



# **Policy for Social Standards**

**In the  
Non-Food Own-Brand/No-Name  
supply chain**



**Content:**

1.	<i>Purpose:</i> .....	2
2.	<i>Implementation:</i> .....	2
3.	<i>Principles:</i> .....	3
4.	<i>Scope:</i> .....	3
5.	<i>Fields of Activity</i> .....	4
6.	<i>Reporting</i> .....	5
<b>ANNEX 1</b>	.....	<b>6</b>
	Acknowledged Social Standards: .....	6
<b>ANNEX 2</b>	.....	<b>7</b>
	METRO “Deal Breakers”: .....	7



## 1. Purpose:

METRO's fundamental principle when conducting its business is to operate in accordance with the highest ethical and social business standards: Our products must be produced under humane conditions with respect and fairness towards their workers, taking labour law safety provisions and international trade regulations into account.

In many countries, human rights and basic labour and social standards as defined by the United Nations (UN) and the International Labour Organization (ILO) are not implemented or enforced consistently by the relevant national governments, despite their ratification.

To ensure the compliance with fundamental social principles, METRO was involved in the founding of the Business Social Compliance Initiative (BSCI)<sup>1</sup> in 2004. Furthermore the participation in the UN Global Compact since 2010 aims to further strengthen our goal to improve social standards in producing countries. Since 2012 METRO endorses and values the UN Guiding Principles on Business and Human Rights internally which are also endorsed by the amfori BSCI since 2014. Hence, METRO is also striving to adhere to the Guiding Principles in the supply chain. To tackle the specific risks resulting from unsafe factory building conditions in Bangladesh, METRO joined the Accord on Fire and Building Safety in Bangladesh<sup>2</sup> in 2013 to ensure adequate fire and building safety standards in the Bangladesh apparel industry. To reinforce our principle to fight against forced labour, METRO joined the Consumer Goods Forum resolution against forced labour in 2016.

Corporate responsibility is an integral part of the METRO strategy. In order to take over our responsibility, transparency and compliance with social standards is critically essential to us.

METRO is committed to evaluating its business partners and helping them to introduce better working conditions by utilizing the amfori BSCI standard or equivalent systems.

## 2. Implementation:

Each Sales Line is requested to adopt its own road map and implementation plan based on this policy within six months of the policy's publication or an already implemented and working process.

---

<sup>1</sup> Start of Membership in 2003. Change of name since January 2018 in amfori BSCI.

<sup>2</sup> METRO joined in June 2013. The program will endure until May 2018.



### 3. Principles:

1. Each Sales Line has to make sure that the newest version of the METRO Own-Brand Contract is used for new business relationships and for each re-negotiation with existing business partners.
2. Where applicable the Sales Lines ensure that all requirement profiles (RP) must include a paragraph regarding social standards. This paragraph shall require the business partner to implement measures to ensure compliance with this policy for all used factories in Risk Countries and to prove this by immediate factory status updates or least every month to METRO and by providing valid audit reports.
3. The Sales Lines endorse and promote the importance of social standards in their regular negotiations with business partners and embed the requirements into their daily businesses.

### 4. Scope:

METRO non-food own-brand and no-name<sup>3</sup> goods for re-sale produced in risk countries

1. Non-food own-brand and no-name business partners (located within or outside the EU)
2. Non-food own-brand and no-name producing factories<sup>4</sup> located in a risk country<sup>5</sup>

---

<sup>3</sup> Product put on the market by a METRO company characterized in, that it is not branded with a METRO own brand or a third party brand, but is bearing on product and/or packaging a METRO company name and address.

<sup>4</sup> Factory named and used by business partner.

<sup>5</sup> Defined by amfori BSCI: [http://www.amfori.org/sites/default/files/amfori%20BSCI%20CRC%20V2018\\_HM\\_AD.pdf](http://www.amfori.org/sites/default/files/amfori%20BSCI%20CRC%20V2018_HM_AD.pdf)

## 5. Fields of Activity

1. Each Sales Line ensures full transparency on all factories under the scope (all relevant business partners producing in risk countries must disclose the factory names and addresses in which non-food own brands are produced to the respective Department). The business partner must ensure immediately upon changes or at least every month that the data is up to date and accurate.
2. Before order placement at existing business partners with new factories or listing of new business partners, the Sales Lines ensure that the details of the respective producing factory was added to the METRO Social Standards Database and a valid social audit report of at least amfori BSCI “C” result is available or showing compliance with an acknowledged standard (list of acknowledged social standards in Annex 1).
3. From January 2017 the Sales Lines require the existing business partners / factories with amfori BSCI audit reports rated “D” or “E”, to improve the audit result to at least “C” result. As of January 2019 business partners / factories which were not able to improve their amfori BSCI audit reports rated “C” will be suspended.
4. Factories located in Bangladesh must not be used until checked and approved by the responsible department.
  - 4.1 All own-brand apparel Business Partners with factories producing in Bangladesh must either become Bangladesh Accord members or sign the METRO supplemental agreement on fire and building safety in Bangladesh.
  - 4.2 The producing factory must e.g. have been inspected by the Bangladesh Accord with at least “yellow” result and/or an acceptable<sup>6</sup> remediation progress rate.
5. The Sales Lines support active factories in risk countries to participate in relevant amfori BSCI organized workshops to support their improvements.
6. Factories with a METRO defined deal breaker finding must submit a valid audit report showing improvement of the deal breaker finding(s) and compliance with the METRO requirements (Annex 2).

---

<sup>6</sup> Acceptable refers to the Accord announced average remediation rate at the time of listing request.



## 6. Reporting

Each Sales Line/Country Organisation is responsible for the achievement of the goals defined in this Policy.

MCC Country Organisations: The monthly status reports with the defined Key performance indicators (KPIs) are provided to the Country Organisations by Corporate Responsibility Department.

Real: The status report is to be checked on a monthly basis and provided to the respective departments.

1. Number of active non-food own-brand/no-name business partners
  - a) thereof active business partners producing in risk countries
2. Number of active non-food own-brand/no-name factories in risk countries
  - a) thereof with valid audit report
    - separately for each amfori BSCI audit rating (A/B/C/D/E/Zero Tolerance)
    - Equivalent audit standards (accepted/not accepted)
    - Deal Breaker
  - b) thereof with expired audit reports
  - c) thereof with no audit report

## Annex 1

### Acknowledged Social Standards:

As a amfori BSCI member, METRO prefers the amfori BSCI standard, but also accepts the standards listed below on condition that the audit report / certificate is valid and the result is equivalent to a amfori BSCI audit result of “A” or “B” (no negative findings to be improved and all corrective actions are closed).

Audit Type	Audit result	Report Validity
<b>Amfori BSCI*</b> - amfori Business Social Compliance Initiative <small>* 1st PRIORITY</small>	A	24 months
	B	24 months
	C	12 months
<b>SA8000</b> - Social Accountability International	Issued Certificate	36 months
<b>ICTI</b> - International Council of Toy Industry	Issued Certificate (Class A)	12 months
<b>ICS</b> - Initiative Clause Sociale	Issued report with Rating A or Rating B (no failing in critical areas)	12 months
<b>SMETA</b> - Sedex Members Ethical Trade Audit (4-Pillar Audit conducted by accredited third party auditor)	Full report proving all CAP findings are completed & settled	12 months
<b>EICC</b> - Electronic Industry Citizenship Coalition	Issued ‘Validated Audit Process’ (VAP) report with overall audit scoring in ‘Green’ colour with no ‘Major’ or ‘Priority’ findings. Also no major change occurs in audited site within validity of report	24 months
<b>FLA</b> - Fair Labour Association	Full report proving all CAP findings are completed & settled	12 months



## Annex 2

### **METRO “Deal Breakers”:**

As a risk mitigation tool METRO defined specific issues as a pre-step towards labour violations and created a process to ensure that business partners actively improve the working conditions in their factories.

METRO requests immediate improvements for specific findings related to the below mentioned areas:

- Child labour
- Forced labour
- Fire safety failings (leading to imminent and significant danger)
- Ethical Behaviour

Business partners and/or factories are to be deactivated / suspended immediately for further Own Brand orders until proof for improvements within respective factory was provided.