

Code of Conduct – Services and Non-Merchandise Goods

(Version August 2012)

We, the Otto Group, are guided by the fundamental principles of social responsibility, environmental protection and fair cooperation in all our company's activities. Reconciling our economic, ecological, and social responsibilities in a sustainable way is the objective of the Otto Group.

In this, we see ourselves as equal partners in our business relationships. Our association with our business partners is based on cooperation and characterised by mutual respect.

This Code of Conduct sets forth the Otto Group's fundamental requirements of its service providers, suppliers of non-merchandise goods and their subcontractors (hereafter referred to as "Business Partners"). Service providers and suppliers of non-merchandise goods to the Otto Group are required to inform their subcontractors and employees about the Otto Group's Code of Conduct and to ensure adherence to it at every workplace at which services and final processing of products for the Otto Group are rendered.

The following principles are consistent with internationally applicable standards, such as the United Nations Universal Declaration of Human Rights, the UN Convention on the Rights of the Child and applicable Conventions of the ILO, as well as legislation in the respective country.

1. Legal compliance

The Otto Group requires all of its Business Partners to comply with all applicable legislation. The requirements of the Otto Group set forth in this Code of Conduct may also exceed the applicable legal requirements in the respective country. Should any Otto Group requirement contravene legal provisions of the respective country, the Business Partner must inform the Otto Group about this.

2. Child labour / young employees (ILO Conventions 138 and 182 and UN Convention on the Rights of the Child)

No persons may be employed who are younger than the legally required minimum age for employment in the relevant country. The Otto Group's Business Partners are required to take the necessary measures to prevent the employment of persons below the legal minimum age. The minimum age to permit employment must not be below the age at which compulsory education ends and in no case under the age of 15 years. Subject to the exemptions granted under ILO, national regulations designed to protect children and employed youths must be observed. Children must be protected from economic exploitation, the carrying out of work that is dangerous, that negatively impacts on the child's education or that could endanger the health or physical, mental, intellectual, moral or social development of the child.

3. Discrimination

Any form of discrimination in hiring and employment practices is prohibited. In particular, any distinction, exclusion or preference based on race, caste, skin colour, gender, age, religious belief, political opinion, membership in workers' organisations, physical or mental disability, ethnic, national or social background, sexual orientation or other personal characteristic is prohibited. Business Partners of the Otto Group are also responsible for any employees who are employed through agencies or other intermediaries.

4. Employee rights

The Otto Group tolerates no form of forced or compulsory labour. It also rejects any form of prison labour. Employees must not be compelled to work by way of violence and/or intimidation, whether directly or indirectly. Instead, all employees must have sought work and/or employment of their own free will. All employees must be treated with dignity and respect. No employee must be exposed to verbal, psychological, physical and/or sexual abuse, coercion or harassment.

Business Partners of the Otto Group are also responsible for any employees who are employed through agencies or other intermediaries.

All employees have the right to join associations of their choice, to establish these and to engage in collective bargaining.

Working hours must comply with applicable law, industry standards or relevant ILO Conventions, whichever standard is more stringent. Following six consecutive days of work, employees must be permitted at least one day of rest. Any overtime worked must be compensated separately in accordance with national regulations.

5. Compensation

Business Partners guarantee that the wages paid to employees equal or exceed the minimum wage prescribed by law or the applicable industry-specific minimum wage, whichever is higher. Where neither legal nor industry-specific minimum wages exist, the Business Partner must ensure that the wages paid shall be sufficient to cover an employee's basic needs, taking into account individually occurring circumstances (such as purely supplementary income, part-time work, etc.).

6. Health & Safety

Business Partners shall provide a safe and healthy working environment.

Business Partners shall adopt the measures needed to prevent such accidents and health hazards as may arise in connection with work. For this purpose, Business Partners must put in place systems capable of detecting, avoiding and responding to potential health and safety hazards. In addition, they guarantee that employees are periodically updated and trained on applicable health and safety regulations as well as any precautions taken. Business Partners must document this.

7. Environmental protection

The protection of nature and the environment is an integral component of the Otto Group's business practice. Business Partners must comply with all applicable environmental regulations. They are further expected to undertake an ongoing effort to prevent and reduce environmental contamination. Processes and standards prescribed for waste management, for the handling and disposal of chemicals and other hazardous substances as well as for emissions and waste-water treatment must be observed, with special emphasis placed on the protection and preservation of natural resources.

8. Bribery and corruption

The Otto Group does not tolerate any form of bribery or corruption. All Business Partners as well as their employees must conduct themselves in such a way so as to avoid any personal dependency, obligation or influence. In particular, all employees and Business Partners are expected to behave in a professional manner guided by fairness and full compliance with applicable national and international regulations. In addition, Business Partners shall introduce anti-bribery and anti-corruption policies to be observed by all their business divisions. Where gifts are presented in adherence to a country's individual customs or etiquette, care must be taken to ensure that such gifts do not give rise to obligatory dependencies and that applicable national laws and regulations are observed.

Information on corrupt practices is to be reported to the Otto Group or the independent external ombudsman (see Point 10).

9. Monitoring Code of Conduct

At the request of the Otto Group, Business Partners are obliged to have their work and production sites undergo social audits with regard to adherence to this Code of Conduct.

Direct Business Partners guarantee that, whenever the need arises, the Otto Group itself or any third party authorised by the Otto Group may conduct a review of the Business Partner's compliance with the principles set forth in this Code of Conduct at the direct Business Partner's premises, or other suppliers' premises working on the Business Partner's behalf. For this purpose, the direct Business Partner undertakes to name the production sites accordingly.

If instances of non-compliance are discovered, Business Partners are obliged to take immediate remedial action, with the Otto Group allowing sufficient time for such actions.

Regardless of whether a direct Business Partner or other suppliers working on its behalf have violated the principles set forth in this Code of Conduct, the Otto Group's right to terminate the business relationship with any Business Partner is not compromised.

10. Procedure for complaints

Complaints or information about violations of this Code of Conduct may be reported to the Otto Group (see below for contacts) at any time, also anonymously.

Individuals filing a complaint are asked only to report such complaints and information they believe in good faith to be true.

All Business Partners guarantee that individuals filing complaints will not be subject to reprisals or disciplinary action of any kind.

Contact for cases of bribery and corruption:

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External contact:

External Ombudsman, Attorney at Law

Dr Rainer Buchert

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