

zalando

Transparency Reporting on Content Moderation

According to Art. 15, 24, 42 Digital Services Act

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Transparency Reporting on Content Moderation

Summary

In line with the requirements of the Digital Services Act (**DSA**), we have released our DSA Transparency Report, showcasing Zalando's content moderation efforts from April 2024 to September 2024.

Throughout this time frame, Zalando received 731 notices, which are reports made by users regarding content that relates to products sold by our partners. Upon further screening, only 111 of these notices required the removal of content from our platform.

We received 0 orders from authorities.

These numbers reflect Zalando's highly curated business model. We offer high-quality products from well-established brand partners and we also have strict protocols and policies in place that all brand partners have to comply with and adhere to. Therefore, at Zalando, nothing goes online unchecked. In fact, customers only see content produced or screened by Zalando, or in some cases screened by a vendor on Zalando's behalf, before it's uploaded by us.

As a result and as attested in our claim against our designation as a **“Very Large Online Platform” (VLOP)**, we have close-to-zero risk of disseminating illegal or harmful content, as presumed for VLOPs by the DSA.

About Zalando

Founded in Berlin in 2008, Zalando is Europe's leading online multi-brand fashion destination. We are building a pan-European ecosystem for fashion and lifestyle e-commerce, along two growth vectors: Business-to-Consumer (B2C) and Business-to-Business (B2B). In B2C, we provide an inspiring, high-quality multi-brand shopping experience for fashion and lifestyle products across 25 markets: Austria, Belgium, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United Kingdom. In B2B, we leverage our 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. Through our ecosystem vision, Zalando aims to enable positive change in the fashion and lifestyle industry.

<https://corporate.zalando.com>

The assortment (clothing, footwear, accessories, and beauty) of international brands ranges from world famous names to local labels. We work with and curate genuine suppliers and partners.

We operate a hybrid business model, which consists of:

- A **retail business**, where we sell our products to our customers. This represents 61% of our business (Gross Merchandise Value, GMV)¹. For the retail business there is no storage and dissemination of any third party content as it is Zalando's own content and products. Therefore, it does not fall within the scope of the DSA.
- A **partner business**, where partners sell their products to customers via Zalando. This represents 39% of our business (GMV)². For the partner business we make available information of products (in particular product pictures and description), that are sold by our partners.

Zalando only works with legitimate partners. Only fashion and beauty partners in the form of registered companies or professionals have the right to offer products and provide related content (i.e. corresponding product descriptions and product pictures) to our customers.

Each partner is subject to a due diligence process and goes through an extensive onboarding process containing KYC (Know Your [Business] Customer) checks. They have to agree on a comprehensive partner contract and associated policies, annexes and guidelines, such as our "platform rules", our quality assurance manual and our content guidelines. These specify the marketability standards and legal requirements for the products offered by partners and determine mandatory requirements for each product category. **All content provided by Zalando's partners is checked, moderated and finally uploaded by Zalando** to ensure its correctness and appropriateness.

Conformity with the respective contractually agreed requirements, in particular with the safety, intellectual property and sustainability requirements, is **monitored by a dedicated team**.

As part of our quality control processes, established long before the DSA, **if we receive any information about inappropriate, potentially unsafe or illegal content**, we investigate the case, which may include requesting further information related to product safety from the partner or sending the partner product for testing in laboratories. Depending on the nature of the content, we initiate a product recall.

¹ As per our FY 2023 annual report.

² Idem.

Our reporting mechanism

In addition to the previously described, and in accordance with the DSA, we have implemented a robust reporting mechanism. This mechanism allows users and stakeholders to report content that they believe may violate European law, the laws of individual member states, or the standards that we have set for ourselves and our partner business. This is strategically placed in the vicinity of relevant content on our product pages. We believe in making it as easy as possible for our users to bring to our attention any concerns they may have about the content they encounter on our platform.

Types of Reportable Violations

We have undertaken a thorough review of the content on our website to identify potential violations of statutory law and our own internal standards. Consequently, we have decided to allow for the reporting of various types of potential violations. These include, but are not limited to:

- **IP Infringements:** Any content that infringes upon intellectual property rights, such as copyright or trademark violations, can be reported through our mechanism.
- **Wrong or Incomplete Product Information:** Reporting inaccuracies or omissions in product descriptions and information is essential for maintaining transparency and trust.
- **Product Safety Concerns:** We encourage users to report any content that raises concerns about the safety of products offered on our platform.
- **Environmental Concerns:** Reporting content that may be in violation of environmental standards or policies aligns with our commitment to sustainability and responsible business practices.
- **Inappropriate Content:** This category includes content that may be offensive, discriminatory, promote violence, or extremism.

Once we receive a notification it will be assigned to and reviewed by members of our expert teams. If the content is found to violate local laws or our Zalando standards, then the content is removed from our websites. To provide strategic oversight, Zalando has established a Compliance Oversight Steering Committee, led by our Director of Compliance.

To allow for comparability across all VLOPs, we decided to rely on the European Commission's categorization for our Transparency Reporting. For this reason, most reports from Zalando users are labelled as 'Other' - these include, among others, mandatory product information missing or product not meeting eco-design standards.

To help you understand the report, we have compiled the most relevant terminology:

- **Orders** are any requests for information or to act against illegal content issued by an authority of a Member State of the European Union. This section of the report informs about the number of orders we have received and how we have managed them.
- **Notices** are any reports submitted by customer, Trusted Flaggers or any other stakeholder with the intent to notify us about potentially illegal content that third parties have disseminated on our platform. This section provides an overview of the number of notices we have received and how we have managed them.
- **Trusted Flaggers** are individuals or organisations that have been awarded the status of a Trusted Flagger by the Digital Service Coordinator at the place of their establishment. They have proven their expertise for detecting illegal content and are known for their diligence and objectivity. As of the publication of this report, 8 organisations have been awarded this status.
- **The Internal Complaints Handling** is a means to request the review of a decision that we have previously made following a notice. This section provides an overview of how often our initial decisions were challenged and the extent to which we have upheld or reversed the decisions.
- **Out-of-court settlement** is another means to have our decisions independently reviewed and disputes settled by out of court settlement bodies.
- **Suspensions** can be imposed either on content providers for repeatedly providing manifestly illegal content or on anyone submitting manifestly unfounded notices or complaints. Suspension may involve the temporary inability to upload new content or sell on our website, or the suspension of processing notices or complaints.
- **Content Moderators** refers to our experts who review notices, complaints and orders and take decisions based on the statutory requirements and our own standards.

Conclusions

1. During the last reporting period, Zalando received 731 notices from users, 0 of orders from authorities and removed 111 pieces of content. These represent a mere 0.007 % of our total assortment.
2. These numbers **highly contrast with the numbers provided by other designated VLOPs**, which in most cases reported millions of notices by users or authorities and content removals. This is because:
 - a. We run a **highly-curated hybrid business**, consisting of a retail business and a partner business. Only the partner business falls within the scope of the DSA.
 - b. **All content provided by Zalando's partners is checked, moderated and finally uploaded by Zalando** to ensure its correctness and appropriateness.

- c. **We only work with legitimate partners**, who are subject to a strict due diligence process and go through an extensive onboarding process. A dedicated team monitors that the contractually agreed requirements are met.
- 3. As a result and as attested in our claim against our designation as VLOP, **we have close-to-zero risk of disseminating illegal or harmful content**, as presumed to VLOPs by the DSA.

Transparency Report October 2024

Appendix: Transparency Report April 2024 - September 2024

Report Identification

Name of the service provider	Zalando SE														
Name of the platform	Zalando														
Date of Report															
Number of average monthly recipients of the platform service (April - September 2024)	Total	29,325,569													
Breakdown by Member State	AT	BE	CZ	DE	DK	EE	ES	FI	FR	HR	HU				
	818,983	1,523,012	439,860	7,872,437	790,481	32,284	1,631,492	443,706	3,224,987	186,325	128,722				
	IE	IT	LT	LU	LV	NL	PL	RO	SE	SI	SK				
	82,388	3,394,148	76,022	#N/A	33,549	2,393,004	2,701,581	326,798	970,008	71,469	155,110				
Number of average monthly recipients retail service and platform service (April - September 2024)	Total	71,132,161													
	AT	BE	CZ	DE	DK	EE	ES	FI	FR	HR	HU				
	1,815,722	3,610,857	1,367,515	15,648,107	2,170,099	168,338	5,755,441	1,409,166	9,123,580	840,556	828,635				
	IE	IT	LT	LU	LV	NL	PL	RO	SE	SI	SK				
	315,855	9,029,182	388,053	#N/A	197,988	5,817,466	7,807,294	1,700,584	3,123,909	313,769	608,043				

Information on Orders

Number of Orders received	Total Number	0
	Breakdown by Member State Authority	N/A
	Breakdown by type of illegal content	N/A
Median time to inform of receipt		N/A
Median time to give effect		N/A

Information on Notices

Number of Notices received	Total Number	731													
	Submitted by Trusted Flaggers	0													
Breakdown by type of illegal content	Animal Welfare	Data protection & Privacy	Illegal or Harmful Speech	Intellectual Property Infringements	Negative Effects on Civic Discourse or Elections	Non-consensual Behaviour	Pornography or sexualized Content	Protection of Minors	Risk for Public Security	Scams and/or Fraud	Self-harm	Scope of Platform Service	Unsafe and/or illegal Products	Violence	Other
	0	0	23	49	1	0	16	1	9	0	3	558	45	3	23
Action taken pursuant to the notice	Visibility Restriction							Monetary Restriction			Provision of the service		Account Restriction		
	Removed	Disabled	Demoted	Age restricted	interaction restricted	labelled	other	suspended	terminated	other	suspended	terminated	suspended	terminated	
	111	41	0	0	0	0	469	0	0	0	0	0	0		
Number of action taken based on law	0														
Number of action taken based on T&C	621														
Number of notices processed by automated means	0														
Median time to take action	7 days														

Information on Own-Initiative Content Moderation

Description

The Digital Services Act defines "content moderation" as any activities that are aimed, in particular, at detecting, identifying and addressing illegal content or information incompatible with terms and conditions, provided by third parties (e.g., the sellers on our online shop). It is therefore to be understood as a reactive measure post publication of any content.

At Zalando, we prioritize the delivery of safe, responsible, and compliant content to our users from the outset. We have clear and comprehensive rules and guidelines (concerning, e.g. product safety and intellectual property) that any third party who wishes to sell products on Zalando has to agree and adhere to. Our content review and approval practices are designed to maintain a high standard of quality and integrity in all the products and information we distribute. We take this responsibility seriously and have developed a robust content review and approval framework that primarily revolves around proactive and comprehensive review prior to publication based on aforementioned rules and guidelines.

Content is only uploaded by us directly after the comprehensive manual and automatic review process has been conducted and compliance with these rules and guidelines has been approved. By this, we ensure that our content adheres to legal, ethical, and community guidelines. In the light of this proactive approach Zalando's (post-publication) content moderation predominantly concerns reviews upon notice (e.g., by customers or partners). In addition, some products offered by third party sellers are ordered by respective experts teams (such as Product Quality and Safety Team) in order to check physical compliance of the product with applicable law (such as labelling). In case of identified irregularities products are being deactivated.

Action taken pursuant own-initiative moderation	Visibility Restriction							Monetary Restriction			Provision of the service		Account Restriction	
	Removed	Disabled	Demoted	Age restricted	interaction restricted	labelled	other	suspended	terminated	other	suspended	terminated	suspended	terminated
Number of action taken based on law	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of action taken based on T&C	N/A													
Number of items moderated by automated means	N/A													
Number of items moderated by content moderators	N/A													

Internal Complaints Handling / Out-of-court settlement

Number of complaints submitted through internal complaints handling system	11		
Basis for complaints	Procedural Complaints	Substantive Complaint in illegality/ Incompatibility	Restriction not diligent/ objective/ proportionate
	0	11	0
Decisions taken pursuant to complaint	Decision upheld	Decision reversed	
	7	4	
Median time to take decision	13 days		
Number of complaints submitted to out-of-court dispute settlement bodies	0		

Suspensions Imposed on repeated offenders

Number of suspension enacted for the provision of manifestly illegal content	N/A
Number of suspension enacted for the provision of manifestly unfounded notices	N/A
Number of suspension enacted for the provision of manifestly unfounded complaints	N/A

Use of Automated Means for Content Moderation

Summary of the use made of automated means for the purpose of content moderation	Zalando does not rely on automated means for (post-publication) content moderation.
qualitative description of the automated means	N/A
specification of the precise purposes to apply automated means	N/A
safeguards applied to the use of automated means	N/A

Human Resources Dedicated to Content Moderation

Summary of the Content Moderation Governance Structure

At Zalando, we believe in a dynamic and inclusive approach to content moderation governance. Our commitment to providing a secure and compliant online environment extends to our organizational structure. Here's an overview of how we manage content moderation while leveraging the expertise of our internal teams:

1. Targeted Expertise:

When we receive notifications about potentially illegal or infringing content on our website, we recognize that not all content issues are created equal. Different situations may require specialized knowledge to make informed decisions. Therefore, we've established a system where the notice is submitted to one of our 12 distinct teams, each responsible for addressing specific categories of potential infringements or violations.

2. Expert-Led Decisions:

By routing notifications to the team with the most relevant expertise, we ensure that content is reviewed and assessed by individuals who are intimately familiar with the nuances of the specific content type or context. This expert-led approach guarantees that decisions are not only well-informed but also reflective of industry standards and best practices.

3. No Full-Time Moderation Teams:

One distinguishing feature of our content moderation governance is our proactive pre-publication content approval process. As a result, the level of our content's compliance is high and infringements happen only rarely. As a consequence, we do not engage full-time content moderation teams but, instead, we leverage the resources and knowledge of experts distributed across our organization. This decentralized structure allows us to draw from a diverse range of backgrounds, perspectives, and skill sets to uphold our content standards.

4. Escalation Framework

At Zalando, we recognize that not all content-related cases are straightforward. Some issues may be complex, requiring a higher level of expertise and scrutiny to ensure accuracy and compliance. To address this, we have established an escalation framework. This framework allows us to escalate complex cases to a higher level of review, where senior experts with a deep understanding of legal requirements, ethical standards, and industry-specific nuances can provide their insights. This mechanism helps us make informed decisions in intricate situations, maintaining our commitment to quality content.

5. Oversight

Ensuring adherence to legal requirements and industry regulations is a cornerstone of our content moderation practices. To provide strategic oversight, Zalando has established a Compliance Oversight Steering Committee, led by our Chief Compliance Officer. This committee is responsible for monitoring and overseeing the entire content moderation process, ensuring that it aligns with legal standards and industry best practices. By actively involving our Compliance Officer and their team in this capacity, we maintain the highest level of integrity and compliance in our content moderation practices, reinforcing our commitment to responsible content delivery.

Why This Approach Matters:

Expertise-Driven Solutions: Our governance model ensures that content-related decisions are made by those who understand the intricacies of the content in question, promoting fairness and accuracy.

Efficiency: By integrating content moderation with our teams, we streamline the process, making it quicker and more responsive to emerging issues.

Continuous Learning: With a distributed moderation approach, our experts are continually learning, staying updated with industry changes and evolving standards.

Resource Optimization: This model optimizes resource allocation, allowing our organization to allocate human resources more effectively, without relying solely on dedicated content moderation teams.

Number of moderators employed

Total Number of Part-time Moderators	33										
Full Time Equivalent	1.7										
Breakdown by Member State	AT	BE	CZ	DE	DK	EE	ES	FI	FR	HR	HU
		1	2	1	5	1	1	2	1	3	0
	IE	IT	LT	LU	LV	NL	PL	RO	SE	SI	SK
		0	4	1	0	0	2	3	1	1	1

Qualifications of Content Moderators

MSc Business Economics, LL.M. - Master in Intellectual Property Law, Master International Business Management, Master Political Science, Master Engineering, Master Green Management and Sustainable Business, Bachelor Chemical Engineering, Master Environmental Toxicology, Bachelor Biology and Industrial Microbiology, Bachelor Clothing & Textile Technology, Bachelor Textile Engineering and Management, Paralegal, Master Art History, Master Fashion Studies, Bachelor Advertising, Diploma in Translation & Interpretation, Diploma Textile & Surface Designer, Fully qualified lawyer, specialised lawyer in IP Law, Bachelor of Law, Master Engineering (Industrial and Management System Engineering), Certified ISO 9001 Lead Auditor, Master International Business Engineering, Master Retail and Consumer management, Master Data Management, Master Sustainability

Linguistic Expertise of Content Moderators

English, German, Italian, Lithuanian, Dutch, Swedish, Spanish, French, Portuguese, Croatian, Hungarian, Polish, Finnish, Bulgarian, Turkish, Japanese, Korean

Training given to Content Moderators

Digital Services Act process training, Quality Management Training, Onboarding Trainings for every type of articles, Intellectual Property protection training, Sustainability Sourcing minimal requirements, Textilelabeling labeling law training, Product compliance related trainings (toys, footwear, EN 14682, textile labeling), Product Compliance training related to Electronics, EU AI act, EU Data Act

Support given to Content Moderators

Inventory checks in warehouses to compare physical article to PDP, Inhouse inspection or chemical and physical product testing at accredited external laboratories, Support from Legal for decision making