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SUSTAINABILITY

## **Reducing our carbon footprint**

Climate change is one of the defining challenges of our time. We want to be part of the solution.

nder the Paris Agreement on climate change, governments have agreed to an objective to limit global warming to well below 2 degrees Celsius, and preferably to 1.5 degrees. We strongly support the agreement and want to play our part in achieving the objectives. Together, we are in a race against time to get there.

Reaching the Paris Agreement requires high levels of carbon reduction but also CO2 removal to address residual emissions. Therefore, in 2020, Zalando adopted science-based targets (SBTs) for reducing carbon emissions. We also committed to being carbon-neutral in our own operations (scope 1 and 2), deliveries and returns.

#### **Our Targets**

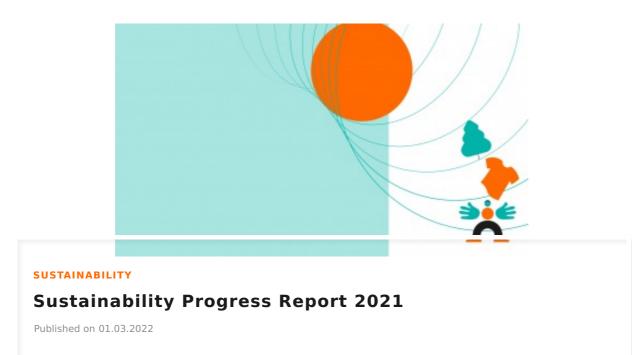
Carbon reduction targets are defined as science-based if they are in line with the scale of reductions required to limit global warming, meaning they must be aligned with the level of decarbonization required to keep the global temperature increase well below 2°C and ideally to 1.5°C. In 2020, we adopted science-based targets (SBTs) for Scope 1, 2 and 3 emissions in line with the 1.5°C goal and approved by the Science Based Target initiative:

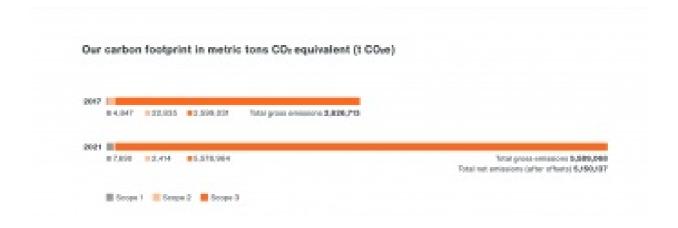
- Zalando commits to reduce scope 1 and 2 greenhouse gas (GHG) emissions by 80 percent by 2025 against a 2017 base year. Zalando commits to increase annual sourcing of renewable electricity from 34 percent in 2017 to 100% by 2025.
- Zalando commits to reduce scope 3 GHG emissions from private label products by 40 percent per million euros gross profit by 2025 from a 2018 base year. Zalando also commits that 90 percent of its suppliers (by emissions covering purchased goods and services sold on its platform, packaging and last-mile-delivery partners) will have science-based targets by 2025.

With Science Based Targets, we are taking a stand to do more.

#### **Our Emissions**

As defined by the Greenhouse Gas Protocol, our Scope 1 emissions are direct emissions from our owned or controlled sources, such as the gas for heating our offices and warehouses. Scope 2 emissions comprise indirect emissions from purchased electricity for our offices and warehouses. Scope 3 emissions include all other indirect emissions that occur in the value chain, production of products, logistics, services provided by our partners, and the use and disposal of products by our customers. More information about our carbon footprint and emission sources can be found in our Sustainability Progress Report.





#### **Our Progress**

In 2020 we joined the RE100 initiative and pledged to source 100% renewable electricity in our own operations by 2025 – we have achieved this already. We source renewable electricity, have installed solar panels at our fulfillment centers in Lahr (Germany) and Verona (Italy), and purchase guarantees of origin. These activities have led to 64% reduction of our Scope 1 and 2 GHG emissions from a 2017 baseline. We will continue to equip our fulfillment centers with solar panels or other green technologies. Additionally, in 2021 we switched our fulfillment centers in Germany from natural gas to biogas. All new Zalando buildings will also require a green building certification, which verifies that they are built in a way that conserves resources and generates fewer greenhouse emissions.

To exert as much influence as possible on Scope 3 emissions, we need to engage our partners. As per our SBTs, by 2025 we plan to engage our biggest partners, including brands, packaging suppliers and last-mile delivery partners, to set their own SBTs, thereby covering 90% of our supplier emissions. Currently, partners accounting for 51% of our 2020 supplier-related emissions have set science-based targets.

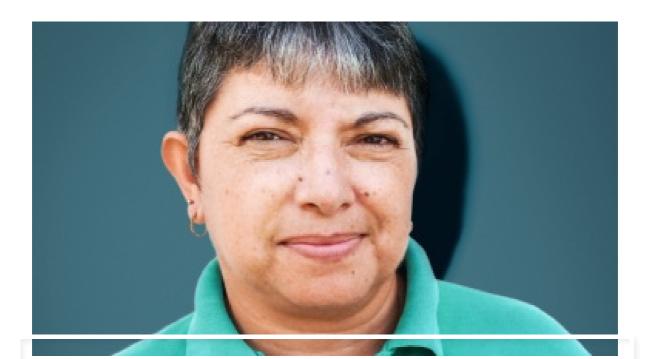
#### **Fast-Tracking Carbon Removal**

In the context of our science-based targets, our focus lies on reducing our emissions wherever possible. But we also believe that we can take fast action to remove carbon from the atmosphere. That is why, since 2019, we offset remaining emissions in our own operations (Scope 1 and 2), as well as deliveries, returns and packaging (part of Scope 3).

To ensure carbon removal rather than just carbon avoidance, we invest in high-quality afforestation and reforestation projects. We only procure carbon offsets from Gold Standard and VCS certified reforestation projects in Ethiopia, Uganda, Colombia, Panama, and Indonesia. The projects restore native forests, encourage sustainable planting, and support local communities. To learn about the breadth of these projects, please visit this website. Reforestation removes carbon dioxide from the atmosphere through photosynthesis and turns it into biomass. We will continue to optimize and explore ways of reducing and neutralizing our impact in line with latest climate science.

We know that our customers want to take action on climate change and are aware that their actions can have an impact. That's why we offer customers a check-out option to contribute towards these efforts with a per order fee of 25 ct, covering CO2 emissions from the packaging, delivery and potential return of their order.

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## **SUSTAINABILITY**

TO OVERVIEW



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