



# Trimming the sails





“Together with a motivated team and great personal confidence, I have worked to initiate the climate transformation of the Otto Group. It was and remains important to prioritize consistently and to find robust, pragmatic solutions even in high complexity.”

Alexander Gege,  
Head of Climate & Ecology Otto Group

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# Our holistic view of sustainability

## Our ambition

The economy is there to benefit people – not the other way round. This mindset and the 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, the Otto Group Path, 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 economy, environment 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 to our strict commitment to doing business globally in accordance with human rights and our efforts to protect the environment and the climate.

## Sustainability management at 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 in the Otto Group is managed by the Corporate Responsibility department, which reports directly to the CEO of the Otto Group, Alexander Birken, and advises both the CR Board and the Executive Board. The department consists of experts in the areas of "Strategy, Communication and Processes," "Human Rights and Supply Chain Transparency," "Climate and Ecology" and "Materials and Circularity". The department defines requirements and frameworks for overarching CR legal requirements and the Otto Group's CR standards, and is responsible for developing and reporting on 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 an interdisciplinary CR team comprising a Sustainability Officer and experts for the individual topic areas within the scope of the CR strategy ([→ see p. 33](#)). The CR 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.



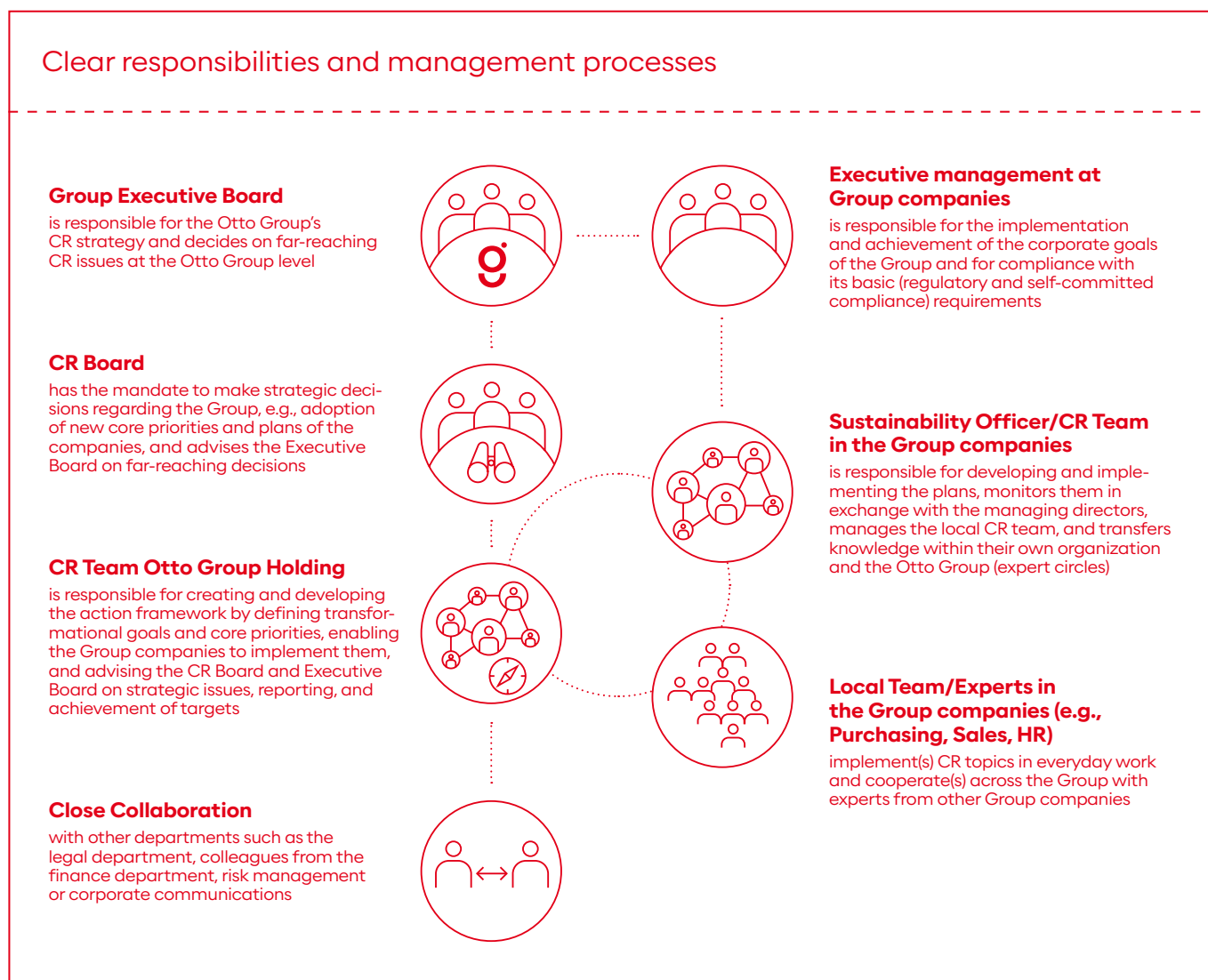
The Group-wide exchange of best practices and networking of experts and interested employees in the Otto Group are some of the key success factors underpinning our strategy. Within our seven topic areas (→ see p. 28) the colleagues responsible for CR and experts at the Group companies and the Otto Group 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. The representatives on the CR Board adopt the Otto Group's perspective without neglecting the views of the Group companies.

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 that, for example, incur significant investment costs or have a significant influence 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 since 2022/23. In the reporting year, the adjustment of the remuneration structure was also extended to the Executive Board of Hermes Fulfilment. The incentive targets for the Otto Group Executive Board members refer to all externally audited key performance indicators in the CR strategy, equally weighted. The key performance indicators used as incentives for the managing directors are aligned with the specific profiles of the Group companies.



## Our materiality analysis

Our CR strategy is based on the materiality analysis and 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 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 are now updating our materiality analysis to meet future non-financial reporting requirements (especially the Corporate Sustainability Reporting Directive, CSRD).

### Material topics

Social and environmental aspects in the supply chain are a key 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. Supply chain disruptions and geopolitical conflicts have recently raised the profile of these issues. The resulting negative ramifications on the economic front led to increasing poverty in the producing countries, which in most cases will also exacerbate the human rights risks. Environmental issues, such as greenhouse gas emissions in supply chains, continue to be highly relevant.

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 materiality matrix (see [figure to the right](#)). 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 sourcing 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.

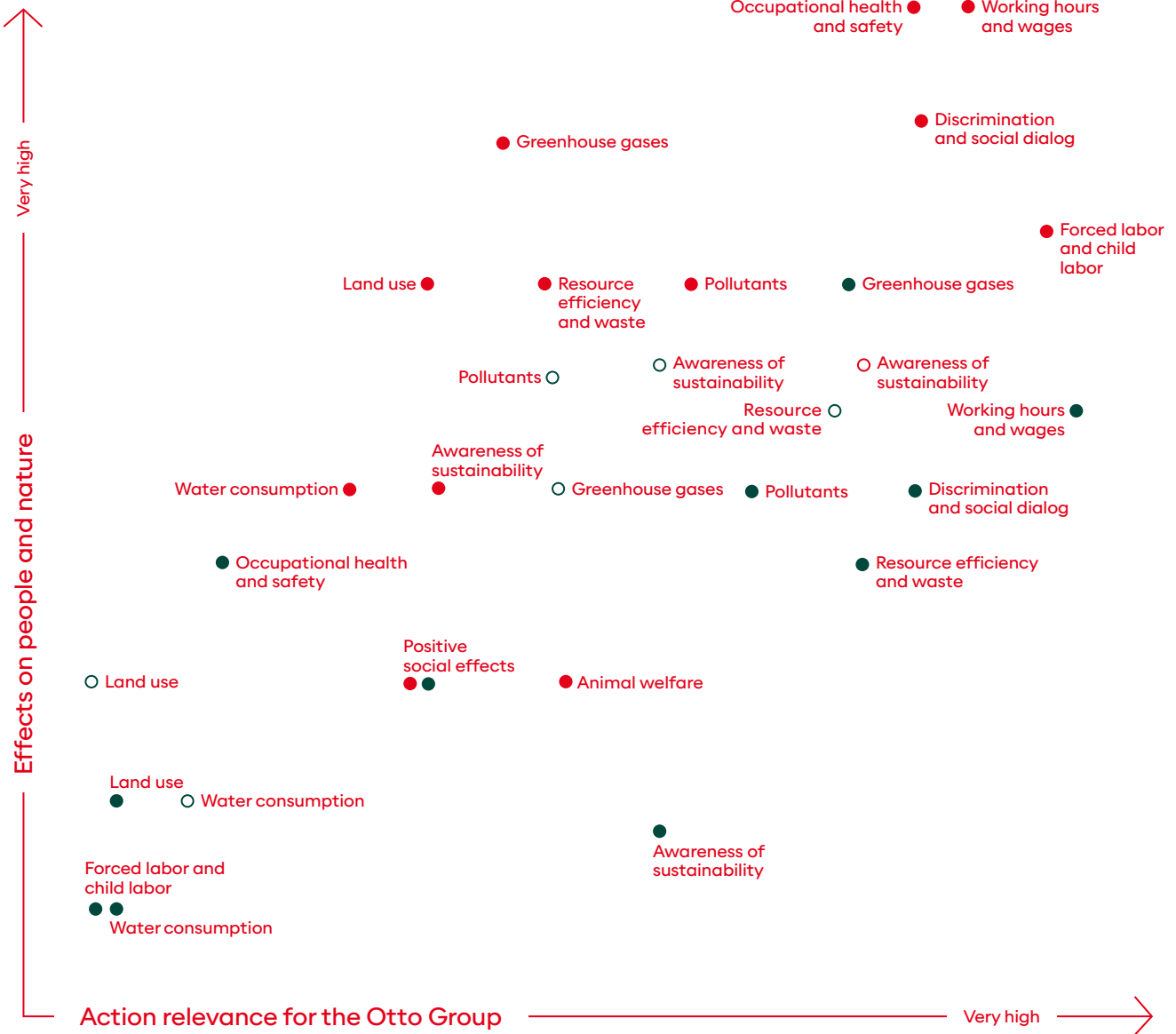
We work every day to anchor sustainability more firmly in the entire Otto Group and its business processes. To this end, we are raising awareness of the issue within the Group and enabling the Group companies to assume even greater responsibility for sustainability issues. It is important for us to intensify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

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 are currently reviewing our CR strategy in light of current national and international regulatory requirements.

### 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.

# 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 effects

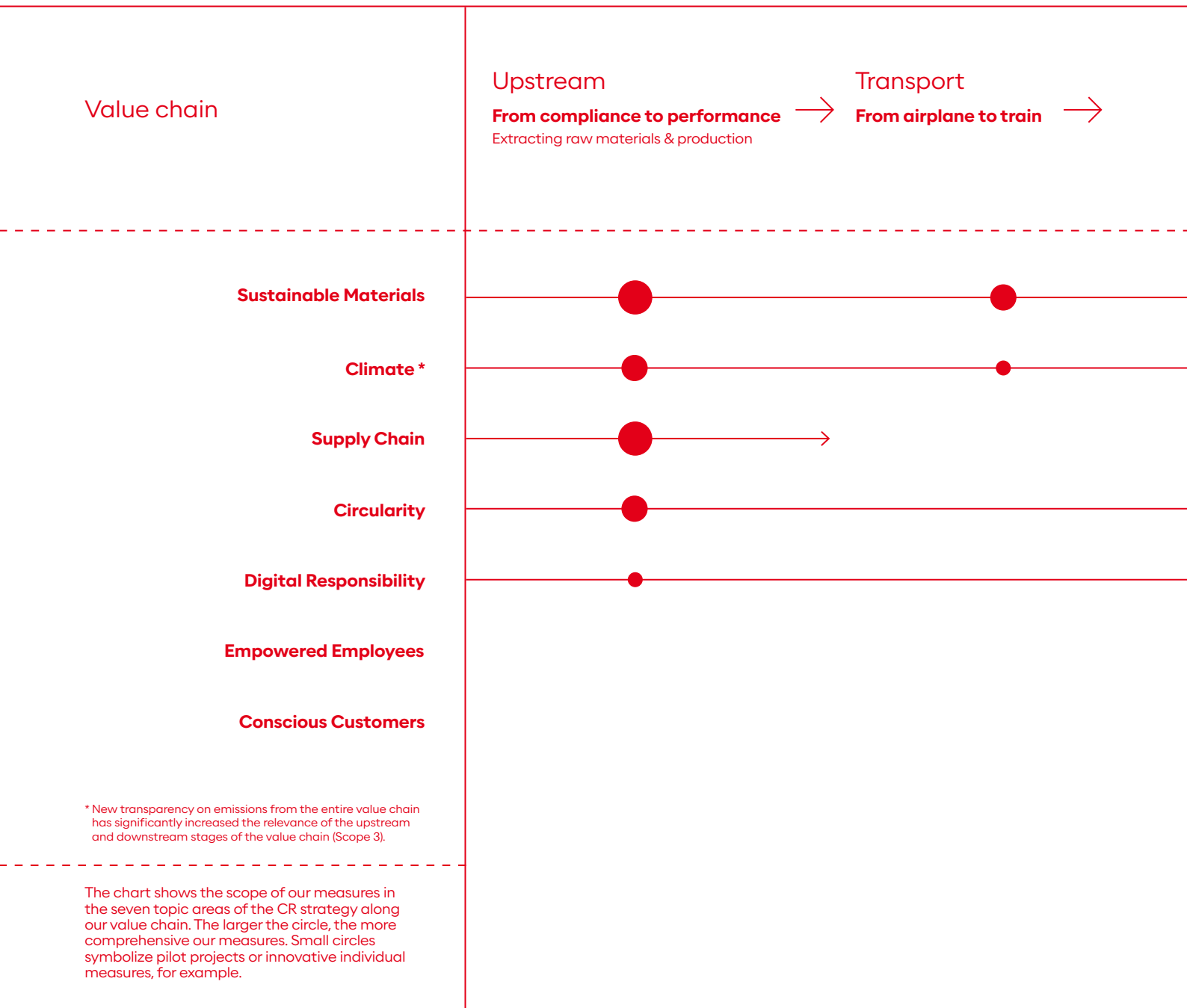
## Value-adding stages

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

**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. In particular, the supply chain plays a special role in our climate protection activities, so we will fully include it in our 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 also 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](#)).

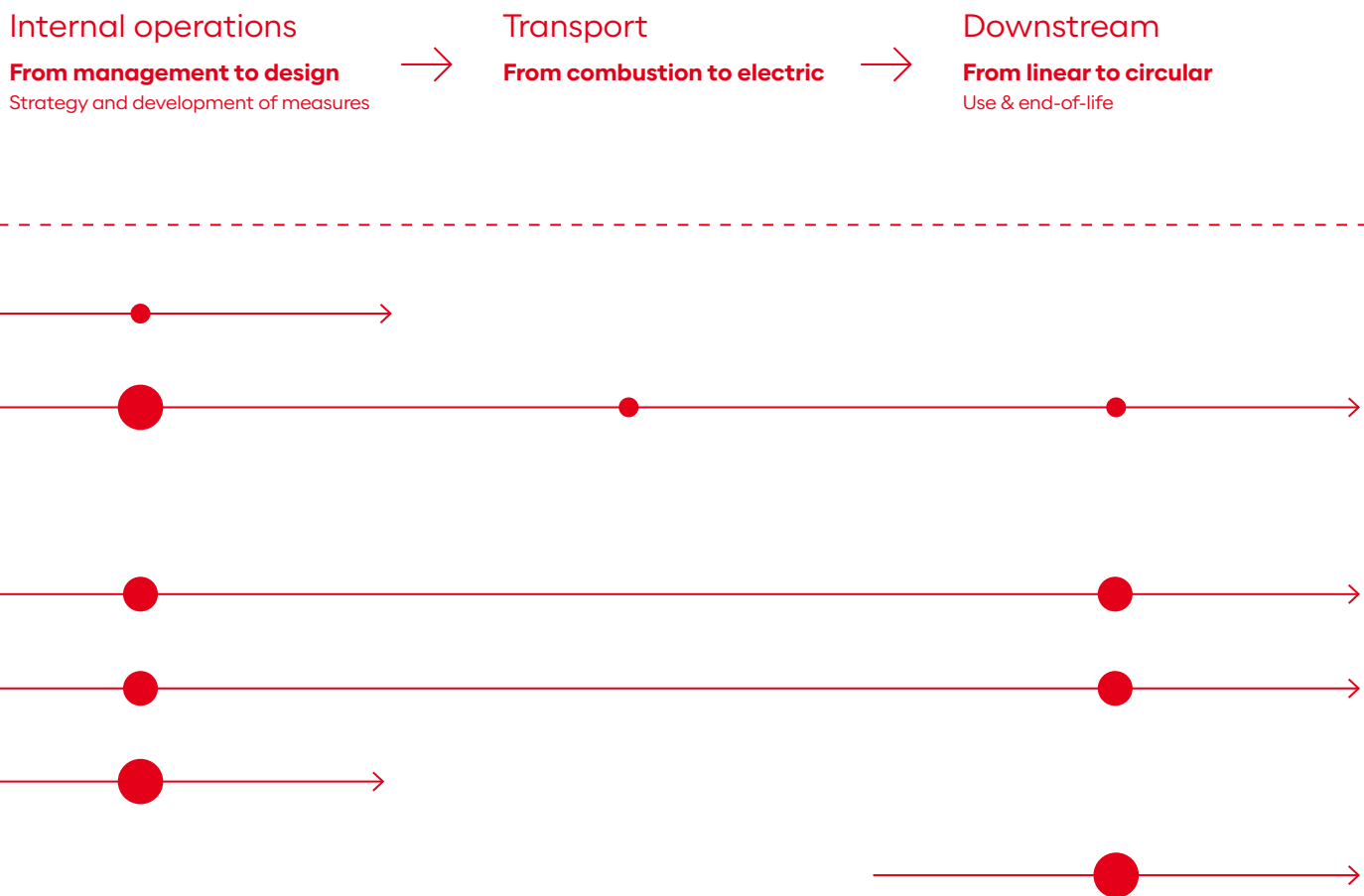




The downstream value chain is also an important area of activity for us to achieve our sustainability goals. Key points of reference include the topic areas of Climate ([→see Climate chapter](#)), for example, with regard to product delivery, and Circularity ([→see Circularity chapter](#)) because the right course must also be set for the circulation of products and raw materials with a view to the use, disposal and recycling of our products. 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 chapters](#)).

**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. The CR strategy is a dynamic, learning concept and therefore has no fixed end date.



## Overview of the seven topic areas and their respective Transformational Goals

### Eco shift: New goals



#### **Sustainable Materials**

We apply more sustainable raw materials in all our products.



#### **Climate**

We achieve net zero emissions throughout our whole value chain by 2045 (net zero target).

### Business shift: New economy



#### **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 circular solutions.



#### **Digital Responsibility**

We shape value-oriented digitization for people and society.

### Mind shift: New awareness



#### **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. Otto Group standards also apply to Group companies that do not fall within the scope of the CR strategy. These standards are anchored in our Group Guideline on Sustainability in Purchasing in the Otto Group. Every business partner is required to sign 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. We last amended the requirements for our business partners in 2022 with the revised version of the Business Partner Declaration on Sustainability, including a Code of Conduct. 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 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.

Group companies  
in the scope of the CR strategy:

Bonprix	Freemans Grattan
Venus	Group company Otto Austria Group (formerly Unito)
OTTO	Limango
Witt (including Heine)	Frankonia
Sheego	Eos Group
Crate and Barrel	Hermes Fulfilment
Baur-Group	Hermes Einrichtungen Service (HES)
Mytoys*	Hermes Germany**

\* myToys.de GmbH was taken into account for the last time in the CR strategy when it ceased operations in the 2023/24 financial year.

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

## 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 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 requirements for ethical and ecological production conditions are part of our business relationships, and we communicate them through online training 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 as well as innovative startups 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 support 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 bonds to capital market investors. Financial market stakeholders are showing an increasing interest in using 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® or Stiftung KlimaWirtschaft. 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. – Network for Sustainable Business (member since 1987)	Michael Otto Foundation for Environmental Protection (foundation in 1993) with its AQUA-AGENTEN and F.R.A.N.Z. projects
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 [Foundation Climate Economy] (formerly Foundation 2 Degrees, initiated and joined by Prof. Dr. Michael Otto 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)	Sustainable Apparel Coalition (SAC; Cascale since February 2024) (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)
Value Balancing Alliance (2021 to 31 December 2023)	toMOORow (partner since 2021)
Leather Working Group (member since 2022)	Science Based Targets Initiative, SBTi (committed since 2022)



# Eco shift: New goals

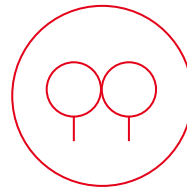
We monitor the impact of our products on the climate, ecosystems and society over their entire life cycle: from the extraction of raw materials, production conditions, material consumption and shipping to use and finally return to the cycle by customers. According to our materiality analysis, we have the greatest impact on ecosystems in the areas of greenhouse gases, pollutants, land use, water consumption, raw material efficiency and animal welfare – and therefore have the greatest 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 are pursuing a long-term net zero goal for our entire value chain. We cooperate with innovative partners to offer our customers the best solutions and to reach our targets for 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 catalog 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. Our strategy therefore starts in the upstream value chain, with targets for textiles, furniture, packaging and catalog 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, those that contribute to animal welfare, or those that can be recycled, thus reducing 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 (→ see **Circularity chapter**) – 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. For the

Otto Group, the use of more sustainable materials is less and less an end in itself. Rather, with our measures in the area of materials, we want to create a valid basis for recycling solutions and 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% FSC®-certified furniture products by 2025



### Core priority

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



### Core priority

100% sustainable packaging by 2023 (extended until 2024)

## Certificates and standards

We want to ensure that the products we bring to market meet our sustainability standards. Wherever possible, we ensure that the materials we use are externally certified, for example by 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

From 2024 onwards, 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 recycled material. Overall, these and other measures were able to increase the share of more sustainable packaging from 78 percent in 2022 to 94 percent in 2023.

In March 2021, OTTO entered into a cooperation with the Hamburg-based startup Wildplastic®. "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. By the end of 2023, the Group company had achieved its goal and converted all OTTO shipping bags to Wildplastic®. In the reporting year, Hermes Germany also started a cooperation with Wildplastic® and offers its customers the Hermes returns bag as a practical option for returning individual parts of an online order if the original packaging is no longer available or suitable. The bag is available free of charge at over 16,500 Hermes parcel stores.

## 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. In addition, we aim to use 100 percent sustainable cotton in our own and licensed brands, including organic cotton, recycled cotton, Cotton made in Africa (CmiA) and CmiA cotton in transition\*. We were able to increase the share of preferred fibers in 2023 from 55 percent in 2022 to 59 percent in 2023, putting us on a good path to achieve our targets of 65 percent by 2025.

## Plastic shipping bags for biowaste

Together with the Hamburg-based start-up Traceless®, Otto is developing a shipping bag made of natural polymers that can be fully composted within a few weeks. The Traceless® material is a new, natural material that is an alternative to conventional plastics and bioplastics in terms of quality and price, but is still fully compostable under natural conditions. This returns nutrients to the soil and has no impact on the waste system. The Traceless® material is based on residues from food production, avoiding the conflict between food and land use. Traceless® material is harmless to humans and the environment because it completely avoids the use of chemicals that are hazardous to health or the environment.

What is the best way to dispose of Traceless® material? Ideally, products made from Traceless® material should be disposed of in organic waste. If a bio container or home compost heap is not available, the bag can be disposed of along with the regular trash. This makes it very easy for the end user. The home compostable bags are intended to complement the Wildplastic® bags used by OTTO.

\* CmiA cotton in transition is grown according to the specifications of Cotton made in Africa on previously conventionally managed land, but is not yet labeled as such. The transition period is two to three years.

### Traceable Cotton

In the Otto Group, more than 95 percent of the cotton used in our own and licensed brands is already sustainable. This is achieved, among other things, by using cotton certified according to the internationally recognized Cotton made in Africa (CmiA) standard. CmiA cotton is processed according to the principle of mass balance. This 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, as if on a scale.

In addition, some of our Group companies have further ambitions for “traceable cotton”. By 2025, Bonprix aims to increase the proportion of this cotton to 25 percent in its own brands. The aim is to ensure that the certified cotton used in yarn production is fully reflected in the final product through all further processing steps. To achieve this, the Otto Group initiated a pilot project in 2023 to introduce traceable CmiA cotton – the CmiA “hard identity preserved” (HIP) system. The aim of CmiA HIP is to ensure that the entire cotton content of a product consists of CmiA cotton, without any admixture of other cotton. Work is underway to implement and integrate a detailed cotton traceability assurance process.

### Animal welfare

We are committed to ensuring that the animals from which the animal materials in our merchandise originate are treated in an ethically appropriate manner. We comply with applicable national and international conventions for our animal welfare-related products. We do not permit the use of products or components from endangered species or animals caught in the wild and are continuously developing our approaches in collaboration with relevant stakeholders. With the adoption of binding animal welfare standards, we have further specified our goals. By 2024, only leather and hides from selected domesticated species (buffalo, cattle, 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 and were developed in consultation with a major international animal welfare organization. In 2022, for example, Bonprix offered its customers a premium capsule collection with sustainable cashmere certified according to The Good Cashmere Standard® (GCS) for the first time.

### Wood furniture and catalog paper

We are also on track to meet our 2025 goals for wood furniture and catalog paper. The percentage of certified

### Sustainable materials: Our goals

	Actual in 2022	Forecast 2023	Actual in 2023	Target value
Preferred fibers*, of which 100% sustainable cotton**	55%	Slight increase	59%	65% (by 2025)
FSC®-certified furniture products***	83%	Significant reduction	83%****	100% (by 2025)
Sustainable catalog paper	90%	Slight increase	94%	100% (by 2025)
Sustainable packaging	78%	Medium increase	94%	100% (by 2023) (extended until 2024)

\* Our “preferred fibers portfolio” contains fibers that have a significantly lower environmental impact compared to conventional fibers in the same category (e.g., Cotton made in Africa cotton, recycled and organic cotton compared to conventional cotton) and recycled artificial fibers and animal-based fibers that are produced with careful attention to animal welfare.

\*\* In 2023, the share of sustainable cotton was 97%.

\*\*\* From 2023 onwards, the Otto Group accepts the following certifications in addition to FSC®: EU Ecolabel, Blue Angel (Blauer Engel) and Nordic Swan.

\*\*\*\* This represents 62% of the volume of wood sold in tons

wood furniture remained at 83 percent in 2023 after being 83 percent in 2022, while sustainable catalog paper increased from 90 percent in 2022 to 94 percent in 2023.

By 2025, we aim to have 100 percent of our wood furniture products certified with a sustainability certificate. We primarily rely on the FSC® standard. However, the availability of regionally sourced FSC®-certified wood will continue to become more difficult in the future. In some EU countries, particularly Poland, the area of FSC®-certified forests is decreasing significantly. Since 2023, we have been accepting other recognized certificates for wood furniture, such as 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.

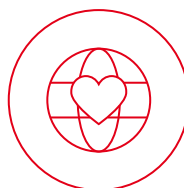
In addition to expanding certification and supporting our furniture suppliers, we also want to establish cooperation projects to ensure more stable access to more certified wood. Since 2022, therefore, the Otto Group has been supporting forest owners in the Franconia region in a joint pilot project with FSC® Germany to have their forests certified according to FSC standards. As part of the project, various forest owners and communities have joined forces so that a forest area of around 9,800 hectares were newly certified according to the FSC® standard in December 2023. The new FSC® group consists of various municipalities and cities in the region and benefits from the certification according to social and ecological standards for forest management in Germany as well as from the synergy effects of group certification.

In autumn 2023, the Otto Group received the German Sustainability Award in the Furniture and Electrical Retail category. This award underscores the Otto Group's commitment to FSC® in recent years. In addition, Crate and Barrel received an FSC® Award in 2023 for offering a wide and growing range of FSC®-certified furniture.

## 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 CO<sub>2</sub>e 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.**

**Our long-term goal is to achieve net zero emissions throughout our value chain by 2045 at the latest. We want to ensure that our goals and activities are in line with the 1.5 degree target of the Paris Climate Agreement. Therefore, in 2022, we committed to developing an ambitious and comprehensive science-based target (SBT) for our entire value chain. We submitted our SBT to the Science Based Target Initiative (SBTi) for validation in spring 2023 and successfully completed the validation process at the end of February 2024.**



### Transformational goal

We achieve net zero emissions throughout our value chain by 2045 (net zero target).



### Core priority

Adjusted CO<sub>2</sub>e reduction of 40% by 2025 (compared to base year of 2018) and climate neutrality by 2030 for our own locations, transportation, employee mobility (operations), and externally operated data centers and cloud services.

### A holistic approach to emissions

This report defines CO<sub>2</sub> equivalents (CO<sub>2</sub>e) as all greenhouse gases (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFC, PFC) according to their greenhouse effect relative to CO<sub>2</sub>.

## Climate protection at our locations and in the supply chain

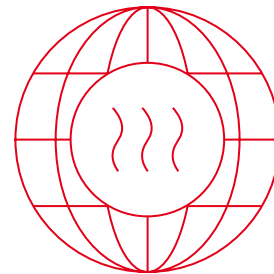
As part of our core priorities, we have set ourselves the goal of reducing our CO<sub>2</sub>e emissions by 40 percent by 2025 compared to the base year of 2018 – for our own locations and transportation, for employee mobility (operations), and for externally operated data centers and cloud services.

In our own operations, we can ensure that we have a direct influence on the development of our CO<sub>2</sub>e emissions. This allows us to reliably manage our Scope 1, Scope 2, and some of our Scope 3 emissions (→ see info box “What is a science-based target?”). The greatest leverage for reducing our CO<sub>2</sub>e emissions is to continue increasing our energy efficiency, switch completely to green electricity and move the transport of merchandise from air to rail and sea. For example, OTTO has already reduced the share of air freight to less than two percent. OTTO works with the innovative partner GoodShipping, 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. This lowers CO<sub>2</sub> emissions by about 80 percent compared to heavy fuel oil and, unlike heavy fuel oil, produces virtually no harmful air pollutants.

We will manage the decarbonization of our locations primarily by switching to renewable energy sources. At present, the Otto Group’s share of green electricity is 41 percent at its global locations and 65 percent in Germany. Our intention is to switch to 100 percent green electricity at all German and – if available – also international locations by 2025. 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.

There is also potential for climate action in our downstream value chain. By delivering to our customers with low or zero emissions, we help reduce particulate pollution in cities, protecting the environment and health. Since the end of 2023, with “Green Delivery Hamburg”, Hermes Germany has been supplying an entire city with zero emissions for the first time. To ensure that packages and parcels find their way to recipients in Hamburg without local emissions, Hermes Germany first created the necessary conditions: In the Billbrook district, the parcel logistics company built a new e-mobility hub with 96 charging points in 2022, which, together with the logistics center at Billbrookdeich with 40 additional charging points, forms the basis for electric delivery in an area of around 756 square kilometers. All locations in the Hamburg area, including those

of affiliated service partners, will be supplied with 100 percent green electricity. This creates the structures that will eventually allow more than 240 fully electric vehicles to operate in the suburbs of the Hanseatic city and deliver up to twelve million parcels per year locally on the last mile without emissions. Currently, 176 electric vans and eight cargo bikes are in use, including the delivery bases of service partners in Hamburg’s suburbs. According to the company’s target, the changeover will lower CO<sub>2</sub> emissions by more than 1,400 tons per year. Although Hamburg is the first city that Hermes Germany serves locally without emissions, progress is being made step by step in many other cities. In Berlin, Bonn, Duisburg, Essen, Göttingen, Heilbronn, Magdeburg, Mainz and Münster, for example, a large number of parcels and packages are already being delivered to the doorstep of recipients in a climate-friendly manner using e-transporters or cargo bikes. By 2025, the parcel service will deliver parcels without local emissions in 80 German cities. From spring 2024, the service will deliver to the doorsteps of 40 cities using electric vehicles.



Our 2023 CO<sub>2</sub>e emissions are

# 30%

lower than the base year of 2018.



### Avoid, reduce... offset?

We want to achieve our climate goals by consistently avoiding and lowering emissions. Neither our core priority (-40 percent CO<sub>2</sub>e emissions by 2025 compared to 2018), nor our long-term net zero goal and the new science-based target (**→ see New, Ambitious Climate Goals chapter**) recognize offsetting projects to achieve these goals. Nevertheless, Hermes Germany and Hermes Einrichtungen Service used offsetting certificates as a voluntary additional measure to ensure CO<sub>2</sub>e-neutral deliveries to customers of OTTO, Bonprix, Baur and the Group company Otto Austria Group (formerly Unito) in the past financial year. We placed our trust in high-quality certificates from Atmosfair in this context. In the reporting year, we ended CO<sub>2</sub>e-neutral delivery through offsetting within the Otto Group. This will not be continued from 2024.

### Disclosing climate impact

Also in 2023, we published our reporting in accordance with the requirements of the Carbon Disclosure Project (CDP). With an overall score of B, we are again above the industry average and in line with the European average. 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 value 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 Michael Otto Foundation for Environmental Protection is in charge of implementing the initiative in collaboration with the Michael Succow Foundation, a partner in the Greifswald Moor Centrum. The aim is to engage in systematic rewetting to create functional moor landscapes that are capable of permanent carbon sequestration. In addition, the peatlands are to be sustainably cultivated (so-called paludiculture) in order to generate biomass for value chains in the long term. 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.

### Greenhouse gas emissions reduction: Our goals

	Actual in 2022	Forecast 2023	Actual in 2023	Target value
Percentage of green electricity in total electricity consumption (German and international locations)	29%	Slight increase	41%*	100% (by 2025)
Percentage of green electricity in electricity consumption at German locations	49%	Slight increase	65%*	100% (by 2025)
Reduction of adjusted** CO <sub>2</sub> e emissions compared to base year of 2018***	-21%	Slight reduction	-30%	-40% (by 2025)

\* Due to the billing modalities of the energy suppliers, we have reported the value from the previous year (2022) here.

\*\* Shown relative to their performance units.

\*\*\* Emissions relating to the locations are all based on the previous year's values due to a lag in data availability. Emissions from data centers, from the purchase of cloud services, and from external data centers are collected in absolute values and not relative to their performance units. The calculation of these emissions is based on a spend-based method using a multi-regional input-output model. This method incorporates purchasing data for these services, recognized international statistics, and assumptions based on structures known from Otto Group IT. These assumptions are based on, for example, the inclusion of information from green energy origin certificates and CO<sub>2</sub> certificates of individual service providers in the calculation basis. The Estimated Time of Arrival (ETA) is used as the time frame for the calculation of emissions from procurement transports. Due to missing values, the bill of lading is used for the Crate and Barrel Group in this year.

## New, ambitious climate goals – science-based target

### We have set ourselves a science-based target

As the Otto Group, we want to make a tangible and measurable contribution to limiting global warming and ensure that our goals and activities are in line with the 1.5 degree target of the Paris Climate Agreement. Therefore, in 2022, we committed to developing an ambitious and comprehensive science-based target (SBT) to systematically develop our previously successful climate protection activities.

The climate strategy, which is still valid in the reporting year, takes into account the immediate areas of influence of our direct business activities, which account for around five percent of the Otto Group's total emissions. With the SBT, we are intensifying our ambitions and addressing the greenhouse gas emissions of our entire value chain (Scope 1, Scope 2 and Scope 3 emissions) – from the cultivation of raw materials and the manufacture of products to the use phase and the disposal of merchandise.

In developing the SBT, we worked closely with Sustain Consulting and the key Group companies that have the greatest impact on our greenhouse gas emissions, namely OTTO, Bonprix, Hermes Germany, Crate and Barrel and the Witt Group. We identified relevant levers and measures and developed different target scenarios. These Group companies, the Otto Group Executive Board and the CR Board (**→ see Sustainability Management in the Otto Group chapter**) as the highest decision-making bodies, were closely involved in the development process from the very beginning. In the spring of 2023, our SBT was approved internally by the Otto Group Executive Board and subsequently submitted to the Science Based Target Initiative (SBTi) for validation. At the end of February 2024, we successfully completed this validation process with SBTi. With the start of the 2024/25 financial year, we officially manage according to the new SBT target architecture. Our SBT and our long-term transformational goal to achieve net zero emissions across our entire value chain by 2045 completely replace the previously valid core priorities of our CR strategy from the new financial year. The old climate targets have been incorporated into the new SBT target architecture.

### What is a 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 Target Initiative (SBTi). The SBTi's assessment is based on current scientific knowledge.

In developing our climate targets, we follow the Greenhouse Gas Protocol (GHG Protocol), which provides a global and standardized framework for measuring and managing greenhouse gas 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 new science-based Otto Group climate target\* is divided into three sub-targets:**

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

**Sub-target 2 (Supplier Engagement):** At least 50% third-party brands and marketplace partners by spend covering purchased goods and services set science-based target by the end of FY 2027/28.

**Sub-target 3:** Absolute reduction in scope 3 GHG emissions by 42% by the end of FY 2031/32 compared to FY 2021/22

Total greenhouse gas emissions in the base year (2021/22 financial year) of the new SBT climate strategy amount to approximately 9.4 million metric tons. The largest share, almost 75 percent, comes from own brand production (upstream value chain), transportation and the use phase of products by customers. These three areas are therefore critical to our future achievement of the SBT targets.

**How we plan to achieve our targets**

During the reporting year, we rolled out the SBT approach across the Group and worked with key Group companies to develop concrete measures to achieve the targets. For the achievement of our SBT and our long-term net zero target, we primarily rely on improving the energy efficiency of production processes in the upstream value chain and promoting the use of renewable energies. In pilot projects such as "Scalezero" and "Clean by Design" (→ see info box to the right), we are exploring different approaches and gaining important insights for our path to net zero emissions. Comprehensive measures to address emissions from our customers in the use phase will also be highly relevant in the future. A particular focus is on increasing the energy efficiency of electrical appliances. We also want to help our customers switch to green electricity when they use our electrical equipment. In addition, we are continuing our efforts to shift the transportation of goods from air to sea or rail and to electrify delivery to customers. In the future, we will also further interlink our climate activities with the topic areas of Sustainable Materials (→ see Sustainable Materials chapter) and Circularity (→ see Circularity chapter). Here, too, decisive contributions are needed to achieve our ambitious climate targets, for example in the selection of materials.

Since we can only indirectly influence the upstream value chain, any implementation of reduction measures poses a much greater challenge than mitigating climate change in our own operations. It can only be achieved in close cooperation with our business partners. We therefore take a collaborative approach to helping our business partners in the upstream supply chain improve their climate performance. For example, we use the Higg FEM tool from Sustainable Apparel Coalition (SAC; Cascale since February 2024) to track other environmental impacts in our supply chains to measure the environmental performance of facilities in a standardized way (→ see Supply Chain chapter).

**Pilot projects for climate protection in the supply chain:**

As part of "Scalezero," we launched a pilot project with eight facilities in Bangladesh in 2023. We will support the facilities to independently develop, prioritize and implement energy efficiency, energy management and renewable energy measures, and connect them with appropriate local service providers. The goal is an individual action plan and regular support for the facilities in implementing the measures on site.

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. Starting in 2023, we will support facilities over a 14-month period by providing training and on-site assistance on energy management and process optimization. The goal is to establish proven best practices in the production process and quantifiably reduce the environmental impact.

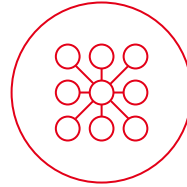
\* The official target formulation can be found on the [SBTi website](#).

# Business shift: New economy

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 with aspects of social responsibility, environmental compatibility and the largely circular economy and to 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 of our own brands. 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 value chain of our own and licensed brands presents both the greatest risks and the greatest opportunities for us to make a difference, both in terms of environmental issues and human rights. We regard our approach as a continuous process to improve our environmental and social performance step by step in close collaboration with our business partners and actors 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 actions are based on ten social and environmental focus areas identified through our materiality analysis. To make developments more evident, we support our requirements with measurable indicators.



### Transformational goal

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



### Core priority

Identification of all facilities in the supply chains of our brands – from raw material to finished products.\*



### Core priority

Information about social and environmental 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.

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

## Performance improvement along the supply chain

### Social goals



#### 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 & 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 goals



#### Climate & 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 coming years, the environmental aspects in the Supply Chain area will be strongly influenced by the Otto Group's climate targets, which will reach a new level of ambition and commitment with the adoption of a science-based target (**→ see Climate chapter**). In particular, our long-term net zero goal can only be achieved through far-reaching measures in the upstream value chain, which we design, pilot and scale together with our partners. In the supply chain, in 2023 we initiated the climate protection projects "Scalezero" and "Clean by Design" (**→ see Climate chapter**), which support textile facilities in Bangladesh, China and India in developing and implementing measures for energy efficiency and solar energy. We are continuously developing our actions in the areas of chemicals, water, raw materials and waste.

On social issues, we continue to focus on paying living wages and protecting children's rights. We see our own procurement processes as an important lever. To learn more about the complex composition of living wages and to advance our journey, we participated in the Partnership for Sustainable Textiles' "Living Wage Lab." Since then, we have been working closely with one of our selected final production facilities in India in a pilot project. We also work with the children's rights organization Save the Children. 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.

### 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. Following the success of the Accord in Bangladesh, we were also one of the first companies to sign the Pakistan Accord on Health and Safety in the Textile and Garment Industry. This Accord initiated the establishment of a comprehensive occupational safety program in 2023. It laid the foundation for joint and continuous improvement.

Our environmental focal points are addressed by working together with the UN Fashion Industry Charter for Climate Action and the Sustainable Apparel Coalition (SAC; Cascale since February 2024), 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 gain insight into the conditions at local final production sites through social audits. The social audits are a prerequisite for cooperation and must be available as valid evidence during the production of articles distributed by the Otto Group. This includes the SA8000 certificate, an amfori BSCI audit (at least result "C") or our own standard, the Otto Group Assessment. We continue to support our business partners and supply chain facilities to improve local production conditions. Our business partner training is used to communicate the objectives and content of our CR strategy. In 2023, we published extensive information for our partners on the topic of Human Rights Due Diligence and the German Supply Chain Due Diligence Act (LkSG) on the Otto Group website.

### From compliance to performance

In 2023 we continued to expand the availability and quality of information about our supply chains. One of our most important instruments is the "Sustainability Questionnaire for Supply Chain Facilities". This questionnaire is used to collect environmental and social data, derive necessary actions and measures, and can measure developments quantitatively. We also fall back on external sources and use data, for example, from the Higg Facility Environmental Module (HIGG-FEM) of the Sustainable Apparel Coalition (SAC; Cascale since February 2024) and The BHive® app for digital chemical management in the textile industry.

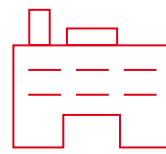
Our accredited social audits also provide us with information. Furthermore, the children's rights organization Save the Children also provides us with information on children's rights risks in our production countries. The goal is to expand this data base in order to develop tailored measures and improve our impact measurement. Together with Save the Children and its subsidiary, The Centre for Child Rights and Business, we have also initiated programs to strengthen children's rights in China, Turkey and Bangladesh. 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 most effective contribution to our environmental goals in the reporting year was made by The BHive® project. The app with the same name, used by some Group companies, digitizes chemicals management at the facility level, with the aim of gaining an overview of

the chemicals used, replacing hazardous substances and contributing to a more conscious, environmentally friendly and resource-saving approach. After a pilot phase with around 35 facilities in 2021, we were able to expand the app to 85 facilities in 2022. In 2023, we used The BHive® in 106 facilities.

### Supply chain transparency

We look beyond our final production facilities to increase transparency in our supply chains – the foundation of all 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. In 2023, we also identified 10,172 unknown facilities in our supply chains (2022: 1,996).



In 2023, we identified

**10,172\***

additional facilities in our supply chains.

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

### Complaint mechanisms

We strictly adhere to legal regulations (compliance) and go beyond this with the performance approach of our CR strategy. 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 BSCI initiative or the International Accord for years. We also have our own whistleblowing system, **SpeakUp**, which is available in 20 languages and can be used to report suspicious cases. The portal is a protected and 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 35 hints\* via these channels on potential violations in our supply chains on the following topics: prohibition of child labor; prohibition of forced labor and all forms of slavery; disregard

\* As of 30 April 2024

for occupational safety and health hazards; prohibition of withholding an appropriate wage; prohibition of hiring or using private/public security forces due to insufficient training or control, resulting in harm; and other human rights or environmental violations. We view the receipt of hints as a positive sign that our whistleblower mechanisms are working, and we follow up on each tip carefully. They are individually recorded, evaluated and investigated by our experts in collaboration with the relevant stakeholders. Necessary actions or measures are then derived, their implementation monitored and systematically followed up.

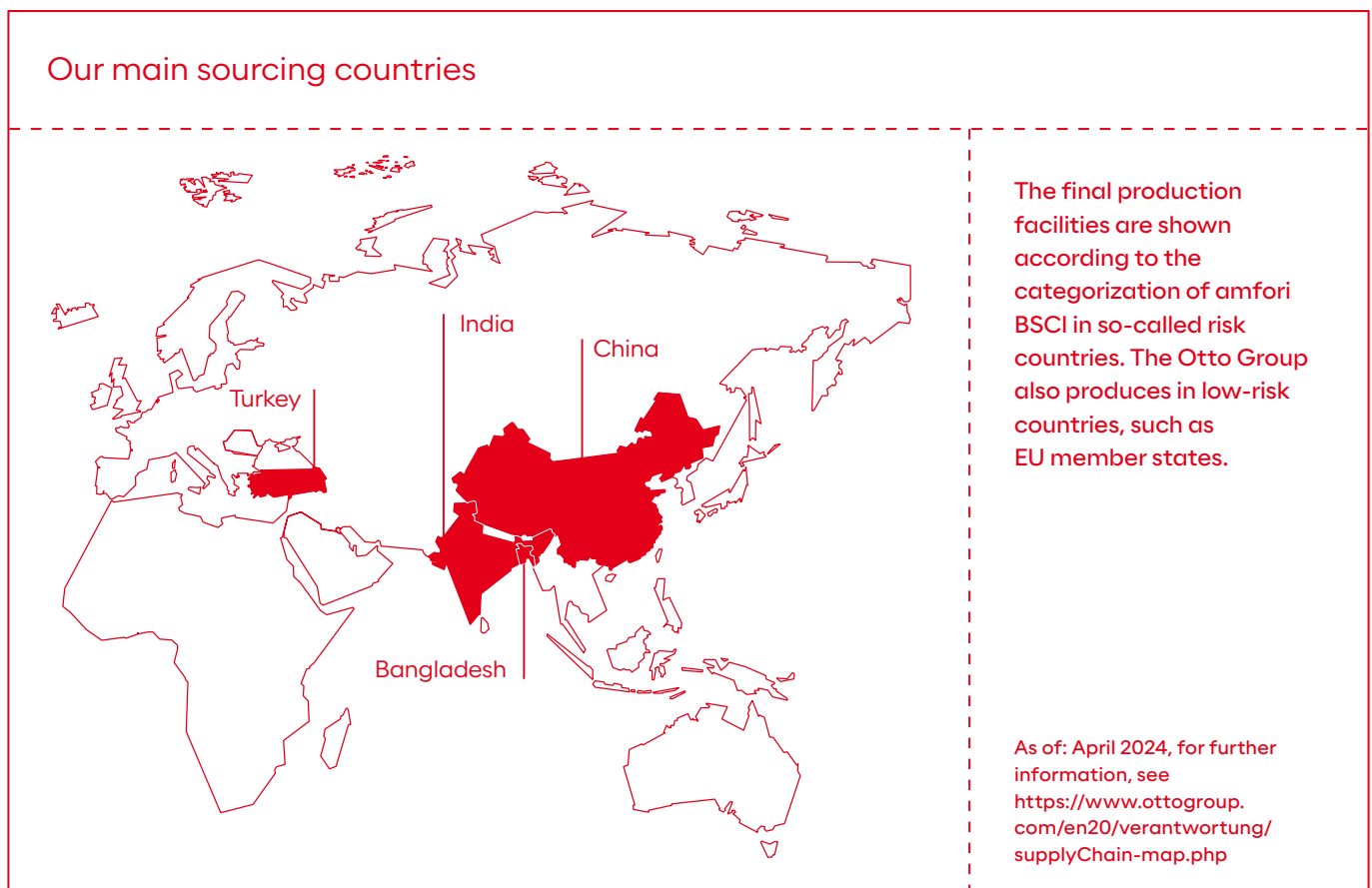
### The Supply Chain Due Diligence Act

Our approach to human rights is aligned with the requirements of the German Supply Chain Due Diligence Act (LkSG, Lieferkettengesetz). It has applied to all companies with at least 3,000 employees in Germany since the beginning of 2023. 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. As a result, some Otto Group companies have been required to comply with the provisions of the Supply Chain Act since January 1st 2023. These include OTTO, Hermes Germany, Hermes Fulfilment and the Witt Group. Since the beginning of 2024, the law has also been binding for Baur, Bonprix and Baur Hermes Fulfilment. The Group companies independently publish their LkSG report and a human rights statement on their websites.

### Building on the foundation

The German Supply Chain Act also poses some challenges, mainly due to the complexity of our business models and their respective supply chains. Because in the context of the law, the supply chain refers to all of a company's products and services. It includes all steps, both domestic and international, that are necessary to produce products or provide services, from extracting raw materials to delivery to customers. The law thus includes business models other than commercial enterprises, such as service companies in the logistics and financial services sectors.

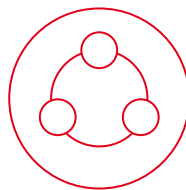


Respect for human rights is not up for negotiation, and the protection of our environment has long been a matter of urgency. The Otto Group therefore welcomes the fact that the Supply Chain Act has given both issues new binding obligations in corporate practice. With our long-standing commitment to human rights, we are well prepared for the new requirements of the Supply Chain Act. At the same time, the tightening of the rules is a welcome opportunity for us to take a critical look at our existing processes and measures. Concrete improvements for the people on site can only be achieved if all parties are on the same page. We have provided information on human and environmental risks and due diligence obligations, so we can improve the basic understanding of risks and effective measures among our employees and business partners. In the reporting year, we were also able to take advantage of synergies between the Group companies and jointly develop cross-company processes and solutions, for example for the preparation of the individual reports in compliance with the German Supply Chain Due Diligence Act, Lieferkettengesetz (LkSG).

Systematically identifying and minimizing human rights risks is no longer a voluntary matter. The Act thus reinforces our longstanding efforts to manage sustainability according to the principle of materiality. In the future, we will continue to ask ourselves the question: Where do we as the Otto Group have the greatest influence and need for action to reduce risks for people in our supply chains and continuously improve production conditions?

## 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 pilot 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 want to measure the number of circular solutions for our products to check the effectiveness of our measures and to monitor the progress on our way to a circular business model. For the first time, we collected quantitative metrics on circularity and had them verified by an external auditing firm. In 2023, circular solutions were implemented

for 15.6 million products, such as the use of recycled materials, circular product design, the sale of second-hand products, repairs and recycling solutions. The majority of the KPI is currently achieved through the use of secondary materials. The goal is to implement circular solutions for a total of 18 million products in the 2024 calendar year.

### 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. In 2023, OTTO launched a second "Circular Collection" in cooperation with the company circular.fashion. Each garment in the Circular Collection belongs to the OTTO products brand, follows certain strategies of circular.fashion's circular design criteria and has a digital product passport, the circularity.ID®: It is a permanently stitched NFC tag that contains information about the material, production and the correct channel for returns. This allows used textile sorting facilities to identify the garment and its components and, depending on the condition of the item, either make it available for reuse or send it for high-quality recycling. 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.

Together with the company circular.fashion, Bonprix has also developed circular design criteria, which have been applied in two Circular Collections. These collections focus on materials made from renewable and/or recycled resources. In addition, there are strict requirements for the recyclability and durability of the products. For example, Bonprix avoids large-scale prints in the collections and reduces the amount of elastane in the entire product to a maximum of five percent to enable high-quality recycling. The circular denim fabrics have detachable buttons or zippers that have been tested for durability, and embroidery replaces metal rivets on the pockets. The first Circular Collection of women's, men's and children's clothing was launched in the spring of 2023, and since the fall of 2023, circular textile accessories have also found their place in the collections.

### Buying and selling used clothing on Limango

At the beginning of 2024, Limango launched an **online second-hand shop**. Through this platform, customers in Germany can sell their Limango purchases to other customers, thus extending the useful life of the items. The shop has been well received by customers and will be gradually expanded.

### Take-back systems

Since functioning take-back systems are essential in circularity, we are also expanding our initiatives in the textile and electronics sectors. As part of the charitable initiative "Platz schaffen mit Herz" (Creating space with heart), OTTO collects used textiles from customers, for example. The proceeds from selling the second-hand clothes go towards supporting charitable organizations all over the world. It includes a voting system so that customers have a say on where the funding goes.

In addition, we as the Otto Group recycled more than 43,000 tons of used electronic equipment from customer returns in the calendar year. More than 219,000 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 Fashion for Good initiative launched the "Sorting for Circularity" project with us and other fashion industry stakeholders. The 18-month project focuses on the use of automated sorting technologies powered by artificial intelligence (AI). This will optimize sorting in large-scale sorting operations of reusable textiles, increase circularity and reduce the burden on waste management in exporting countries.

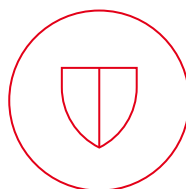
In addition, at the beginning of 2024, the Otto Group Holding, together with Bonprix and OTTO, joined the project "Implementing Circularity in the Textile Industry" of the Partnership for Sustainable Textiles, the German Society for International Cooperation (GIZ) and the company circular.fashion to promote the integration of circular processes in the supply chain. As part of the project, German fashion companies and their suppliers

are developing their own fully circular capsule collections according to strict sustainability criteria following appropriate training and advice. The goal is to serve as a blueprint for closing the loop in the textile industry.

As industry-wide change is necessary for the success of the circularity concept, we also want our actions to have an impact beyond the Otto Group. With this in mind, we supported the World Wide Fund for Nature (WWF) as a sponsor of the **“Model Germany Circular Economy”** project in 2023. As part of the study, scientific institutes have developed recommendations for circular measures that are central to environmental protection and securing raw materials. The study also shows which policy instruments can be used in various sectors to drive forward the transformation to a truly circular economy. The WWF study is also aimed at making a key contribution to the political discourse within the framework of the National Circularity Strategy announced by the German government. Recommendations for action can also be derived for the Otto Group’s business model – for example, the promotion of circular solutions such as second-hand, repair and recycling or, looking ahead, the development of a resource reduction target.

## 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 companies in the Otto Group 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 ZukunftsWerte initiative, representatives from business, academia, politics and civil society came together in 2023 to discuss challenges and concrete solutions relating to the future of work and digital education, with a focus on retraining and skills shortages. In addition, another exchange format of the initiative focused on the opportunity-oriented and responsible use of artificial intelligence and its design. 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 aim is to promote the principles laid down in the CDR Code of Conduct in business and society, to continuously improve the effectiveness of the measures taken, and to report annually on the appropriate measures.

## 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 and to motivate them and others to consciously reduce the amount of data during the campaign period. Colleagues are encouraged to clean up their data storage with the help of checklists and video tutorials. The data cleaning was launched by the Baur Group in 2021 and extended to other Group companies as “Digital Spring Cleaning” in 2022. In September 2023, the campaign took place for the first time together with the Digital Sustainability Days under the name #CRX23 (Corporate Responsibility Experience) (→ see **Empowered Employees chapter**). In 2023, the campaign received attention and support beyond the Otto Group through the Corporate Digital Responsibility (CDR) Initiative by the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV). The CDR initiative has inspired around 50 companies to participate and has gained the patronage of the Federal Minister for the Environment, Steffi Lemke.

## Digital education

### Masterplan

As an employer, we feel a responsibility to shape the digital world of work in the interests of our employees. A digital learning culture is a central aspect of the cultural change that the Otto Group has been intensively promoting for years. One of our most important tools is Masterplan, the digital learning platform that we introduced as part of the Group-wide training initiative TechUcation. It enables us to address relevant topics on a broad basis within the organization. In the reporting year, three learning paths were created on the topic of artificial intelligence. The first learning path provides an introduction to AI and its various applications in the Otto Group, while the second part focuses on generative artificial intelligence (GenAI). In addition to a general understanding of GenAI, the practical application of various tools (e.g., **ogGPT**, → see p. 9) is explained. The third learning path focuses on the implementation of AI solutions and supports employees in the concrete introduction and use of artificial intelligence. New learning content has also been made available for commercial employees who have successfully completed the basic course on digitization in 2022, including a learning path on “Digitization and Robotics.” The advanced learning content enables and encourages employees to actively shape the digital transformation in the commercial sector. Since the introduction of Masterplan in 2020, around 37,000 employees have learned about topics related to digitization.

### Technophilia Week in the Otto Group

In November 2023, the group-wide IT provider of the Otto Group organized the “Technophilia Week” for the third time. For the first time, this week was not only open to the Group’s technology enthusiasts – around half of the presentations were also open to external participants. The “Sustainability@Otto Group IT” event focused on the topic of sustainability and specific environment and climate protection measures in the IT sector. A total of around 600 participants attended the series of events.

### 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 training was developed by internal experts in collaboration with the Human Resources department and is aimed specifically at non-IT employees in leadership positions. The



online training series includes nine live modules on topics such as automation, cloud computing, and IT project management, which have been completed by a total of 50 participants in small groups. The content is offered in English to reach all international colleagues of the Eos Group.

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 have been completed more than 950 times on the Masterplan learning platform by the end of 2023.

In order to strengthen the data skills of employees and to promote data-based work in all departments, the Group company Otto Austria Group (formerly Unito) has been offering colleagues on-site and remote workshops via the "Data School" since 2023. During the training sessions, participants not only receive relevant information on the respective topic, but also have the opportunity to try out the tools presented, such as SQL or Python. The launch was successful: Colleagues are submitting ideas for additional workshops, and new formats such as asynchronous learning videos are being developed.

#### Teacher training program

Beyond our own business activities, we also contribute our digitization experience and skills to society. The digital teacher training program TechUcation@school is a cooperation between the Hamburg School Authority, the Hamburg State Institute for Teacher Training and School Development, and the Otto Group. School education in a digital culture is one of the most important issues of our time, and in addition to a pedagogical concept and appropriate technological equipment, the training of teachers is a key factor. 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. In 2023, we also welcomed the Pedagogical State Institute Rhineland-Palatinate (Pädagogisches Landesinstitut Rheinland-Pfalz) and the State Media Center Baden-Württemberg (Landesmedienzentrum Baden-Württemberg) as new cooperation partners. This gives even more teachers access to the extensive learning paths. The offer will be extended to other German states in 2024.

#### 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 future IT talents with a refugee or migration background in their education and vocational training. In addition to financial contributions and donations in kind, the support of volunteer instructors with IT skills is crucial to the success of the concept. In the reporting year, employees from the IT departments at OTTO and the Otto Group Holding were able to get involved. In the two semesters of 2023, 257 students, 61 percent of whom were women, from 42 nations completed courses in web development, user-centered design, data analytics, and cloud computing.

#### Displaying the CO<sub>2</sub>e footprint via app

Since 2020, the CO<sub>2</sub>e emissions of the Group-wide internal IT provider, including the production of IT equipment, have been regularly determined as part of the "Carbon Footprint" project. Since October 2022, several thousand employees of OTTO and the Otto Group Holding and since September 2023 also of the Otto Group Solution Provider have been able to view their work-related, personally generated CO<sub>2</sub>e emissions via a footprint app. For the digital data cleaning in 2023, Bonprix and Baur also had access to the app. Employees could track how their storage volume and related CO<sub>2</sub>e emissions developed during the campaign.

# Environmental protection

## AI controls purchasing

The Challenge Early Order Prediction Service, known as CHEOPS, was developed by Otto Group Holding in 2019 to help colleagues in purchasing predict demand for new items using artificial intelligence. This involves analyzing historical product and customer data in order to adjust purchase quantities and reduce surpluses. Since 2019, OTTO has developed its own solution for future sales forecasts for the OTTO, Baur and Lascaña brands with "AI Forecasting" from OTTO BI, which will also be offered to platform partners in the future. "AI Forecasting" serves the companies as the basis for comprehensive control for retailers and logistics.

At Bonprix, the internal AI product ASA is used to classify which fashion items are likely to be bestsellers and which are likely to be less in demand before their production begins. The goal is to avoid surpluses and optimally align the product range with customer preferences. Bonprix's replenishment process is also supported by the use of other internal forecasting tools. These help to minimize supply gaps and avoid overstocking.

## DigiPac

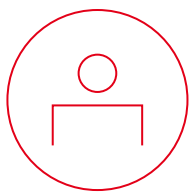
We also use digitization in the downstream supply chain on the way to our customers. As part of the DigiPac project, Hermes Fulfilment and Bonprix have been working together since December 2022 to digitize the packing process for customer shipments. This means that paper documents such as invoices or 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, eliminating 7.7 million printed delivery slips in the first year. The process began in Germany and the Netherlands and was expanded to France and Belgium in August 2023, with other countries to follow. DigiPac 2.0 will continue the digital transformation of Hermes Fulfilment and Bonprix. Whereas previously only multi-item parcels were taken into account, DigiPac 2.0 will also include single-item parcels in the digital packing process. The distinction is based on the fact that the packing of multi-piece and single-piece shipments are two separate processes, and the digitization of multi-piece shipments was started first. Our goal is to further expand the elimination of printed receipts.

# Mind shift: New awareness

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's why it's important for us to create transparency and opportunities for our employees to get involved. We provide them with information and knowledge about sustainability and actively communicate about our CR activities through the intranet, sustainability-related communities, or through presentations and events. We also support our employees in integrating 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 organized and continued to expand a variety of measures for employees during the reporting year. For example, sustainability is an integral part of the onboarding programs for new colleagues in many Group companies. In addition, we offer 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](#)). In the reporting year, we published new videos on topics such as the German Supply Chain Due Diligence Act (LkSG) and Cotton made in Africa. To achieve our core priorities, make the most of synergies and embed sustainability even more deeply throughout the company, we also rely on quarterly knowledge exchanges with and between the Empowered Employees experts of the Group companies.

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. For example, OTTO introduced the multiplier model as part of the realignment of the sustainability area in 2022. This model is designed to implement the sustainability strategy in the departments and to strengthen sustainability awareness throughout the OTTO organization. In departments that are important for the CR strategy, such as purchasing or logistics, the model will be used to create positions that are located in the OTTO sustainability area and will be implemented operationally in the individual departments. This enables close cooperation between the departments and integrates the sustainability strategy into the company's core processes.

Another example is Sheego: All relevant departments were asked to develop concrete measures. One result is the switch from paper to digital invoices in the Finance and Controlling department.

### Shaping sustainability together

We want to inform our employees about the various dimensions of sustainability and motivate them to contribute own ideas into their daily work routine. 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.

### Digital Sustainability Days

In September 2023, our Sustainability Days took place, organized together with the digital data cleaning (→ see **Digital Responsibility chapter**) under the common name #CRX23 (Corporate Responsibility Experience). In order to reach as many colleagues as possible, we conducted the Sustainability Days digitally and across the company. Some of the events were also open to external guests, enabling an exchange between business, science, politics and civil society. A project group consisting of colleagues from the Otto Group Holding and various Group companies designed a diverse program with internal and external speakers. For example, exclusive deep-dive sessions were offered for Otto Group employees to discuss topics such as social and environmental responsibility in purchasing markets, sustainability in the capital market and the climate crisis. Insights into current sustainability topics such as the Supply Chain Due Diligence Act or the Science Based Targets Initiative were also provided. The Sustainability Days met with great interest, with around 1,500 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 sustainability strategy:

- Organizing and carrying out a stream cleanup as part of a stream sponsorship at Baur
- A rescue campaign for fawns at Frankonia
- A clothes swap by the “Greenfluencer” trainee initiative at the Witt Group
- supporting the organization of the digital Sustainability Days by the “GOOD Project” trainee initiative at OTTO
- Energy and Environment Days with information and participation opportunities for trainees at Hermes Fulfillment

#### When food is left over after an event?

It's not uncommon for some catering food to be left over after an event and for it to land in the trash due to hygiene regulations. We want to address this by creating an opportunity to donate leftover food. Since November 2023, our employees have been able to share this with their colleagues through our internal app OG2GO. All they have to do is upload a photo of the food to the “FoodShare” channel and announce when and where colleagues can help themselves.

# 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. In line with our CR strategy, we therefore create incentives for more conscious consumption and continuously improve the transparency of the sustainability features 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 core priorities, we provide our customers with guidance 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 proportion 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 both our level of ambition and the requirements of our customers, as well as regulatory requirements, continue to evolve. We welcome public and political debate on what makes a more sustainable product and how information should be communicated.

Our goal is to provide guidance to our customers and help them to make more informed purchasing decisions. In 2023, we continued to work on labeling products in our stores that have a proven environmental or social advantage over conventional items. We do this by highlighting the sustainability feature – such as organic cotton – on the product and making other information transparent.

## Collections

Since 2023, customers have been able to purchase garments from two Circular Collections at Bonprix for the first time. Both collections include styles for women, men and children. They are designed to be timeless, durable, and recyclable, as well as fashionable items that customers can enjoy for a long time. In addition, following the success in 2022, OTTO launched a second Circular Collection in 2023 (→ see **Circularity chapter**) in cooperation with the company circular.fashion.

To prevent clothing that no longer fits from ending up in the trash, Sheego has introduced a "Fits Me Guarantee" for its customers. 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 33 key styles, with a focus on denim as well as other selected items such as blouses, T-shirts and pants. 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 for choosing products with sustainability features 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.

### What do women expect from fashion and those responsible for fashion?

Together with the market research institute Ipsos, Bonprix asked more than 7,000 women in Germany, Austria, Switzerland, France, the Netherlands, Italy and Poland how they deal with issues such as sustainability\* in the textile industry. The results of the **International Fashion Report** show that there is a growing awareness, but also uncertainty and ambivalence.

In the seven countries studied, about two-thirds (65 percent) of surveyed women are concerned about sustainability. Awareness of sustainability appears to be particularly high in Poland (73 percent), France (72 percent) and Italy (71 percent). In Germany, sustainability has been less in the spotlight to date, but it is also a relevant issue for more than half (55 percent) of women. In addition, nearly six in ten (59 percent) of all respondents consider sustainable materials when buying clothing. Natural fibers are popular: Cotton (90 percent), organic cotton

(72 percent) and linen (64 percent) are the most well-known and popular fibers. Fair wages are also important to Germans (49 percent) – as well as to Austrians (51 percent), Swiss (48 percent) and Dutch (37 percent). Polish women are particularly concerned about the durability of clothing (57 percent) and environmentally friendly materials (42 percent), the most of all respondents. Compared to other countries, French women are more concerned about water-conserving manufacturing processes (27 percent), transparency about production sites (24 percent) and transparency about the environmental impact of textile production (21 percent).

In addition, more than three-quarters (76 percent) of all women find sustainability in fashion very complicated. They are often unsure of what is truly sustainable. There is one point on which respondents from all seven countries agree: The vast majority of women (86 percent) appreciate fashion companies putting more emphasis on sustainability.

86%

of all respondents appreciate that fashion providers are putting more emphasis on sustainability

82%

of Italian women like circular fashion

65%

of all women surveyed pay attention to sustainability in fashion

\* Sustainability was understood here as meeting daily needs in a way that minimizes negative impacts on people and the environment.