

Responding to incidents and allegations against working hours requirements

1. Introduction

The aim of this procedure is to clearly outline the steps that business partners of Otto Group companies (in the following referred to as “Otto Group”) should take in order to consistently apply and follow the Otto Group’s requirements when incidents or allegations against working hours requirements - as specified in the Otto Group’s Business Partner Declaration on Sustainability (Section 2 “Human rights – requirements”) - occur.

The Otto Group expects its business partners and their supply chain facilities to be transparent and have effective remediation procedures in place in the event of identifying incidents or allegation against working hours requirements.

Business partner might hand over the implementation and/or verification of requirements as stated in this document fully or partially to other parties. The final responsibility however lies with the business partner! The Otto Group reserves the right to verify the implementation of the requirements of this procedure including on-site.

This procedure is subject to a regular review. The document history is at the end of this document.

2. General principles

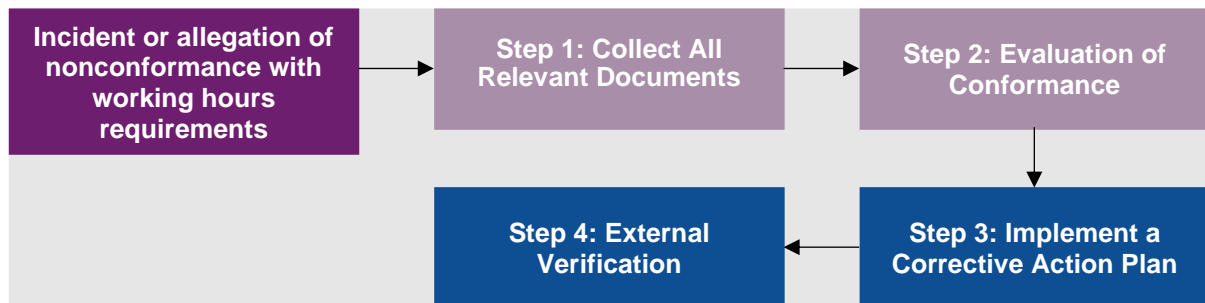
The best interests of the affected persons are always at the forefront of all actions.

PRINCIPLE	DESCRIPTION
Prioritise the best interests of the affected persons	In all actions impacting the affected persons, the best interests of the affected persons should be the guiding principle. This means that during any decision-making process, the person’s protection and preservation of well-being is prioritised.
Do no harm	Always adopt a “do-no-harm” approach that is rooted in the best interest of the affected persons. This means that actions taken should consider the broader context and whether they negatively impact the affected persons socially, financially, or environmentally. If there is any reason to believe that certain actions or programmes make the affected persons worse off than before, the action should not be taken.
Continuous improvement	The steps described in this procedure aim to create a sustainable system to protect the affected persons from risks and challenges in the supply chain, rather than a quick fix solution. As such, it is important that adequate resources are allocated to sustainably implement the required systemic changes and to seek ways to systematically integrate all steps during operations when implementing this procedure.
Confidentiality and privacy	When handling information and communication related to certain persons, always consider their right to confidentiality and privacy. Any data and information obtained from and related to a certain person shall not be disclosed without their prior knowledge and informed consent and be in line with national legislation.

3. Otto Group's Working Hours Remediation Approach

The Otto Group's working hours remediation approach outlined in this document is mainly based on the [Working Hours Guidance](#) of the [Responsible Business Alliance \(RBA\)](#). The RBA Working Hours Guidance is thereby regarded by the Otto Group as a binding supplement to the obligations of the amfori BSCI Code of Conduct.

4. Overview of this procedure



5. Detailed remediation steps and requirements

5.1 From initiating the remediation process to the closure of a remediation plan

Step 1: Collect all relevant documents

In cases of incidents or allegation of nonconformance with working hours provisions, the Business Partner should ask the supply chain facility for further information on working hours of workers, so the Business Partner can establish how many workers are affected and what measures are appropriate and must be included in a Corrective Action Plan.

This requires in particular that the Business Partner:

- Asks for all relevant documents on working hours for review.
- Relevant documents include all recordkeeping and other documents over a period of the previous 12 months for a representative number of workers.
- Documents for this 12-month period must include documents for one peak season month, one low season month and one normal production month.
- If certain workers or a certain period of time is subject of the incident or allegation, relevant documents for these workers or the specified period of time must be taken into account in addition to those mentioned above.
- Observations about (potential) root causes for working time issues should be collected as well. Root causes might stem from different areas and therefore might require several starting points for Corrective Action Plans.

Step 2: Evaluation of Conformance

Non-conformance with working time arrangements can take various forms and is sometimes difficult to detect. Section 10 (Annex) provides examples of how the extent and severity of non-conformance can be assessed.

Generally, the Business Partner should:

- Review the documents listed above to determine whether working time requirements have been complied with.
- The Business Partner should inform their contact person at the Otto Group about the results of the working hours review as soon as the evaluation is completed.
- In evaluating conformance with working hours requirements, it must be considered
 - (1) the number/percentage of workers that exceed the requirements defined in the Business Partner Declaration or legal requirements
 - (2) the degree or severity of the nonconformance, i.e. by how many hours was the maximum permissible working time exceeded and/or how many consecutive days were worked.
 - (3) When conducting this evaluation, applicable national legislation needs to be considered.

Step 3: Establish and implement a Corrective Action Plan

It is the responsibility of the Business Partner to establish a Corrective Action Plan appropriate to the identified violations of working hours requirements and to share it with the contact person of the Otto Group. The Corrective Action Plan should be concrete, time-bound and define clear responsibilities. An example of a Corrective Action Plan can be found in the [RBA's Working Hours Guidance](#).

At least the Business Partner should lead to the below corrective actions:

- In the case of working hours > 60 hours/week and/or > 6 consecutive working days (i.e. a minimum rest period of 24 hours/week was not respected), the business partner must make sure that the supply chain facility submits within 30 working days from discovery or notification of the Otto Group a Corrective Action Plan (CAP).
- The CAP should at least state what concrete measures the supply chain facility will take to ensure a maximum working time of 60 hours/week for all workers and to provide all workers a rest period of at least 24 consecutive hours per week.
- Status must be given to the contact person of the Otto Group after 90 days and depending on progress every 90 days until findings have been remediated.

Based on the gaps identified, the Corrective Action Plan may also include:

- Awareness training for key stakeholders (e.g. management of the supply chain facility, worker representatives, employers)
- Review of working hours policy and procedure
- Modify systematic management loopholes and refine procedures
- Working hours risk assessment and action planning

Step 4: External Verification

Adequate and appropriate verification must be carried out by an independent third party to demonstrate that all identified violations of working time requirements have been remedied.

The method of verification and the selection of the auditing company should be done in consultation with the contact person at the Otto Group. A selection of potential auditing firms can be found [here](#).

In case a regular external verification of the facility is scheduled/foreseen within the next four months and includes the particular findings, this will serve the purpose to check if improvements have been implemented. If the audit does not cover the particular findings, an extra verification must be commissioned. In case the next regular external verification will take place later than in four months, a verification focused on the particular findings is considered.

In any case, the external verification must be adequate to prove that the identified working hours violations have been remedied. A verification should not be conducted earlier than two months after the start of Corrective Action Plan implementation.

5.2 Otto Group's expectations towards business partners during remediation of working hours cases

The Otto Group requires business partners to fully cooperate with the Otto Group during the remediation implementation phase.

In cases of incidents or allegations against working hours requirements at production facilities beyond the final assembly at subcontractors/sub-suppliers, the business partners of the Otto Group are expected to contribute to the remediation as outlined above within their possibilities and influence.

At a minimum, the concerned business partner must:

- Inform the Otto Group about the incident or allegations and provide as much detailed information as possible
- Support or use their influence to facilitate discussions between different partners in order to follow the remediation procedure as outlined above, which includes reaching an agreement on the remediation plan and budget
- Review and analyse the case and include this knowledge in the business partners' system of continuous improvement for future decisions, such as the selection of business partners

6. Otto Group's Policy on non-cooperative behaviours of working hours cases

The implementation of this procedure must be documented as the Otto Group reserves the right to verify its implementation. The employment status and length of service of the affected persons is irrelevant for the purpose of this procedure. Consequently, this procedure applies to permanent, temporary, or casual labour, whether directly or indirectly employed by the management of the workplace, as well as persons who have been trafficked or sold into work.

Whenever a suspected working hours violation is discovered, Otto Group expects its business partners to be transparent, reporting the case to their contact person at the Otto Group and strictly following the remediation procedures specified in this Procedure.

The Otto Group will hold the business partner responsible to urge, monitor and support their supply chain facilities conduct and fulfil their obligations for remediation as requested in this procedure.

If the concerned business partner and/or supply chain facility fail

- to follow the aforesaid measures within 30 working days of identifying the working hours violation or
- should the Otto Group discover any working hours violations that have not been reported, a warning letter will be issued, giving the business partner an additional 10 days to start the implementation.

The Otto Group will put on hold any orders with the concerned supply chain facility until all parties reach an agreement on the remediation plan and until all remediation costs are settled. The Otto Group reserves the right to terminate the business relationship with the concerned business partner who fails to act in a manner consistent with this Procedure, and/or when the concerned business partner and/or concerned supply chain facility is unwilling to undertake the measures needed to fulfil any of the obligations set out in and/or inherent to this Procedure.

7. Reference documents

- Business Partner Declaration (Version 1.0)
- [RBA Working Hours Guidance](#)

8. Additional information

- [amfori BSCI Auditing Interpretation Guidelines](#), pp. 43 ff.

9. Document history

Version 1.0

10. Annex