

Business Partner Declaration on Sustainability

To all Otto Group business partners for merchandise

Preamble

The quality of our merchandise is defined not only by the products themselves, but also by the way in which they are manufactured. Responsibility towards humanity and the environment is enshrined in the Otto Group's mission statement and must be reflected in our collaboration with business partners.

Table of Contents

1	Formal conditions	3
	1.1 Scope	3
	1.2 Integral part of the contractual provisions	3
	1.3 Requirements for business partners	3
	1.4 Values and basic principles of the Otto Group	3
	1.5 Annexes	4
	1.6 Equivalence	5
2	Human rights – requirements	5
	2.1 amfori BSCI Code of Conduct and supplementary obligations to the principles enshrined therein	5
	2.2 Otto Group principles in regard to human rights – additional requirements	15
3	Animal welfare – requirements	17
4	Materials – requirements	17
	4.1 Timber	18
	4.2 Polyvinyl chloride (PVC)	18
	4.3 Sandblasting	18
	4.4 Fluorescent tubes	19
	4.5 Peaty articles	19
5	Chemicals management – requirements	20
	5.1 Chemical product requirements for end products	20
	5.2 Chemical production requirements for textiles	20
6	Compliance with foreign trade law	21
7	Non-compliance with the <i>Business Partner Declaration</i>	21
8	Dealing with reports and infringements	22
9	Annexes	23

1 Formal conditions

1.1 Scope

The *Business Partner Declaration on Sustainability* (referred to in the following as the “*Business Partner Declaration*”) applies to all business partners in the national and international companies within the Otto Group (also referred to in the following as the “Otto Group”). The Otto Group comprises all companies that are affiliated enterprises of Otto (GmbH & Co KG) pursuant to Section 15 German Stock Corporation Act (AktG).

The *Business Partner Declaration* relates to all value-adding stages for the procurement of merchandise manufactured on behalf of the Otto Group and/or distributed to customers via one of the Otto Group distribution channels.

It therefore applies to all business partners for Group merchandise (own and licensed brands), third-party merchandise (brands) and marketplace partners. **In the event that the scope differs, this will be mentioned specifically for the relevant requirement.**

1.2 Integral part of the contractual provisions

The *Business Partner Declaration* is also an integral part of the Otto Group’s contractual provisions such as the Terms and Conditions of Procurement for Otto (GmbH & Co KG) and its Group companies (‘T&C’ for short) and the Terms of Use for Marketplace Partners. All conditions referred to in this declaration, in the T&C and in the Terms of Use are binding for the business partner.

1.3 Requirements for business partners

We expect our business partners to comply with and apply all provisions of this *Business Partner Declaration* as mandatory requirements.

It is the responsibility of the business partner to check which requirements apply in their case.

Included in the *Business Partner Declaration* are binding annexes, which are integral parts of the *Business Partner Declaration*. The Otto Group companies will notify the business partner of any changes to the annexes. The business partner must then familiarise itself with and also implement the changes.

1.4 Values and basic principles of the Otto Group

The following principles apply in addition to the requirements set out in the *Business Partner Declaration*.

- Compliance with applicable laws: All business partners are expected to conduct themselves in a law-abiding manner.
- Precedence of stricter regulations: Where several requirements exist to regulate the same

matter and provide divergent specifications, the stricter requirement that offers greater protection of the specific legal right or objective shall apply in all cases.

- Ethical standards: The ethical standards apply that are enshrined in recognised and applicable international conventions such as the United Nations Universal Declaration of Human Rights or the conventions of the International Labour Organization in particular.
- Avoidance of negative impacts: The principle applies that neither people nor the environment may be harmed by actions or omissions. These precepts are declared indispensable in the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises in particular.
- Precautionary principle: A robust risk management system must be installed that, in addition to risk analysis, includes the implementation of measures to ensure that risks are identified at an early stage, eliminated or minimised as far as possible to prevent any infringement of rights or other damage. Effective remedial action must be taken if any infringements and/or damages occur.
- Equal treatment of the various stakeholders: Efforts must be taken to ensure the involvement of direct and indirect stakeholders and/or their representatives – e.g. trades unions or other interest groups – when eliminating or minimising risks and remedying infringements and/or damages in particular. This active involvement creates a valuable and often necessary foundation for effective risk management.
- Cascade effect: Business partners undertake to adequately address the requirements of this *Business Partner Declaration*, also with their pre-final supply chain facilities along the value chain, including home-based workers. The target is to ensure a gradual development of the deeper supply chain in regard to responsible and sustainable business practices in the spirit of personal accountability.

Verification of compliance

Where business partners are involved in the **manufacture of the Otto Group's own and licensed products**, the Otto Group reserves the right, in justified cases, to verify compliance with this *Business Partner Declaration*, also by other pre-final supply chain facilities, and to demand additional information and evidence.

1.5 Annexes

The binding annexes (refer also to the final page of this document) to this *Business Partner Declaration* can be retrieved [here](#) or in the [OI Vendor Portal/Library](#).

The contents of the annexes may change and are updated as required. The Otto Group company will notify the business partner in the event of any changes. The business partner must then familiarise itself with and also implement the changes.

Additional information and supporting materials are available at the same place.

1.6 Equivalence

The business partner's equivalent standards, requirements or principles may be accepted instead of the requirements of the Otto Group *Business Partner Declaration* in exceptional cases.

This requires explicit approval from the Otto Group. The business partner must contact the sender of this document in these cases.

Each approved, equivalent requirement becomes an integral part of this declaration and the T&C.

2 Human rights – requirements

2.1 amfori BSCI Code of Conduct and supplementary obligations to the principles enshrined therein

Scope

The following requirements apply to all business partners for Group merchandise (own and licensed brands), third-party merchandise (brands) and marketplace partners.

Requirements

The current version of the amfori BSCI Code of Conduct is a binding component of this *Business Partner Declaration* and as such must be implemented by all business partners.

The current and therefore valid version of the amfori BSCI Code of Conduct is available [here](#) in several languages along with additional materials, as well as in [Annex 1](#).

The amfori BSCI Code of Conduct includes the following 13 principles as listed here (according to the wording of the amfori Code of Conduct¹). Furthermore, the Otto Group has introduced additional obligations for some of the principles: They are listed as “supplement to this principle”.

1. ***Social Management System and Cascade Effect***

The undersigned² commit to:

- Adopt and publicly communicate a written human rights policy statement, in line with the complexity and size of operations, approved at the most senior level,
- Implement a process- and risk-based due diligence management system in their business practices in line with the UNGPs and adjusted to the business model of the company. The expectations set in this Code of Conduct should be embedded in the system,
- Actively communicate their endorsement of the amfori BSCI Code of Conduct through

¹ The original text is reproduced here. It uses the generic masculine instead of the masculine, feminine and other (m/f/o) forms. All wording applies equally to all genders.

² It is not necessary for the business partner to sign the amfori BSCI Code of Conduct separately.

all the functions in their company, as well as to their business partners and relevant stakeholders,

- Train and incentivize all relevant departments and individuals in a manner that allows them to integrate the principles of responsible and gender-responsive business and purchasing practices in the company culture, and cascade it to their business partners,
- Require their business partners to cascade the information to the relevant business partners and stakeholders in the supply chain,
- Require and follow-up with their business partners to work towards full observance of the amfori BSCI Code of Conduct within the sphere of their influence, including intermediaries that are involved in the worker recruitment process, such as brokers, recruiters and recruitment agencies,
- Include all workers in their due diligence, especially the vulnerable parts in their supply chain such as home-based workers, smallholders, as well as temporary and migrant workers; identify the challenges at these levels, and partner with amfori and other relevant stakeholders for improvements,
- Have the strategy, processes, and sufficient resources in place to meet the responsibilities related to the amfori BSCI Code of Conduct and ensure that there is continuous improvement in its implementation,
- Exercise responsible and gender-responsive purchasing practices and avoid putting their business partners in a position that prevents them from adhering to the amfori BSCI Code of Conduct.

2. Workers Involvement and Protection

The undersigned commit to:

- Establish responsible and gender-responsive management practices that involve all workers and their representatives in sound information exchange on the due diligence process,
- Define long-term goals to protect workers in line with the aspirations of the amfori BSCI Code of Conduct,
- Take specific steps, such as trainings, to make workers aware of their rights and responsibilities, with special attention to vulnerable persons. When relevant, intermediaries such as brokers, recruiters, and recruitment agencies should play an active role in achieving these steps,
- Build sufficient competence among the managers, workers, and worker representatives within their company, as well as in the supply chain, in order to embed the amfori BSCI Code of Conduct in their company culture, and promote continuous education and training at each level of work,
- Establish or participate in effective operational-level grievance mechanisms for

individuals and communities who may be adversely impacted and maintain accurate records. The operational-level grievance mechanism must be in line with UNGP Article 31. Where relevant (e.g. when a migrant worker population is present), the operational-level grievance mechanism should be accessible in relevant local languages and should allow to address and remedy the issues effectively across jurisdictions through partnerships and coordination.

3. *The Rights of Freedom of Association and Collective Bargaining*

The undersigned commit to:

- Respect the right of workers to form and join trade unions – or to refrain from doing so – and bargain collectively, in a free and democratic way, without distinction whatsoever and irrespective of gender,
- Ensure meaningful representation of all workers, without distinction whatsoever and irrespective of gender,
- Not discriminate against workers because of trade union membership,
- Not prevent workers' representatives and recruiters from having access to workers in the workplace or from interacting with them,
- Respect this principle by allowing workers to freely elect their own representatives with whom the company can enter into dialogue about workplace issues, when operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed.

4. *No Discrimination, Violence or Harassment*

The undersigned commit to:

- Treat all workers with respect and dignity,
- Ensure that workers are not subject to any form of violence, harassment, and inhumane or degrading treatment in the workplace, as well as threats of violence and abuse, including corporal punishment, verbal, physical, sexual, economic or psychological abuse, mental or physical coercion, or other forms of harassment or intimidation,
- Understand the possible grounds for discrimination in their specific context, and not discriminate or exclude persons based on sex, gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, pregnancy, diseases, or any other condition that could give rise to discrimination,
- Establish disciplinary procedures in writing and explain them verbally to workers in terms and language which they understand. The disciplinary measures must be in

line with national legislation,

- Provide gender-sensitive and equal opportunities and treatment throughout recruitment and employment,
- Verify that workers are not harassed, disciplined, or retaliated upon for reporting issues on any of the grounds listed above.

5. Fair Remuneration

The undersigned commit to:

- Comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved based on collective bargaining, whichever is higher. The wages shall refer to standard working hours,
- Pay wages in a regular, timely and stable manner, and fully in legal tender. Partial payment in the form of allowance 'in kind' is only accepted in line with ILO specifications,
- Assess the pay gap accurately, and work progressively towards the payment of a living wage that is sufficient to afford a decent standard of living for the workers and their families,
- Reflect the skills, responsibility, seniority, and education of workers in their level of wages,
- Where a pay rate for production, quota or piece work, is established, allow workers to earn at least a wage which respectively meets or exceeds applicable legal minimum wages, industry standards, or collective bargaining agreements (where applicable) within standard working hours,
- Ensure that workers of all genders and categories, such as migrant and local workers, receive the same remuneration for equal jobs and qualification,
- Implement deductions only under the conditions and to the extent allowed by law or fixed by collective agreement
- Provide the workers with the social benefits that are legally granted, such as without negative impact on their pay, level of seniority, position, or promotion prospects.

Supplement to this principle:

We aim to pay living wages in our supply chains as described in the [Anker Methodology](#).

Obligations for business partners

All business partners are required by the amfori BSCI Code of Conduct to work towards the payment of living wages to their workers. Included in this is the first step of calculating the

living wage according to the Anker Methodology and, in a second step of developing a plan to implement payment of living wages. The overarching goal is to ensure consistent payment of living wages.

6. Decent Working Hours

The undersigned commit to:

- Ensure that workers are not required to work more than 48 standard hours per week, without prejudice to the specific expectations set out hereunder. Exceptions specified by the ILO are recognized,
- Interpret applicable national legislation, industry benchmark standards or collective agreements within the international framework set out by the ILO, and promote working hour practices that enable a healthy work-life balance for the workers,
- Only exceed the limit of hours described above in line with exceptional cases defined by the ILO, in which case overtime is permitted,
- Use overtime as an exceptional and voluntary practice, paid at a premium rate of minimum 125% of the standard rate. Overtime shall not represent a significantly higher likelihood of occupational hazards, and in no circumstance go beyond the limits defined under national legislation,
- Grant their workers the right to resting breaks in every working day and the right to at least one day off in every seven days, unless exceptions defined by collective agreements apply.

Supplement to this principle:

With regard to this principle, we endorse the approach of the [Responsible Business Alliance \(RBA\)](#) as described below:

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off every seven days.³

Obligations for business partners

All business partners are obliged to work towards ensuring that the maximum weekly working time of each employee does not exceed 60 hours.

³ Source: Original RBA text [WorkingHoursGuidance.pdf \(responsiblebusiness.org\)](#)

7. Occupational Health and Safety⁴

The undersigned commit to:

- Respect the right to healthy working and living conditions of workers and local communities, without prejudice to the specific expectations set out hereunder. Vulnerable persons, such as – but not limited to – young workers, new and expecting mothers and persons with disabilities, shall receive special protection,
- Comply with national occupational health and safety legislation, or with international standards where national legislation is weak or poorly enforced,
- Ensure that there are systems in place to assess, identify, prevent, and mitigate potential and actual threats to the health and safety of workers,
- Train all departments and individuals on occupational health and safety regularly throughout all stages of employment, and provide information on potential occupational health and safety risks to workers and public, including affected communities,
- Take effective measures to prevent workers from having accidents, injuries, or illnesses, arising from, associated with, or occurring during work. These measures aim at minimizing, so far as is reasonable, the causes of hazards inherent within the workplace,
- Seek improving workers' protection in case of accident, including through compulsory insurance schemes,
- Maintain records of all health and safety incidents in the workplace and all other facilities that are provided or mandated,
- Take all appropriate measures, and obtain all relevant licenses and documentation required by national legislation, to see to the stability and safety of the equipment and buildings they use, as well as to protect against and prepare for any foreseeable emergency. This includes residential facilities for workers when these are provided or mandated by the employer or a recruitment partner,
- Establish relevant committees, such as an Occupational Health and Safety Committee, to ensure active co-operation between management and workers, and/or their representatives for the development and effective implementation of systems that ensure a safe and healthy work environment. These committees aim to represent the diversity of the workers,
- Provide awareness to workers, and respect their right and responsibility to exit the premises and/or stop working without seeking permission in dangerous situations and uncontrolled hazards,
- Provide adequate occupational medical assistance and related facilities and provide equal access to all workers for these services. Health services (including insurance)

⁴ OHS = Occupational Health & Safety

should serve the distinctive concerns and needs of all genders and ages,

- Provide access to safe and clean drinking water, and eating and resting areas free of charge, and where applicable, provide access to cooking and food storage areas,
- Provide an adequate number of safe, separate toilets with adequate level of privacy for all genders, and paper towels and washbasins with hand soap in all work areas,
- Ensure that when residential facilities are provided or mandated, they are clean and safe, and they meet all the basic needs of the workers,
- Provide effective and tailored Personal Protective Equipment (PPE) to all workers free of charge, taking the needs of different worker categories, such as pregnant and nursing women, into consideration,
- Compensate the damages incurred to the workers on the occasion that historical or actual failure of adherence to principles is identified.

8. No Child Labour

The undersigned commit to:

- Not employ, directly or indirectly, children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO apply,
- Protect children from any form of exploitation,
- Establish robust age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to the worker,
- Take special care and identify measures in a proactive manner in case of the dismissal and removal of children, to ensure the protection of affected children.

Supplement to this principle:

Specifications on this principle are set out in [Annex 2](#).

9. Special Protection for Young Workers

The undersigned commit to:

- Ensure that young persons do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, morals, and development, without prejudice to the specific expectations set out in this principle,
- Remove young workers from any hazardous work or source of hazard immediately when such cases are identified, and redefine their scope of work without any loss of income,

- Ensure that (a) the kind of work is not likely to be harmful to young workers' health or development; (b) their working hours allow their attendance in school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programmes,
- Set the necessary mechanisms to prevent, identify and mitigate harm to young workers, with special attention to the provision and access of young workers to effective operational grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes specific to the needs of young workers.

Supplement to this principle:

Specifications on this principle are also set out in Annex 2.

10. No Precarious Employment

The undersigned commit to:

- Ensure that their recruitment process and employment relationships do not cause insecurity and social or economic vulnerability for their workers,
- Ensure that work is performed on the basis of a recognised and documented employment relationship, established in compliance with relevant national legislations, custom or practice, and international labour standards, whichever provides greater protection,
- Before entering employment, provide workers with understandable information in their own language and ensure that they are aware about their rights, responsibilities, and employment conditions, including working hours, remuneration and terms of payment in their own language,
- Aim at providing decent, and where relevant, flexible working conditions that also support workers, irrespective of gender, in their roles as parents or caregivers, including migrant and seasonal workers whose children may be left in their hometowns,
- Not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes – but is not limited to – (a) apprenticeship or training schemes where there is no intent to impart skills or provide regular employment, (b) seasonality or contingency work when used to undermine workers' protection, (c) labour-only contracting, and d) contract substitution,
- Not use subcontracting in a way that undermines the rights of workers.

11. No Bonded, Forced Labour or Human Trafficking

The undersigned commit to:

- Not engage in, or through business partners, be complicit to, any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour, including state-imposed forced labour,
- Adhere to international principles of responsible recruitment, including the Employer Pays Principle, and require the same from their recruitment partners, when engaging and recruiting all workers, either directly or indirectly, especially members of vulnerable groups such as temporary and migrant workers. As a minimum, this includes:
 - o No recruitment fees and costs are charged to workers
 - o Clear and transparent employment contracts
 - o Workers' freedom from deception and coercion
 - o Freedom of movement and no retention of identity documents
 - o Access to free, comprehensive, and accurate information Freedom to terminate contract, change employer, and safely return
 - o Access to free dispute resolution and effective remedies
- Progressively compensate the damages incurred to the workers within a reasonable timeframe, and within the framework of the same international principles, if historical or actual failure of adherence to principles is identified.

12. Environmental Protection

The undersigned commit to:

- Implement a process- and risk-based due diligence management system in their business practices, adjusted to the business model of the company. This can also be integrated into the overall due diligence management system,
- Comply with national environmental legislation, or with international standards where national legislation is weak or poorly enforced,
- Identify the environmental impacts of their operations, and implement adequate measures to prevent, mitigate and remediate adverse impacts on the surrounding communities, natural resources, climate, and the overall environment.

13. Ethical Business Behaviour

The undersigned commit to:

- Not take part in any act of corruption, extortion or embezzlement, nor in any form of bribery – including but not limited to – the promising, offering, giving or accepting of any improper monetary or other incentive,
- Develop and adopt adequate internal controls, programmes or measures for preventing and detecting corruption, extortion, embezzlement or any form of bribery, developed on the basis of a company-specific risk assessment,
- Keep accurate information regarding their activities, structure and performance, and disclose these in accordance with applicable regulations and industry benchmark practices to enhance transparency of their activities,
- Not falsify, or participate in falsifying any information or in any act of misrepresentation in the supply chain,
- Provide awareness to the workers about the policies, controls, programmes and measures against unethical behaviour, and promote compliance within the company through trainings and communication,
- Collect, use, and otherwise process personal information (including that from workers, business partners, customers and consumers in their sphere of influence) with reasonable care. The collection, use and other processing of personal information must comply with privacy and information security laws and regulatory requirements.

2.2 Otto Group principles in regard to human rights – additional requirements

Scope

The following additional requirements and principles apply in all countries and to all business partners involved in the production of merchandise as an **own or licensed brand** of the Otto Group.

1. Handling of conflicts and human rights violations

The Otto Group is committed to respecting human rights and to responsible purchasing practices. Accordingly, the Otto Group will not maintain business relationships with companies or individuals that are directly or indirectly linked to conflicts or crimes that violate human rights. The Otto Group reviews any indications in this regard, which may lead to an immediate termination of the business relationship.

2. Procurement countries

Merchandise that is produced on behalf of the Otto Group shall be exclusively manufactured in countries that have been approved by the Otto Group as procurement countries. The Otto Group may impose special restrictions on procurements from individual countries and regions in response to current events or the present human rights situation.

A list of the procurement countries and the restrictions that are currently in place is available here ([Annex 3](#)).

The relevant Otto Group company must be contacted, and its explicit written consent obtained for procurement countries that are not included in the above list or are subject to special restrictions.

3. Supply chain transparency

In the *Business Partner Declaration*, the business partner undertakes to disclose final production factories and other supply chain facilities that produce goods for the Otto Group on request. The business partner can be invited to become a user of the Supply Chain Database (SCDB) for this purpose.

Final production factories in risk countries (according to the current amfori BSCI classification)⁵ must demonstrate adherence to a valid social standard accepted by the Otto Group according to [Annex 4](#) throughout the entire duration of goods production. Orders must not be placed unless a valid and accepted social standard is in place.

⁵ [amfori – Country Risk Classification.pdf](#); the most recent version applies in the event of updates.

The business partner must submit to the individual Group company the social audits or certificates of the final production factories that manufacture for the Otto Group and may be instructed to upload these documents to the SCDB.

The current list of social standards that are accepted by the Otto Group is available here (Annex 4).

4. Publication of data

The Otto Group is authorised to publish information about its business partners and their supply chain facilities – such as factory name, location, pre-source tier, product range and number of employees – on the Otto Group’s websites and to post this information on external platforms such as the [Open Supply Hub](#).

Financial information and personal data are not disclosed.

5. Fire protection and building safety

The Otto Group is represented in the [RMG Sustainability Council](#) (‘RSC’ for short) and has signed the International Accord for Health & Safety in the Textile and Garment Industry ([International Accord for Health & Safety in the Textile and Garment Industry](#)). The International Accord regulates fire safety and building security activities in Bangladesh and Pakistan.

Under the International Accord, production facilities in Bangladesh and Pakistan that manufacture for the Otto Group must be registered with the International Accord and comply with its requirements.

Specifications per country can be found here: [RSC | RMG Sustainability Council | Bangladesh \(rsc-bd.org\) / Bangladesh - International Accord](#) and [Pakistan - International Accord](#).

The Otto Group assumes legally binding responsibility for these facilities and must therefore be informed by its business partners about all relevant production sites active for the Otto Group prior to the start of cooperation.

In Bangladesh, the following production sites are in scope: Final production facilities producing ‘ready made garments’ (RMG). In Pakistan the following production sites are in scope: all Cut-Make-Trim (CMT) final production facilities, namely ‘ready-made-garments’ (RMG), home textiles, fabric and knit accessories suppliers as well as fabric mills.

For this purpose, the business partner contacts the respective Group company.

Only after confirmation by the Group company can production for the Otto Group take place in the corresponding facilities. The Otto Group also adds these to its International Accord factory list.

3 Animal welfare – requirements

Scope

The following requirements apply to all business partners for Group merchandise (own and licensed brands), third-party merchandise (brands) and marketplace partners.

Requirements for materials of animal origin

As a responsible enterprise, animal welfare is an important concern for the Otto Group along the entire supply chain. We are committed to ensuring the ethical and species-appropriate treatment of animals from which materials are obtained for the merchandise we sell. We adhere to the following principles with regard to our products that are relevant to animal welfare:

- We are committed to upholding animal welfare based on the applicable international and national conventions and laws, as well as the Five Freedoms of the Farm Animal Welfare Committee (FAWC).
- We do not allow any products or product components from endangered animals⁶ or animals caught in the wild.
- We develop our policies in cooperation with important stakeholders and on the basis of new insights in the areas of animal protection and welfare. Our requirements are audited regularly to ensure their relevance and to live up to our standards.

The detailed requirements for each material and product group for business partners can be found in [Annex 5](#) and [Annex 6](#). The business partner undertakes to comply with the requirements of [Annex 5](#) and [Annex 6](#).

4 Materials – requirements

Scope

The following requirements apply to all business partners for Group merchandise (own and licensed brands), third-party merchandise (brands) and marketplace partners.

⁶ Pursuant to the CITES (Convention on International Trade in Endangered Species of Wild Flora and Fauna) definition in Appendices I and II. CITES is the Washington Convention on International Trade in Endangered Species of Wild Flora and Fauna, which oversees international trade in endangered and protected species.

4.1 Timber

This refers to all merchandise made from timber, including wooden furniture and packaging made of paper/cardboard.

All existing national and international regulations, e.g. CITES, Lacey Act, European Timber Trade Regulation (including the forthcoming successor regulation to the Timber Trade Regulation), FLEGT and the EU Species Protection Regulation for protected timber species must be complied with for the use of timber (including derived products).

Any and all trade in timber species covered by CITES Appendices I and II⁷ is **prohibited**. A valid FSC[®] (Forest Stewardship Council) certificate is mandatory for the import of timber species listed in Appendix III of CITES, in addition to the official documents required for these species.

Tropical timber may only be used if it is certified according to the FSC[®] standard.

The purchase or sale of products whose raw materials were obtained from illegal wood harvesting and HCVF (high conservation value forests) is **prohibited**.

4.2 Polyvinyl chloride (PVC)

Polyvinyl chloride (PVC) is a synthetic polymer that is used in a wide range of sectors, from construction to textiles. The Otto Group avoids the use of PVC whenever possible, as it has the potential to release chemical substances such as dioxin, for instance when PVC is incinerated, and frequently contains additives that are hazardous to health such as plasticisers, lead and cadmium.

[Annex 7](#) contains the detailed requirements for each product group that business partners must satisfy. The business partner undertakes to comply with the requirements of [Annex 7](#).

4.3 Sandblasting

Sandblasting is a surface treatment process using quartz sand. Sandblasting produces a crystalline quartz dust that can enter the lungs through inhalation and cause the dangerous lung disease silicosis. Due to this health hazard for workers, sandblasting is **prohibited** in the

⁷ CITES (Convention on International Trade in Endangered Species of Wild Flora and Fauna) is the Washington Convention on International Trade in Endangered Species of Wild Flora and Fauna, which oversees international trade in endangered and protected species.

⁸ FSC[®] (Forest Stewardship Council[®]): FSC guarantees that the timber originates from responsibly managed forests that have been certified by an independent organisation in accordance with the ecological, social and economic standards of FSC. For more information about FSC, visit: www.fsc.org

production of **all product groups**, unless contact with quartz sand is excluded and there is therefore no hazard to the health of workers.

4.4 Fluorescent tubes

Fluorescent tubes contain mercury, which is toxic to humans and the environment. The mercury may be released if the lamp breaks and harm the health of persons nearby. The sale of fluorescent tubes containing mercury and of products in which these tubes are incorporated (such as lamps, furniture, etc.) is therefore **prohibited**. For these reasons, no products may be sold to the Otto Group or distributed via the marketplace that contain fluorescent tubes.

4.5 Peaty articles

Peat is an organic sediment that is formed from dead plants standing in shallow water. The moorland also disappears when peat is extracted, as the soil dries out and the moorland plants die. Moors act as important reservoirs for greenhouse gases and therefore play an essential role in combating the climate crisis, so the sale and distribution of peaty articles is **prohibited**. Excluded from this are seedlings and plants.

5 Chemicals management – requirements

Compliance with chemical requirements for the protection of people and the environment is an indispensable basis for us and we expect compliance with the following product and production requirements.

5.1 Chemical product requirements for end products

The following requirements apply to all business partners that are involved in the manufacture of **Group merchandise (own and licensed brands)** for German Group companies in the Otto Group.

The business partner is obliged to comply with the chemical product requirements for end products that currently apply at the Otto Group. They are set out in the Otto Group's internal documents, the 'Chemical Requirement Profiles' (refer to the following for a list of requirement profiles). These Chemical Requirement Profiles can be accessed in the [OI Library](#). The business partner will be notified additionally of any changes in the chemical requirements. Furthermore, the business partner is obliged to actively seek out information about the annual changes in the chemical requirements.

The following Chemical Requirement Profiles currently apply:

- Restricted Substances List (RSL) in Consumer Products (doc. 01-20041)
- Chemical Requirements for Textiles – Clothing and Home Textiles (doc. 01-20351)
- Chemical Requirements for Shoes (doc. 01-20352)
- Chemical Requirements for bonprix Shoes (doc. 01-20533)
- Chemical Requirements for Jewellery and Accessories (doc. 01-20353)
- Chemical Requirements for Bags and Cases (doc. 01-20471)
- Chemical Requirements for Household Hardware (doc. 01-20492)
- Chemical Requirements for Decorative Items (doc. 01-20495)
- Chemical Requirements for Products with Food or Mucous Membrane Contact (doc. 01-20496)
- Risk Class Chemical Requirements for Toys (doc. 01-20557)

5.2 Chemical production requirements for textiles

The following requirements apply to all business partners that are involved in the manufacture of **Group merchandise (own and licensed brands)** for all Group companies in the Otto Group.

Compliance with the current Manufacturing Restricted Substances List ([MRSL](#)) for the Otto Group must be ensured in order to reduce the risk of negative effects on health and the environment during the textile manufacturing process.

6 Compliance with foreign trade law

The Otto Group and its contractual partners are obliged to comply with all applicable laws and regulations, including export control regulations, embargoes and financial sanctions. To ensure compliance, Otto Group companies check whether their suppliers and/or business partners are on a sanctions list that is relevant to the Otto Group. Accordingly, our business partners acknowledge that a review of their own business relationships (insofar as they are directly or indirectly related to activities on behalf of the Otto Group), including their suppliers, subcontractors and other partners (collectively, “partners of the business partner”), is performed on a regular basis to identify any involvement of companies and/or individuals included on one or more of the sanctions lists that apply to their company, as well as the EU, US, UK and/or Swiss sanctions lists.

The business partner is obliged furthermore to confirm to its contractual partner at the Otto Group that it has established by means of this review that neither it nor an affiliated enterprise maintains a business relationship (direct or indirect) with a listed company/person and that no listed companies/persons hold direct or indirect investments in its company amounting to 50% or more or (co-)control its company.

Moreover, the business partner must inform its contractual partner at the Otto Group without delay in the event that it discovers a business relationship with a listed company/a listed person at a later date.

The business partner also confirms its compliance with the relevant foreign trade regulations of import and export control.

7 Non-compliance with the *Business Partner Declaration*

The Otto Group reserves the right to take the following action if the business partner fails to comply with the requirements set out in the *Business Partner Declaration*:

- Should a situation arise that prevents compliance with the requirements set out in the *Business Partner Declaration*, the business partner must notify its contractual partner at the Otto Group of the non-compliant status without delay (within 48 hours).
- Action must be taken in accordance with the Otto Group’s binding procedure in the event of an actual or suspected infringement of the requirements. The relevant contact person at the Otto Group will make this procedure available to the business partner in the specific situation.
- The business partner is responsible for instructing the facilities in its supply chains to comply with this *Business Partner Declaration* and, in the event of an infringement, for taking the necessary remedial action as set out in the procedure.

- The Otto Group will refrain from placing new orders with the business partner until infringements have been remedied or clear plans of action to remedy the infringements are in place. Furthermore, the Otto Group also reserves the right to freeze current orders.
- The Otto Group reserves the right to refuse acceptance of the goods and to remove the goods from the range in the event of non-compliance with the requirements.
- Where non-compliance with our requirements occurs, our primary objective is to remedy the grievances in the interests of those affected. The business relationship may be terminated if the business partner fails to take the required remedial action in accordance with the procedures or displays a lack of cooperation in remedying the infringements.

8 Dealing with reports and infringements

Complaints and reports of infringements of human rights and environmental requirements and the amfori BSCI Code of Conduct can be submitted to the Otto Group at any time – including anonymously - via the whistleblowing system SpeakUp.

Furthermore, Dr Buchert, lawyer, is available as an independent and confidential contact in his capacity as external global ombudsman:

Ombudsman
Dr Rainer Buchert, lawyer
Dr. Buchert & Partner Rechtsanwälte Part GmbB
Bleidenstraße 1
60311 Frankfurt am Main, Germany
Germany
Phone: 0049-69-710 33 33 0 or 06105-92 13 55
Fax: 0049-69-710 34 44 4
Email: dr-buchert@dr-buchert.de

Complaints and information on infringements of human rights and environmental requirements in the Otto Group's own operations or in the operations of an Otto Group supplier⁹ can also be submitted to the Otto Group via the [RSC/RMG Sustainability Council](#) (previously: Bangladesh ACCORD) and the [amfori grievance mechanism 'Speak for Change'](#).

All complaints we receive (regardless of channel) are carefully investigated by the Otto Group. Depending on the outcome, we will take appropriate remedial action. All business partners must guarantee to refrain from disadvantageous measures or disciplinary action against the person reporting potential violations.

Kindly contact the sender of this correspondence if you have any questions concerning the requirements of this *Business Partner Declaration* or documents that are integral parts of the declaration.

⁹ Here, the term supplier refers to supply chain actors for the production of merchandise (own brands).

9 Annexes

[Annex 1: \[amfori BSCI Code of Conduct\]](#)

[Annex 2: \[Child Labour & Young Workers\]](#)

[Annex 3: \[Country Restrictions\]](#)

[Annex 4: \[Social Standards\]](#)

[Annex 5: \[Animal Welfare\]](#)

[Annex 6: \[Animal Welfare – Accepted Certificates and Standards\]](#)

[Annex 7: \[Polyvinyl Chloride \(PVC\)\]](#)