

Otto Group Sustainable Finance Framework - Allocation Reporting

Report dated 25 June 2020

This is the report referred to in chapter 5.1 of the Otto Group's Sustainable Finance Framework (the "Framework").

(see <https://www.ottogroup.com/en/die-otto-group/daten-fakten/Creditor-Relations.php>)

The sustainability projects and allocation as set out below have been approved by the Otto Group's Sustainable Finance Committee on 25 June 2020 in accordance with chapter 3 of the Sustainable Finance Framework.

I. USES OF PROCEEDS		
Eligible sustainability project category	Amount invested (EURm)	
Year of investments ¹⁾	2018	2019
Socio-economic advancement and empowerment Eligible category: Purchasing costs ²⁾ for textiles with the "Cotton made in Africa" label ³⁾ (own and licensed brands)	351.8	334.3
Environmentally sustainable management of living natural resources and land use Eligible category: Purchasing costs ²⁾ for furniture products with "Forest Stewardship Council [®] - FSC [®] " certification ⁴⁾ (own, licensed and relevant third-party brands)	261.9	269.1
Cumulated eligible sustainable project expenditures	613.7	1,217.1

1) Relevant time frame / cut-off dates: Based on delivery date in calendar year 2019 for OTTO and Bonprix; based on order date in calendar year 2019 with maximum delivery date 31st January 2020 for Witt.

2) "Purchasing costs" defined as costs as paid to the relevant suppliers, including deductions for rebates and cash discounts, but excluding additional costs such as transportation or customs duties.

3) Textiles supporting the "Cotton made in Africa" initiative according to the mass-balance approach described in chapter 2a of the Framework. Minimum cotton content in "Cotton made in Africa" products: 5%, in line with applicable law requiring textile components >5% to be labelled. More information about the "Cotton made in Africa" label can be found in chapter 2a) of the Framework.

4) More information about the Forest Stewardship Council can be found in chapter 2b) of the Framework.

II. SOURCES OF PROCEEDS	
Sustainable financing instruments outstanding	Net proceeds (EURm)
EUR 250m 2.625% sustainable bond issued 10 April 2019 (ISIN: XS1979274708)	248.5
EUR 30m 3.400% sustainable private placement issued 17 July 2019 (ISIN: XS2028841489)	29.9
EUR 50m 2.625% increase of sustainable bond issued 3 September 2019 (ISIN: XS1979274708)	51.3
EUR 15m 3.180% sustainable private placement issued 10 October 2019 (ISIN: XS2063541358)	15.0
CHF 85m 1.500% sustainable bond issued 9 December 2019 (ISIN: CH0511961390)	77.3
EUR 10m 3.000% sustainable registered bond issued 24 January 2020	10.0
EUR 40m 3.000% sustainable private placement issued 30 January 2020 (ISIN: XS2111951690)	39.9
Total sustainable funding	471.8

Sustainable funding proceeds fully allocated? (I ≥ II?)	YES
Unallocated sustainable project expenditures (II - I)	745.3

Otto Group Sustainable Finance Framework - Impact Reporting

Report dated 25 June 2020

This is the report referred to in chapter 5.2 of the Otto Group's Sustainable Finance Framework. (see <https://www.ottogroup.com/en/die-otto-group/daten-fakten/Creditor-Relations.php>)

This report has been produced taking into account the recommendation of the 2019 ICMA Harmonized Framework for Impact reporting for the portfolio approach.

1 - Eligible category: Purchasing costs for textiles with the "Cotton made in Africa" label

Allocation Information 2019	Alignment with ICMA Principles		Social Bond Principles
	ICMA category		Socio-economic advancement and empowerment
	Eligible portfolio (cumulated amount invested, EURm)		686.1
	Share of total Eligible Sustainable Project Expenditures		56.4%
	% Eligible for Sustainability Financings		100%

Impact Information 2019	Volume (tonne) of purchases for CmiA-labelled textiles for own and licensed brands	31,380 tonnes	Alignment with UN Sustainable Development Goals (Otto Group assessment)
	Number of small farmers benefiting from the Otto Group's CmiA demand ¹⁾	~ 50,000 farmers	
	Number of CmiA-labelled textiles procured by the Otto Group	~ 86.0 m	
	kg CO ₂ -eq saved per 1 kg CmiA lint cotton (vs conventional cotton) ²⁾	~ 0.76 kg	
	tonnes CO ₂ -eq saved by purchasing CmiA lint cotton (vs conventional cotton) ²⁾	23,800 tonnes	
	Percentage of sustainable cotton for own and licensed brands (including organic cotton, CmiA cotton and recycled cotton)	96%	

1) Measured by the share of the Otto Group's accepted quantity in the total CmiA production volume.

2) Based on 2014 Life Cycle Assessment (LCA) of CmiA commissioned by the Aid by Trade Foundation. The LCA is available at the following link: <https://cottonmadein africa.org/en/deutsch-docs/cmia-standard/wirkungsmessung/61-cmia-life-cycle-assessment-2014/file>



2 - Eligible category: Purchasing costs of products with "Forest Stewardship Council® - FSC®" certification

Allocation Information 2019	Alignment with ICMA Principles		Green Bond Principles
	ICMA category		Environmentally sustainable management of living natural resources and land use
	Eligible portfolio (cumulated amount invested, EURm)		531.0
	Share of total Eligible Sustainable Project Expenditures		43.6%
	% Eligible for Sustainability Financings		100%

Impact Information 2019	Number of articles that are FSC®-certified for own, licensed, and strategically relevant third party brands	50,683	Alignment with UN Sustainable Development Goals (Otto Group assessment)
	Percentage of FSC®-certified articles in relevant product portfolio	79%	

