

# CODE OF CONDUCT

All companies of the Zalando Group (hereinafter “**Zalando**”) are committed to trading responsibly. We want our customers to know that the goods we sell and procure have been made fair and ethically. Our ethical trade vision is a supply chain where workers are safe, empowered and financially secure; and where environmental standards are met.

The Zalando Group’s Code of Conduct sets the minimum standards that we have towards business partners who produce or supply goods and services for us. It applies to all our business partners, including, but not limited to: suppliers, agents, trading companies and service providers (hereinafter “**Business Partners**”) of Zalando SE and all its subsidiaries (hereinafter “**Zalando**”). Zalando’s private labels<sup>1</sup> are managed by Zalando SE’s wholly owned subsidiary zLabels GmbH. Business Partners accept the provisions and principles set forth in this Code of Conduct and adhere to them at all time. Business Partners must ensure that their subcontractors do not violate these standards by implementing written rules as well as establishing and documenting suitable control mechanisms. Any Business Partner displaying non-compliance with this Code of Conduct will be terminated from Zalando’s supply chain, at their cost.

The following principles are consistent with the Universal Declaration of Human Rights (UDHR)<sup>2</sup> and Conventions of the International Labour Organization (ILO) No. 1, 29, 87, 95, 98, 105, 111, 131, 138 and 155.<sup>3</sup> National legal standards must be respected in all cases: the stricter legal standard shall always apply.

## WORKING CONDITIONS

Compliance with all applicable laws and regulations, relevant industry minimum standards, the aforementioned ILO and UN Conventions, and any other relevant statutory requirements in each jurisdiction in which we do business, is required to be adhered to. They form the basis for our sustainable success, thus every Business Partner shall acknowledge these and regard them as minimum requirements to assure safe and fair working environments.

**FORCED LABOR:** Forced, bonded, indentured and prison labor, slavery or trafficking of persons in any form is expressly prohibited. Job seekers shall not be compelled to work through force, deception, intimidation, coercion or as a punishment for holding or expressing political views. All work shall be voluntary, and workers shall be free to terminate their employment upon reasonable notice without penalty. Workers shall not be required to pay any fees, expenses, or deposits for their employment. Business Partners are responsible for all recruitment-related fees, expenses, and deposits required for recruiting and employing foreign contract workers. Adequate controls must be established to ensure that workers have not been charged recruitment or placement fees throughout the recruitment and hiring process. Holding, confiscating or destroying original worker identification documents, passports, travel papers or other personal documents is prohibited. Workers’ freedom of movement inside the place of production or supplier-provided facilities, including worker accommodation, and access to toilets and drinking water should not be restricted.

**CHILD LABOR:** There must be no Child Workers<sup>4</sup> in Business Partner facilities. Business Partners shall develop a child repatriation policy and procedure, which provides for the costs and transition of any child found to be performing work in the facility to return home and attend school until no longer a child. The rights of Young Workers<sup>5</sup> must be protected. Young Workers must not work overtime, be employed in hazardous conditions or work at night. Business Partners may only employ Young Workers if the working conditions do not interfere with compulsory education laws. Proof of age must be reviewed prior to employment, and documentation maintained.

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<sup>1</sup> Our private labels can be found on the zLabels GmbH website <https://zlabels.com/brands>

<sup>2</sup> United Nations Universal Declaration of Human Rights. Available at: <http://www.un.org/en/documents/udhr>

<sup>3</sup> Please note that this list is not exhaustive.

<sup>4</sup> Any person under the age of 15, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply.

<sup>5</sup> If, however, national law is set at 14 years of age in accordance with developing country exceptions under ILO Convention No. 138, the lower will apply.

<sup>6</sup> Any person between the minimum age of employment up to 18 years.

**ANTI-DISCRIMINATION AND DISCIPLINARY PRACTICES:** There must be no discrimination in hiring, remuneration, training, promotion, termination, retirement and/or any other employment practices. Decisions about hiring, remuneration, benefits, work assignments, discipline and termination must be based on the ability to perform a job rather than on personal characteristics or beliefs. Race, caste, union membership, social origin or position, color, national origin, gender, religion, age, disability, sexual orientation, political opinion, or marital status must not affect these decisions. All employees shall be treated with respect and dignity.

**HUMANE TREATMENT:** No employee must be exposed to physical, sexual, psychological or verbal harassment or abuse, to fines or penalties as a disciplinary measure. Employees should be able to express their concerns about workplace conditions to their superiors or to the factory management without fear of retribution or losing their jobs.

**EMPLOYMENT PRACTICES:** Workers are entitled to a written employment contract stipulating employment terms and conditions. Only workers with the legal right to work shall be hired. Foreign contract workers and migrants shall be afforded equal rights and benefits as local workers. For suppliers of our private labels, sub-contracted processes or processes being carried out by another factory unit or from domestic premises (home-working) must be declared to us when the order is placed, and have our written permission.

**COMPENSATION:** Workers are entitled to the agreed compensation, which must amount to at least the statutory minimum wage, legally mandated benefits, and overtime rates at a minimum, national legal standard or industry benchmark standards, whichever is higher. Prior to entering employment, workers should be provided written and easily understandable information on their wages including pay period and date of payment. Written, clear pay slips shall be provided for each pay period. Wages shall not be withheld for any reason, and no deductions shall be made for disciplinary reasons. Any deductions outside national law should only be done with the expressed permission of the concerned worker. All disciplinary measures should be recorded. Suppliers shall not use consecutive short-term contracts or false apprenticeship schemes to avoid legal obligations in compensation and social security regulation.

**WORKING HOURS:** Working hours may not exceed a maximum of 48 regular hours per week, with a maximum exceptional overtime allowance of 12 voluntary hours per week, or applicable national law, whichever is lower. Working hours may exceed this limit in any 7-day period only in exceptional circumstances where all of the following are met:

- this is allowed by national law;
- this is allowed by a collective agreement freely negotiated with a workers' organization representing a significant portion of the workforce;
- appropriate safeguards are taken to protect the workers' health and safety; and
- the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

Workers shall be granted at least one day off in seven or, where allowed by national law, two days off in every 14-day period, and shall receive paid annual leave. Where applicable national law provides for stricter regulation with regard to days off, national law must be adhered to. All overtime shall be voluntary and paid at a premium. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment.

**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING:** Business Partners shall respect the right of workers to freedom of association and collective bargaining, and shall not interfere with workers' unions, nor prevent workers from joining these unions (as far as permitted by law of the country in which they operate). Where the right to freedom of association and collective bargaining is restricted under national law, Business Partners shall encourage and not hinder the development of parallel means for collective bargaining and organization. Workers shall not be subjected to discrimination on the basis of union membership or interference in active participation in workers' committees.

## ENVIRONMENT, HEALTH & SAFETY

**HEALTH & SAFETY:** Business Partners shall provide a safe and hygienic working environment in safe and secure buildings, following all relevant legislation, regulations and directives in the country/countries in which they operate. Regulations and procedures must be established in written form and clearly communicated to employees in regular and recorded trainings in order to prevent accidents and injury.

This includes access to clean drinking water, clean toilets and facilities for food storage as well as protection from fire (emergency exits, first aid equipment), accidents and toxic substances. These standards shall also apply for residential facilities for employees. Information must be available in the primary language of employees and in written form. Women in the workplace shall be provided with adequate sanitary facilities, with privacy, and additional protection from hazards during pregnancy.

Business Partners should anticipate, identify, and evaluate emergency situations and minimize their impact by executing emergency plans. They are obliged to implement appropriate procedures and control mechanisms. A senior management representative shall be assigned responsibility for health and safety.

**ENVIRONMENTAL PROTECTION:** Business Partners must comply with all applicable laws and regulations regarding the protection and preservation of the environment, including obtaining and maintaining all required environmental permits. Suppliers should work towards minimizing the negative impacts of their operations on the environment, including energy consumption, water consumption, and air emissions. We encourage our suppliers to continuously reduce waste. All hazardous substances must be safely handled, moved, stored, used, reused and disposed. All chemicals should be properly labelled indicating their identity and stored safely.

**ANIMAL WELFARE:** Suppliers processing and using any raw materials derived from animals shall abide by Zalando's Animal Welfare policy.

## FAIR & ETHICAL BUSINESS PRACTICES

**MANAGEMENT SYSTEMS:** Business Partners are expected to implement the necessary rules and regulations, including tax law, as well as maintain documentation or any other appropriate tools, in order to ensure compliance with the principles set forth in this Code of Conduct and relevant legislation. This includes a functioning monitoring system with clear responsibilities and processes as well as adequate documentation. Corrective action is expected to be actioned within a specified and reasonable time-frame. Zalando reserves its right to ask for more information on the Business Partner's management system, monitoring and auditing programs.

**DUE DILIGENCE:** Business Partners are obliged to conduct an appropriate due diligence process in their supply chain. Suppliers for our private labels are obliged to register all subcontractors with zLabels GmbH. Business Partners must be fully aware of all sites and companies in their production network and should be able to provide Zalando with complete and detailed information about the performed due diligence processes on their supply chain upon request. Zalando reserves the right to conduct its own appropriate due diligence on its Business Partners and third parties where it regards such own proceedings as necessary (e.g. due to a lack of due diligence reporting or due to significant findings in the course of such due diligence).

**INTELLECTUAL PROPERTY PROTECTION:** Zalando highly values, protects and respects intellectual property, trademarks and copyrights ("IP") - its own as well as that of others. Therefore, we expect our Business Partners to avoid any infringements of IP, to defend their own IP and inform Zalando of any infringement of our IP.

**ANTI-CORRUPTION:** Zalando expects adherence to the highest standard of moral and ethical conduct and the respect of applicable laws in business conduct and does not accept any form of corrupt practices including, but not limited to: extortion, fraud, or bribery. Business Partners shall fully comply with applicable national and international regulations, and are expected to conduct business in a professional, fair and lawful manner. Business Partners shall establish, and maintain at all times, appropriate anti-bribery and anti-corruption policies, which shall be communicated to all business areas. Any attempt to unlawfully influence our employees, other business partners or market players in pricing, market shares or any comparable issues will lead to investigations and consequences.

**WHISTLEBLOWING:** Suppliers are asked to report any suspicious action or actual act of non-compliance or bribery immediately to [compliance@zalando.de](mailto:compliance@zalando.de). Should you wish to report an incident, you can also do this anonymously ([anonymous@zalando.de](mailto:anonymous@zalando.de)).

In addition, Business Partners shall provide their own feedback mechanism to allow non-compliances with the law or with this Code of Conduct to be reported anonymously, providing protection of identity and assurance of no negative consequence.