

# Responding to child labour Incidents and allegations

(Focus: Children who are under the legal minimum age)

## 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 child labour - as specified in the *Otto Group’s Business Partner Declaration on Sustainability* (Section 2 “Human rights – requirements” and Annex 2) - 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 allegations of child labour.

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.

In case of immediate danger to life or safety of the alleged child, the child must be removed immediately (more details see 5.1).

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

## 2. General principles

### 2.1. General principles of this procedure

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

PRINCIPLE	DESCRIPTION
<b>Prioritise the best interests of the child</b>	In all actions impacting children, the best interests of children should be the guiding principle. This means that during any decision-making process, the child’s protection, preservation of well-being and right to live, grow and work in an environment that is favourable to his/her mental and physical development, is prioritised.
<b>Do no harm</b>	Always adopt a “do-no-harm” approach that is rooted in the best interest of the child. This means that actions taken should consider the broader context and whether they negatively impact children socially, financially, or environmentally. If there is any reason to believe that certain actions or programmes make children worse off than before, the action should not be taken.
<b>Continuous improvement</b>	The steps described in this procedure aim to create a sustainable system to protect children and their families 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.
<b>Confidentiality and privacy</b>	When handling information and communication related to children, always consider the children and their families' right to confidentiality and privacy. Any data and information obtained from and related to the children and their families shall not be disclosed without their prior knowledge and informed consent and be in line with national legislation.

## 2.2. General guidance when interacting with children and/or handling child labour cases

Whenever Otto Group's business partners and/or its supply chain facility interact with the concerned child and his/her family or when they are handling child labour cases, they should follow the following basic principles:

- Act in the best interest of the child
- Be respectful to the child at all times
- Handle the situation calmly and with as little drama as possible
- Ensure that you have the child's and his/her guardian's explicit consent for any action
- Do not make any promises you might not be able to keep
- Do not blame the parents or the child. The remediation process should ensure that neither the child nor the parents will face any retributions
- Listen to the child and take his/her needs and opinions into account
- Using clear, simple language, let the child know why you are talking to him/her and clearly explain the possible remediation options
- Do not label the children (e.g. do not call them 'child labourer')
- Avoid questions, attitudes or comments that are judgmental or insensitive to cultural values

## 3. Otto Group's Child Labour Remediation Approach

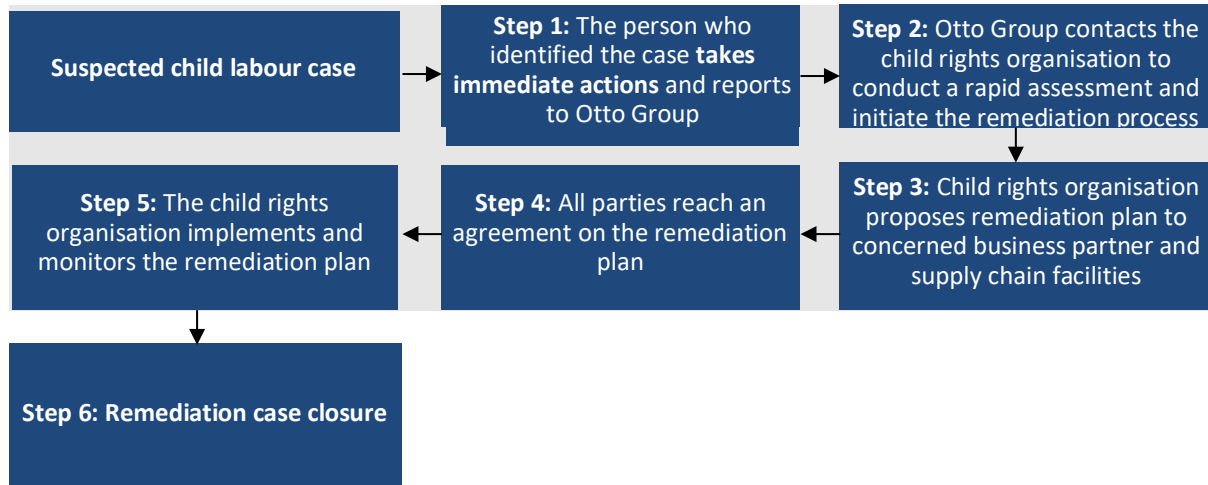
Child labour remediation refers to the process of removing children from a child labour situation to ensure safe and adequate alternatives for them, such as reintegrating them into the education system or, if they are above the minimum age for work, creating an opportunity for them to work in a non-hazardous job.

Whenever a suspected child labour case is discovered, Otto Group expects its business partners to report it to the Otto Group, so that the Otto Group can support its business partners in taking the right steps to remediate the situation and to prevent such incidents from happening again in the future. Transparent communication also helps the Otto Group in its endeavour to continuously improve the supply chain facilities' management system and at the same time, is key to protecting the best interest of the concerned child.

Otto Group expects its business partners to act with the overall best interest of the children in mind, and within the requirements of relevant laws. To ensure a fair and independent remediation for the concerned child, in most cases, the inclusion of a third-party child rights organisation in the remediation process is required.

The business partners will be responsible for making the remediation case happen.

#### 4. Overview of Child labour remediation procedure



\* Steps 3, 4, 5,6 are to be carried out by or with the support of the child rights organisation.

#### 5. Detailed remediation steps and requirements

##### 5.1. Immediate actions after the identification of child labour

*If the actions mentioned below, have already been fully implemented when the Otto Group is notified about the potential infringement, the business partner continues at 5.2 .*

If **children who are under the legal minimum working age** are found to be working at a supply chain facility in Otto Group’s supply chain, the person (e.g. a representative of the business partner) who identified the child shall follow the following steps:

- a. Make an initial assessment to make sure the child is safe. If the child is in immediate danger, they should be escorted away from the danger zone or immediately stopped from continuing doing the dangerous or hazardous task. Together with the child’s parents, legal guardians or a child rights organisation, the child should be led to a safe place (e.g. home, dormitory, community centre). If the child is doing non-hazardous work, the child can continue his/her work while the initial assessment is under way.
- b. Collect initial information about the child, such as the child’s name, age and place of residence. If the child is discovered in a formal setting, the manager should be asked to give the business partner the worker file of that child (including age documents and time records) and his/her working history.
- c. Fill in the notification form (See Appendix 1).
- d. If the child’s age and working time is beyond legal standards or if the business partner has doubts about the accuracy of the information, try to establish the child’s approximate age by talking to the child. For more information see 2.2. and Appendix 2 for detailed

questions. In more conservative cultures, if the concerned child/children are girls, it is often preferable that a woman speaks to them

- e. Check whether there are any other underage children working or whether there are any young workers doing hazardous work

**If the child/children are not working but are present at the production facility**, the person (e.g. a representative of the business partner) who identified the children shall:

- a. Contact the child/children's parents/legal guardians
- b. Speak kindly to the parents and explain why the child/children cannot be on the production site
- c. Together with the parents/legal guardians, bring the child/children to a safe place such as a child friendly space, accommodation area or nearby community centre

## 5.2. From initiating the remediation process to the closure of a remediation plan

Once the case is reported to the Otto Group, the Otto Group will contact its partner child rights organisation<sup>1</sup> to initiate a rapid assessment and remediation process. A remediation plan must be produced to remedy the specific situations and meet the needs of the children. This should be done mainly by the child rights organisation, in consultation with the supply chain facility and the business partner. The business partner must make sure that the measures mentioned below are financed by the supply chain facility. The remediation plan must be send to the Otto Group for final approval. The children and their legal guardians should be closely consulted during the development of the remediation plan. All parties should at a minimum reach an agreement about the measures outlined below within 30 working days of identifying the child labour case.

The child labour remediation plan normally refers to the remediation or improvement actions at multiple levels:

### 5.2.1. Remediation at the individual level

The remediation plan for individuals varies based on the age of the child, her/his future plans and the availability of local education or training resources. Special attention should be paid to family circumstances and root causes, because family separation, poverty and limited options often shape the reasons behind the child labour case. To ensure a successful remediation, it is recommended to design a personalised remediation programme for each child.

The remediation plan for **underage workers** must cover the following measures:

- Alternative financial aid to cover the loss of income (this might be a stipend for the child/children, or other measures that would ensure the family is no longer dependent on the income generated by the child/children)
- The child/children's access to education (completing compulsory education or enrolling the child in a vocational training course). The business partner must make sure that the supply chain facility provides financial support to cover school fees, transport fees, and school materials
- The possibility of rehiring the children once they reach the minimum working age must be ensured

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<sup>1</sup> The Otto Group cooperates with the child rights organization the [Centre for Child Rights & Business](#) in many production countries. The Otto Group will initiate the first contact between the business partner and the child rights organization.

- The supply chain facility shall identify gaps in the hiring or management process and implement a corrective action plan within 30 working days, which shall include training on child rights and child labour preventive measures
- Ensure ongoing monitoring and support of the remediation until the child/ren reach the working age. The business partner should ensure that corrective measures are regularly followed up on and that the Otto Group is informed accordingly.

The remediation at the individual level will be implemented and monitored by the child rights organisation. The remediation process normally ends when the child reaches the minimum legal working age or completes mandatory education or the child/children is/are enrolled in school and there is no reason to conclude that financial or other issues could prevent the child/children from continuing school.

### 5.2.2. Required improvement at the production facility level

In addition to the remediation for the concerned individuals, the business partner will request the concerned supply chain facility to identify gaps in their internal management process (See Appendix 3 for a checklist to identify gaps) to prevent child labour cases from occurring again in the future and to start implementing a corrective action plan within 30 working days. Based on the gaps identified, remedial actions to be taken by the concerned unit may include:

- Child labour awareness training for key stakeholders (e.g. management of the supply chain facility, recruitment officers, labour intermediaries, employers)
- Review of child labour policy and procedure
- Modify systematic management loopholes and refine procedures
- Child labour risk assessment and action planning

### 5.2.3. Otto Group`s expectations towards business partners during child labour remediation

The Otto Group requires business partners to fully cooperate with and support the child rights organisation during the remediation implementation phase, especially when difficulties occur in contacting or communicating with the child and his/her family. Otto Group`s business partners are fully responsible for gathering all information and leading the below corrective actions:

No.	Corrective actions by direct business partners in collaboration with the concerned supply chain facility	Evidence to be provided to the Otto Group by the business partner
1	Assist the child rights organisation to contact and collect information on the child and his/her guardians.	Identification documents of the child and his/her guardians
2	Participate in the initial meeting with the child rights organisation to discuss the potential remediation plan.	
3	Reach an agreement with the child and his/her guardians on the remediation plan based on the child rights organisation`s remediation proposal and sign off on the remediation agreement.	Signed remediation agreement
4	Settle all costs related to the remediation (e.g. living stipend and tuition fee for the child, training fee for the production facility, service	Bank transfer statement or receipt signed by the child or his/her parents or

	fee for the third-party organisation)	caregiver(s)
<b>5</b>	Give the child the opportunity to be re-employed by the production site once he/she has reached the minimum working age.	Written statement by the business partner
<b>6</b>	Review and improve the internal management system to avoid child labour cases in the future.	Written policy and proof that shows the adoption of an improved child labour prohibition policy and procedure

In cases of child labour incidents or allegations 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 their contact person at 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 behavior of child labour 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 (potential) child 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 children who have been trafficked or sold into work.

Whenever a suspected child labour case is discovered, 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 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 child labour case or
- should Otto Group discover any child labour case that have not been reported,

a warning letter will be issued, giving the business partner an additional 10 days to start the implementation.

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. 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)

## 8. Additional information

## 9. Document history

Initial version

## 10. Appendixes

### APPENDIX 1A: NOTIFICATION FORM (FOR ALL COUNTRIES EXCEPT CHINA)

<b>CHILD LABOUR NOTIFICATION FORM</b>	
Date and time call received	
Main contact person from the Otto Group/group company	
Email	
Phone number	
Region where case is located	
No. of cases identified	
Date and time case(s) identified	
Audit type: (announced, unannounced, in-house/ 3 <sup>rd</sup> party)	
<b>Business partner contact details (if applicable)</b>	
Business partner name	
Contact Person Name (EN & CN)	
Title	
Email	
Phone number	
Mail address	
<b>Supply chain facility</b>	
Name	
Address	
Contact name (EN & local language)	
Email	
Phone number	
<b>Relationship Business partner to supply chain facility</b>	<input type="checkbox"/> 1 <sup>st</sup> Tier direct contract <input type="checkbox"/> 1 <sup>st</sup> Tier indirect contract <input type="checkbox"/> Sub-contract/lower tier (e.g., 2 <sup>nd</sup> , 3 <sup>rd</sup> ) <input type="checkbox"/> unauthorized sub-contractor



	<input type="checkbox"/> others, please specified
<b>Length of partnership with supply chain facility</b>	

**Case No. 1** (To multiply according to number of cases)

The below information shall have been agreed by the concerned worker to share with The Centre.

Name of the child (both English & local language)	
ID number or Birth Certificate & copy as attachment	
Date of birth	
Gender	
Start date at the supply chain facility/site	
Salary	
Work position	
Current situation and location of the child	
Hometown or area of social registration	
Phone number	
Other means to keep in touch	
Parents (legal guardian) name, contact number and location	
If parents are not the caretaker, who is the primary caretaker and contact number	
Main reasons why child was in employment	
Immediate Actions/steps have been taken by the auditor	
More information (other information collected during auditing and photos)	

**APPENDIX 1B: NOTIFICATION FORM (FOR CHINA)**

<b>CHILD LABOUR NOTIFICATION FORM GENERAL INFORMATION ABOUT THE CHILD</b>	
The below information shall have been agreed by the concerned worker to share with The Centre. If the concerned worker is a child under the age of 14, the above information shall have been agreed by his/her legal guardians to share with The Centre.	
<b>All questions with * do only ask if</b> consent has been given by child (14 or older) or legal guardian (under 14)	
Name of the child (both English & local language)*(If no explicit consent is obtained, only record initials)	
ID number or Birth Certificate & copy as attachment* (If no explicit consent is obtained, only share last 4 digits of the ID)	
Date of birth	
Gender	
Start date at the supply chain facility/site	



Salary	
Work position	
Current situation and location of the child	
Hometown or area of social registration	
Phone number*	
Other means to keep in touch*	
Family status including primary caretaker and location of parents *	
Parents (legal guardian) name and contact number*	
If parents are not the caretaker, who is the primary caretaker and contact number	
Main reasons why child was in employment*	
Immediate Actions/steps have been taken by the auditor	
More information (other information collected during auditing and photos) *	

**Case No. 1** (To multiply according to number of cases)

<b>CHILD LABOUR NOTIFICATION FORM GENERAL INFORMATION</b>	
Date and time call received	
Main contact person from Otto Group/group company	
Email	
Phone number	
Region where case is located	
No. of cases identified	
Date and time case(s) identified	
Audit type: (announced/unannounced, in-house/ 3rd party)	
<b>Business partner</b>	
Business partner name	
Contact Person Name (EN & CN)	
Title	
Email	
Phone number	
Mail address	
<b>Supply chain facility</b>	
Name	
Address	
Contact name (EN & & local language)	
Email	
Phone number	

<b>Relationship Business partner to supply chain facility</b>	<input type="checkbox"/> 1 <sup>st</sup> Tier direct contract <input type="checkbox"/> 1 <sup>st</sup> Tier indirect contract <input type="checkbox"/> Sub-contract/lower tier (e.g., 2 <sup>nd</sup> , 3 <sup>rd</sup> ) <input type="checkbox"/> unauthorized sub-contractor <input type="checkbox"/> others, please specified
<b>Length of partnership with supply chain facility</b>	

## APPENDIX 2 INTERVIEW QUESTION LIST TO IDENTIFY THE AGE OF CHILDREN SUSPECTED TO BE ENGAGED IN CHILD LABOUR

Hi, I'm XXX, from XX and I'm here to visit the site and check how you're doing at work. I noticed that you're working very hard here. How are you doing? Can I ask you some questions to understand your work here?

- Can you talk a bit about yourself? How old are you (and when is your birthday)? Where are you from? Do you like working here?
- How many members are in your family? What are your parents doing?
- What is your birthday by day, month and year? So, in this case, how old are you?
- What's your zodiac animal? (if applicable)
- How long have you been working here (starting date)? Is this your first job? What kind of job have you had before?
- How many hours do you usually work per day? When do you have a rest day? Have you ever worked at night? Have you received any pay from working? If yes, how much are you receiving?
- Have you been working at this position all the time? Or are you also doing some other tasks?

Thank you for spending the time to talk to me. Can you tell me your parents' names and phone numbers and also your contact information, phone number or other ways to contact you? That will allow us to follow up if we have any other questions.

## APPENDIX 3: CHECKLIST FOR SELF-ASSESSMENT OF INTERNAL MANAGEMENT SYSTEM (FOR SUPPLY CHAIN FACILITIES)

	Yes/No
<b>Child labour policy and procedures</b>	
Do you have a child labour <b>policy</b> ?	
Is the policy in line with Otto's requirements and is it legally compliant?	
In the child labour policy, are the following elements included? (1) Firm commitment to eliminate child labour; (2) The operational procedure of child labour policy that is consistent with the general procedure of this document; (3) A remediation process	
Do you have an effective child labour preventive <b>procedure</b> ?	
Does the procedure consist of specific methods and steps before, during and after hiring processes, and the responsibilities of each level?	
Do you have a procedure on what to do when you find child labour in the facility?	
Do you keep a <b>hazardous work list</b> of your production process?	
<b>Responsible person</b>	

	Yes/No
Are these methods and steps known and carried out by respective responsible persons without any hesitation?	
Has the top management appointed a <b>responsible person</b> for child labour prevention?	
Do you have a dedicated and trained HR department/staff who is familiar with the legal requirements and understands the local context?	
<b>Hiring process and HR's capacity</b>	
Do you have a <b>hiring process</b> that sufficiently verifies the age of workers before recruitment?	
Is there a step for verifying the authenticity of age-related documents, including steps to be taken in case doubts are cast?	
Do you have formal channels to access the local authority in relation to obtaining and verifying age documents for workers?	
Do you have a procedure to regulate the usage of labour intermediaries?	
Do you keep all the necessary <b>documents</b> in workers' personnel files, including copies of IDs and specific age verification documents?	
Do you maintain a separate file on child workers and adolescent workers?	
Do you provide <b>training</b> to the HR and related staff to equip them with sufficient knowledge on child labour and skills on age verification?	
Do you provide reasonable amounts of awareness training to top management, non-HR staff, supervisors and workers?	
Does the HR staff have sufficient knowledge on child rights and skills to talk to the child and her/his parents?	
<b>Risk management</b>	
Do you undertake <b>risk assessments</b> concerning resources to be used in hiring processes, and all the production processes and control of sub-contractors and contract partners?	
Do you have a mechanism to select, monitor and control the sub-contractors and contract partners?	
Do the relevant managers regularly carry out on-site checks to ensure that child workers and adolescent workers are not engaged in hazardous work?	
Do you allocate a <b>budget</b> in fiscal plans to allow for child labour prevention training and other activities, and for remediation if violations are uncovered?	
Does the financial staff understand how the remediation budget is calculated?	
Does your finance staff know how to calculate the remediation cost of the child labour case?	

If most of your answers are “yes”, it means that your internal management system regarding child labour prevention is relatively comprehensive. If most of your answers are “no”, it means that you can make significant and positive changes by including the following elements in your management system. Step by step you can work towards a child-labour-free workplace.

Elements of a good management system must have:

- An effective child labour policy and procedure in place, which are in line with Otto’s requirements.
- Staff responsible for recruitment trained on legal requirements who can carry out child labour prevention measures as required by this procedure (including age verification).
- Risk control measures in place concerning resources utilised in hiring and operating processes, including management of intermediaries, sub-contractors and sub-contract partners.

- A mechanism in place to select, monitor and control the sub-contractors and contract partners.
- A responsible person appointed, who has the authority and resources to carry out the child labour prevention measures and remediation procedures without hesitation.
- Measures for preventing young workers from conducting hazardous work, which includes maintaining a list of hazardous tasks, a regularly updated list of young workers, onsite checks to ensure no young workers are engaged in hazardous work.
- A budget in place to allow for child labour prevention training and remediation programmes.