

# Otrium

## Modern Slavery Statement

1 March 2024

Regarding  
OTRIUM HOLDING B.V

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# 1. The purpose of this statement

The main purpose of this Modern Slavery Statement (the “Statement”) is to report and inform our stakeholders on the steps taken by Otrium up to and including the financial year 2023, to identify and prevent modern slavery, including forced labour, human trafficking and any forms of child labour from taking place in our supply chains or in any part of our own business.

Otrium is committed to creating long term positive impact and value in the global fashion industry. As part thereof, we value sustainable growth. This means we care about the world, and always take sustainability into account when making (business) decisions. In order to ensure impact on a global scale, Otrium has an inclusive mindset. These values are embedded in our day-to-day business activities and ensure compliance with this Statement.

As a marketplace for end-of-season fashion we believe all clothing should be worn. This is our purpose and why we exist as a business. Our brand partners are crucial in fulfilling our purpose as they collaborate with us to solve global issues in the fashion industry. At Otrium, we take ownership of these issues. As part thereof, we also aim to identify and address risks with respect to modern slavery and workers’ rights in general.

# 2. The scope of this policy

This Statement is part of our company's broader ESG and Sustainability Strategy. "Otrium" and "us" refers to Otrium Holding B.V. and all the entities directly or indirectly controlled by Otrium Holding B.V.

This Statement encourages us to be transparent on how we ensure that modern slavery (exploitation of other people for personal or commercial gain) doesn't exist in our operations and supply chain. It sets out the necessary standards for all areas within our supply chain. It demonstrates our values, alongside describing what we consider good labour standards. With this Statement, Otrium aims to at least respect the following international standards:

- The United Nations Universal Declaration of Human Rights and the European Convention on Human Rights.
- Various International Labour Organization conventions, in particular conventions 29, 105, 138, 182 (child labour and forced labour), 155 (occupational health and safety), 111 (discrimination, 100 equal remuneration), 87 and 98 (freedom of association, protection of the right to organize and collective bargaining).
- The OECD Guidelines for Multinational Enterprises.
- The United Nations Convention on the Rights of the Child.
- The 10 Principles of the United Nations Global Compact and associated Sustainable Development Goals (SDG).
- The UNGP (United Nations Guiding Principles on Business and Human Rights).
- The United Nations Women's Empowerment Principles.

# 3. Governance

## Company structure

Otrium Holding B.V., registered in Amsterdam, the Netherlands, is the head of a group of (currently) four legal entities<sup>2</sup>: (1) Otrium B.V., registered in Amsterdam, the Netherlands, (2) Otrium LLC, registered in the State of Delaware, United States of America, (3) Otrium UK Ltd registered in Manchester, United Kingdom, and (4) Otrium Portugal, Unipessoal Lda, registered in Lisbon, Portugal.

## ESG Committee

Otrium has established an ESG Committee consisting of Otrium's CEO Frank van Valderen, its General Counsel, Rutger van Boxtel and its Director of Sustainability Marlot Kiveron. Starting in 2022, the aim of the ESG Committee is to establish an unified view of ESG, increasing understanding of all three aspects, environmental, social and governance, and to promote robust standards of corporate governance that integrate all these aspects throughout Otrium. The day-to-day role of the ESG Committee includes amongst others:

Define ESG priorities, objectives and strategy with the goal of further integrating sustainability into Otrium's strategy and operations; Oversee and coordinate the implementation of the Company's ESG initiatives;

- Assist the Management Board and Supervisory Board in fulfilling oversight responsibilities with respect to the Otrium's ESG efforts;
- Monitor and assess developments relating to, and improving Otrium's understanding of ESG matters.
- The committee stays updated on ESG trends, new regulations, and industry standards to learn from best practices and compare their organisation's performance.

The ESG Committee ensures that each relevant department within the company implements procedures necessary to ensure a global and coordinated approach with respect to modern slavery and human rights. The ESG Committee's work aims to ensure that Otrium's policies and actions produce positive environmental, social and governance results (e.g. with respect to the well-being of employees, customers, vendors, partners, shareholders and the broader community).

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<sup>1</sup> It is expected that Otrium LCC and Otrium Portugal Unipessoal LDA will be winded down in 2024.

# 4. Business activities

Approx. 15% of fashion stays unsold. These unworn items end up at stock buyers, in landfills or even get burned. Otrium's purpose "All clothing should be worn" is the main driver behind our marketplace, through which we are aiming to contribute to solving the problem of unsold inventory.

The activities of Otrium primarily consist of giving brands (hereinafter: "brand partners") an online outlet channel and the digital tools to smartly connect end-of-season fashion with fashion-lovers. Otrium provides a marketplace that enables brand partners to sell their previous collections and factory outlet items directly to consumers, whereby Otrium offers amongst others online sales, storage and shipping (the "Marketplace"). We embedded our purpose, "All clothing should be worn" into our business model by making sure every item finds an owner. At our warehouses in the Netherlands, the UK and the US, we receive clothing items from our brand partners, refurbish them when needed and distribute them to a new owner.

When a damaged item arrives, we will try to repair it and give it a second change on our platform. In addition to our member platform, we connect brand partners with selected stock buyers, local charities and recycling partners. This way we find the best deal for items that weren't sold to our members or were unrepairable.

The garments Otrium sells on the platform are in consignment, which means that the clothes are still in possession of our brand partners. Although our leverage on brand partners is limited as we don't have purchasing-power, we acknowledge our responsibility in trying to prevent and mitigate adverse impacts linked to the products we sell. We therefore take as much ownership as we can in respect of ethical business conduct in our supply chain as further set out in paragraphs 5 through 7 of this Statement.

# 5. Our supply chain

## Regions of operation

**R**Otrium primarily operates<sup>2</sup> in the Netherlands, Belgium, Germany, and France, the United Kingdom and the United States. a personalised off-price shopping experience to retail customers. Otrium has a warehouses in the Netherlands (Almelo)<sup>3</sup>, the United Kingdom (Lutterworth), and the United States (Ohio). The stock in the warehouse is owned by Otrium's brand partners and is therefore consignment stock. Otrium offers fulfilment services by e.g. shipping the goods from brand partners to its warehouses as well as to the end customers once sold on the marketplace. Otrium's brand partners are located primarily across Europe and the United States.

## Suppliers

We qualify third party companies that contribute to Otrium as suppliers or service providers, where Otrium has purchasing-power. We have numerous suppliers who support our various business units, including but not limited to logistical suppliers, office management and technology suppliers. For the purpose of identifying and preventing modern slavery, we also qualify our business-to-business customers 'brand partners' as suppliers even though Otrium has no purchasing-power in relation to the brand partners.

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<sup>2</sup> In 2023 Otrium closed its US and UK markets to primarily focus on its successful EU home market.

<sup>3</sup> With the closure of the US and UK markets, otrium has also closed its UK warehouse in 2023 and will close its US warehouse in 2024.

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Definition</b>	<i>Direct suppliers, consisting of service providers (paid by Otrium) and brand partners (delivering products to Otrium)</i>	<i>Direct suppliers of our direct suppliers (paid by tier 1 suppliers)</i>	<i>Direct suppliers of suppliers' suppliers (paid by tier 2 suppliers)</i>
<b>Example</b>	<i>Our logistics service provider</i>	<i>Packaging suppliers of our third-party logistics partner</i>	<i>Raw material suppliers of Otrium's packaging supplier</i>
<b>Visibility</b>	<i>We have a complete overview of all our suppliers.</i>	<i>We have a limited overview of all our tier 2 suppliers.</i>	<i>We have a very limited overview of all our tier 3 suppliers.</i>
<b>Actions taken</b>	<i>We have adopted a Code of Conduct. Our Code of Conduct sets a standard for all of our suppliers and how we expect them to conduct their business</i>	<i>Our logistics partners also have policies in place to ensure ethical business conduct in their supply chains. All brand partners on our platform are being rated by Good On You</i>	
<b>Next steps</b>	<i>We expect all of our direct suppliers (Tier 1) to sign the Code of Conduct</i>	<i>1. Create an overview including all our indirect suppliers (Tier 2), before the end of 2024. 2. Ensure all brand partners active on our platform are rated by Good On You, before the end of 2023.</i>	

We believe that our impact in improving social standards can be most efficient with respect to our tier one suppliers. It is however widely known that the supply chains in the fashion industry are considered in-transparent and highly complex. We therefore recognise that the supply chain of our brand partners have the highest risks of modern slavery.

Although our leverage on brands is limited as we don't have purchasing-power, we acknowledge our responsibility in supporting transparency in the fashion industry and trying to prevent and mitigate adverse impacts linked to the products we sell. Please be referred to section 7 (Human rights risk assessment), where we set out how Otrium is dealing in this respect.

Also, global supply chains can pose many challenges and risks to people and the environment. We are constantly evaluating the impact of our business at each stage in the value chain in order to find the right solution for different challenges.

With respect to our suppliers, we recognize the responsibility we share to improve conditions in the value chain where possible. To mitigate risks, we have several company policies and codes (please also refer to section 6 below) in place to ensure a safe working environment for all people and partners relevant in Otrium's supply chain. Very importantly, our Code of Conduct, which we request all our suppliers and employees to sign, defines minimum standards for all our suppliers, including human rights and labour practices.



# 6. Policies & Codes

Otrium adopted several policies and statements defining amongst others our standards in respect of ethical behaviour by and towards our stakeholders. In this section we set out the main policies and statements in this respect.

## Code of Conduct

Our Code of Conduct applies to all of our suppliers and brand partners and includes Otrium's standards relating to human rights and ethical business conduct embedded into our organisation. This is communicated to all employees by Otrium and forms part of the employee contracting process. We provide all employees training on Otrium Group's ethical principles during the onboarding of employees and thereafter, in which it is amongst others outlined that modern slavery is not tolerated within Otrium and within our supply chain. Attending this training on a yearly basis is mandatory for all employees.

Furthermore, the Otrium Group requests its suppliers by way of policy to commit to important principles concerning human rights and modern slavery included in our Code of Conduct. The Code of Conduct has been implemented in February 2022. As from May 2022 the brand partners and other direct suppliers that become a business partner of Otrium are requested to sign the Code of Conduct. Otrium aims to have the Code of Conduct signed by all brand partners and other direct suppliers.

We have a zero-tolerance policy with respect to modern slavery. The Code of Conduct therefore includes the following procedure in the event of a breach by a stakeholder of the Code of Conduct:

- Otrium and the relevant stakeholder shall enter into good faith discussions in order to determine what corrective measures are to be put in place to permit the business relationship to continue (the "**Corrective Measures**").
- The Corrective Measures must be implemented by the stakeholder as soon as possible. During the period of implementation of the Corrective Measures, Otrium shall be entitled to suspend the performance of its obligations under the relevant legal relationship with such stakeholder.
- If and to the extent that the Corrective Measures are not, or not correctly, implemented, Otrium shall be entitled to terminate the respective legal relationship.

### **Employee handbook**

To ensure a secure and inclusive workplace, our employees are provided with an employee handbook, the O-guide during onboarding, encompassing all company guidelines and reflecting our commitment to continuous improvement. Embedded within are policies promoting internal promotion, employee performance improvement, sabbatical leave, volunteering, breastfeeding support, and recruiting local managers. These initiatives are alongside our Confidential Advisor, who is a central point of contact for support, questions or reports about inappropriate behaviour, harassment and bullying and offer a comprehensive framework for creating a workplace where every employee is valued, respected, and empowered.

### **Whistleblowing policy**

We are committed to conducting our business with honesty and integrity and we expect all employees to maintain high standards. However, all organisations face the risk of things going wrong from time to time, or of unknowingly harbouring illegal or unethical conduct. A culture of openness and accountability (take ownership!) is essential in order to prevent such situations from occurring. Therefore we set up an ethical whistleblowing system which enables any individual to report a violation or suspected breach of:

1. Conduct which is an offence or a breach of law, e.g. fraud, corruption or theft
2. Conduct in which a social interest (including but not limited to public health, security or the environment) or company interest might be at risk as a result of an actual or threatened breach of any laws, regulations or internal policies;
3. Conduct which is a breach of Union Law; and
4. Conduct which is a breach of our Code of Conduct and its principles.

The whistleblowing policy is available and accessible for each of the Otrium employees and employees of external partners with whom Otrium has a contractual relationship.

# 7. Human rights risk assessment of our suppliers

## **T**hird-party logistics partners

To uphold our high standards and closely held values, we thoroughly assess the processes applied in our warehouses. Firstly, our team visits the supplier's head offices and factories and meets the director, the managers and the workers involved in production. Only after careful investigation and consideration will we commence a partnership. To ensure working conditions remain at a high standard, we visit our warehouses multiple times a year. Otrium aims to evaluate all of its tier one suppliers against our own supplier standards through supplier audits in the upcoming years.

## **Brand Partners**

At the core of our business are our partnerships with brand partners. As a marketplace and platform, we have limited leverage to influence purchasing and manufacturing practices of our brand partners, however, we are strongly committed to foster ethical business conduct, including through our collaboration with leading sustainability rating platform Good on You as of September 2021. Good on You helps us to identify conscious brands on our platform through a credible and data-based approach. Good on You evaluates brands through more than 100 different widely-recognized standards, certifications and other criteria to provide simple and straight-forward sustainability ratings of fashion brands.

### **Good on You's evaluation relates to 3 particular areas:**

- **People:** Brands are assessed against their impact across the supply chain, which includes policies and practices on child labour, forced labour, worker safety, empowering gender equality and payment of a living wage.
- **Planet:** Brands are assessed against their use of resources, such as energy, water and chemicals, and waste management performance, including any commitments to circular practices.
- **Animal welfare:** Brands are assessed against their use of animal products and their animal welfare policies.

All of our new brand partners are being assessed, and existing ratings are reassessed when requested by the brands. Brand partners with a minimum rating of 3 out of 5 are listed on our platform as a conscious brand. With this sustainability filter we're able to provide greater transparency about the potential impact of our brand partners and their products on the environment, society and animal welfare.

Over 50 of our brand partners have currently been rated 'sustainable' by Good on You, Otrium intends to utilise the feedback from the Good on You ratings to encourage our brand partners to carry out sustainable and ethical business practices.

### **Other suppliers**

Our Code of Conduct includes a supplier code ("Supplier Code"). Based on internationally recognised standards and principles, our Supplier Code describes the behaviour, standards and practices we expect from our suppliers, their employees and subcontractors. Our Supplier Code focuses amongst others on human rights and modern slavery. To uphold these standards our Supplier Code is incorporated into our contracts with all our suppliers.

### **Next steps: supplier audits**

Otrium does not (yet) evaluate brandpartners and other tier-one suppliers on suppliers' compliance against our own standards through supplier audits. Otrium envisages to implement this further in the upcoming years.

# 8. Next steps

We have set out our commitment to driving improvements in worker welfare through our supply chains and set out our roadmap for how we plan to deliver on this. Over the coming years:

- We aim to have the Code of Conduct signed by all of our direct suppliers (Tier 1);
- We intend to create an overview that would include all indirect supplier (Tier 2) by end of 2024;
- We intend to have all brand partners active on our platform rated by Good On You by end of 2024; and
- We intend to implement a valid supplier audit certification that meets our ethical and environmental standards, which we also investigate with our own third-party auditors.

## Date & Signature

**Frank van Valderen, CEO**

*Frank van Valderen*

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Date: 11 April 2024

**Rutger van Boxtel, General Counsel**

*Rutger van Boxtel*

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Date: 11 April 2024