

Press Release

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Otto Group to rely on sustainable bonds for corporate financing

With its comprehensive Corporate Responsibility (CR) Strategy, the international retail and services group is pursuing ambitious goals in expanding a sustainable value chain in the key Textile and Furniture assortments. Institutional and private investors will be able to contribute to this strategy in future.

As the first German retail company, the Otto Group has established a framework for the issue of sustainable finance instruments. Thanks to the 'Sustainable Finance Framework', future Otto Group bond issues will also be available to institutional and private investors with a focus on sustainable investments. The proceeds from bond issues under the framework will be used to finance the procurement of sustainable cotton textiles bearing the the Cotton made in Africa label, as well as the procurement of FSC®-certified furniture.

The Otto Group is thus taking a further step in its CR Strategy. As early as the 1980s, the then-CEO and current Chairman of the Supervisory Board Prof Dr Michael Otto explicitly anchored 'responsibility towards people and nature' as an integral part of the company's goals. With its current CR Strategy the Otto Group is placing a particular focus on a sustainable value chain in the key Textile and Furniture assortments.

"By 2025 we want to ensure that 100 percent of our Furniture assortment bears the internationally recognised label FSC® for responsible forestry. For Textiles, we want to achieve 100 percent sustainable cotton for our own and licensed brands by 2020", explains Dr Johannes Merck, Vice President Corporate Responsibility Otto Group.

Concerning cotton textiles, the Otto Group relies on sustainably produced cotton from Cotton made in Africa (CmiA). “CmiA is an independent initiative established by Prof Dr Michael Otto in 2005 that currently certifies almost 40 percent of cotton production from African smallholder farmers”, says Tina Stridde, Managing Director of the Aid by Trade Foundation. The Foundation establishes the criteria for CmiA certification and mandates external independent organisations to monitor compliance with these. Besides the Otto Group, further household-name companies including Asos, s.Oliver, Rewe Group and Tchibo rely on Cotton made in Africa for their textile goods.

The independent agency Sustainalytics has evaluated the alignment of the Sustainable Finance Framework with the Sustainability Bond Guidelines of the International Capital Markets Association (ICMA) and is available on the Otto Group’s Creditor Relations webpage. In the context of the Otto Group’s focused growth strategy, new bond issues – then in the form of “sustainable bonds” - may take place in the coming months. “We have engaged in a regular dialogue with NGOs and other stakeholders on sustainability for many years. I am delighted that we are now in a position to take up this dialogue with capital-market investors too”, comments Petra Scharner-Wolff, Chief Financial Officer of the Otto Group.

Otto Group

Founded in Germany in 1949, today the Otto Group is a globally operating retail and services group with around 51,800 employees. The Group includes 123 major companies and is present in over 30 countries in Europe, North and South America and Asia. Its business activities are grouped into three segments: Multichannel Retail, Financial Services and Service. In the 2017/18 financial year (to 28 February), the Otto Group generated turnover of 13.7 billion euros. It is one of the world’s largest online retailer. E-commerce, catalogue sales and over-the-counter retail form the three pillars of the Otto Group’s Multichannel Retail strategy. Its worldwide corporate activities, numerous strategic partnerships and joint ventures provide the Otto Group with excellent opportunities to transfer know-how and leverage areas of synergy potential. Group companies operate largely independently, guaranteeing flexibility, customer proximity and optimum target-group appeal in their respective national markets.

For further information on the Otto Group visit www.ottogroup.com.

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