

otto group

Our heritage: **the future**

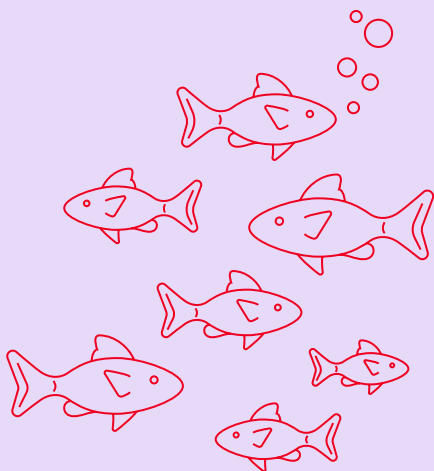
2024/25
Annual Report





Sustainability

50	Our holistic view of sustainability
62	Eco shift
71	Business shift
82	Mind shift



Our holistic view of sustainability

Our ambition

The economy is there to benefit people – not the other way round. This mindset and strong awareness it engenders for social responsibility are among the hallmarks of the Otto Group. Prof. Dr. Michael Otto recognized at an early stage that the future would be built on sustainable practices, inspiring customers, employees, business partners and like-minded people from other companies with this vision. Climate protection and corporate social responsibility were incorporated within our business strategy as early as 1986, giving rise to numerous initiatives for people, nature and society over the decades.

Sustainability and corporate responsibility have been intrinsic elements in the Otto Group's success for more than forty years. Our corporate responsibility (CR) strategy is firmly enshrined in our corporate strategy and the shareholder vision of "Responsible commerce that inspires". Our ambition is to reconcile sustainability and economic success along our entire value chain and to evaluate business decisions with regard to possible effects on the environment, people and society. Ethical behavior and a comprehensive understanding of sustainability are not contradictory to our growth strategy, but are prerequisites for it. This sense of responsibility is reflected in everything we do, from our supply chain requirements and our strict commitment to doing business globally in accordance with human rights to our efforts to protect the environment and the climate.

Sustainability management in the Otto Group

Corporate responsibility

Sustainability is comprehensively integrated into the business activities of the Otto Group and anchored at the highest strategic planning level. The Executive Board bears overall responsibility for the Otto Group's CR strategy. It is responsible for ensuring that sustainability aspects are given adequate consideration in the Group's landmark decisions and become integral elements of the Otto Group's management and processes. Relevant topics feature regularly on the agenda of the Executive Board's discussion and decision-making formats.

Sustainability within the Otto Group is managed by the Corporate Responsibility department. Until the end of February 2025, this department reported directly to Alexander Birken, CEO of the Otto Group; since March 2025, it has reported to Petra Scharner-Wolff, who has held the position since the start of the 2025/26 financial year. The department also advises both the CR Board and the Executive Board. The department consists of experts in the fields of "Strategy, Communication and Processes", "Technology", "Human Rights and Responsible Supply Chain", "Climate and Ecology" and "Materials and Circularity". By defining binding Otto Group Sustainability Standards, the department creates a framework for action that extends beyond the legal requirements and is responsible for ongoing development and reporting in regard to the overarching CR strategy.

To this end, the department works closely with other departments such as the legal department, colleagues from the finance department, risk management or corporate communications. The department also acts as an interface between the Group Executive Board and the CR-departments of the individual Group companies.

For implementation, each of the relevant Group companies has assembled an interdisciplinary CR team, comprising a Sustainability Officer and experts for the individual topic areas within the scope of the CR strategy. The teams are tasked with advancing the sustainability topics and establishing synergies within the Group. They regularly exchange information with their respective Managing Directors, who are responsible for the adherence to compliance requirements and implementation of the CR strategy in their companies.

The Group-wide exchange of best practices and networking of experts and interested employees in the Otto Group are some of the key success factors underpinning our strategy. Within our seven topic areas the colleagues responsible for CR and experts at the Group companies and the Otto Group Holding gather regularly in expert circles to discuss the achievement of targets within their remits, share thoughts on new ambitions and ideas and develop and implement suitable measures.

The CR Board is the central decision-making board that has been tasked by the Executive Board with developing CR management in the Group. It consists of representatives from important companies within the Otto Group and adopts the perspective of the

Otto Group without neglecting the views of the Group companies themselves.

Led by the Chair of the Otto Group Executive Board, the CR Board is mandated with defining overarching sustainability goals for the Otto Group within the framework of the CR strategy and adopting individual targets and measures for the Group companies. The CR Board advises the Executive Board on far-reaching decisions, including fundamental adjustments to the CR strategy or decisions that involve significant investments or have a significant impact on the business models of Group companies.

Executive compensation

The Executive Board members' variable remuneration has also been linked to the achievement of sustainability goals since the 2014/15 financial year; this has also applied to the Management Board members of the Group companies OTTO and Bonprix as well as the Witt Group and the Hermes Fulfilment Group since 2022/23. Incentives for Otto Group Executive Board members are weighted equally and are based on key performance indicators in the CR strategy. The key performance indicators used as incentives for the Managing Directors are aligned with the specific target profiles of the Group companies.

Clear responsibilities and management processes

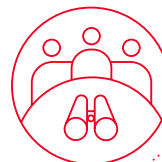
Group Executive Board

is responsible for the Otto Group's CR strategy and decides on far-reaching CR issues at the Otto Group level



CR Board

has the mandate to make strategic decisions regarding the Group, e.g., adoption of new core priorities and plans of the companies, and advises the Executive Board on far-reaching decisions



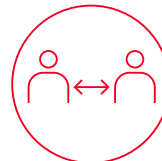
CR Team Otto Group Holding

is responsible for creating and developing the action framework by defining binding sustainability standards and the CR strategy, which enable implementation by the Group companies, and for advising the CR Board and Executive Board on strategic issues, reporting, and target achievement



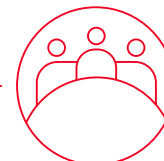
Close Collaboration

with other departments such as the legal department, colleagues from the finance department, risk management or corporate communications



Executive management at Group companies

is responsible for the implementation and achievement of the corporate goals of the Group and for compliance with its basic (regulatory and self-committed compliance) requirements



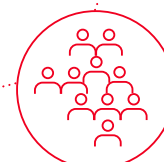
Sustainability Officer/CR Team in the Group companies

is responsible for developing and implementing the plans, monitors them in exchange with the managing directors, manages the local CR team, and transfers knowledge within their own organization and the Otto Group (expert circles)



Local Team/Experts in the Group companies (e.g., Purchasing, Sales, HR)

implement(s) CR topics in everyday work and cooperate(s) across the Group with experts from other Group companies



Our materiality analysis

Our CR strategy builds on a materiality analysis, which was last updated in 2021. We have looked at the entire value chain of our major business areas and identified where our business activities have the greatest negative impact on people and the environment. From this, we have identified where we need to set strategic priorities.

This was based on discussions with the CR-departments of the Otto Group and the Group companies, as well as an assessment of the issues by external stakeholders. In addition, we used a software tool to select and prioritize topics, which is supported by metrics from an external international database. Benchmarks and projections helped us to assess and evaluate the environmental impacts and social risks of our business activities.

We conduct regular reviews to ascertain whether there have been changes to our material areas in terms of our impact and the relevance for action by the Otto Group and set the right priorities with our CR strategy. We collaborated with Sustain Consulting to update our materiality analysis in the reporting year, based on the requirements of the non-financial reporting obligation under the Corporate Sustainability Reporting Directive (CSRD).

Given that this annual report presents activities for the 2024/25 financial year in the context of the CR strategy until the end of the financial year 2024/25, we refer to the materiality analysis as of 2021.

Material topics

Social and environmental aspects in the supply chain are a focus of our material issues with very high business and operational relevance. In particular, this relates to human rights aspects such as discrimination, working hours, occupational safety and child and forced labor. Tensions in the supply chain and in the geopolitical environment have led to these issues becoming even more important, while environmental aspects – including greenhouse gas emissions in supply chains – remain top priorities.

As part of the materiality analysis, we identified twelve issues and assessed them across four dimensions of the value chain. These are shown in the following materiality matrix. The higher the rating on the vertical and horizontal axes, the more material the issue is to us as a company. The vertical axis in the matrix maps how the topic areas impact people and nature. The horizontal axis reflects the impact of the issues on us as the Otto Group, such as the impact of regulations, reputational risks and business relevance.

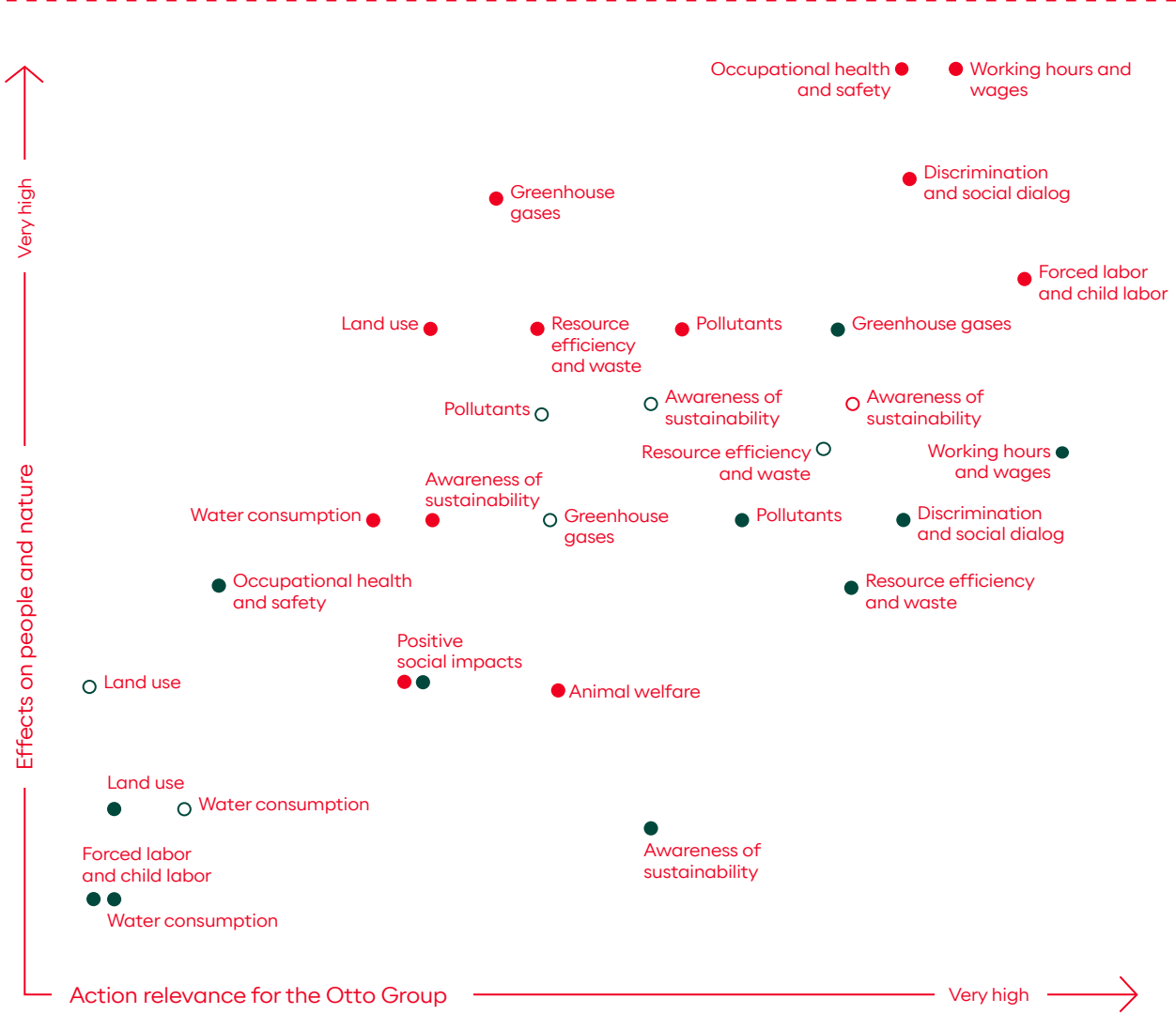
Our corporate responsibility strategy

The Otto Group covers the entire retail value chain: from procurement and purchasing to transport, marketing, general services and financial services. The different business models have different focal points and impacts. Each business model has an impact on our sustainability goals, but the greatest impacts occur in connection with our merchandise and their production. As a Group, we always consider the entire value chain of our own and licensed brands, from the production of the products to their transportation and use by our customers. Our goal is to make the entire value chain of our products environmentally and socially compatible.

We work every day to anchor sustainability more firmly in the business processes of the entire Otto Group. To this end, we are raising awareness of the issue within the Group and enabling the Group companies to assume even greater responsibility for sustainability issues. It is important for us to intensify networking and cooperation between Group companies and external stakeholders.



Materiality matrix



Impact categories

Ecological

- Pollutants
- Greenhouse gases
- Land use
- Water consumption
- Resource efficiency and waste
- Animal welfare

Social and Corporate

- Forced labor and child labor
- Occupational health and safety
- Working hours and wages
- Discrimination and social dialog
- Awareness of sustainability
- Positive social impacts

Value-added stages

- Supply chain (own and licensed brands)
- Supply chain (third-party brands and platform partners)
- Locations and transport
- Customers

Our CR strategy reflects this commitment and is characterized by a broad sense of responsibility, has ambitious goals and requires a strong commitment by employees and our management. Moreover, we attach importance to giving Group companies sufficient leeway to develop solutions appropriate to their own business models within the framework of strategic guidelines. In this way, we strike a balance between Group-wide requirements and individual adaptability in order to promote sustainability effectively and efficiently in all areas. We revised our CR strategy in the reporting year to ensure compliance with the current national and international regulatory requirements (see “Our Sustainability Strategy since March 2025”).

Topic areas

Our seven topic areas for the CR strategy are based on the areas we identified as material along our value chain in our materiality analysis. On this basis, we have developed these strategic areas for action: Climate, Sustainable Materials, Supply Chain, Circularity, Empowered Employees, Conscious Customers and Digital Responsibility.

Looking at the entire value chain

In the upstream value chain, our environmental impact and social risks are the greatest, covering the extraction and processing of natural resources needed to produce our goods. In the topic area of Supply Chain, we work beyond the legal minimum requirements to improve social and environmental performance in supply chains. The upstream supply chain is also highly relevant for our goals in the topic areas of Circularity, Sustainable Materials and Climate. It plays a particularly important role in connection with our climate protection activities, which explains its full incorporation into our near-term science-based target (SBT) (see Climate chapter).

At our own sites, the social and environmental impacts of our business activities are comparatively low. At the same time, we cannot achieve our sustainability goals without our employees. They are the ones who drive sustainability forward every day. The topic area of Empowered Employees (see Empowered Employees chapter) establishes the conditions for our employees to make an active contribution to the sustainability transformation at the Otto Group with their ideas, skills

and enthusiasm. Another important aspect is how we can also shape digitization and its impact on our working environment in a responsible and value-oriented way (see Digital Responsibility chapter).

The downstream value chain is also an important area of activity for us to achieve our sustainability goals. Key points of reference include our climate protection activities as part of our near-term SBT in the topic area of Climate (see Climate chapter), for example with regard to the delivery of goods and the use phase for customers, as well as in the area of Circularity (see Circularity chapter), as the right course must also be set for the circulation of products and raw materials with regard to their use, disposal and recycling. Since our customers play a key role here, we strive to inspire their interest in the topic of sustainability throughout the customer journey and to enable conscious consumption decisions in the topic area of Conscious Customer (see Conscious Customers chapter).



Value chain

Upstream
From compliance to performance
Extracting raw materials and production

→

Transport
From airplane to train

→

Internal operations
From management to design
Strategy and development of measures

→

Transport
From combustion to electric

→

Downstream
From linear to circular
Use and end-of-life

Sustainable Materials

Climate

Supply Chain

Circularity

Digital Responsibility

Empowered Employees

Conscious Customers

The chart shows the scope of our measures in the seven topic areas of the CR strategy along our value chain. Larger circles indicate more comprehensive measures. Small circles symbolize pilot projects or innovative individual measures, for example.

Goals

Within each of our topic areas, we have formulated visionary, long-term goals – the “transformational goals”. These are substantiated in each case by shorter-term goals with clearly defined time horizons – the core priorities. The transformational goals enable us to align our daily actions to the long-term corporate goals of the

Otto Group. The core priorities help to measure our progress on the way to long-term change. They are dynamic, regularly reviewed, adjusted, and gradually supplemented to respond to current developments.

We have revised our CR strategy within the framework of current regulatory requirements. Our Sustainability Strategy came into force at the start of the financial

year 2025/26, largely incorporating previous sustainability-related goals and efforts (see “Our Sustainability Strategy since March 2025”). The targets we have already achieved – and whose level we wish to uphold for all Group companies – have been incorporated as binding requirements in our own Otto Group Sustainability Standards.



Overview of the seven topic areas and their respective Transformational Goals

Eco shift



Sustainable Materials

We apply more sustainable raw materials in all our products.



Climate

We aim to achieve net zero emissions across our entire value chain by 2045, going beyond our near-term SBT.

Business shift



Supply Chain

We continuously improve the social and ecological performance together with the facilities in our supply chains.



Circularity

We incorporate circular principles and ensure circularity in our business models.



Digital Responsibility

We shape a value-oriented digitization for people and society.

Mind shift



Empowered Employees

We empower our employees to experience and actively shape sustainability.



Conscious Customers

We enable and inspire our customers to make conscious and sustainable decisions.

One of the challenges inherent to the CR strategy is also a factor in its success: The different business models at the Group companies must be taken into account. That is why the design of the CR strategy is left to the Group companies themselves. They develop individual priority areas, goals and measures that match their business models within their action framework set by the Otto Group Holding. They are recorded in annual action plans and reported to the CR Board and the Executive Board. This ensures that all Group companies jointly contribute to the Otto Group's ambitious goals.

Scope

All Group companies that make a sizable contribution to external revenue of the Otto Group in two consecutive financial years are subject to the CR strategy. All Group companies are governed by the Otto Group Sustainability Standards, which are enshrined in our Group Guideline on Sustainability in Purchasing in the Otto Group. We also require our business partners to comply with our guidelines by signing the "Business Partner Declaration on Sustainability". This document contains all our requirements for our business partners for merchandise. Signing the document is a basic requirement for a business relationship with an Otto Group company. Part of these binding requirements is also the amfori BSCI Code of Conduct with the corresponding implementation conditions, which includes social standards, rules for environmental protection as well as occupational safety. In addition, we have defined and implemented a

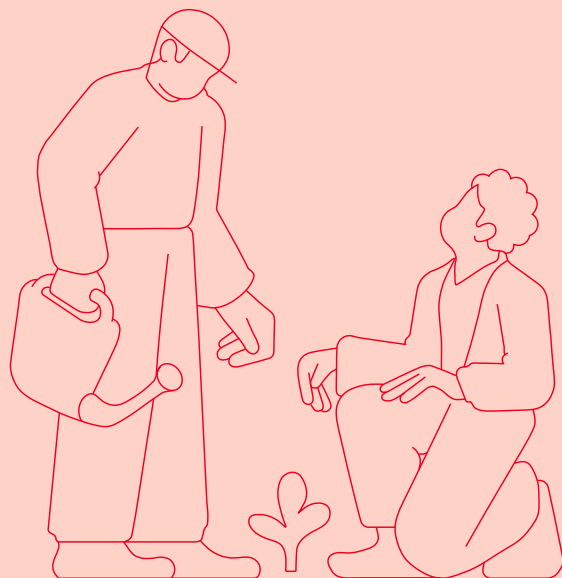
Group companies within the scope of the CR strategy

Bonprix	Freemans Grattan
Venus	Group company Otto Austria Group
OTTO	Limango
Witt (incl. Heine)	Frankonia
Sheego	Eos Group
Crate and Barrel	Hermes Fulfilment
Baur Group	Hermes Einrichtungs Service (HES)
Hermes Germany ¹	

¹ Hermes Germany has been included in the consolidated financial statements according to the equity method since the 2020/21 financial year.

Code of Conduct for services and non-merchandise, which also includes social standards, rules on environmental protection and occupational safety. Furthermore, our Code of Ethics provides all employees of the Otto Group with guidelines for responsible conduct.

Our Sustainability Strategy since March 2025



Increasing demands are being placed on companies in the area of sustainability due to growing regulatory requirements and social expectations. At the same time, we are adhering to our intention to continuously reflect on and develop our sustainability goals. In doing so, we consider the different sectors, business models and company sizes within the Otto Group and place different demands on the Group companies.

As a rule, regulatory requirements and our own Otto Group Sustainability Standards apply to all Group companies. These standards exceed legal requirements and define specific sustainability requirements for the Otto Group. Our Sustainability Strategy also pursues ambitious goals in the areas of Environment and Human Rights, based on the successes of our previous corporate responsibility strategy.

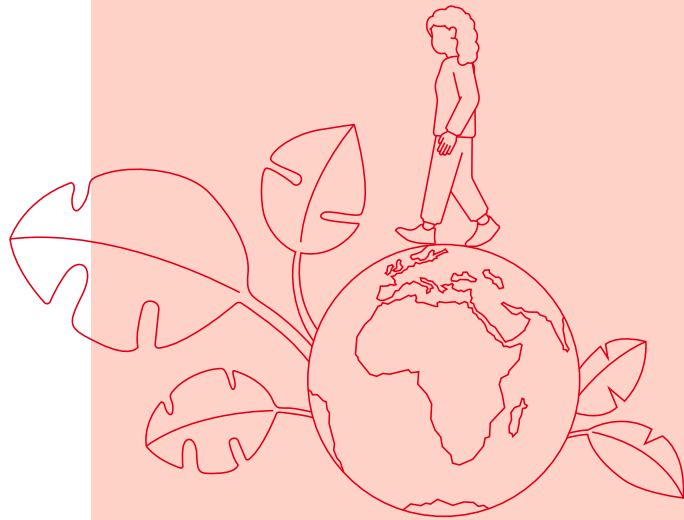
Previous sustainability-related goals and efforts are largely incorporated into the Sustainability Strategy. The targets we have already achieved – and whose level we wish to uphold for all Group companies – have been incorporated as binding requirements in our own Otto Group Sustainability Standards.

The Sustainability Strategy applies to Group companies with the greatest impact on human rights or environmental issues along the entire value chain. These Impact Group companies are OTTO, the Bonprix Group, the Witt Group, the Crate and Barrel Group and Hermes Germany.

Moreover, we have appointed Otto International as a so called facilitator, as the company supports the Impact Group companies in achieving their goals, particularly in regard to procurement in the upstream supply chain.

Strategic topics are selected based on the results of our materiality analysis, which we updated in collaboration with Systain Consulting in line with the CSRD requirements.

We use the results to identify the greatest negative impact of our business activities on people and the environment as well as the associated opportunities and risks for us as a company. The Sustainability Strategy focuses primarily on environmental and human rights issues in the supply chain and the phase of utilization.



Our ambitions in the area of Environment

We aim to substantially lower our ecological impacts to operate within planetary boundaries. We reduce our greenhouse gas emissions in line with the 1.5 degree climate target of the Paris Climate Agreement, minimize our resource consumption and protect biodiversity.

Accordingly, we have formulated our **near-term science-based climate target (near-term SBT)** and are following a path to reduce greenhouse gas emissions by the end of the 2031/32 financial year in line with the 1.5-degree path.

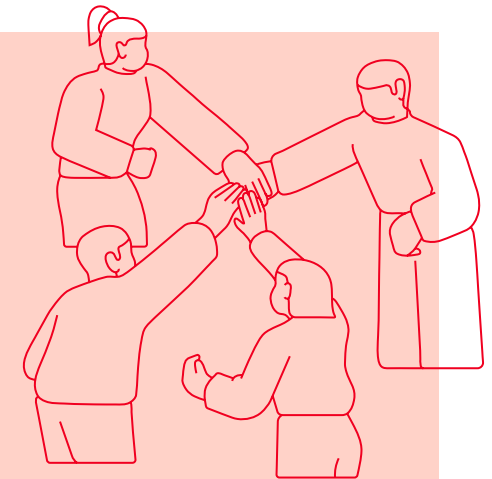
We have also defined ambitions that we are seeking to achieve for our most relevant assortments (textiles, furniture, electronics) by the end of the 2035/36 financial year in the following focus topics:

Eco-Design for Circularity: We largely shift our most relevant assortments (textiles, furniture, electronics) to eco-designed products.

Preferred Materials¹: We shift the materials (fibers, wood, plastics, metals) in our most relevant assortments (textiles, furniture, electronics) to preferred alternatives.

Responsible Products: We constantly increase the share of responsible products in our most relevant assortments (textiles, furniture, electronics).

Circular Business Solutions: We largely offer circular business solutions (reuse, repair or recycling) and constantly increase their implementation for our most relevant assortments (textiles, furniture, electronics).



Our ambitions in the area of Human Rights

We respect human rights and are committed to improving working conditions for people in our supply chains. To fulfil our human rights due diligence, we focus on the key challenges in our supply chains by identifying focus topics and key stakeholders.

Knowledge, resources and learning specific skills are crucial to enable progress and improvement, to prevent human rights violations and to achieve better working conditions for the people in our supply chains in the long term. We promote Capacity Development as a lever for positive change in the lives of workers in our supply chains.

¹ Preferred materials are defined as those that have a lower negative impact on the environment compared to conventional alternatives.



Accordingly, we aim to ensure that the majority of our key stakeholders have participated in Capacity Development on the following relevant human rights topics by the end of the 2035/36 financial year:

Child Free Production, Freely Chosen Employment, Living Wages, Decent Working Hours, Safe Work Environment.

For our focus topics, we have used a risk-based approach to identify three groups of key stakeholders who can directly influence improvements and should therefore participate in capacity development:

1. Our business partners with whom we maintain a direct contractual relationship.
2. Workers in final production facilities in countries with an increased risk of human rights violations.
3. The management in final production facilities whose actions are of great relevance to the workers.

As an internationally active group of companies, we too must and want to fulfil the requirements placed on us with regard to human rights. We do this by complying with laws and regulations and implementing our binding requirements within the framework of our own Otto Group Sustainability Standards.

Our focus topics

Environment

We aim to substantially lower our ecological impacts to operate within planetary boundaries. We reduce our greenhouse gas emissions in line with the 1.5 degree climate target of the Paris Climate Agreement, minimize our resource consumption and protect biodiversity.



Near-term SBT



Eco-Design for Circularity



Preferred Materials



Responsible Products



Circular Business Solutions

Human Rights

We respect human rights and are committed to improving working conditions for people in our supply chains.



Child Free Production



Freely Chosen Employment



Living Wages



Decent Working Hours



Safe Work Environment



Dialog with our stakeholders

The transformation of the economy and society to embrace greater sustainability is not a communal task that one actor can handle alone. This prompts us to work on a variety of initiatives, to communicate regularly with our stakeholders and to collaborate on strategic, long-term sustainability issues with select partners in the business community, government and civil society. Our most important stakeholders include the following groups:

Customers

With their consumption decisions, our customers have a critical impact on the success and future orientation of our business model. We rely on regular “customer insights” and representative trend studies to continuously keep up with our customers’ wishes and needs and to provide appropriate incentives for more sustainable consumption.

Employees

Our employees are the driving force behind our sustainability activities. We support them in building and deepening their sustainability knowledge, for example as part of our onboarding process and through digital learning platforms. In addition, through knowledge-sharing and exchange formats, we create spaces for our employees to develop and actively implement their knowledge and ideas for greater sustainability.

Business partners

Only in close collaboration with our business partners can we overcome social and environmental challenges and achieve measurable improvements for people and the environment. Our guidelines for ethical and ecological production conditions are integral to our business relationships and are communicated in online training courses for our business partners. Social audits, surveys and (anonymous) whistleblower systems help us better understand production conditions of our own and licensed brands and derive effective measures.

Experts

The Otto Group collaborates with partners and experts in the business and scientific communities as well as government and civil society on strategic, long-term sustainability issues. These include non-governmental organizations and market players as well as innovative start-ups and universities. Only collectively can we handle the complex, systematic challenges of the sustainability transformation.

Government

Sustainable business models can only be successful in the long term if there is a regulatory “level playing field.” In the interests of industry-wide dynamics, we work with international institutions and national governments. For example, we are a member of the UN Fashion Industry Charter for Climate Action and have supported the development of a circularity roadmap for the German federal government.

Financial markets

The Otto Group relies on its principal bank for financing and on the issuance of financial instruments to capital market investors. Financial market stakeholders are showing increasing interest in the use of investments to positively influence the sustainability transformation. We are in regular dialog with our banks on sustainability issues and meet the information needs of the financial market through transparent reporting.

Community and partner networks

The conviction that the economy should serve society has been shaping the Otto Group for decades. In our core business and beyond, we want to have a positive impact on the communities around our locations and along our value chain. We exchange views with our stakeholders at events, in training, surveys and during background discussions, and contribute to addressing social challenges with numerous initiatives.



In addition, we are committed to ecological and human rights issues and cooperate with non-profit organizations. Among the key initiatives by our shareholder Prof. Dr. Michael Otto are the Michael Otto Foundation for Environmental Protection (founded in 1993), the Aid by Trade Foundation with its initiatives Cotton made in Africa and The Good Cashmere Standard®, Stiftung KlimaWirtschaft and the Michael Otto Foundation for Sustainability. The pioneering initiatives by the Michael Otto Foundation for Environmental Protection include the Hamburg Forum for Nature Conservation, the AQUA-AGENTEN educational program for primary school pupils, the F.R.A.N.Z. initiative for connecting agriculture and nature conservation – implemented in cooperation with the German Farmers' Association – and the peatland climate protection project toMOORow. In addition, the Otto Group is a signatory of the International Accord for Health and Safety in the Textile and Garment Industry, which has adopted a workplace safety agreement for both Bangladesh and Pakistan. The Otto Group was one of the first signatories of the Pakistan Accord.

Selected memberships, initiatives and partnerships

- B.A.U.M. e.V. – Network for Sustainable Business (member since 1987)
- Michael Otto Foundation for Environmental Protection (established in 1993) with its AQUA-AGENTEN, F.R.A.N.Z., and toMOORow projects (partner since 2021)
- amfori, (incl. amfori BSCI, Business Social Compliance Initiative) (founding member since 2004)
- Aid by Trade Foundation with its Cotton made in Africa initiative (CmiA) and The Good Cashmere Standard® (GCS) (founding member since 2005)
- Textile Exchange (member since 2006)
- Forest Stewardship Council Germany, FSC® (member since 2006)
- German Retail Federation, HDE (member since 2009)
- Stiftung KlimaWirtschaft (initiated by Prof. Dr. Michael Otto and membership since 2011)
- International Accord for Health and Safety in the Textile and Garment Industry Bangladesh & Pakistan (signatory since 2013 and 2023)
- Fur Free Retailer, program run by the organization Vier Pfoten (member since 2014)
- Partnership for Sustainable Textiles (member since 2015)
- Corporate Digital Responsibility (CDR) Initiative by the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection, BMUV (founding member since 2018)
- Fashion for Good (member since 2018)
- Cascale (member since 2018)
- UN Fashion Industry Charter for Climate Action (member since 2018)
- Finlit Foundation (founded in 2019)
- ZukunftsWerte initiative (initiation and member since 2020)
- Save the Children (partner since 2020)
- Leather Working Group (member since 2022)
- Science Based Targets Initiative, SBTi (committed since 2022)
- Michael Otto Foundation for Sustainability (founded in 2023)
- Federal Association for Sustainable Economy e.V. (Member since 2025)

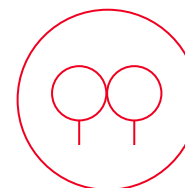
Eco shift

We monitor the impact of our products on the climate, ecosystems and society over their entire life cycle: from the extraction of raw materials, production conditions, material consumption and shipping to use and finally return to the cycle by customers. According to our materiality analysis, we have the greatest impact on ecosystems in the areas of greenhouse gases, pollutants, land use, raw material efficiency and animal welfare – and hence the great potential for improvement. In the Sustainable Materials area, we are taking steps to reduce the environmental impact of the materials we use. In the topic area of Climate, we endeavor to ensure that our goals and activities are in line with the 1.5 degree target of the Paris Climate Agreement. We cooperate with innovative partners to offer our customers the best solutions and to reach our targets for more sustainable materials and climate protection.

Sustainable Materials

We continually strive to be a trusted source of innovative, more sustainable products. In addition to merchandise, non-merchandise, especially packaging and catalogue paper, also play an important role in the Otto Group. We achieve the greatest positive impact in materials at the point of raw material extraction, for example in the cultivation of cotton, and in the manufacturing processes in our supply chains. Accordingly, our strategy starts in the upstream value chain, and we formulate targets for textiles, furniture, packaging and catalogue paper. Wherever we have sufficient data, we evaluate materials based on the results of their Life Cycle Assessment (LCA), i.e., their environmental balance over the entire life cycle, in order to make transparent and data-based decisions. Based on this, we aim to use more sustainable materials in our products – those that have a significantly lower environmental impact according to LCA data, as well as those that have been recycled and hence reduce the use of resources. The use of more sustainable materials is the basis for us to increasingly align our business model with resource efficiency. In the long term, we are aiming for a circular business model – the choice of our materials sets the course for this ambitious goal. We are reducing the

use of conventional raw materials, known as “virgin materials,” while increasing the use of recycled, more sustainable materials that create a valid foundation for circular products and solutions, as well as climate protection.



Transformational goal

We apply more sustainable raw materials in all our products.



Core priority

65 % “preferred fibers” by 2025 while maintaining the 100% sustainable cotton target



Core priority

100% more sustainable wooden furniture by 2025



Core priority

100% more sustainable catalog paper, of which at least 70 % is FSC®certified by 2025.



Core priority

100% more sustainable packaging by 2024

Certificates and standards

We want to ensure that the products we bring to market meet our standards. This is why we make sure that the materials and products we use are, wherever possible, externally certified, for example according to GOTS, FSC®, Blue Angel (Blauer Engel) or EU Ecolabel standards.

In the downstream value chain, we communicate to our customers the benefits of products made with more sustainable materials and encourage them to make more conscious purchasing decisions. To this end, we label products in our stores that meet a relevant sustainability criterion, such as recycled material, and explain why this criterion is met (see [Conscious Customers chapter](#)).

Sustainable packaging solutions

Since 2024, almost all of our own products will reach customers in more sustainable shipping packaging, regardless of their purchasing decision. This means that they contain at least 80 percent verified recycled material. Overall, we were able to increase the share of more sustainable packaging from 94 percent (2023) to 98 percent (2024) in the reporting year. We were therefore on the verge of achieving our goal of using 100 percent more sustainable packaging by the end of 2024. Since the beginning of the 2025/26 financial year, we

Pilot projects for innovative packaging

OTTO is testing shipping packaging made from renewable raw materials in order to reduce the use of conventional packaging materials. We are collaborating with the Hamburg-based start-up Traceless® to develop a shipping pouch made from natural polymers and based on waste materials from food production. As a mono-material, the shipping pouches are completely compostable within a few weeks under natural conditions, thus returning nutrients to the soil. Traceless® material is harmless to humans and the environment as it is completely free of chemicals that are hazardous to health or the environment. The shipping pouches will be live-tested in 2026.

Items with, for example, a size or weight that make them unsuitable for shipping pouches will be dispatched in a cardboard box. OTTO is testing innovative materials to continuously improve on this – including Paludi biomass. It is made from plants that grow on rewetted peatlands. When moors are drained, they release the carbon sequestered in them and cause significant greenhouse gas

emissions. It is therefore important to preserve intact peatlands and rewet dry ones. Aside from the positive climate impact, OTTO is also promoting new, near-natural moorland habitats to increase biodiversity. To transform the Paludi biomass into a stable packaging material, it is mixed with paper fibers that are obtained from responsible and resource-conserving forestry and other controlled sources. In 2024, OTTO launched a pilot project together with its partners Creapaper and Mondi based on a feasibility study by the toMOORow initiative: around 100,000 boxes containing up to ten percent Paludi biomass were tested in shipping and sent on their way to customers in 2024. In its efforts to support moorland rewetting, OTTO has been part of the Alliance of Pioneers since spring 2024. The Alliance of Pioneers is an association of companies that are committed to protecting the climate and biodiversity, the use of renewable, regional raw materials and the valorization of Paludi biomass. This alliance was established by the toMOORow initiative, which was founded by the Michael Otto Environmental Foundation and the Michael Succow Foundation as partners in the Greifswald Mire Centre.

have continued our ambition to use exclusively packaging with at least 80 percent certified recycled material as a binding requirement within the framework of our own Otto Group Sustainability Standards.

We regularly review innovative solutions; for example, OTTO embarked on a collaboration with Wildplastic®, a Hamburg-based startup, in March 2021. “Wild Plastic” is collected, sorted, cleaned and processed into granulate in places without their own recycling structures – such as Nigeria, Indonesia or India. It is used, among other things, as a raw material for shipping bags at OTTO. The Group company switched all OTTO shipping bags to Wildplastic® at the end of 2023.

Textiles

We use so-called “preferred fibers” in our textiles, i.e., fibers with a lower negative impact on the environment compared to conventional alternatives. In the Otto Group these primarily include organic and recycled fibers such as Tencel™ Lyocell and Lenzing Ecovero. What is more, we have adopted the goal of using 100 percent sustainable cotton in our own and licensed brands, including organic cotton, recycled cotton, Cotton made in Africa (CmiA) and CmiA cotton in transition¹. We have managed to increase the share of preferred fibers from 59 percent (2023) to 66 percent (2024). This means that we have already achieved our target of 65 percent preferred textile fibers by the end

Traceable Cotton

The Otto Group already uses 98 percent more sustainable cotton in our own and licensed brands. Aside from organic and recycled cotton, this currently includes cotton that has been processed according to the principle of mass balancing and certified in accordance with the internationally recognized Cotton made in Africa (CmiA) standard. This principle of mass balancing means that the cotton can be traced from the field to the spinning mill, where it may be mixed with cotton from other sources during processing. The key to further processing at the spinning mill is to balance the amount of CmiA cotton purchased with the amount of yarn sold as CmiA.

Traceable cotton is becoming increasingly important due to the rising demands for transparency in the supply chain. In order to meet the requirements for traceability and transparency, the Aid by Trade

Foundation has, with the participation of the Otto Group, developed an updated version of the CmiA-HIP standard (HIP = hard identity preserved), which provides improved certainty in the use and marketing of Cotton made in Africa. CmiA HIP specifies that the CmiA cotton used in a textile product must be traceable and cannot be mixed with other cotton, which would otherwise be permissible for cotton that is processed according to the principle of mass balancing. The updated CmiA-HIP standard has been available since 2025 and contains specifications for production, documentation and supplier audits.

Some of our Group companies have already defined their own ambitions for “traceable cotton”. Bonprix, for example, aims to increase the proportion of this cotton to 25 percent in its own brands by the end of 2025. Besides CmiA-HIP cotton, this also includes organic cotton that is certified according to the GOTS and OCS standards.

of 2025 ahead of schedule. Our revised Sustainability Strategy (see “Our Sustainability Strategy since March 2025”) has been in place since the start of the new financial year in March 2025, with which we are continuing to pursue our objectives. We shift the fibers in our textiles and furniture to preferred alternatives by the end of the 2035/36 financial year.

Animal welfare

We are committed to ensuring that livestock from which the animal materials in our merchandise originate are treated in an ethically justifiable manner. We comply with applicable national and international conventions for our animal welfare-related products. We do

¹ Cotton in transition is grown on former conventionally farmed land in accordance with the GOTS and OCS organic standards, but is not yet fully labeled as such. The transition period is two to three years.

not permit the use of products or components from endangered species and are continuously developing our approaches in collaboration with relevant stakeholders. With the adoption of binding and ambitious animal welfare standards, we have further specified our goals. By 2024, only leather and hides from selected domesticated species (cattle, buffalo, sheep, pig, yak and goat) will be allowed. By 2028, down, feathers and wool must be certified according to a recycling or animal welfare standard accepted by the Otto Group. These regulations apply to all products sold by the Otto Group.

Wooden furniture and catalogue paper

We use certified wood and pay particular attention to the FSC® standard in the area of wooden furniture and catalogue paper. The availability of FSC®-certified wood varies greatly around the factories operated by the furniture suppliers. This is why we have been accepting other recognized certificates for wooden furniture since 2023, including the EU Ecolabel, the Blue Angel (Blauer Engel) or the Nordic Swan Ecolabel. OTTO actively advises its furniture suppliers on how to adapt their processes and products to meet the requirements of the respective seals. The proportion of certified wooden furniture has risen from 83 percent (2023) to 90 percent (2024). This means that we have, to a large extent, already achieved our target of 100 percent more sustainable wooden furniture by the end of 2025 ahead of schedule. Our revised Sustainability Strategy (see “Our Sustainability Strategy since March 2025”),

which is intended to continue increasing the proportion of more sustainable wooden furniture, came into effect in March 2025, at the start of the new financial year. We aim to use exclusively certified wood in furniture by the end of the 2035/36 financial year.

Aside from expanding certification and supporting our furniture suppliers, our intention is also to establish collaborative projects that ensure more stable access to certified wood. We have been supporting forest owners in the Franconia region in a joint pilot project with FSC® Germany to have their forests certified according to the FSC standard. Around 9,800 hectares were certi-

fied according to the FSC standard in 2023. The group of forest owners experienced growth in the reporting year and will provide inspiration for other collaborations in the sector.

The proportion of more sustainable catalogue paper rose from 94 percent (2023) to 96 percent (2024). We are therefore on the verge of having achieved our goal of using 100 percent more sustainable catalogue paper by the end of 2025. Our intention is to uphold this claim as a binding requirement within our own Otto Group Sustainability Standards.

Sustainable materials: Our goals

	Actual 2023	Actual 2024	Target value
Preferred Fibers ¹ , of which 100% more sustainable cotton ²	59%	66%	65% (by 2025)
More sustainable wooden furniture ³ (products offered)	83% ⁴	90% ⁵	100% (by 2025)
More sustainable catalogue paper	94%	96%	100% (by 2025)
More sustainable packaging	94%	98%	100% (by 2024)

¹ Our portfolio defines “Preferred Fibers” as those that have a lower impact on the environment compared to conventional fibers in the same fiber category. These include, for example, Cotton made in Africa, recycled and organic cotton compared to conventional cotton, recycled synthetic fibers compared to conventional synthetic fibers and animal fibers that pay particular attention to animal welfare.

² The proportion of more sustainable cotton in 2024 was 98%.

³ The Otto Group has accepted the following certifications in addition to FSC® since 2023: EU Ecolabel, Blue Angel (Blauer Engel) and Nordic Swan Ecolabel.

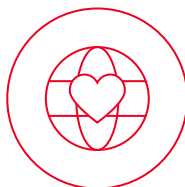
⁴ Equivalent to 62% of the volume of wood sold in tons.

⁵ Equivalent to 75% of the volume of wood sold in tons.

Climate

The Otto Group has pursued the goal of reconciling its business activities with climate protection for decades. The climate crisis has worsened and is the most urgent challenge of our time. Stakeholders from society and government rightly expect companies like the Otto Group to contribute to its mitigation. Furthermore, climate protection has long had an economic significance as well: Potential increases in the cost of raw materials, higher CO₂ prices or the risk of losing licenses from our key suppliers, for example in the event of environmental damage caused by extreme weather events, pose financial risks.

We want to ensure that our goals and activities are in line with the 1.5 degree target of the Paris Climate Agreement. This has prompted us to develop an ambitious and holistic near-term science-based target (SBT) encompassing our entire value chain. We want to achieve our climate goals by consistently avoiding and lowering emissions. No offsetting projects have been recognized for the achievement of our near-term SBT.



Transformational goal

We aim to achieve net zero emissions across our entire value chain by 2045, going beyond our near-term SBT.

Our near-term SBT¹ is divided into three sub-targets:



Sub-target 1:

Absolute scope 1 and 2 GHG emission reduction by 42 % by the end of the financial year 2030/31 compared to the financial year 2021/22



Sub-target 2 (Supplier Engagement):

At least 75 % of the third-party brands and 20 % of the marketplace partners by spend covering purchased goods and services set science-based target by the end of the 2027/28 financial year.



Sub-target 3:

Absolute reduction in Scope 3 GHG emissions by 42 % by the end of the financial year 2031/32 compared to the financial year 2021/22

¹ The official target formulation can be found on the [SBTi website](#).

How we endeavor to achieve our net-zero target

Our commitment to climate protection is intended not only to contribute to achieving the near-term SBT sub-targets we have already adopted, but also to extend beyond the defined timeframe. We are therefore already working hard on defining a net-zero target for 2045 and the steps required to attain this goal. In doing so, our aim is to embody our own claim to credible and long-term climate protection and make a contribution to the German government's climate target.

We are guided by the definition of net-zero emissions as issued by the Science Based Targets Initiative (SBTi). Reducing GHG emissions is the top priority here. All remaining emissions must be permanently neutralized. This means that companies must take measures to remove greenhouse gases from the atmosphere and sequester them permanently in order to offset the effects of unreduced emissions. The following currently applies: Companies are only permitted to neutralize up to ten percent of their GHG emissions. In addition, the SBTi encourages companies to look beyond their value chain and take additional measures to reduce emissions, supporting the societal and international effort to drastically reduce GHG emissions to net zero. We regularly inform our stakeholders about our progress in formulating a net-zero target, for example in our annual report.



What is a near-term science-based target?

Science-based targets (SBTs) are targets for reducing greenhouse gas emissions in line with the degree of decarbonization required by the Intergovernmental Panel on Climate Change (IPCC) to limit global warming to 1.5 degrees. The targets are reviewed by the Science Based Targets Initiative (SBTi). The SBTi's assessment is based on current scientific knowledge.

We based the development of our climate targets on the Greenhouse Gas Protocol (GHG Protocol). This sets out a global and standardized framework for measuring and managing greenhouse gas emissions (GHG emissions) from the private and public sectors. The GHG Protocol divides greenhouse gas emissions into three categories, which we considered in developing our SBT:

Scope 1 emissions refer to direct emissions from company-owned and controlled resources, such as process emissions, company-owned electricity and heat generation, and vehicle fleets.

Scope 2 emissions are indirect emissions from purchased energy, such as electricity, steam, district heating or cooling.

Scope 3 emissions refer to indirect emissions within the value chain over which the company has no direct control, such as electricity consumption during production or during the use phase of products sold.

Our near-term SBT adheres to the definition of SBTi and address a time horizon of five to ten years.

Sub-target 1: Absolute scope 1 and 2 GHG emission reduction by 42% by the end of the 2030/31 financial year (compared to the 2021/22 financial year)

We can directly influence the development of greenhouse gas emissions in our own operations. This enables us to manage Scope 1 and Scope 2 emissions reliably. Decarbonization at our sites is primarily achieved by switching to electricity from renewable sources. At present, the Otto Group's share of green electricity is 72 percent at its global locations. We have also been harnessing the potential of our own locations, equipping them with photovoltaic systems or combined heat and power plants and using geothermal energy, for example, and by implementing extensive energy-efficiency measures. At the end of the 2024/25 financial year, we have achieved a reduction of 57 percent compared to the 2021/22 financial year.

Sub-target 2 (Supplier Engagement): At least 75 % of the third-party brands and 20 % of the marketplace partners by spend covering purchased goods and services set science-based target by the end of the 2027/28 financial year

Unlike with our own brands, we are unable to influence the supply chains of our marketplace partners and third-party brands. This has prompted us to define a supplier engagement target. We are therefore committed to closer collaboration with actors that have adopted their own science-based target. This means

Our near-term science-based target

Total GHG emissions in the base year (2021/22 financial year) amount to approximately 9.6 million metric tons. The lion's share, so almost 95 percent, comes from merchandise production in the upstream supply chain, transportation and the phase of product utilization by

customers. These actionable areas are therefore of vital importance for achieving our near-term SBT. During the reporting year, we rolled out the SBT approach across the Group and worked with the key Group companies OTTO, Bonprix, Hermes Germany, Crate and Barrel Group and the Witt Group to design measures to achieve the targets.

that they demonstrate the same commitment to high standards in their supply chains as we do in our own brand business. We encourage and support our third-party brands and marketplace partners on this path and, in the financial year 2024/25, we aimed for the first time based on a simplified aggregated logic that at least 50 percent by spend, will have set their own validated SBT by the end of the financial year 2027/28. At present, 28 percent of our third-party brands and marketplace partners have defined their own SBT. Starting from the financial year 2025/26, we will report separately for third-party brands (target value 75 percent) and marketplace partners (target value 20 percent).

Sub-target 3: Absolute reduction in Scope 3 GHG emissions by 42% by the end of the 2031/32 financial year (compared to 2021/22 financial year)

In order to achieve our near-term SBT, we are placing our main focus on improving the energy efficiency of production processes in the upstream supply chain and promoting the use of renewable energies for our own brands. Given that we can only exert indirect influence on the upstream supply chain, implementing reduction measures in this area is more challenging than climate protection in our own operations. It can only be achieved in close cooperation with our business partners. We have therefore embraced a collaborative approach to

help our business partners in the upstream supply chain improve their carbon footprint. Like with the logging of other environmental impacts in the supply chains, we rely on Cascale's HIGG-FEM tool, for example, which enables standardized measurement of a facility's environmental performance (see [Supply Chain chapter](#)). In addition, we use the Ren Energy digital platform, which enables us to map our global supply chain and analyze the renewable energy options available to individual suppliers in order to determine the total cost of transitioning. With the support of Ren Energy, we are able to promote renewable energy among our suppliers as a means of achieving our near-term SBT. Moreover, we are using projects such as Scalezero and Clean by Design to test a variety of approaches and obtaining important insights for a more systematic approach to our reduction initiatives in the supply chain. We are also working with OTTO, Bonprix, the Witt Group, Otto International and Systain Consulting in our Supplier Cluster program to promote the use of renewable energies in our supply chain. As a first step, we conducted a thorough analysis of available data on our strategically relevant suppliers, including information on energy consumption, production steps and the country in which the facilities are located. In 2025, we will engage in even closer dialog with our strategically relevant suppliers in Bangladesh to support them on their way to implementing renewable energies at their locations. We are also dovetailing

our climate activities more closely with the topic areas of Sustainable Materials (see [Sustainable Materials chapter](#)) and Circularity (see [Circularity chapter](#)). This will also require a concerted effort to achieve our ambitious climate targets, for example in the selection of materials.

We are also working on switching the transportation of goods from air to rail and ship. For example, OTTO has already reduced the share of air freight to less than two percent. OTTO works with the innovative partner Good-Shipping, which uses a biofuel mix from various waste streams, such as used cooking oil and fats from food production, instead of heavy fuel oil to power container ships. Doing so would lower GHG emissions by around 80 percent compared to heavy fuel oil and, unlike heavy fuel oil, produces virtually no harmful air pollutants.

There is also potential for climate action in our downstream value chain. By delivering goods to our customers with low or even zero emissions at local level, we are helping to reduce particulate pollution in cities and hence protecting the environment and health. One of the core measures at Hermes Germany, for example, involves transforming the structure of last mile deliveries toward local, emission-free delivery in 80 major German city centers by the end of 2025. Today, Hermes Germany can already make doorstep

deliveries to more than one in ten people across Germany, without producing any local carbon emissions. Hermes Germany is also working intensively on alternative drive technologies in the field of heavy goods transport – on the so-called long haul – and is testing their suitability in everyday logistics. In addition to several e-trucks, Hermes Germany has operated a hydrogen truck since the beginning of 2024. A 48-month trial period has been set to test the fuel cell drive for suitability in everyday logistics operations. The vehicle is funded by the Federal Ministry for Digital and Transport (Bundesministerium für Digitales und Verkehr, BMDV) as part of the National Innovation Programme Hydrogen and Fuel Cell Technology (Nationales Innovationsprogramm Wasserstoff- und Brennstoffzellentechnologie, NIP).

A relevant proportion of our Scope 3 emissions are also generated during the utilization phase at our customers' premises. We wish to adopt specific measures to address these emissions and hence, for example, increase the energy efficiency of electrical appliances. We also want to help our customers switch to green electricity when they use our electrical equipment.

By the end of the 2024/25 financial year, we have achieved a 16 percent reduction in Scope 3 greenhouse gas emissions compared to the 2021/22 financial year.

Climate protection projects in the supply chain

In 2023/24, we launched a pilot project with eight facilities in Bangladesh as part of Scalezero. We helped the facilities to independently develop, prioritize and implement energy efficiency, energy management and renewable energy measures, and connected them with appropriate local service providers. The aim was to prepare a bespoke action plan and to provide the facilities with regular support in the concrete implementation of measures. Motion detectors and daylight sensors were installed in the facilities during the reporting year, where they are used for the lighting system. More energy-efficient servomotors were also installed in the sewing machines. In addition, a 4.2 megawatt photovoltaic system was installed at one facility, which has the potential to cover up to 30 percent of its electricity consumption.

The "Clean by Design" pilot project is an established training program on energy and water efficiency in the textile supply chains that we are working on together with the Apparel Impact Institute. Since 2023, we have supported facilities over a period of 14 months by providing training courses and on-site training on energy management and process optimization, among other things. The goal was to establish proven best practices in the production process and quantifiably reduce the environmental impact. In the reporting year, we successfully completed the project in Chittagong, Bangladesh, and achieved progress in increasing energy efficiency and resource conservation. Improved condensate recovery in optimized boiler systems was among the measures that achieved this goal. Moreover, measures such as heat recovery and the reuse of process water enable the integration of waste heat and water into the production process in order to conserve resources.



	2021/22 base year	2024/25 financial year		
	Absolute emissions in tCO ₂ e	Absolute emissions in tCO ₂ e	Percentage change compared to the 2021/22 base year	Target value
Sub-target 1: Absolute scope 1 and 2 greenhouse gas emission ¹ reduction by 42% by the end of the financial year 2030/31 (compared to financial year 2021/22)	236,107	102,306	- 57%	- 42% (by the end of the 2030/31 financial year)
Sub-target 3: Absolute reduction in scope 3 greenhouse gas emissions ² by 42% by the end of the financial year 2031/32 (compared to financial year 2021/22)	7,173,678	6,004,778	- 16%	- 42% (by the end of the 2031/32 financial year)
	Percentage of marketplace and third-party brand partners with their own SBT in the 2024/25 financial year			Target value
Sub-target 2 Supplier Engagement (until the end of the financial year 2024/25): At least 50% third-party brands and marketplace partners by spend covering purchased goods and services set science-based target by the end of the financial year 2027/28 ³ .		28%		50% (by the end of the 2027/28 financial year)

¹ Taking into account the operational control approach. Scope 2 greenhouse gas emissions using the market-based approach.

² Taking into account the operational control approach. The following Scope 3 categories were identified as material and are therefore integrated into sub-target 3 and the emissions calculated in this regard: 3.1, 3.3, 3.4, 3.6, 3.7, 3.11, 3.12. Here, only GHG emissions from own and licensed brands are included under 3.1. Scaling was based on secondary data to ensure the completeness of the Otto Group's retail volume, among other things.

³ Starting from the financial year 2025/26, we will report separately for third-party brands (target value 75 %) and marketplace partners (target value 20 %).

Disclosing climate impact

Also in 2024, we published our reporting in accordance with the requirements of the Carbon Disclosure Project (CDP) and were again awarded an overall score of B. By publishing this report, we are fulfilling our commitment as a member of the UN Fashion Industry Charter for Climate Action, in which the Otto Group has been particularly committed to greenhouse gas management in the supply chain in recent years and the past financial year.

We are also committed to natural climate protection

Wet peatlands contribute significantly to climate protection and preserve unique plant and animal species. They also play an important role in the natural water balance and serve as effective natural flood control areas. They can also be managed in an environmentally friendly way. The goal of "toMOORow" is to utilize these diverse properties of peatlands for climate protection and the promotion of biodiversity, as well as for the economy. The initiative was established by the Michael Otto Foundation for Environmental Protection in collaboration with the

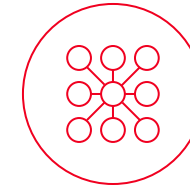
Michael Succow Foundation, a partner in the Greifswald Mire Centre. The aim is to engage in systematic rewetting to create functional peatland landscapes that are capable of permanent carbon sequestration. In addition, the peatland areas are to be sustainably wet farmed (so-called paludiculture, see "Pilot projects for innovative packaging") in order to generate biomass for value chains going forward. The Otto Group and its Group companies OTTO, Bonprix, the Witt Group, Baur Group, Hermes Germany and Systain Consulting are providing long-term support for the project to further the cause of climate and nature protection through specific contributions.

Business shift

The Otto Group is committed to taking responsibility for people and the environment that goes for our own locations and the upstream and downstream supply chains. Ensuring respect for human rights is a core part of our business practices. We are also aware that natural resources are finite and hence approach these topics with a due sense of care. Cooperating with business partners and supply chain facilities, we are determined to consistently align the business models of the Otto Group in a socially responsible, environmentally compatible and largely circular way and achieve measurable changes in these areas. This includes actively shaping the digital transformation and the associated opportunities and challenges for society.

Supply Chain

We at the Otto Group strive to take responsibility for people and the environment in our own operations, towards our customers, and in the supply chains. In addition to complying with legal requirements, we want to aspire that the products we sell are produced in a socially responsible and resource-efficient manner while respecting human rights. The upstream supply chain for our own and licensed brands presents the most serious risks in terms of environmental issues and respect for human rights. Here, we also have opportunities to exert influence and drive improvements. Our approach is a continuous process in which we gradually improve our environmental and social performance in close collaboration with our business partners and stakeholders along the supply chain. To do this, we continually increase transparency in regards to our complex supply chains to gain a better understanding of the facilities and the working and production conditions on site. Our measures build on ten key social and environmental issues that we identified as part of the materiality analysis. To make developments more evident, we support our requirements with measurable indicators.



Transformational goal

We continuously improve the social and environmental performance together with the facilities in our supply chains.



Core priority

Identification of all facilities in our brands' supply chains – from the raw material to the finished products¹



Core priority

Information about social and ecological production conditions is shared with us by the facilities in our supply chains.



Core priority

Continuous improvement on identified focus topics among the facilities in our supply chains.

¹ Refers to facilities involved in the manufacture of our products (except for well-known third-party brands).



Performance improvement along the supply chain: Our priorities

Social priorities



Living Wage
All workers receive a living wage.



Safe Work Environments
All workers are under safe and healthy working conditions.



Freely Chosen Employment
All workers are under free choice of employment.



Child Free Production
Only workers above the minimum age are involved in the production/processing.



Freedom of Association and Collective Bargaining
All workers enjoy the right to freedom of peaceful assembly and association, including the right to form and join trade unions and to bargain collectively.



Decent Working Hours
Excessive overtime is reduced to a minimum.

Ecological priorities



Climate and Energy Efficiency
Energy efficiency and the use of renewable energies are increased.



Water Efficiency
The use of incoming water is reduced to a minimum.



Non-Hazardous Chemicals
The use of hazardous chemicals is decreased to a minimum.



Resource Efficiency (Waste)
Resource efficiency is increased and waste reduced to a minimum.

The supply chain as a key

In the topic area Supply Chain, our environmental focus is on the Otto Group's climate targets, which have reached a hitherto unparalleled level of ambition and commitment with the adoption of a near-term science-based target (see [Climate chapter](#)). In particular, we will achieve our near-term SBT by implementing sweeping measures in the upstream supply chain, which we design, pilot and scale in cooperation with our partners. For example, we initiated the Scalezero and Clean by Design climate protection projects (see [Climate chapter](#)) to deliver bespoke support in the development and implementation of energy efficiency and solar energy measures to textile facilities in Bangladesh, China and India. Moreover, we are continuously working on the continued development of our measures in the areas of chemicals, water, raw materials and waste.

Our focus in the area of social issues remains on safeguarding children's rights, among other things. Together with the experts, we are systematically working on the ground to combat child labor and promote family-friendly working conditions in the final production facilities. In the reporting year, we continued our cooperation with the children's rights organization Save the Children and worked with them and the Centre for Child Rights and Business to support children, working parents and family-friendly workplaces in Turkey and Bangladesh.

The WeCare program is the centerpiece of our partnership, which aims to maximize the family-friendliness of workplaces at Otto Group suppliers. One example from within the program is the introduction of safe breastfeeding rooms for mothers and children in the facilities. This is necessary because local mothers usually return to work quickly after giving birth and face difficulties to reconcile nursing their babies with working hours. In many cases they will be forced to give up working, which leads to financial difficulties. The program also provided training to parents, especially to those who relocated within the country for their jobs and are unable to see their families on a regular basis. The PhotoVoice training course encouraged parents to use digital tools such as photos and videos to maintain contact with their children at home.

Memberships and initiatives

To obtain specific improvements, we rely on a collaborative approach that includes key facilities in our supply chains. Our social commitment is primarily demonstrated by our membership in the International Accord for Health and Safety in the Textile and Garment Industry (Bangladesh and Pakistan) and the amfori BSCI initiative.

With regard to our ecological priorities, we work with the UN Fashion Industry Charter for Climate Action and Cascale, among others. This cross-sector and cross-national engagement is used not only so we can improve our own performance, but also to make a contribution to an industry-wide dynamic.

Social audits and training

We use social audits to gain insight into the conditions at local final production facilities. The social audits are a basic condition for collaboration and must have been obtained for risk countries (according to amfori BSCI Country Risk Classification) as valid proof during production of the Otto Group's own brands. This includes the SA8000 certificate, an amfori BSCI audit (at least result "C") or our own standard, the Otto Group Assessment. We are keen to help our business partners and supply chain facilities in improving local working conditions. To do so, we publish a wide range of information online for our partners to access on the subject of human rights due diligence and the German Supply Chain Due Diligence Act (LkSG). We also developed a video-based online learning path on the topic of Child Free Production in 2024. It is accessible to all employees within the Otto Group and is intended to raise awareness of the issue and sensitize employees in their dealings with business partners and supply chain facilities.

Knowledge, resources and the acquisition of certain skills are critical to making progress and enabling improvements that prevent human rights abuses and achieve long-term positive outcomes for people in our supply chains. Our revised Sustainability Strategy came into force (see "Our Sustainability Strategy since March 2025") at the beginning of the financial year in March 2025. It will be used to continue to promote further capacity development as a lever for positive change in the lives of workers in our supply chains. We want to involve the majority of our key stakeholders in further

capacity development on relevant human rights issues by the end of the 2035/36 financial year: Child Free Production, Freely Chosen Employment, Living Wages, Decent Working Hours, Safe Work Environment.

From compliance to performance

We continued to expand the availability and quality of information about our supply chains in 2024. We also fall back on external sources and use data, for example, from the Higg Facility Environmental Module (HIGG-FEM) by Cascale and The BHive® app for digital chemical management in the textile industry.

Our accredited social audits also yield relevant information in this regard. Furthermore, the children's rights organization Save the Children provides us with information on children's rights risks in our production countries. In 2024, we continued programs to strengthen families in Bangladesh and Turkey in cooperation with Save the Children and its subsidiary The Centre for Child Rights and Business. As part of the International Accord for Health and Safety in the Textile and Garment Industry, we also provide occupational safety training to all employees of our final production manufacturers in Bangladesh and, since 2023, Pakistan.

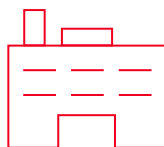
The BHive® project made an effective contribution to our environmental goals in the reporting year. The eponymous app used by some Group companies digitizes chemicals management at the facility level. Its aim is to acquire an overview of the chemicals used, replace hazardous substances and contribute to a

more conscious, environmentally friendly and resource-efficient approach. After a pilot phase with around 35 facilities in 2021, we were able to expand the app to 106 facilities in 2023. We used The BHive® at 126 facilities in 2024.

Supply chain transparency

We look beyond our final production facilities to increase transparency about the actors in our supply chains as the foundation of our activities. This is how we continuously expand our information about social and environmental production conditions. In risk countries, we know almost 100 percent of our final production facilities. We also managed to identify 3,542 previously unknown actors in our supply chains in 2024 (2023: 10,172).

From the 2025/26 financial year, we will continue to pursue our goal of identifying all actors in the supply chains for our own brands, from raw materials to the finished product, as a binding requirement of our own Otto Group Sustainability Standards (see “Our Sustainability Strategy since March 2025”).



We identified

3,542¹

additional facilities in our supply chains in 2024.

¹ Newly identified supply chain facilities in addition to those already known (procedural count)

Complaint mechanisms

To identify and respond appropriately to potential violations of human rights in the supply chains, we have participated in external complaint mechanisms such as the amfori initiative or the International Accord for years. Like other companies, we benefit from synergy effects by using these established complaints mechanisms. For example, doing so reduces the workload required in facilities to educate employees about various mechanisms. It also pools company resources for investigating reports and taking remedial action.

The Otto Group has also maintained its own whistleblower system entitled SpeakUp. It is available in over 30 languages and provides countries and production sites their own whistleblower system where no external

complaints system has yet been established. The portal is a secure reporting channel for all employees and stakeholders that can be used anonymously, ensuring the highest level of protection for whistleblowers and sensitive data. Each incoming report undergoes a multi-stage review by designated experts. An independent ombudsperson offers internal and external stakeholders another opportunity to contact the Otto Group confidentially.

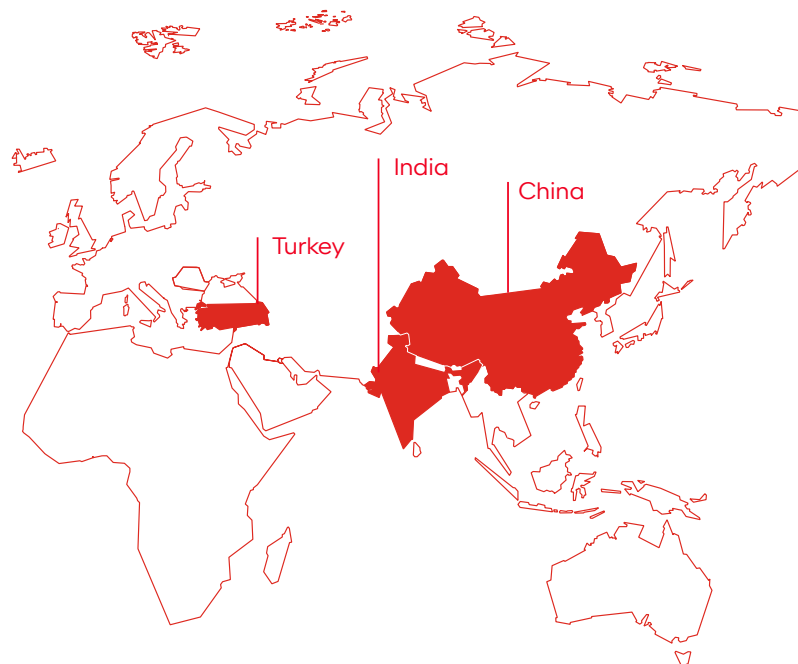
In the reporting year, we received 33 reports via all channels (as of 04/10/2025) of potential violations in our supply chains relating to the following topics: prohibition of forced labor and all forms of slavery; disregard for occupational health and safety and work-related health hazards; disregard for freedom of association; prohibition of unequal treatment in employment; prohibition of withholding a living wage; other human rights or environmental violations. We regard the receipt of reports as a positive sign that our complaints mechanisms are working, and we carefully follow up each of these reports. They are systematically recorded and evaluated individually by our experts and investigated in collaboration with the relevant stakeholders. Necessary actions or measures are then derived, their implementation monitored and systematically followed up.

The Supply Chain Due Diligence Act

Our approach to human rights is aligned with the requirements of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG). At the beginning of 2024, companies with 1,000 employees in Germany will be required to reasonably comply with human rights and certain environmental due diligence obligations in their supply chains. In the Otto Group, these include the Group companies OTTO, Hermes Germany, Hermes Fulfilment, the Witt Group, Baur, Bonprix and Baur Hermes Fulfilment. The Group companies independently publish a human rights declaration and, on a voluntary basis, a supply chain due diligence report on their websites.

Systematically identifying and minimizing human rights risks is not a voluntary matter. We manage sustainability according to the principle of materiality and will continue to ask ourselves the following question moving forward: Where do we, as the Otto Group, have the greatest influence and need for action to mitigate the risks for people in our supply chains and continuously improve working conditions?

Our main sourcing countries

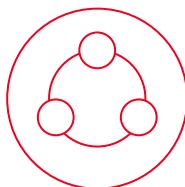


Final production facilities are taken into consideration that are located in risk countries according to the amfori BSCI categorization. The Otto Group also produces in low-risk countries, such as EU member states.

As of: April 2025,
for more information, visit
<https://www.ottogroup.com/en/nachhaltigkeit/lieferkette-karte.php>

Circularity

Besides consistent climate protection, circularity is the only plausible answer to the question of how our economic model can function within planetary boundaries while maintaining the stability of ecosystems and human livelihoods. To keep materials and products in circulation for as long as possible through circular design, appropriate usage models, such as second-hand or repair and recycling options, we look at the entire value chain. In joint projects with our Group companies and partners in the business community, academia and civil society, we are continuously working to test and gradually implement circularity principles and solutions. Quick success cannot be achieved in all areas of the value chain. This makes it all the more important to learn from the challenges and set the necessary course to advance forward-looking ideas.



Transformational goal

We incorporate circular principles and ensure circularity in our business models.



Core priority

Circular solutions implemented for 18 million products in 2024

On the path to a circular business model

We have measured the number of circular solutions for our products since 2023 to check the effectiveness of our measures and to monitor the progress on our way to a circular business model. Included in this, for example, are products containing recycled materials, circular product design, second-hand products sales, repairs completed and recycling solutions. We managed to increase the number of product solutions implemented from 15.6 million in the previous year to 22.7 million in 2024. Most of this performance indicator and the increase achieved relative to the previous year originate from the use of secondary materials in products.

Our revised Sustainability Strategy (see “Our Sustainability Strategy since March 2025”) has been in place since the start of the 2025/26 financial year and is intended, by defining two additional ambitions, to continue advancing implementation of circular solutions by the end of the 2035/36 financial year. We largely shift our most relevant assortments (textiles, furniture, electronics) to eco-designed products. Moreover, we largely offer circular business solutions (reuse, repair or recycling) and constantly increase their implementation for our most relevant assortments (textiles, furniture, electronics).

Circular collections

The driving force behind our measures and activities in the Circularity area consists of the Otto Group companies, which are already implementing specific solutions. OTTO launched what was already its fourth Circular Collection in cooperation with circular.fashion in 2024. Each item of clothing in the Circular Collection fulfills the circular design criteria of circular.fashion and has a digital product passport in the form of a QR code – known as the circularity.ID – which contains information on the material, production and the correct return channel. Customers can therefore access the relevant information, while used textile sorting businesses can later identify the clothing and its components precisely in order to prepare it for further use or recycling –

depending on the item's condition. In this way, instead of textile waste, new raw materials are created that can be used for new garments and thus remain in the cycle.

Bonprix also launched two additional circular collections in the reporting year based on circular.fashion's circular design criteria, which define strict recyclability and durability requirements. The spring collection focused on durable styles in new shapes and a wide range of colors. In addition, more sustainable viscose and lyocell were used for the first time in the shirts, pants, dresses and windbreakers. In the fall/winter collection, knitted dresses, skirts, sweaters, a cardigan and accessories such as hats and scarves were made from modern knitted shapes with organic cotton in transition².

Buying and selling used clothing on Limango

Limango customers in Germany can access an online second-hand store to resell the products they have purchased from Limango to other customers and hence extend the useful life of items. Launched in the past financial year, the store is under constant development and has been warmly welcomed by customers, with an average of more than 10,000 second-hand items currently on offer.

Take-back systems

Functioning take-back systems are essential in the circular economy, which is why OTTO offers the collection of used textiles from customers as part of the non-profit initiative "Platz schaffen mit Herz" (Creating space with heart). The proceeds from selling the second-hand clothes go towards supporting charitable organizations all over the world. Bonprix has also offered customers in Austria a free take-back system since 2024. Clothes in good condition can therefore be reused and the rest recycled.

In addition, the Otto Group recycled more than 46,500 tons of used electronic equipment that we took back from customers in the calendar year. More than 236,000 refrigerators and freezers were decontaminated by our "WEEELABEX"-certified disposal partners in Germany and remanufactured into high-quality products. This makes an important contribution to climate protection, as no greenhouse gases such as chlorofluorocarbons (CFCs) and hydrofluorocarbons (HFCs) are released into the environment during the recycling process. This makes the Otto Group one of the few companies in Germany to place such high demands on recycling – a commitment that is also recognized by third parties.

Progress, step by step

We will also continue to take a learning and collaborative approach in the future. We want to be part of a transformative process and create solutions that work for manufacturers, retailers, customers and recyclers alike. With our experience and established repair, take-back and recycling services, we are able to respond quickly to new regulatory and technological developments.

The "Sorting for Circularity" project harnesses artificial intelligence (AI) to support the use of automated sorting technologies as part of our membership of the "Fashion for Good" initiative. This will optimize workflows in large-scale sorting operations for reusable textiles, increase circularity and reduce the burden on waste management in the export countries. In addition, the "Closing the Footwear Loop" project was launched in early 2025. It focuses on the use of sustainable alternatives for footwear materials, the definition of circular design criteria and the optimization of take-back logistics for the reuse and recycling of shoes.

² Cotton in transition is grown on former conventionally farmed land in accordance with the GOTS and OCS organic standards, but is not yet fully labeled as such. The transition period is two to three years.



In addition, at the beginning of 2024, the Otto Group Holding, together with Bonprix and OTTO, joined the project "Implementing Circularity in the Textile Industry" of the Partnership for Sustainable Textiles, the German Society for International Cooperation (GIZ) and the company circular.fashion to promote the integration of circular processes in the supply chain. Training courses were held with suppliers in Bangladesh during the reporting year. What is more, tests were conducted in cooperation with other fashion companies as well as sorters and recyclers to ensure full textile circularity in Germany – using capsule collections that are recyclable and equipped with digital product passports.

In the electronics segment, the Otto Group Holding has been a program partner in the CiCEL 2.0 program by Circularity e.V. since November 2024. Given that the use of consumer electronics is associated with a considerable resource consumption and highly complex waste generation, the project aims to collaborate with actors along the entire value chain to develop solutions that optimize repairs and the recycling of old appliances.

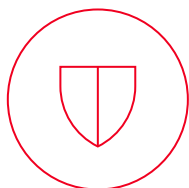
We also want our actions to have an impact beyond the Otto Group as the implementation of a successful circularity concept will hinge on industry-wide change. Sponsored by the Otto Group in 2023, a study by the World Wide Fund for Nature (WWF) on a circular economy in Germany made a vital contribution to political discourse on the National Circular Economy Strategy adopted by the German government in December 2024. Measures can also be derived for the Otto Group's business model in conjunction with the anticipated EU regulations – also on take-back systems and the design of products. This includes, for example, the scaling of recyclable products, the promotion of circular solutions such as second-hand, repair and recycling or, in the long term, the development of a reduction target for resources.

Digital Responsibility

Digital technologies and solutions are important throughout our entire value chain. This applies to the extraction of resources, their use and disposal, and the recycling of our products, as well as the daily work of our employees. Digitization is fundamentally changing the way we live and work. It creates new opportunities for participation, design and transparency, but the rapid pace of change also brings challenges. Our understanding of what it means to be digitally responsible is correspondingly broad: In our own operations and beyond, we want to help shape the future of work in the digital age and promote learning with and about digital technologies. We want to harness the potential of technology to conserve natural resources and promote the ethical use of artificial intelligence. We also look at our own digital footprint and harness the power of cross-sector collaboration: Through initiatives and projects, we foster discourse between business, government, academia, and civil society to create a responsible framework for human-centric digitization. The group companies are moving ahead



with projects in the areas of data and awareness, the future of work, digital education and environmental protection. The measures and initiatives are as diverse as our Group companies. The common goal is to put **digital technologies and innovations to work for people and the environment – because digitization should not be an end in itself.**

**Transformational goal**

We shape a value-oriented digitization for people and society.

**Core priority**

We are gathering internal experience through initiatives and pilot projects in the areas of Digital Responsibility such as the future of work, data and awareness, digital education, and environmental protection.

Future of work**Social discourse in the context of partnerships**

We are continuously involved in the social discourse on value-oriented digitization. As part of the Zukunfts-Werte initiative, representatives from business, academia, politics and associations came together in 2024 to discuss challenges and concrete solutions relating to the future of work and digital education, with a focus on opportunity-oriented and responsible use of artificial intelligence within the company and beyond company boundaries. We were also actively involved, as a founding member, in the Corporate Digital Responsibility (CDR) initiative of the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (Bundesministerium für Umwelt, Naturschutz, nukleare Sicherheit und Verbraucherschutz). The initiative's aim is to enshrine the principles set out in the CDR Code in business and society, to continuously improve the effectiveness of measures and to report annually on progress made.

Data and awareness**Digital data cleaning**

The Otto Group conducts an annual "data cleaning" campaign to draw employees' attention to the environmental impact of storing unused data. Its purpose during the campaign period is to motivate employees to consciously reduce this amount of data together with others. Colleagues are encouraged to use checklists and video tutorials to clean up their data storage. The data cleaning was launched by the Baur Group in 2021 and extended to other Group companies as "Digital Spring Cleaning" in 2022. Like in the previous year, the campaign was held in September 2024 under the name #CRX24 (Corporate Responsibility Experience) as part of the Digital Sustainability Days (see [Empowered Employees chapter](#)). The campaign drew attention from beyond the Otto Group and received support from the CDR initiative of the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV). The CDR initiative has inspired around 50 companies to get involved.



Digital education

Digital learning culture in the Otto Group

As an employer, we feel a responsibility to shape the digital world of work in the interests of our employees. A learning culture in which working and knowledge acquisition can come together is a basic requirement for digital transformation. Among the most important tools in this area is our learning infrastructure, which we are using increasingly to roll out AI-powered applications. One example of this is Masterplan, the digital learning platform that we introduced as part of the Group-wide training initiative TechUcation. We can use the platform to communicate relevant topics across the organization and train our employees on demand. In the reporting year, for example, we provided an explanatory learning path on how to use our internal AI chat function (ogGPT) to around 17,000 white-collar employees. New learning content on topics such as “lean management” and “inter-cultural competence” was also designed for blue-collar employees. These measures are intended to empower and encourage our colleagues to play an active role in shaping cultural change in the commercial sector. Around 37,000 employees have learned about topics related to digitization since the introduction of Masterplan in 2020.

Learning to handle data in everyday work routine

To promote digital skills throughout the company, Eos launched the “Data Skills” project in 2023. The IT course was developed by internal experts in collaboration with the Human Resources department and was aimed specifically at non-IT employees in leadership positions during the first year. The English-language online training series was rolled out to all employees and managers via Masterplan and SharePoint in 2024. The aim is to provide all Eos colleagues with the opportunity to build their digital skills and learn more about the IT projects within Eos. Video units on topics such as automation, cloud computing and IT project management were recorded by the IT experts themselves. After completing the learning path, colleagues should feel confident in using the available technologies to increase the productivity and efficiency of their daily work.

In collaboration with the Human Resources, Corporate Responsibility and IT departments, the Witt Group has also developed a learning series for all commercial employees of the Witt Group. The course consists of Masterplan modules and supplementary live sessions with internal experts on data skills. The learning modules can be taken on a voluntary basis and had been completed more than 1,500 times on the Masterplan learning platform by the end of 2024.

Teacher training program

Beyond our own business activities, we also contribute our digitization experience and skills to society. One example is TechUcation@school, a digital training program for teachers, which was developed in cooperation with the Hamburg School Authority, the Hamburg State Institute for Teacher Training and School Development and the Otto Group. School education in a culture of digitality is among the most important topics of our time. Here, teacher training is a vital factor, in addition to a pedagogical concept and appropriate technological equipment. TechUcation@school offers teachers in Hamburg a free service on Youtube, complemented by an extended program on the lms.lernen.hamburg platform of the School Authority. The Rhineland-Palatinate Educational State Institute and the Baden-Württemberg State Media Center have been part of TechUcation@school since 2023. The Ministry of Education of the most populous federal state of North Rhine-Westphalia also joined as a cooperation partner in 2024. Sixteen educational videos were produced in close cooperation with the IT department of the Ministry of Education. They address topics such as encryption and block-based programming and complement the TechUcation@school program. TechUcation@school also cooperated with the non-profit partners It4Kids and the Hacker School in the reporting year to develop



a free box containing materials for the first seven double lessons on the topic of block-based programming. It enables teachers to introduce pupils in sixth to eighth grade to the topic, without having any prior knowledge themselves.

ReDI School of Digital Integration

In partnership with the Hamburg Department of Economics and Innovation, the Holistic Foundation, and Microsoft, we have been supporting the establishment of the ReDI School of Digital Integration in Hamburg since 2022. The school supports IT talents with a refugee or migration background in their education and vocational training. The Otto Group provided assistance in the reporting year by donating laptops and making premises available. Over the two semesters in 2024, a total of 332 students – 62 percent of them women – from 49 countries attended courses in the areas of web development, user-centered design, data analytics and cloud computing.

Environmental protection

AI is changing purchasing

Artificial intelligence is shaping purchasing processes. Bonprix is building a variety of AI-powered forecasting tools, including demand forecasting and return rate prediction. Going forward, these tools should help to enable more precise estimates of demand for established and new articles and improve quantity planning. Doing so will reduce both overproduction and resource consumption, as well as unnecessary transportation routes.

OTTO has also been running its own AI Forecasting solution since 2019. It was developed by the Business Intelligence department for future sale forecasts of the OTTO, Baur and Lascana brands. The AI-based determination of initial order quantities for new articles enables realistic planning and the avoidance of overproduction and can be used by companies as the basis in end-to-end control for retailers and logistics.

DigiPac

We also deploy digitization in our downstream supply chain to our customers. As part of the DigiPac project, Hermes Fulfilment and Bonprix have been working together since December 2022 to digitize the packing process for customer shipments. This means that paper documents such as invoices or delivery notes will no longer be included with shipments. The elimination of paper documents not only speeds up the shipping process, but also cuts down on material resources. A total of 19 million printed delivery documents were rendered obsolete between December 2022 and December 2024. The process began in Germany and the Netherlands and was expanded to France and Belgium in August 2023. The process was extended to Poland in early 2025, and the inclusion of other locations is already in the pipeline.

Our revised Sustainability Strategy (see “Our Sustainability Strategy since March 2025”) applies since the start of the 2025/26 financial year, which means that we will no longer address the topic of Digital Responsibility as a strategic issue. Topics such as digital skills, responsible AI and data protection will remain priorities, as the responsible management of the digital transformation remains highly relevant for the Otto Group.

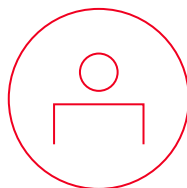
Mind shift

The future will be built by human hand. That's why we as the Otto Group deliberately give our employees and customers space to come to an appreciation of sustainability in their personal lives and working routines, for example by creating transparency and opportunities for participation in corporate responsibility at the Otto Group Holding and its Group companies. We want to inspire our customers along the customer journey with sustainability and enable them to make more conscious purchasing decisions by providing transparent information about the sustainable features of our products and services.

Empowered Employees

Our employees are the experts on our products, processes, services and interactions with our customers. Their knowledge and ideas are essential to helping us as a Group to achieve our sustainability goals. That is why it is important to us to create transparency and create leeway for our employees to get involved. To this end, we provide information and knowledge on the topic of sustainability and in actively communicate

about our CR activities on an ongoing basis on the intranet, in sustainability-related communities, and in presentations and events. We also assist our employees in their efforts to integrate sustainability measures into their daily work routine.



Transformational goal

We empower our employees to experience and actively shape sustainability.



Core priority

We communicate our CR commitment and activities to our employees through various offers and contact points and create the framework and opportunities for them to experience sustainability, actively shape it and integrate it into their work.

Step by step, we are embedding sustainability more deeply in the Group

The Group companies and the Otto Group Holding implemented and expanded various new measures for employees in the reporting year. For example, sustainability is an integral part of the onboarding programs for new colleagues in many Group companies. We also

provide various training opportunities such as expert presentations at the Digital Sustainability Days and learning paths on the Masterplan e-learning platform (see [Digital Responsibility chapter](#)). What is more, we organize quarterly knowledge sharing events with and between the Empowered Employees experts of the Group companies to achieve our defined goals, maximize benefits from synergies and enshrine sustainability more deeply throughout the company.

Furthermore, we continued working on integrating sustainability into the core processes of our employees' activities this reporting year. The diversity of our Group companies' business models allows for different implementations.

The Witt Group has defined sustainability as the eighth critical success factor for the company's development. Alongside other factors such as customer focus, a viable product range and brand concepts, sustainability is therefore evolving into a key component of the corporate strategy and a central topic in the development of targets for the financial year. This integration underlines the enterprise-wide commitment to sustainable action and means that two out of six prioritized financial year targets are directly aimed at social and environmental responsibility. All employees must therefore include sustainability in their thoughts and actions.

In addition, departments at Limango were specifically approached in the reporting year about optimizing their activities in the area of sustainability. These efforts have reduced the use of shipping packaging, parcel inserts and delivery notes within logistics.

Bonprix introduced a centralized, cross-divisional management system for the product-related sustainability goals in the reporting year as a means of ensuring the purposeful implementation of the sustainability strategy. By doing so, the company aims to ensure that all relevant internal stakeholders – from management to operational areas – are aligned with the common goals. This involves close collaboration between the teams from the areas of product management, procurement and the global interfaces, including Otto International as the primary contact for the supply chain. This network enables all stakeholders to conduct quick and efficient checks on the suitability of innovation topics emerging from the market and, assuming they are scalable, to implement them directly.

Eos launched the international CR community in the reporting year to promote networking among international colleagues. The aim is to harness synergies, share knowledge and provide mutual inspiration. To this end, CR ambassadors have been appointed as central contacts in the individual Eos national companies. They work with central sustainability management within the Eos Group to encourage knowledge sharing and support the implementation of sustainability initiatives.

In addition, OTTO deploys the multiplier model to implement the sustainability strategy in the relevant departments and raise awareness of sustainability throughout the OTTO organization. The model was used in departments that are important for the sustainability strategy – including purchasing or logistics – to create dedicated positions that are relevant to sustainability within OTTO and will be implemented operationally in the individual departments. This enables close interdepartmental cooperation and integrates the sustainability strategy into the company's core processes.

Shaping sustainability together

Not only do we want to inform our employees about the multiple dimensions of sustainability, we are also determined to motivate them to contribute their own ideas in day-to-day work. To this end, we have established various communities, such as the cross-company digital GOOD Community. This is open to all colleagues interested in sustainability. With weekly contributions, it regularly reaches several hundred colleagues. In addition to receiving information, members can also publish their own contributions and exchange ideas with colleagues. Posts include news from the Otto Group, tips and tricks for an environmentally friendly everyday life or seasonal recipe ideas. The topic of sustainability is also addressed in a variety of formats, for example on the Group-wide intranet, in podcasts or in communication formats with the Executive Board. By doing so, we provide our colleagues with a wide range of opportunities for information and knowledge sharing.

Digital Sustainability Days

The Otto Group's second Corporate Responsibility Experience – #CRX24 for short – was held in September 2024. We organized the event in a digital format and across the Group for the second time in order to reach as many employees as possible. The CEO of the Otto Group and the Vice President Corporate Responsibility of the Otto Group joined with decision-makers from politics, business and civil society at two panel discussions – which were also open to external guests – to discuss relevant issues on the topics of “Climate transformation” and the “Balancing act between regulation, performance and corporate culture”. #CRX24 also included many different deep dive sessions for employees, at which internal and external experts provided insights into various sustainability topics and projects. Examples include how we, as the Otto Group, are using the near-term science-based target to protect the climate or how climate protection works in parcel logistics at Hermes Germany. In addition, the Witt Group provided insight into its approach to circularity, while Bonprix showcased its Sustainability Passport, a precursor to the digital product passport. We also discussed the challenges of communicating sustainability in the dichotomous field between customer wishes and regulatory requirements. #CRX24 also marked the launch of the Group-wide digital data cleaning as an active contribution to climate protection and the responsible use of our resources (see [Digital Responsibility chapter](#)). The Sustainability Days met with great interest, with around 1,000 participants actively participating in the digital discussions.

The future shaping the future

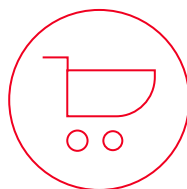
In the reporting year, our trainees again implemented various sustainability projects and thus contributed to the fulfillment of our CR strategy:

- organization and implementation of a creek cleaning as part of a sponsorship at Baur,
- a campaign to rescue fawns at Frankonia,
- a trainee alliance "Greenfluencer" at the Witt Group,
- organization of an internal sales campaign for refurbished devices by the non-profit IT company AfB, which was coordinated by the GOOD Project trainee initiative at OTTO, as well as
- Energy and Environment Days with an information and participation program for trainees at Hermes Fulfilment.

Our revised Sustainability Strategy (see "Our Sustainability Strategy since March 2025") applies since the start of the 2025/26 financial year and will mark the end of Empowered Employees as a strategic topic. However, selected measures such as training and onboarding will remain in place as our colleagues are essential in implementing the sustainability requirements and achieving our sustainability goals.

Conscious Customers

With our products and services, we appeal to the entire population and want to have a broad impact. We would like to make our customers aware of sustainability along the entire customer journey and inspire them to adopt more sustainable lifestyles. This is why we are offering incentives for more conscious consumption and continuously improving transparency regarding the sustainability-related properties of our products.



Transformational goal

We enable and inspire our customers to make conscious and sustainable decisions.



Core priority

We empower our customers to make conscious consumption decisions throughout the entire customer journey, and ensure the transparency of sustainability-related product features.

Shaping the value chain together

As part of our targets, we provide guidance to customers to help them make conscious consumption decisions. The success of our approach depends on our understanding of our customers' wishes and needs. Do they want to know what raw materials we use? And how do we present information about the sustainability aspects of our products in a way that is clear, informative and easy to understand? We regularly gather customer insights to understand what matters to our customers about our products, services and their experience throughout the customer journey, for example through customer surveys or user behavior in our stores. We try to ensure that our approach is best aligned with our customers' wishes and requirements. In the downstream value chain, we are dependent on the specific actions of our customers. Once a product is purchased, we no longer have direct control over its use and return to the cycle. By informing our customers about proper disposal methods and providing take-back systems, we make it easier for them to live more sustainably in their daily lives.



Making sustainability more visible

We want to increase the share of sustainability-related products offered by our Group companies. At the same time, our expectations regarding the definition of these products are constantly growing, as our ambitions, customer expectations, and regulatory requirements continue to evolve. We therefore welcome the social and political debate about what constitutes a more sustainable product and how information should be provided in this regard.

Our goal is to provide guidance to our customers and help them make more informed purchasing decisions. In 2024, we continued to work on labeling products in our shops that have a proven environmental or social advantage over conventional items. We do so by highlighting the product's sustainability attribute – such as organic cotton – and making other information transparent.

Our revised Sustainability Strategy (see “Our Sustainability Strategy since March 2025”) came into effect at the start of the 2025/26 financial year. Among its objectives is to continue incentivizing more conscious consumption. Our ambition is to continuously increase the share of responsible products in our most relevant assortments (textiles, furniture, electronics) by the end of the financial year 2035/36. Our commitment to making environmental statements in a comprehensible, transparent and verifiable manner remains as a binding requirement within the framework of our Otto Group Sustainability Standards.

Collections

OTTO and Bonprix customers are able to buy clothing from circular collections. In the reporting year, for example, Bonprix launched two additional circular collections based on circular.fashion's circular design criteria, which adhere to strict recyclability and durability requirements. OTTO also launched its fourth Circular Collection in collaboration with circular.fashion (see [Circularity chapter](#)).

Sheego has introduced a “Fits Me Guarantee” for its customers to ensure that clothing that no longer fits does not end up as trash. Within one year, customers can exchange their favorite items for a different size free of charge if they no longer fit. The innovative service applies to 32 key styles, with a focus on denim and dresses. Other selected items, including blouses, t-shirts and pants, are also part of the collection. The returned garments will be reused or recycled through the “Platz schaffen mit Herz” (Creating space with heart) project.

Bonus programs

Doing good with your purchase – this is the motto of the OTTO Up customer loyalty program. Customers support the preservation of species diversity with their participation. In the program, wildflowers are being planted on photovoltaic open spaces at two locations in Rhineland-Palatinate (Beilingen) and Saxony-Anhalt (Gröningen). Customers receive double points for purchasing a more sustainable item.

At Limango, customers are also rewarded if they choose products with sustainability attributes through individual actions within the “family Star” bonus program: For organic cotton items purchased during certain time-limited promotions, they earn family points that can be redeemed for other shopping benefits.