

Zalando SE SASB Index Table

Financial Year 2020



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Introduction

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

This index refers to the financial year 2020 and considers the industry-specific sustainability accounting standards "Apparel, Accessories & Footwear" and "E-Commerce" (version 2018-10). The index contains references to our [Annual Report 2020](#), [Sustainability Progress Report 2020](#), [Diversity & Inclusion Report 2020](#) as well as to further information and documents available on our corporate website. In the coming years, we plan to further develop this index as part of our annual corporate reporting.

SASB Index

Standard	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
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	<p>To control chemical compliance Zalando established a Restricted Substances List (RSL) which specifies permitted limits of toxic and harmful substances. It is applicable to all our partners and suppliers. The RSL was developed in line with REACH regulations, as well as legislative and regulatory requirements set by trading territories that Zalando operates within. All Zalando suppliers and partners are required to implement a robust chemical management system and due diligence testing to ensure compliance with Zalando's Restricted Substances List and relevant international standards and legislations.</p> <p>To prove that a product is compliant it must undergo a comprehensive product and material testing by accredited laboratories. For our Private Label products, testing is conducted based on a risk-based approach developed with the support of a third-party auditing company and incorporating two risk dimensions: the supplier and the product.</p>

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	Sustainability Progress Report 2020 (p. 31, 44, 61) In 2020, 166 factories (Tier 1) supplying our Private Labels, representing 90% of our production volume, completed the SAC's Higg Facility Environmental Module and shared their results. This tool provides facilities a clear picture of their environmental impacts. It helps them identify and prioritize opportunities for performance improvements and includes water use/efficiency and wastewater.
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	100% of our Tier 1 factories are audited by a certified third party before onboarding. In 2020, a total of 229 audit reports for new and existing Tier 1 factories were evaluated. New certified external audits from all existing factories are required on a regular basis.
CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Sustainability Progress Report 2020 (p. 41) In 2020, seven partners (including logistics, brands and private labels) were responsible for ethical standards violations. Two relationships were paused and reinstated after remediation. Five partners were offboarded.

	CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Sustainability Progress Report 2020 (p. 16, 41)
	Raw Materials Sourcing		
	CG-AA-440a.1	Description of environmental and social risks associated with sourcing priority raw materials	Sustainable Sourcing Policy In our Sustainable Sourcing Policy, we set the baseline for social, environmental and chemical compliance. The policy applies to all Zalando business partners and aims at reducing social and environmental risks in manufacturing processes and raw material sourcing (e.g. human rights risks related to forced labor or environmental risks related to deforestation or animal welfare).
	CG-AA-440a.2	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	Sustainability Progress Report 2020 (p. 32)
	Activity metric		
	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Total number of Tier 1 suppliers (Private Labels): 112 (as of November 2020) In 2020, we disclosed 100% of our Tier 1 suppliers (Private Labels) on our corporate website and also shared this data with the Open Apparel Registry (OAR) to further enhance transparency, access OAR IDs for these facilities and facilitate

collaboration with stakeholders. We are committed to increasing transparency and disclosing deeper levels of our supply chain on an ongoing basis.

Standard	Code	Metric	Performance / Reference
E-Commerce	Hardware Infrastructure Energy & Water Management		
	CG-EC-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Sustainability Progress Report 2020 (p. 18), CDP Climate Change Report 2021 (p. 31) (1) Total energy consumed: 538,727 GJ (2) 398,617 GJ grid electricity was consumed in 2020, which is around 74% of total energy consumption. (3) 412,297 GJ renewable energy was consumed in 2020, which is around 77% of total energy consumption.
	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	We do not currently have access to the water information of our suppliers.

Data Privacy & Advertising Standards		
CG-EC-220a.1	Number of users whose information is used for secondary purposes	<p>Zalando provides its customers transparency about their data usage within our Privacy Policy. We primarily process this information to provide and improve our services, to provide users with a personalized user experience on our website, fulfill orders, for our customer care service, account administration and fraud prevention.</p> <p>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.</p>
CG-EC-220a.2	Description of policies and practices relating to behavioral advertising and user privacy	<p>Annual Report 2020 (p. 96)</p> <p>For Zalando data privacy is a customer promise. Zalando therefore implemented internal Privacy Principles that provide guidance for strategy business questions to its employees.</p> <p>We provide a public Privacy Policy to customers to transparently inform about the ways Zalando processes customer data. Next to it, 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.</p> <p>Zalando set-up and maintains records of</p>

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 2020](#) (p. 95)

Cybersecurity threats from internal or external attacks or internal control weaknesses may damage vital aspects of specific Zalando domains, including our customer-facing applications. Comprehensive solutions to prevent those threats include technological security solutions, defined preventive approaches, and specialized in-house resources like the IT Security Team to identify, detect, protect, respond, and recover from dangers relating to cybersecurity threats and incidents.

Employee Recruitment, Inclusion & Performance

CG-EC-330a.1 Employee engagement as a percentage

[Diversity & Inclusion Report 2020](#) (section "Talent")

In our quarterly internal employee survey zBeat (Q2/2020) 75% of our employees agreed with the statement that Zalando is a great place to work.

	CG-EC-330a.2	(1) Voluntary and (2) involuntary turnover rate for all employees	Sustainability Progress Report 2020 (p. 9) The voluntary turnover rate in 2020 was 9.4%.
	CG-EC-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Sustainability Progress Report 2020 (p. 10) <ul style="list-style-type: none"> • Share of Women in Leadership: <ul style="list-style-type: none"> ○ Overall: 46% ○ Supervisory Board: 56% ○ Management Board: 0% ○ Senior Vice President: 36% ○ Vice President: 20% ○ Director: 40% ○ Head: 29% • Share of Women in Technical Job Groups: 17% • International Employees: <ul style="list-style-type: none"> ○ Overall: 53% ○ Supervisory Board: 67% ○ Management Board: 20% ○ Senior Vice President: 18% ○ Vice President: 43% ○ Director: 53% ○ Head: 44%
	CG-EC-330a.4	Percentage of technical employees who are H-1B visa holders	This metric does not apply to Zalando as the H-1B visa is specific for the US.

	Product Packaging & Distribution		
	CG-EC-410a.1	Total greenhouse gas (GHG) footprint of product shipments	Sustainability Progress Report 2020 (p. 17, 58) In 2020, our total scope 3 emissions amounted to 4,526,112 metric tons CO ₂ e. 7% of total scope 3 emissions are related to upstream transportation and distribution (deliveries and returns).
	CG-EC-410a.2	Discussion of strategies to reduce the environmental impact of product delivery	Sustainability Progress Report 2020 (p. 58-60)
	Activity metric		
	CG-EC-000.A	Entity-defined measure of user activity	Annual Report 2020 (p. 2) We defined the following group key performance indicators to measure user activity: <ul style="list-style-type: none"> • Site visits* (in millions): 5,393.6 • Mobile visit share* (as a %): 86.3 • Active customers (in millions): 38.7 • Number of orders (in millions): 185.5 • Average orders per active customer: 4.8 • Average basket size (in EUR): 57.7
	CG-EC-000.B	Data processing capacity, percentage outsourced	We do not currently track the percentage of outsourced processing capacity.
	CG-EC-000.C	Number of shipments	Annual Report 2020 (p. 2)

In our corporate reporting, we disclose the number of orders (in millions): 185.5 (in 2020).