

## 1.2 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 % <sup>1</sup>
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.

<sup>1</sup> 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<sup>2</sup> 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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<sup>2</sup> 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 [1.3 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