

The background of the entire page is a photograph of a multi-story building with large, arched windows. The windows are filled with various home decor items, including vases, lamps, and plants. A woman in a floral dress is walking on the sidewalk in front of the building. A yellow taxi is partially visible in the bottom right corner. The image has a warm, orange-red tint and a network of white lines and dots overlaid on top, suggesting a digital or interconnected theme.

otto group

2025/26
Annual Report

Our future: **powered by people and tech**



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General disclosures

The economy is there to benefit people – not the other way round. This mindset and strong awareness it engenders for social responsibility are among the hallmarks of the Otto Group. The Group is convinced that a holistic understanding of responsibility will strengthen economic success in the long term. For this reason, an entrepreneurial mindset in which social, ecological and economic aspects are viewed as equals is enshrined within the strategy at all levels of the Otto Group. The Group has embraced the aspiration to reconcile sustainability and economic success along the entire value chain and to evaluate business decisions with regard to potential impacts on the environment, people and society. This sense of responsibility is reflected in all areas of activity, from supply chain requirements and strict commitment to doing business globally in accordance with human rights to efforts to protect the environment and the climate. One of the success factors of the Otto Group is its employees. Their wide range of skills, their experience, their capabilities, and their commitment form the basis for the Group's further development.

Basis for preparation

Sustainability management in the Otto Group comprises three levels with different scopes for the Group companies. Legal requirements and the Otto Group Sustainability Standards are authoritative for all Group companies. The latter include all requirements documents that apply within the Otto Group concerning

sustainability-related topics, including, for example, Group policies. All Group companies in which the Otto Group directly or indirectly holds 50% or more of the voting rights, or over which it is able to exercise a controlling influence, are included in the scope of requirements. In addition, the Otto Group's Sustainability Strategy pursues ambitious targets in the areas of Environment and Human Rights. The Sustainability Strategy applies to Group companies with the greatest impact on human rights or environmental issues along the entire value chain. These impact Group companies are OTTO, the bonprix Group, the Witt Group, the Crate and Barrel Group and Hermes Germany GmbH.

Metrics presented in the following section refer to the Otto Group's 2025/26 financial year, which begins in March and ends in February. The obligation to release full reporting according to the Corporate Sustainability Reporting Directive (CSRD) will not apply to the Otto Group until the 2027/28 financial year. This annual report by the Otto Group does not yet voluntarily implement full compliance with the requirements of the European Sustainability Reporting Standards (ESRS) due to the high level of regulatory uncertainty, but it will approach the structure and future reporting requirements of the ESRS starting from this year. To this end, selected content and performance indicators are described for the ESRS topic areas in which the Otto Group materiality analysis has identified the greatest impacts: General disclosures, climate change, resource use and circular economy, own workforce and workforce in the value chain.

Governance

Sustainability committees

Sustainability is comprehensively integrated into the business activities of the Otto Group and anchored at the highest strategic planning level. The Group Executive Board bears overall responsibility for the Otto Group's Sustainability 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 are routinely included on the agenda for the Executive Board's discussion and decision-making formats.

Sustainability within the Otto Group is managed by the Corporate Responsibility department. It reports directly to Petra Scharner-Wolff, CEO of the Otto Group. The department also advises both the CR Board and the Group Executive Board. The department consists of experts in the fields of "Strategy, Communication and Processes", "Technology", "Human Rights and Responsible Supply Chain", "Climate and Ecology" and "Materials and Circularity". By defining binding Otto Group Sustainability Standards, the department creates an action framework that exceeds the legal requirements. Also included in the department's remit is the further development of, and reporting on, the overarching Sustainability Strategy.



To this end, the department works closely with other departments such as the Legal department, the Finance department, Risk Management or Corporate Communications. The department acts furthermore as an interface between the Executive Board and the CR departments of the individual Group companies.

For implementation, each of the relevant Group companies has assembled an interdisciplinary CR team, comprising a Sustainability Officer and experts for the individual focus topics within the scope of the Sustainability Strategy. The teams are tasked with advancing the sustainability topics and establishing synergies within the Group. They regularly share information with their respective Management Boards which are responsible for adherence to compliance requirements and implementation of the Sustainability 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 the Sustainability Strategy. Within the focus topics the colleagues responsible for CR and experts at the Group companies and Otto Group Holding gather regularly in expert circles to discuss the achievement of targets within their remits, share thoughts on new ambitions and ideas and develop and implement suitable measures.

The CR Board is the central decision-making board that has been tasked by the Executive Board with developing CR management in the Group. It consists of representatives from important companies within the Otto Group and adopts the perspective of the Otto Group without neglecting the views of the Group companies themselves.

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

HR committees

The Human Resources Strategy is managed by the Corporate Human Resources (Corporate HR) department of Otto Group Holding in close cooperation with the Executive Board, in particular Katy Roewer as Group Executive Board Member for Finance, Controlling and Human Resources, as well as the Heads of HR and management teams of the Group companies. Corpo-

rate HR therefore operates on the interface between HR departments, the Executive Board and central governance bodies. In the course of the corporate accretion, Otto GmbH & Co. KGaA became the legal successor to Otto GmbH & Co. KG, without any changes to the operational structures. Otto GmbH & Co. KGaA also has a Supervisory Board with equal representation. The corporate accretion also created a new HR body: the HR Committee in the Shareholders' Council, which adds to the established governance structures. Meetings of the HR Committee are held twice yearly.

Regular Group-wide dialog in various committee formats is a key success factor in the governance structure. The central committee is the HR Board, in which the Heads of HR of the largest Group companies jointly set priorities and ensure the progress of relevant projects at the beginning of each financial year. Monthly HR Board meetings make certain that the measures are up to date and effective. The solutions developed by the HR Board are circulated to the other Group companies via the regular Conference of Heads of HR. An annual meeting between the Conference of Heads of HR and the Group Works Council is firmly established. Strategic HR topics are implemented by the HR departments of the Group companies. This combines a Group-wide strategic focus with maximum flexibility for implementation at local level.

Incentivization

The annual variable remuneration paid to members of the Group Executive Board has been linked to the achievement of sustainability targets since the 2014/15 financial year. Since 2022/23, this has also applied to the Management Boards of the Group companies OTTO, the bonprix Group, the Witt Group and Hermes Germany GmbH. Incentives for Otto Group Executive Board members take into account selected performance indicators from the Sustainability Strategy. Incentivization in the 2025/26 financial year includes achieving the following targets: The “near-term science-based target sub-target 3”, “Preferred Fibers” and the topic of “Safe Work Environment” in the upstream supply chain. As a rule, the same performance indicators are used to incentivize the Managing Directors at Group company level, taking into account the different business models. The specific incentive target values for the Otto Group and the Group companies are first developed by the Sustainability Officers and experts from the Group companies and Otto Group Holding in a joint planning process and then approved annually by the CR Board.

Depending on the company’s specific strategy, incentives for Managing Directors of Group companies can be based either alternatively or additionally on targets that apply to the company’s own employees. The link between remuneration and sustainability targets encourages consistent implementation of the strategic claim.

Strategy, business model and value chain

The Otto Group is a global digital retail and services group that divides its business activities into various strategic business areas.

The Otto Group’s trading activities, which constitute a relevant part of the operating business activities, are conducted in the Platforms, Brand Concepts and Retailers segments. The trading activities include assortments such as fashion, shoes and lifestyle products, furniture and home accessories, toys, consumer electronics, sports, and leisure products plus DIY assortments for renovations and gardening. The primary sales channels are e-commerce, brick-and-mortar retail, and catalog. The Otto Group sources various products for its trading activities from a large number of countries. Here, it does not own any facilities, but works with business partners (that is, suppliers) who in turn place orders with various facilities. Based on the final production facilities for own and licensed brands, the main sourcing countries for the Otto Group are China, India, and Turkey.

The e-commerce platform OTTO in particular shapes the Platform segment. Aside from its own trading business, the strategic focus in this regard is on operating a marketplace solution which participating partners use to sell goods and services to end customers. Ancillary B2B services related to the trading business are provided as well.

The Brand Concepts segment comprises vertical concepts and product brands represented at international level. These include, in particular, the bonprix, Crate and Barrel and Witt Groups, which sell products from their own brands as well as licensed brands to end customers. The company mainly uses its own sales channels for this, along with e-commerce, brick-and-mortar retail and catalogs.

The Retailer segment consists of multichannel retail concepts that primarily buy and sell products of their own and third-party brands. This segment includes the retail activities of the Baur Group and shopping programs from the Limango Group as well as the Manufaktum Group. In this segment, e-commerce is also a focal point in the sales channels.

The Services segment mainly comprises the extensive logistics services of the Hermes Group and the sourcing of the Otto International Group. These sub-groups deliver services both to customers outside the Otto Group and to Group companies from the Platforms, Brand Concepts and Retailers segments. Dominating this segment is the Hermes Group, which offers numerous services along the logistics supply chain – from transport out of the countries of origin to customs clearance and warehousing to deliveries to private and business customers. In the Hermes Group, the Hermes Fulfilment Group plays a key role in the Otto Group’s trading activities with its warehousing activities. It operates various sites in Germany, Poland, the Czech Republic, Italy and Switzerland.



The portfolio is rounded off by the Financial Services segment, in which the EOS Group, as an expert in receivables management, offers a wide portfolio of services, in particular the tech-based processing of non-performing receivables.

Stages of the value chain

The value chain of the Otto Group's business areas can be divided into three stages: the upstream value chain, own operations and the downstream value chain.

The upstream value chain comprises the extraction and processing of resources required for the manufacture of goods, as well as all further refinement and production processes through to the finished product. Textiles, furniture and electronics are the most relevant assortments for retail activities. Using textiles as an example, the Otto Group looks at the cultivation of raw materials, the manufacture of yarns and textiles, dyeing processes and the final production process of the product such as cutting and sewing. What is more, the Otto Group also considers the transportation of goods to its own locations.

Own operations comprise all activities that fall within the remit of the company's own employees or are performed at its own locations. They are limited to commercial trading processes and supportive functions,

which are covered by the Services and Financial Services business areas, for example. Relevant activities include the logistics warehousing activities in the Services business area.

The downstream value chain includes transportation and, in particular, the use phase of products and services. Included in this, for example, is electricity consumption resulting from the operation of electrical products.

In dialog with stakeholders

The Otto Group is involved in various initiatives, remains in regular contact with its stakeholders and collaborates on strategic, long-term sustainability issues with selected partners from business, government and civil society. Its most important stakeholders include the following groups:

Customers

With their consumption decisions, customers have a critical impact on the success and future orientation of the Otto Group's business models. Drawing on regular "Customer Insights", the Group continuously seeks to understand the wishes and needs of its customers and deliver suitable incentives for more sustainable consumption.

Employees

The Otto Group's employees are the driving force behind its own sustainability activities. They are therefore supported by the Group in their efforts to build and expand on their knowledge in the area of sustainability, also during onboarding and via digital learning platforms. In addition, knowledge and exchange formats create scope for employees to further develop their knowledge and ideas for more sustainability and actively bring them to life. The Otto Group also remains in dialog with the various employee representatives – including the works councils at the locations – in order to shape working conditions within a collaborative framework. Intensive dialog takes place with the Group Works Council and the Supervisory Board committees at Group level.

Business partners

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

Experts

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

Government

Sustainable business models can only be successful in the long term if there is a regulatory "level playing field". The Otto Group works with international institutions and national governments to maintain momentum across the industry. For example, the Group supported the development of a circularity roadmap for the German government and participated in consultation on the ESRS guidelines.

Financial markets

The Otto Group relies on its principal banks for financing and the issue of financial instruments to capital market investors. The Otto Group remains in regular dialog with its banks on sustainability issues and meets the information needs of the financial market through transparent reporting. Financial markets are also keen to invest in economically and socially sustainable companies. This is in line with the Otto Group's Human Resources Strategy, which perceives social partnership as an important part of corporate responsibility.

Community and partner networks

The conviction that the economy should serve society has been shaping the Otto Group for decades. In its core business and beyond, the Group aims to achieve a positive impact on the communities around its own sites and along the value chain. With this in mind, the Otto Group engages with its stakeholders in events, training courses, surveys and background discussions, and organizes numerous initiatives aimed at addressing social challenges. The Group is also committed to environmental and human rights issues and cooperates with charitable organizations. Among the key initiatives are the Michael Otto Foundation for Environmental Protection, which was founded by Michael Otto in 1993, the Aid by Trade Foundation with its initiatives Cotton made in Africa and The Good Cashmere Standard®, Stiftung KlimaWirtschaft and the Michael Otto Foundation for Sustainability. Pioneering initiatives by the Michael Otto Environmental Foundation include the AQUA-AGENTEN educational program for primary school pupils, the F.R.A.N.Z. initiative in cooperation with the German Farmers' Association to combine agriculture and nature conservation, and the toMOORow peatland protection project. Furthermore, 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.

Furthermore, the system of collective bargaining autonomy is of great importance to the Otto Group. For this reason, the group is deeply involved in various industry and employer associations, first and foremost in the decision-making bodies of the German Retail Association. It maintains regular dialog on working conditions with internal employee committees and also with external institutions, in particular with trade unions (ver.di).

Selected memberships, initiatives and partnerships

- B.A.U.M. e.V. – Network for Sustainable Business (member since 1987)
- Michael Otto Foundation for Environmental Protection (established in 1993) with its AQUA-AGENTEN, F.R.A.N.Z., and toMOORow projects (partner since 2021)
- amfori, (incl. amfori BSCI, Business Social Compliance Initiative) (founding member since 2004)
- Aid by Trade Foundation with its Cotton made in Africa initiative (CmiA) and The Good Cashmere Standard® (GCS) (founding member since 2005)
- Textile Exchange (member since 2006)
- Forest Stewardship Council Germany, FSC® (member since 2006)
- German Retail Federation, HDE (member since 2009)
- Stiftung KlimaWirtschaft (initiated by Prof. Dr. Michael Otto and membership since 2011)
- International Accord for Health and Safety in the Textile and Garment Industry Bangladesh & Pakistan (signatory since 2013 and 2023)
- Fur Free Retailer, program run by the organization Vier Pfoten (member since 2014)

- Dialogue and Impact for Sustainable Textiles (formerly Alliance for Sustainable Textiles, BNT) (member since 2015)
- CDR initiative of the Federal Ministry of Justice and Consumer Protection, BMJV (founding member since its inception in 2018)
- Fashion for Good (member since 2018)
- Cascale (member since 2018)
- Finlit Foundation (founded in 2019)
- ZukunftsWerte initiative (initiation and member since 2020)
- Save the Children (partner since 2020)
- Leather Working Group (member since 2022)
- Science Based Targets Initiative, SBTi (committed since 2022)
- Michael Otto Foundation for Sustainability (founded in 2023)
- Federal Association for Sustainable Economy e. V. (Member since 2025)

Management of impacts, risks and opportunities

Sustainability management builds on a materiality analysis that was last updated in 2025 based on the ESRS requirements from 2023 that were valid at the time of implementation. For the 2026/27 financial year, the Otto Group is working on updating the materiality analysis on the basis of the revised ESRS requirements. Results of the materiality analysis are incorporated into preparations for compliance with the CSRD reporting obligation and lay the foundation for the Sustainability

Strategy. It addresses the issues in which the Otto Group has identified the greatest negative impact of its business activities on people and the environment, as well as the associated opportunities and risks for the Group.

Basis of the materiality analysis

The materiality analysis builds on the Otto Group's strategic business areas: Platforms, Brand Concepts, Retailers, Services, Financial Services and the operating segment of Digital Health – which is not subject to reporting obligations – and Other Activities. In order to enable an analysis for the entire Otto Group and to achieve results that serve as a basis for reaching decisions on actions, the Group's own impacts, risks and opportunities (IROs) are analyzed at the level of the individual business areas and then aggregated for the entire Otto Group.

The Otto Group's retail activities, which form the core of the Otto Group's business, are operated in the Platforms, Brand Concepts and Retailers segments. For these strategic business areas, the analysis is divided into three sections of the value chain: the upstream value chain, own operations and the downstream value chain – in particular for the utilization phase of products and services. The company's own impacts, risks and opportunities within these areas are then analyzed. All impacts that relate to the environment and human rights and result from the resources and activities required for fulfilment within the business areas are taken into account – from the cultivation of raw materials to the products' end-of-life.

The Otto Group's business areas are diverse and include different processes and activities in the respective stages of the value chain, each of which is associated with different impacts or opportunities and risks. At the heart of the Otto Group are the retail activities involving products for end customers in the Retailers, Platforms and Brand Concepts business areas, which include the most relevant assortments of textiles, furniture and electronics.

The Otto Group sources products for its trading activities from a large number of countries. It does not own any final production facilities, but works with business partners who in turn place orders with various final production facilities. These business partners, their final production facilities and all upstream processes, such as the cultivation of cotton, are located in the upstream value chain.

In the Services business area, the Otto Group considers, for example, the production of external packaging and the utilization of subcontractors for the provision of services.

As part of its own operations, the Otto Group analyzes all activities carried out by its own employees and its own locations that are necessary for fulfilment of the requirements within this business area. This includes own and rented office space, the use of retail space, own vehicle fleet, energy emissions from offices and servers as well as the operation of the company's own fulfilment centers and distribution logistics with its own vehicles and drivers.

The downstream value chain includes all activities that take place in the ongoing life cycle of the goods and services. This includes, for example, the energy consumption of electronic products, the washing of textiles and the disposal of products, including their packaging, at the end of their life cycle.

All activities have positive and negative impacts on the environment or human rights, which the Otto Group assesses as part of its impact materiality. In accordance with the ESRS requirements, the individual impacts are assessed in the categories of scale, scope and irremediability and likelihood of occurrence. There are also financial risks and opportunities that affect the Otto Group and are assessed as part of financial materiality. All risks and opportunities are assessed on the basis of their expected severity and likelihood of occurrence. The thematic structure of the IROs is based on the list of ESRS topics. The Otto Group has not identified any other company-specific IROs that cannot be assigned to the list of ESRS topics.

After assessment of all IROs, a materiality threshold was defined that makes it possible to understand the Otto Group's impact with regard to ESG aspects without excluding material aspects. This yields material, reportable topics, as well as non-material, non-reportable topics.

Implementation of the materiality analysis

The following stakeholder groups are potentially affected by the Otto Group's activities: The company's own workforce, workers along the value chain, suppliers and producers, consumers and end users, local communities and vulnerable groups. Moreover, nature was identified as a silent stakeholder as well as capital providers, banks, insurance companies, authorities and regulatory bodies from the perspective of financial materiality.

Assessment of the IROs was divided into two sections based on the Otto Group's materiality analysis, which is derived from the combination of the strategic business areas, their stages in the value chain and the list of ESRS topics. In the first step, the IROs were identified on the basis of the ESRS requirements and subjected to a thorough preliminary assessment. Reliable input sources from the Otto Group were used for in this context, including the human rights risk analysis, carbon accounting, the Group-wide risk management system and other available analyses of the Group's own environmental impact. Also included was the specialist knowledge of internal CR experts and of Systain Consulting GmbH, which are in constant contact with the relevant stakeholders in their daily work.

The second step involved validation workshops to reach a final evaluation. Based on their respective roles and expertise, participants in the workshops are qualified to identify with and evaluate the perspective of affected

stakeholders. They contribute their experience and knowledge acquired through decentralized activities such as the management of complaint channels, audit data from the final production facilities or expertise in the environmental field.

Results of the materiality analysis

Material environmental and social issues for the Otto Group are present in all three sections of the value chain. But clear priorities are identifiable in the upstream and downstream value chain.

Environmental impacts in the upstream and downstream value chain are present in particular in the areas of resource use and circular economy as well as greenhouse gas (GHG) emissions. Material impacts occur especially during the manufacture (e.g. energy consumption during production in business partners' facilities) and use (e.g. energy consumption of electronic products by customers) of the merchandise sold by the Otto Group.

Another focus of the Group's impact lies in human rights within the upstream supply chain. Here, too, the impacts are concentrated on the manufacturing of merchandise in the production countries.

In addition, material impacts were identified at our locations in the area of our own employees, in the field of business conduct and in the areas of circularity, resource use and GHG emissions.



Besides the impacts of the Otto Group’s business activities, risks and opportunities also affect the company. At present, these are shaped in particular by regulatory uncertainty with regard to ESG legislation, making it difficult for the Otto Group to develop clear implementation strategies.

The materiality analysis builds on the version of the CSRD from 2023, which was valid at the time of implementation. With this in mind, materiality was analyzed, assessed and documented at the level of the ESRS sub-topics. The EU has published several revisions of the ESRS after completion of the materiality analysis. Due to this regulatory uncertainty this year, the Otto Group is publishing the results of the analysis at the level of the overarching topic standards. The diagram indicates the standards in which individual sub-(sub-)topics are material. Not all sub-(sub-)topics included in each standard are automatically material.

The focus topics of climate change, resource use und circular economy, own workforce and workers in the value chain possess the greatest relevance for the Otto Group beyond the pure reporting obligation and are integral parts of the Otto Group’s responsibility ambitions, even without the mandatory CSRD component. This is why the Otto Group is gradually adopting the future reporting obligations of the CSRD in this year’s reporting, without yet fulfilling all future obligations.

Topic	Upstream value chain	Own locations	Downstream value chain
Climate change	X	X	X
Pollution	X		
Water	X		
Biodiversity and Ecosystems	X		
Resource use and Circular Economy	X	X	X
Own Workforce	n/a	X	n/a
Workers in the Value Chain	X	n/a	n/a
Affected Communities			
Consumers and End-users	n/a	n/a	X
Business Conduct		X	

X = One or several IROs (Impacts, Risks and Opportunities) in this thematic standard are material

One or several IROs in this thematic standard are of particular relevance to the Otto Group

n/a = Not applicable at this stage of the value chain

tions. In the years ahead, the Otto Group will make efforts to ensure full CSRD compliance of these chapters and to continuously establish further reporting obligations on the other material topics. The first full reporting in accordance with CSRD requirements will be published for the 2027/28 financial year.

Aside from identifying material reporting obligations, the Otto Group uses the results of the materiality analysis to identify where its own negative impacts – and

therefore room for improvement – are greatest. Where this applies, the Otto Group defines its own targets and works continuously to mitigate the impact.

Sustainability Strategy

The activities across the business areas mean that the Otto Group has an impact on the environment and social impact along along the entire value chain. In addition, the Otto Group’s own business activities give

rise to opportunities and risks that affect it from the outside. At present, these are shaped in particular by regulatory uncertainty with regard to ESG legislation, making it difficult for the Otto Group to develop clear implementation strategies. It is therefore all the more important for the Otto Group to take responsibility for its business activities and the consequences for potentially affected people and the environment. The aspiration to reduce the own environmental and social impact is firmly enshrined in the Otto Group's values.

Although the Otto Group continues to work steadily to fulfill legal requirements, it also seeks to exceed these standards as a matter of conviction. Above and beyond the legal requirements, the Group defines specific sustainability targets in areas in which its own business models have the greatest impact on people and the environment. In doing so, the Group takes into account the different industries, business models and company sizes within the Otto Group and places different demands on the Group companies.

Regulatory requirements and the Otto Group's own Sustainability Standards apply to all Group companies as a rule, which enables the Group to exceed legal requirements and define specific sustainability requirements for the Otto Group. The Group is pursuing ambitious targets in the areas of Environment and Human Rights with its Sustainability Strategy.

The Sustainability Strategy applies to Group companies with the greatest impact on human rights or environmental issues along the entire value chain. These impact Group companies are OTTO, the bonprix Group, the Witt Group, the Crate and Barrel Group and Hermes Germany GmbH. The Otto International Group also supports the impact Group companies to achieve their targets, particularly with regard to procurement in the upstream supply chain.

Ambitions in the area of Environment

The Otto Group aims to substantially lower its ecological impacts to operate within planetary boundaries. The company reduces its own GHG emissions at all stages of the value chain (upstream, downstream and in its own operations) in line with the 1.5-degree climate target of the Paris Agreement, minimizes its own resource consumption and protects biodiversity.

Accordingly, the Otto Group has formulated its near-term science-based climate target (near-term SBT) and is pursuing a path to reduce GHG emissions by the end of the 2031/32 financial year.

The Otto Group has also formulated ambitions for the end of the 2035/36 financial year. These reflect what the company would like to achieve for the most relevant assortments (textiles, furniture, electronics) in the following focus topics:

- Preferred Materials: The Otto Group strives to use only preferred¹ materials (fibers, wood, plastics and metals).
- Responsible Products: The Otto Group is continuously increasing sales of Responsible Products.
- Eco-Design for Circularity: The Otto Group largely shifts to products that meet eco-design criteria.
- Circular Business Solutions: The Otto Group largely offers circular business solutions (reuse, repair or recycling) and is continuously increasing their implementation.

Ambitions in the area of Human Rights

The Otto Group respects human rights and is committed to improving working conditions in its own upstream supply chains. The Group identifies focus topics and key stakeholders to concentrate on the main challenges in the supply chains and fulfill its human rights due diligence obligations. Knowledge, resources and learning specific skills are crucial to enable progress and improvement, to prevent human rights violations and to achieve better working conditions for people in upstream supply chains in the long term. The Otto Group promotes capacity development as a lever for positive change in the lives of workers in upstream supply chains.

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

Accordingly, the Group aims for the majority of key stakeholders to participate in capacity development on the following relevant human rights topics by the end of the 2035/36 financial year: "Child Free Production", "Freely Chosen Employment", "Living Wages", "Decent Working Hours" and "Safe Work Environment". The Otto Group has used a risk-based approach for all focus topics that aims to identify participants from three groups of key stakeholders who can directly influence improvements and should therefore take part in training measures:

1. Business partners with whom the Otto Group maintains a direct contractual relationship;
2. Workers in final production facilities in countries with an increased risk of human rights violations; and
3. The management of final production facilities whose actions are of great relevance to the workers.

As an international group, the Otto Group has an obligation and desire to fulfill the requirements placed on it with regard to human rights. It does so through compliance with laws and regulations as well as the binding requirements as part of the Otto Group Sustainability Standards.

The ambitions outlined in the focus areas are fleshed out with short-term targets, which, depending on the area, are either described in qualitative terms or are quantitatively measurable.

Human Resources Strategy

The Otto Group's Human Resources Strategy has provided the strategic framework for shared HR work throughout all Group companies since 2018. It sets out focus topics and priorities that are used as orientation for the strategic direction of the human resources departments and aim to safeguard the company's organizational performance and economic success while at the same time ensuring social responsibility towards the workforce. The Otto Group's Strategic Agenda 2030 sets the direction for it. With the "Performance Culture" pillar, the agenda defines the standard for the work of human resources. Coordination with the HR Committee of the Shareholders' Council ensures a consistent approach to HR work, from the Executive Board to the individual Group companies. The Human Resources Strategy also considers regulatory requirements such as the upcoming CSRD reporting obligation.

Central elements of HR work along the employee life cycle include recruitment, retention, development and offboarding. Leadership, lifelong learning, talent management and diversity are integral components of employee retention and development. Adding to these topic areas are the focus areas of organizational development as well as tech and data, which help to combine the requirements of the modern working world with forward-looking corporate management.

The Human Resources Strategy is subject to regular reviews and update cycles in order to ensure flexible responses to changes in the market environment, new regulatory requirements and the needs of employees. The Otto Group is therefore laying the foundation for retaining its status as an attractive employer and efficient organization in a dynamic environment.

Climate change

The Otto Group has been working for decades to reconcile its business activities with climate protection. Faced with the growing climate crisis, stakeholders from society and politics expect companies like the Otto Group to contribute to overcoming associated challenges. Climate protection is economically important, as the rising cost of raw materials, higher CO₂ prices and the risk of losing licenses from key suppliers – for example in the event of environmental damage caused by extreme weather events – come with financial risks.

To ensure that the Otto Group's targets and activities are compatible with the 1.5-degree target of the Paris Agreement, the Otto Group has developed an ambitious and holistic near-term science-based target (SBT) that considers the entire value chain and was validated by the Science Based Targets initiative (SBTi) in the 2023/24 financial year.



An overview of material impacts, risks and opportunities

In the area of climate change, the Otto Group's activities in the Retailer, Brand Concepts and Platforms business areas have a significant impact on the environment. The majority of GHG emissions are caused by the purchase of goods, their use and disposal as well as transportation services. The Otto Group's total GHG emissions were around 9.5 million tons in the base year of 2021/22, which is relevant for the near-term SBT. Thereof 96% were attributable to production in the upstream supply chain, transport and the product use phase. These fields of action are therefore essential for achieving the targets of the near-term SBT.

Considerable emissions are generated in the upstream value chain for the production of merchandise in the three most relevant assortments of textiles, furniture and electronics. Emissions are also generated in the business area of Services. This occurs during the provision of services and contributes to overall emissions. These include, for example, the use of transport vehicles and the burning of fossil fuels for externally sourced long-distance transportation.

Emissions at the Otto Group's own sites are caused by electricity and heat generation as well as general energy consumption.

In the downstream value chain, GHG emissions are mainly associated with energy requirements, in particular from the use of sold electrical appliances and from energy-intensive waste disposal processes. Adding to this are GHG emissions from the use and disposal of goods and from the transportation of goods, particularly over the last mile to customers.

Strategy

The climate target is part of the Otto Group's Sustainability Strategy. With the near-term SBT, the Group aims to substantially lower its own GHG emissions in line with the 1.5-degree climate target of the Paris Agreement by the end of the 2031/32 financial year. This will be achieved by steadily avoiding and reducing emissions. In accordance with the SBTi, the Otto Group does not accept any offsetting projects for the achievement of targets.

What is more, the company's own commitment to climate protection should contribute not only to achieving the near-term SBT that has already been adopted, but also extend beyond the specified time frame. The Otto Group is therefore already working hard to define a net zero target for the end of the 2045/46 financial year and the steps required to achieve this target. In doing so, the Group's aim is to embrace a claim to credible and long-term climate protection and make a contribution to the German government's climate target.

The definition of SBTi for net zero emissions is used as a guide. Reducing the GHG emissions is the top priority. All remaining emissions must be permanently neutralized. This means that companies must take measures to remove GHG emissions from the atmosphere and permanently store them to offset the impact of emissions that have not been reduced. At present, companies may only neutralize up to 10% of their GHG emissions. The Otto Group regularly notifies its stakeholders about progress in formulating a net zero target, for example in the annual report.

Group-wide committees and dialog formats, including the CR Board and the Expert Circles – which discuss the achievement of targets and new ambitions and adopt overarching measures – have been established for the management and further development of the Otto Group's climate protection activities.

Climate risk analyses

The Otto Group performs short-, medium- and long-term physical climate risk analyses for its own locations and the upstream value chain. The company's own locations and the upstream value chain are data-based analyzed and complemented by expert analyses. An annually updated list of its own locations is used for the analysis. Final production facilities of important suppliers are analyzed in the upstream value chain. Each year, the results are incorporated into the Group-wide risk management process and materiality analysis.



Two climate scenarios from an external analysis tool are used for the climate risk analysis. The time horizons are short term (1-2 years), medium term (up to 2030) and long term (up to 2045). The scenarios are described as a low-emission development path or emission-intensive extreme case, with the assessment focusing on high, very high and extreme risk levels.

Management of impacts, risks and opportunities

Guidelines

The binding sustainability requirements of the Otto Group Sustainability Standards apply to all Otto Group companies and business partners in addition to the strategic climate target. In the area of climate change, the implementation priorities of its own locations – including the switch to green electricity and biogas – are therefore firmly embedded in the Group's core operating activities. Corresponding requirements are available, for example, in the Group Manual on Sustainability in the Purchase of Non-Merchandise and include criteria for the purchase of green electricity and biogas.

Decarbonization measures

The Otto Group manages decarbonization in key emission sources on the basis of the Otto Group's near-term SBT, which was validated by the SBTi at the end of the 2023/24 financial year.

The Group has direct influence on the development of its GHG emissions when operating its own sites. Around 97% of the Otto Group's total emissions in the 2025/26 financial year are attributable to production in the upstream supply chain, transport and the use phase of products, so the key levers for effective decarbonization are also found in these areas.

Decarbonization measures in the upstream value chain

The Otto Group has adopted a collaborative approach to reducing significant Scope 3 emissions in the upstream value chain. In order to achieve the near-term SBT, the focus of the Group's own brands is primarily on increasing energy efficiency in the upstream supply chain and promoting the use of renewable energies. As the Otto Group's influence on the upstream supply chain is limited, the implementation of reduction measures poses a greater challenge than climate protection at own sites. However, the measures in the production countries are far more favorable in comparison. Many measures that have already been put into practice at the Group's own sites have not yet been addressed in the upstream supply chain and therefore present considerable potential for implementation. In regard to energy efficiency, these include, for example, the insulation of pipes and water tanks, LED lighting and heat recovery. Aside from lower investment costs, shorter amortization periods are also becoming apparent here.

Close cooperation and an experience sharing in a spirit of equality with the Otto Group's business partners is therefore essential in order to help supply chain partners to lower their carbon footprint.

To record environmental impacts, the Otto Group draws on instruments such as the Worldly Higg-FEM tool, which provides a standardized framework to help measure the environmental performance of facilities. It was therefore possible to determine the environmental performance of over 600 facilities in the 2025/26 financial year. Moreover, the Otto Group uses the Ren Energy digital platform to identify potential for renewable energy from individual suppliers and to calculate the costs of a switch. Ren Energy enables the Group to promote the use of renewable energies among its own suppliers in order to achieve the near-term SBT. The Otto Group intensified its collaboration in the 2025/26 financial year, launching another pilot project based on the Ren Platform data: Strategic suppliers were targeted in China to demonstrate the advantages of renewable energy sources and solar power in particular. This project aims to develop individual business cases for relevant partners who have the potential to switch to renewable energies in China.

As part of projects in cooperation with the Apparel Impact Institute and the Partnership for Sustainable Textiles, the Otto Group tested various approaches to effectively reducing GHG emissions in the supply chain in the 2025/26 financial year and gained important insights for improved systematization. The Otto Group

was able to help over 30 facilities in Bangladesh, China, India and Pakistan to build knowledge, improve their energy management and develop specific action plans. The project revealed that measures leading to major reductions can be implemented very quickly at the facilities and that the potential for cost-effective reduction measures is very substantial. One example from the 12-month project period is a facility in China, which managed to implement measures such as improved insulation or the installation of a solar power system that yielded annual savings of over 6,000 tons of CO₂. The average amortization period is less than two years due to the reduced energy costs on site.

Based on these findings, the Otto Group built expertise at the Group's own procurement organization Otto International in the 2025/26 financial year. The aim in this regard is to provide tailored on-site support to over 20 textile facilities in Bangladesh over the next few years and to assist them in the implementation of climate protection measures, especially in the installation of solar panels. Initial on-site assessments were carried out in a first step and specific action plans developed with the facilities, which will be put into practice in the months ahead.

Otto Group Holding joined with the Group companies OTTO and the Crate and Barrel Group in the 2025/26 financial year to initiate a project to identify the largest sources of emissions (so-called hot spots) within the furniture supply chains. The findings revealed firstly that emissions from material extraction and use are rele-

vant. Secondly, the project indicated that emissions in the manufacturing process can be reduced by saving energy at the facilities. The project comprised a desk research analysis, which was underpinned by discussions with suppliers and carried out in collaboration with an external service provider. The results will be incorporated into a more detailed project in the 2026/27 financial year. With direct involvement of strategically relevant suppliers and facilities, it will aim to exploit the identified levers in order to reduce energy consumption.

In addition, the Otto Group is working steadily to minimize the transportation of goods by air and is increasingly shifting the goods to sea freight instead. OTTO has, for example, already reduced the share of air freight to less than two percent. In the area of maritime transport, OTTO cooperates with the innovative partner Goodshipping, which refuels container ships with a bio-fuel mixture made from various waste streams such as used cooking oil and fats from the food industry instead of heavy fuel oil. This conversion reduces GHG emissions by around 80% compared to conventional heavy fuel oil and produces fewer air pollutants such as sulfur and nitrogen oxides. OTTO is currently deploying three e-trucks to test the use of electromobility on the long route from the port to the warehouse. In addition, the Otto Group joined the Smart Freight Center (SFC) in the 2025/26 financial year in order to strengthen its global commitment to reducing GHG emissions from its logistics activities. The SFC, an international non-profit orga-

nization, offers companies key advantages in decarbonization by providing standardized methods such as the GLEC framework for measuring emissions and supporting its members through training, networking, best practices and strategies to reduce their carbon footprint and achieve emission-free logistics. In addition, the bonprix Group has been using an e-truck in Germany since July 1, 2025. Compared to a diesel truck, this lowers CO₂ emissions by around 46.5 tons per year on its route between Hamburg and Haldensleben.

Decarbonization measures in the downstream value chain

Hermes Germany GmbH is systematically driving its transformation to low-emission logistics and has been making locally emission-free deliveries on the "last mile" in over 80 major German city centers since the end of the 2025/26 financial year. In line with the Group-wide near-term SBT, Hermes Germany GmbH is pursuing the target of making 85% of local deliveries emission-free by no later than the 2031/32 financial year. Hermes Germany GmbH is also gradually expanding its long haul fleet to include alternative drive solutions such as e-trucks and hydrogen trucks and is harnessing technological progress to reduce emissions for more and more transport kilometers. The continuous expansion of the charging infrastructure supports fleet electrification and contributes significantly to decarbonization of the industry.

A relevant proportion of the Otto Group's Scope 3 emissions are generated in the downstream value chain during the product use phase by the customer. These emissions are to be addressed, for example, by targeted purchase incentives and the introduction of specific measures to increase the energy efficiency of electrical appliances. In addition, the Otto Group is also committed to the continuous expansion of renewable energies in the German electricity mix, among other things through its long-standing and prominent involvement in the Stiftung KlimaWirtschaft (Climate Economy Foundation). This will produce positive effects for the achievement of targets within the near-term SBT in the product use phase by the customer.

Decarbonization measures at own sites

Energy procurement at the Otto Group's own sites is crucial for managing Scope 1 and Scope 2 GHG emissions. Decarbonization is achieved primarily by switching to electricity from renewable sources. The proportion of green electricity at the global sites currently stands at 77% and is being continuously expanded. What is more, locational potential is harnessed in order to reduce site-related emissions. This is achieved, for example, by installing solar power systems and combined heat and power plants, the use of geothermal energy and the implementation of extensive energy efficiency measures such as efficient lighting technology (e.g. LED lighting) or the continuous modernization of warehouse and conveyor technology in the logistics centers.

Decarbonization of marketplace partners

In addition, the Otto Group is implementing measures that specifically address the marketplace business model and are intended to motivate platform partners to follow the Otto Group on its path to greater climate protection. OTTO also builds on financial incentives and rewards partners that adopt SBTi-validated climate targets with reduced marketplace commissions.

Carbon accounting

In order to achieve the near-term SBT, the Otto Group is continuously developing its carbon accounting and is currently evaluating the introduction of an external carbon accounting solution – firstly to enable reliable reporting and secondly to ensure the systematic availability of data across the Group and to gradually ensure its more meaningful and effective management on this basis. This involves actively addressing compliance requirements as well as meeting the company's own demands for holistic climate protection management.

Key performance indicators and targets

The Otto Group has formulated a near-term SBT in the focus topic of climate change and is following a path to reduce GHG emissions by the end of the 2031/32 financial year that is in line with the 1.5-degree path of the Paris Agreement.

The climate targets of the Otto Group are based on the Greenhouse Gas Protocol (GHG Protocol), which establishes a global and standardized framework for measuring and managing greenhouse gas emissions (GHG emissions) from the private and public sectors. The GHG Protocol divides greenhouse gas emissions into three categories, which were considered in developing our near-term SBT: Scope 1 emissions comprise direct emissions from company-owned and controlled resources, such as process emissions, company-owned electricity and heat generation or the vehicle fleet. Scope 2 emissions comprise indirect emissions from purchased energy such as electricity, steam, district heating or cooling. Scope 3 emissions comprise indirect emissions within the value chain that the company cannot control itself, for example electricity consumption during production or the use phase after sale of the products. In its adoption of the near-term SBT, the Otto Group is adhering to the SBTi definition and addressing a time horizon of five to ten years.

Reporting on achieved reductions takes place at the Otto Group level, taking into account the operational control approach in accordance with the GHG Protocol. The market-based approach is used for calculating the Scope 2 GHG emissions.

In the 2025/26 financial year, the Otto Group recalculated GHG emissions for the base year 2021/22 to ensure comparability between the base year and the reporting year. These adjustments mean that the fig-

ures presented in this report differ slightly from those of the previous year and are therefore only comparable to a limited extent. This recalculation was necessary in particular due to changes in the scope of consolidation such as discontinuation of the Venus brand activities in the USA – which had still been loss making last year – and the sale of the inventory, trademark rights and customer base. Isolated corrections were also made during the process to improve the quality of primary data. The data for these consolidated activities has been adjusted as part of the retrospective adjustment of the base year.

The near-term SBT of the Otto Group is divided into three sub-targets:

Sub-target 1: Absolute scope 1 and 2 GHG emission reduction by 42% by the end of the 2030/31 financial year (compared to the 2021/22 financial year). This includes direct emissions from company-owned and controlled resources, such as the company's vehicle fleet, and indirect emissions from purchased energy. By the end of the 2025/26 financial year, the Otto Group had achieved a reduction of 59% compared to the 2021/22 financial year (previous year: 57%). The ongoing decline in emissions is still largely due to the increasing purchase of green electricity, particularly at the German Group companies.

Sub-target 2 (Supplier Engagement): At least 75% of third-party brands based on purchasing volume and at least 20% of marketplace partners based on Gross Merchandise Value (GMV) have set an own SBT, that was validated by the SBTi, by the end of the 2027/28 financial year. Unlike with its own brands, the Otto Group is unable to influence the supply chains of its marketplace partners and third-party brands. The Group has therefore defined a so-called supplier engagement target. In this commitment, the Otto Group undertakes to collaborate more closely with actors that have adopted their own SBT. This demonstrates the companies' dedication to the pursuit of high standards, similar to the Otto Group in its own brand business. A share of 47% was achieved for third-party brands and 8% for marketplace partners in the 2025/26 financial year. Sub-target 2 is calculated on the basis of the Impact Group companies OTTO, the bonprix Group, the Witt Group and the Crate and Barrel Group as well as the Limango Group, which cover the majority of the Otto Group's third-party brands and marketplace business and therefore serve as a representative basis for calculating the performance indicator at Group level. In particular, the e-commerce platform OTTO as a Group company and the continuous expansion of the OTTO marketplace are influencing the current achievement of targets.

Sub-target 3: Absolute reduction in scope 3 GHG emissions by 42% by the end of the 2031/32 financial year (compared to the 2021/22 financial year). This refers to indirect emissions within the value chain over which the

company has no control for the most part, such as energy consumption during production or during the use phase of the products sold. Categories 3.1, 3.3, 3.4, 3.6, 3.7, 3.11 and 3.12 have been included for the measurement of Scope 3 reductions, whereby only GHG emissions from the company's own and licensed brands are considered in category 3.1. By the end of the 2025/26 financial year, emissions had fallen by 15% compared to the 2021/22 financial year (previous year: 16%). The reduction compared with the 2021/22 financial year is primarily attributable to the global expansion of renewable energy, efficiency gains in the upstream value chain, and the comparatively lower procurement volumes in previous financial years. A stronger reduction in the 2025/26 financial year was curbed by a renewed increase in year-on-year purchasing volumes.

Resource use and circular economy

As a globally active retail and services group, merchandise and non-merchandise play an important role in the Otto Group. The greatest effects in the area of materials come from the extraction of commodities for merchandise, for example in the cultivation of cotton and in the manufacturing processes in the supply chains. The use of more sustainable materials is the basis for the Otto Group's ability to make its business model increasingly resource-efficient. The Otto Group is working to

establish circular business solutions for its business models. The Group's selection of materials is preparing the ground for this ambitious target: The Otto Group is reducing the use of conventional raw materials, so-called "virgin materials", while increasing the proportion of recycled, more sustainable materials that create a valid basis for circular products and solutions as well as climate protection.

In joint projects with the Group companies and partners in the business community, academia and civil society, the Otto Group is 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.

An overview of material impacts, risks and opportunities

The consumption of primary raw materials such as textile fibers, wood, metals and plastics, which are used in the production of Otto Group goods and packaging, has a negative impact on the environment. Waste is generated along the entire value chain – from cutting residues or errors in production to packaging waste at logistics locations and transport packaging. However, the lion's share of waste accumulates when products are recycled or disposed of after the use phase, for

example when old electrical appliances are taken back for reuse, processing or recycling, depending on their condition. In addition, circularity principles must be taken into account to a greater extent in product design, as this would facilitate the return of products to the cycle after their use phase.

Management of impacts, risks and opportunities

The Retail business area comprises the sale of own and licensed brands, third-party brands and the provision of the marketplace on which third-party vendors sell their goods. The Otto Group's influence varies: When it comes to its own and licensed brands, the Otto Group can exert direct influence, but it has only indirect influence on third-party brands and items from marketplace partners. In order to address the environmental impact across all segments, the Otto Group has adopted strategic focus topics in the most relevant assortments of textiles, furniture and electronics.

Material selection is one lever for optimizing resource use. In the area of materials, the Otto Group focuses on the core topic of "Preferred Materials" for its own and licensed brands. Raw materials are used that have a lower negative environmental impact than conventional alternatives. Assessment is carried out on the basis of data using industry-standard sources such as the Worldly Higg-MSI. For materials for which quantita-

tive data is not available, the Otto Group uses its own comprehensive qualitative evaluation system. The focus in the 2025/26 financial year was on the material groups of fibers and wood in the assortments textiles and furniture. In the 2026/27 financial year, the Otto Group will examine whether this approach can also be extended to plastics and metals.

Moreover, the focus topic of "Responsible Products" addresses the third-party brands and marketplace segments with the aim of increasing the proportion of these products in the assortments textiles, furniture and electronics. A responsible product shows a significant improvement in at least one sustainability criterion compared to a conventional alternative. The product must be certified according to a recognized, third-party verified standard/label and contain the required minimum percentage of the recognized, certified material.

Another lever is extending the product's useful life and returning products to the cycle. The Otto Group pursues a holistic approach. Circular products that are durable and recyclable form the basis for circular programs such as repair, second-hand or take-back for recycling. Establishing circularity will bring far-reaching changes to the Otto Group and require new forms of cooperation with current and new stakeholders. Suitable business processes and IT systems must be set up, connected and adapted.

With the focus topics of “Eco-Design for Circularity” and “Circular Business Solutions”, the Otto Group is creating the necessary conditions that are also required within the framework of EU regulations (e.g. Ecodesign Regulation, Right to Repair or the Waste Framework Directive) and form a basis for providing customers with access to circular offerings. The focus topic of “Eco-Design for Circularity” aims to make the products of own and licensed brands recyclable. The focus in the 2025/26 financial year was on the textiles product group, while expansion to the electronics and furniture assortments is in the pipeline for the medium term. As part of the “Circular Business Solutions” focus topic, the Otto Group is developing offerings for the reuse, repair and recycling that cover all segments (own and licensed brands, third-party brands and goods from marketplace partners). The focus in the 2025/26 financial year was on the textiles and electronics product groups; furniture will also be included going forward.

Guidelines

The binding sustainability requirements of the Otto Group Sustainability Standards apply to all Otto Group companies and business partners in addition to the strategic focus topics. The Business Partner Declaration on Sustainability sets out the requirements that all Otto Group business partners must sign as a basic condition for establishing a business relationship. Included in the document are specifications for merchandise in the areas of wood, cotton and animal materials, such as the ban on non-certified wool from 2028

or the required FSC® certification for the use of tropical timber. In addition, there are binding requirements for services and non-merchandise that stipulate, for example, the use of at least 80% recycled material in packaging used for shipping.

Textile measures

With the focus topic of “Preferred Materials”, the Otto Group relies on preferred textile fibers for textiles in its own and licensed brands. These have a lower negative impact on the environment compared to conventional alternatives. The Otto Group’s preferred textile fibers include, for example, organic and recycled fibers, selected cellulose fibers and cotton according to the internationally recognized Cotton made in Africa (CmiA) standard.

As part of the Otto Group Sustainability Standards, the Otto Group is pursuing the transition to 100% certified traceable cotton by the end of the 2030/31 financial year. Cotton products from the Otto Group’s own and licensed brands that are produced according to the mass balance principle will no longer be permitted from this date. This principle of mass balancing means that the cotton can be traced from the field to the spinning mill, where it may be mixed with cotton from other sources during processing. The key to further processing at the spinning mill is to balance the amount of CmiA cotton purchased with the amount of yarn sold as CmiA. The Aid by Trade Foundation has developed an updated version of a “transparency standard” with the

participation of the Otto Group in order to meet the more rigorous requirements for traceability and transparency. Included in the “transparency standard” are specifications for the traceability of the cotton used in the product as well as for production, documentation and verification by means of supplier audits. The market launch took place at the Group companies OTTO, bonprix and the Witt Group during the 2025/26 financial year.

Aside from requirements for traceable cotton, the Otto Group Sustainability Standards include a ban on real fur and mulesing wool as well as restrictions on the use of leather. From 2028, it will only be permitted to purchase down and feathers, sheep’s and alpaca wool and cashmere with certification according to an independent recycling or animal welfare standard accepted by the Otto Group.

Another lever for optimizing resource use is the focus topic of “Eco-Design for Circularity” for own and licensed brands. OTTO and the bonprix Group offer garments created according to circular.fashion’s design criteria. In addition to the more sustainable use of materials, these fulfill requirements in regard to durability and recyclability. The bonprix Group launched its sixth Circular Collection in the 2025/26 financial year. The circular collections were used as the basis for defining the eco-design criteria for the Otto Group, which will gradually be applied to other parts of the textile range. To achieve this, it will first be necessary to lay the systemic and technical foundation for scaling, also in light of the

upcoming EU Ecodesign for Sustainable Products Regulation. In addition, the bonprix Group in 2025 became the world's first fashion company to receive the "Cradle to Cradle Certified®" Silver Full Product certificate according to Standard 4.0 for its recyclable denim products. This standard evaluates products in the five categories of Material Health, Product Circularity, Clean Air and Climate Protection, Water and Soil Stewardship and Social Fairness.

In order to be able to make valid and verifiable statements, a robust data basis and an automated system landscape are crucial for managing the proportion of responsible products from third-party brands and marketplace. In the 2025/26 financial year, the Otto Group created a sound data basis for correct allocation of these products in this regard. Promoting products with increased sustainability claims is a lever to inspire customers to make a purchasing decision in favor of these products. The Otto Group attaches great importance to transparent communication on environmental and social aspects and aligns this area in such a way that it meets the needs and wishes of customers as well as regulatory requirements. Although the Otto Group endorses regulation on greenwashing, it sees the danger that stricter regulation may reduce communication on environmental and social aspects to a minimum overall. The Otto Group believes that this would help neither the issues nor the social debate. As a result, it

consciously steers clear of any sign of greenhushing. Instead, the Otto Group is working steadily to improve the labeling of responsible products and to make communication more specific.

The Otto Group also takes responsibility for products at the end of their useful life and is working on returning textiles to the cycle as part of the focus topic "Circular Business Solutions". Since 2014, OTTO has been offering customers the collection of used textiles as part of the non-profit initiative "Platz schaffen mit Herz" (Creating space with heart; around 1,000 tons in the 2025/26 financial year). The experience acquired in this context will be incorporated into the political debate on the design of a practical and effective system for the take-back of used textiles, which is scheduled to come into force in 2028 due to the "Extended Producer Responsibility" under the EU Waste Framework Directive.

As a member of the Fashion for Good initiative, the Otto Group has launched the "Sorting for Circularity" project to support the use of artificial intelligence (AI)-powered, automated sorting technologies to improve the sorting of reusable textiles. In addition, the "Closing the Footwear Loop" project was launched in early 2025. It focuses on the use of alternatives for footwear materials, the definition of circular design criteria and the improvement of take-back logistics for the reuse and recycling of shoes.

Furniture measures

In the focus topic of "Preferred Materials" for own and licensed brands, preferred wood and preferred fibers for upholstered furniture are at the heart of the Otto Group's activities in the furniture range. Aside from these materials, plastics and metals are also relevant, although more sustainable alternatives are currently only available to a limited extent. In the 2026/27 financial year, the Otto Group will review and evaluate certified metals and plastics and their availability in the supply chains. Furniture from third-party brands and marketplace partners is addressed in the focus topic of "Responsible Products" in order to increase the proportion of furniture sales bearing a credible and recognized standard such as FSC or EU Ecolabel. The certified items are suitably labeled in the online stores to make them easy for customers to find.

In addition, the Otto Group is testing opportunities for circularity in the furniture segment and has piloted the implementation of circular design principles in this range. In the 2025/26 financial year, for example, the Crate and Barrel Group launched the "Revive" sofa, a product that aims to reduce the company's environmental footprint. Recycled plastics are used for the production of frames, cushions and covers. The sofa's modular design also makes it easy to dismantle, so that covers can be replaced and individual components



separated without gluing to enable recycling at the end of their useful life. Winner of the Good Design Award in the “Green Products” category, “Revive” embodies an approach to meeting the challenges of upholstered furniture, which is typically difficult to recycle. These products are usually made of many different, firmly bonded materials such as wood, metal, textiles and adhesives, which makes them difficult to separate according to materials and therefore hard to recycle.

Electronics measures

The focus topic of “Responsible Products” aims to increase the assortment of electronic products from third-party brands and marketplace partners that come with a credible and recognized standard or an outstanding energy efficiency class. These products show a significant improvement in at least one sustainability criterion compared to a conventional alternative. In addition, the Otto Group takes back old electrical appliances from customers at the end of their useful life and ensures their proper recycling (More than 48,200 tons in 2025). German disposal partners remove the harmful substances from refrigerators and freezers in Weeelabex-certified facilities and recycle them to a high standard. This contributes to climate protection by preventing the release of greenhouse gases such as chlorofluorocarbons (CFCs) and hydrofluorocarbons (HFCs) into the environment.

Packaging measures

All OTTO merchandise has been delivered to customers in shipping packaging containing at least 80% proven post-consumer recycled content since 2025. A binding internal guideline defines the accepted standards, such as FSC and Blue Angel.

The Otto Group also relies on innovative partnerships for packaging in order to further reduce the negative impacts of resource use. OTTO has been cooperating with the Hamburg-based company Wildplastic® since March 2021. Wild plastic is collected, sorted, cleaned and processed into granulate in places without end-to-end waste disposal structures, for example in Indonesia or India. The Group company OTTO switched 100% of all shipping bags to recycled plastic from wild plastic at the end of 2023. The total amount of plastic collected and used for the production of shipping bags has since reached 1,423 tons of wild plastic.

Moreover, OTTO is collaborating with the Hamburg start-up Traceless® to develop a shipping bag and a polybag. These are based on natural polymers obtained from food production residues. The Traceless® material is therefore an alternative to plastic. As a mono-material, the shipping bags are completely compostable within a few weeks under natural conditions, thus returning nutrients to the soil. Traceless® material is harmless to humans and the environment as it is com-

pletely free of chemicals that are hazardous to health or the environment. The test phase for the shipping bags and polybags is slated for spring 2027.

Larger items that cannot fit into a shipping bag will be sent in a cardboard box. OTTO is testing innovative materials to continuously improve on these boxes – including Paludi biomass. It is made from plants that grow on rewetted peatland areas. When peatlands are drained, they release the carbon sequestered in them and cause significant GHG emissions. It is therefore important to preserve intact peatlands and rewet dry ones. Aside from the positive climate impact, OTTO is also promoting new, near-natural peatland habitats to increase biodiversity. To transform the Paludi biomass into a stable packaging material, it is mixed with paper fibers that are obtained from responsible and resource-conserving forestry and other controlled sources. OTTO has plans for 50% of its shipping boxes to contain Paludi by the end of 2026. By the end of 2027, this will apply to all shipping boxes from the seller OTTO.

Key performance indicators and targets

The Otto Group has defined its ambitions for the focus topics in the area of resource use and circular economy up to the end of the 2035/36 financial year. All focus topics address the three most relevant assortments: textiles, furniture and electronics.



In the focus topic of “Preferred Materials”, the Otto Group aims to use only preferred materials (fibers, wood, plastics and metals) for all own and licensed brands by 2035/36. The focus in the 2025/26 financial year was on the material groups of fibers and wood in the assortments textiles and furniture. A proportion of 45% preferred fibers and 86% preferred wood was achieved. The performance indicators relate to the share of total tonnage. The integration of new product groups such as upholstered furniture and carpets is particularly noticeable in the area of fibers, as these products account for around a third of total tonnage and are still in the early phase of transitioning to “Preferred Materials”. The proportion of preferred fibers in the fashion and home textiles sector is 66%. An expansion in the use of “Preferred Materials” to include the plastics and metals material groups and to the assortment electronics will be reviewed and evaluated in the 2026/27 financial year.

The ambition in the focus topic “Responsible Products” is to continuously increase the proportion of sales of Responsible Products from third-party brands and marketplace partners by 2035/36. At the end of the 2025/26 financial year, the Otto Group achieved 10% of revenue in the textiles segment, 17% in the furniture segment and 12% in the electronics segment.

In the focus topic “Eco-Design for Circularity”, the Otto Group aims to largely shift the majority of its own and licensed brands to products that meet eco-design criteria by the end of 2035/36. In doing so, the Otto Group is initially focusing on qualitative objectives in order to establish the necessary process and system requirements for a subsequent ramp-up to quantitative targets. In the 2025/26 financial year, the Group companies worked on preparing the systems and trained the responsible employees and selected suppliers to apply the Otto Group Eco-Design criteria for textiles. This transformation of processes and IT systems for the development and marketing of circular products will remain a strategic task for the Otto Group in the financial years ahead.

In the “Circular Business Solutions” focus topic, the Otto Group aims to offer circular business solutions (reuse, repair or recycling) for own and licensed brands as well as third-party brands and products from marketplace partners by 2035/36 and to constantly increase their implementation. Although the Otto Group has been pursuing circular approaches such as taking back used textiles and appliances for many years and testing pilot projects such as Circular Collections, scalable solutions have largely been lacking thus far. The Otto Group is therefore concentrating on a qualitative objective. It will be used to develop and expand viable solutions and prepare them for quantitative scaling.

Own workforce

An ongoing shortage of skilled workers and increasing competitive pressure – partly due to the increased use of artificial intelligence – require even greater focus on the company’s own workforce. The targeted use of a Human Resources Strategy that dovetails both external challenges and internal necessities is indispensable.

Strong values such as responsibility and diversity have been hallmarks of the Otto Group for decades. This clear stance is also helpful in challenging times, nurturing a corporate culture that is shaped by commitment and performance.

An overview of material impacts, risks and opportunities

The Otto Group’s workforce comprises employees across all business areas at the Group’s own locations. The focus is on selected, strategically relevant topics that frame the well-being and development of employees within the Group. Topics that extend beyond the boundaries of the Group’s own workforce and relate to the upstream supply chain are addressed in the section of “Workforce in the value chain”.



A safe working environment, the promotion of diverse talents, ensuring the health of employees and creating a respectful working environment are of pivotal importance to ensure the long-term performance and resilience of the Otto Group in a dynamic market environment. These aspects are fundamental requirements for commitment and performance. The Group takes concerted action in the areas of organizational development, talent management, lifelong learning, diversity, health and occupational safety in order to protect these aspects in the long term.

Physical work, monotonous activities, shift operations and mental overload can negatively impact employee health and performance. Comprehensive health protection and the systematic assurance of occupational safety are therefore essential in order to maintain well-being and reduce downtime. Employees who are fully committed to the company, continuously develop their skills and are able to adapt to new requirements when the corporate culture enables their growth make a vital contribution to the organization.

Talent management specifically addresses risks such as demographic change and skills shortages by developing high-potential employees and establishing a systematic approach to succession planning. Lifelong learning, in turn, promotes individual adaptability and gives employees the confidence they need to embrace change. An appreciative and inclusive working environment that promotes diversity is essential in order to foster well-being. It enables all employees to experience appreciation and rise to their full potential. Not only

does a diverse workforce express ethical values, it is also a key resource for innovation, creative problem-solving and increased attractiveness as an employer brand.

Management of impacts, risks and opportunities

With its Group-wide Human Resources Strategy, the Otto Group is pursuing the target of strengthening the organizational resilience of the Group companies and at the same time promoting the well-being and performance of its employees. Here, we are guided by a focus on measures to strengthen overall organizational performance and the individual performance of employees. Holistic and forward-looking HR development that takes lifelong learning and talent management into account creates appropriate framework conditions in this respect.

Legal framework conditions

The Otto Group complies with all relevant laws and regulations around the world and implements them in each country. For example, the occupational health and safety and maternity protection laws in Germany and the corresponding implementation of the European Occupational Health and Safety Directive apply in the area of health and occupational safety. The Group implements laws and occupational health and safety guidelines at local level to ensure that health and occupational safety are guaranteed worldwide. In the area of diversity, the Otto Group complies with legal requirements such as the General Act on Equal Treatment

(AGG) and the German Act on Equal Participation of Women and Men in Leadership Positions (FüPoG) in Germany. At EU level, the Group bases its approach on the Charter of Fundamental Rights of the European Union and the Directive on equal treatment for men and women. Globally, the Otto Group takes into account the UN Convention on the Rights of Persons with Disabilities in order to promote the full and equal participation of all people.

Cultural change measures

The Otto Group has been engaged for many years in systematic cultural change activities that promote overall organizational performance on a long-term, Group-wide and participatory basis. Embedded within a decentral framework, cultural change creates a common organizational framework in which performance, collaboration and the ability to change are firmly enshrined across the Group. This process is being driven throughout the Group by organizational developers, agile units and local cultural change managers, for example from HR. Involving employees in the cultural change creates a common understanding of performance that increases the organization's adaptability. Central dialog and networking formats enable the systematic dissemination and scaling of good practices, promote cross-organizational dialog and strengthen the transfer of knowledge between different units.

The annual cultural change conference #CDX (Culture Development Experience) was one of the events held in the 2025/26 financial year. More than 870 people from



around 500 organizations attended – both from Otto Group companies and external organizations. Furthermore the Group-wide Cultural Change Community exists since 2018. It now has over 250 change-makers. They drive concrete implementation of cultural change at the Otto Group companies in their respective roles. In addition, the Cultural Change Collective connects more than 1,600 members from numerous organizations from within and outside the Otto Group. Topics are discussed, best practices shared and joint results developed in cross-organizational formats.

Diversity measures

The strategic anchoring of diversity and inclusion is a key lever for strengthening both overall organizational performance and individual effectiveness. A diverse and balanced management level unites different perspectives and innovative approaches to solutions and at the same time contributes to a more inclusive corporate culture in which equal opportunities are embedded as an organizational principle. With this in mind, the Otto Group drew on the German Act on Equal Participation of Women and Men in Leadership Positions to define ambitious target quotas for equal participation of women in the management of the German Group companies in 2021. This exemplary measure aims to strengthen organizational stability, resilience and adaptability in the long term.

The target quotas are part of the Group-wide diversity strategy entitled Envision, Embrace and Grow. It defines diversity as a strategic performance driver and addresses both structural and culture-building changes. Annual events such as the online “DIVE IN - BE part of it” format are aimed at managers and external specialists from the academic and business communities and seeks to encourage expert exchange on diversity. The aim is to strengthen the Group-wide discourse on topics relating to diversity and innovation as well as collaboration within the Otto Group. The format’s international focus encourages networking between the Group companies and therefore contributes to the group’s strategic capacity to act. Diversity is also used as a governance mechanism at Group company level. Company-specific diversity & inclusion strategies, for example at OTTO, create a binding framework for integrating diversity into the management and HR culture. International units such as Otto Group Solution Provider (OSP) Taipei Co, Ltd engage in mandatory training and equal pay measures based on country-specific regulations to embed diversity within their structures. Programs across the group such as the Power of Diversity mentoring program, which has supported more than 45 female managers in their career and leadership development since 2022, provide targeted support for individual development prospects and promote personal performance. Overall, these structural and strategic measures help to enshrine diversity throughout the Group as the basis for innovation, international competitiveness and long-term performance.

Individual inclusion measures directly promote workforce performance as well. The Hermes Fulfilment Group, for example, enters into inclusion agreements and ensures barrier-free work design, professional support for people with disabilities and language mentoring for international employees to create specific conditions at the Hermes delivery base “HAB Haldensleben” that enable all employees to effectively contribute their skills. Accompanying formats such as unconscious bias trainings or diversity months also promote awareness and strengthen psychological safety in everyday working life.

Lifelong learning measures

The Otto Group provides lifelong learning opportunities to promote the individual effectiveness and further development of its employees. Lifelong learning is a key lever for establishing a learning culture that encourages an openness to change and promotes individual adaptability. Video-based learning paths provide employees with the opportunity to learn independently, individually and as an integrated part of their work. In total, around 33,000 Otto Group employees are registered on the digital learning platform, which promotes the use of and learning on digital platforms.

The Otto Group has taken an important step towards “learning on demand” by introducing the AI Learning Intelligence Assistant (LIA), an integrated custom GPT solution (chatbot) that responds to around 200 learning

requests per month and uses AI to precisely identify individual training needs and translates them into efficient and tailored learning paths. Modern AI learning methods have also become integrated within the logistics segment. For example, HERMES Einrichtungen Service GmbH & Co. KG is working with the University of Paderborn to test a Virtual-Reality-/Augmented Reality learning program for industrial employees that uses practical and interactive methods to teach topics such as load securing.

Talent management measures

Talent management is another area that makes a significant contribution to overall organizational performance. Targeted development of high-potential employees and the creation of transparent, Group-wide career paths strengthen the Otto Group's long-term ability to manage and act. The Group-wide "Your Next Move" initiative provides talented individuals at all levels with a wide range of development options and fills vacancies with high-potential employees from within the company. "Your Next Move" offers employees the opportunity to develop their career, for example by moving to another role or working in a different Group environment such as switching from logistics to finance. The different business areas of the Group companies offer professional development and new topic areas.

Another mainstay of the Otto Group's Human Resources Strategy is the Otto Group Academy's talent development programs for managers. This involves teaching

knowledge on topics relating to transformation, performance leadership and career development. Initiatives within the Group companies are also focused on promoting talent. The EOS Excellence Program identifies international high potentials and prepares them specifically for top management roles. This strengthens individual development prospects, promotes commitment and supports a sustained performance culture within the workforce.

Health and occupational safety measures

The Otto Group takes responsibility for the health and safety of its employees and attaches great importance to measures that promote both health and occupational safety. These measures contribute to the overall organizational performance and are therefore an integral part of the Human Resources Strategy. The Group implements laws and occupational health and safety guidelines at local level to ensure that health and occupational safety are guaranteed worldwide.

In the USA, the Crate and Barrel Group's management approach to health and occupational safety ensures compliance with legal requirements and continuous improvement of safety standards. To this end, the company has adopted a three-pronged approach comprising management responsibility, active employee involvement and a structured 10-point approach to risk mitigation. The latter is set out in the "Health and Safety Manual" and is accessible to employees. The aim in this regard was to initiate targeted measures in the 2025/26

financial year such as a cross-branch campaign with posters on safety instructions, specific signage on current accident trends and refresher safety courses to reduce preventable incidents. Responsibility for the 10-point approach lies at the level of the CHRO, who reports directly to the CEO of the Crate and Barrel Group. As such, the CEO is responsible for establishing the structure of health and occupational safety management and for ensuring that all activities comply with the relevant health and safety guidelines and procedures.

Another example of the Otto Group's commitment to occupational safety is the shuttle warehouse of Baur Hermes Fulfilment in Altenkunstadt, which catches the eye with its fire protection technology. The system exceeds the legal requirements for fire protection and in 2025 was awarded the Sprinkler Protected seal of approval by the Bundesverband Technischer Brandschutz e. V.

The cooperation between the Hermes Fulfilment Group and Hansefit should also be highlighted in the logistics segment. This cooperation enables employees to attend a wide range of training courses (on site and online) and prevention programs. This program is available to part of the workforce of the Hermes Fulfilment Group in Germany (264 employees) and is intended to promote mindfulness for personal health. Similar cooperations have also been introduced in the retail segment (OTTO) or in the financial sector (EOS Group) of the Otto Group. The Otto Group has applied these and other measures to ensure that workplaces are safe and promote health,

which impacts motivation, efficiency and overall organizational performance.

Outlook

With this holistic strategy and consistent implementation of measures, the Otto Group believes it is well positioned to ensure a productive, healthy and diverse workforce going forward and to live up to its social responsibility.

Key performance indicators and targets

The Otto Group is convinced that only an efficient and agile workforce can help to achieve strategic targets and shape successful transformation processes. Specific performance indicators play a vital role in controlling and evaluating performance.

One focus of the performance indicators is on diversity. The Otto Group specifically collects and manages various diversity indicators in order to systematically promote workforce diversity, especially at management level. Equal participation in management is a central element here: The German Act on Equal Participation of Women and Men in Leadership Positions has been used since 2021 to define ambitious target quotas for women in management positions at the German Group

companies. Specifically, the Otto Group aims to have at least 25% women on the Supervisory Board of Otto GmbH & Co. KGaA and at least one third on the Executive Board of Otto Verwaltungsgesellschaft mbH by 2030. Target quotas averaging at 35% to 40% and 40% to 45% women have also been set for the first two management levels of the Group companies by 2030. An average share of 32% women at the first management level and 44% at the second management level had already been achieved as of December 31, 2025. Trends are logged every six months, continuously analyzed and made transparent on a dashboard in order to derive targeted measures to achieve the targets. The Otto Group remains committed to its defined target quotas and will continue to consistently monitor developments. Age structure is another important diversity indicator: The Otto Group aims to achieve an even distribution of the age groups of under 30, 30 to 50 and over 50. Ideally, each age group should account for around one third in order to ensure the long-term transfer of knowledge, innovative drive and adaptability. This envisaged age structure would combine the wealth of experience of long-time employees with the latest findings and knowledge of future generations. Continuous monitoring of these performance indicators enables targeted control and contributes to securing the Otto Group's long-term competitiveness and innovative strength.

Another focus is on creating a safe and healthy working environment for all employees. The Otto Group applies comprehensive health and safety management to ensure that the entire workforce is covered and that a high standard of occupational health and safety is established. In addition, innovative measures such as cooperation with providers of prevention and training programs are organized to promote mindfulness of personal health and to strengthen motivation and performance.

The Otto Group also places a special focus on strengthening tech and AI skills and promoting lifelong learning in order to meet current and future technological requirements. All central elements of HR work are continuously optimized along the employee lifecycle – from recruiting and onboarding to performance and retention measures and offboarding processes. The aim is to attract, develop and retain talent in the long term and to promote individual adaptability and innovative strength.

The Otto Group consistently measures and controls relevant performance indicators in order to track progress in the achievement of targets in the areas of health, occupational safety and diversity and to ensure that they are sustainably embedded within the organization. This strengthens the performance, resilience and future proofing of the Group as a whole.

Workers in the value chain

As a global company with a complex value chain, the Otto Group bears a high level of responsibility for compliance with labor and social standards as well as human rights in the value chain. Fulfillment of human rights due diligence obligations is therefore a core component of the Otto Group's corporate activities. Aside from compliance with legal requirements, the Group wants to aspire that the products it sells are produced socially responsible and resource-efficient manner while respecting human rights. The greatest risks concerning respect for human rights are found in the upstream supply chain of its own and licensed brands. But there are also opportunities to exert influence and drive improvements. The Otto Group's approach is a continuous process in which social performance is gradually improved in close cooperation with business partners and stakeholders along the supply chain.

An overview of material impacts, risks and opportunities

Human rights risks can arise in the upstream supply chain, for example through violations of working time regulations that are associated with health risks, or by failing to pay minimum or living wages. Inadequate preventive measures in the area of working conditions may also result in health and safety risks. Moreover, the

unlawful employment of children and young workers represents a potential risk. The Otto Group sees these issues as an opportunity to further improve the working conditions of people employed in its supply chains.

Management of impacts, risks and opportunities

Guidelines

The Otto Group's commitment to human rights in its own organization and in the upstream value chain is set out in the Human Rights Declaration. This is based on international reference instruments such as the United Nations Universal Declaration of Human Rights.

All Group companies are governed by the legal requirements and the Otto Group Sustainability Standards. These go beyond legal requirements and specify concrete sustainability requirements, for example in the form of Group Guidelines. The Group Guidelines on Sustainability Management and Sustainability in Purchasing of Merchandising Goods establish values and principles such as the Code of Conduct and country-specific requirements, as well as principles for the management of conflicts and human rights violations, the publication of supply chain data, social audits and certificates. In addition, sustainability management requirements are defined for responsibilities and roles, processes, controls and monitoring. The Guidelines also include require-

ments for dealing with information and violations in complaints management, country-specific requirements for procurement management and other regulations on materiality analysis and reporting. Furthermore, the Responsible Purchasing Declaration reaffirms the Otto Group's efforts to incorporate social, environmental and ethical considerations into all purchasing decisions.

Minimum requirements are also set out in the Business Partner Declaration on Sustainability. This document brings together all sustainability requirements for business partners selling own brand merchandise. It includes the amfori BSCI Code of Conduct, which contains the Otto Group's fundamental values and principles on human rights and working conditions as well as requirements on social standards and transparency in the supply chain. A business relationship with an Otto Group company can only be established after recognition of this document. In addition, a Code of Conduct for Services and Non-Merchandise has been defined and put into practice, including social standards as well as rules on environmental protection and workplace safety.

Complaint mechanisms

Complaints mechanisms are instruments to reduce risks, encourage efficiency and build trust in companies. They offer workers a safe, accessible and effective way of exercising their rights, expressing their needs and anonymously drawing attention to grievances.

In order to identify and respond to potential human rights violations in the supply chains, the Otto Group has been involved for many years in external grievance mechanisms such as amfori Speak4Change, the International Accord for Health and Safety in the Textile and Garment Industry and the Partnership for Sustainable Textiles. The use of enterprise-wide complaints mechanisms can produce synergy effects for the participating companies in the areas of information, resources and costs. For workers in supply chains, these can also mean increased accessibility and use, improved problem resolution, greater impact and stronger protection.

With SpeakUp, the Otto Group also has its own whistleblowing system, which is available in over 30 languages to report suspected cases. The portal is a secure reporting channel for all employees and stakeholders that can be used anonymously, ensuring the highest level of protection for whistleblowers and sensitive data. An independent ombudsperson provides yet another opportunity for internal and external stakeholders to contact the Otto Group in confidence. The Business Partner Declaration on Sustainability, among other things, explicitly refers to the opportunity to use the various complaint channels to submit information and/or report violations.

The volume of reports received is seen as a positive sign that the established complaints mechanisms are working. Every tip received is rigorously investigated. They

are systematically logged and evaluated individually by Otto Group experts and investigated in collaboration with the relevant stakeholders. This process is then used to derive necessary actions or measures, monitor their implementation and ensure a systematic follow-up. The Otto Group has established a case management system to record information on each incident. It is used for the systematic documentation of information received from the complaints channels as described. The development and status of an incident report are regularly reviewed and evaluated.

Measures

The Otto Group respects human rights and is committed to improving working conditions for people in its own supply chains. In this regard, the Group builds on a collaborative approach that includes the most important stakeholders in the supply chains. Membership of the International Accord for Health and Safety in the Textile and Garment Industry (Bangladesh and Pakistan) and the amfori BSCI are particularly relevant with regard to human rights issues. The Otto Group conducts social audits to obtain insight into the conditions at local final production facilities. The social audits are a basic requirement for cooperation and must be available for risk countries (according to amfori BSCI Country Risk Classification) as valid proof during the production of own brands. These include the SA8000 certificate, an amfori BSCI audit (minimum result "C") or the Otto Group

Assessment as the company's own standard. The Otto Group is keen to support its business partners and supply chain facilities in improving local working conditions. To this end, the Group website provides partners with a comprehensive range of information on the subject of human rights due diligence. All Otto Group employees are also provided with video-based online learning paths, including on the topic of Child Free Production. These are available to all employees throughout the Group and are intended to raise their awareness of human rights issues and sensitize them to dealings with business partners and supply chain facilities.

The Otto Group is continuously working to further improve the availability and quality of information about its supply chains, for example through data obtained from social audits. In addition, cooperation partners such as the children's rights organization Save the Children also provide information on risks to children's rights in the production countries, which can be incorporated into supply chain analyses. As part of the International Accord for Health and Safety in the Textile and Garment Industry, further supply chain data is collected in order to conduct occupational safety training for all employees at the final production facilities in Bangladesh and Pakistan, among other things.

Supply chain transparency is fundamental to the Otto Group's human rights measures, as it ensures access to an even more detailed overview of stakehold-

ers and the working and production conditions on the ground. The Group also examines the upstream supply chain, in addition to the final production facilities. The Otto Group publishes facility locations on the Open Supply Hub.

As part of its Sustainability Strategy, the Otto Group promotes capacity development measures as a lever for positive changes in the lives of workers in its own upstream supply chains. Knowledge, resources and the acquisition of specific skills are crucial to enable progress and improvements to prevent human rights violations and, in the long term, to achieve better working conditions for people in supply chains. Here, the Group identifies human rights focus topics and important stakeholders to address key challenges in the supply chains.

The focus topics identified in the materiality analysis – “Child Free Production”, “Freely Chosen Employment”, “Living Wages”, “Decent Working Hours” and “Safe Work Environment” – pose a high risk of human rights violations for the Otto Group, while at the same time presenting considerable room for improvement. The most relevant stakeholders are selected by means of a risk analysis, which can be used to identify those who may benefit from support in one or more human rights focus topics. This approach enables prioritization of measures for the respective partners. These include business partners with whom the Otto Group maintains a direct contractual relationship, workers in final production

facilities that operate in countries with an increased risk of human rights violations, and the management in the final production facilities whose actions may have considerable impact on workers.

Included in the capacity development measures are various free courses that are individually tailored to the different groups of participants, topics and regions and must fulfill principles defined by the Otto Group. These include, for example, the availability of training in the local language, professional qualification of the provider, an interactive methodology or the measurability of participation. The Otto Group works with prestigious and qualified organizations that specialize in the provision of training. The Group carefully selects training courses whose content is specially designed for the selected participants and offered in their respective national language. The Otto Group also recognizes training measures that have already been completed, provided they are in line with the concept of accepted training. By proceeding in this way, the Group seeks to avoid the unnecessary repetition of content and to recognize past efforts. Further development measures may include, for example, digital, interactive training on health and occupational safety, which helps to understand complex topics and adopt best practices. Elements such as gamification, interactive group exercises or practical method applications are included in the curricula. Performance indicators and dashboards have been developed to measure, control and report on trends in the further development measures.

Key performance indicators and targets

The Otto Group aims to ensure that the majority of key stakeholders have participated in Capacity Development on the following human rights topic by the end of the 2035/36 financial year: “Child Free Production”, “Freely Chosen Employment”, “Living Wages”, “Decent Working Hours” and “Safe Work Environment”.

In the 2025/26 financial year, 18% of key stakeholders took part in training measures on the topic of “Safe Work Environment”.

Of the key stakeholders, 9% attended in training measures on the topic of “Decent Working Hours”.

The Otto Group is currently working on developing training programs for further training measures on the topics of “Child Free Production”, “Freely Chosen Employment” and “Living Wages”.