding payments for the acquisition of companies.

EBIT
EBIT is the earnings before interest and taxes.

EBIT margin
EBIT margin is EBIT as a percentage of revenue.

Free cash flow
Free cash flow is the cash flow from operating activities plus cash flow from investment activities (excluding investments in time deposits and restricted cash).

GMV
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 neither includes B2B revenues (e.g. ZEOS services) nor other B2C revenues (e.g. partner business commissions, Zalando Marketing Services and service charges like express delivery fees);

these are included in revenue only. GMV is recorded based on the time of the customers' order.

Net working capital

Net working capital is the sum of inventories and trade and other receivables less trade payables and similar liabilities.

Number of orders

Number of orders is the number of orders placed by customers during the reporting period, irrespective of cancellations or returns. An order is counted on the day the customer places the order. The number of orders placed may differ from the number of orders delivered because the orders at the end of the reporting period may still be in transit or may have been cancelled.

4.4 Imprint

Editorial team and contact

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Investor Relations

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Photo credits

Zalando image pool

Statement relating to the future
This annual report contains statements that relate to the future and are based on assumptions and estimates made by the management of Zalando SE. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. Zalando SE makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this annual report. It is neither the intention of Zalando SE nor does Zalando SE accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published.

This English version of the annual report is a translation from the German version.
If there are variances, the German version has priority over the English translation.

zalando