

Responding to Occupational Health and Safety incidents and allegations

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 of violations regarding Occupational Health and Safety (OHS) 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 OHS incidents or allegations.

Business partners might hand over the implementation and/or verification of requirements 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 on site.

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

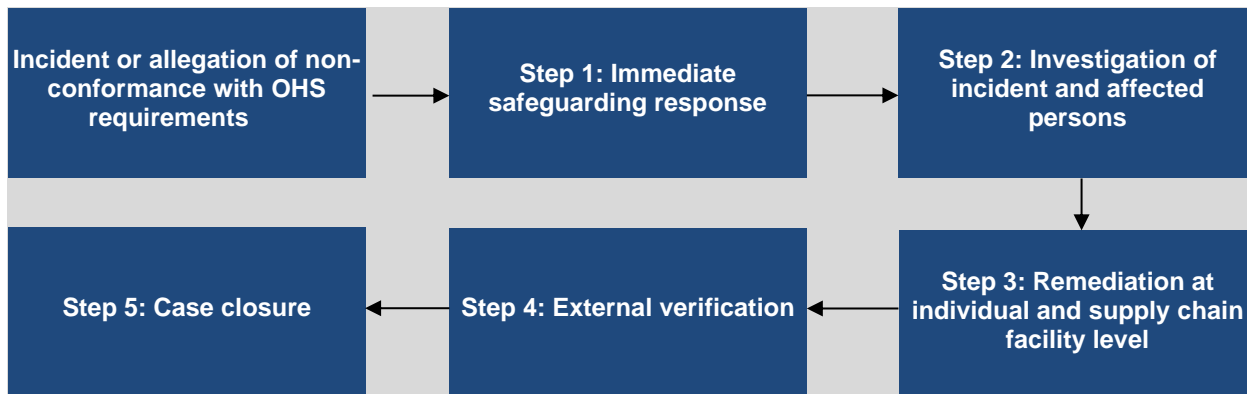
2. General principles

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

PRINCIPLE	DESCRIPTION
Prioritize 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 prioritized.
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.
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3. Overview of this procedure



4. Detailed remediation steps and requirements

If the actions mentioned below have already been fully implemented when the Otto Group is notified about the potential infringement or no harm has been caused, the business partner continues with section 4.2.

4.1. Immediate safeguarding response

If an incident (i.e. a non-conformity with the Otto Group's Occupational Health and Safety requirements) occurs at a supply chain facility in the Otto Group's supply chain and this incident has directly or indirectly harmed one or several persons in this facility (or in case of acute risk of harm), then the cause of harm must be immediately stopped, and the affected person(s) must be removed from the harm without any negative repercussions.

4.2. Investigation of incident and affected persons

The incident must be investigated as soon as possible by the business partner himself or by third-party- or local experts depending on the severity and complexity of the incident. For example, general OHS violations, such as those covered by social audits, may be investigated by the business partner whereas more technically advanced issues, such as a fire resulting from a gas leak, require further expertise by third-party experts.

The result of investigation must be reported to the Otto Group. In case the facility is covered by a program or organization that is linked to the Otto Group, such as *the International Accord for Health and Safety in the Textile and Garment Industry*, Business Partners must follow the processes and requirements of these programs/organizations.

Investigation, irrespective of whether persons have been harmed, shall center around identifying the *root causes and structural issues* that may have led to the incident. It should thus include but is not limited to the following questions:

- What occurrences or actions led to the incident and how did it happen?
- Is the incident isolated (one-time occurrence) or is it the result of an underlying systemic issue?
- What are the underlying root causes that led to the incident: Was it caused by structural deficiencies, weak enforcement of regulations, inadequate safety training, human error etc.?
- If a procedure or safety rule was not followed, why was it not followed?
- Which persons from which departments were affected by the incident?
- Are all relevant documents (such as personnel files, safety permits etc.) readily available? Can they be requested, if missing?
- Has there been a violation of local/national law?
- If applicable, is the safety committee/ worker representation/ trade union involved in investigation?

Moreover, investigation shall focus on *the harm causing risk and the person(s) affected* in cases where one or several persons have been harmed. It should thus include but is not limited to the following questions:

- Is there still an immediate risk that causes harm?
- If no there is no harm, has the risk been eliminated?
- Which persons were affected by the incident?
- What is the current situation of the victim(s) and what are their interests?
- Do victim(s) require help or support?

4.3. From initiating the remediation process to the closure of a remediation plan

4.3.1 Remediation at individual and supply chain facility level

A *Corrective Action Plan (CAP)* based on the previous investigation must be developed within 30 working days after investigation has taken place. The CAP must close the identified gaps and include a remediation plan:

- If persons have been harmed, they must be remedied accordingly and timely.
- Remedy may take form of apology, rehabilitation, restitution, provisions to ensure the harm cannot recur, compensation (financial or other) for the harm, punitive sanctions or some other form of remedy agreed by the parties.
- The payment of any remediation costs must be done in accordance with any applicable regional, national or international law, whichever provides the highest possible degree of effective remediation.

Furthermore, measures must be taken to prevent the incident from occurring again in the future. A CAP may include e.g. trainings for relevant staff or a review of existing procedures and management systems. Prior to issuing the CAP, previous corrective action measures, trainings and former audit reports may be consulted.

4.3.2 External Verification

The CAP must be followed-up to monitor the progress of remediation. This could be done in form of a social audit. In this case, it is advised that the auditor be sensitized for the particular issues prior to the audit since audits may cover OHS risks only selectively.

A CAP follow-up may also be conducted by a specialized third party. The type of the follow-up depends on the severity and the specifics of the incident as well as whether it is an isolated incident or an incident due to a systemic issue. A social audit may cover basic OHS requirements

such as blocked emergency routes. A CAP follow-up regarding more technical and complex issues is better conducted by a specialized third-party. A list of potential auditing firms can be found [here](#).

The follow-up may also be conducted by the business partner himself, however, any reports or documents resulting from this process step must be verified by third-party experts.

4.3.3 Otto Group`s expectations towards business partners during remediation

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

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 analyze the case and include this knowledge in the business partners' system of continuous improvement for future decisions, such as the selection of business partners

5. Otto Group's Policy on non-cooperative behavior

The implementation of this procedure must be documented as the Otto Group reserves the right to verify its implementation.

Whenever an infringement of the Otto Group's OHS requirements occurs, the Otto Group expects its business partners to be transparent, reporting the case to 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 to conduct and fulfil their obligations for remediation as requested in this procedure.

The Otto Group may put on hold orders and will not place any new orders with the concerned supply chain facility until all parties reach an agreement on the remediation plan and 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. This is considered as a last resort option.

6. Reference documents

[Business Partner Declaration on Sustainability](#)

7. Additional information

8. Document history

Initial version

9. Annex