



**Paper and Wood  
Procurement  
Policy**

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# 1. Introduction

This document is a revised version of the METRO Paper and Wood Procurement Policy signed in 2016.

Forests cover 31% of our planet's land. They purify water and air and also provide employment; some 44 million people have a job in or linked to forestry. Forests also play a critical role in mitigating climate change by acting as a 'carbon sink' (soaking up carbon dioxide that would otherwise be free in the atmosphere). However, forests around the world today are under threat, specifically deforestation (due to agriculture and poorly planned infrastructure) and forest degradation (due to illegal logging). At the same time, the world's population continues to grow, and so does the demand for wood-based products. We therefore see the need to actively take action on deforestation, degradation, and improve forest management, while ensuring more and more stakeholders (local communities, NGOs, activists) are included in such efforts<sup>1</sup>.

METRO is committed to promoting sustainable forestry and continuously seeks to optimise the purchasing process in order to ensure that it only purchases products containing paper or wood derived from legal and more sustainable sources. METRO is committed to the sustainable use of forestry resources in environmental, social and economic terms.

METRO supports the United Nations Sustainable Development Goals (SDGs) and, with its commitment to sustainability, strives to achieve the global agenda. For this policy, the following goals are particularly relevant:

- SDG 12 (Responsible consumption and production)
- SDG 13 (Climate action)
- SDG 15 (Life on land)
- SDG 17 (Partnerships for the Goals)

This policy describes our paper and wood strategy in terms of objectives, scope, target and geography. The related METRO Paper and Wood Action Plan implements the policy through actions. The action plan consists of 3 pillars:

1. Certifications
2. Partnerships
3. Projects

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<sup>1</sup> Sources: [CGF](#), [WWF](#)

## 2. Objective

METRO's aim is to reduce deforestation in its value chain, contributing to the goal of zero deforestation by responsibly sourcing its timber and paper products as well as products that contain wood or wood fibre, as this is one of the key commodities causing deforestation.

With this policy, METRO wants to contribute to further improving the conditions within its paper and wood value chain by requiring certification of products and establishing strong partnerships with respective business partners. METRO promotes sustainable paper and wood products and aims to provide more transparency within its own paper and wood supply chain.

In addition, METRO aims to contribute to sustainable forest management and enhance reforestation by engaging in partnerships and supporting dedicated projects. Details on these measures will be included in the METRO Paper and Wood Action Plan.

## 3. Scope

### Operational scope

All METRO operations in all countries, including the International Trading Offices, and all Food Service Distribution (FSD) companies.

### Brand scope

Focus is on own brand (private-label) products purchased and sold by METRO and in addition, we will also work with producer brands, industry partners and other stakeholders on systematic changes towards more sustainable paper and wood products.

### Product scope

Own brand products in which wood or wood fibre (pulp) accounts for more than 50% of the finished product (in terms of weight) with Annex 1.

## 4. Targets

METRO aims to improve its product range by continuously optimising environmental and social aspects.

### 4.1 Environmental

METRO aims to ensure that, **by end of FY 2023, 100% of its own-brand products** made from wood or wood fibre in accordance with this Policy's scope originate from legal and responsibly managed forests.

This is ensured when:

- The material is harvested in compliance with applicable legislation in force in the country of harvest (e.g. harvest rights)
- The forest has been managed in compliance with the principles of sustainable forest management, which balances social, economic and ecological needs
- Traditional and civil rights of indigenous people, local communities and workers who benefit from the forest management and production are respected and protected
- Ecosystems, biodiversity and ecological processes are maintained or restored, especially regarding forests of high conservation value
- A proper management plan and a corresponding monitoring process are implemented and documented

Compliance with the criteria on legal and sustainable forest management practices in the supply chain shall be assessed based on the following:

- 1) **Products made from virgin fibre** must be **certified** in accordance with one of the following third-party forest certification schemes:
  - **FSC** (Forest Stewardship Council)
  - **PEFC** (Programme for the Endorsement of Forest Certification)

Please note that certification refers to **final products**<sup>2</sup>.

- 2) **Products** that are **made from recycled wood or fibre** are **considered to be sustainable for the purpose of this policy**.

We require such products to be certified in accordance with FSC/PEFC Recycled requirements or an equivalent local eco-label (see Annex 2 for examples)<sup>3</sup>.

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<sup>2</sup> As opposed to raw material only. This is to account for certifications' Chain of Custody requirements – for example, see [here](#) for FSC Chain of Custody approach.

<sup>3</sup> In cases where certification of recycled wood or fibre products is challenging, a supplier declaration can be submitted instead of FSC/PEFC or equivalent local eco-label certification.

Where possible, we also encourage the use of sustainable paper & wood substitutes and alternative materials which can indirectly help tackle deforestation.

## 4.2 Traceability

Business partners must have in place a proper system to **track** and **report** the **origin** of the timber contained in final products made from **virgin fibre** in order to verify that the timber has been harvested legally. Our risk management framework takes this information into account and directs our monitoring requirements and sourcing activity accordingly. The following traceability information is required for each wooden component of the product:

- (1) **Type** of wood
- (2) **Scientific name** of the tree species
- (3) **Country of origin** of the wood

## 4.3 Social

METRO is committed to protecting and addressing human and labour rights in its supply chain. Therefore, METRO aims to eliminate any form of slavery and requires that its suppliers at least meet minimum social standards in management practices, as recommended in the [Universal Declaration of Human Rights](#) and the International Labour Organization's Conventions and Recommendations. These are outlined in the [International Labour Organization \(ILO\) Declaration on Fundamental Principles and Rights at Work](#).

As with all METRO Raw Material Sourcing policies, the Paper & Wood Policy shares METRO's overarching target within its own-brand (private-label) supply chain, which is that by end of FY 2030:

All processing factories must be audited or certified according to one of the accepted social audits/certifications following the requirements of the [METRO Policy for Social Compliance](#).

## 5. Reporting

METRO will make this policy publicly available and report on performance against target in the [METRO Sustainable Website](#).

The progress in achieving the targets will be measured on the basis of the following key performance indicators (KPIs):

- Total number of SKUs in the scope of the policy:
  - Thereof the number and % of SKUs with an FSC certification (100%, mix)
  - Thereof the number and % of SKUs with a PEFC certification (100%, mix)
  - Thereof the number and % of SKUs with a recycled material certification (certified with FSC/PEFC Recycled or equivalent local eco label)

## **6. Policy framework**

### **6.1 Biodiversity**

METRO supports the goals of the international Convention on Biological Diversity and contributes to the protection of biodiversity. Therefore, METRO has formulated its [Position on Biodiversity](#) and asks all suppliers to adhere to the principles mentioned in the document.

### **6.2 Quality and food safety requirements**

METRO requests that factories have a valid certification and audit report recognised by the [Global Food Safety Initiative](#) (GFSI) to ensure quality standards and maintain food safety.

METRO requires its suppliers to comply with the latest version of the METRO Supplier Qualification and Management Standard (QA036).

### **6.3 Environmental/science-based targets**

METRO is committed to reducing absolute Scope 3 CO<sub>2</sub> emissions (supply chain) by 15% by 2030 compared to 2018. Scope 3 emissions account for more than 90% of our total carbon footprint.

### **6.4 Packaging**

METRO is working on improving its product packaging. Therefore, METRO expects its suppliers to comply with the principles described in the [METRO own brand Packaging Policy](#).

## **6.5 Human Rights Principles and Code of Conduct**

To enhance its business impact and to benefit its customers, society and the environment, METRO has stated its respect for human rights as a fundamental value in its [Human Rights Principles](#) and formulated the [METRO Code of Conduct for Business Partners](#), which it expects all its suppliers to adhere to.

## **7. Action plan**

The METRO Paper and Wood Policy will be supported by the METRO Paper and Wood Action Plan. In this plan, we will outline timelines and actions to meet our targets. The plan will be defined for 18 to 24 months, then reviewed and updated accordingly. The action plan consists of 3 pillars (certification, partnerships and projects) to ensure relevant actions with the right partners.

### **7.1. Certification**

To achieve the targets of sustainable paper and wood in its own brand products, METRO refers primarily to the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). The FSC and PEFC's objective is to protect our forests by promoting sustainable forest management through certification which confirms that the forest is being managed in a way that preserves biological diversity and benefits the lives of local people and workers, while ensuring it sustains economic viability.

Furthermore, we support local eco-labels and certifications to evidence that wood and fibre products are recycled, on top of FSC/PEFC Recyclable standards. You can find an indicative list of local eco-labels in Annex 2, yet we will accept most local eco-labels as we understand that new eco-labels are of high credibility and their number is constantly growing.

### **7.2. Partnerships**

METRO is working actively on the implementation of its Paper and Wood Procurement Policy together with different stakeholders at both the corporate and country level.

The work in the field of achieving zero net deforestation has shown us that this cannot be done in solo runs. Rather, it is important to cooperate with partners ranging from the private sector to governments to NGOs, smallholders and

farmers, and local stakeholders. Therefore, in our eyes, Sustainable Development Goal 17 (SDG 17) – Partnerships for the goals – is one of the most important SDGs because it reminds everyone of the power of partnerships and collaboration to achieve our targets.

### **The Consumer Goods Forum’s Forest Positive Coalition of Action**

The Consumer Goods Forum (CGF) has created the Forest Positive Coalition of Action (FPC), led by 20 companies with a collective market value of around US\$2 trillion, to leverage collective action and accelerate systemic efforts to remove deforestation, forest degradation and conversion from key commodity supply chains, while supporting sustainable forest management, conservation, and restoration.

The Forest Positive Coalition was launched to leverage the collective action of its member companies to use their collective influence to drive and accelerate efforts to remove deforestation from not only their own commodity supply chains, but across their suppliers’ entire supply base. The Coalition believes that its collective reach will enable members to make progress on four goals: 1. Accelerate efforts to remove commodity-driven deforestation from individual supply chains; 2. Set higher expectations for traders to act across their entire supply base; 3. Drive transformational change in key commodity landscapes; 4. Define measurable outcomes on which all members agree to track and report individually and collectively.

The Coalition is supported by the Tropical Forest Alliance (TFA) and Proforest, both of which provide key logistical, and implementation support. The Coalition also works with the CGF’s Human Rights Coalition – Working to End Forced Labour (HRC) to align the Coalition’s Theory of Change, Roadmaps, and strategies with the CGF’s Priority Industry Principles against forced labour.

Coalition members recognise that being a forest positive business means making systemic efforts to remove deforestation, forest degradation and conversion from key commodity supply chains, while supporting sustainable forest management and restoration, to ensure the business is positively impacting the world’s forests, supporting the rights of workers and local communities, and improving their livelihoods.

More information on the Consumer Goods Forum Forest Positive Coalition of Action can be found [here](#). This website includes the most up-to-date information and Roadmaps (action plans) of the working groups. As member of the Forest Positive Coalition of Action, Metro reports on actions to end deforestation in our soy, palm, and paper & wood supply chains.

You can find more on our commitment to the CGF Forest Positive Coalition [here](#).

### **7.3. Projects**

METRO is playing an active part within the supply chain of paper and wood fibre to increase the market availability of sustainable paper and wood. We will select projects that:

- Follow certifications and partnerships
- Engage with stakeholders throughout the entire supply chain (including traders)
- Support local farmers

We will continue our partnership with Ecosia<sup>4</sup>, which is a search engine that is pre-installed on all computers at the METRO Campus Düsseldorf. Ecosia invests 80% of its profits in reforestation projects around the world.

Further, we will seek collaborations with NGOs – not only for insights and endorsements, but also for them to challenge our policy and actions on sustainable paper and wood procurement within the Forest Positive Coalition of Action.

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<sup>4</sup> <https://www.ecosia.org/?c=en>

## **Annex 1: Own brand product categories that are impacted<sup>5</sup>**

<b>Product Category</b>	<b>Product Examples (Indicative)</b>
<b>Business and Homecare</b>	Clothes hangers, Frames, Gift paper and bags, Basement/cellar/garage storage, Cabinets and display cases, Shelving and racking, Wooden floor coverings etc.
<b>Apparel</b>	Accessories (Men's/Women's/Kids), Gift sets, Special orders etc.
<b>Kitchen, Cooking and Tableware</b>	Baking utensils, Cutting boards, Food containers, Serving trays etc.
<b>Office &amp; Media</b>	Home / Office Furniture, Binders, Boxes, Calendars, Copy Paper, Paper Rolls, Pencils, Planners and Organizers, Stampers etc.
<b>Other Non-Food</b>	Home decoration, Home improvement etc.
<b>Seasonal</b>	Charcoal barbecue and barbeque accessories, Decorations, Hand tools, Bar/lounge furniture, Kids' furniture, Restaurant furniture, Outdoor Seating, Advent calendars, Baskets, Wooden Toys etc.
<b>Beauty and Personal Care</b>	Kitchen towels, Toilet Paper, Tissue, Hand towels etc.
<b>Disposables</b>	Napkins, Cutlery, Plates, Cups etc.

<sup>5</sup> This is not an exhaustive list and is intended to provide examples for guidance only.

## Annex 2: Recycled material certification schemes and local eco-labels<sup>6</sup>

Label	Website Link
EU Ecolabel 	<a href="http://ec.europa.eu/environment/ecolabel/products-groups-and-criteria.html">http://ec.europa.eu/environment/ecolabel/products-groups-and-criteria.html</a>
Blue Angel 	<a href="https://www.blauer-engel.de/en">https://www.blauer-engel.de/en</a>
Nordic Swan 	<a href="http://www.svanen.se/en/">http://www.svanen.se/en/</a>
Austrian Eco Label 	<a href="http://www.ecolabelindex.com/ecolabel/osterreichisches-umweltzeichen-austrian-ecolabel">http://www.ecolabelindex.com/ecolabel/osterreichisches-umweltzeichen-austrian-ecolabel</a>
Milieukeur NL 	<a href="http://www.ecolabelindex.com/ecolabel/milieukeur-ecolabel-the-netherlands">http://www.ecolabelindex.com/ecolabel/milieukeur-ecolabel-the-netherlands</a> <a href="https://www.milieukeur.nl/19/home.html">https://www.milieukeur.nl/19/home.html</a>
Medio Ambiente Spain	<a href="https://www.en.aenor.com/certificacion/certificaciones-de-aenor">https://www.en.aenor.com/certificacion/certificaciones-de-aenor</a>
Marque NF Environnement France	<a href="http://www.marque-nf.com/?lang=English">http://www.marque-nf.com/?lang=English</a>
Eco Mark Japan 	<a href="http://www.ecomark.jp/english/">http://www.ecomark.jp/english/</a>
Korean eco-label Institute 	<a href="http://www.ecolabelindex.com/ecolabel/korean-ecolabel">http://www.ecolabelindex.com/ecolabel/korean-ecolabel</a>

**Note:** In cases where certification of recycled wood or fibre products is challenging, a supplier declaration can be submitted instead of FSC/PEFC or equivalent local eco-label certification.

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