

Company Profile

Headquarters: Hamburg, Germany
Major products: Multichannel retail, services,
financial services
Further information: www.ottogroup.com

The Otto Group, based in Hamburg, Germany, is a global corporate group of retailers and retail-related service providers with over 120 associated companies located in Europe, Asia and North America and more than 53,000 employees. The Group operates in the segments multichannel retail, financial services and services. Within the multichannel retail segment, e-commerce represents a major focus in the Group's growth strategy. To achieve its aims and secure its own future the Otto Group follows sustainable business practices. Responsibility towards people and nature is the foundation of its economic actions and therefore a leading philosophy of the Group's corporate vision.

Challenges and How the Otto Group Takes Responsibility

As a Group comprising of retailers and commercial service providers, biodiversity considerations – particularly in terms of product assortment and advertising materials – play a central role. Textiles are one of the most important product categories in the Otto Group. Accordingly, the consumption of resources such as cotton is high. Negative effects from conventional cotton production like single-crop farming and high levels of chemical use have an impact on biodiversity. In order to ensure long-term access to cotton the Otto Group has a stake in and an interest in conserving biodiversity and the sustainable use of its components. To improve the conservation of biodiversity, measurable and realistic aims were set as a part of the 2010–2013 CR Strategy. These measures apply particularly to the area of sustainable products (e.g. articles made from organic cotton, sustainable cotton or FSC-certified timber).

Due to the importance of cotton, the Otto Group continues its efforts in the area of sustainable cotton and addresses the issue with a strategic long-term approach. The goal is to phase out conventional cotton and replace it with sustainable cotton by 2020.



Fields of Action

- Sites and facilities
- Supply chains, commodities and materials
- Product
- Production and manufacturing processes
- Transport and logistics
- Personnel



Best Practice: 100 % Sustainable Cotton by 2020

The Issue

Conventional cotton production is associated with enormous negative effects on people and nature. Artificial fertilizer, pesticides and insufficient training of cotton farmers causes loss of soil fertility and soil salinization, water pollution, negative long-term effects on water balance as well as poisoning of people. And due to the tremendous water consumption in cotton production, scarcity of drinking water and soil desertification occur in cultivation areas. For these reasons biodiversity is threatened by the extensive farming of conventional cotton.

The Response

In order to reduce these negative effects the Otto Group focuses on two approaches for sustainable cotton supplies: organic cotton and African cotton from the Cotton-made-in-Africa Initiative (CmiA). Experiences show that these methods have been successful on a small scale. Sustainable cotton will continue to be an important issue and therefore the Otto Group's top management has decided to support these growing methods on a larger scale by using 100% sustainable cotton by 2020 for all Group associated companies with a relevant amount of cotton products. For the time being this applies only to Otto's private brands. In doing so, the Otto Group expects to achieve economies of scale and a reduction in price for sustainable cotton.

The utilisation of non-degradable chemical and synthetic pesticides, insecticides and fertilizers is prohibited in the cultivation of organic cotton. Likewise the use of genetically modified organisms is also not permitted. Organic cultivation respects annual crop rotation in the fields, pests may only be removed by natural methods and only organic fertilizer may be used. These measures avoid monocultures and protect biodiversity in cultivation areas.

The Results

The CmiA initiative of the Aid by Trade Foundation supports sustainable cotton production in Africa and thereby makes an important contribution to poverty reduction and environmental protection in Africa. Cotton farmers learn how to use modern, efficient growing methods, with awareness for pesticide use (i.e. using a minimum amount of pesticides). Additionally, rain fed cultivation and crop rotation are used.

Impacts on biodiversity that are connected with cotton production and therefore with the Otto Groups business activities shall be reduced by striving towards 100% sustainable cotton by 2020. By that, not only nature and people will benefit but also the Otto Group. The Group meets the expectation of its stakeholders to take responsibility for people, nature and biodiversity and thereby reduces reputational risks. The Otto Group will also be able to ensure access to important resources, develop long-term supplier relationships and remain competitive in the future.