Sustainability Progress Report 2023

zalando

Our progress:
2023 at a glance

Planet

Carbon footprint

78%
reduction of Scope 1 & 2 emissions

43%
reduction of private label emissions per gross profit

64.8%
of partners, by emissions, have set SBTs

2025 goal: 80%
97.5%

2025 goal: 40%
100%

2025 goal: 90%
72%

Packaging

7.4g
single-use plastic packaging per item shipped

2023 goal: 0g
26%

Products

Assortment

10.5%
of Gross Merchandise Volume generated with more sustainable products

2023 goal: 25%
42%

Circularity

We extended the life of more than

6.3m
products

2023 goal: 50m
12.6%

People

Ethical standards

We developed and sent out new self-assessment questionnaires for identified direct high-risk suppliers.

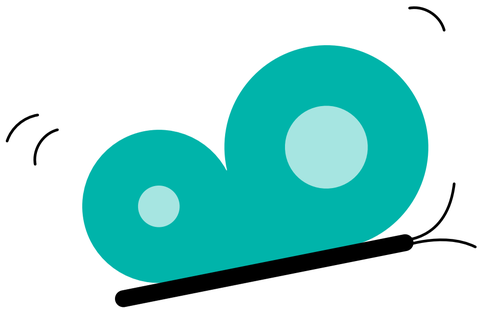
We increased awareness of our updated grievance mechanism for anyone wishing to report a possible infringement of protected rights within our supply chain.

Skilling

9,925
people have received skilling opportunities, encompassing upskilling, reskilling and meta-skilling.

2023 goal: 10,000 people
99%

About this report



Format and content

GRI 2-2, 2-3

This Zalando Sustainability Progress Report is the final report related to our do.MORE strategy, which we first published in 2019 and is now coming to an end. Over the past five years, we have made significant strides in embedding sustainability into our business operations. At the same time, we recognize that our journey is far from over. In this report, we describe our strategy, goals, and progress, as well as the challenges we face and opportunities we see ahead. In line with that, we share our roadmap for accelerating our progress toward a more sustainable business and fashion industry.

The report describes our progress over the financial year from January 1 to December 31, 2023. It is published in English and German and is available on our corporate website. For questions or feedback, please contact us at sustainability@zalando.de.

Materiality

The content in this report is based on our do.MORE strategy and on a materiality analysis completed in 2019. To identify our most material topics, we created a shortlist of 18 sustainability topics focusing on three key aspects of our business: product manufacturing, operations, and consumers. We validated and ranked the list based on surveys of 7,800 customers and 1,700 employees, as well as interviews with 15 industry experts. The analysis identified 14 material topics, in accordance with the reporting standards of the Global Reporting Initiative (GRI), and eight topics aligned with the Non-Financial Reporting Directive (NFRD). We use this analysis to prioritize our efforts in the context of our strategy.

Reporting standards and frameworks

This report references the internationally recognized Global Reporting Initiative (GRI) Sustainability Reporting Standards. For a detailed overview of GRI-referenced content, please refer to the GRI content index and key figures table included in the appendix. We also align our disclosures with the Sustainability Accounting Standards Board (SASB) standards to ensure the transparency of financially material sustainability information. The SASB index for 2023 is available in the appendix. In alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we've published our third report on climate-related risks and opportunities. This report, covering the financial year 2023, can be accessed on our corporate website.

Throughout this report, we refer to the United Nations Sustainable Development Goals (SDGs). In each chapter, we highlight our contribution to individual SDGs linked to our three strategic pillars: planet, products, and people. Zalando's combined non-financial declaration for Zalando SE and Zalando group can be found in Zalando's 2023 Annual Report.

SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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Evolving with purpose

GRI 2-22

This year's Sustainability Progress Report provides an opportunity for us to reflect on the journey we embarked upon four years ago. This report is not just a compilation of facts and strategies; it's a story of evolution, learning, resilience, and progress in the face of strongly changing landscapes.

In 2019, as our business grew, we were inspired to look for ways in which we could substantially reduce the social and environmental impact of fashion on the world. Zalando, as well as our entire industry, relies on and benefits from healthy ecosystems, empowered people, and thriving communities, and we wanted to ensure that our business supports these. Based on this understanding and inspiration, we launched an ambitious sustainability strategy, called do.MORE. Composed of six targets, we set out to enhance the sustainability of our products and operations as well as promote the well-being of all people in Zalando's value chain.

“Our progress over the past four years and the insights it brought have helped us to map out the next steps in our journey, as we work to further enable our organization and our partners to drive change in our industry and beyond.”

David Schneider
Co-CEO, Zalando SE

Our journey toward meeting the do.MORE goals has been both intense and insightful. Through hard work, perseverance, and a willingness to continuously learn and adapt, we’ve made strides for our business and shared exciting successes with customers, partners, and one another along the way. Among other measures, we put in place higher ethical standards and improved due diligence processes and we provided skilling and education opportunities for thousands of people within our company and value chain. We also continuously strove to reduce our emissions and environmental impact.

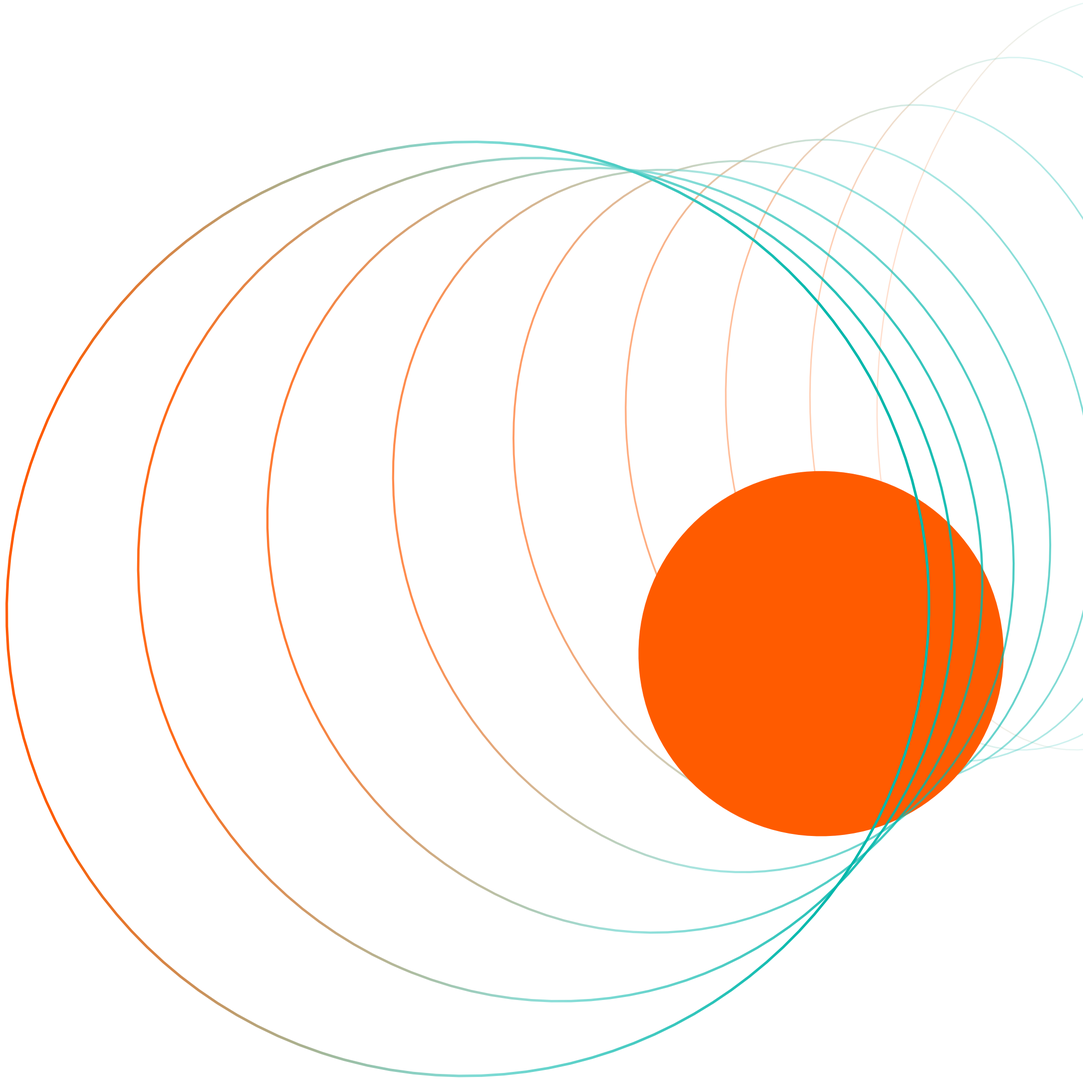
Yet we did not fully meet our targets, many of which were due to be met by the end of 2023. Along the way, we learned a great deal about ourselves, our business, and our path forward, becoming more adept at identifying risks, opportunities, and potential pitfalls. We recognized that we can make the greatest impact by going deeper into a few focused areas rather than spreading ourselves too thin across too many. We learned that sustainability shouldn’t be the focus of a single team but rather permeate all parts of our business. And we found that we were most successful when we worked together with partners to tackle these complex challenges.

Since the beginning of do.MORE, the legislative environment has changed dramatically, sometimes catching up with or even surpassing the goals we had set for ourselves. While this required adaptation on our part, we are appreciative and welcoming of this evolving landscape, as we firmly believe that higher and more unified standards will contribute to meaningful change in our industry.

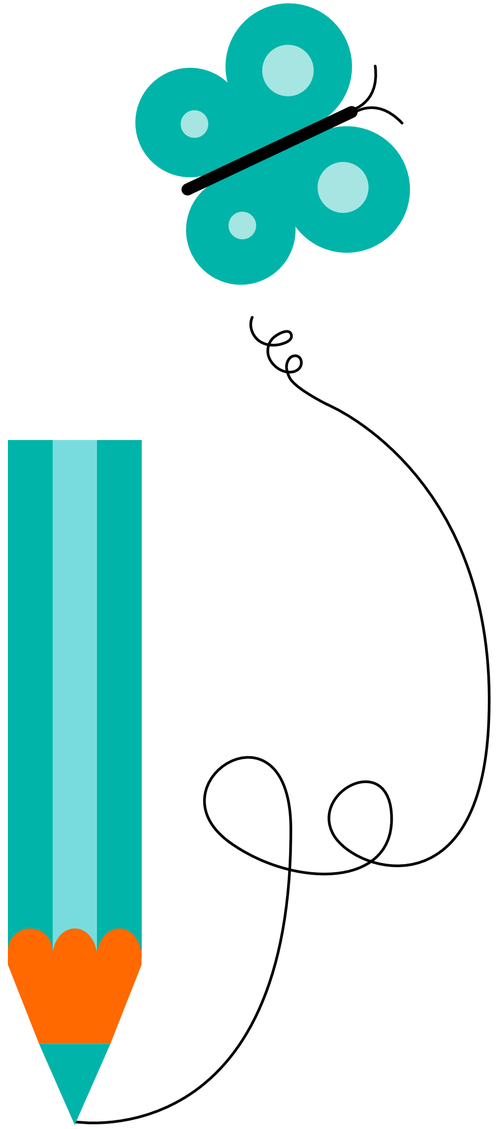
Our progress over the past four years and the insights it brought have helped us to map out the next steps in our journey, as we work to further enable our organization and our partners to drive change in our industry and beyond. Going forward, our sustainability strategy will be embedded within the overall Zalando Group Strategy. This will serve to integrate sustainability throughout the business, enabling every employee, team, and business function to play a meaningful part in our collective sustainability ambitions, as well as to signal that our commitment to sustainability is core to our ambitions. We've already made important progress in this direction, embedding these principles within our business units and uniting our Corporate Development, Sustainability, and Diversity & Inclusion teams.

Taken together, the successes and learnings from do.MORE are a testament to our resilience and commitment to a sustainable future, and also a source of immense growth throughout the organization. With these as our foundation, we're excited about the next phase of our journey toward a more equitable industry with a smaller environmental footprint. I am personally thankful and privileged to have been a part of this development and to have witnessed the incredible dedication of our team members, partners, and customers to helping make Zalando, our communities, and our industry into better places.

David Schneider
Co-CEO, Zalando SE



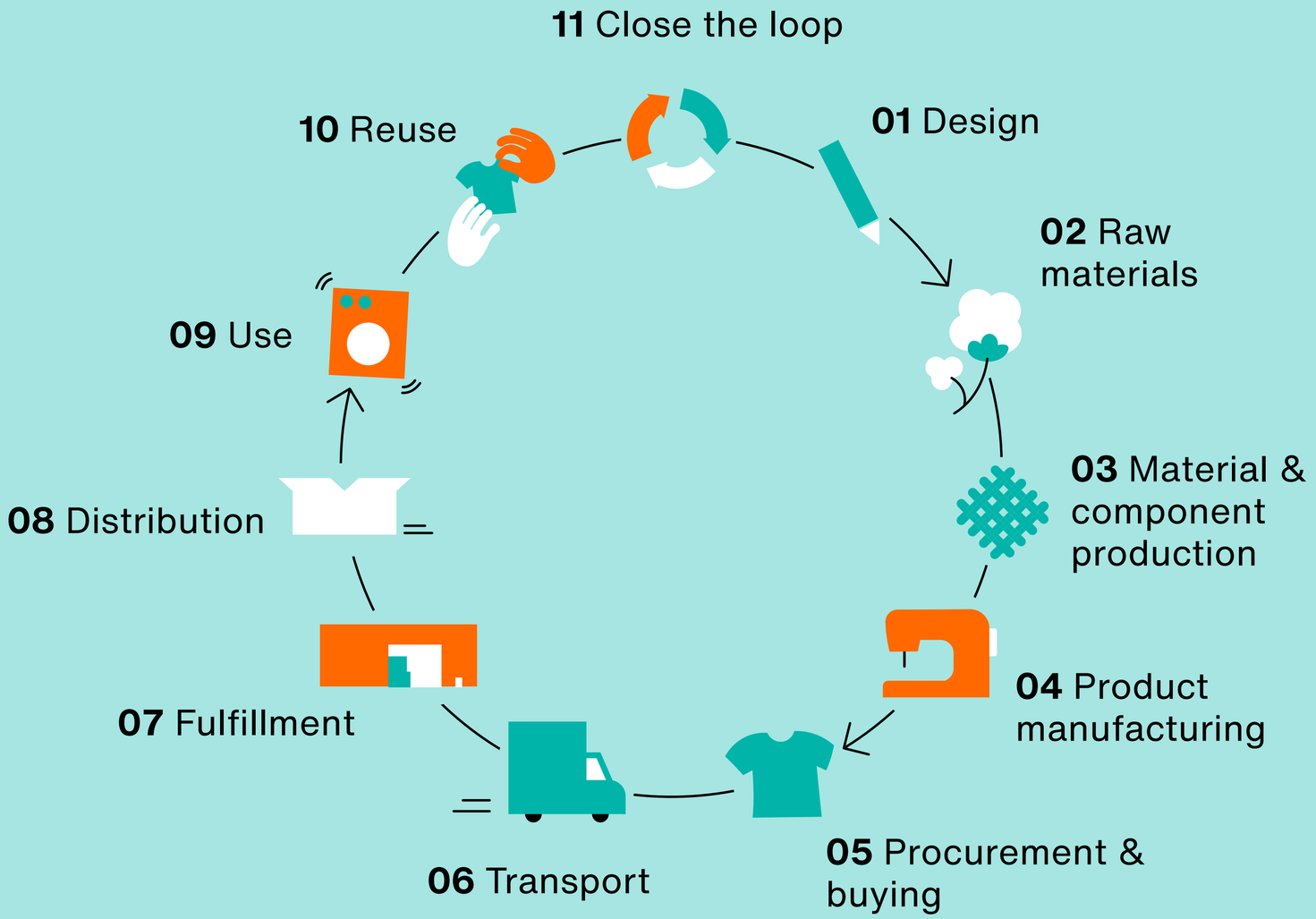
Our value chain



Zalando is a leading European platform for fashion and lifestyle. We work with thousands of partner brands and create our own styles through our private labels. The primary destination for our more than 50 million active customers is the Zalando Fashion Store. We also offer the Lounge by Zalando shopping club and 15 outlet stores in German cities for in-person shopping. Our logistics network comprises 12 fulfillment centers, serving customers in 25 European markets.

Our partners can connect to the Zalando platform through our wholesale proposition, our Partner Program, which enables brands and retailers to directly link their warehouse inventory, and our connected retail option, which links physical stores to the platform. This year we've taken an additional step forward by launching our new B2B brand ZEOS (Zalando E-commerce Operating System) to enable brands and retailers to manage their multi-channel businesses across Europe within a single, unified B2B platform, leveraging Zalando's well-resourced infrastructure.

Zalando value chain



Zalando's value chain comprises 11 areas of activity through the product life cycle:

01 Design. Our private labels and a selection of brand partners design products based on materials, look, style, and quality.

02 Raw materials. Our private labels and a selection of brand partners work with suppliers to source and process raw materials.

03 Material and component production. Producers convert fibers into yarn and yarn into fabric.

04 Product manufacturing. Our private labels and a selection of brand partners work with suppliers and factories to create products.

05 Procurement and buying. We present the creations of thousands of brands to our customers.

06 Transport. Our logistics partners transport products to our inbound distribution and fulfillment centers.

07 Fulfillment. Our products are stored in fulfillment centers and shipped when customers place orders.

08 Distribution. Our logistics partners and those of our brand partners deliver products to our customers or we sell them from our offline Outlet stores.

09 Use. Our customers wear, care for, and repair their products.

10 Reuse. Our customers in selected markets can give products another life through Zalando Pre-owned.

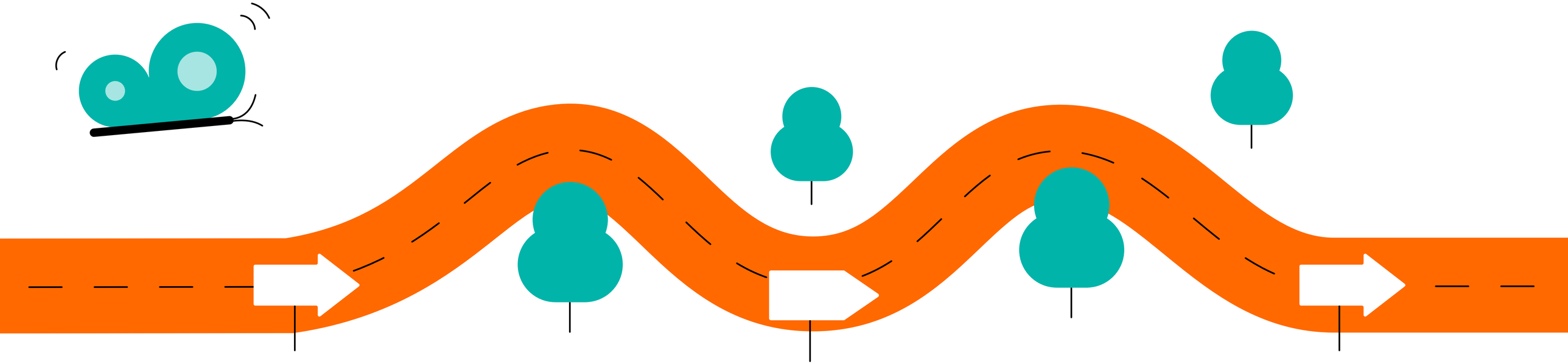
11 Close the loop. We help to scale effective solutions to close the loop through investment in leading technologies and explore approaches to better support customers and partners on this journey.

Our sustainability strategy

GRI 2-9, 2-10, 2-11, 2-12, 2-14, 2-22, 2-23, 2-29

In 2019, we described a vision that would underpin the do.MORE strategy: to be a sustainable fashion platform with a net-positive impact for people and the planet. Based on our progress and learnings since then, we plan to re-examine how we initially formulated that vision to create a more concrete guiding principle going forward – but our intention has remained unchanged. We want to give back more than we take, and we pursue this vision across the three interrelated sustainability pillars of planet, products, and people.

With our **planet** and its ecosystems threatened by climate change, we see it as our corporate responsibility to cut greenhouse gas emissions in line with climate science, as well as to lessen our impact on these ecosystems by prioritizing lower-impact options for packaging and materials. When considering our **products**, we aim to decouple our growth from the use of natural resources, minimize waste, and promote circular activities such as reuse, resale, and recycling, all while empowering our customers to make choices that reflect their values. In addition, we aim to maximize our positive impact by also continuously focusing on **people**, for whom we are committed to raising and honoring our standards of ethics, inclusion, and support.



In line with these long-term ambitions, in 2019 we defined a set of six sustainability targets:

- **By 2025, we have achieved** our science-based targets to reduce greenhouse gas (GHG) emissions, including an 80% reduction in emissions from our own operations compared to 2017.[1,2]
- **By 2023, we design** our packaging to minimize waste and keep materials in use, specifically eliminating single-use plastics.
- **By 2023, we generate** 25% of our Gross Merchandise Volume (GMV) from products with sustainability-related attributes.[3]
- **By 2023, we apply** the principles of circularity and extend the life of at least 50 million fashion products.
- **By 2023, we have continuously increased** our ethical standards and only work with partners who align with them.[4]
- **By 2023, we have supported** 10,000 people in the workforce by providing skilling opportunities that match future work requirements.[5]

1 This target has a timeframe beyond 2023 because science-based targets (SBTs) must cover a minimum of five years and a maximum of 15 years from the date the target is submitted to the SBTi for an official validation.

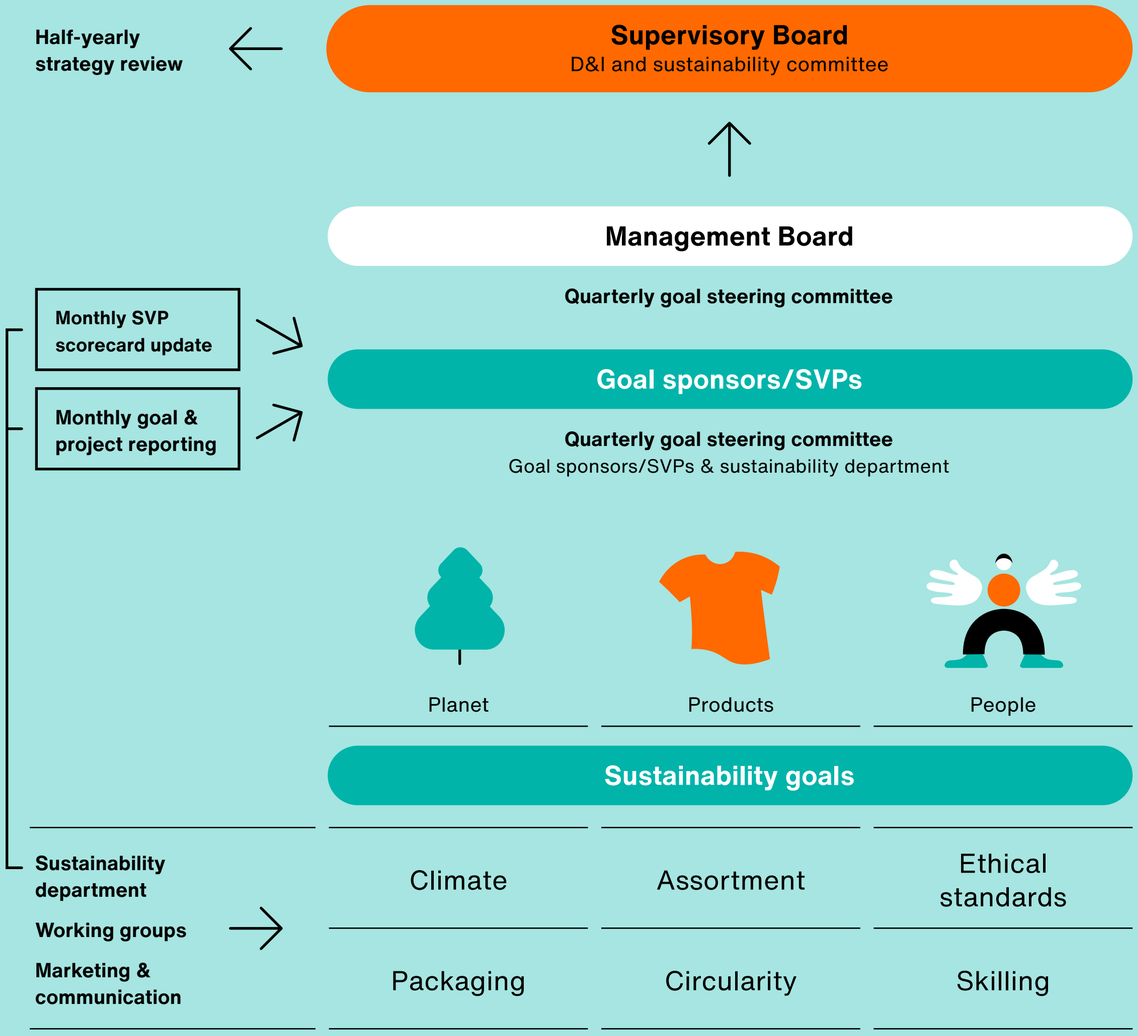
2 Throughout this report, the phrase “by 2025” should be read as “by December 31, 2025”.

3 This target formulation was updated in 2023 to be more specific and in line with anti-greenwashing guidance. The underlying definition and data collection remains the same.

4 When we originally formulated this goal, “partner” referred to all contractual partners supplying goods or services, including brand partners selling only through our Partner Program. In the following text, however, we will now – in the context of regulatory developments, namely the German Supply Chain Act – differentiate between “direct suppliers”, i.e. contractual partners supplying goods or services, and “partner”, i.e. indirect suppliers or brand partners selling only through our Partner Program.

5 Includes Zalando SE and Zalando group employees and supply chain workers at private labels.

Sustainability governance structure



Governance structure

To guide our decisions, in 2019 we created sustainability work streams and appointed executive sponsors for each of our targets. In 2023, the Sustainability team merged with the Diversity & Inclusion (D&I) team and became part of the Corporate Development department, creating a centralized department responsible for developing the strategic direction of these two topics as part of the Zalando Group Strategy definition. In parallel, we are working with relevant business units and their sustainability experts to operationalize these strategies.

We also made a strategic shift in internal sustainability reporting, changing our approach from hosting a quarterly Sustainability Forum to delivering a monthly report to the extended management board (CEOs and Senior Vice Presidents) for review and discussion. This more frequent review enables us to quickly escalate issues and ensures business ownership of our sustainability goals.

Additionally, this report (scorecard) is reviewed by the management board on a quarterly basis. During these sessions, sponsors present more detailed information on progress toward our sustainability targets. By adopting this new format, we aimed to increase the visibility of our sustainability initiatives to the management board,

provide a more accurate representation of internal changes, and elicit more holistic feedback from Zalando's leadership. In addition to the management board meetings, we continued to work with the Diversity & Inclusion and Sustainability Committee of the supervisory board, which meets on a half-yearly basis (we held an extraordinary meeting in August of 2023, increasing the number of these meetings held during the year to three). This committee oversees the D&I strategy and the Sustainability strategy and advises the supervisory board and its committees in their implementation and related reporting.

Stakeholders

In 2023, we continuously engaged with diverse stakeholders across our industry. We remained committed to leveraging our role as a retailer in working with our partners to discuss complex issues such as human rights, environmental impact, and how to best integrate sustainability-related data within supply chains. We highlight our partnerships throughout this report.

Stakeholders

The successes on our journey have been largely attributable to the partnerships we've forged with thousands of brands, coupled with valuable input from our customers. We are equally grateful for the support and insight shared through our interactions with various industry groups and non-governmental organizations (NGOs). Their guidance aids in our future planning and helps us uphold and increase the standards we've set for ourselves, providing critical perspectives, inspiration, and feedback.

We also value the ability to continually engage with policymakers and regulators, as their work shapes the frameworks, guidelines, and incentives that drive sustainability initiatives and transparency. This collaborative effort has enabled us to gain valuable insights into evolving regulatory landscapes, allowing us to adapt our strategies and operations accordingly. These adaptations are reflected in our public assessments and ratings.

Looking ahead, we recognize that continued collaboration with all of our stakeholders is vital for delivering positive impact and creating lasting change.

6 We define Tier 1 suppliers and factories as those involved in the final manufacturing stage of a product and its packaging for shipping.

Ratings and indices

CDP Climate Change Rating: In 2023, we received a "A-" score in the CDP Climate Change Rating.

ISS ESG, Sustainalytics, and MSCI Ratings: We maintained prime status in the ISS ESG Corporate Rating, attaining a "B-" score. With a Sustainalytics ESG Risk Rating of 13.0, we were once again placed in the low risk category. We maintained our overall MSCI ESG rating score at "AA".

S&P Global CSA: We scored 45 points in the S&P Global Corporate Sustainability Assessment, reflecting a 6-point decrease over the previous year due to changed requirements which we aim to address in future.

Fashion Transparency Index (FTI): We scored 40% on the FTI, compared to 44% in 2022. We publicly list 100% of our private label Tier 1 suppliers[6] and also already some Tier 2 suppliers (final material manufacturers and leather tanneries).

Reports and ratings

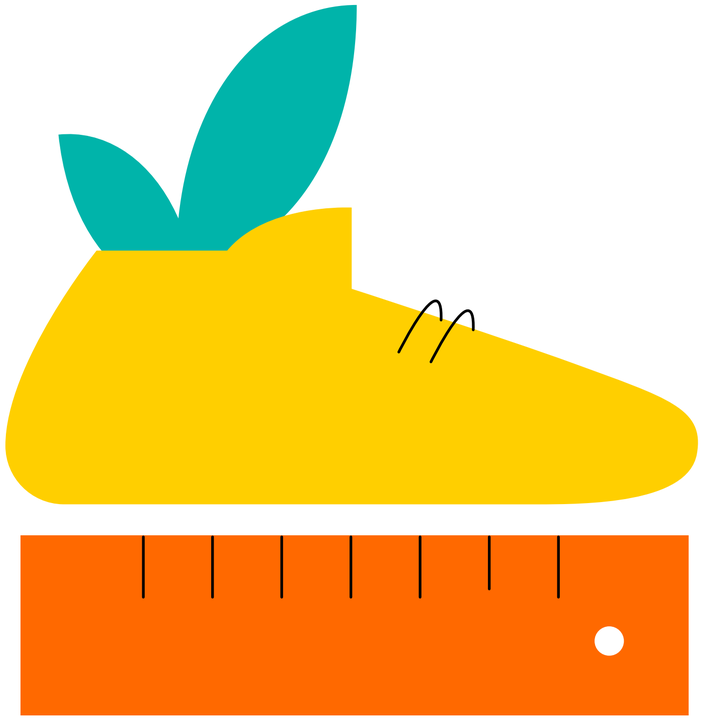
Planet

Aligning with the UN Sustainable Development Goals

Through our measures to reduce GHG emissions along the value chain, we aim to contribute to achieving global climate goals.
Read more on pp. 13–19.

We also work to apply the principles of circularity in the design of our packaging to minimize waste and keep materials in use.
Read more on pp. 20–24.

Driving down greenhouse gas emissions in line with climate science



Our challenge

GRI 2-4, 2-29, 3-3, 302-1, 302-4, 305-1, 305-2, 305-3, 305-5

Fashion can bring people and ideas together in ways that foster creativity and belonging. At the same time, we're very much aware of the industry's current impact on climate and nature, which is why we support the Paris Agreement goals and have set science-based climate targets in alignment with the framework of the Science Based Targets initiative (SBTi).[7]

The actions needed for significantly reducing emissions in our operations and along the value chain of our private labels and brands are clear. Our challenge is to identify the right mechanisms and data collection processes to meaningfully track and implement these actions within our diversified business model and to decouple our growth from our environmental footprint, which eventually needs to be neutralized.

7 The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets. Science-based targets provide companies with a clearly defined path to reducing GHG emissions in line with the Paris Agreement goals.

Our commitment

By 2025, we have achieved our science-based targets (SBTs) to reduce greenhouse gas emissions, including an 80% reduction in emissions from our own operations compared to 2017.

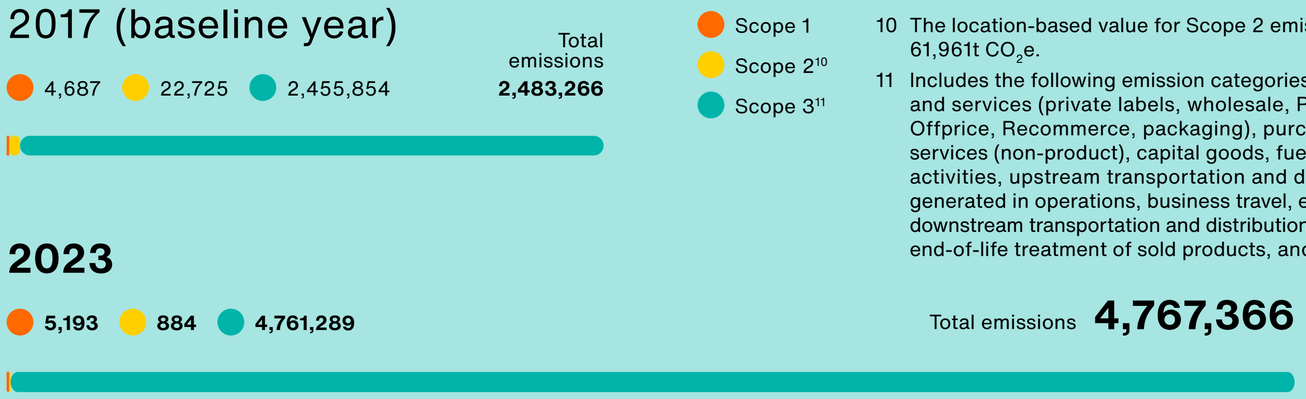
Our science-based targets:

- **Zalando commits to reducing Scope 1 and 2** greenhouse gas (GHG) emissions by 80% by 2025 against a 2017 base year. Zalando also commits to expanding annual sourcing of renewable electricity from 34% in 2017 to 100% by 2025.
- **Zalando commits to reducing Scope 3** GHG emissions from private label products by 40% per million euro gross profit by 2025 from a 2018 base year. Zalando also commits that 90% of its suppliers (by emissions, including goods and services sold through its platform, packaging, and last-mile-delivery partners) will have set SBTs by 2025.

Our progress[8]

- **In 2023, we reduced** our Scope 1 and Scope 2 GHG emissions by 78% against a 2017 baseline (compared to 77% in 2022). We again procured 100% renewable electricity across our own operations.
- **Our Scope 3 GHG emissions** from private label products[9] decreased by 43% per million euro gross profit from a 2018 base year (compared to 35% in 2022).
- **64.8% of our suppliers** in scope (by GHG emissions, including the products we sell, packaging, and last-mile-delivery partners) have set SBTs (compared to 56.9% in 2022). In 2023, brand partners with set SBTs accounted for 65.2% of our brand supplier-related emissions, up from 56.9% in 2022. Packaging partners who set SBTs increased to 59.7%, up from 57.1% in 2022 (pre-stage 'committed' increased from 5.1% to 18.2%). Last-mile delivery partners who set SBTs increased to 59.6%, up from 57.2% in 2022.

Our carbon footprint in metric tons CO_2 equivalent (t CO_2e)



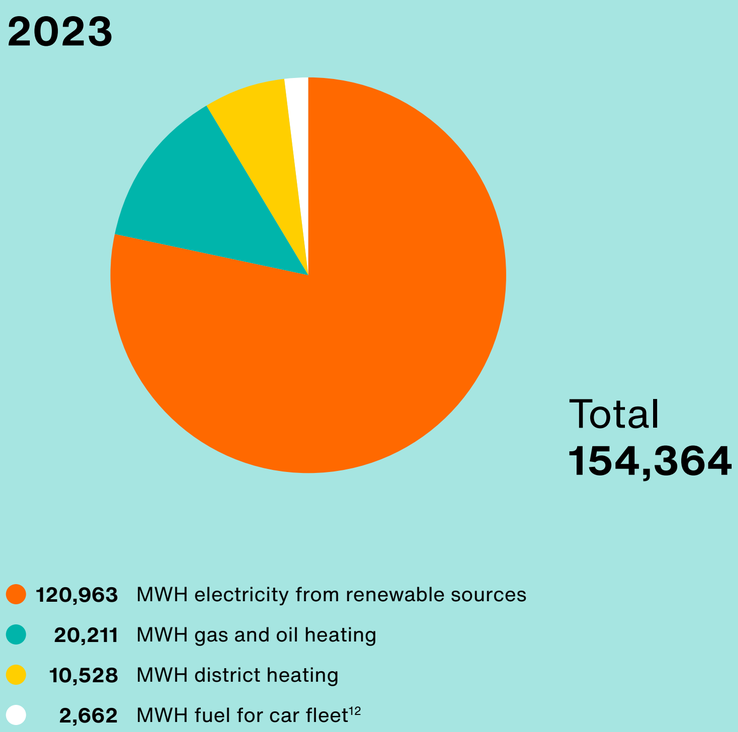
10 The location-based value for Scope 2 emissions in 2023 is 61,961t CO_2e.

11 Includes the following emission categories: purchased goods and services (private labels, wholesale, Partner Program, Offprice, Recommerce, packaging), purchased goods and services (non-product), capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, and investments.

8 2022 progress differs from previously reported data. This is mainly due to methodological changes applied to our GHG inventory accounting as well as improved data quality. Details are given in the following sections.

9 Products manufactured for and sold under our own brands Anna Field, Even&Odd, Friboo, Pier One, YOURTURN, and ZIGN.

Energy use by source in MWH (Scopes 1 and 2)

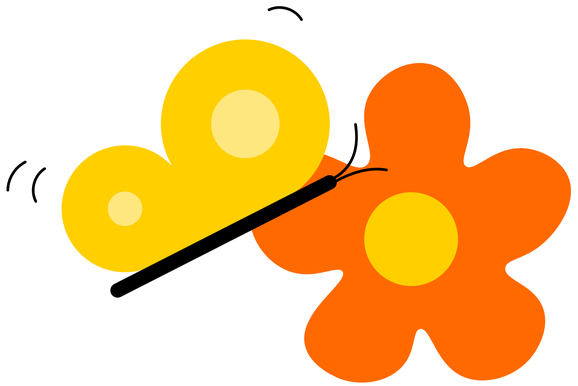


12 Electricity consumption from electric vehicles is excluded here and reported under “electricity”.

Reducing Scope 1 and 2 GHG emissions

Together, Scope 1 and Scope 2 contribute just 0.1% of Zalando’s total GHG emissions. At the same time, this is the impact area in which we can exert the most influence, and we continue to work toward our 2025 target. GHG emissions in these categories are primarily driven by heating in the offices, outlets, and warehouses that are fully operated by Zalando.

- **Heating.** Most heating-related emissions are generated from within our logistics network. While some sites are already fully electrified, we continued in 2023 to work toward electrifying additional sites. This included performing the necessary due diligence and analyses to obtain internal approval to replace gas boilers with heat pumps in the office areas of three of our Polish warehouses.
- **Electricity.** Switching to renewables is an important practice that goes along with reducing overall electricity and energy consumption. We have procured 100% of our electricity from renewable sources since becoming an RE100 initiative member in 2020. Our energy management system is certified by ISO 50001.

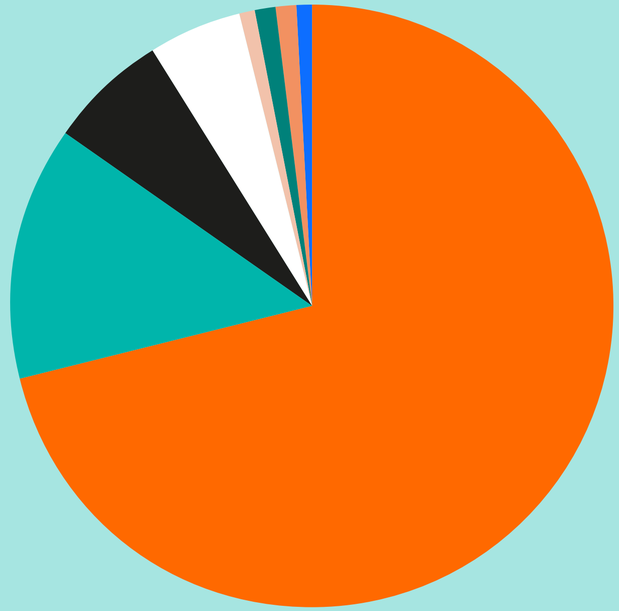


Progress on Scope 3 GHG emissions

Scope 3 GHG emissions represent 99.9% of Zalando's total GHG emissions. These indirect sources include GHG emissions resulting from the manufacturing of products sold through Zalando channels (71.2% of Scope 3), product use-phase emissions (13.6% of Scope 3), transport-related emissions (6.5% of Scope 3), packaging emissions (1.2% of Scope 3), and product end-of-life emissions (1.1% of Scope 3) amongst others.

Accounting for and reducing these GHG emissions is a challenging task, and some of our efforts to reduce them are not reflected in our annual inventory due to data-related challenges. For example, we do not yet include primary energy and emissions data from facilities in our supply chain, due to data quality issues and a lack of representative datasets going back to our target base year. Additionally, our current GHG accounting is based on 100% conventional materials, as we do not yet capture data from lower-impact materials from our private labels in our inventory and are thus unable to report on consequent emissions reductions. Similarly, reflecting lower-impact materials and related improvements in our GHG inventory also requires partner brands to consistently share data on materials with sustainability-related attributes. We believe strongly in our responsibility to influence progress toward Scope 3 GHG emissions reductions throughout our value chain and to enable our partners to do the same, and we will continue working to help resolve these challenges.

Scope 3 emissions by source 2023 (in %)

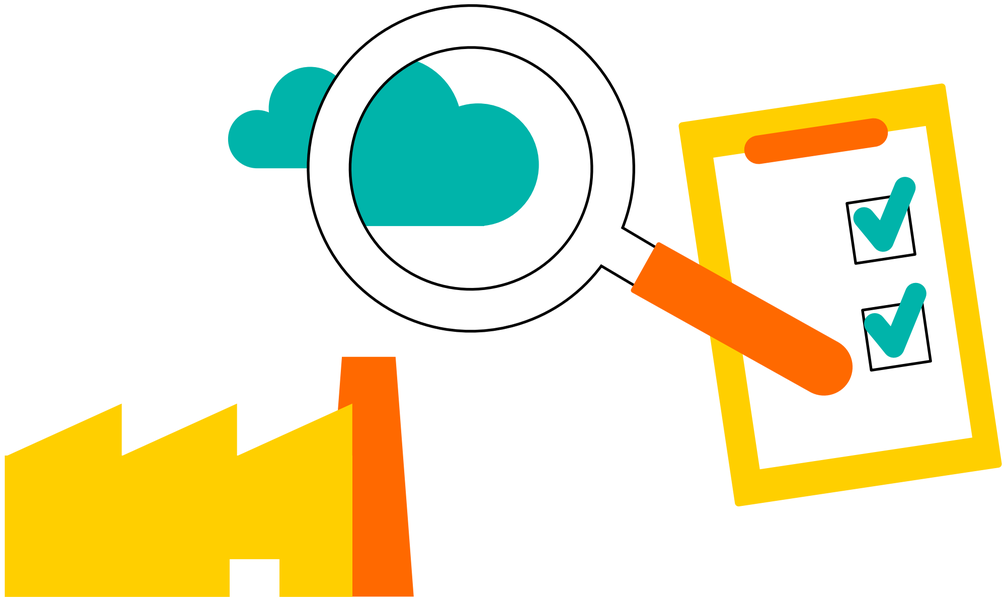


- **71.2%** Product manufacturing
- **13.6%** Use of sold products
- **6.5%** Upstream transportation and distribution (incl. deliveries and returns)
- **5.0%** Purchased goods and services (non-product)
- **0.8%** Capital goods
- **1.2%** Packaging
- **1.1%** End-of-life treatment of products sold
- **0.6%** Other[13]

13 Includes the following emission categories: fuel- and energy-related activities, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, and investments.

- **Private labels.** We have two main levers with which we can drive down GHG emissions from products sold under our private labels: material substitution (using lower-impact materials instead of conventional ones; read more about this in the Products section of this report) and increases in energy efficiency and renewable energy uptake. Regarding facility-level operational improvements, a total of 12 supply chain partners (Tier 1 & 2) completed year one of our Facility Improvement Program (FIP) in 2023, developing and signing off on action plans to reduce their GHG emissions by investing in energy efficiency and renewable energy (onsite thermal energy and on/offsite renewable electricity). The FIP focuses primarily on strategic, high-carbon-emitting factories located in Bangladesh, China, Turkey, and India, ensuring representative distribution of facilities across our core product categories of textiles, shoes, and accessories (read more in the box to the right).

Our reported 43% reduction in 2023 for this target is mainly driven by Zalando's gross profit performance and variations in the number of goods delivered. However, we're taking further important steps to future-proof our carbon accounting for our private label products by integrating more granular materials datasets and primary supply chain energy data. This will ensure that we can account for emissions reductions from lower-carbon materials and supply chain decarbonization.



Facility Improvement Program

To support our partners in decarbonizing manufacturing in our private label supply chain, we collaborated with RESET Carbon – implementing partner of the Apparel Impact Institute's (Aii) Carbon Leadership Program. They have successfully worked with various brands and over 200 textile mills to assess and implement GHG reduction measures.

In our project, we expanded the program's proven methodology to include leather tanneries and polyurethane (PU) manufacturers, which are significant GHG emissions contributors at the industry level. The assessment results show an average GHG emissions reduction potential of 48% per textile mill, 35% per PU facility, and 78% per leather tannery. In the next phase, we will evaluate the best way to realize these potentials and remove barriers to action, such as providing long-term business commitments, technical support, or access to finance.

- **Packaging and last-mile delivery partners.** In 2023, we continuously 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. Especially partners with a significant amount of emissions have been in focus of negotiations. Furthermore, SBTs have already been introduced as a hard criterion in all contractual negotiations with our packaging suppliers. This has resulted in positive progress: In 2023, total packaging and last-mile delivery partner emissions (within the target scope) decreased by 19.3% from the previous year, and emissions covered by packaging and last-mile delivery partners with established SBTs increased to 59.6% from 57.2% in 2022. We will continue our efforts to ensure progress towards our target.

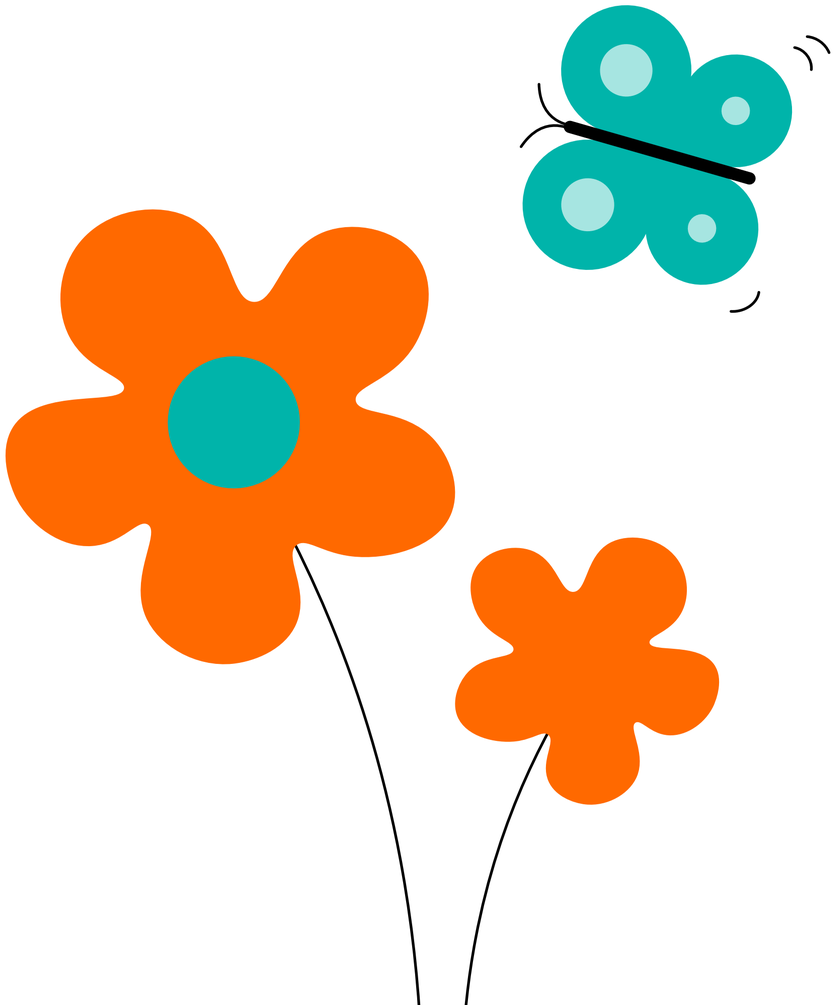
- **Brand partners.** In 2023, we also continuously engaged with brands selling products on our channels, scaling the FASHION LEAP FOR CLIMATE learning platform that we launched in 2022 with collaborators ABOUT YOU and YOOX Net-a-Porter. Participating brands can leverage free-of-charge peer learning opportunities and receive step-by-step guidance on measuring emissions and setting targets. Since launching the initiative in the summer of 2022, 129 brands have been recruited to the initiative. Participating brands reported an increased understanding of science-based targets (SBTs) after completing the program, with approximately 40% of them planning to set SBTs within 12 months of completing their learning journey.

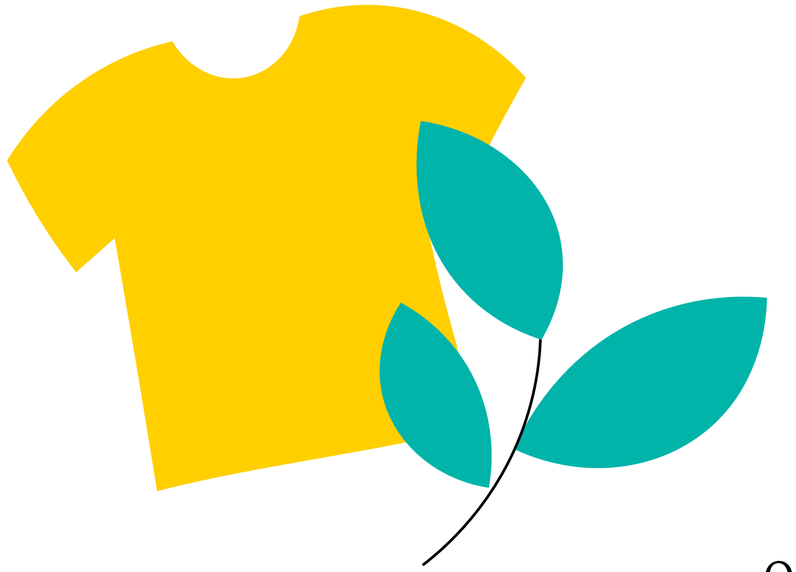
Updates to GHG emissions calculations methodology

We strive to continually improve our carbon accounting methodology and to make our calculations ever more granular. In 2023, Zalando switched from a 'purchased' goods to a 'delivered' goods carbon accounting methodology for product emissions in Scope 3[14]. This means that we now count products that have arrived in our warehouses by the end of the year, instead of those that we have ordered by the end of the year. This approach is more in line with our financial accounting.

To assess the GHG emissions of products, we use the emission factors for materials included in the Higg Material Sustainability Index (Higg MSI). To make our calculations more specific and robust, in 2023 we implemented a more consistent approach regarding which factors we use for which materials. We

14 Partner Program product emissions, which Zalando optionally includes in its GHG inventory, continue to be calculated based on sold products, given that Zalando never owns these products and that not all products pass through Zalando's warehouses.





continually assess different emission factor sources and monitor related updates to apply the most representative emission factors in our calculations.

In sum, these are the most relevant changes that led to a recalculation of our reported 2017–2022 GHG emissions. As a result, we have also recalculated the progress achieved toward our SBTs. At the same time, we aim to ensure that the level of ambition remains consistent with the SBTi criteria and our future environmental sustainability strategy.

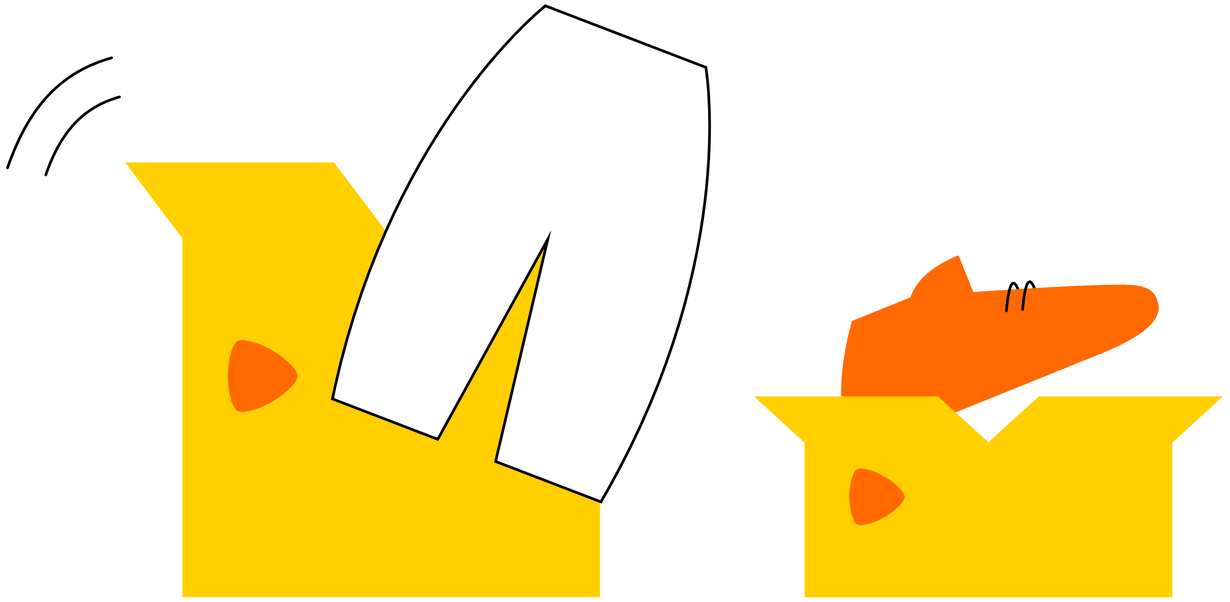
Our reflections

Through do.MORE, we learned a great deal about the levers involved in reaching our 2025 climate targets. Addressing climate change depends on deep collaboration with peers and partners (including packaging, logistics, brands, and other supply chain partners) both in and outside our industry. As industry-related initiatives and expectations for transparency proliferate, we must communicate clearly with our partners and provide support to enable science-aligned climate action. All of the above — alignment with science, leveraging our strong market position, and joining forces with others — are key to our success.

Our roadmap

- **Scope 1 and 2 emissions:** In 2024, we will proceed with the replacement of gas boilers with heat pumps in the office areas of three of our warehouses in Poland and continue assessing further opportunities for reducing energy and electricity consumption across the organization.
- **Scope 3 emissions:** We will scale our private labels Facility Improvement Program to additional high-emitting supply chain partners and increase the use of lower-carbon materials in our private label assortment. We will continue to set clear expectations for our packaging, logistics, and brand partners, doing our best to enable and reward their climate action — including through retailer-based collaborations aimed at helping brand partners to set science-based targets.
- **We will continue to assess** opportunities for further improving our carbon accounting methodology, which will include integrating primary data from our facilities into our calculations of product-related emissions from our private labels. We also plan to carry out a thorough review of GHG accounting categories in 2024 to increase the level of granularity and specificity in our calculations.

Reimagining packaging, minimizing waste



Our challenge

GRI 2-29, 3-3, 301-2, 306-1, 306-2, 306-3, 306-4, 306-5

Packaging is essential to our business, keeping products safe and sound during the transition from one life cycle phase to the next. At the same time, it's a main contributor to the take-make-waste economy that we want to move away from.

Our ambition is clear: we want to help lessen the negative impacts of packaging. It's a complex job, with scalable alternatives to certain types of packaging still out of reach, and existing solutions at frequent risk of supply chain disruptions that limit adoption. Meanwhile, the legislative environment is changing significantly, with the Packaging and Packaging Waste Regulation (PPWR) as part of the European Green Deal and the Circular Economy Action Plan likely to have significant implications for our operations.

Our challenge is to implement a circular approach to packaging, minimizing impacts from materials and waste — and maintaining compliance with relevant regulations — without compromising the value we offer to our customers.

Our commitment

- **By 2023, we design** our packaging to minimize waste and keep materials in use, specifically eliminating single-use plastics.

Our progress

- **Of the 52,000 metric tons of packaging materials** we used in 2023, 82% were recycled materials and 99% was recyclable (compared to 62,000 metric tons, 86%, and 99% respectively in 2022).
- **The procured amount of single-use plastic packaging** per item shipped from Zalando group[15] increased by 46% to an average of 7.4 grams (compared to 5.1 grams in 2022).
- **In 2023, the volume of single-use plastic packaging** per item produced for our private labels[16] increased by 6% to an average of 5.7 grams (compared to 5.4 grams in 2022).

Zalando's work around packaging has evolved from a supply concern to an area of innovation for the entire business. Since 2021, we have reduced the average weight of packaging per item sent by 12%, thereby using less material. Unfortunately, we were unable to eliminate single-use plastics (read more below). We decided to increase the share of shipping bags used relative to corrugated boxes, as well as postponing the completion of our transition from plastic to paper shipping bags, resulting in higher procurement of plastic shipping bags in the first half of the year. This action, combined with a decrease in shipped items and our procurement-based KPI, impacted the final results compared to 2022. We have, however, laid the foundation for holistic decision-making, taking into account a wide range of factors and allowing us to respond more quickly and efficiently to the needs of current and future regulations, propositions, and market trends.

Reducing single-use plastic

Single-use plastic (SUP) is one of the most widely-used packaging materials in our industry, and also presents one of its biggest challenges. Derived mostly from fossil fuels, SUP is notorious for contributing to emissions and environmental pollution, both on land and in water. However, eliminating SUP goes beyond a material change. It requires significant systemic change, and alternative materials don't necessarily result in a lower environmental impact. As we predicted in our 2022 Sustainability Progress Report, we were unable to meet our goal of fully eliminating SUP from our business by the end of 2023, but we have made significant strides:

- **We have eliminated** the use of void fill in our Fashion Store. Void fill refers to the plastic matter that is typically included in boxed shipments to provide stability and protection. In doing so, we eliminated approximately 153 metric tons of plastic waste in 2023.
- **We initiated a transition** to polybags with 100% post-consumer recycled content (PCR)[17] achieving 52% of our procured volume. We aim to complete this transition in 2024.
- **We reduced the impact** of approximately 785,000 items by replacing the mini and single inlay in our beauty packaging, reducing up to 61% and 4% respectively of the material weight normally used in this process, and moving from a paper mix with adhesive sealing strips to mono-material cardboard.
- **We continued transitioning** from SUP to paper-based solutions for our shipping bags, an initiative that is expected to be completed in 2024.

15 Includes all customer-facing single-use plastic packaging procured by Zalando group as an online retailer (excluding private labels and items shipped by brand partners).

16 Includes all customer-facing single-use plastic packaging procured by Zalando private labels (our own fashion brands).

17 We define a packaging material as a "monomaterial" if it constitutes 95–100% of the packaging by weight. In this case, considering that low-density polyethylene (LDPE) makes up 95% or more of the packaging, with the remaining < 5% being additives, we consider it 100% Post-Consumer Recycled (PCR). This definition aligns with the German Packaging Act (VerpackG), which stipulates that monomaterials must consist of at least 95% of one main material.

Our packaging materials[18]

Paper shipping bags[19]

70%

recycled content

Pre-owned: 100% recycled content

Plastic polybags

100%

post-consumer recycled content[20]

Paper beauty bags & inlay

100%

recycled content

Cardboard shipping boxes

100%

recycled content

Pre-owned: 70% recycled paper, 30% grass fiber

18 Relates to customer-facing packaging for orders from Fashion Store and Lounge by Zalando. Excludes pre-owned, private labels, intralogistics and outlets.

19 At the end of 2023, 78% of shipping bags used were made of paper, while 22% were made of single-use plastic.

20 We initiated a transition to 100% post-consumer recycled content achieving 52% of our procured volume. We aim to complete this transition in 2024.

99%

of our packaging materials are recyclable

Our journey so far toward lower-impact packaging
Since 2019, we've carried out numerous pilots and life cycle analyses to understand the potential value of reusable polybags and shipping bags. In 2023, we expanded the use of reusable cardboard boxes for intralogistics (i.e. movement of products between warehouses) to more warehouses and return centers across our network, thereby avoiding the use of 3,000 metric tons of packaging material.

In 2023 we also redesigned our range of shipping boxes to minimize weight, leading to material and waste reduction. In addition, in our new and renewed contracts with packaging suppliers, we have made it mandatory to include commitments to using Forest Stewardship Council (FSC)-certified virgin fibers and to set emission reduction targets aligned with the Science Based Targets initiative (SBTi).

In 2023, we conducted an initial assessment of nature-based risks informed by existing Science Based Targets for Nature guidelines, pinpointing location and commodity hotspots while identifying existing data gaps. This assessment looked at the key land (degradation, deforestation, and soil pollution) and water (stress and pollution) impacts of our primary packaging products, namely paper and cardboard. As a next step, we will focus on closing these gaps and maintaining data transparency, which is crucial to incorporating nature in our future sustainability strategy more holistically.

Our reflections

Transitioning to a net-zero economy in Europe as well as other markets will require additional, large-scale changes to our processes and ways of working. Specifically, creating a more circular future in packaging requires integration and collaboration from all actors across the industry due to complex supply chains. Data transparency and granularity will be key to tracking progress. Additionally, the industry will benefit from a clear regulatory framework that creates a level playing field in Europe while setting targets that respect planetary boundaries and support innovation and competition. Even with those in place, however, success will require meaningful partnerships throughout the fashion industry and beyond, and we believe that Zalando is well-positioned to help lead the way.

Our roadmap

- **We will continue to explore** industry alternatives to the remaining single-use plastic usage.
- **We will investigate** additional key levers to facilitate the improvement of volumetric efficiency across our packaging portfolio to reduce and optimize the use of materials.
- **We will redesign** the cardboard boxes used within our internal warehouse processes to further increase the number of uses, and introduce these into additional warehouses in our network.
- **We will review** our data baseline and control systems to provide transparency in our carbon and waste accounting. We will also build up our capability to run life cycle analyses of our packaging materials to improve our strategic decision-making in this area.
- **We will broaden** the lens through which we view the impact of packaging to account for wider environmental challenges such as water use and biodiversity, both to support future sustainability goals and to align with guidance on sustainability reporting.

Operational waste and disposal methods from fulfillment centers, offices, and stores (in metric tons)

	2023	2022
Non-hazardous waste	**28,665**	**32,484**
Reuse	19	11
Recycling	26,014	30,474
Paper & packaging (paper, cardboard & plastic)	24,470	29,004
Other (e.g. scrap metal, e-waste)	1,544	1,470
Incineration (with energy recovery)	2,159	1,515
Incineration (without energy recovery)	473	484
Hazardous waste	**39**	**44**
Total	**28,704**	**32,528**

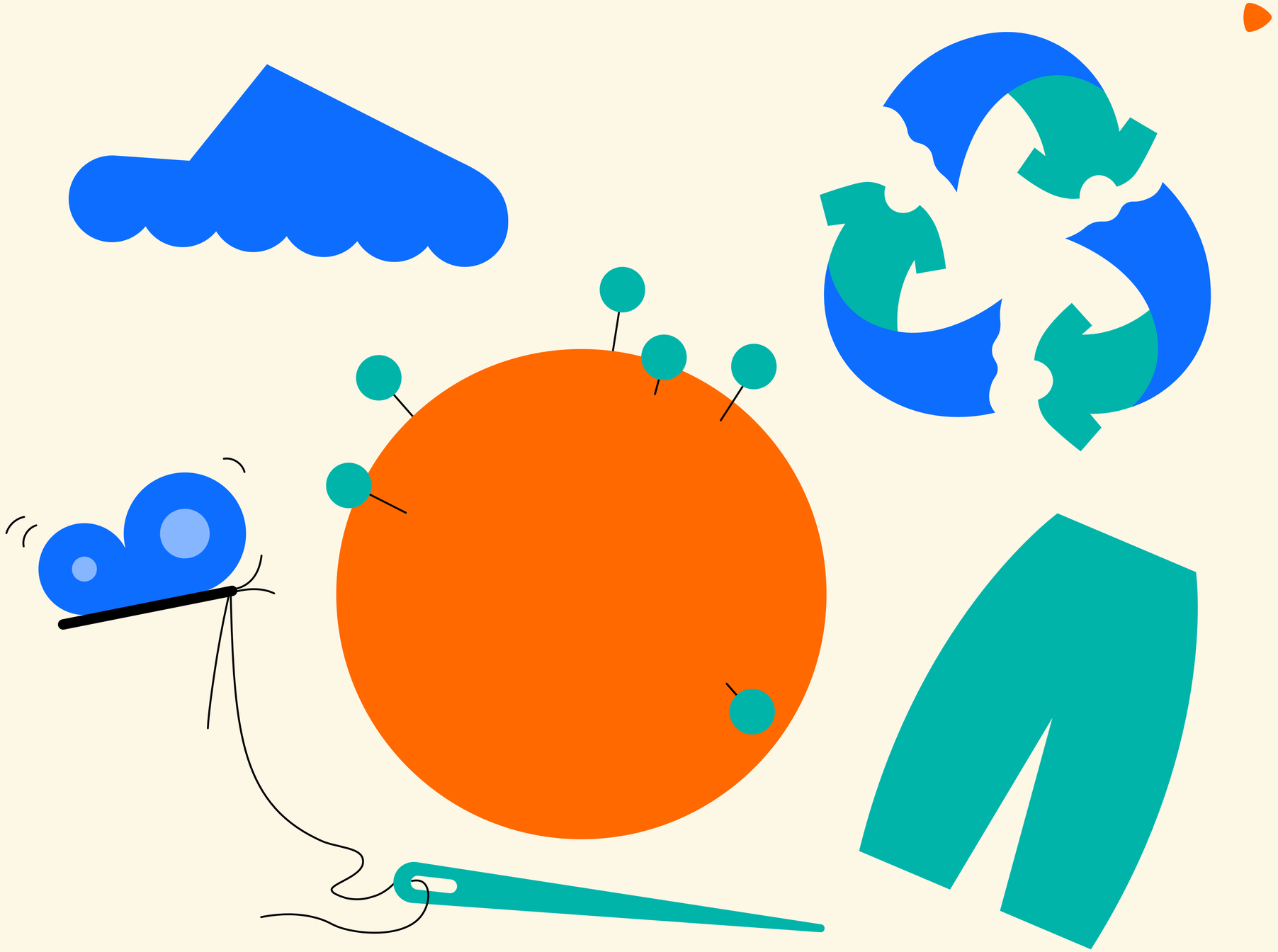
Our operational waste footprint
Over the past year, we reduced the paper and corrugated waste generated in the sites we operated by 12% to 28,704 metric tons. This waste comes from the boxes used for moving items between our sites, offices, and stores. The main driver for this reduction has been the use of reusable cardboard boxes for intralogistics.

Products

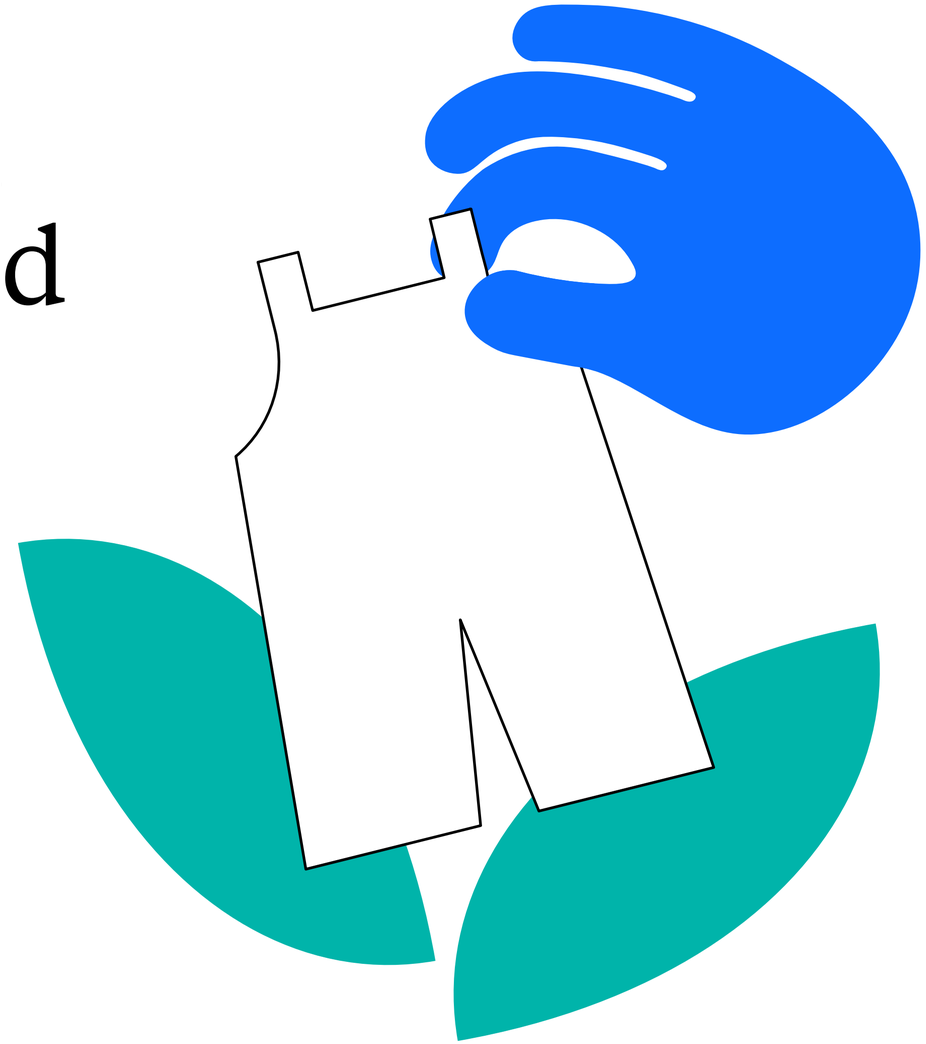
Aligning with the UN Sustainable Development Goals

We strive to enable our customers to make more informed choices by providing transparent and substantiated information regarding the sustainability-related attributes of our products. **Read more on pp. 26–31.**

Together with our customers and brand partners, we accelerate circularity in the fashion industry and extend the life of millions of products. **Read more on pp. 32–36.**



Enabling change through informed choices



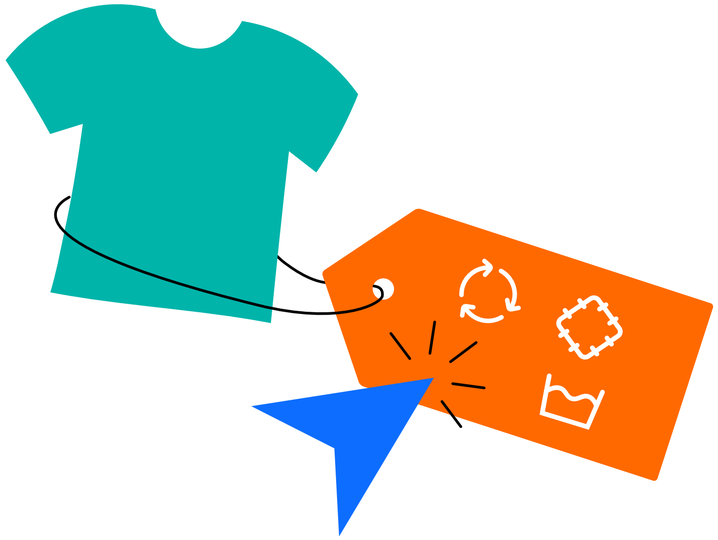
Our challenge

GRI 3-3

Our customers expect transparent and credible sustainability-related information about the products they buy, and we want to not only meet that expectation but go further. This is a difficult task, since sustainability is influenced not only by product materials and their associated emissions, but also by the impact of supply chain operations on ecosystems, communities, and more.

Meanwhile, our ability to provide an ideal product offering and customer experience with regard to sustainability is also affected by macro-economic trends (such as availability of materials), dynamic legislative and regulatory requirements (such as those relating to sustainability certifications and green claims), and innovation (such as new materials or recycling technologies).

In short, our challenge in this area is to empower consumers with awareness and availability, as we simultaneously navigate the complexity of measuring and providing transparency around the impact of fashion products.



Our commitment

- **By 2023, we generate** 25% of our gross merchandise volume (GMV) from products with sustainability-related attributes.[21]

Our progress

- **In 2023, our assortment** of products with sustainability-related attributes reduced to 108,000 products, compared to 180,000 in 2022. These products accounted for 10.5% of our GMV, compared to 17% in 2022.[22]
- **In 2023, 43% of our customers** purchased one or more items with a sustainability-related attribute, down from 54% in 2022 (the decrease is due to changes in data collection – read more below).[23]

Enhancing data integrity to further build trust

Driven by the need to fulfill both emerging regulatory requirements and the growing demand for transparent sustainability information from our customers, we embarked on a journey in 2022 to enhance the quality of data we receive from our brand partners. This initiative aimed to strengthen the credibility and specificity of sustainability-related product claims, empowering our customers to make informed and responsible purchasing decisions.

The new data requirements were rolled out in Q4 2022, and after providing an integration period for our partners, we removed the sustainability-related attributes for products that did not provide the newly required data. This resulted in an initial reduction of our assortment in Q1 2023, though we did see a steady increase again in the second half of the year as partners began to adapt to our new data requirements. Overall, this change meant that our 25% GMV goal, as set out in our do.MORE strategy, was not fulfilled. However, we raised the bar on product sustainability data quality and increased the level of detail and transparency shown to customers.

Our minimum requirements and additional criteria

By setting baseline requirements, we aim to empower our customers with confidence in their buying decision and, by regularly reviewing our policies, we influence our partners' sourcing practices. Our Sustainable Sourcing Policy exists to ensure that all products (not just those with sustainability-related attributes) are produced with minimum levels of ethical and environmental responsibility.

21 This target formulation was updated in 2023 to be more specific and in line with anti-greenwashing guidance. The underlying definition and data collection remains the same.

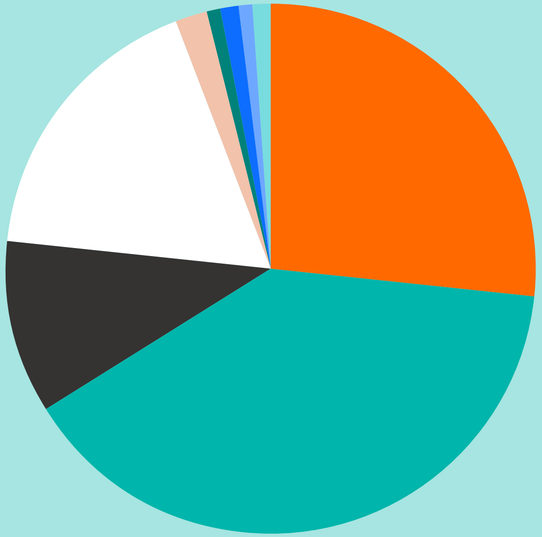
22 For the Zalando group, after returns.

23 For the Zalando Fashion Store, before returns.

The policy defines minimum requirements for the use of specific fibers, materials, and manufacturing methods. Our Animal Welfare Policy lists principles for business partners when supplying products made from animal-derived materials. Our Product and Content Guidelines highlight offensive, illegal, or otherwise inappropriate matters. Finally, our Restricted Substances List specifies permitted limits of toxic and harmful substances, in line with the EU's Registration, Evaluation, Authorization, and Restriction of Chemicals Regulation (REACH).

To further assist our customers, we make additional sustainability-related information available on the product pages where applicable. Customers can access information including the percentage of certified material in a product, based on third-party certifications such as Global Organic Textile Standard (GOTS) and trademarked/licensed fibers, such as TENCEL™ Lyocell and Infinna™. The full list of accepted, certified, licensed, and trademarked fibers and materials is available at our Fashion Store.

Criteria in our sustainability framework (as of December 31, 2023)

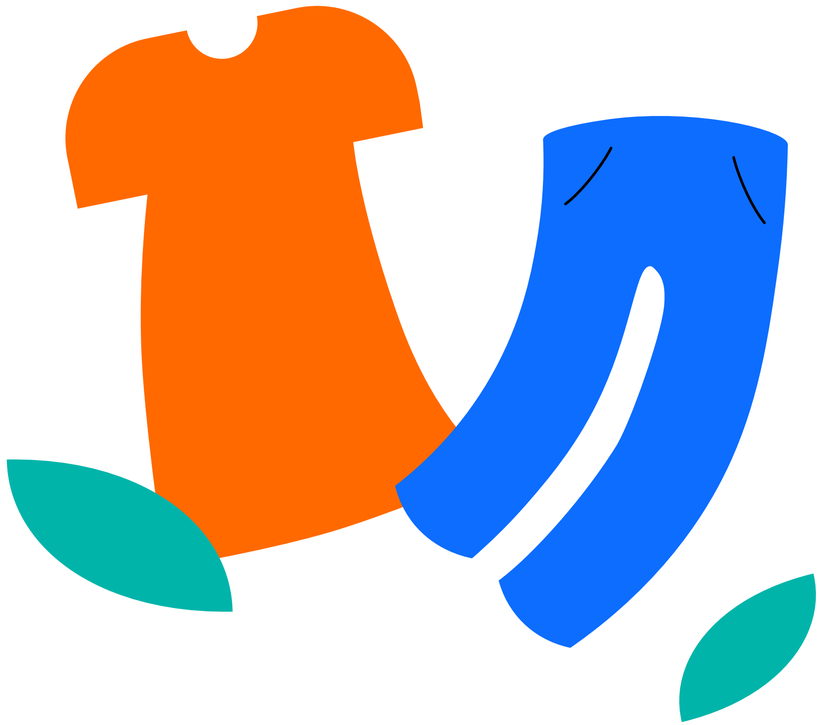


The implementation of third party certifications all the way from raw material inputs to the finished product, and the brand selling the product, can be very costly and challenging, especially for smaller brands. Instead, they often source certified materials (e.g. a t-shirt made with GOTS organic cotton fabric, but the final product and brand may not be certified to this standard). To help our brand partners bridge this gap and continue to provide this important information for our customers, we showcase generic claims, through which the use of certified materials and processes (e.g. organic, recycled) can still be traced.

Zalando attribute groups with top contributing standards[24]

- **28%** Organic materials and ingredients
  47% GOTS Organic (Global Organic Textile Standard)
  28% OCS Blended (Organic Content Standard)
  14% OCS 100 (Organic Content Standard)
- **41%** Recycled materials and packaging
  57% GRS (Global Recycled Standard)
  22% RCS Blended (Recycled Claim Standard)
- **11%** Improved production
  82% LWG (Leather Working Group)
  10% bluesign® APPROVED materials
- **18%** Responsibly sourced materials and ingredients
  51% LENZING™ ECOVERO™
  5% LENZING™ Viscose
- **2%** Cruelty free
  52% Beauty Without Bunnies (PETA)
  48% Cruelty Free International
- **<1%** Innovative materials
  45% Sorona® (DUPONT)
  43% U.S. Department of Agriculture (USDA) – Certified Biobased
- **<1%** Natural ingredients
  50% NATRUE (Natural)
  31% ICEA (Natural)
  15% Natural Cosmetics Standard (Natural)
- **<1%** Designed for circularity
  67% Cradle to Cradle Certified® Silver
  33% Cradle to Cradle Certified® Gold
- **<1%** Refillable
  100% Refillable Primary Packaging

24 The key includes top contributing standards in our assortment; full 100% of standard contributions are not shown.



Private label life cycle project

In 2023, we performed a life cycle assessment (LCA), comparing the environmental impact of three styles that met our circular design criteria with three conventional styles. The analysis focused on three key impact areas: climate change, water use, and land use.

We concluded that while the use of lower-impact materials has a positive impact on a product's environmental footprint, focusing on this area alone is insufficient to achieve our long-term goals. Likewise, this research pilot confirmed that meeting those goals requires manufacturing processes, especially those tied to climate change, to be further optimized. Leveraging these insights, we aim to expand our use of LCAs as a tool to increase our knowledge of the product-level impacts and to improve our sourcing and design decisions.

Leading with our private labels

Our private labels are key levers for us to achieve our targets and are a proving ground for innovation. Since the relaunch of our brand ZIGN in 2019, which only offers products with at least one sustainability-related attribute, we have also scaled the share of such products, and the overall amount of more innovative materials, across all brands. In 2023, our GMV from products with at least one sustainability-related attribute among private labels reached 84%. More specifically, 89% of our textile products, 77% of footwear, and 91% of accessories had at least one sustainability-related attribute. We have continued to adopt materials with lower environmental impacts compared to conventional products found in our assortment. Furthermore, we remain committed to advancing our initiatives to ensure that by the end of 2024, all of our PL products incorporate at least one sustainability-related attribute.

Private label materials

Shoes & hard accessories[25]

42%
Polyurethane

of which
3.7%
water-based PU

38.5% Global Recycled Standard, RCS 100 and RCS Blended

22%
Polyester

of which
43.4%
recycled polyester

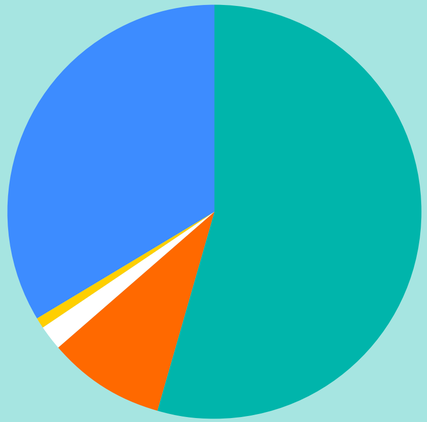
22.1%
Other[26]

of which
57.4% certified
to various standards[27]

13.7%
Leather

of which
100%
meets leather
production standards[28]

Apparel & soft accessories[29]



52.6% 2,788t
Cotton

of which
38.2% (1,066.4t)
Better Cotton

35.7% (994.5t)
organic cotton

18.3% (511.3t)
recycled cotton

6.6% (183.9t)
transitional cotton

8.9% 442t
Man-made Cellulosic Fibers

of which
88.6% (391.6t)
responsibly sourced[30]

32.2% 1,600t
Synthetics

of which
48.4% (774t)
recycled synthetics

0.9% 15t
Animal-derived fibers

of which
10% (1.5t) recycled animal fibers

4% (0.6t) responsible animal-derived fibers[31]

1.8%
Other[32]

25 Share of number of items where material is majority in upper component.

26 Includes, among others: cotton, nylon, polycarbonate, metal.

27 Includes standards like Forest Stewardship Council (FSC), GOTS, OCS, USDA Certified Bio-based, Global Recycled Standard (GRS) and AppleSkin™ (Mabel Industries).

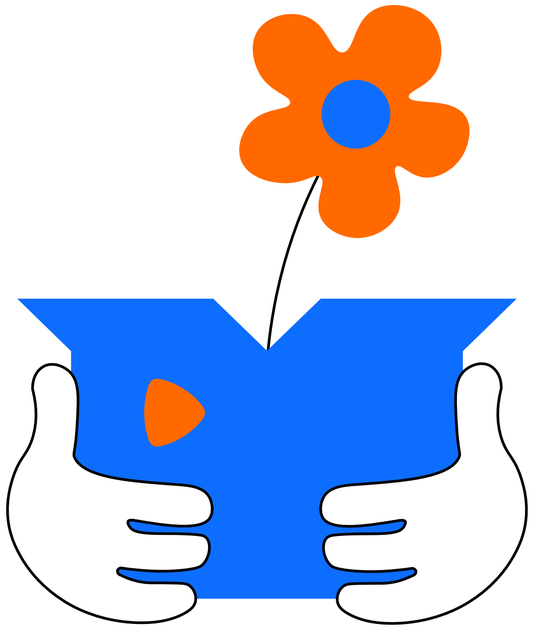
28 Leather production standards include Leather Working Group rated tanneries and chrome-free leather.

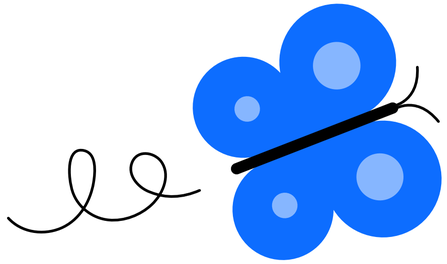
29 Share of fiber, by weight, in main component (shells).

30 Responsibly sourced man-made cellulosics includes LENZING™ Viscose, LENZING™ TENCEL™, generic Lyocell, modal and viscose sourced from Canopy Green-shirt.

31 Responsible animal-derived fibers includes organic and Responsible Wool Standard.

32 Includes, among others: leather, PU, acetate, metal.





Our reflections

The challenges created by the new data requirements for products with sustainability-related attributes helped us develop a deeper understanding and sense of urgency around the need within our industry for unified product data standards, ease of data access, and the establishing of a pre-competitive approach that will enable these things. It also helped us identify areas in which further improvements can be made to our criteria to more fully support our wider environmental and ethical targets, including those related to greenhouse gas emissions.

Our roadmap

- **In 2024, we aim to continue** aligning our minimum product sourcing requirements with EU regulatory developments by updating our Sustainability Sourcing Policy and Animal Welfare Policy. Raising the minimum environmental and ethical responsibility requirements of all products sold on our platform also aims to help our customers have confidence in their purchasing decisions.
- **In 2024, we will also update** the voluntary criteria, further raising the bar on products with sustainability-related attributes.
- **We will continue to collaborate** with others in the industry (including retailers, data service providers, and industry organizations) to devise solutions that help address the data collection challenges we collectively face, thereby further improving product transparency and our customer experience.
- **We will work toward scaling** our use of life cycle analyses to better understand product-level impacts and to enhance our decision-making for designing and sourcing our private label products.

Extending the life of fashion

GRI 2-29, 3-3

Our challenge

Circularity is a key aspect of creating a more sustainable future for fashion. This involves, for example, incorporating lower-impact materials, reusing and repairing products, minimizing waste, and improving recycling infrastructure. But despite increasing regulatory support, brand commitments to sustainability, and shifting consumer behavior around these kinds of efforts, they still aren't being undertaken at the scale necessary to mitigate global challenges like climate change and resource scarcity.

As part of the do.MORE strategy, we've been constantly working to better understand and overcome the barriers to circular fashion in order to offer new solutions that empower customers to make informed choices and provide leadership in our industry. Our challenge is not only to offer more responsible fashion choices, but also to contribute innovative ideas, develop new partnerships and processes, explore new business models, and comply with regulations — all with the goal of helping to create a new and transformative circular fashion ecosystem.

Our commitment

By 2023, we apply the principles of circularity and extend the life of at least 50 million fashion products.

Our progress

- **Since 2020, we have extended the life** of more than 6.3 million fashion products — including more than 2.6 million in 2023.

Since 2020, our progress in this strategic area has involved a number of different methods across four product stages: (i) design and manufacture, (ii) use, (iii) reuse, and (iv) close the loop. For an item to count toward our KPI, it must have gone through at least one circular action within at least one of the four product stages. Additionally, each item could only be counted once. Our target of 50 million products was highly ambitious, with added difficulty introduced by a complex macroeconomic environment. Moreover, the feasibility of certain circular

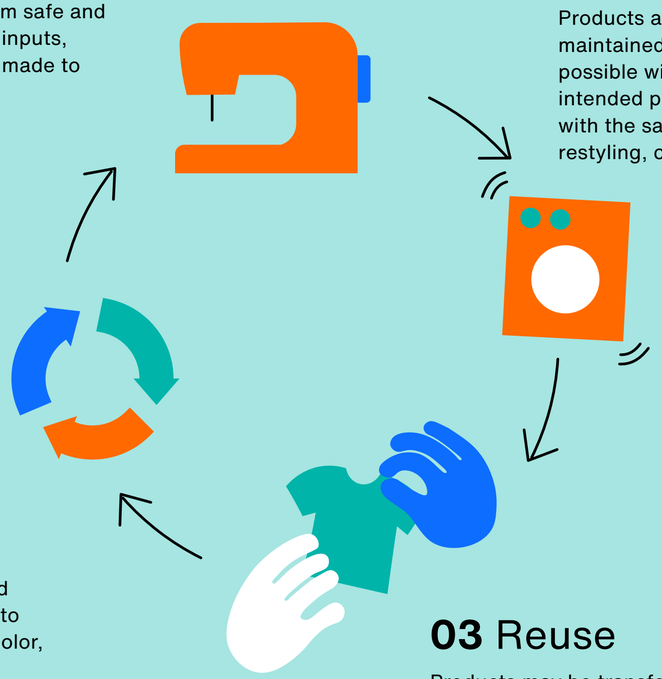
A simplified circularity flow

01 Design & manufacture

Products are designed for circularity (made from safe and recycled/renewable inputs, made to last longer, made to be made again).

02 Use

Products are used and maintained for as long as possible within their original intended purpose, usually with the same owner (through restyling, care, or repair).



03 Reuse

Products may be transferred to a new owner or reused in a different context from their originally intended purpose (through resale, sharing, rental).

04 Close the loop

Products are collected or traded in, sorted into their many material, color, and fabric types, and recycled into new materials.

models remains hampered by uncertain timelines for scaling, short-term financial viability, and existing limitations in infrastructure, such as textile-to-textile recycling capabilities. Despite the challenge and our failure to reach our target, we've remained dedicated to engaging stakeholders and using our influence to scale our circular economy efforts.

Design & manufacture

In 2023, we continued to build our internal knowledge and scale our circular assortment across our private label brands. In particular, a special focus was placed on using innovative materials and embedding circular designs in the product assortment for ZIGN Studio, a new sub-brand of ZIGN. Featuring 80 styles in men's and women's textiles as well as footwear and accessories, it incorporates a wide variety of innovative materials including Naia™, a biobased faux leather made from coffee grounds, recycled fishnet nylon, and other renewable and recycled materials. The collection also makes use of modular design elements, extending both the versatility and lifespan of its garments.

Zalando also continued its participation in the Circular Design Consortium with other retailers and brands including ASOS, Bestseller, H&M, and C&A, working together to better understand circular design holistically and to collaborate on specific design strategies such as recyclability, durability, and circular inputs.

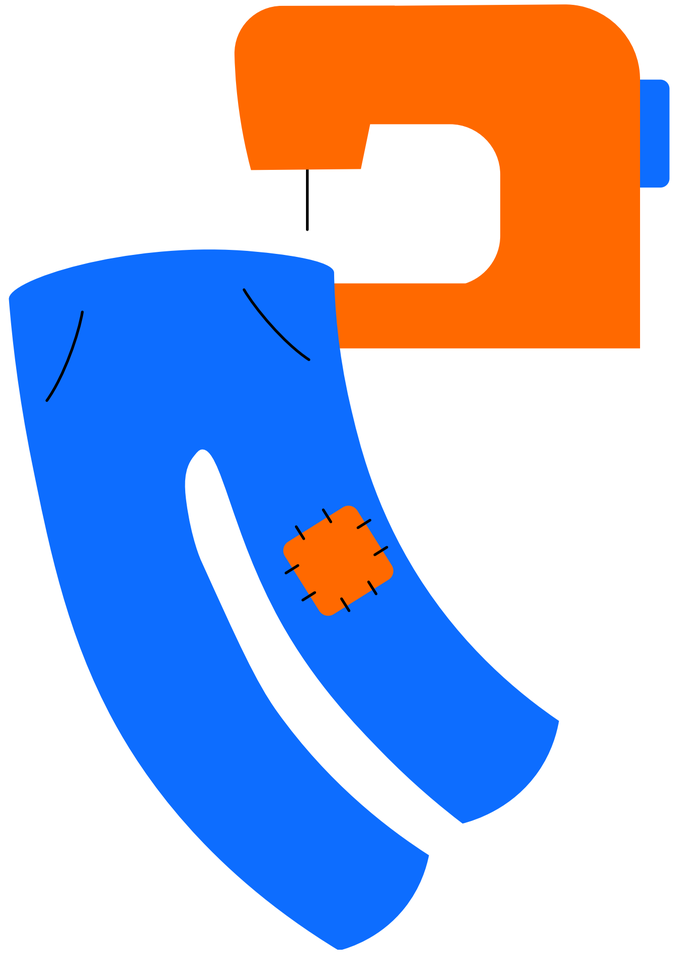
Use

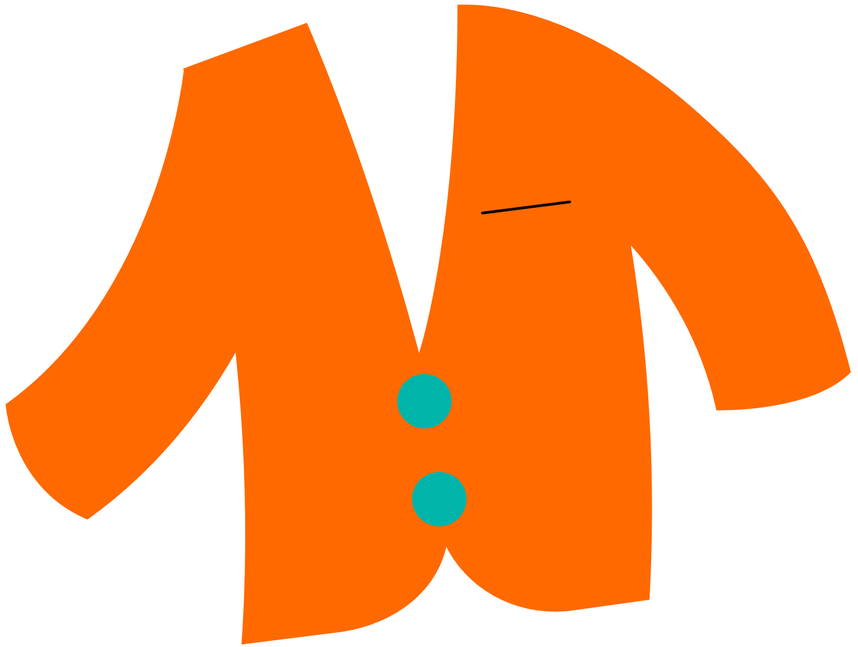
Since October 2021 we have partnered with the innovative startup Save Your Wardrobe to pilot an online platform where customers could book repair, cleaning, or alteration services for their used fashion items, leveraging the expertise of local tailors and cobblers.

In 2023, we made the strategic decision to pause the pilot, having processed over 200 fashion items from 145 completed orders, with the majority of orders being for clothing repair (58%) and shoe cleaning (33%), with the remaining orders for shoe repair. The pilot showed high customer satisfaction and positive brand perception, while challenges included pricing and unit economics. Overall, we gained valuable insights and data about logistics, the most common repair needs, and the most important moments in the customer journey. Crucially, it enabled us to better understand what a leading, scalable care and repair business model should be. Our goal is to build on these learnings and offer viable solutions to our customers to extend the life of their items and adopt new ways of buying fashion.

Reuse

We continued to promote reuse via our assortment of about 270,00 pre-owned products, available to Zalando customers across 13 markets as well as in 10 of our outlet stores, with thousands of new items added daily. Pre-owned products undergo strict quality assurance processes and are offered to customers at the same level of convenience level they already know from Zalando, including free deliveries and returns and multiple payment options. In 2023, we made significant strides in improving efficiencies of our operations and unit economics for the pre-owned assortment. To do so, we leveraged the synergies of Zalando's operation, for example, by using existing product data and imagery for items that had been previously purchased on our platform. We also integrated pre-owned into our existing logistics operations. Having done so, we have made tangible progress in optimizing our customer experience and ensuring the right conditions for scaling up our service, for example by helping customers get their parcels faster and often bundling pre-owned and new items into one shipment.



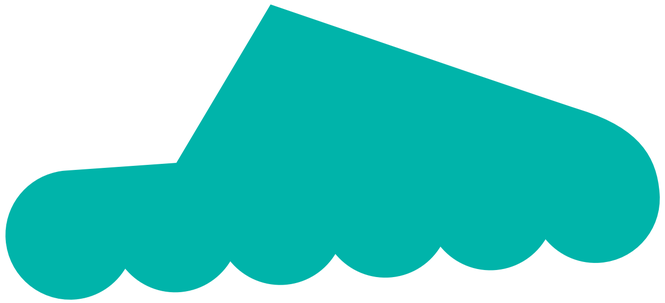


Close the loop

Our contribution to this pillar in 2023 included funding and partnerships to support innovation focused on collection, sorting, and recycling. We have previously invested in three textile-to-textile recyclers: Circ., Ambercycle, and Infinited Fiber Company, with the last two receiving follow-on investments from Zalando in 2023.

In parallel, our private labels business is actively engaged in discussions for offtake agreements with innovators, including but not limited to Infinited Fiber Company, Ambercycle, and Circ. These agreements will help Zalando secure long-term access to commercial volumes of recycled materials, positioning our private labels to support their materials-related sustainability targets and prepare for upcoming regulatory requirements such as the Ecodesign for Sustainable Products Regulation (ESPR). At the same time, offtake agreements can give the recyclers certainty of demand to support scaling.

We also continued our participation in textile-to-textile cellulosic and polyester recycling trials with Accelerating Circularity, the footwear sorting and dismantling project “Reshoes” led by CETIA, and various programs with Fashion for Good, including an innovative recycling project co-led by FastFeetGrinded aimed at driving circularity in footwear.



Our reflections

Scaling circularity remains a challenge for the industry and will require an ecosystem of partners, infrastructure, supportive legislation (such as the Ecodesign for Sustainable Products Regulation (ESPR), Waste Framework Directive (WFD), and the Packaging and Packaging Waste Regulation (PPWR)), and increasing investments. Individual organizations, including our own, can apply their specialist knowledge and resources to help create this ecosystem and can maximize their impact by leveraging their core strengths. Focusing on improving the business case for circular materials and business models remains of paramount importance. In other words, we believe that no one can do it alone. Moving beyond do.MORE, our approach will demonstrate a tightened focus as we build on our experience to further empower our customers, our partners, and our industry.

Our roadmap

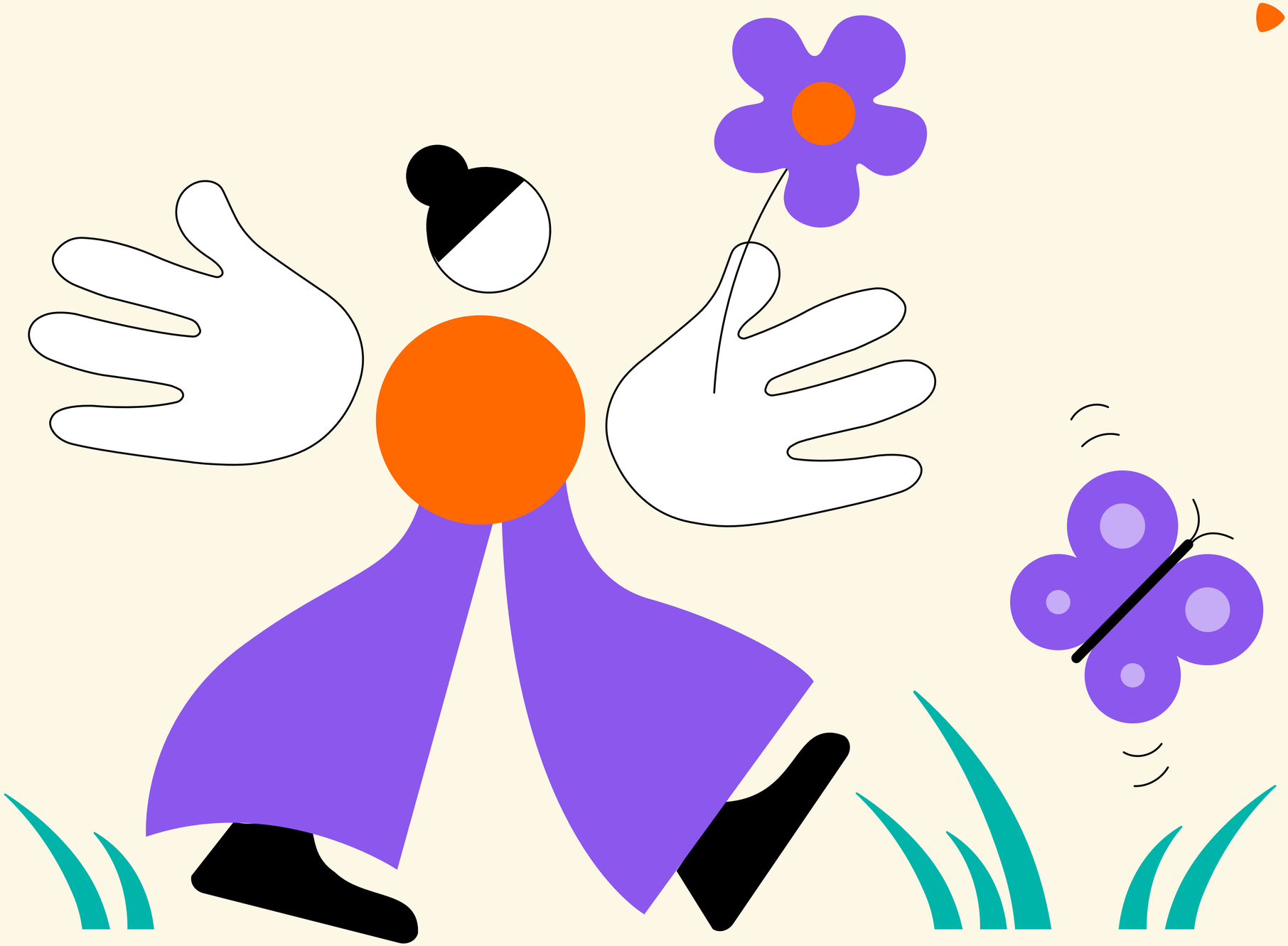
- **Design & manufacture.** Our design and buying teams will continue to embed Circular Design Criteria within our private labels, and we will continue to focus on incorporating innovative materials, including textile-to-textile recycled content, across our assortment. We will continuously aim to support third-party brands in integrating circular principles into their product assortments.
- **Use.** We will continue to explore opportunities in the Care and Repair space, while embedding learnings and monitoring the shifting regulatory landscape, including the right to repair and its implications for our industry.
- **Reuse.** We plan to develop our Pre-owned model within core markets, continuing to drive efficiency in our operations and improve the customer experience and assortment for reuse.
- **Close the loop.** While we are actively preparing for the extension and harmonizing of Extended Producer Responsibility (EPR) regulations in the EU, we remain committed to our ongoing support of the innovators in our investment portfolio, helping scale their initiatives to close the loop and exploring additional investment opportunities around collection, sorting, repair, resale, and recycling.

People

Aligning with the UN Sustainable Development Goals

We want to build a more ethical fashion industry by setting high standards for ourselves and our partners. **Read more on pp. 38–42.**

In an evolving world of work, we support our colleagues with skilling opportunities that will help them reach their potential and continue their lifelong learning, as well as with health & safety programs and corporate citizenship opportunities. **Read more on pp. 43–50.**



Continuously increasing our ethical standards

GRI 2-23, 2-24, 2-25, 2-26, 2-29, 3-3, 308-1, 407-1, 408-1, 409-1, 412-1, 414-1, 414-2

Our challenge

We want to ensure that our business creates a positive impact and does not take advantage of workers and affected communities along our value chain. This goal requires us to maintain constant awareness of ethical risks — including those relating to equal treatment, working conditions, and modern slavery — and to take action when we see potential wrongdoing. Making this more difficult is the complexity of Zalando's value chain, which includes hundreds of facilities producing for our private labels and thousands of suppliers for our services and platform offerings. Learning, embracing new ways of working, and improving our communications have all been a part of the journey, with work still to be done to keep our business grounded in integrity and transparency.

Our commitment

By 2023, we have continuously increased our ethical standards and only work with partners[33] who align with them.

Our progress

- **We optimized** our customized tracking tool to ensure a comprehensive overview of direct suppliers who agreed to our Code of Conduct, enabling us to provide continuous enforcement of our ethical standards as a mandatory element of contracts.
- **We developed** and sent out new self-assessment questionnaires for identified direct high-risk suppliers to increase transparency in risk management and to create targeted prevention measures.
- **We increased** awareness of our updated grievance mechanism, the SpeakUp tool, for anyone wishing to report a possible infringement of protected rights (e.g. as set out in the German Supply Chain Act (SCA)[34]) within our supply chain.
- **We improved** remediation processes for any unethical activities of suppliers and created a decision-making body to involve and enable different business units in the follow-ups.
- **We continued** our partnership with ACT to further conversations around our shared commitment to living wages and the work we are doing to advance this cause.

33 When we originally formulated this goal, "partner" referred to all contractual partners supplying goods or services, including brand partners selling only through our Partner Program. In the following text, however, we will now – in the context of regulatory developments, namely the German Supply Chain Act – differentiate between "direct suppliers", i.e. contractual partners supplying goods or services, and "partner", i.e. indirect suppliers or brand partners selling only through our Partner Program.

34 The term German Supply Chain Act refers to the legislation Lieferkettensorgfaltspflichtengesetz (LkSG).

Our commitment in this area has not had a quantifiable KPI attached to it, making it more difficult to measure success. While we can confidently say that we have continuously reviewed and increased our ethical standards since 2019, it is impossible to be completely certain that these are always fulfilled. However, we are confident that the due diligence system we've built helps us prevent, identify, manage, and remediate potential violations of our standards. This work will never be "done" and will require continuous re-evaluation and adaptation.

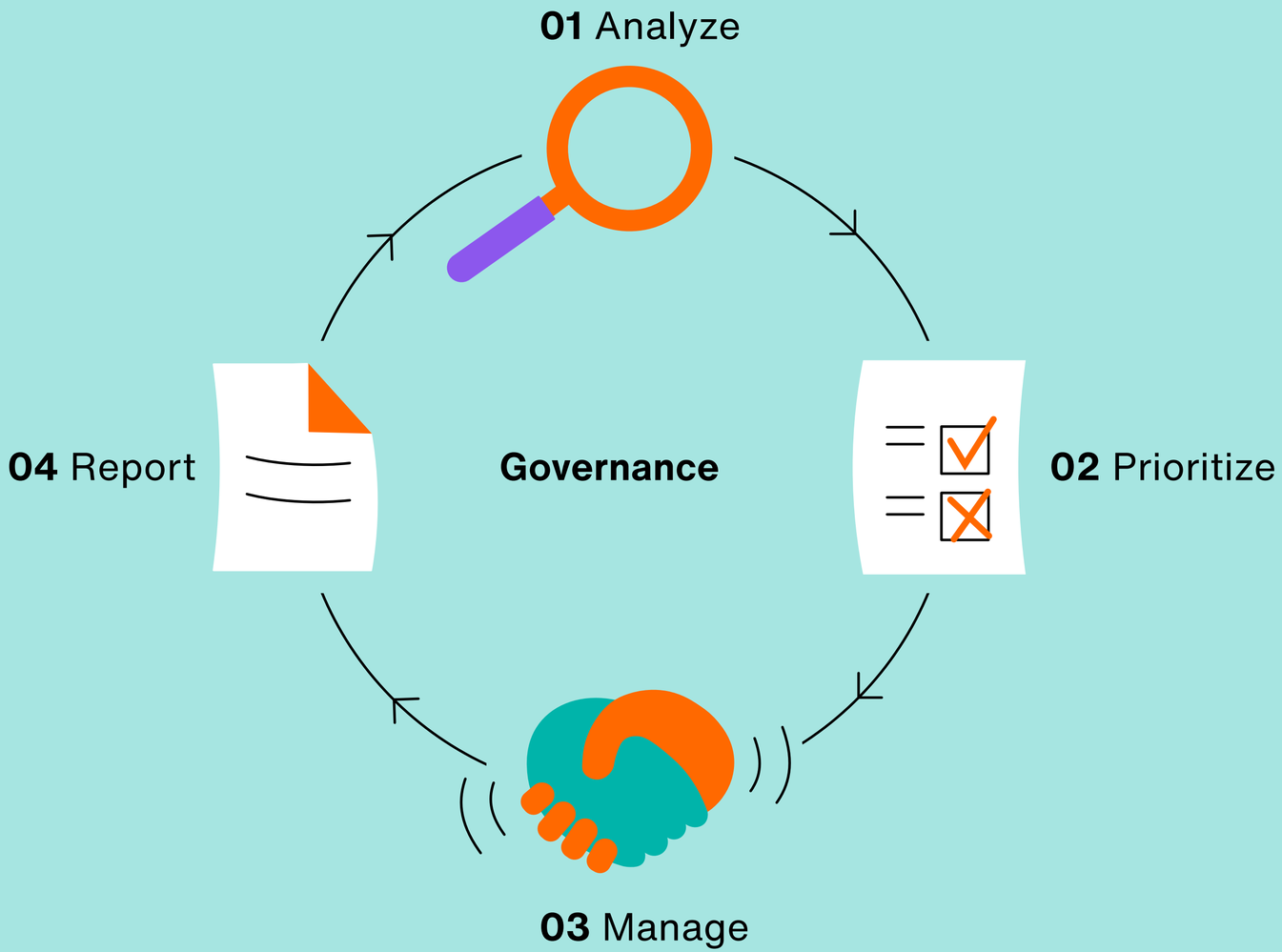
Due diligence cycle

Standing for the ethical treatment of all people requires a high degree of awareness and consistency, while also involving elements of business decision-making and regulatory compliance. Without an effective framework, it's an impossible task.

In 2022, we made the change from a six-pillar due diligence process to a more standardized framework that aligns with the SCA. This led to the creation of a new role at Zalando — that of our Human Rights Officer (HRO), who oversees the alignment to requirements of the SCA and has quarterly meetings with one of the Co-CEOs.

In 2023 we completed the first due diligence cycle in accordance with the SCA, in which the HRO monitored the implementation of the due diligence program and reported directly to the management board. We began embedding the operational responsibility into the business

Due diligence cycle



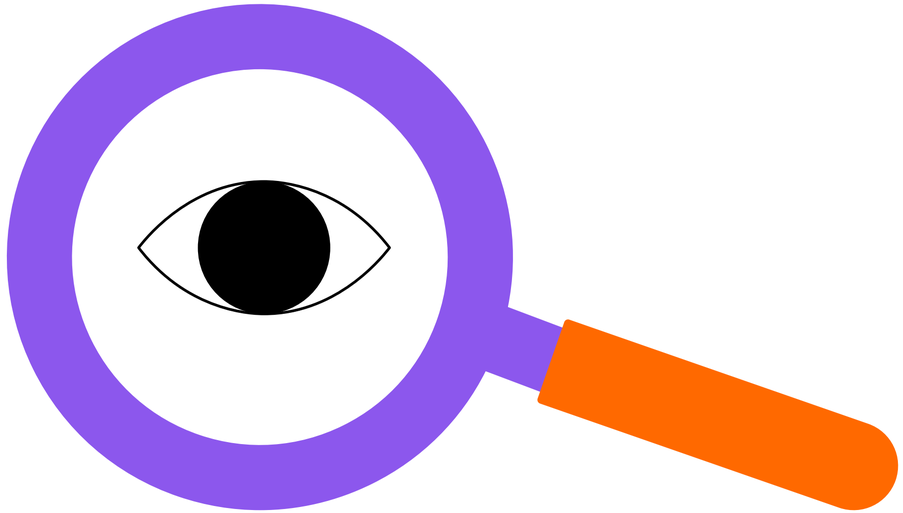
and switched from the central sustainability function to the Compliance team to be further synchronized with company-wide governance. Additionally, we engaged in thorough communication with our business partners regarding the due diligence program.

Governance of the due diligence program is informed jointly by our Code of Conduct and our Policy Statement on Zalando's Human Rights Strategy, and is carried out in four cyclical steps:

01 Analyze
The first step in the cycle is an analysis of our direct suppliers' exposure to human rights risks[35] and, to a limited extent, environmental risks, using a holistic risk assessment methodology for all direct suppliers based on their location, industry, and our spend with them.

02 Prioritize
By using the risk profiles created through the analysis of direct suppliers (very high, high, medium, or low risk), we enhance generic risk data with internal findings and expertise in order to prioritize plans for prevention, remediation, and risk management.

03 Manage
We deploy a comprehensive, supplier-focused risk management strategy that operates on two pivotal fronts: preventing risks from occurring, and identifying and responding to them systematically when they do.



- **Prevent.** Based on the assessed and prioritized risks, we develop further preventive measures in the individual business units where necessary to mitigate specific risks.

  Our Code of Conduct sets out binding principles for ethical, fair, and sustainable practices, and is embedded in our contracts with business partners. We continually work on improving our internal tracking system to ensure a comprehensive overview of direct suppliers who have agreed to our Code of Conduct, allowing us to act swiftly where they have not.

35 Data from Maplecroft's Global Risk Dashboard (GRiD) in the categories of: Child Labour, Decent Wages, Decent Working Time, Discrimination in the Workplace, Freedom of Association and Collective Bargaining, Healthcare Capacity, Indigenous Peoples' Rights, Land, Property, and Housing Rights, Modern Slavery, Occupational Health and Safety, Poverty, Security Forces and Human Rights, Migrant Workers, Informal Workforce, Young Workers, Women's and Girls' Rights, Right to Privacy, Minority Rights, Food Security, Water Security, Environmental Regulatory Framework, Water Pollution, Air Quality, Waste Generation, Rule of Law.

Our **self-assessment questionnaire** is sent to our direct suppliers with a high-risk profile in order to gain deeper insights into their due diligence approach. This helps us continue our risk management efforts in a more targeted way. We provide our direct suppliers with tailored recommendations on how to enhance their risk management within the identified areas.

Through **social audits**, we continued to review compliance of our direct suppliers and Tier 1 suppliers, especially in high-risk areas such as our private label business. Tier 1 suppliers provide us with third-party social audits. Additionally, we initiate audits in fulfillment and customer care. Audits are evaluated against an internal non-compliance matrix, based on our Code of Conduct, applicable local legal requirements, and either our Social Standards for logistics and customer care or industry standards including SMETA (Sedex Members Ethical Trade Audit) and BSCI (Business Social Compliance Initiative) for private label suppliers.

We classify non-compliance findings in audits as minor, major, critical, or zero-tolerance, leading to a rating and potential **Corrective Action Plan**. In 2023, we evaluated 213 audit reports from private label Tier 1 suppliers and declined to onboard five factories or suppliers for not meeting audit requirements.

93	12	162
sourcing partners	countries	factories

- **Remediate.** When potential breaches are identified through one of our channels, we investigate and respond to them in a systematic way.

Our **grievance mechanism** was expanded to best cater to the needs of potential reporters within our supply chain via the addition of a tool called SpeakUp, with further language, reporting, and translation capabilities. The tool is easier to navigate when reporting a potential supply chain-relevant incident than our established Whistleblowing Tool. SpeakUp is available in 42 languages, accessible via web, app, or hotline, has been made available to any external party, and is communicated with a focus on workers in our supply chain.

Our **remediation process** provides internal teams with a standardized way to investigate and address violations of our Code of Conduct or other ethical standards. If the partner fails to engage, we will

Sector-level risks

Effectively managing ethical and human rights risks also requires a sector-level approach involving collaboration with other retailers and partners. In 2023:

- **We continued** our internal Living Wages Training. Over 250 private label Zalando employees have taken the basic Living Wages program and 100 of those, including buyers and upper managers, have taken the advanced program on cost calculations and purchasing practices.
- **We deepened** our partnership with Save the Children and are a member of the Child's Rights in Business (CRIB) Working Group as part of our commitment against child labor.
- **We signed** the Pakistan expansion of the International Accord on Fire and Building Safety, aimed at making the apparel industry safer for workers.
- **We collaborated** with The Industry We Want and the Sustainable Apparel Coalition (SAC) to kick off a Retailer Roundtable to actively discuss retailers' responsibilities and ambitions regarding due diligence.

pause and eventually end the relationship. In 2023, seven cases were satisfactorily remediated, while two cases led to offboarding or termination of business relationships (compared to two in 2022). Six investigations were closed because no violation was confirmed (compared to two in 2022), and 25 investigations are ongoing. In total, we opened 40 new investigations into allegations of violations of our ethical standards in our supply chain (compared to 26 in 2022). With the number of potential violations made visible to us, we are confident that our efforts in promoting a culture of speaking up were the right way forward.

04 Report

Reporting for the cycle is carried out in accordance with the German Supply Chain Due Diligence Act and the guidance of the competent authority (BAFA). The first report will be submitted within the legal deadline for 2024.

Our reflections

Our ambitions in this area have resulted in a number of positive achievements around human rights. However, we also struggled to efficiently tackle our entire supply chain given our business model, and underestimated the complexity of the task. This led to missed targets and many learnings — all of which we will take on board as we develop our subsequent approach.

Notably, mandated and unified reporting standards are increasingly making Zalando's previously ambitious goal of continuously increasing ethical standards into a legal requirement — a development we support. The future of protecting human rights and ensuring ethical business practices will be largely determined by the level of standardization that our industry embraces, and this will help pave the way for a more equitable and sustainable future for people around the world.

Our roadmap

- **To embed due diligence** in the company's structure in the most effective way, we will design specialized solutions tailored to the specific needs of business partners in different Zalando business areas. This approach not only strengthens the involvement of our decision-makers but also ensures that our due diligence measures accurately reflect the specific characteristics and requirements of each industry and business sector. To gain a more holistic understanding of our partners' risk exposure, we will incorporate Human Rights considerations into a comprehensive risk management system that addresses all pertinent legal aspects.
- **We plan to continue expanding** our human rights risk assessment parameters in 2024, and will have KPIs in our private label business for each of the 12 OECD high-risk areas for the textile, garment, and shoe industries.
- **We will continue to explore** industry-wide and supplier-focused collaborations with partners in our private label value chains.

Preparing the workforce for the future

Our challenge

GRI 2-29, 3-3, 404-2

Supporting our workforce with skill development and continuing education has never been so important. Many jobs that will be performed by the next generation don't yet exist, and 1.1 billion jobs are expected to undergo radical transformation over the next decade.[36] Promoting personal and professional growth to reflect the rising demand for new kinds of expertise is therefore crucial.

Our commitment

By 2023, we have supported 10,000 people in the workforce[37] by providing skilling opportunities that match future work requirements.

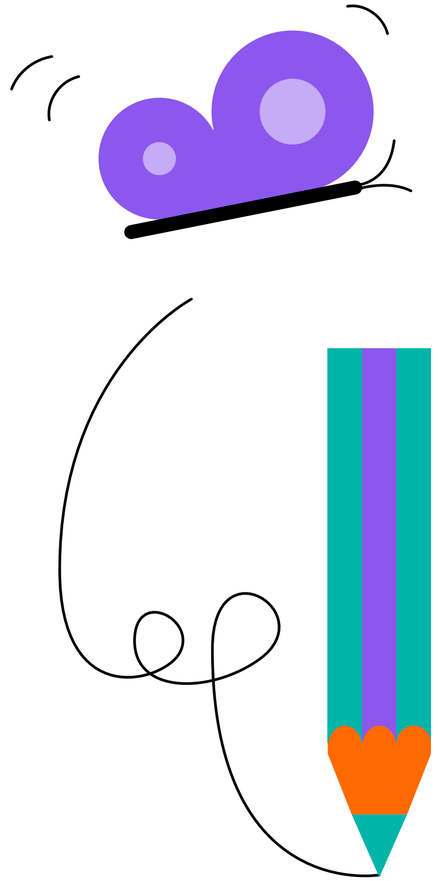
Our progress

– **Since 2020, we have provided** skilling and educational opportunities to 9,925 people.

Despite leaving us just short of our target, we're proud of the dedication and hard work that brought about these promising results. We're encouraged by what has been achieved and believe that the programs and structures we've put in place around this commitment are a solid foundation for continued efforts.

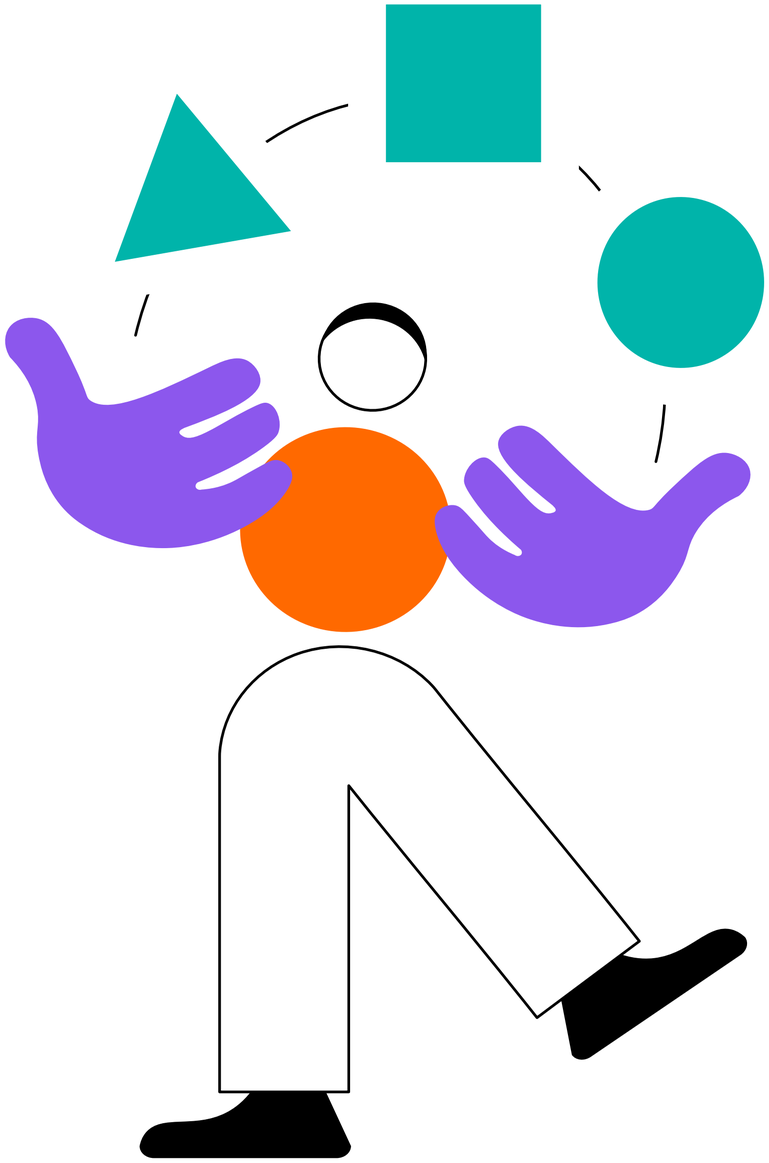
The future of work

To prepare our employees for an evolving job market, we provide a wide variety of learning and skilling opportunities, focused on the six major trends that we believe will define the future of work: (i) working more inclusively, (ii) embracing new technologies, (iii) working in new environments, (iv) working more collaboratively, (v) being at the forefront of innovation, and (vi) working with more empathy. In 2023, we facilitated 289 courses, such as *Giving and Receiving Effective Feedback, Supporting Career Development,* and *Figma Level-Up Training.*



36 https://www.weforum.org/impact/reskilling-revolution/

37 Includes Zalando SE and Zalando group employees and supply chain workers in private labels.



Changing business needs

As a result of our analysis of skilling needs, which focused on changing business requirements in the short- and medium-terms, we've completed various programs across technology, commercial, and operations functions.

- **Technology.** Our Women in Tech program provided an opportunity for employees from diverse backgrounds to access reskilling for software engineering roles.
- **Commercial.** Our Buying and Merchandising Skillhouse program offered operations specialists the chance to transition to buying or merchandising roles.
- **Operations.** With the support of local chambers of commerce, we ran several programs for logistics workers, including the opportunity to obtain professional certification (Fachkraft Lagerlogistik). In addition, a language learning initiative in our German warehouses enabled logistics workers and operation managers to complete German or English language courses in order to remove barriers to inclusion and facilitate career progression.

Upstream supply chain

Continuing our partnerships with Shimmy Technologies and RISE (Reimagining Industry to Support Equality, previously called BSR's HERproject), we expanded our efforts into the upstream supply chain, providing additional training for 3,904 people across four factories in Bangladesh. The training covered topics such as digital literacy, efficiency training, gender equality, financial literacy, workplace communication, and health and well-being.

Our reflections

Throughout the implementation of do.MORE, we received positive feedback from colleagues and workers who benefited from our skilling and education-related efforts. From the start, we aimed not to impose unnecessary or unwanted training, but rather to incorporate the needs and desires of our employees and workers in the supply chain into a dynamic offering of meaningful opportunities. We believe this has created a solid foundation for continued talent development and has led to heightened levels of confidence, inclusion, and opportunity throughout our organization and beyond.

Among our more specific takeaways is that ways of working are often heavily influenced by location and culture, necessitating a continued focus on improving communication and reducing language barriers. Additionally, we now better understand how to create specific and effective solutions in complex environments like factories.

Our roadmap

- **We will continue leveraging** our insights from skilling initiatives to create and enhance future programs.
- **We will adopt** a central language learning provider – based on the results of our language pilot program in warehouses – for a standardized language learning offering, customizable for local requirements and aligned with the Zalando-wide language approach.
- **We will integrate** the insights gained from our upstream supply chain skilling projects into our Human Rights Due Diligence systems.
- **We will continue to foster** transparency and clear communication, in order to ensure that our actions in this strategic area are impactful and valuable.

Supporting the health and safety of our colleagues

Our approach

We believe health and safety are fundamental to the sustainability of both our business and the communities it engages with. In 2023, we ceased measures and reporting associated with COVID-19 following the repeal of the relevant Occupational Health & Safety Ordinance, but rather than leading to a reduction in health and safety efforts, this provided an opportunity for us to re-focus on the planning and execution of a broader, even more holistic approach.

This approach is informed by the efforts of numerous programs and employee groups, including our Wellbeing team, our internal Employee Assistance Service (EAS) and external Employee Assistance Program (EAP), our Work-Life Service (WLS), and our Wellbeing Ambassadors Community consisting of Mental Health First Aiders and Peer Health Promoters.

Our actions

In 2023, we continued to take a proactive stance on enhancing employee well-being, with a comprehensive Crisis Management Policy at the forefront. This new policy, drawing on insights from our COVID-19 Taskforce, integrates mental health and workload management as key components. To further support our workforce, we've established an in-house occupational health practice, transferring tasks that were previously handled by an external provider to internal consultants and service providers. Our occupational health practice includes targeted training for leadership teams to ensure they understand and fulfill their roles in maintaining a healthy work environment.

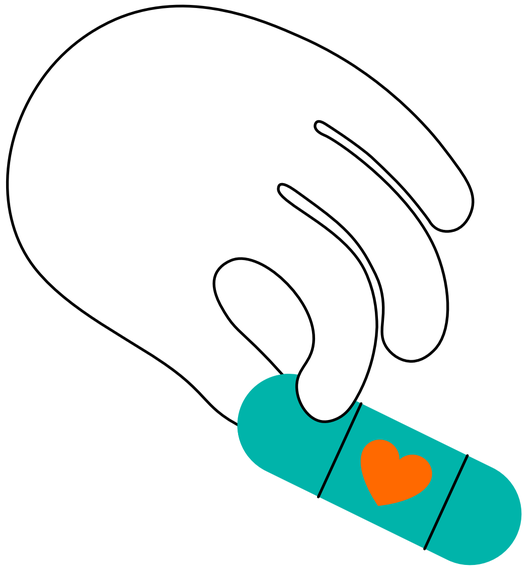
Building on our commitment to employee wellness, we've maintained regular corporate health assessments in accordance with the Occupational Health and Safety Act.[38] In 2023, these assessments were extended to our Central European customer support team, ensuring a unified approach to occupational health across our operations. Our focus on health and safety extends to logistical operations, where we've refined our approach by reviewing and updating Health and Safety KPIs, informed by data gathered from all network locations.

38 Occupational Health and Safety Act refers to *Gefährdungs-beurteilung psychischer Belastungen,* Sections 5 & 6.

In 2023, we also changed our external service provider for integration management (BEM)[39] and simultaneously digitized our case management systems to improve data consistency and increase user-friendliness. In support of these changes, we held numerous communication and enablement sessions for our employees and delivered our first integration management report to Zalando's senior leadership.

A vibrant workplace culture is crucial for employee morale, and to that end we launched Peer Power. This initiative fosters a sense of community and well-being through daily fitness classes led by Zalando instructors. Complementing these offerings, we inaugurated a state-of-the-art gym within our newly opened next-generation BHW workspace. Along with this, we continued our successful partnership with Gympass, ensuring our employees have access to top-notch fitness resources.

For parents on leave, we introduced the Stay Connected program, designed to ease the transition back to work by providing uninterrupted access to internal updates and other communications. In addition, we hosted Kidz Day, an event that introduced dozens of young people to the possibilities of a prejudice-free workplace.



39 BEM refers to *Betriebliche Eingliederung,* or company integration management; it is an instrument for optimizing employees' return-to-work in a step-by-step approach following extended absences.

Employee resources for health, well-being, & safety

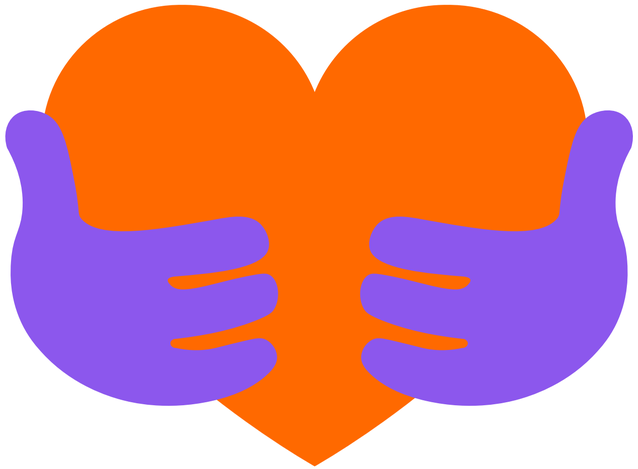
Our Employee Assistance Service (EAS) provides psychosocial counseling for work or personal issues.

Our Employee Assistance Program (EAP) provides unlimited consultations for physical and mental health as well as work-related and personal issues.

Our Work-Life Service (WLS) offers family-related support, including emergency childcare and nursing care.

Our Wellbeing Ambassadors Community provides first-response support for mental health distress and drives mental well-being efforts on a community level.

Corporate citizenship: Being part of the solution



Our approach

We are continually evaluating and revising our strategy for how best to fulfill our social responsibilities. Currently, our Corporate Citizenship program aims to facilitate real-world solutions in line with three objectives: strong social impact position in Europe, meaningful collaboration with communities in our fulfillment and supply chain, and a willingness to engage and work with our customers to deliver positive change.

The past few years have taught us that long-term partnerships are key to continuous and sustainable change-making. This understanding has led us to shift our focus from purely philanthropic activities to strategic collaboration and community engagement that allow us to drive systematic change. As a result, we've made fewer direct donations, but have overall increased our investment in corporate citizenship, including funding partnerships with NGOs to drive change in specific areas. These strategic areas are selected not only based on the needs of stakeholder communities but also on Zalando's ability to create meaningful impact by leveraging our expertise.

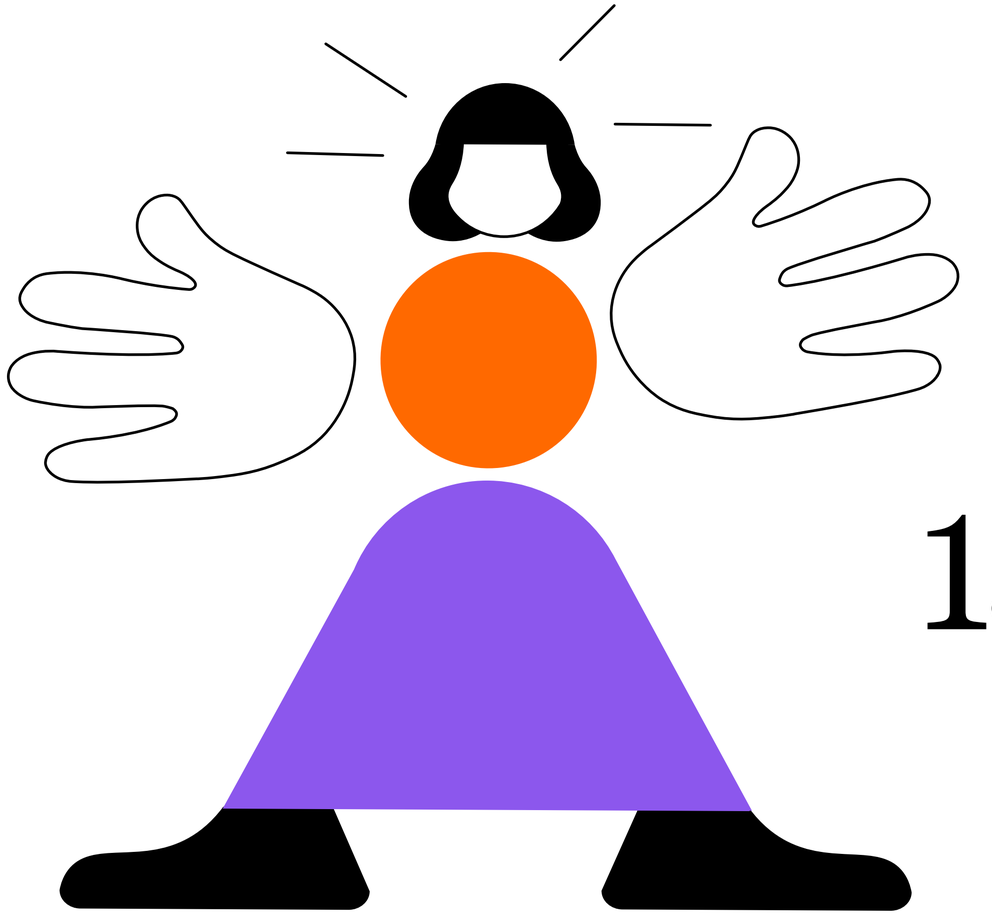
711,011

Euros donated to humanitarian causes

Our actions

Humanitarian efforts

In 2023, we donated more than 154,000 Zalando items worth more than EUR 450,000 to organizations supporting people in need, with a strong focus on Ukraine, Turkey, and Syria. We also made direct financial contributions to SOS Children's Villages worldwide, humedica, and more, as well as provided matched donations for individual fundraising activities organized by Zalando employees.



154,234

items of clothing donated

We saw significant progress in efforts related to the SOS Children's Villages worldwide program to reform alternative childcare systems in Ukraine: *A Right to Family—De-Institutionalization to Reform the Child Protection System*, which we helped to fund in 2022 with a EUR 275,000 donation that will support the project through to April 2025. The program gained traction through the organizing of numerous activities at the local, regional, national, and EU levels, accompanied by a public mobilization campaign, education for caregivers, and the development of local social plans based on localized needs assessments for families and children.

Collaborations

Through our sponsorship of VORN – The Berlin Fashion Hub, we have co-created an educational program that helps young designers with their own labels learn about Sustainability and Circularity in design. Our 2023 Design Academy project focused on designer luxury, with an emphasis on quality, longevity, and other circularity principles, culminating in scholarship, a four-week residency and a design sprint awarded to the top participants.

In parallel, 2023 saw Zalando develop a circularity-focused course model along with the Graduate Fashion Foundation in order to support the education of university-level design students by highlighting Sustainability and Circularity-related practices in fashion and by promoting critical thinking around sustainability. The module was piloted at Manchester Metropolitan University (MMU) during the fall semester of 2023, and several students who were offered the module chose to take it.

535

employees participated in community engagement

4,281

hours of paid volunteering

Community engagement

In 2023 Zalando continued its policy of offering up to two days (16 hours) of paid volunteering time for all employees. The hours are accumulated at the employee's discretion and involve many forms of community engagement. The company also made a large effort to promote diversity and inclusion and engage with community stakeholders by supporting the 2023 Berlin Special Olympics, during which 83 Zalando employees worked as volunteers.

Twice more in 2023, we sponsored the Ukrainian Pop-up Charity Market SKRYNYA, organized by Zalando volunteers, the European Academy Berlin, and many people and friends of Ukraine. The SKRYNYA sponsorship supports Ukrainian creatives, including makers of fashion, jewelry, and home brands, who together helped raise more than EUR 30,000 for Ukrainian NGOs.

Afterword

The goals laid out in the do.MORE strategy — apart from our science-based targets — were scheduled to be achieved by the end of 2023. Therefore, while we are committed to continuing our progress toward sustainability, we will be moving on from do.MORE and into the future, carrying with us both our successes and our learnings. While we came short of many targets created for do.MORE, we still view our efforts as a success for the business, having changed the way we think about many aspects of sustainability, and taught us countless lessons that will be key to our ongoing efforts.

Key lessons from do.MORE

On complexity

Whether in terms of reducing negative impacts or increasing positive ones, sustainability is an incredibly complex pursuit that neither we, nor any organization, can progress meaningfully on without the help of peers, industry experts, collaborative partnerships, and active engagement with the wider community. Because of this, it's not something that we can view separately from our business model. Rather, sustainability must be woven into all aspects of what we do, both for impact and accountability. As we continue our journey, our appreciation for this complexity will help us take a more profoundly informed and holistic approach to goal-setting and execution that focuses a majority of energy and resources on a smaller number of strategic, high-impact areas.

On change

Failing to reach our targets is something we must acknowledge and take responsibility for. At the same time, we recognize that the overall outlooks for both fashion and sustainability have changed dramatically since we originally formulated our goals back in 2019. Shifting consumer attitudes, new scientific perspectives, and evolving legal frameworks all contribute to a dynamic landscape where sustainability efforts and reporting are increasingly mandatory. This calls for a level of agility and degree of monitoring that we had not anticipated at the beginning of do.MORE, affecting the depth of resources that were available in pursuing our goals. Moving forward, we aim to ensure our strategy is resilient, capable of swift adaptation and evolution, and continuously informed by real-time industry shifts and business impacts.

On leading

While implementing do.MORE, we learned the value of asking where the industry will benefit from our leadership, and where it will benefit from us following in the footsteps of others. This isn't the easiest question to answer. It requires not only a deep understanding of the strengths and weaknesses of our business model, but also of broader market dynamics, emerging trends, and the actions of our peers. Additionally, it demands a keen awareness of societal and environmental needs, as well as a clear grasp of where we can have the most meaningful impact. By aligning our targets with our unique capabilities and the realistic timeframes for scaling impactful solutions, we can ensure that our sustainability efforts are both strategic and effective.

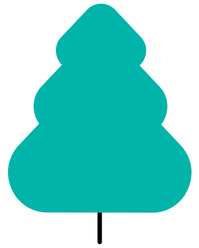
On integrity

In a highly competitive industry, we strive for a reputation of innovation, strength, and leadership. However, there are times when doing the most impressive action is different from the right one. In some cases, for instance, we deliberately introduced changes or processes that made achieving our targets more difficult, because we believed that the changes created a more positive impact than just hitting a target. Failing to meet our Gross Merchandise Volume target for an assortment of products with sustainability-related attributes is a good example of this. Improving the collection, transparency, and credibility of data relating to our assortment of products with sustainability-related attributes best served our customers and our long-term ambitions, but ultimately made our do.MORE target unattainable. While we will continue setting and working toward ambitious goals, we will also emphasize impact and integrity over achievement and praise, in line with our core values and mission.

The path ahead

These learnings and reflections came in tandem with tangible progress toward our goals. Most importantly, they serve as the foundation for our evolving strategy, which will involve a deeper integration of sustainability and overall business decision-making. In line with this, we have published new commitments and will more closely integrate our financial and sustainability reporting.

As we set out from this critical juncture, we will carry forward the rich blend of experiences and insights gathered through do.MORE, including the invaluable knowledge gained through our engagement with customers and partners. In doing so, our journey will continue with a renewed sense of purpose, emboldened with the confidence that every step we take will be instrumental in shaping a future that is built on lasting positive impact — for our people, our organization, our industry, and beyond.



Appendix

Key figures

This table includes key figures relating to our three strategic pillars – Planet, Products, and People – as set out in our do.MORE strategy.

	Unit	2023	2022
Planet			
Carbon footprint			
Greenhouse Gas (GHG) emissions (carbon footprint)[40]			
— Scope 1 emissions	t CO_2e	5,193	5,776
— Scope 2 emissions (market-based)[41]	t CO_2e	884	566
— Scope 3 emissions[42]	t CO_2e	4,761,289	5,267,960
— Scope 3 emissions by source:			
— Products (manufacturing)	t CO_2e	3,388,473	3,619,348
— Use of sold products	t CO_2e	649,735	774,372
— Purchased goods and services (non-product)	t CO_2e	236,045	239,242
— Upstream transportation and distribution (including deliveries and returns)	t CO_2e	309,802	410,744
— Capital goods	t CO_2e	37,171	65,488
— Packaging	t CO_2e	57,367	68,002
— End-of-life treatment of products sold	t CO_2e	52,862	60,285
— Other[43]	t CO_2e	29,834	30,479
— Total (Scope 1, Scope 2 and Scope 3) emissions	t CO_2e	4,767,366	5,274,302
— Purchased carbon removal credits	t CO_2e	420,237	419,347
Energy use by source (Scopes 1 and 2)			
— Electricity (100% renewable)	MWH	120,963	129,451
— District heating	MWH	10,528	10,765
— Gas and oil heating[44]	MWH	20,211	25,145
— Fuel for car fleet[45]	MWH	2,662	2,583

40 Numbers differ from 2022 reported data. This is mainly due to methodological changes applied to our GHG inventory accounting as well as improved data quality.

41 The location-based value for Scope 2 emissions in 2023 is 61,961t CO_2e.

42 Our Scope 3 emissions include the following emission categories: purchased goods and services (private labels, wholesale, Partner Program, Offprice, Recommerce, packaging), purchased goods and services (non-product), capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, and investments. In 2023, the three main Scope 3 emissions sources were emissions from manufacturing of products, that we purchase and commission, the use of sold products and the transportation of products to customers. For calculating emissions from products within the category of purchased goods and services, the main parameters used are the weight and the material composition of such products. As Zalando does not directly purchase or acquire Partner Program products at any stage, and instead provides a marketplace service to partners, the emissions of Partner Program goods can be excluded from the Scope 3 inventory in line with the Greenhouse Gas Protocol. However, in order to give a representative view of our business impacts, we have optionally included Partner Program products in our footprint.

43 Includes the following emission categories: fuel- and energy-related activities, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, and investments.

44 Oil heating accounts for 0.04% of 2023 and 0.03% of 2022 consumption.

45 Electricity consumption from electric vehicles is excluded here and reported under “Electricity”.

	Unit	2023	2022
Packaging and waste			
Operational waste and disposal methods (from fulfillment centers, offices, and stores)			
— Non-hazardous waste	t	28,665	32,484
— Reuse	t	19	11
— Recycling	t	26,014	30,474
of which paper and packaging (paper, cardboard, and plastic)	t	24,470	29,004
of which other materials (e.g. scrap metal, e-waste)	t	1,544	1,470
— Incineration (with energy recovery)	t	2,159	1,515
— Incineration (without energy recovery)	t	473	484
— Hazardous waste	t	39	44
— Total	t	28,704	32,528
Products			
Assortment			
Gross Merchandise Volume (GMV) generated with more sustainable products[46]	%	10.5	17.0
Number of more sustainable products (as of Dec 31)	Number	> 108,000	> 180,000
Circularity			
Number of products with extended life (as of Dec 31)	Number	> 6,300,000	> 4,000,000

	Unit	2023	2022
People			
Employees[47]			
Number of employees			
— Total	Number	14,976	16,457
— Women	%	47.0	47.5
— Men	%	53.0	52.5
— Non-binary[48]	%	0	0
Age of employees			
— Under 21 years	Number (%)	133 (0.9)	124 (0.8)
— 21–30 years	Number (%)	3,143 (21)	4,103 (24.9)
— 31–40 years	Number (%)	6,757 (45.1)	7,254 (44.1)
— 41–50 years	Number (%)	2,777 (18.5)	2,736 (16.6)
— 51–60 years	Number (%)	1,625 (10.9)	1,725 (10.5)
— Over 60 years	Number (%)	541 (3.6)	515 (3.1)
Number of nationalities	Number	138	141
Nationality of employees			
— Germany	%	38.2	39.4
— Poland	%	8.3	7.7
— India	%	5.2	4.9
— Italy	%	4.2	4.1
— France	%	4.1	4.1
— Romania	%	3.0	2.8
— Turkey	%	2.4	2.8
— Russian Federation	%	2.3	2.1
— Great Britain	%	2.1	2.3
— Spain	%	2.1	2.1
— Syria	%	1.5	1.5

	Unit	2023	2022
— Ukraine	%	1.2	0.9
— The Netherlands	%	1.1	1.0
— United States of America	%	1.1	1.0
— Other[49]	%	23.5	23.3
International employees			
— Total	%	61.9	69.8
International employees in leadership			
— Overall	%	48.3	45.8
— Management Board	%	0.0	16.7
— Senior Vice President	%	45.5	41.7
— Vice President	%	55.0	52.5
— Director	%	50.4	51.8
— Head	%	47.7	43.7
Employees per country (head count)			
— Austria	Number	0	2
— Belgium	Number	2	2
— China	Number	17	17
— Denmark	Number	1	1
— Finland	Number	136	155
— France	Number	7	8

46 Zalando group, after returns. The decline in 2023 data was mainly due to adjustments to our criteria, with the aim of using certifications that provide sufficient traceability, in line with EU regulatory guidance.

47 Excluding Highsnobiety, students, interns, and apprentices.

48 From 2020–2023, less than 1% of our employees have self-disclosed as non-binary on our People-system.

49 Below 1% each.

	Unit	2023	2022
— Germany	Number	14,305	15,752
— Hong Kong	Number	1	1
— Ireland	Number	99	120
— Italy	Number	59	70
— Netherlands	Number	12	12
— Norway	Number	0	3
— Poland	Number	180	181
— Portugal	Number	3	3
— Spain	Number	2	5
— Sweden	Number	36	5
— Switzerland	Number	36	41
— United Kingdom	Number	80	79
Share of women in leadership			
— Overall	%	35.6	37.6
— Management Board	%	40.0	33.3
— Senior Vice President	%	36.4	33.3
— Vice President	%	40.0	37.5
— Director	%	33.9	34.6
— Head	%	35.6	38.8
Share of women in logistics	%	40.1	39.9
Share of women in technical job groups[50]	%	25.7	25.1
Parental leave			
— Total	Number	646	612
— Women	%	56.0	54.0
— Men	%	44.0	46.0

	Unit	2023	2022
Employment type			
Full-time employees			
— Total	Number (%)	12,294 (82)	13,743 (83.5)
— Women	%	76.7	78.3
— Men	%	86.8	88.2
Part-time employees			
— Total	Number (%)	2,682 (17.9)	2,714 (16.5)
— Women	%	23.3	21.7
— Men	%	13.2	11.8
Employment contracts			
Temporary contracts			
— Total	Number (%)	1,480 (9.8)	2,403 (14.6)
— Women	%	9.9	14.2
— Men	%	8.8	13.6
Permanent contracts			
— Total	Number (%)	13,496 (90.1)	14,054 (85.4)
— Women	%	78.9	76.2
— Men	%	91.2	86.4
New hires[51]			
— Total	Number	1,918	3,464
— Women	%	46.6	47.4
— Men	%	53.3	52.5
Internal hiring rate			
— Total	%	47.0	22.8

50 Includes Tech Consulting functions, Product Management, Product Design, Software Engineering, Applied Science, Tech Systems Engineering, IT Generalist, Technical Program Management, User Research, UX Writer, Software Developer, and Software Project Manager.

	Unit	2023	2022
Turnover rate			
Voluntary turnover rate[52]			
— Total	%	15.1	14.2
— Women	%	53.0	48.1
— Men	%	47.0	51.9
Skilling			
Number of people who received skilling training (upskilling, reskilling and meta-skilling)	Number	4,714	2,243
Occupational health and safety			
Absentee rate			
— Zalando group	%	6.8	8.0
— Zalando Logistics[53]	%	11.4	12.1
Private label supply chain			
Number of Tier 1 suppliers (as of Dec 31)			
— Bangladesh	Number	7	7
— China	Number	41	44
— Denmark	Number	1	1
— France	Number	0	1
— Germany	Number	2	2

51 Excludes: Students, interns, and apprentices, without company changes or rehires.

52 Voluntary: The employee initiates the end of employment. This includes termination by employee, end of contract by employee, termination by employee without notice, and termination of probation by employee. It does not include termination agreements. The amount of (in)voluntary exits excludes students, interns, and apprentices.

53 Including Zalando Logistics Services SE & Co. KG (Berlin), Zalando Logistics SE & Co. KG (Erfurt), Zalando Logistics Süd SE & Co. KG (Lahr), Zalando Logistics Mönchengladbach SE & Co. KG.

	Unit	2023	2022
— Hong Kong	Number	4	6
— India	Number	8	11
— Italy	Number	2	3
— Morocco	Number	0	1
— Netherlands	Number	2	4
— Pakistan	Number	1	1
— Portugal	Number	5	10
— Romania	Number	0	1
— Singapore	Number	2	2
— Spain	Number	4	3
— Switzerland	Number	1	2
— Taiwan	Number	2	4
— Turkey	Number	9	13
— United Kingdom	Number	2	2
— Total	Number	93	118
Number of Tier 1 factories (as of Dec 31)			
— Albania	Number	2	1
— Bangladesh	Number	20	21
— Cambodia	Number	0	0
— China	Number	89	106
— India	Number	11	14
— Indonesia	Number	0	0
— Italy	Number	4	4
— Morocco	Number	8	4
— Myanmar	Number	0	0
— Pakistan	Number	1	1
— Portugal	Number	5	18
— Romania	Number	0	2
— Serbia	Number	0	1
— Spain	Number	2	2
— Turkey	Number	15	23
— Ukraine	Number	1	1
— Vietnam	Number	4	5
— Total	Number	162	203
Number of audit reports evaluated for new and existing Tier 1 factories	Number	213	302
Expenditure on interest representation and policy work			
Main memberships of trade associations focusing on public policy include:			
Digitalverband Deutschlands (bitkom)	EUR	17,600	16,800
Thuiswinkel	EUR	21,000	21,000
Związek Importerów i Producentów Sprzętu Elektrycznego i Elektronicznego – ZIPSEE Cyfrowa Polska (Digital Poland Association)	EUR	9,400	4,000
Izba Gospodarki Elektronicznej (Polish Digital Economy Chamber)	EUR	9,100	8,000
Fédération du e-commerce et de la vente à distance - FEVAD (French Federation of E-Commerce and Distance Selling)	EUR	23,000	10,000
E-Commerce Europe	EUR	15,000	15,000
European Payment Institutions Federation (EPIF)	EUR	25,000	25,000
EU Tech Alliance (EUTA)	EUR	12,000	12,000
European Fintech Association	EUR	10,500	10,500
Bundesverband E-Commerce und Versandhandel – bevh (German Federal Association of E-Commerce and Distance Selling)	EUR	20,000	–
The Policy Hub	EUR	5,000	–
Total	EUR	167,600	122,300

GRI content index

GRI Standard	Disclosures		Page	Further references and explanations
GRI 1: Foundation 2021				
GRI 2: General disclosures 2021				
1. The organization and its reporting practices				
GRI 2: General disclosures 2021	2-1	Organizational details		See “Combined management report” (2.1 Information on our group) in the Annual Report 2023
	2-2	Entities included in the organization’s sustainability reporting		See “About this report” section.
	2-3	Reporting period, frequency and contact point		See “About this report” section.
	2-4	Restatements of information		See specific details in the following chapter: “Driving down greenhouse gas emissions in line with climate science”.
2. Activities and workers				
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	5–6	
	2-7	Employees	55–56	
	2-8	Workers who are not employees		For detailed information, please refer to the following chapters of this report: “Continuously Increasing Our Ethical Standards,” “Preparing the Workforce for the Future,” and “Appendix: Key Figures”.

Statement of use

Zalando SE reports the information disclosed in this GRI content index for the period January 1, 2023, to December 31, 2023, in accordance with the GRI Standards.

GRI Standard	Disclosures		Page	Further references and explanations
3. Governance				
GRI 2: General disclosures 2021	2-9	Governance structure and composition	9–10	For detailed information, please refer to the chapter “Governance Structure” in this report, and the following sections in the Annual Report 2023: “1.2 Report of the Supervisory Board” and “2.5 Corporate governance statement”.
	2-10	Nomination and selection of the highest governance body		For detailed information, please refer to the chapter “Governance Structure” in this report, and the following sections in the Annual Report 2023: “1.2 Report of the Supervisory Board” and “2.5 Corporate governance statement”.
	2-11	Chair of the highest governance body		For detailed information, please refer to the chapter “Governance Structure” in this report, and the following sections in the Annual Report 2023: “1.2 Report of the Supervisory Board” and “2.5 Corporate governance statement”.
	2-12	Role of the highest governance body in overseeing the management of impacts	9–10	For detailed information, please refer to the chapter “Governance Structure” in this report, and the following sections in the Annual Report 2023: “1.2 Report of the Supervisory Board” and “2.5 Corporate governance statement”.
	2-14	Role of the highest governance body in sustainability reporting	10	For detailed information, please refer to the chapter “Governance Structure” in this report, and the following sections in the Annual Report 2023: “1.2 Report of the Supervisory Board” and “2.5 Corporate governance statement”.
	2-19	Remuneration policies		For detailed information, please refer to the following section in the Annual Report 2023: “1.3 Remuneration report”.
	2-20	Process to determine remuneration		For detailed information, please refer to the following section in the Annual Report 2023: “1.3 Remuneration report”.
4. Strategy, policies and practices				
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy		For detailed information, please refer to the chapter “Foreword: Evolving with purpose” and “Afterword” in this report.
	2-23	Policy commitments		For detailed information, please refer to the chapter “Stakeholders” and “Continuously increasing our ethical standards” in this report.
	2-24	Embedding policy commitments		For detailed information, please refer to the chapter “Continuously increasing our ethical standards” in this report, and the following section in the Annual Report 2023: “2.5.8 Corporate governance practices”.
	2-25	Process to remediate negative impacts		For detailed information, please refer to the chapter “Continuously increasing our ethical standards” in this report, and the following section in the Annual Report 2023: “2.5.8 Corporate governance practices”.

GRI Standard	Disclosures		Page	Further references and explanations
	2-26	Mechanisms for seeking advice and raising concerns		For detailed information, please refer to the chapter "Continuously increasing our ethical standards" in this report, and the following section in the Annual Report 2023: "2.5.8 Corporate governance practices".
	2-28	Membership associations	57	
5. Stakeholder engagement				
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	9–11	For detailed information, please refer to the chapter "Governance Structure" and "Stakeholders" in this report.
	2-30	Collective bargaining agreements		In Germany, we do not apply collective bargaining agreements to Zalando (incl. Zalando SE and all warehouses). However, we align the salaries of logistics workers with locally applicable collective bargaining agreements. Outside of Germany, the following mandatory national collective bargaining agreements apply: — France: Mandatory national sectoral distance selling collective bargaining agreement, applicable to 100% of the Zalando employees. — Italy: Mandatory national sectoral logistics collective bargaining agreement, applicable to 100% of the Zalando employees.

GRI Standard	Disclosures		Page	Further references and explanations
GRI 3: Material topics 2021				
GRI 3: Material topics 2021	3-1	Process to determine material topics		For detailed information, please refer to the chapter "About this report" in this report.
	3-2	List of material topics		Material topics identified in our 2019 materiality assessment: human rights, OHAS, product design, energy and resource consumption, biodiversity and ecosystems, corporate governance, diversity and inclusion, employee rights, packaging and product waste, transportation and delivery, data privacy, sustainable assortment, sustainability services, product transparency.
	3-3	Management of material topics		For detailed information, please refer to the topic-specific standards.
GRI 200: Economic topics				
Anti-corruption				
GRI 3: Material topics 2021	3-3	Management of material topics		For detailed information, please refer to the following section in the Annual Report 2023: "2.5 Corporate governance statement".
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures		For detailed information, please refer to the following section in the Annual Report 2023: "2.5 Corporate governance statement".

GRI Standard	Disclosures		Page	Further references and explanations
GRI 300: Environmental topics				
Materials				
GRI 3: Material topics 2021	3-3	Management of material topics	20–24	
GRI 301: Materials 2016	301-2	Recycled input materials used	21–23	
Energy				
GRI 3: Material topics 2021	3-3	Management of material topics	13–19	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	15, 54	
	302-4	Reduction of energy consumption	15	
Emissions				
GRI 3: Material topics 2021	3-3	Management of material topics	13–19	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	14, 54	
	305-2	Energy indirect (Scope 2) GHG emissions	14, 54	
	305-3	Other indirect (Scope 3) GHG emissions	14, 54	
	305-5	Reduction of GHG emissions	14	
Waste				
GRI 3: Material topics 2021	3-3	Management of material topics	20–24	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	20–24	
	306-2	Management of significant waste-related impacts	20–24	
	306-3	Waste generated	24, 55	
	306-4	Waste diverted from disposal	24, 55	
	306-5	Waste directed to disposal	24, 55	
Supplier environmental assessment				
GRI 3: Material topics 2021	3-3	Management of material topics	38–42	
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	41–42	
GRI 400: Social topics				
Employment				
GRI 3: Material topics 2021	3-3	Management of material topics	43–45	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	56	
	401-3		56	
Occupational health and safety				
GRI 3: Material topics 2021	3-3	Management of material topics	46–47	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	46–47	
Training and education				
GRI 3: Material topics 2021	3-3	Management of material topics	43–45	
GRI 404: Training and education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	43–45	
Diversity and equal opportunity				
GRI 3: Material topics 2021	3-3	Management of material topics		For detailed information, please refer to the “Diversity & Inclusion Report 2023”.
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	55–56	

GRI Standard	Disclosures		Page	Further references and explanations
Freedom of association and collective bargaining				
GRI 3: Material topics 2021	3-3	Management of material topics	38–42	
GRI 407: Freedom of association and collective bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	39–42	
Child labor				
GRI 3: Material topics 2021	3-3	Management of material topics	38–42	
GRI 408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	39–42	
Forced or compulsory labor				
GRI 3: Material topics 2021	3-3	Management of material topics	38–42	
GRI 409: Forced or compulsory labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	39–42	
Human rights assessment				
GRI 3: Material topics 2021	3-3	Management of material topics	38–42	
GRI 412: Human rights assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	41–42	
Supplier social assessment				
GRI 3: Material topics 2021	3-3	Management of material topics	38–42	
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	41–42	
	414-2	Negative social impacts in the supply chain and actions taken	39–42	

SASB index Financial year 2023

This is Zalando's fourth index to report on the Sustainability Accounting Standards Board (SASB) Standards. The index on the following pages is a further step on our journey toward providing more transparency to our stakeholders on key sustainability topics as part of the do.MORE strategy.

This index refers to the financial year 2023 and considers the industry-specific sustainability accounting standards "Apparel, accessories & footwear" (version 2023-06) and "E-commerce" (version 2023-06). The index contains references to our Annual Report 2023, Sustainability Progress Report 2023, Diversity & Inclusion Report 2023, as well as to further information and documents available on our corporate website.

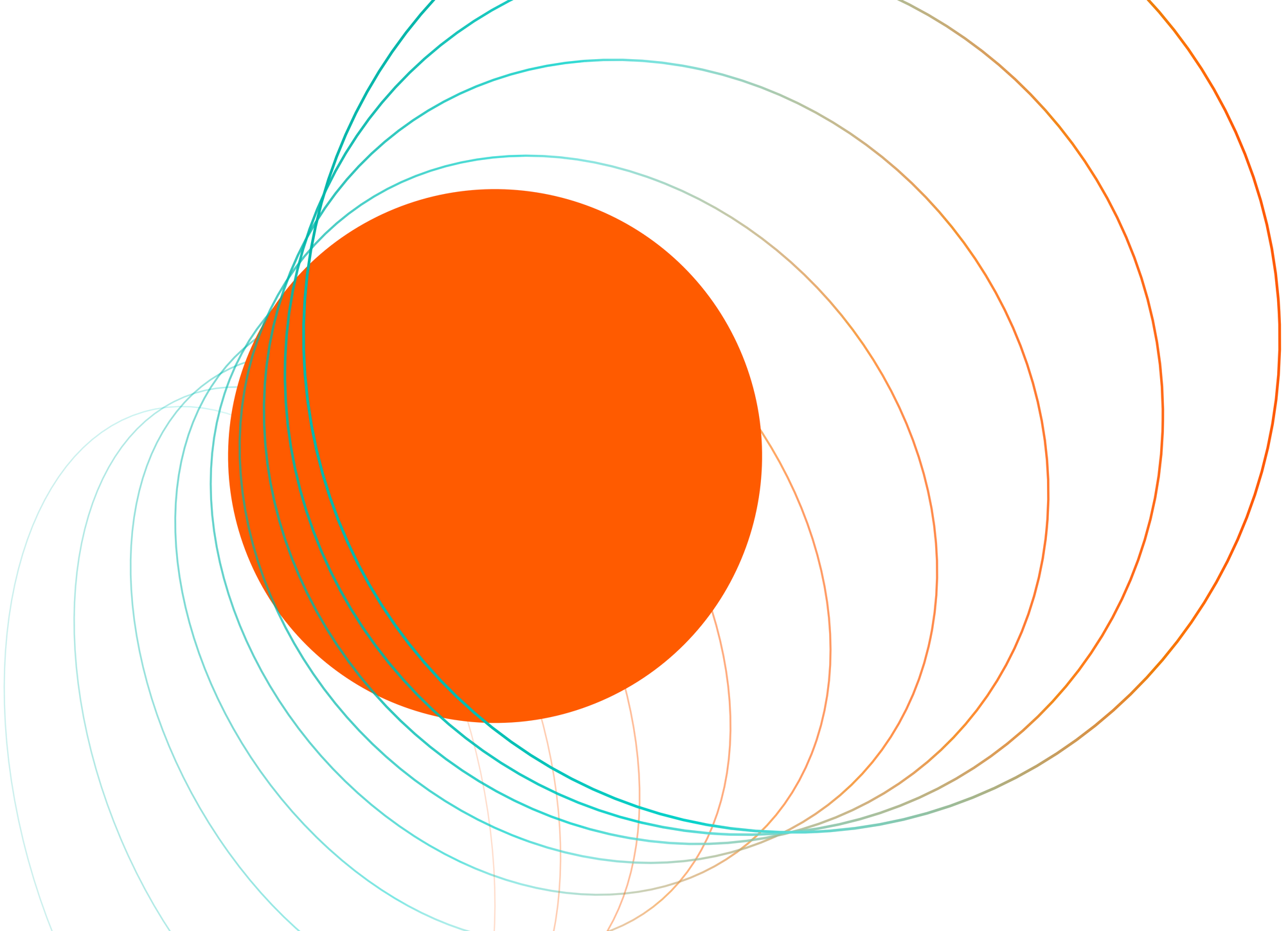
Code	Metric	Performance/reference
Apparel, accessories & footwear		
Management of chemicals in products		
CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	**Restricted Substances List** To control chemical compliance Zalando has established a Restricted Substances List (RSL) outlining permissible levels of harmful and hazardous substances. It is applicable to all of our partners and suppliers. This RSL was developed in line with REACH regulations, as well as the legislative and regulatory frameworks set by the territories in which Zalando conducts its operations. All Zalando partners and suppliers are required to put in place a robust chemical management system and due diligence testing to ensure compliance with Zalando's RSL and relevant international standards and regulations. To verify product compliance, comprehensive product and material testing must be conducted by accredited laboratories. The Restricted Substances List (RSL) is an integral component of Zalando's Quality Assurance Manual and forms a contractual obligation with our wholesale suppliers. The Wholesale Team has established a mechanism that encompasses both reactive and proactive measures to ensure product compliance: an onboarding questionnaire, due diligence testing based on a random selection, and supplier grading. For our private label products, testing is conducted using a risk-based approach developed in collaboration with a third-party auditing firm. This approach considers two risk dimensions: supplier assessment and product evaluation.
CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	

Code	Metric	Performance/reference
Environmental impacts in the supply chain		
CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	In 2023, 161 Tier 1 factories supplying our private labels, accounting for 97.8% of our production volume, successfully completed the Sustainable Apparel Coalition's (SAC) Higg Facility Environmental Module (Higg FEM) and shared their detailed results. This comprehensive tool provides a clear understanding of each factory's environmental impacts, enabling them and us to identify and prioritize opportunities for performance improvement. It encompasses key environmental metrics such as water use, water efficiency, and wastewater management.
CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	
Labor conditions in the supply chain		
CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	**Sustainability Progress Report 2023 (p. 42, 56–57)** All Tier 1 factories undergo an audit by a certified third party prior to onboarding. In 2023, a total of 213 audit reports for new and existing Tier 1 factories were evaluated to ensure compliance with our high standards. Regular certified external audits are mandatory for all existing factories.
CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	**Sustainability Progress Report 2023 (p. 41–42)**
CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	**Sustainability Progress Report 2023 (pp. 16–19, 39–42)**

Code	Metric	Performance/reference
Activity metric		
CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	**Zalando's private labels suppliers list** Zalando is committed to transparent and responsible sourcing practices for our private labels. In 2023, we publicly disclosed 100% of our Tier 1 suppliers on our corporate website and shared this data with the Open Supply Hub (OS Hub). This proactive approach enhances transparency, enables us to access OAR IDs for these facilities, and facilitates collaboration with stakeholders. We are committed to continuously expanding the scope of our disclosures and moving towards full visibility of our supply chain. To further strengthen our commitment to responsible sourcing, we are also disclosing Tier 2 factories involved in the production of core final materials and leather tanneries for our shoes and accessories products. This level of transparency allows us to identify and address potential issues at an early stage, ensuring that our supply chain meets our high standards.
E-commerce		
Hardware infrastructure energy & water management		
CG-EC-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Zalando does not own, operate, or control any data centers. Therefore, we do not collect or report data related to the use of energy by data centers. For a comprehensive understanding of our energy consumption, please refer to the detailed insights provided in the following SPR sections: "Driving down greenhouse gas emissions in line with climate science" and "Appendix: Key Figures".

Code	Metric	Performance/reference
CG-EC-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Zalando does not own, operate, or control any data centers. Therefore, we do not collect or report data related to the use of water by data centers.
CG-EC-130a.3	Discussion of the integration of environmental considerations into strategic planning for data centre needs	Zalando does not own, operate, or control any data centers. Currently, data center emissions are accounted for in our Scope 3 purchased services category, and as a result, they are not subject to any strategic planning.
Data privacy & advertising standards		
CG-EC-220a.1	Number of users whose information is used for secondary purposes	**Annual Report 2023 (Combined management report: 2.3 Risk and opportunity report)** Zalando provides its customers transparency about their data usage within our Privacy Notice. We primarily process this information to provide and improve our services, to enable users with a personalized user experience on our website, to fulfill orders, for our customer care service, account administration, and fraud prevention. For Zalando, it is important to enable each customer to make choices about their personal data. Our Cookie Consent solution therefore enables customers to decide whether their data should be used for personalization of their Zalando experience and/or whether their data can be used for marketing purposes.
CG-EC-220a.2	Description of policies and practices relating to behavioral advertising and user privacy	**Annual Report 2023 (Combined management report: 2.3 Risk and opportunity report)** For Zalando, data privacy is a customer promise. Zalando therefore implemented internal Privacy Principles that provide guidance for strategy business questions to its employees. We provide a public Privacy Notice to customers to transparently inform them about the ways Zalando processes customer data. In addition, we established several customer-facing tools like a Privacy portal and a Cookie Consent banner so that customers can get informed and exercise their privacy rights. Zalando sets up and maintains records of processing activities and PIAs where needed, and governs important privacy topics like data retention with group-wide policies.
Data security		
CG-EC-230a.1	Description of approach to identifying and addressing data security risks	**Annual Report 2023 (Combined management report: 2.3 Risk and opportunity report)** For Zalando data privacy is a customer promise. Zalando therefore implemented internal Privacy Principles that provide guidance for strategy business questions to its employees. We provide a public Privacy Notice to customers to transparently inform about the ways Zalando processes customer data. In addition, we established several customer-facing tools like a Privacy portal and a Cookie Consent banner so that customers can get informed and exercise their privacy rights. Zalando sets up and maintains records of processing activities and PIAs where needed and governs important privacy topics like data retention with group wide policies.

Code	Metric	Performance/reference
CG-EC-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	**Number of Data Breaches:** Zero reported data breaches occurred during 2023. **Percentage Involving Personally Identifiable Information (PII):** Since there were no data breaches, there were consequently no incidents involving exposure of Personally Identifiable Information (PII). **Number of Users Affected:** With no data breaches occurring, no users were affected. It's important to note that the absence of data breaches in 2023 is a positive indicator of our security posture. Still, we remain vigilant and continuously improving our cybersecurity measures.
Employee recruitment, inclusion & performance		
CG-EC-330a.2	(1) Voluntary and (2) involuntary turnover rate for all employees	**Sustainability Progress Report 2023 (p. 56)**
CG-EC-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	**Diversity & Inclusion Report 2023** In compliance with German data protection regulations, we do not collect information about an individual's ethnicity. However, we do collect nationality data, which can be found in the appendix section titled 'Key Figures'. We are committed to ensure equity across our policies and practices, including hiring, promotion, and development, by proactively identifying and eliminating biases and systemic barriers through comprehensive audits. As of the end of 2023, Zalando's overall female representation stands at 47.1%, encompassing 25.9% in technical roles (e.g., software engineering, product management, product design, applied science, software, software project management) and 35.6% in leadership positions (spanning five levels: Head, Director, Vice President (VP), Senior Vice President (SVP), and Management Board (MB)).
CG-EC-330a.4	Percentage of technical employees who are H-1B visa holders	This metric is not applicable to Zalando, as the H-1B visa is a US-specific visa.
Product packaging & distribution		
CG-EC-410a.1	Total greenhouse gas (GHG) footprint of product shipments	**Sustainability Progress Report 2023 (pp. 16, 54)**
CG-EC-410a.2	Discussion of strategies to reduce the environmental impact of product delivery	**Sustainability Progress Report 2023 (pp. 16–19, 21–24)**
Activity metric		
CG-EC-000.A	Entity-defined measure of user activity	**Annual Report 2023 (Overview: Zalando at a glance)**
CG-EC-000.B	Data processing capacity, percentage outsourced	At this time, we do not maintain a comprehensive record of the proportion of outsourced processing capacity.
CG-EC-000.C	Number of shipments	**Annual Report 2023 (Overview: Zalando at a glance)**



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