

Marketing Services

Terms & Conditions

for ZMS Advertising Services (self-service)

1. Definitions

- 1.1. **Ad or Ad Placements** – the display of the Brand Material in the relevant Channel.
- 1.2. **AdRank** – the Bid × Quality Score, resulting in the ranking of all Bids.
- 1.3. **Advertising Services** – the services as further described in this T&C
- 1.4. **Affiliated Entity** – as per Sections 15 et subseqq. of the German stock corporation law (Aktiengesetz).
- 1.5. **Auction** – the sale held by ZMS at which Ad Placements are sold to the Winning Bid.
- 1.6. **BGB** – Bürgerliches Gesetzbuch (German Civil Code).
- 1.7. **Bid** – either (i) the sum calculated by ZMS in accordance with its Standard Procedures and with the Optimization Goal or (ii) the amount of money established by the Brand through the IO.
- 1.8. **Brand** – The client, i.e. the company that the ZMS Advertising Services are provided for.
- 1.9. **Brand Material** – any material provided by the Brand to ZMS in order for ZMS to fulfill the relevant IO.
- 1.10. **Budget** – the total amount of money Brand has budgeted to spend on the Services. The Budget might be split into different specific Services through the IO or not and be considered as a global Budget for all the Services.
- 1.11. **Campaign** – the conjunction of Services to be provided by ZMS to Brand during a specific runtime as detailed in the IO.
- 1.12. **Cardinal Obligation** – a contractual obligation which makes the due performance of the contract and the achievement of its objectives possible, and on the fulfillment of which the other party can rely.
- 1.13. **Channel** – the relevant eCommerce store frontend (e.g. website, app, also country- or language specific) as specified in the IO
- 1.14. **Click** – the number of instances in which a user clicks on an Ad; for the avoidance of doubt, Click also includes equivalent touch interactions on mobile devices, as the case may be.
- 1.15. **Confidential Information** – all information disclosed by one Party to the other, irrespective in which form, which is either marked as confidential or reasonably to be considered confidential taking into account its nature and the circumstances of its disclosure. Confidential Information comprises in particular (i) the existence of this FA, (ii) all terms and conditions agreed between the Parties, and (iii) any details about the Services not publicly known.
- 1.16. **CPC** – cost per click.
- 1.17. **CPV** – cost per View.
- 1.18. **CPE** – cost per Engagement.
- 1.19. **Engagement** – an action performed by a user in interaction with the Ad, such as “add to cart”, “add to wishlist”, or clicking to be redirected to a product detail page.
- 1.20. **IO** – an insertion order regarding the provision of Services, issued by Brand through the self-service platform.
- 1.21. **Frequency Cap** – the maximum number of times a specific Ad is served to the same user in a given timeframe (e.g. 3/24 means three times within 24 hours).
- 1.22. **Floor Price** – the minimum threshold set by ZMS for all Bids to be taken into consideration for the Auction, being the artificial first bid for each Ad Placement.
- 1.23. **Impression** – each instance in which an Ad is served on a website. It is sufficient for an Impression if the Brand Material has been loaded and is theoretically visible for the user (even if, for example, user needs to scroll to see it). It is not required that the Brand Material is actually displayed to the user.
- 1.24. **Optimization Goal** – the goals of a Campaign in form of: (i) ROAS (ii) CPV (iii) CPE indicated by Brand in the IO or by default, by ZMS.

- 1.25. **Quality Score** – the score set by default by ZMS for each Brand.
- 1.26. **ROAS** – “Return On Ad Spend”, i.e. the amount of revenue (before returns) the Brand receives for every euro spent on an Ad Placement.
- 1.27. **Services** – same as Advertising Services.
- 1.28. **Spent Budget** – the total amount effectively spent per Budget on the Advertising Services.
- 1.29. **Standard Procedures** – the standard procedures as established from time to time by ZMS for the calculation of a Bid as well as the optimization of a Campaign and applied by ZMS equally to any such calculation or optimization.
- 1.30. **T&C** – this Terms & Conditions
- 1.31. **View** – the number of instances in which a user views an Ad displayed on the relevant website. A view shall only be considered as such if the Ad is 100% loaded on viewport and onscreen for 250 milliseconds at least.
- 1.32. **Winning Bid** – the AdRank with the highest score payable at the AdRank with the second highest score or, by default, at the Floor Price × Quality Score .
- 1.33. **Writing** – any communication in text form (§ 126b BGB; e.g. email), sent to the contact indicated in the IO or otherwise indicated by the recipient.
- 1.34. **ZMS** – The provider of the Advertising Services: Zalando Marketing Services GmbH, Tamara-Danz-Str. 1, 10243 Berlin, Germany (commercial register: Amtsgericht Charlottenburg HRB 169205).
- 1.35. For terms explained with German terms in italics and in brackets (*Example*), the German term shall be definitive for the interpretation.

2. Scope of Application; contracting parties; other terms and conditions

- 2.1. This T&C apply for the self-service procurement of ZMS Advertising Services through any of the self-service platforms, including (but not limited to) the “Zalando Merchant Portal”.
- 2.2. The parties of the contractual agreement are ZMS and Brand. No other entity shall become a direct party of the contractual agreement, in particular not Zalando SE.
- 2.3. This T&C shall be – together with the IO and the acceptance from ZMS – constitute the complete legal agreement between the Parties. The Advertising Services to be rendered by ZMS shall be defined by the IO as a result of the selection of different options in a self-service online system.
- 2.4. If Brand has entered into other agreements with ZMS, including (without limitation) any ‘Framework Agreement’, such other agreements shall not apply to any orders placed under this T&C, unless such other agreement is in Writing and explicitly refers to such self-service orders. For the avoidance of doubt, any ‘Framework Agreement’ does not explicitly refer to self-service orders.
- 2.5. By placing the IO, Brand expressly confirms that any general terms and conditions on their side shall not apply. ZMS expressly rejects any of Brand’s general terms and conditions, and declares it would otherwise not enter into the contractual agreement established under this T&C, unless ZMS had expressly agreed to any of Brand’s general terms and conditions in Writing. Any acceptance of Brand’s IO or any acceptance of Brand’s payment shall not constitute the acceptance of any of Brand’s general terms and conditions.
- 2.6. ZMS services are exclusively provided to professional recipients with entrepreneurial status and not to consumers in terms of Section 13 BGB or Article 2 (2) of Directive 97/7/EC. ZMS services must not be used for any private, personal or other non-entrepreneurial

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purpose. Brand confirms that they are not a consumer, but have entrepreneurial status.

3. Provision of the Services

- 3.1. ZMS shall serve the Brand Material via the relevant Channel as specified in the IO. To the extent the order does not provide for specific requirements within the defined Channel (e.g. exact placement on Site), ZMS shall decide in its reasonable discretion on how to serve the Brand Material in the relevant Channel. In any event ZMS shall not be obliged to serve any Brand Material to the extent this would lead to ZMS being in breach of applicable law.
- 3.2. ZMS reserves the right to suspend campaigns for reasonable business reasons, including (without limitation) when the Channel has decided not to offer placements, or the Campaign does not meet any content governance guidelines of Channel. For the avoidance of doubt, this does apply to any Channel, including (without limitation) those operated by Zalando SE.

4. Budget, Budget shifting and Campaign Extension

- 4.1. ZMS shall use its best endeavors to make use of the Budget as agreed in the IO to the fullest extent. Due to the nature of the Advertising Services rendered, ZMS cannot guarantee to utilize the Budget in its entirety; the Budget shall be deemed fully utilized in case less than 5 percent of the Budget remain unutilized. Brand shall have no right to use the remaining Budget on other Campaigns or the right to claim a refund.
- 4.2. ZMS shall be entitled to shift the Budget. This includes but is not limited to the reallocation of the Budget to different countries, Ad types, clothing categories, genders and or targeting. ZMS shall use reasonable efforts to generally limit Budget shifting within Display Advertising and to pursue Brand's interests when shifting the Budget.
- 4.3. In case of underdelivery of the Campaign, ZMS shall also be entitled to extend the duration of the Campaign as defined in the IO.

5. Advertising Services

- 5.1. The Advertising Services comprise the display of Brand's articles on category pages, in search results and certain other places within Zalando Channels. In contexts where the advertisements are placed within other organic offerings, the advertisements will be marked as 'sponsored' or in a similar way. Further details are part of the IO or any service descriptions referenced therein.
- 5.2. Ad placements are generally sold by ZMS by an automated auctioning mechanism.
- 5.3. An Auction takes place whenever a placement in a specific Channel is free. When placing an IO, Brand shall indicate either: (i) the Optimization Goal (either for each placement or for the total Campaign), in which case ZMS will calculate the Bid based on Brand's indicated Optimization Goal or (ii) the Bid for each Ad Placement. The Bid might be changed by Brand in the course of an Auction.
- 5.4. The Bid might be optimized by ZMS in case of underperformance of the Campaign.
- 5.5. The winner of the Auction is the one with the Winning Bid, such Auction being payable to a price equal to:
 - (i) the AdRank number of the bidder with AdRank 2; or
 - (ii) , by default, to the Floor Price,
 both divided by the Quality Score of the winner of the Auction (AdRank2/Quality Score or Floor Price/Quality Score) (the "Price"). The Price will always range between the Floor Price and the Bid.
- 5.6. If Brand wins the Auction, the Price will be applied to the Budget either on a CPV basis, or on a CPC basis, as defined in each case in the relevant IO. This means that the Price will only be applied to the Budget in case that there is a View or an Engagement by a user.
- 5.7. ZMS shall use commercially reasonable efforts serving the relevant Brand Material to users of the websites designated in the IO for the relevant Media Booking, who conform (according to the

information in ZMS's data and at ZMS's sole discretion) to the audience description as specified in the IO and thereby reaching the Optimization Goal with the Budget as set forth in the IO. For the avoidance of doubt, it is hereby explicitly stated that ZMS shall only be obliged to maintain commercially reasonable efforts to reach the Optimization Goal with the agreed Budget specified in the IO, but not to actually reach the Optimization Goal with the agreed Budget, since ZMS has no influence on whether or not a sufficient number of users conforming to the audience description in the IO actually visits the relevant website between the Start Date and the End Date.

6. Make Good

If ZMS fails to deliver any agreed Service to Brand and such failure is not a result of gross negligence or intention by ZMS, ZMS may remedy such failure by delivering a replacement Service. If the Service is time sensitive, the replacement Service may be performed by ZMS at another time, or, if a reasonable time limit has been set by Brand, within this reasonable time limit. The Brand's rights in case of negligent failure are limited to the remedies as set out in this Section.

7. Reporting

ZMS shall monitor all parameters required for calculating the remuneration to be paid by the Brand. ZMS shall provide to Brand a reporting on all these parameters, unless set forth otherwise in the IO. ZMS will also provide commercially reasonable reports on campaign performance.

8. Remuneration and Invoicing

- 8.1. Brand shall pay to ZMS the remuneration for the Advertising Services as set forth in the IO. ZMS will invoice Brand accordingly.
- 8.2. ZMS may, at its own sole discretion, make the performance of Advertising Services dependent on a full or partial upfront payment by Brand.
- 8.3. Brand shall raise any objections against an invoice within 14 days upon issuance of the invoice. Later objections are precluded, unless they base on facts that were unknown and could be known to Brand during that period.
- 8.4. The agreed remuneration does not include the applicable value-added tax. Brand is responsible for paying all taxes, customs and similar charges related to the Advertising Services, except for value-added taxes (VAT), sales taxes, transaction taxes or the like.
- 8.5. ZMS may, at its sole discretion, assign its claims against Brand in full or in part to third parties, including (without limitation) Zalando SE.
- 8.6. Brand understands that ZMS is a subsidiary of Zalando SE. ZMS may make payments to Zalando SE in connection with Advertising Services provided to Brand, including (but not limited to) (i) commission payments, (ii) payments for the procurement of precursors or intermediary services, and (iii) dividends.

9. Liability

- 9.1. ZMS shall be liable to Brand only
 - 9.1.1. for damage caused by an intentional or grossly negligent breach of a contractual obligation;
 - 9.1.2. for death, personal injury or damage to health;
 - 9.1.3. in case of a guarantee (*Garantie*); or
 - 9.1.4. for damage caused by a breach of a Cardinal Obligation with simple negligence; however, in this case, the liability shall be limited to the foreseeable damage typical of such contacts.
- 9.2. Nothing in this Section shall limit or be construed in a way to limit the liability under the product liability act (*Produkthaftungsgesetz*).
- 9.3. ZMS is not liable for Acts of God, which make the Advertising Services impossible or render the due performance substantially more difficult and/or temporarily impede its proper performance. As an Act of God, all circumstances are included which are independent of the will and control of the Parties, such as war and other military

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conflicts, natural disasters, strikes, labor or material shortage, internet failures or communications lines failures or other serious and/or unforeseeable circumstances of no fault of the contractual parties. A circumstance is seen as an Act of God only if it occurs after ZMS has accepted the IO.

- 9.4. ZMS shall not be liable for errors in the transmission of Brand Material which are caused outside of ZMS's sphere of responsibility or control.
- 9.5. In case ZMS rightfully terminates the contract for cause, Brand shall pay to ZMS liquidated damages in an amount equal to the remuneration agreed for the relevant ordered services.

10. No Warranty

- 10.1. Except as expressly set out in the IO or agreed between the Parties in writing, ZMS makes no warranty, express or implied, with respect to any Advertising Services, and expressly disclaims the warranties or conditions of noninfringement, merchantability and fitness for any particular purpose. ZMS does not warrant that ZMS's delivery of Advertising Services hereunder will be error-free, uninterrupted or continuous.

11. Brand Material / representations and indemnification

- 11.1. Brand shall provide the Brand Material necessary for the Advertising Services to ZMS, including all text, graphics, logos, URLs, websites to which Brand Material will link, and any other materials for use in connection with the Brand Material, via email within the timelines as set out in the relevant IO, but in no event later than fifteen (15) Business Days before the Start Date. In case the Brand Material is finalized and needs no further editing by ZMS Brand shall have the right to provide the Brand Material no later than five (5) Business Days prior to the Start Date. The Brand Material shall be provided in a common format and be in line with current ZMS Format and creative guidelines, to be found on zms.zalando.com.
- 11.2. To ensure campaign set up, quality assurance and creative approval, Brand shall fully cooperate during the process and deliver feedback and/ or additional Brand Material in a timely manner. ZMS shall not be held responsible for any delay caused by non-compliance with this obligation.
- 11.3. Brand shall not include or use any mechanism or functionality in connection with Brand Material that tracks or collects information regarding users of the relevant website or, as the case may be, the newsletter (e.g., cookies, pixels, beacons, or other methods) without (i) ZMS' prior approval and without having entered into a separate agreement with ZMS governing the use of such mechanism or functionality or (ii) the use/inclusion of such mechanism or functionality being permissible as per the relevant IO.
- 11.4. Brand ensures (*stellt sicher*) that (i) the Brand Material and ZMS's display of the Brand Material as contemplated herein will not violate the patent, trademark, trade names, service marks, copyright or other intellectual property or proprietary rights (including domain names) or any other rights (including the rights to privacy, confidentiality and publicity) of any third party ; (ii) the Brand Materials and ZMS' display of the Brand Materials as contemplated herein will not be false or misleading, will not constitute an unfair competition practice or unfair commercial practice and there will be a reasonably substantiated basis for any claim made in the Brand Material regarding the advertised products and services; (iii) the Brand Material and Brand Sites, will comply with all applicable laws; (iv) the Brand Material does not contain any material which is libelous, slanderous, fraudulent or defamatory or is unlawful or otherwise objectionable, including without limitation any material that encourages conduct that would constitute a criminal offense, give rise to civil liability, or otherwise violate any applicable law; (v) the Brand Material will not contain nor transmit any malware, viruses, worms, Trojan horses, adware, spyware, or other harmful code or programs; (vi) the Brand Material will contain all legally required information and (vii) Brand holds all necessary rights to

Brand Material in order for ZMS to perform the Advertising Services.

- 11.5. ZMS is not obliged to and will generally not review the Brand Material (including compliance of the Brand Material with the requirements as per Section 4.1 and Section 4.3. Without limitation of the foregoing, ZMS may reject or at any time remove Brand Material or any portion thereof if: (a) it is directed to do so by any law enforcement agency, court, government agency or industry organization; or (b) such Brand Material, or any portion thereof (including the advertised product/service): (i) does not comply with the requirements as per Section 4.3 and Section 4.1; or (ii) violates any applicable law; and/or (iii) does not contain legally required information (e.g. in relation to the advertising of regulated products). Notwithstanding the foregoing Brand remains ultimately responsible for the selection, content, and display of any advertisements, URL link.
- 11.6. In case ZMS rejects the Brand Material Brand may provide new or revised Brand Material, but at the latest (and irrespective of the time of rejection by ZMS) until ten (10) Business Days before the Start Date of the relevant Media Booking. If the Brand fails to provide the Brand Material in full compliance with this Section 3 at the latest until ten (10) Business Days before the Start Date of the relevant Media Booking, ZMS is not obliged to serve the Brand Material as specified in the IO, but will maintain reasonable efforts to do so. The obligation of the Brand to pay the remuneration as per Section 4 in full remains in any case unaffected.
- 11.7. The Brand grants to ZMS a non-exclusive, transferable, fully paid-up, worldwide and unlimited right and license to use (including to copy, modify, translate, make available, assign and sublicense to its affiliates or subcontractors) the Brand Material, solely as is reasonably necessary for ZMS to perform its obligations and exercise its rights relating to the performance of the FA and the relevant IO.
- 11.8. The license to modify includes the right to insert Zalando SE's trademarks in Brand Material.
- 11.9. Brand shall indemnify and hold harmless ZMS against all claims made by third parties due to ZMS's use of the Brand Material in performing its obligations under the FA and any IO and compensate ZMS for all costs (including reasonable attorneys fees) and damages arising in connection with such claim or alleged claim, unless the claim is not due to a culpable act or omission of the Brand. At ZMS' sole discretion, ZMS may opt to conduct the defense against such claim itself and the Brand must use all reasonable efforts to support ZMS in doing so. Brand represents and warrants to ZMS, that (a) Brand holds all necessary rights to Brand Material in order for ZMS to perform the relevant Services, (b) no Brand Material violates any criminal laws or any rights of any third parties; (c) no Brand Material contains any material that is unlawful or otherwise objectionable, including without limitation any material that encourages conduct that would constitute a criminal offense, give rise to civil liability, or otherwise violate any applicable law.
- 11.10. Brand agrees to indemnify and hold harmless ZMS from and against any third party claim (including damage awards, settlement amounts, and reasonable legal fees and expenses incurred by ZMS in such defense), arising out of or related to breach of any of the representations and warranties set out in this Section.

12. Confidentiality

- 12.1. Each Party (hereinafter the "Receiving Party") agrees to keep all Confidential Information received from the other Party (hereinafter the "Disclosing Party") in whatever form as strictly confidential and must not disclose it to third parties without the prior written consent of the Disclosing Party. Confidential Information must not be used by the Receiving Party for any purpose other than in connection with the purposes of the IO, the performance or the related business relationship. For the avoidance of doubt: ZMS may disclose Confidential Information to Affiliated Entities and its subcontractors to the extent reasonably necessary to provide the

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Services. The foregoing obligations do not apply to any Confidential Information which: (i) is in the public domain at the time of disclosure or later becomes part of the public domain through no fault of the Receiving Party; (ii) was known to the Receiving Party prior to disclosure by the Disclosing Party as proven by the contemporaneous written records of the Receiving Party; (iii) is disclosed to the Receiving Party by a third party who did not obtain such Confidential Information, directly or indirectly, from the Disclosing Party subject to any confidentiality obligation; (iv) is at any time independently developed by the Receiving Party as proven by its contemporaneous written records; (v) is expressly authorized in writing by the Disclosing Party; or (vi) is required by law, court order or a governmental agency to be disclosed (in which case the Receiving Party will give the Disclosing Party as much notice thereof as reasonably practicable and which will be done subject to confidentiality protection to the extent reasonably available).

- 12.2. Information is deemed to be the property of the Disclosing Party, and the Receiving Party will, upon receipt of a written request from the Disclosing Party, return all Confidential Information received in tangible form to the Disclosing Party or destroy all such Confidential Information and all copies thereof or documents containing Confidential Information, unless required otherwise by applicable law. The preceding sentence shall not apply to the extent the Receiving Party requires the Confidential Information for fulfillment of the IO.
- 12.3. Each Party agrees to limit access to Confidential Information to those of its or its Affiliated Entities' employees, representatives, contractors or advisors to whom such access is reasonably necessary or appropriate for the proper performance of obligations under this FA and/or the IO.
- 12.4. The provisions of this Section shall be binding for the Parties for the term of the campaign concluded hereunder and five (5) years thereafter.

13. Data Protection

- 13.1. The Brand warrants (*sichert zu*) that it will always act in strict compliance with applicable data protection law, in particular when using tracking technologies. Brand shall indemnify and hold harmless ZMS and Zalando SE against (i) all claims made by third parties against ZMS and/or Zalando SE and (ii) all fines imposed on ZMS and/or Zalando SE due to Brands use of tracking technologies in connection with the Services and compensate ZMS and/or Zalando SE for all costs (including reasonable attorney fees) and damages arising in connection with such claim or alleged claim, unless the claim/fine is not due to a culpable act or omission of the Brand. The Brand must endeavor to support ZMS and/or Zalando SE to the best of his ability in conducting its defense against any such claims/fines.
- 13.2. The above Subsection constitutes a contractual agreement in favor of Zalando SE (*Echter Vertrag zugunsten Dritter*).

14. Miscellaneous

- 14.1. The ZALANDO Code of Conduct (Annex 1) is integral part of the agreement between the parties.
- 14.2. Any changes or supplements to the agreement between the Parties must be in Writing in order to be effective. The same applies to any waiver of this form requirement.
- 14.3. Brand may only set off claims and exercise rights to withhold based on claims which are undisputed or have been upheld by a final court decision.
- 14.4. Unless otherwise provided in this Agreement, Brand is not entitled to assign, novate, transfer or delegate this Agreement or all or any of its rights, benefits and obligations under the agreement without the prior written consent of ZMS.
- 14.5. If any provisions of this T&C are or become invalid or unenforceable, the validity of the remaining provisions is not affected. Any invalid or unenforceable provision is deemed replaced by a valid

provision which comes closest to the invalid or unenforceable provision. The same applies for gaps.

- 14.6. The contractual relationship between is governed by and construed in accordance with the laws of Germany without reference to its conflict of law provisions. The UN convention on contracts on the international sale of goods (CISG) is excluded. Exclusive venue for all disputes arising out of or in relation with this FA shall be the competent court for Berlin-Friedrichshain. However, if Brand is not headquartered in Germany, ZMS may choose to bring any claim in front of any competent court in the jurisdiction where Brand is registered or headquartered.

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Annex 1 – Zalando Code of Conduct

All companies of the Zalando Group (hereinafter “**Zalando**”) are committed to trade 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 labels¹ 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)² and Conventions of the International Labour Organization (ILO) No. 1, 29, 87, 95, 98, 105, 111, 131, 138 and 155.3 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.

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

² United Nations Universal Declaration of Human Rights. Available at:

<http://www.un.org/en/documents/udhr>

³ Please note that this list is not exhaustive.

CHILD LABOR: There must be no Child Workers⁴ 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 Workers⁵ 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.

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.

⁴ 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. 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.

⁵ Any person between the minimum age of employment up to 18 years.

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:

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- 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 timeframe. 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. Should you wish to report an incident, you can also do this anonymously (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.