

Zalando

TICKER
 ETR:ZAL

MARKET CAPITALIZATION
 US\$9 billion

HEADQUARTERS
 Germany

DISCLOSURES
UK Modern Slavery Act: Yes

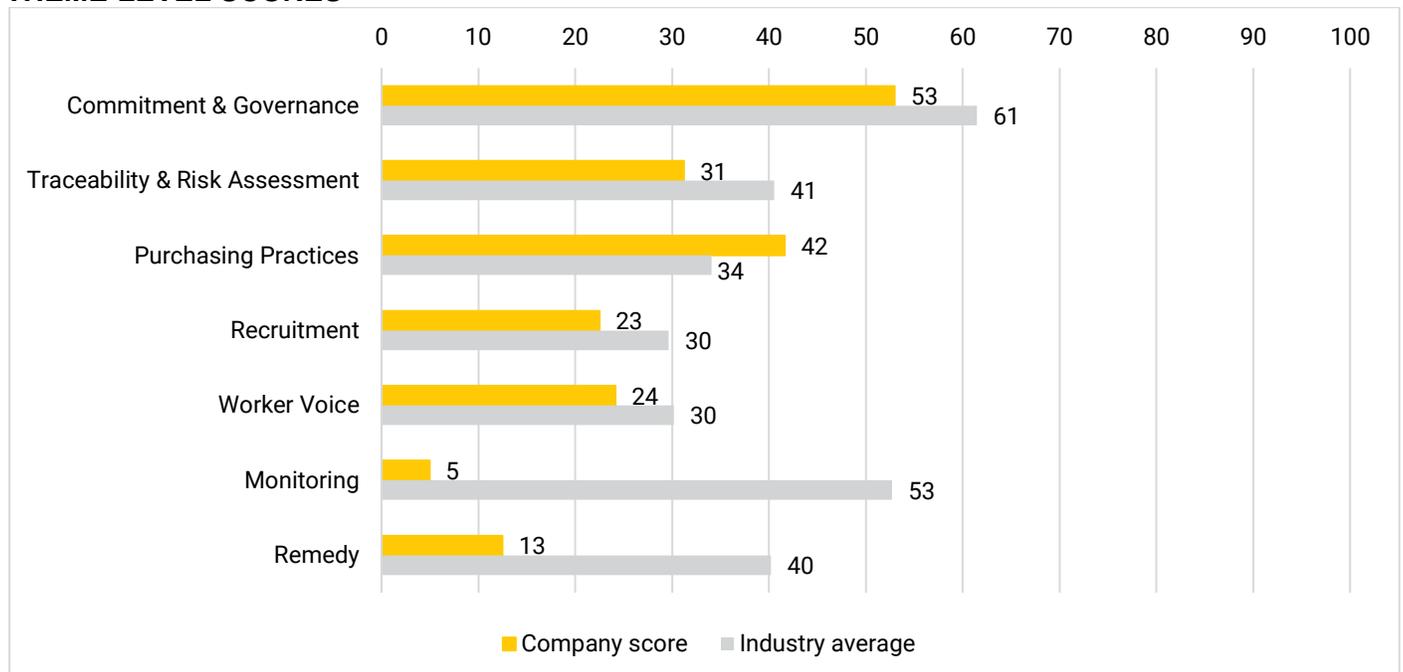
California Transparency in Supply Chains Act: Not applicable

TARGETS

Yes

OVERALL RANKING
25 out of **37**
OVERALL SCORE
27 out of **100**
SUMMARY

Zalando, the biggest online-only apparel retailer in Europe,¹ ranks 25th out of 37 companies, disclosing less information on its forced labor policies and practices than its peers. It scores higher than average on the theme of Purchasing Practices and lower than average on the remaining themes. Its score is based on its disclosure of a supplier code of conduct that addresses the ILO core labor standards and incorporates the [Employer Pays Principle](#), internal responsibility for and training on its code of conduct, a supplier list, and a human rights risk assessment and corrective action processes. It also discloses that it is a member of the ILO's Better Work program and ACT (Action, Collaboration, Transformation). ACT promotes freedom of association and collective bargaining within global supply chains and is based on an agreement between global brands and retailers and the global trade union federation IndustriALL. Zalando does not disclose the steps it has taken to address the risks of alleged Uyghur forced labor across its supply chain tiers. It is encouraged to improve on the themes of Recruitment, Worker Voice, and Remedy.

THEME-LEVEL SCORES


KEY DATA POINTS**SUPPLIER LIST**

Yes

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

No

HIGH-RISK RAW MATERIALS²

Cotton, silk, viscose, and others

ADDRESSES FORCED LABOR RISKS RELATED TO THIRD-PARTY PRODUCTS

No

DATA ON PURCHASING PRACTICES

Yes (One data point only)

REMEDY FOR SUPPLY CHAIN WORKERS

No

HIGH-RISK SOURCING COUNTRIES

China, India, and Vietnam

LEADING PRACTICES

None.

NOTABLE FINDINGS

Traceability & Supply Chain Transparency: Zalando discloses a first-tier supplier list including the name, address, number of workers, and ratio of men to women at each factory, representing 80% of its sourcing volume.

Purchasing Practices: Zalando discloses its payment terms for suppliers, noting that the average payment time is 60 days and the maximum is 90 days (after shipping). It states that it assesses the risks of forced labor at potential suppliers before entering into contracts with them and reports on the outcomes of its onboarding process. It also discloses addressing the risks of forced labor related to sub-contracting.

Recruitment Fees: Zalando's supplier code of conduct incorporates the [Employer Pays Principle](#), which states that suppliers, not workers, are responsible for the payment of recruitment fees. It further states that it requires controls to be established "to ensure that workers have not been charged recruitment or placement fees throughout the recruiting and hiring process."

OPPORTUNITIES FOR IMPROVEMENT

Recruitment: To avoid the exploitation of migrant workers and other workers in vulnerable conditions in its supply chains, Zalando is encouraged to ensure that migrant workers understand both the terms and conditions of their recruitment and employment and their rights. It may further consider disclosing two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions, as well as examples of preventing or remediating recruitment fee charges.

Worker Voice: While Zalando discloses its membership of ACT, it is encouraged to provide examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers, such as migrant workers. It is also encouraged to work with relevant stakeholders to ensure workers in its supply chains are aware of their labor rights. Further, it may consider

disclosing evidence of the positive impact of worker engagement in its supply chains and provide examples of worker engagement initiatives covering different supply chain contexts.

Remedy: Zalando may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of forced labor and disclosing details on this process, such as responsible parties, approval procedures, timeframes, and crucially, engagement with affected stakeholders. To demonstrate to its stakeholders that it has an effective remedy process in place, it is encouraged to disclose examples of remedy provided to its suppliers' workers.

ENGAGED WITH KNOWTHECHAIN³

Informal (i.e., responsive to KnowTheChain but did not take part in the formal engagement/disclosure process).

¹ Reuters (18 June 2020), "[Online fashion stocks in vogue as coronavirus speeds ecommerce.](#)"

² For further details on high-risk raw materials and sourcing countries, see [KnowTheChain's 2021 Apparel and Footwear Benchmark Report](#).

³ Research conducted through November 2020 or through February 2021, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the [Business & Human Rights Resource Centre website](#).