

WE ARE ON THE MOVE

METRO

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We are aware of the many challenges facing our society. But we also see the many encouraging initiatives and steps through which we are increasingly developing into a sustainable company.

In our videos, we introduce people who get things moving - because they inspire others, because they make a valuable contribution to securing our planet, because they actively promote local value creation, and because they build and maintain partnerships. This is more than a challenge - it is a great opportunity!



EMPOWER PEOPLE

When Bilal Nasir plans shopping, he usually thinks in big dimensions. As the person responsible for the international procurement of frozen products of METRO's own brands, he is responsible for the selection of goods and works closely with producers, manufacturers and partner companies.

Bilal quickly realised that this interface was perfectly suited to becoming active on a sustainable basis - but not at first what his commitment should look like in concrete terms. The impetus came from the METRO Sustainable Leadership Program, which Bilal joined in 2017: "My goal is to strengthen the sustainability network and to inspire more and more people to take on responsibility - also in their daily work".

In Farm Frites, a specialist for potato products, he has found a committed partner for his project. Together with the family business from Oudenhorn, Bilal has set himself the goal of making the value chain of frozen fries from the field to production and packaging more sustainable. "French fries are an internationally sought-after product. They are distributed by us in 23 countries - that is an enormous lever! As said: Big dimensions.

[View video online](#)

Food waste is a pressing problem in many countries. In Turkey, moreover, it is still relatively unnoticed - even though the losses can be quantified in very concrete terms: Up to 80% of the food that can no longer be sold ends up in the garbage without any further benefit - an alarming amount.

METRO Turkey wants to put an end to this waste. Tülay Özel is one of the protagonists in the commitment to the responsible use of valuable resources. As Head of Quality Assurance at METRO Istanbul, she sees her responsibility in ensuring not only the safety of food but also the availability of sustainable products and thus contributing to the protection of the environment.

The start-up Whole Surplus, with which the Turkish wholesale stores have been cooperating since 2018, offers more than just professional support but also genuine partnership. Among other things, the young company has developed a digital platform that helps, food easily being distributed to food bank organisations and other social institutions as well as to resellers shortly before the expiration date. First results? More than promising!

[View video online](#)



SECURE PLANET



UNFOLD PROSPERITY

The “Nurtured with care in Bulgaria” programme is tailor-made for regional, independent entrepreneurs: It combines demand from the gastronomy sector with supply from the agricultural sector. Georgi Garnevski, responsible for food sourcing at METRO Bulgaria, is rightly proud of the programme, which he and his team have been supporting and developing since 2016.

More than 200 farmers are already participating in “Nurtured with care in Bulgaria” - and the trend is rising. They supply METRO wholesale stores in 11 cities with around 113 different types of fruit and vegetables. Cheese and honey are now also part of the regional portfolio, which is clearly marked with its own logo for customers to see.

The undisputed star of the programme is the “Pink Tomato” - a type of tomato that thrives exclusively in Bulgaria and particularly splendidly in the fields of farmer Krasimir Uchitelski. The fact that he can sell his entire annual harvest speaks both for the quality of his fruit and for that of the programme. Local added value at its best.

[View video online](#) 

ENHANCE PARTNERSHIP



Benjamin Gelats, Division Manager at METRO in Bobigny, and François Dechy, Managing Director of the catering and social enterprise Baluchon, are far more than mere business partners. The two are united by the firm conviction that cooperation in a spirit of partnership is essential if social challenges are to be met sustainably.

Their commitment is as diverse as it is networking: Baluchon is not only active in catering, but is also committed to the training and integration of people without employment in areas such as kitchen and logistics - a model on which François Dechy also advises other companies. Together with METRO, Baluchon is also involved in food donations.

However, Benjamin Gelats and François Dechy do not only maintain the regular exchange bilaterally. In order to inspire others, to come up with new ideas and to further expand the network of retailers, the two are also active at the annual colloquium “My restaurant goes green” organized by METRO France. Because they know that the industry can only change if many contribute together.

[View video online](#) 

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What moves our customers drives us. In our constantly changing world, we also never stand still. This year's Corporate Responsibility Report therefore bears the title **WE ARE ON THE MOVE**.

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DEAR READER,

We herewith publish the first comprehensive Corporate Responsibility Report of the new METRO. At the same time, we look back on an eventful year in which

we intensified our commitment to sustainability, successfully continued existing activities and launched new initiatives



We used the new beginning of our company to sharpen our sustainability approach METRO Sustainable and to interlink it even more closely with our group strategy. In our areas of responsibility Empower People, Secure Planet, Unfold Prosperity and Enhance Partnership we contribute through numerous activities to making trade more sustainable along the value chain. This is because we are aware that we can only secure the core of our business and that of our customers in the long term if we treat resources with respect, protect our planet and assume responsibility together with our partners along the entire value chain.

The 17 Sustainable Development Goals of the United Nations and the 10 principles of the United Nations Global Compact form our framework for action.

In the past financial year, however, we made important progress not only in strategic terms, but also at operational level for instance with our customer solutions against food waste and plastic waste. As these are critical challenges for the business success of our customers we center these at the core of our doing. That said, we are particularly proud of the fact that our commitment to sustainability and the search for solutions to pressing social challenges has long since ceased to be the preserve of just a few. Our sustainability community is growing: in 2018 we celebrated our 4th Sustainability Day by and for employees in almost all countries in which METRO operates. Events such as our Food4Future Summit as well as our established METRO Sustainable Leader-

ship Program are platforms for lively dialogue – also with customers and partners.

This once again shows that our business thrives on the people who work for and with us – as does our commitment to sustainability. The fact that we have taken the right direction on this common path is also confirmed by external sources: in 2018, METRO AG was awarded for the fourth consecutive time as best in its industry in the internationally renowned Dow Jones Sustainability Index World as well as in the European comparative ranking.

In the year under review, we again conducted a materiality analysis in order to determine which topics we will continue to focus on in the future in the interests of our stakeholders. For the first time, we also quantified in monetary terms the economic, ecological and social effects of the activities along the value chain of our wholesale business. The results are not only a valuable basis and a benchmark for our actions, they also make clear that sustainability is a necessity and an important lever to make our core business and that of our customers successful and fit for the future. With "METRO Sustainable inside" we are making sustainability a matter of course – and at the same time something quite extraordinary.

We are on the move. This is more than just a challenge – it is a great opportunity!

Let us inspire you!

The Management Board of METRO AG

METRO SUSTAINABLE

BUSINESS MODEL

METRO is a leading international specialist company in the wholesale and modern food retail sector. The group is headed by METRO AG, which acts as the central management holding company. It performs group management functions, particularly in the areas of finance, controlling, legal and compliance. Central management and administrative functions for METRO Wholesale are anchored within METRO AG.

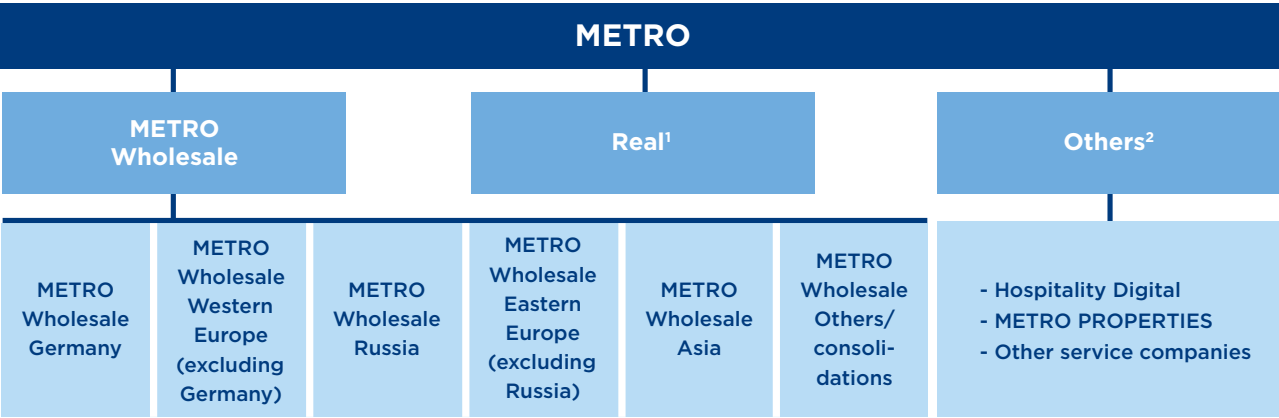
The group essentially consists of the 2 sales lines METRO Wholesale and Real. The wholesale company METRO Wholesale operates more than 769 wholesale stores across 25 countries. The delivery business (Food Service Distribution, FSD) is also part of this sales line, with companies like METRO Delivery Service and the delivery specialists Classic Fine Foods, Pro à Pro and Rungis Express. The retail company Real constitutes the second sales line of the

group with 279 hypermarkets across Germany. Real forms the principal element of the discontinued business segment in the context of the decision of the Management Board of METRO AG to dispose of the department store business.

The group has pooled its digitalisation initiatives in the Others segment. This primarily refers to the activities of the Hospitality Digital (formerly HoReCa Digital) business unit, which was established in 2015. The unit develops digital solutions for customers in the hospitality industry and creates interfaces for the digital products conventionally used by wholesale traders.

The Others segment further includes the service companies METRO PROPERTIES, METRO LOGISTICS, METRO-NOM (formerly METRO SYSTEMS), METRO ADVERTISING and METRO SOURCING. These companies provide real estate, logistics, IT, advertising and procurement services within the group.

OVERVIEW OF METRO



1 Primarily includes discontinued operations.
2 Includes both continuing and discontinued operations.

GLOBAL CHALLENGES

The global challenges which our society is facing also have an impact on METRO and its segments. After all, our core business is providing high-quality products and services to customers the world over. The basis for this is an intact environment and the availability of resources.

Growing global population

Global population growth is one of the biggest challenges as it impacts resource consumption, the climate and the food situation. According to forecasts by the United Nations, approximately 9.7 billion people will live on earth by 2050. In order to meet their needs, agriculture would have to produce nearly

50% more food, animal feed and biofuels in 2050 than in 2012. Because with increasing prosperity, eating habits change as well. There will be an increase in the need for meat, for example, the production of which is particularly resource-intensive.

9.7 billion people
in 2050

(Source: United Nations)

82 Annual increase of
people in millions

(Source: United Nations)

INCREASE IN THE GLOBAL POPULATION BY 2050



REQUIRED INCREASE IN HARVEST YIELDS BY 2050



Due to growing prosperity and hence a rising need for animal proteins and energy (University of Minnesota)

GROWING CONSUMPTION OF RESOURCES



1.7 EARTHS

would be required to cover
our resource consumption. (WWF)

If the current development continues unabated, we
would already need 3 planets like the earth by 2050.

(Sources: [Global Footprint Network](#), [WWF](#))

We already consume considerably more resources per annum than our planet can provide sustainably. If this consumption rate continued unabated, by 2050

we would need 3 planets like the earth to meet the demand for resources. The pressure on the earth's sustainability is mounting.

In the long run, METRO can only safeguard the foundations of its business if it manages to separate growth from the resource requirements. Sustainable business for us therefore means improving our 'food-print' while minimising our footprint.

We are working towards this by:

- improving our procurement processes in terms of environmental and social criteria,
- making our products and services more sustainable and offering efficient solutions to simplify our customers' business activities,
- optimising our own processes to use natural resources efficiently and responsibly in line with the 'reduce, reuse, recycle' principle, and to avoid (food) waste, and

- raising awareness of these interrelationships among our employees (e.g. sustainability day), business partners (e.g. CDP supply chain programme water) and customers (e.g. roundtable METRO France).

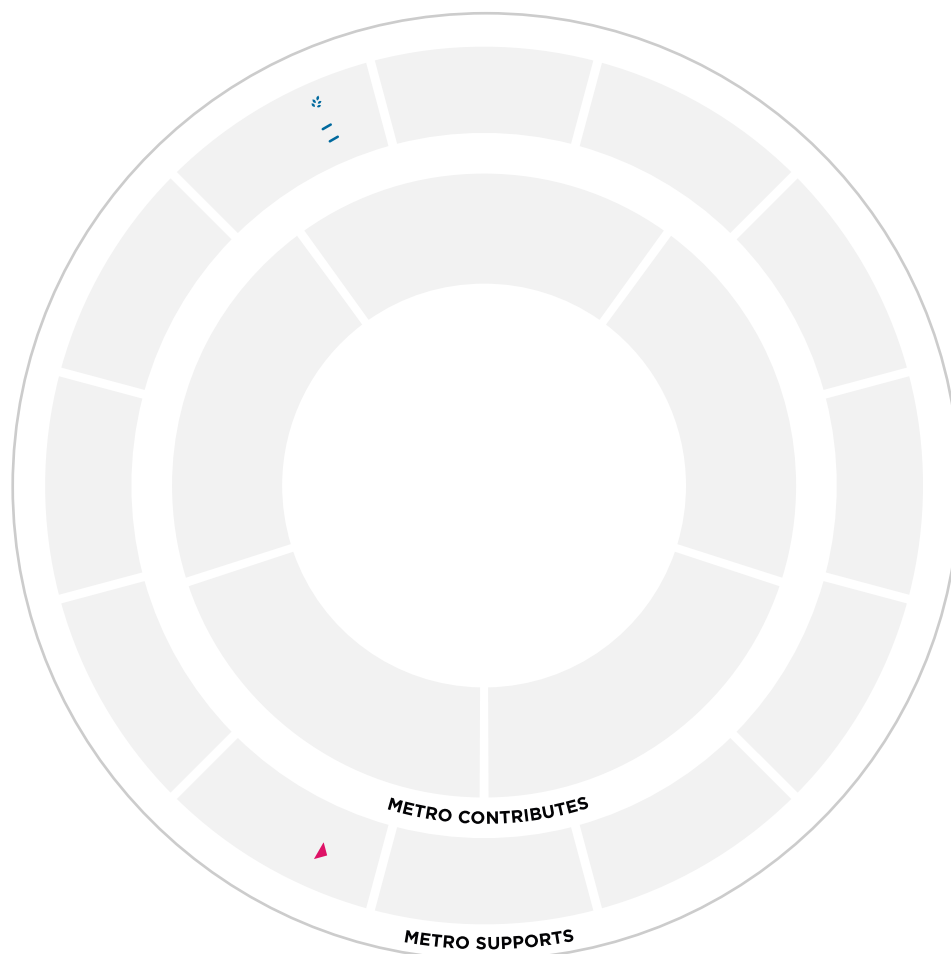
In this manner, we generate added value for our customers and help master global challenges in society as a whole. METRO offers the framework for this with its corporate strategy and its sustainability approach METRO Sustainable. The sales lines implement their specific approaches at the operational level.

OUR FRAMEWORK

We are guided by the UN's Sustainable Development Goals (SDGs). These form the global framework for our corporate strategy, which is shaped by the sustainability principle. We have honed our sustainability approach based on the SDGs. Our areas of responsibility – (Empower) People, (Secure) Planet, (Unfold) Prosperity and (Enhance) Partnership – support the SDGs, particularly Goal 2 (Zero Hunger), Goal 8 (Decent Work and Economic Growth), Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Action) and Goal 17 (Partnerships for the Goals) and play a part in achieving them. Our wide range

of activities and the interrelationships between individual projects and between the individual SDGs mean that our sustainability activities contribute to the 17 goals of the global agenda. In addition, as a member of the UN Global Compact Initiative, we integrate the 10 UNGC principles into our work, strategy and corporate culture.

By taking these frameworks into account, we emphasise our conduct as a responsible company with global and local operations. We see ourselves as a value-generating part of society and play our part in achieving sustainable development on an economic, social and environmental level.



2018 MATERIALITY ANALYSIS

In order to recognise and prioritise early on any material issues that might constitute opportunities or risks for our business, we performed a materiality analysis in financial year 2017/18, including an extensive survey of internal stakeholders.

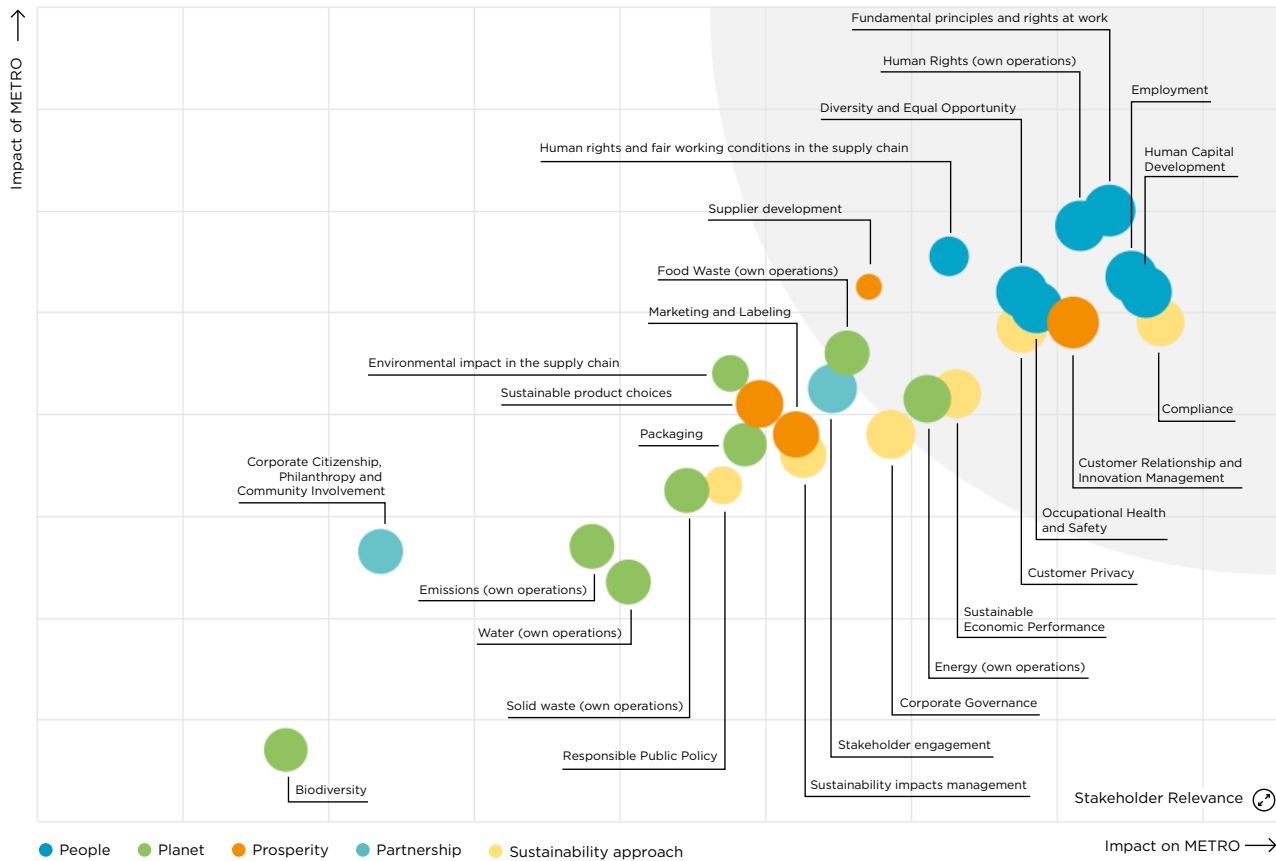
The material issues for METRO were selected in a process that consisted of several steps. The first step was the generation of a list of non-financial issues that are relevant to our company or our stakeholder groups. Key sources for this included:

- The standards of the Global Reporting Initiative (GRI)
- Existing strategies, commitments and guidelines of METRO and its sales lines
- EU CSR directive requirements concerning non-financial and diversity-related information

- Sustainable Development Goals
- Requirements for various rating systems, including the Dow Jones Sustainability Index (DJSI)
- Competitors' materiality analyses

The wide range of issues was summarised in a list of 27 issues, making sure that each aspect from the complete list appeared in the content of the condensed list. The issues on this shortlist formed the basis for the survey. Respondents assessed them in relation to 3 aspects:

- What influence the issue has on METRO's business, financial result or economic situation
- What influence METRO's business operations have on the issue in question
- How relevant the issue is for the stakeholders affected by it



Our survey was conducted online and via in-person and telephone interviews. More than 100 internal stakeholders took part and identified and evaluated the issues that were relevant to them. They included representatives of the Supervisory Board, the Management Board, the national boards, the operat-

ing partners, the group directors and national sustainability officers. In order to include the external perspective, participants were also asked to state which stakeholder group they thought was most affected by the issues in question and to give an impact level.

Lastly, the results of the assessments and surveys were compiled in a materiality matrix that classifies all the sustainability issues. This matrix combines and prioritises all 3 aspects. Issues count as material if they

- have a positive or negative effect on METRO's business, financial result or situation – for example impacts on sales, investments, costs or the company's reputation
- are impacted in a positive or negative way by METRO's business activities – for example in the event of non-compliance with certain laws or environmental or social standards
- are very important to our stakeholders – for example in relation to purchase or investment decisions

The issues identified as having the highest priority were: fundamental principles and rights in the workplace, compliance with human rights in our own business and human rights and fair working conditions along the value chain, employability, human capital development, compliance, customer relationship and innovation management, diversity and equal opportunities, health and safety at work, data protection, supplier development, sustainable economic development, energy consumption in our own business and food waste in our own business. These issues can be allocated to METRO's sustainability approach and the corresponding areas of responsibility as follows:

Area of responsibility	Material issues
People – we empower people to live a better life	— Fundamental principles and rights in the workplace — Compliance with human rights in our own business and human rights and fair working conditions along the value chain — Employability — Human capital development — Diversity and equal opportunities — Health and safety at work
Planet – we care about the future of our planet	— Food waste in our own business — Energy consumption in our own business
Prosperity – we build a sustainable and prosperous future	— Customer relationship and innovation management — Supplier development
Partnership – we leverage the power of communities and partnership	The materiality analysis did not yield any issues that were highly relevant to our Partnership area of responsibility. Since we regard collaborative relationships and engaging with external experts to be essential, we continue reporting on our stakeholder engagement.
Sustainability approach and responsible corporate governance	— Compliance — Data protection — Sustainable economic development
The materiality analysis did not yield any issues that were highly relevant to our Partnership area of responsibility. However, since we regard collaborative relationships and engaging with external experts to be essential for working on our core areas and implementing measures, we have decided to continue reporting on our stakeholder engagement. This is also how we will proceed with other issues and aspects which have been identified as less material in the materiality analysis, but which we consider	
to be worth reporting on because of our sustainability approach, the updating of goals or interests. These include topics like a sustainable product range composition, packaging, water use and our social commitment. In addition, we asked the survey participants which product categories and product-related issues were most important for METRO in terms of sustainability. The results reveal that the important issues are local products, product safety and certified products, as well as the fish and seafood, meat and	

palm oil categories. We will examine these aspects in greater detail under the Secure Planet and Unfold Prosperity areas of responsibility.

Some aspects of the material issues are dealt with in the METRO Annual Report 2017/18, so they are not presented in depth here. They include issues in the areas of employees, customer relationship and inno-

vation management, compliance and data protection.

METRO will continue to conduct stakeholder surveys as the basis of the materiality analysis. We will also continue the exchange with our stakeholder groups at the level of the sales lines and are available for dialogue via the options provided on our website and via our e-mail address CR@metro.de.

SUSTAINABLE VALUE CREATION MODEL

At METRO we aim to measure and understand the impact our business activities have on the value chain. For years, as part of our [materiality analysis](#), and in consultation with our stakeholders, we have been investigating to what extent we are working on the issues that our internal and external stakeholders view as material, that impact our business the most and that we can influence.

In order to obtain a complete overview of the impacts of our business activities and to be able to keep improving the value we bring to society, we are now going a step further. In 2018 for the first time, we conducted a sustainability balance for financial year 2016/17, adding a new approach to our concepts for analysing risks and opportunities. Using our [Sustainable Value Creation model](#), we examined the economic, environmental and social impacts of METRO Wholesale's business along the value chain and gave them a monetary value. This allows us to compare the significance of the impacts directly and to point up interrelationships.

By conducting such a holistic analysis we go beyond looking at standard key financial indicators as METRO.

The results of the sustainability balance show us where negative impacts can be mitigated and positive impacts enhanced. This approach therefore supports our sustainability strategy, creates a nuanced basis for strategic decisions and helps secure our company's long-term competitiveness.

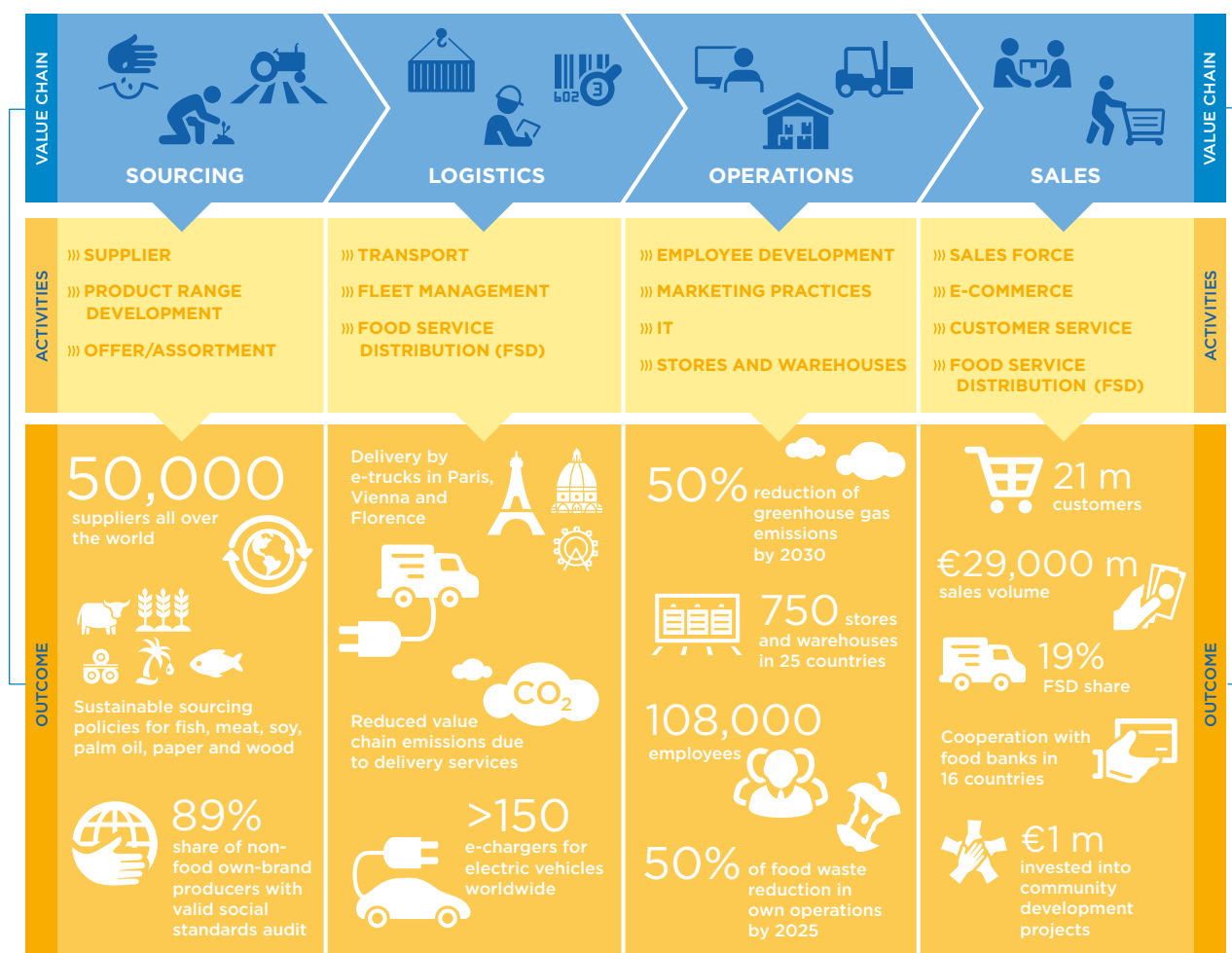
Our sustainability balance is based on the guidelines of the [Natural Capital Protocol](#) and the [Social Capital Protocol](#) and encompasses

- upstream processes, such as agricultural production,
- METRO Wholesale's own operations in stores, logistics and warehouses and
- the downstream operations of METRO Wholesale's wholesale customers.

The results of the analysis illustrate the key importance of METRO's supply chain and customer relations. In future, we will therefore be increasing our focus on these areas without losing sight of our commitment to our employees and our own business.

Our next step is to carry out a detailed analysis of the supply chain. The aim is to identify specific weak points and areas for improvement in order to facilitate concrete measures.

ACTIVITIES AND OUTCOME



Figures are based on financial year 2016/17, which was the base for the impact assessment too, and only refer to the business of METRO Wholesale.

SUSTAINABILITY APPROACH

We expect that society is facing unprecedented economic, environmental, social and cultural challenges. But we are also convinced that sustainability is the key to transforming these challenges into opportunities.



We renew our dedication to our customers’ success and satisfaction each day – in a responsible manner, and as a partner for independent businesses along the entire value chain. This reflects the core of our business and our METRO Sustainable approach. Since our focus is on the food and hospitality sector, this means improving our ‘foodprint’, while

minimising our footprint. Specifically, this means: we intend to have a positive influence on food availability, quality and safety in terms of health, society and the environment, prevent food waste and make our range of products and services more sustainable generally, as well as offering efficient solutions that simplify our customers’ business activities. At the same time, we want to minimise our environmental and social footprint by dealing responsibly with people and resources, and generally creating positive impacts for society. Our vision is to make retail and wholesale more sustainable along the value chain, in our work with small and medium-sized independent businesses on the supplier and customer side and in our contact with consumers. By bringing our needs and ambitions in line with the needs of nature, people and future generations, we can provide METRO with long-term prospects for prosperity and overcome the conventional limits to growth. By informing, inspiring, motivating and supporting our employees, customers and partners, we can ensure this visionary approach has the potential to reach millions of people.



EMBEDDING SUSTAINABILITY

Sustainability means more to us than concentrating on ecological and social issues: sustainability is a question of attitude and a way of working. It drives what we do and is an integral part of our corporate strategy.

We embed sustainability aspects in relevant business processes and decision paths – for instance via guidelines, like the guideline for sustainable sourcing – and involve our employees, for example through our Sustainability Day and through information on our social network platform. Our goal is for individuals to be able to recognise the significance of sustainability for themselves and for their work environment so that they can steer their own actions accordingly. METRO can drive the topic from the top, but every one of our more than 150,000 employees needs to internalise it, so that they can help us achieve an impact in the area of sustainability.



Our company has various measures and tools available for advancing the sustainability embedding process:

- Approaches to responsible company management and acting with integrity, including our [sustainability approach](#), our Guiding Principles, our Code of Conduct and our [corporate governance](#) and [compliance structures](#)
- [Principles, commitments and positions](#) which offer guidance for people's actions and ensure both compliance with laws and adherence to standards that exceed these guidelines. One example is our overarching Policy for Human Rights. We are committed to complying with internationally recognised human rights – not just within our own operations, but also along our entire value chain.
- Guidelines such as the 10 principles of the [United Nations Global Compact](#) and the [Sustainable Development Goals](#)
- Linking the remuneration paid to the Management Board and the global senior management with the [assessment of the sustainability performance](#) of METRO in the rating of the Dow Jones Sustainability Index (DJSI)
- Definition of group-wide sustainability-related targets within our areas of responsibility
- [METRO Sustainable Leadership Programme](#) for management development
- Memberships in associations and initiatives as well as committee work; the [most important memberships are listed here](#)
- Collaboration and dialogue with [decision-makers in politics and society](#)

SUSTAINABILITY MANAGEMENT

The purpose of sustainability management is to systematically embed sustainability in our core business and organisation, taking into account reciprocal effects between economic, environmental and social aspects in an efficient and solution-oriented manner. Through the formal notification and assessment of sustainability-related risks and opportunities, sustainability management is closely linked to our risk and opportunity management system. This means that the Management Board is in a position to systematically identify, analyse and manage any deviations from our

sustainability targets, in other words to manage risks and opportunities.

For more information about risk and opportunity management, see chapter [risk and opportunity report](#) in the METRO Annual Report 2017/18.

The Sustainability Committee provides the strategic framework and defines targets that apply to the group as a whole. Within this framework, the METRO companies manage the operational implementation of sustainability so as to meet their specific market and customer requirements. They are responsible for working on relevant sustainability issues, defining specific aims and measures and monitoring their success. They report to the Sustainability Committee on their progress.

The committee is chaired by 2 representatives from METRO's top management who alternate on a regular basis. Other members of the committee are:

- Corporate responsibility officers of METRO AG
- Representatives of key functions – Purchasing, Own Brands, Communications and Expansion & Operations
- Representatives of Real
- Representatives of the METRO Wholesale national subsidiaries

Ad hoc expert groups prepare specific issues at operational level and present them to the Sustainability Committee for a decision. The participants include experts from Real, METRO Wholesale national subsidiaries and the head office, depending on the topic under discussion.

The round table on corporate responsibility with members representing the sustainability areas of METRO AG, the METRO Wholesale and Real sales lines as well as the cross-divisional service companies METRO-NOM, METRO LOGISTICS and METRO PROPERTIES constitutes another interface for sustainability between the strategic and the operational level. The round table is for discussion and, along with the ad hoc expert groups, helps implement decisions taken by the Sustainability Committee. Individual measures employed by the sales lines to help achieve METRO's overarching sustainability targets are synchronised during round table discussions. Synergies are revealed, for example when the participants discuss how they view certain topics and deal with them. These can help the operating divisions to manage their specific issues.

STAKEHOLDER RELATIONS

Not only external stakeholders such as customers, suppliers and business partners, NGOs, political representatives, investors, competitors and committees, but also internal stakeholder groups such as the employees of METRO place various demands on our company at the local and international levels. By taking part in economic and sociopolitical discourse and working with our stakeholder groups, we are in a position to identify their requirements concerning our activities early on, to address relevant issues, and continuously check the goals we are pursuing. The regular exchange with our stakeholders serves to strengthen trust in our company and at the same time, to increase the chances of our activities succeeding. We can achieve many of our sustainability targets only in cooperation with partners from politics, science, society and industry, therefore we engage ourselves in several different industry initiatives. After all, the impact of our actions is greater if many stakeholders tackle social challenges jointly and systematically.



We employ various dialogue activities and formats, including, for example, our multifaceted work with associations and with The Consumer Goods Forum, an international industry body currently co-chaired by Olaf Koch, Chairman of the Management Board of METRO AG. In addition, we are involved in 'Climate-friendly supply chains' and 'Business-related climate protection targets'. These are working groups of Wirtschaft macht Klimaschutz (Business takes climate action), a cross-industry forum initiated by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). The aim of this forum is to connect German businesses via their

climate protection measures and targets, so that, together, they can promote compliance with national and international objectives.

Additionally, we foster dialogue with our stakeholder groups through our membership in various initiatives. Among other things, METRO has committed itself to complying with their guidelines. These initiatives include:

- UN Sustainable Development Goals (SDGs)
- UN Global Compact
- Global Sustainable Seafood Initiative (GSSI)
- Business Social Compliance Initiative (BSCI)
- Roundtable on Sustainable Palm Oil (RSPO)
- Global Reporting Initiative (GRI)
- International Labour Organization (ILO)



METRO is also committed to dialogue with stakeholders in its own event formats: together with the German Retail Federation (HDE) and the Federation of German Wholesale, Foreign Trade and Services (BGA), METRO AG has organised the Berlin Wednesday Society of the Retail Industry several times a year since 2010. The goal is to bring people from politics, business and society together for them to exchange different viewpoints and learn from one another. Its equivalent at the European level are the Brussels Wednesday Socials, which the retail company launched in cooperation with EuroCommerce, the European umbrella organisation for retail and wholesale, and the association European Movement International (EMI).

We also cultivate dialogue on sustainability-related issues by discussing and answering enquiries from NGOs, rating agencies and investors.

SUSTAINABILITY INDICES AND RANKINGS

The measures that we implement in the field of sustainability are evaluated among other things by our stakeholder groups in the form of ratings. These assessments of independent third parties are an

important source of motivation for us and also serve as a management tool as they indicate the progress we have made as well as room for improvement in our activities. An example of this is linking the remuneration paid to the Management Board and the global senior management with the assessment of the sustainability performance of METRO in the rating of the Dow Jones Sustainability Index (DJSI).

EVALUATION IN RELEVANT SUSTAINABILITY INDICES AND RANKINGS

Index/ranking	Rating/score	Scale	Publication date
	76		
Dow Jones Sustainability Index (DJSI) World/Europe	Industry Group Leader Food & Staples Retailing	0 to 100	09/2018
	C+		
ISS-oekom Corporate Rating	Prime Status	D- to A+	08/2018
CDP Climate Scoring	A-	F to A	10/2017
CDP Water Scoring	A-	F to A	10/2017
FTSE4Good Global/Europe Index	Index member		07/2018

Explanation: As part of our stakeholder dialogue, we inform the capital market about our sustainability management activities. This means our sustainability performance is rated by independent third parties.

Oekom Research (now called ISS-oekom) awarded the prime status C+ (on a scale from D- to A+) to METRO in August 2018. In addition, we topped the Food & Staple Retailing group for the 4th consecutive

time in financial year 2017/18 in the internationally important sustainability indices Dow Jones Sustainability World and Europe. METRO is also listed in the FTSE4Good index. METRO has been issuing public statements on climate protection and water for many years through CDP. METRO achieved a rating of A- (on a scale from F to A) for both subject areas.

RESPONSIBILITY @ METRO

Our aim is to act responsibly and sustainably in our own business operations and along the entire value chain. On the basis of our strategic approach and with a view to the issues considered material by our stakeholders, we have defined 4 areas of responsibility for our company:

Two aspects form the umbrella for our areas of responsibility.

Firstly, we focus on people. With our commitment, projects and measures, we pursue the goal of establishing sustainable relationships with our employees, partners, suppliers and customers in all areas of our value chain and finding solutions for sustainable business success.

Second: As a wholesaler our focus is on the food and hospitality sector. We therefore give high priority to the availability and quality of food as well as those being healthy, socially compliant and ecologically sound. This goes hand in hand with our focus on issues such as reducing food waste and sustainable product assortment and services.

Based on examples from the various divisions of our company as well as from METRO countries, the following chapters show how we deal with these and other topics within our areas of responsibility, what goals we have set ourselves and what progress we have already achieved. The design of specific approaches and the operational implementation of initiatives lie in the individual responsibility of the sales lines and national subsidiaries. This decentralised approach reflects the diversity of our company and in the concrete design of goals and measures makes it possible to take into account different national and regional circumstances and stakeholder demands right down to the country level.

EMPOWER PEOPLE

P EMPOWER
PEOPLE

WE EMPOWER PEOPLE
TO LIVE A BETTER LIFE

People are at the heart of what we do. Thus, in our [Policy for Human Rights](#) published in July 2018, we summarised in a company-wide document that we are committed to respecting all human rights as formulated in the Universal Declaration of Human Rights of the United Nations (UN) and in the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO). This obligation refers to both our own employees and our business partners in our value chain. Our measures aim at establishing sustainable relationships with our employees, suppliers and customers. By ensuring decent living and working conditions, we demonstrate responsibility in the supply chain. In this way, we also contribute to meeting SDG 8 and promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. We respect, protect and support our employees. We enable them to integrate sustainability systematically into their everyday work and decisions. This is how we create a sustainable, attractive working environment that enables our employees to develop good working relationships with suppliers and offer our customers optimum, sustainable solutions that meet their needs.

Commitment to our employees

More than 146,000 employees in 35 countries exemplify the success of METRO. Their dedication and the decisions they take in their everyday work generate added value for our customers and for society. Additionally, they are valuable ambassadors for our sustainability approach, METRO SUSTAINABLE. In keeping with our sustainable approach to corporate management, we therefore see it as our duty to create and maintain an attractive, fair and safe working environment. We strive to appreciate the individuality of our employees, foster their diversity through inclusion and strengthen their personal responsibility. In addition, we care for their personal and professional development and encourage creativity and

innovation. In this way, we help them to implement our corporate strategy successfully and sustainably, and can be a preferred employer for existing and future employees.

Promoting and embedding sustainability awareness

We encourage our employees to apply our corporate principles on a day-to-day basis. This also includes to think ahead, develop sustainable solutions and to act responsibly. Our shared values are embedded in our 5 guiding principles:

- Customer success
- Power of relationships
- Sustainable business
- Entrepreneurship
- Leadership by example

The employees' individual performances are also assessed every year as part of the Results & Growth process with respect to how these principles were complied with.

With initiatives such as METRO Sustainability Day, which was conducted for the fourth time on the METRO Campus and in numerous METRO countries in 2018, we provide our employees with inspiration for all kinds of sustainability issues in workshops, presentations and exhibitions, and motivate them to take action themselves.

In addition, the International Days officially declared by the United Nations such as World Water Day, World Environment Day, World Oceans Day and Word Food Day make it possible to draw attention to specific sustainability issues.

In this respect, METRO's internal social media platform United is a suitable tool for communicating sustainability-related content and knowledge.



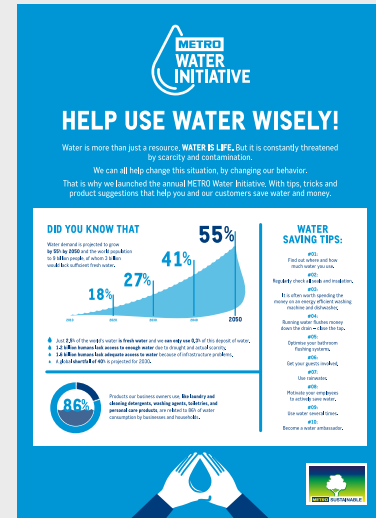
Examples from the countries

METRO Italy: active against food waste

Conscientious food handling and the fight against food waste is a core theme of METRO. At the occasion of Italy's national day against food waste on 5 February, the employees of METRO Italy worked out practical tips on how leftovers can be avoided during daily meal preparation and consumption. METRO ambassadors and executives especially appointed for the occasion have made them available to all colleagues -in the wholesale stores and via social media.

World Water Day

21 METRO countries participated in the METRO Water Initiative 2018 as part of World Water Day on 22 March. Countries like Ukraine and Serbia made employees and retail customers equally aware of global water scarcity concerns, and through their activities and information contribute to a responsible handling of water resources.



METRO Ukraine: International Day of Charity

5 September is International Day of Charity of the UN – and for us a soon-to-be global METRO Volunteer Day. In 2018, the first actions started in various venues, including at the Düsseldorf Campus and in Austria, Portugal and Pakistan. Together with a local food bank, METRO Ukraine initiated an aid programme for the elderly in need. To fit the occasion, employees distributed care packages and organised a flash mob under #letshelpbabushkas. In addition, girls and boys from large families were invited to an event at the wholesale store. The METRO Volunteer Day is to be expanded to a Volunteer Week in 2019.



Ambassadors of sustainability



The METRO Sustainable Leadership Program (MSLP) lets young executives experience the close connection between sustainability and leadership responsibility – vis-a-vis themselves and their colleagues as well as other partners. This programme encourages them to integrate sustainability into their day-to-day work. The programme was conducted for the fourth

time in financial year 2017/18. 29 participants from various sales brands as well as METRO AG and its cross-divisional service companies develop sustainability-related projects which are to be implemented within the next 18 months. Through their work, the employees thus become ambassadors of sustainability, highlighting the relevance of this issue to the various business divisions. In addition, the network of participants inspires people to collaborate and exchange knowledge across the various sales lines.

To better embed social and ecological concerns with all our employees around the world, the METRO national subsidiaries are setting up their own sustainability committees. These lay down strategic directions and stake out major goals to be met. The first national bodies were set up in China and France. Meanwhile, regular events are also being staged in Poland, Hungary, the Czech Republic and Slovakia. The latest countries to officially set up a domestic sustainability committee are Spain and Japan.



On a local level, so-called Sustainability Ambassadors are frequently available as a first contact point for employees. Among other things, they organise measures and events in wholesale stores and/or at head offices. In May 2018, for example, all Czech and Slovak Sustainability Ambassadors congregated in Brno. Inspired by the sustainably built meeting site, they kicked off new ideas, with a focus on the topics of food waste and plastic waste prevention.

In Hungary, 1 participant of the METRO Sustainability Leadership Program, László Baltás, raised the initiative to a new level in 2018: as the Store Sustainability Ambassador 2.0, he focused particularly on environmental issues and has already kicked off a series of concrete steps, including on waste prevention and energy-saving.

Fair and safe working conditions for our employees



Principles on Fair Working Conditions & Social Partnership

To meet its corporate diligence under the UN Guiding Principles on Business and Human Rights, in 2012 METRO created its own guidelines on fair working conditions and social partnership. They are based on the UN's Guiding Principles on Business and Human Rights, on the key labour standards of the International Labour Organization (ILO) and on the 3 main principles of the Consumer Goods Forum's Resolution on Forced Labour. These include the principles of freedom of association, the right to collective bargaining, the ban on forced labour, child labour and discrimination, structured working hours and wages, occupational health and safety management.

The objective is to guarantee sustainably good working conditions for the employees, in so doing contributing to the growth of the company.

To ensure that our sales lines and national subsidiaries comply with our guidelines on fair working conditions, we keep an eye on our head offices, markets and logistics centres. To improve working conditions in the national subsidiaries, concrete plans are worked out with local colleagues in which measures with clear responsibilities and timetables are laid down and followed up. Since financial year 2016/17, lengthy checks on compliance with METRO principles were conducted in 11 national subsidiaries (Pakistan, Bulgaria, China, Japan, Hungary, Italy, Serbia, India, Slovakia, Moldova and Spain). In many respects, the results were encouraging although potential for improvements was found, especially in the field of occupational safety. The checks in situ were supplemented by comprehensive management training sessions on the METRO guidelines on fair working conditions in which responsible executives were given more profound training on awareness creation, risk background and concrete risk categories. In addition, in financial year 2015/16, e-learning was introduced in the company to make employees more sensitive to fair working conditions and social partnership, and to underpin and communicate the basic position of our company. By 30 September 2018, no less than 6,834 employees had already undergone this training.

Since October 2016, the handling of data protection-relevant information, the participation of and communication with employees, and the possibilities of creating remedial measures are also being assessed. Moreover, the guidelines on fair working conditions and social partnership also provide for the integration of interest groups such as the works councils and employees of service providers who operate in our stores and office premises.

For financial year 2018/19, checks in 6 further national subsidiaries are scheduled. METRO has set itself the goal to complete the inspection of all METRO Wholesale national subsidiaries up to 2020 and shift to a sustainable self-controlling process in these countries thereafter.

To ensure the transnational social involvement of the employees and safeguard their right to collective labour wage agreements and organising in unions, the Euro Forum performs the function of the European works council of METRO. In addition, METRO collaborates with the international union umbrella organisation UNI Global Union.

Occupational safety and health management

The demographic development, the profound changes in the working environment and the increasingly acute competition over qualified human resources require from us promising and far-sighted concepts for occupational safety and a viable health management. Hence, we have laid down unambiguous guidelines and support a safe and healthy working environment for our employees and business partners. In this way, we intend to further reduce accident

rates and occupational illnesses and selectively promote performance and motivation among our employees in the long term.

In order to identify areas with high accident rates or especially vulnerable groups of people, evaluate causes of accidents and define targeted countermeasures, the German METRO companies have implemented appropriate reporting which covers 97% of the employees at the German METRO companies in financial year 2017/18. For the above companies, it was possible to reduce the number of accidents compared to financial year 2016/17.

What is important to us is to raise the awareness of our employees that occupational safety is the responsibility of everyone. For this reason, we organised many programmes and events on the topics of nutrition, sport, preventive medical care and psychic

health in our sales lines and service companies. In our METRO Wholesale national subsidiaries, employees who are responsible for occupational safety and health management cooperate increasingly in an international network broken down into 4 working groups on different topics, in order to discuss and improve health protection and industrial safety measures and achieve near-term benefits for employees. In financial year 2017/18, we made progress in various areas. Thus, we were able among other things to set up a structured test process for high-rise racks and produce first drafts for a standard process for forklift drivers and maintenance. A unified standard for basic industrial safety equipment was also developed, along with initial approaches to a uniform concept for the safe handling and storage of hazardous substances.

Measures and guidelines

For financial year 2018/19, we have set ourselves the goal to implement accident reporting throughout the group up to the end of the financial year and to continuously improve data quality. METRO AG pushes these general issues in a targeted manner – in close coordination with the occupational health and safety officers, who effect their own measures in their respective areas of responsibility. Regular project development status reports are generated and checks are performed to make sure the projects can be applied internationally. More in-depth information concerning our efforts for our employees and our company's personnel policy is provided in the '[employees](#)' chapter in the METRO Annual Report 2017/18.

In addition, we are publishing employee figures relating to sustainability online in the chapter on [key performance indicators](#) of this METRO Corporate Responsibility Report 2017/18.

Diversity and inclusion

METRO reflects the diversity of its customers and business partners by means of its individuality and diversity as well as respect for and recognition of all visible and invisible differences, and creates a fair and efficient corporate culture which is constantly devel-

oping and challenging itself. Through our diversity approach we also support SDG 5, that is, the goal of achieving gender equality and empowering all women and girls, as well as SDG 10: by way of our approach to inclusion, we help reduce all forms of inequality.

Our activities

Women in Trade

This is also the objective of the METRO employee network Women in Trade (WiT). WiT regards itself as a catalyst for change in gender diversity. The network offers men and women the chance to contribute their specific knowledge and expertise – for example, at the annual conference in March 2018 on the topic of passion and business owners. WiT functions equally as a discussion forum and initiator for the company and thus contributes to promoting gender equality.

In financial year 2017/18, WiT grew further: in 6 METRO countries (Germany, Portugal, France, Pakistan, Japan and China), local Women in Trade networks have meanwhile been established. Thanks to numerous activities such as monthly network luncheons, exchanges on business issues as well as mentoring and training offers, WiT was able to win many new members in the reporting period. There are currently some 600 employees within the network.



METRO PRIDE

Sexual preferences or identity should not constitute a restriction, neither at home nor at work. Everybody should be able to profess their orientation without fear, also at work. That is why METRO PRIDE provides a forum for this topic – for greater openness, exchange and public visibility. The employee-created network offers information, support and draws attention to the subject.



METRO Pakistan and UN Women empower women at work

To improve the economic position of women, the national subsidiary in Pakistan will in future cooperate with UN Women. On 28 June 2018, METRO Pakistan signed the 7-stage 'Women's Empowerment Principles to promote Women in Trade (WiT)'. Among the first actions in 2018 were job training measures for women as well as training sessions on preventing sexual harassment. In March, there were round-table discussions and workshops on the topic 'Be Bold – Beyond Boundaries' as part of Women's Week. In 2019, the focus is to be on homework, livestock management and hygiene.

LEAD Network

LEAD (Leading Executives Advancing Diversity) pursues objectives similar to those of WiT. The network, which METRO joined in 2016, promotes the empowerment of women in the retail and food industries in Europe. 120 METRO employees are already active members of the network. Since 2016, our company is represented in the management body of the LEAD Network Germany Chapter. One of the regular events of the network took place in September 2018 under the motto 'Doing not Trying' at the METRO Campus in Düsseldorf.



MAKRO Spain in support of inclusion

Better integrating people with physical or mental disabilities into the job market and giving them new prospects as a result: that was the objective of 2 trade fairs held in Barcelona and Madrid in 2018. MAKRO Spain was represented at both fairs for the first time to signal its approval of inclusion. Attendance is also planned for 2019. MAKRO Spain also grants scholarships for disabled people in conjunction with the Adecco Foundation.

METRO-NOM canvasses IT talents and engages in diversity

With a campaign for the recruitment of technical talent at the Berlin site, METRO-NOM drew lots of publicity in 2018. Since May, the IT section of METRO has been operating under this name from, among other sites, a central hub in the German capital. The new location and new profile are intended to raise its attractiveness for IT specialists. METRO-NOM is setting an example of greater variety, among other things. At the occasion of Girls' Day, for example, hub employees introduced girl students to the construction and coding of robots.

Women in Leadership

METRO AG has set itself the objective to further expand the proportion of women in executive positions. By June 2022, this share is to reach 20% at the first level and 35% at the second level below the Management Board. In addition, the Supervisory Board set itself the target to appoint one woman to the Management Board by 2022. At the current occupancy rate of 4 persons, this translates into a ratio of 25%. A Diversity and Inclusion Committee established in 2017 was entrusted with elaborating a long-term strategy to emphasise the importance of variety in and for our company. Together with the Management Board of METRO AG, individual targets were laid down for the national subsidiaries and cross-divisional service companies. Progress to reach these goals is monitored by means of defined key performance indicators.

Furthermore, METRO has inaugurated the Women Leadership Program (WLP) in 2018, which was specially designed to foster female talent and aims at supporting the development of competence and to master major leadership challenges which female executives are faced with in our industry day after day. This programme contributes to increase the visibility of top talent among women and to build up a strong talent pipeline for women, especially in an operative business environment. WLP is expected to continu-

ously increase the ratio of women in executive positions, among other things. Since June 2018, 11 participants from 7 METRO countries have worked on 4 modules of the pilot project:

1. Strengthening personal leadership profiles
2. Developing and demonstrating strategic thinking
3. Negotiating and including stakeholders
4. Communicating effectively

The programme is to be introduced internationally in early 2019.

Own Business Girls

The innovative Own Business Girls campaign at the company headquarters in Düsseldorf doesn't wait for women to enter the workforce, but takes up the cause at an earlier phase of life. The international METRO Own Business Study showed that the interest in entrepreneurial independence is great: almost every second woman polled (45%) dreams of founding her own company. But only 12% of these women consider it 'very likely' that they will actually put this intention into practice. For this reason, METRO set a motivating example for female entrepreneurship on the occasion of International Women's Day on 8 March 2018 and started the Own Business Girls campaign: all 11 girls who were born in Düsseldorf on this day received their first business card, along with starting capital of €2,000, as a time deposit at an interest rate of 2% per annum, for their future start in professional independence. HypoVereinsbank, a member of UniCredit, is METRO's partner in this campaign. As of their 18th birthday, the girls can draw on the funds and lay an additional foundation stone for their future.



Fair and socially equitable working conditions in the value chain



GUIDANCE ON THE PRIORITY INDUSTRY PRINCIPLES

for the Implementation of the
CGF Social Resolution on Forced Labour

EVERY WORKER SHOULD HAVE FREEDOM OF MOVEMENT >>>> NO WORKER SHOULD PAY FOR A JOB NO WORKER SHOULD BE INDEBTED OR COERCED TO WORK

As an international wholesale business, METRO works with a large number of suppliers, growers and producers. Our objective is to ensure socially equitable working conditions throughout our procurement channels. As we expect our business partners to assume and observe similar values to ours, the METRO Code of Conduct for Business Partners is a fixed component of every business relationship. This code of conduct includes the observance of human rights as per UN and ILO standards, labour and social security issues based on the principles of the 4 key labour standards of the ILO, protection of the environment as well as regulations on corporate ethics, in particular on combatting corruption and bribery, on

cartel and competition laws as well as on data protection. The 3 main principles of the Consumer Goods Forum Resolution on Forced Labour are also decisive for us. All our own-brand agreements further include a clause on social standards that gives us a legal tool to enforce our demands. In addition, the application of standard social systems is an essential part of the process and at the same time an important tool. They help us protect against possible risks from violations. After all, irresponsible practices along the supply chain undermine people's trust in what we do and therefore also in our business.

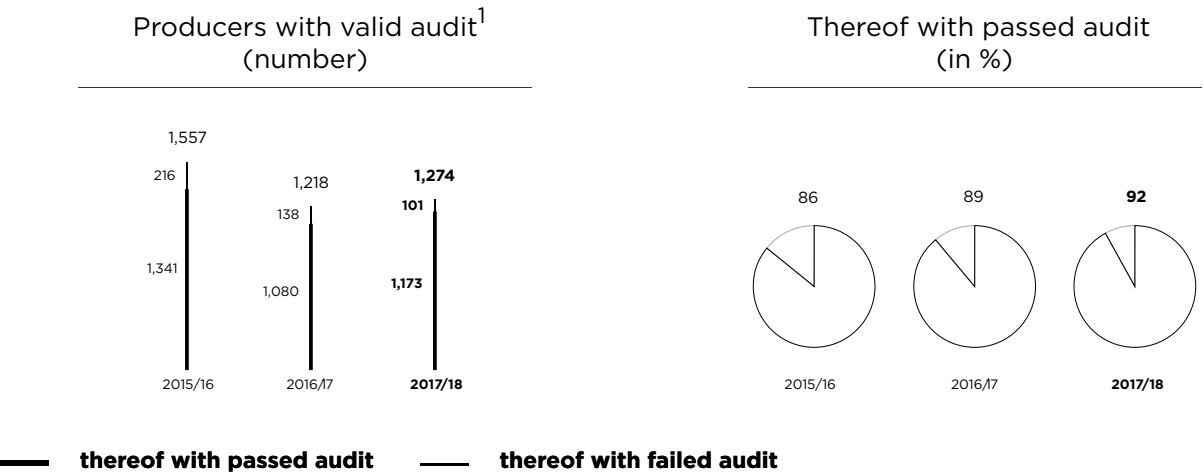


As one of the founding members of the amfori Business Social Compliance Initiative (BSCI), we have been involved for years in systematically establishing socially fair working conditions in the manufacturing of our own-brand products. Our approach is to assist our suppliers and production facilities in setting up a suitable management process.

Auditing producers

To demonstrate our fair and socially equitable working conditions, we endeavour to have our producers audited as per the supply chain management of amfori BSCI or an equivalent standard. This concerns all the producers¹ in defined risk countries (based on the assessment of amfori BSCI) in which METRO SOURCING has import goods manufactured, and non-food producers that manufacture own brands or own imports for our sales lines. 1,274 producers were audited as of 30 September 2018. Of these, 92% (1,173 producers) passed the audit. Producers that do not pass the audit must demonstrate improvement through a follow-up audit within 12 months. Since 1 January 2017, METRO Wholesale and Real are imposing more stringent requirements on suppliers: new suppliers are accepted only if they can show at least one passing audit result (amfori BSCI A-, B- or C or an approved audit equivalent). For current suppliers, a transition period of 2 years applies. In addition, we now stipulate more stringent requirements for all our suppliers in the field of application: all of our producers must prove at least acceptable audit results by 1 January 2019.

SOCIAL AUDITS RELATING TO OWN IMPORTS BY METRO SOURCING AND NON-FOOD OWN-BRAND PRODUCTS OF THE METRO SALES LINES 10 €



¹ This includes producers of commercial goods (non-food own brands and own imports) who carry out the last decisive and value-giving production step.

Deal-breaker process

As a measure contributing to ensuring socially acceptable work conditions, we defined so-called deal-breaker processes in 2016, in addition to the amfori BSCI standard processes. The assessment criteria comprise the aspects of child labour, forced labour, occupational safety (in particular fire prevention) and unethical behaviour. The deal-breaker process ensures that suppliers and their producers who identify a deal-breaker develop short-term and long-term solutions to remedy the critical findings. To make sure our suppliers and producers comply with these requirements, orders which are already in production may be completed, but new orders or

follow-up orders will be stalled until the findings of the deal-breaker process have been rectified. As of 30 September 2018, 62 non-food producers were reported with deal-breaker findings. This equates to 4.8% of all the producers audited. Among the deal-breaker findings as at the reporting date, 54 producers showed a heightened risk in the category of occupational safety, in particular concerning fire prevention, and 14 producers presented a heightened risk concerning discrimination/unethical behaviour. There were no reports in the child labour or forced labour categories. During the reporting period, 39 of the producers with deal-breaker findings were able to

document short-term improvements and resume cooperation.

Training sessions



In order to contribute not only to claiming and imposing, but to actually improving social demands on suppliers, we introduced during the reporting period the first training sessions with special emphasis on the topic of forced labour. METRO Turkey and METRO

Pakistan piloted 1-day training sessions for employees in key positions along the supply chain. The objective is to train employees to identify potential and/or actual forced labour incidents, to respond appropriately and to prevent them. The training sessions are designed and held in cooperation with amfori BSCI. By 30 September 2020, all METRO national subsidiaries are expected to have completed this training.

Our import company METRO SOURCING has been working with our local producers for years and accompanying them through training sessions designed to help them understand and comply with social standards. Following a focus on fire and occupational safety measures in recent years, it is conducting targeted corporate responsibility training sessions with our cooperation partners for the first time in 2018. In the financial year 2017/18, we were able to train 218 participants from 160 producers from Bangladesh, China, India and Turkey in 13 3-hour workshops. In future, the courses will take place annually in order to raise awareness for sustainability issues among METRO's partners as well.

SECURE PLANET

P SECURE PLANET

WE CARE ABOUT THE
FUTURE OF OUR PLANET

In our business operations, we use resources such as fossil fuels responsibly and do not allow waste to arise in the first place. This gives us leeway for investments to come up with attractive solutions for our customers and for new business areas. Apart from that, we minimise our effect on the climate and protect the environment. Through sustainable procurement and sustainable product choices we also help ensure that resources will continue to be available in the long term. This is how we help to create a sound foundation for the retail sector of tomorrow.

We care about the future of our planet in our business operations

The extent of global climate change is already noticeable today. It includes weather extremes like droughts, floods and storms, rising sea levels and mounting economic effects such as reduced harvests. Many of the current social tensions and conflicts are also associated with the consequences of climate change.

As a retail company with international operations we are conscious of our shared responsibility when it comes to finding answers to these challenges. To make sure we conduct our core business successfully and satisfy the needs of our customers, we need energy and natural resources today as well as tomorrow – so that we can transport and store products properly, refrigerate fresh produce and also maintain our stores and administrative offices. By taking a responsible approach to our use of finite resources such as fossil fuels and other raw materials, we can directly influence the cost of our business activities, anticipate environmental regulations and make a contribution to the protection of the climate and resources.

Within our operations, our measures for lowering greenhouse gas emissions and consequently helping to protect the planet are focused on 3 main areas:

- improving energy efficiency and making energy savings,
- optimising resource consumption and
- reducing and preventing waste.

Experience in handling these issues can also be factored into solutions for METRO customers in the future, for example when offering advice to independent entrepreneurs regarding energy-efficient kitchen fittings. Consequently, the customer can also save money and environmental impacts can be mitigated.

METRO's climate protection target

Our operations are associated with emissions that affect the climate. METRO has set its sights on reducing its specific greenhouse gas emissions by 50% per square metre of selling and delivery space by 2030 compared to 2011.

To achieve this, we have resolved to

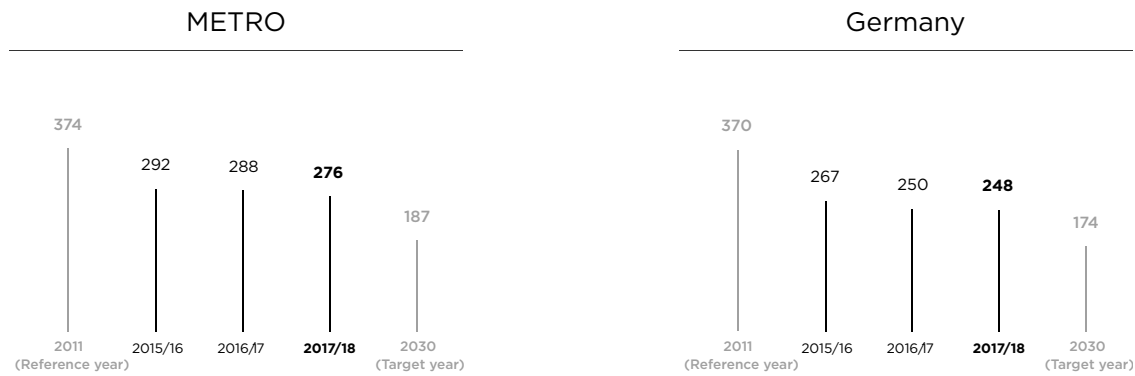
- consume 35% less electricity compared to the reference year 2011,
- reduce climate-damaging refrigerant emissions by 90% by 2030 compared to the reference year 2011 by using natural refrigerants,
- generate significant amounts of emission-free renewable energy ourselves, for instance by using photovoltaic systems in wholesale stores and hypermarkets, and
- introduce certified energy management systems according to ISO 50001 or energy audits according to EN 16247 at all locations in the EU.

Status of climate protection target

Between October 2017 and September 2018, METRO generated 276 kilograms of CO₂ equivalents per square metre of selling and delivery space. In the same period of the previous year, it was still 288 kilograms.

In financial year 2017/18, we switched to different software for sustainability data management. This also entailed changes to methodology and new emissions factors for calculating greenhouse gas emissions. In addition, we have extended the scope of our climate protection target to cover space used for delivery as well as selling space, in order to reflect the fact that delivery now accounts for a rapidly increasing proportion of our business. Overall, there has been a positive effect of 2.5 percentage points towards reaching this target.

Greenhouse gas emissions in kg CO₂ (CO₂ equivalents) per m² of selling space



More in-depth information on METRO's carbon footprint is available in the chapter on [key performance indicators](#).

Added value through electromobility



Added value through electromobility For us, increased use of electric vehicles is not just an important step towards achieving our climate protection target, but also towards offering our customers all over the world an additional service and added value. When we joined the international Electric Vehicle 100 (EV100) initiative in October 2017, we therefore signed up to actively promote electromobility.



In Austria, the Netherlands and France we already use 12 electric vans, 2 hybrid trucks and 3 electric buses to deliver to our customers. In addition, one fully electric 28-tonne truck delivers goods to METRO stores in the Vienna area. Our detailed road map also includes plans to expand effective infrastructure at METRO locations. METRO already has 239 charging points in 11 countries, which means we have already considerably exceeded our original EV100 target for 2018 of installing more than 181 charging points. In some countries, like Bulgaria for example, nearly all the

METRO stores (8 out of 12) now have charging stations that allow our customers to charge their electric cars while shopping. More than 1,000 charging points are to be installed at METRO stores by 2030. We will achieve this target with the help of 5-year strategy plans submitted to the EV100 initiative.

Energy provider for our customers

METRO is going one step further for its customers, while also helping to reduce greenhouse gases, by becoming an electricity provider to our customers or helping them switch to a low-cost, environmentally friendly electricity provider. Through various METRO electricity and gas partnerships we are already helping participating businesses in 3 countries to reduce their energy consumption and energy costs simply and effectively. At the same time, partnerships of this kind relieve our customers of the bureaucracy of having to deal with their own energy contracts.

The energy experts at METRO Germany's partner Ampere have been analysing the individual situation of participating customers since February 2018 and finding them better offers.

METRO's customers in Austria have been offered contracts for sustainably generated hydropower and smart-home energy management solutions since May 2018 through our partner VERBUND. In June 2018, the offer was also extended to employees at METRO Austria. To accompany this offer, information material was made available in all stores during an 'energy week'.

In France, METRO offers natural gas contracts through its partner TOTAL. To improve our customers' energy contracts, we also worked with our partner Economie d'Energie and offered 700 professional customers the opportunity to obtain their electricity requirements from renewable energy sources. METRO then offered bundled contract negotiations for this purpose. In addition, HoReCa customers can find out how to reduce their water and energy consumption on a website designed in collaboration with Economie d'Energie.

Improving energy efficiency and making energy savings

To improve energy efficiency at our locations, we are focusing on behavioural changes (Energy Awareness

Programme) and investments (Energy-Saving Programme). These are reducing our energy requirements and cutting costs.



In financial year 2017/18, our investments included €10 million in METRO Wholesale's Energy-Saving Programme, which will save us around €2.8 million each year in energy costs. Examples of measures carried out in the reporting period include:

- Opening our third green store in China with much lower energy requirements than conventional METRO stores
- Installing additional photovoltaic systems and expanding our total solar capacity to more than 19,000 kWp; our photovoltaic systems in China, Germany, Pakistan, India and Japan are cutting-edge
- Heat recovery measures in a number of stores
- Switching from diesel to compressed natural gas (CNG) in some Bulgarian stores

In addition, in October 2017, METRO opened a zero-energy wholesale store in St Pölten, Austria – the first store to generate all its own energy and zero greenhouse gas emissions.

Optimisation of resource consumption

As part of our corporate and climate protection strategy, we also pay attention to responsible resource management. This is based on the METRO environment guideline. With this, we have made a commitment to taking a responsible approach to the environment and to natural resources. The fields of application are numerous and include logistics fleets and sustainable building management, but also the use of refrigerants, paper and conventional plastic in our own business operations.

We are systematically switching the logistics fleet of METRO LOGISTICS Germany GmbH to lower-emission vehicles. The vast majority of vehicles already meet the Euro 6 emissions standard.



Some of our buildings are certified according to standards for sustainable construction and building management. For instance, the green stores in Dongguan and Shanghai's Putuo district are certified to the LEED Gold standard and a building at the group's headquarters in Düsseldorf is certified to BREEAM.

Wherever technically feasible, we switch to natural refrigerants for our stores' cooling systems, as these are considerably less harmful to the climate. In financial year 2017/18, we started using more transcritical refrigeration systems, including in Bulgaria, Russia and China. Transcritical systems use CO₂ as a natural refrigerant for both deep-freezing and normal cooling functions. The transcritical cooling system in store IV in Beijing is the first system of this kind in China's commercial retail sector.

Even supposedly simple things like using resource-saving paper can have an impact: the paper we use for our promotional materials comes exclusively from sustainably managed forests. The FSC®-certified proportion is over 90%, and more than 95% of the paper we use has a recycled fibre content of up to 100%. We intend to increase the proportion of recycled fibres further where possible. For instance, back in 2015, we switched to paper certified with the Blue Angel environmental label for all photocopying at our headquarters in Düsseldorf.



To cut plastic waste, METRO Austria developed a sustainable solution for the Food Service Distribution (FSD) division. Usually, the roll containers used to deliver products to customers are covered with disposable plastic wrap before transport. In October 2018, following a successful 1-year test phase, METRO Austria switched to a reusable METRO tarpaulin instead. This solution will be introduced in all our wholesale stores in Austria by the end of December 2018. As well as the cost benefit, the focus is on the considerable reduction in waste as a result of no longer using the plastic wrap.



In order to raise awareness among customers about sustainable plastics use, METRO Ukraine introduced an environmentally friendly bag in all its wholesale stores in June 2018. As part of the accompanying 'Become a hero: save the world from plastic' campaign, the wholesale stores are also distributing

information and tips to customers, including advice to reuse plastic bags, to use them only when necessary and to use the tongs available rather than disposable gloves when packing products in-store.

Our mission is to replace disposable solutions with reusable systems in our company canteens by 2019.

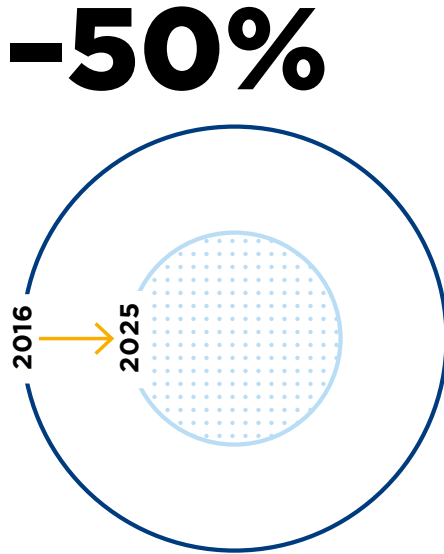
Reducing and avoiding waste



We see anything that lands in the rubbish bin as a waste of resources. This is why it is important to us to promote innovative manufacturing and recycling technologies and create closed cycles. As our products and packaging are in our customers' possession when they reach the end of their useful life, we advise our customers on the best way to dispose of them: at selected stores, we raise our customers' awareness of resources, inform them about ways to avoid waste and create incentives and options for disposing of products properly, e.g. in China, France, Romania and Ukraine, by installing recycling containers in the car parks of our stores. In this way, we help ensure that resources are turned back into raw materials.

More and more METRO country organisations are starting to address the issue of proper waste disposal also in the offices: The installation of separate recycling containers not only provides employees with casually informative knowledge, but also encourages them to separate waste properly.

Avoiding food waste and loss



Reducing food loss is of particular importance to us. Every food item that is not consumed but rejected or discarded constitutes economic, social and ecological waste, for example disposal costs, hunger or the greenhouse gases produced during incineration. For this reason, METRO has committed itself to a 50% reduction in food loss at its stores by 2025 in accordance with The Consumer Goods Forum's Resolution on Food Waste.

Whole Surplus



As of January 2018, METRO has a partner in Turkey that approaches the issue of food waste reduction holistically, like an ecosystem: Whole Surplus, a participant in the first round of the METRO Accelerator for Retail 2017 powered by Techstars. The starting situation in Turkey calls for urgent action because up to 80% of food that cannot be sold ends up in landfill, which means it leaves the food chain and cannot be put to any other use consistent with the food recovery hierarchy. Through METRO's partnership with Whole Surplus and making use of the digital marketplace, our stores can easily give edible food to food banks, social institutions or animal shelters. In addition, the data analysis function lets us quantify and monitor food waste transparently in real time, enabling us to implement targeted measures to further improve processes in our own operations. This

not only saves costs associated with waste, but also means that edible food is put to good use.

From January to the end of September 2018, 3,860 tonnes of food waste was recorded in 21 METRO wholesale stores in Turkey. Just under 912 tonnes of this was sent as animal feed to animal shelters and 2,948 tonnes was disposed of in landfill sites. Over the same period, the partnership with 30 Turkish food bank organisations made it possible to donate 104 tonnes of food.

Because of the successful pilot project in Turkey, Whole Surplus is already in discussion with other METRO countries, including Germany, Italy, Spain and Pakistan, with a view to extending the project to these countries.

Food recovery

Since 2017, to reduce food waste and as a meaningful addition to our work with the food banks, METRO Germany has been working with SIRPLUS in Berlin. The Berlin start-up collects surplus food and drink from our wholesale stores that can no longer be sold or passed on to organisations like the food banks, and sells it cheaply online and in the 3 SIRPLUS stores in Berlin. The young company's mission is to increase people's respect for food and to work with the entire food industry to revolutionise food recovery.

Detailed analysis - minimum waste

In the fight against food waste, METRO is also offering its customers, especially professionals in the HoReCa sector, access to solutions to reduce their own food waste. KITRO, another start-up and a participant in the third round of the METRO Accelerator powered by Techstars, is on a mission to minimise food waste. The young business targets food service operations. KITRO offers restaurants and canteens a fully automated solution for managing food waste, using hardware and software to track and analyse discarded food. The data give users a detailed overview of the weight and cost of food waste and help them identify sources of waste, remedy operational inefficiencies and use resources more efficiently. Mercure Hotel Berlin City, a METRO customer, has already tested the KITRO solution and was able to cut catering waste by 22% over a 3-month pilot phase.

Meat for charitable soup kitchens



Not all food can be given to social initiatives like food banks without restrictions. Donations of meat and fish products, for instance, are subject to special health regulations

In France, METRO is supporting the establishment of charitable soup kitchens that meet these requirements and can therefore accept meat products. In 2018, METRO France entered into 8 new partnerships. There are now 37 of these partnerships in France and meat donations have increased to 16% since the start of the campaign in 2015. The aim of METRO France is to establish similar partnerships for all French METRO stores.

We care about the future of our planet through responsible procurement and product range composition in the supply chain

As a retail company, we depend on resources being available in the long term. This also means that the diversity of species and their habitats must be preserved, especially as food production depends on a large number of contributions from animals and plants. METRO therefore supports the goals of the international Convention on Biological Diversity and contributes to the protection of biodiversity. Because on the one hand the resources are directly the product we sell, on the other hand the raw materials are needed for the production of the products we offer and their packaging. Therefore we pay attention to responsible procurement and product range composition.

Buying policy for sustainable sourcing

Our group-wide buying policy for sustainable sourcing of all products defines basic requirements for sustainable supply chain and sourcing management. At the same time, this policy brings together various guidelines that address specific questions relating to individual product and raw material categories. When

sourcing products, METRO systematically takes account of sustainability criteria like resource conservation, social impact and transparency. In this way, we strengthen our procurement channels and contribute to improving the sustainability of our range of products.

More information on [METRO's buying policies](#) can be found on our website.

Goals for responsible product range composition

- With the revision of its Fish & Seafood Procurement Policy in 2016, METRO Wholesale has set itself a new goal: by 2020, 80% of the 12 best-selling types of fish and seafood are to have sustainability certification which is recognised by the company. As part of the Global Sustainable Seafood Initiative (GSSI), METRO is lobbying to make the various international certification schemes for sustainable fish comparable with the help of a standard global benchmark tool.
- METRO is committed to only using palm oil from sustainable sources for its own-brand products by 2020. In this respect, the company is guided by the criteria of the Roundtable on Sustainable Palm Oil (RSPO).
- By 2020, a full 100% of the wood and paper used for own-brand products is to come from sustainable forestry.
- METRO intends to stop using eggs from caged hens – including egg as an ingredient in liquid egg products – in its own-brand products in Southern and Western Europe by 2022, and in Eastern Europe by 2025, and to further improve conditions for laying hens by supporting alternative forms of poultry farming like cage-free and free-range.

Fish from sustainable fishery

Fish is becoming ever more significant with regard to the safeguarding of food supplies. Already, billions of people are dependent on the seas as their primary food source. However, fish is not a resource that is available in infinite amounts. Nearly a third of the oceans' commercially used fish stocks is overfished and about 85% of the commercially used fish stocks is deemed to be used to the maximum degree possible. Stocks are further decimated by illegal fishing and high by-catch rates. As one of Europe's leading fish wholesalers, METRO assumes a special responsibility and has taken action in various ways:

- METRO offers fish caught using eco-friendly fishing practices which preserve stocks and fish from certified aquaculture. Customers recognise this by the labels of the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC). In financial year 2017/18, our sustainable fish assortment in Germany comprised 110 MSC-certified, 12 ASC-certified and 3 certified organic own-brand products, and 1,085 MSC-certified, 48 ASC-certified and 45 certified organic brand-name products.

- 90% of our aquaculture fish and seafood articles sourced in Asia via our International Trading Office are certified by GlobalG.A.P., ASC and/or Best Aquaculture Practices (BAP).
- METRO fosters direct contact with small-scale fishermen and supports them in applying sustainable fishing practices. For example, we purchase fish caught in the Netherlands using the so-called fly-shooting method. This is a more gentle catching method which has no negative impact on the seabed. The nets also remain in the water for a shorter period, which prevents injuries to the fish.



- Our International Trading Office in Concarneau, a seaport town in Brittany, which is also responsible for purchasing fresh fish directly, cooperates closely with fishermen on small fishing boats ('petits bateaux'). Petits bateaux must not be more than 24 metres long and are often used by small family-run fishing operations. The team at the Concarneau Trading Office (CTO) selects the best local fish early each morning at 15 fish auctions. The most important buying criterion besides excellent quality is whether the fishing method is sustainable: the fish has to have been caught from small fishing boats.
- The demand for fish is particularly high in Japan. At the same time, pressure on stocks is mounting. Aquaculture can offer an alternative when there is no danger of overfishing due to the catching of fry from the seas which are then raised in fish farms. To deal with this problem, METRO Japan works with Kindai University on raising fish from fertilised fish eggs in aquaculture and making the entire process from rearing to selling traceable.

Circular economy

As a matter of principle, we support the further utilisation of resources and their recovery through recycling. Here, the focus is on the issues of packaging and our approach to using conventional plastic. We support closed-loop recycling management to reduce our environmental footprint.

Environmentally friendly packaging

In everyday retail business, packaging is not only used for transporting, preserving and protecting goods. Product packaging also contains information and usage instructions for customers. But packaging also represents a major challenge both in terms of its quantity and the materials used.

We pursue the goal of reducing the environmental impact of the packaging of our own-brand products during the entire life cycle while also meeting the high quality and hygiene standards our customers expect. To do this, we adopted a [Packaging Policy](#) in 2013 and revised it in financial year 2017/18. The policy applies to all own-brand product packaging sourced by METRO. We want to develop innovative solutions to improve resource efficiency, for instance by reducing packaging material, increasing the proportion of recycled material used in our packaging, and designing our packaging to improve stacking on pallets and reduce costs for customers.

From September 2014 to September 2018, we

- checked the packaging of 10,949 own-brand products regarding their impact on the environment and – if possible – improved it,
- switched 100% of our SIG Combibloc and Tetra Pak drinks cartons to FSC®-certified packaging (for globally sourced products and in participating countries) and
- replaced 81% of our PVC packaging with more sustainable alternatives (for globally sourced products and in participating countries).

The plastic challenge

In order to make further significant reductions in plastic volumes and therefore in plastic waste, and to use resources as efficiently as possible, we have set new targets: from October 2018 to September 2023, we intend to



- obtain FSC® or PEFC certification for all card, paper and wood content in primary, secondary and tertiary packaging,
- stop using expanded polystyrene (EPS) in all packaging areas (primary, secondary and tertiary) and
- save 300 tonnes of plastic overall.

In addition, in September 2018, as part of the METRO Plastics Initiative, we and our national subsidiaries committed ourselves to replacing conventional disposable plastics with reusable, recyclable or compostable alternatives by 2025, and to promoting the transition to closed-loop plastics recycling.



Our International Trading Offices and the local purchasing departments in our METRO Wholesale national subsidiaries help us achieve these targets in a number of different ways. They include the various measures and activities that we grouped under the umbrella of our international #METROPlasticFighter initiative in 2018:



- METRO Italy developed new packaging in 2018 for its own-brand METRO Chef mussels: a net made from biodegradable, compostable material now replaces the previous conventional plastic packaging. Leaflets in the wholesale store inform customers about the sustainable packaging.



- Many customers in the hotel, restaurant and catering sector use disposable products made from plastic every day, such as disposable tableware and takeaway boxes. Our aim is to offer more sustainable alternatives to these items. One example is the METRO Professional biodegradable disposable tableware that all MAKRO stores in Portugal have been stocking since mid-2018. Another 14 METRO countries have also added these items to their range and they are available in 36 different packs. The products are made from high-quality raw materials like wood, plant fibres, sugar cane and corn starch. We take care to use resources that do not have a negative impact on food production.

Water management along the value chain

We tackle the issue of water management both with our suppliers and our customers, and of course at our own locations.

In order to obtain an overview of water use in our supply chain, we conducted a survey in 2016 and 2017 of a selection of strategic suppliers and producers of METRO's own-brand products on the risks and opportunities and their management practices and targets.

In 2017, we launched the METRO Water Initiative with the aim of raising awareness of the issue of global water scarcity and contamination among our customers worldwide. We are collaborating on this initiative with reputable brands and manufacturers. From 2019 onwards, we will be taking this work to a new level and cooperating with an NGO called One Drop to give people in India permanent access to clean water.

We raise awareness at our own locations and share good practice.

Local sourcing

Sourcing products from local suppliers has benefits for the environment. The CO2 balance of products improves when transport distances are shorter. The procurement costs are also lower. In addition, post-harvest losses can be reduced and food waste prevented at this stage in the value chain if suppliers are trained to comply with certain standards and make their products marketable, or if products which do not comply with the trade standards are marketed. Examples can be found in the chapter 'Unfold Prosperity'.

An overview of all key figures and targets in the Planet area of responsibility can be found in the chapter 'Key Performance Indicators'.

UNFOLD PROSPERITY

P UNFOLD PROSPERITY

WE BUILD A SUSTAINABLE
AND PROSPEROUS FUTURE

We shape our procurement and product range responsibly and create a high level of transparency along the entire value chain, with the aim of generating added value for our customers. In this way, we are

able to supply our customers around the world with affordable, healthy, safe, high-quality products and suitable services. And with products that are produced in a socially responsible, environmentally sound and resource-friendly manner. In doing so, we are also strengthening local producer structures and regional development. Additionally, we pass our expertise in the fields of resource management, procurement and product range composition on to our partners, independent entrepreneurs, in order to generate long-term business perspectives and a competitive edge for them and for us. This is how we secure our future and promote sustainable procurement processes and responsible consumption. This contributes to the Sustainable Development Goals, such as SDG 12.

To build a future in the countries

'Ugly but tasty' in Bulgaria

Around a fifth of the Bulgarian fruit and vegetable harvest does not reach the shops because it does not meet trade standards in terms of shape, colour or size – even though there is nothing wrong with the flavour. METRO is tackling food waste caused by post-harvest losses through its new 'Ugly but tasty' initiative. For a low set price, METRO customers can fill a plastic-free bag with their choice of 'imperfect' fruit and vegetables. We also pay visits to farmers and provide them with information and training on this topic. The campaign is part of the wider 'Nurtured with care in Bulgaria' initiative. It helps increase the marketability of these 'imperfect' products and, as a result, the earnings potential of the participating producers. There are plans to extend the campaign to the rest of the product range.



Star Farm in China and Pakistan

Since 2007, our Star Farm activities have been helping farmers and suppliers in China meet internationally recognised quality standards, such as GlobalG.A.P., HACCP and the International Food Standard (IFS), and improve traceability and transparency in the supply chain. Star Farm is an agricultural consultancy that belongs to METRO and specialises in quality assurance systems and traceability solutions for agricultural produce. The company was set up in 2007 by METRO Wholesale in cooperation with the Chinese Ministry of Commerce and local authorities. The aim of Star Farm's activities is to increase the proportion of goods sourced directly from producers, advance productivity and effectiveness in agricultural production, and improve food safety by modernising the supply chain. An integrated traceability solution for food products was introduced for this purpose in 2009. Customers can use the system to trace the origin of agricultural products in detail.

In 2011, a similar partnership was set up in Pakistan, which is now also helping to obtain the best products from the farmers and to pass on a high degree of transparency to the customers through the direct supplier relationship. As a sister organisation of METRO Pakistan, Star Farm is working on the same challenges to enhance the food supply chain through sustainable and innovative methods. In 2018, the Punjab Skills Development Fund (financed by DFID, UKaid) launched a special programme called 'Big Push for Rural Economy – Agriculture Sector'. Over 12,000 people from 60 selected villages in 4 districts of southern Punjab (Bahawalpur, Bahawalnagar, Lodhran and Muzaffargarh) were trained in a number of agricultural skills. Star Farm pledged 150 agricultural specialists to teach comprehensive theoretical and practical aspects of pre- and post-harvest techniques, plant protection, best crop management practices, ideal irrigation practices and fertiliser recommendations. Another primary objective was to mobilise the farming community and large numbers of unemployed young people. For this purpose, Star Farm Pakistan set up 110 fully equipped training centres in the villages and demonstration plots for growing wheat and cotton, where the farmers can try out their newly acquired skills and apply best practices. Knowing that women are an integral part of the community and that involving them in such projects can have a significant impact on the economy, the organisers also arranged for 1,800 women (30 from each village) to receive training in skills such as kitchen gardening and food preparation techniques in their homes. Overall, over the past 2 financial years, we have trained over 20,000 farmers in China and Pakistan, including 5,000 women in Pakistan.



Sustainable Procurement Meeting in France

The first Sirha Green trade fair in Lyon in 2018 was all about sustainability in the food industry. To mark the occasion, we organised a Sustainable Procurement Meeting with over 60 of our own-brand suppliers. The aim of the meeting was to work with our suppliers to identify distinguishing features of sustainable business so as to help equip our joint business operations for the future. During the meeting, we introduced 15 fact sheets containing sustainability commitments relating to 5 areas. These are intended to serve as guidelines for suppliers concerning METRO's requirements, but also support their own business activities. The 5 areas are: health, environment and biodiversity, compliance, animal welfare, and taste and culinary know-how. In various roundtable discussions, suppliers have shared their experiences of how they have tackled and overcome practical challenges in implementing sustainability in their business.

Sustainable procurement in India

In India, METRO works closely with the Food Chain Partnership, a Bayer Crop Science initiative. It brings together farmers, wholesalers, retailers and other stakeholders in the value chain to promote sustainable farming in emerging and developing countries and the supply of safe food. Local structures are strengthened, particularly in weaker economic regions. A key component of the partnership in India involves training the farmers on quality and environmental aspects. The current focus is on growing vegetables, especially tomatoes, lettuce, cauliflower and cucumbers. We aspire to organise 80% of our procurement through central collection points and platforms that follow the initiative's guidelines.



Pilot project with small and medium suppliers in Russia

A pilot project in the Moscow and Krasnodar areas aims to support small and medium-sized food businesses. METRO is collaborating on this project with local authorities, Sberbank, the biggest Russian financial services company, and the International Finance Corporation (IFC). The aim is to use best practice to promote the development of competitive small businesses. Retailers with 50 to 150 square metres of store area are given the opportunity to run an efficient, sustainable Fasol franchise outlet – with METRO as a strategic partner. 47 Fasol branches have already opened in the Krasnodar area and 108 in Moscow. The aim is to have up to 120 in Krasnodar and up to 590 in Moscow by the end of 2020. In addition, recognised industry experts train commercial customers from the hotel and food service industry on strategy, marketing and HR topics. 20 restaurants have already taken part in the training programme.



Another part of the programme is aimed directly at local suppliers, specifically small and medium-sized food producers. Training sessions and advice help the participants comply with the criteria of the Global Food Safety Initiative (GFSI). The multi-stage programme includes audits, 3-day courses, on-site advice, and certification for suppliers that want it. 6 suppliers in the Moscow area have already completed audits and training courses. There are plans to extend the programme to other regions.

Traceability



We champion product traceability in order to guarantee product safety and quality and to help customers and suppliers comply with legal requirements. We also help ensure that resources are protected and illegal activities avoided. Therefore, together with other retailers, renowned partners and the standardisation organisation GS1 Germany, we have developed our cross-industry international traceability solution which allows products to be traced all the way from their origins to the customer's purchase. It allows us to collect relevant data – regarding products and

suppliers, for instance – electronically and merge it via a software platform. This makes access to this information considerably easier and more reliable for customers and other users.



It also ensures that our commercial customers can in turn provide their customers with information about the origin and nature of the goods they sell. Approximately 800 fish products and around 2,000 meat products can currently be traced in Germany with the PRO TRACE app. Various other METRO national subsidiaries and our International Trading Offices have also joined the scheme since it launched in 2015. Following regional expansion in the fish and meat product ranges, in financial year 2017/18 we successfully tested an improved solution for recording internal processes as well. In addition, we created a compact in-house solution that offers a special service, particularly to METRO's own-brand producers.

Working with our suppliers

We also ensure transparency with respect to the resources used and the procurement of products by means of direct relations with our business partners. In order to offer our customers in all markets an attractive, unique and responsible product range characterised by careful choices, variety, freshness and quality, we stay in close contact with our suppliers – not only at the local level in our METRO countries, but also via our International Trading Offices, which manage centralised procurement for the METRO Wholesale national subsidiaries. We operate 6 International Trading Offices for the sourcing of food items in Boston, Concarneau, Rotterdam, Valencia, Düsseldorf and Hong Kong and another office in Hong Kong for the sourcing of non-food supplies. Products are sourced directly from the place of origin and we make specific use of market potential and procurement synergies. The concept of direct sourcing from the growers and producers makes for optimised supply chains and enables the company to maintain a high level of product quality, freshness and safety, and build up long-term, transparent relationships

with the suppliers: good conditions for healthy economic growth.

Regional products

When composing and putting together our product ranges, we make a point of including regional goods. By buying products such as fruit, vegetables, meat and dairy produce from local growers and producers, we not only meet our customers' growing demand for regional products. We also assist and support the local production structures, thus contributing to the economic growth of the regions together with our customers. In many cases, regional products also have a better environmental balance, which is seen as an additional benefit.

One challenge in the area of regional products, however, is how we define regional. This applies in particular to communications with our customers and the resulting expectations. Since a standard definition is not available and does not make sense on an international level, some of METRO's national subsidiaries are using a list of criteria to help them define regional products for their territory.

Examples from the countries

Local products in Bulgaria

The EU-label 'protected geographical indications' (GIs) offer consumers a guarantee of authentic, regional specialities. METRO Bulgaria supports farmers by helping them obtain this label for their products – whether for fruit, vegetables or meat. 2 PGI applications are currently being prepared: by producers of a type of bean grown in the Smiliyan region, and by farmers who grow Reseleshki onions – a variety grown only in the Cherven Bryag region. METRO also collaborates with NGOs for this project.

Local products from Turkish regions

With the Local Seed project, METRO Turkey advocates the protection of natural and original seeds. Our national subsidiary works closely with local growers and producers and guarantees that it will purchase the complete harvest of agricultural products which are characteristic of the region and are grown using local seeds. These are 10 different tomato varieties, 4 pepper varieties and 1 specific cucumber variety. In addition, METRO Turkey organises GlobalG.A.P. training for farmers and helps them meet international hygiene and working standards. Depending on the season 15 products which are marked with a special logo are already exclusively available at the Turkish wholesale stores.

METRO Turkey is also committed to creating greater public awareness of products with the GI label. Customers can already find more than 130 of these products in Turkish wholesale stores. The national subsidiary supports local suppliers with the registration processes and has helped raise awareness of the issue through its activities at government level.



Supporting the culinary heritage of Bulgaria and Poland

METRO Bulgaria has launched a competition to celebrate the country's culinary heritage. The aim is to collect old recipes – some of them dating back centuries – that have shaped the taste and culture of Bulgaria. Professional chefs and amateur cooks are all eligible to take part and send in recipes. The European Commission has included the project in its European Year of Cultural Heritage 2018.

To raise awareness for local culinary traditions among commercial customers in Poland, MAKRO Poland launched its Polish Culinary Treasures programme in 2018. The programme imparts knowledge and builds up a network around the issue. In the first 10 training sessions, 200 participants were introduced to around 30 historical Polish recipes – interpreted by famous chefs. To mark the 100th anniversary of Polish independence, MAKRO Poland also published a book of 100 traditional recipes.



Regional meat specialities from Austria

METRO Austria is gradually expanding its meat range, adding regional and sustainably produced specialities. For instance, meat from cows in the Reine Lungau biosphere park has been available exclusively from our wholesale store in Salzburg since October 2018. Together with small-scale farmers in the park area, METRO developed the idea of marketing beef from the cattle as well as milk. The cows are fed almost exclusively on natural green fodder from high pastures at an altitude of over 1,000 metres. METRO has also added Triestingtal beef to its product range in Lower Austria. And in January 2019, it will start selling Styrian and Lower Austrian Duroc pork with the AMA (Agrarmarkt Austria) quality label.



METRO Ukraine expands its Fermove project

Since 2016, METRO has been collaborating with the Ministry of Agrarian Policy and Food in the Ukraine and with seed suppliers to support local farmers. The partners distribute seed and fertilisers to the local farmers, who then supply the harvested produce to METRO. By committing to buy their produce, METRO is able to offer security to small producers in particular, and strengthen their development. In our wholesale stores, responsibly grown, healthy, local products are marketed under our Fermove own brand, which lets our customers support local production structures through their buying choices.

Since 2017, METRO has been using the same principle to raise seedlings, for example for tomato, pepper and aubergine plants, which are then sold in the stores. It is a way of motivating our commercial customers to become growers themselves. In a next step, we plan to expand Fermove into a global platform selling fresh produce from the Ukraine locally and across the EU.



Sustainable product range



By supporting customers and helping them make buying decisions in favour of sustainable products, we are also promoting a sustainable lifestyle. In order to provide better customer guidance, we use labels that certify products according to specific sustainability standards. Our own brands are likewise labelled accordingly. We additionally provide information in our stores and talk to our customers. We are convinced that by expanding our range of responsible products, we are stimulating demand and consumption of these products and helping – in a circular-economy kind of way – to shape a responsible future along the entire value chain.

Our sales lines' product ranges include fair-trade articles and food products that bear the European organic symbol. In financial year 2017/18, sales of fair-trade products at METRO Wholesale and Real in Germany totalled more than €13 million. This figure includes items featuring the Fairtrade or the GEPA label. During the same period, our sales lines achieved Germany-wide sales totalling nearly €146 million with products which are certified in accordance with the EU regulation on organic farming. Our range also includes products from sustainable fisheries and aquaculture. We define these as products bearing the Marine Stewardship Council (MSC) logo, the Aquaculture Stewardship Council (ASC) logo or the EU organic and GlobalG.A.P. labels. In financial year 2017/18, METRO Wholesale and Real generated sales of

over €115 million in Germany with this sustainable fish range. Real generated sales of €394 million with regional products in the past financial year. Both sales lines are increasingly offering its customers products from sustainably managed forestry. Revenues generated with products bearing the label of the Forest Stewardship Council® (FSC®) or the Programme for the Endorsement of Forest Certification (PEFC) was around €42 million. Due to our customers' increased interest in more sustainable products and the potential this offers for our business, we keep working on enlarging the proportion of more sustainable products in our portfolio. Real has already met its overall target of generating 30% of turnover in its food and near-food ranges from sustainable products by 2019. To keep moving in the same direction, the company has set a new target: by 2030, Real plans to stock a 100% sustainable range of food and near-food products. Adapted targets have been set for the individual product groups to help the company achieve its overall goal. The focus is being placed on regional products, fruit and vegetables from permaculture production and projects in the area of animal welfare.

We are constantly working on collecting similar figures for all the other countries in which METRO is active. Although the differences between the data systems in the various countries make this a challenging process, we made significant progress in financial year 2017/18. 16 of 25 METRO countries have provided their data, e.g. on products certified according to the EU Organic Regulation or with the seal of the MSC, the ASC, the EU Organic Label and GlobalG.A.P. However, due to a lack of uniform methodology and data quality, the data on sales outside Germany cannot yet be reported in a form suitable for testing.

Looking at METRO Wholesale's 2020 commitment regarding sustainable palm oil, in financial year 2017/18, the company has made great progress thanks to our International Trading Offices: over 50,000 tonnes of French fries and other potato products have been sourced with sustainable palm oil (Mass Balance certification) and delivered to 24 METRO Wholesale countries.

More key performance indicators for the Prosperity area of responsibility can be found in the chapter '[Key Performance Indicators](#)'.

Activities in the countries

Sustainable Fish Initiative in Japan

Quality standards for fresh fish are higher in Japan than in any other country. To increase sustainability standards in procurement as well, our Japanese subsidiary launched the Sustainable Fish Initiative in April 2018. The project is based on partnerships with suppliers, and providing more information for commercial customers to promote environmentally friendly, economical solutions. There have been preparatory meetings with the ASC, MSC and Chefs for the Blue – a new project involving top chefs from Tokyo – as well as government authorities, ministries, marine scientists and NGOs. METRO Japan will continue to expand the proportion of ASC- and MSC-certified products in its assortment between now and 2020 and introduce MSC and ASC Chain of Custody certification in its stores. As a fish expert, METRO Japan hopes to be selected as a preferred supplier for the 2020 Olympic Games in Japan.

Healthy product range in Germany

We aim to enable traders and their customers to eat a healthy diet and, in so doing, to promote sustainable lifestyles. Therefore, we not only carry a comprehensive range of fruit, vegetables and fresh products, but are also expanding our selection with the addition of vegan and special products such as lactose- and gluten-free items for consumers with food intolerances. Customers in German METRO wholesale stores can now find a range of 210 vegan products, including numerous cheese and meat alternatives, and lactose- and gluten-free products.

International customer survey on health and well-being

Between August and October 2018, the Corporate Quality Assurance Team at METRO AG conducted a customer survey in our 25 METRO countries to evaluate our healthy eating strategy and develop new measures. What do our commercial customers regard as a healthy product? What role do such products play in the success of their business? And how can we support them? The aim of the questionnaire, which comprised each 10 questions for our 3 customer groups (HoReCa, Traders and SCO), is to enable our customers to benefit more fully in future from the trend towards healthy lifestyles. In total, 20,225 customers completed all or part of the online survey. The top 3 findings are: the importance of 1) ultra-fresh, local produce, especially fruit and vegetables, 2) reformulated products identified by the phrase 'less ...' and 3) 'free from' foods, for example gluten-free products. Vegan and vegetarian products also fall into this last category.

Sharing expertise

As a retail company with global operations, we can play a key role in sharing expertise, particularly in the area of sustainable sourcing and sustainable product ranges. We are a knowledgeable point of contact, supporting our commercial partners at all our locations through activities with a regional focus. This is another way in which we help ensure that sustainable projects are effective.

As an example, MAKRO Poland's Chef for Chefs programme is a communications platform for commercial customers in the hotel, restaurant and catering sector. The aim is to intensify discussions with our partners and experts and to pass on knowledge about trends such as culinary innovations in the industry. Since the project started, we have already organised 24 events in 12 cities with around 2,500 participants.

Fighting food waste through data transparency

One of the most important and effective fields of activity for securing our future is the fight against food waste. This is an area where METRO can make a real difference – in our own business operations, but especially through our suppliers and customers and through their customers in private households. Data collection and customer communications aimed at changing consumer behaviour are important tools in the fight against food waste. METRO Turkey is active in this area: around 25% to 40% of the 49 million tonnes of fruit and vegetables produced in Turkey each year are lost in the production and delivery chain. This is the finding of an investigation carried

out by METRO Turkey in collaboration with the TÜBİTAK Scientific and Technological Research Council in 2016.



In order to create a broader awareness of this problem and to reduce food waste and food loss, METRO Turkey launched a comprehensive communications campaign in 2017, along with a large number of activities. These include the METRO Food Initiative, which was set up as part of Restaurant Week 2017: together with 50 top chefs and more than 100 restaurant owners, the project raised awareness of the issue of food loss and food waste through a number of channels, including via social media and videos.

ENHANCE PARTNERSHIP

P ENHANCE PARTNERSHIP

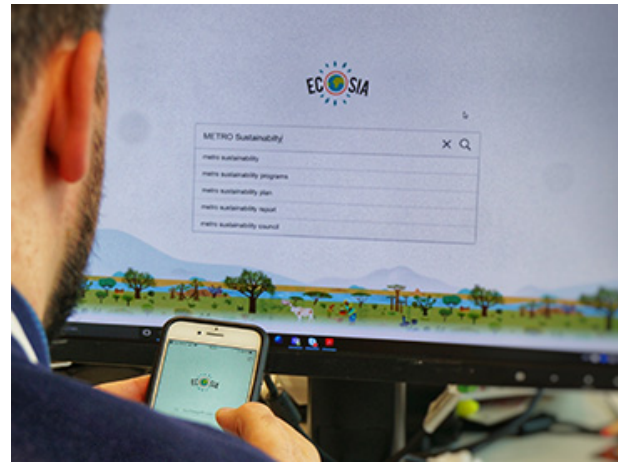
WE LEVERAGE THE
POWER OF COMMUNITIES
AND PARTNERSHIP

We encourage others to act sustainably by assuming responsibility ourselves and by inspiring customers and partners with our new ways of thinking. This makes us an attractive employer for (future) employees and a trustworthy partner for our customers, business partners and representatives from the fields of politics and science and of associations. We engage with our internal and external stakeholders to align our corporate actions with the needs of society. We support local communities at our locations and via our business relationships. This is how we work on solutions to global challenges and contribute to sustainable development by engaging with economic, social and ecological issues.

In our social and ecological engagement we frequently collaborate with **partner organisations**. In this way, we boost the effectiveness and scope of the initiatives:



- In 2017, we launched the METRO Water Initiative with the goal of raising awareness of water shortage and water pollution worldwide. In this effort we work with renowned manufacturers. From 2019, we will raise our engagement to a new level and collaborate with the NGO One Drop. It is specialised in implementing sustainably effective water projects. Together, we will help make an aid project in India a reality – in a region that suffers particularly severely from the lack of clean water. In a 2-week promotion campaign in our stores we want to collect enough donation money to fund the project for 3 years. METRO has contractually guaranteed a donation amount of €1.2 million.



- We believe that technology can also help achieve sustainability goals. Together with our IT company METRO-NOM, we are therefore gradually making the search engine **Ecosia** available to our employees. The 'green' search engine from Berlin with currently over 1 million users a day invests 80% of its profit in forestation projects around the world. Nearly 45 million trees have already been planted in this way – and as Ecosia's home page tells us, this number keeps growing by the second. In June 2018, the METRO Campus in Düsseldorf became the first location to use the search engine as a pre-installed default setting. As a result, 5,500 trees were planted within just a few weeks thanks to METRO searches. In the future, Ecosia is also to be available in other METRO countries, such as Austria, France, Belgium, the Netherlands, Italy, Spain and Portugal.
- We also work in concert with partners in the battle against food waste. As a participant in the METRO Accelerator, the start-up Whole Surplus developed an IT solution that helps companies in the collection of data and the optimum distribution of surplus food. The SIRPLUS initiative is aimed directly at consumers. METRO has supported this start-up, which sells surplus food at low prices in stores and online, since 2017. Moreover, METRO has collaborated with the 'Tafel' (food bank) movement for more than 2 decades to provide people in need with food that is still of impeccable quality despite an approaching best-before date. We are also steadily expanding the collaboration on an international scale.



- Dealing with plastic waste is becoming a growing challenge. For this reason, METRO has launched the round table **'Unser Ausweg aus dem Einweg'** (Our way out of the one-way) initiative. Representatives from the entire value chain were invited to the kick-off event on 20 September 2018 – because sustainable solutions can only be developed in concert. METRO is taking the lead by replacing disposable with returnable solutions in all company cafeterias in Germany by the end of 2019. This switch is scheduled to be rolled out at all METRO locations by the end of 2020. Moreover, we have committed ourselves to gradually replacing standard disposable plastics with reusable, recyclable or compostable materials in our product ranges by 2025.

Examples from various countries

Customer dialogue in France

For the second time already since 2017, METRO France invited its customers and other experts in sustainability in the food industry to a dialogue on the theme 'My restaurant goes green'. The purpose of the conference was an exchange in a spirit of partnership and the insight that to bring about actual change, it is best to follow the path towards more sustainability together. A good example of this is the cooperation between METRO and Baluchon. METRO was one of the first to understand that Baluchon is not a conventional food company. In addition to the development, production and marketing of ready meals and catering services, the aim is to use production as an opportunity to train and integrate people without employment in the kitchen and logistics sector. The owners of Baluchon are not only interested in the financial profitability of their capital, but also in ensuring that their business activities are sustainable and achieve maximum added value in social, societal and ecological terms. They can only achieve this in cooperation with other players, especially with well-established companies such as METRO, who engage in positive ways.

METRO Hungary supports sustainability leadership programme

The World Business Council for Sustainable Development (WBCSD) has developed a programme for future executives. Called 'Future Leaders', it deals with issues around sustainable business practices in companies. In 2017, METRO Hungary supported the WBCSD subsidiary Business Council for Sustainable Development in Hungary (BCSDH) as a mentor company and in the organisation of an entrepreneur day by setting up a training station in its Gastro Academy. In 2018, a young employee of METRO Hungary participated for the first time in the national adaption of the WBCSD management programme. In 2019, another employee will participate in the programme.

Social engagement with our partners

As a retail company, METRO is highly integrated in its social environment. Every day we cultivate relationships with many millions of people: people who work with or for us, who shop at our stores or with whom we have some other relationship. Our social and environmental responsibility in the places where we are based and interact with people is another thing that we see as a means of adding value, as it goes towards tackling social challenges. Our diverse activities aim to foster intercultural dialogue, to lend support to our locations and their local communities, and to provide direct assistance to those in need. At the same time, we support employees who actively participate in our activities by helping them to hone their social skills and allowing them to work on their own initiative. By enabling them to address social issues at work, we

raise awareness of METRO's close ties with society. This is crucial for our long-term market viability. It also helps our employees to identify more strongly with the company.

More key performance indicators for the Partnership area of responsibility can be found in the chapter ['Key Performance Indicators'](#).

International Care & Share initiative



Since 2008, METRO has been organising its voluntary work and social responsibility projects under the umbrella of Care & Share. The goal of the global initiative is to support voluntary social and ecological activities by employees as well as customers. In this way, we can give something back to the communities in which we work. The various local activities of the METRO Wholesale national subsidiaries demonstrate how this international initiative is implemented at the local level.

'Restaurants against hunger' in Spain



The 'Action Against Hunger' organisation has fought against malnutrition and undernourishment, especially amongst children, for more than 40 years. MAKRO supports the NGO together with the Spanish hospitality association FEHR in the industry's largest donation campaign in Spain: the 'Restaurantes Contra el Hambre' (Restaurants against hunger) campaign. For 2 months the participating restaurants – by now numbering about 1,500 – include 'Dishes of solidarity' on their menus. When guests order these, part of the earnings go to 'Action Against Hunger'. MAKRO promotes the campaign in its stores and offers its customers information material.

CHEF FOR YOUNG TALENTS programme in Poland



In order to support future chefs early on, MAKRO Poland launched the 'CHEF FOR YOUNG TALENTS' programme. It provides young employees with the opportunity to learn from experts in the sector, get to know new products and grapple with sustainability issues. More than 3,000 trainees from all over Poland have participated in the programme on 18 dates at our stores so far. The best 20 participants moreover were offered internships at leading Polish restaurants.

Vocational counselling for young people from orphanages in Russia

Employees of METRO Russia help teenagers from orphanages find a profession. What are each individual's fortes and interests? To find that out, they accompany the young people during visits with large companies and educational institutions, among other activities.

UN World Food Programme



In June 2016, in close association with its own core business, METRO embarked on a global, long-term partnership with the UN World Food Programme (WFP), the largest humanitarian organisation working to end hunger worldwide. In this partnership, which is implemented at the local level by the METRO Wholesale national subsidiaries, the company and its employees and customers collect donations in a number of campaigns in order to help people in need. Additionally, the partnership serves as a platform for the exchange of expertise and the targeted development of initiatives. It arose from the highly successful collaboration that was established in 2012 between WFP Italy and METRO Italy, which has helped to provide approximately 1.5 million schoolchildren with school meals. With the launch of this global partner-

ship, we firmly believe that thanks to the activities at the holding and country level we will continue to be a

strong partner of WFP in the years to come, working together to end world hunger.

Examples from various countries

Donation campaigns in Italy and Pakistan

In 2017/18, METRO **Italy** again organised a number of donation campaigns for WFP. The national subsidiary guaranteed a minimum amount of €33,500. Among other things, employees were able to donate part of their salary. In addition, part of the sales proceeds from own brand campaigns at Christmas and Easter were donated to the WFP. On International Women's Day 2018, there was a direct donation and through the "Punti METRO" bonus campaign, customers could use their loyalty points for humanitarian purposes. In total, the actual donations exceeded the guaranteed amount: A sum of € 56,500 was collected. This corresponds to 282,500 donated meals.

In **Pakistan**, the national subsidiary also launched a programme where the employees can donate part of their salary each month. The collected amount is announced on 16 October – World Food Day – every year. METRO Pakistan guarantees a donation amount of at least €2,500 with this campaign. In addition, METRO Pakistan donates 1% of its sales from own-brand chips, olive oil and olives to WFP. With this campaign, too, METRO Pakistan guarantees a donation amount of at least €2,500.



METRO-NOM helps with IT consultation

In the strategy of WFP, the retail sector plays a special part. In many countries, strengthening the sector is one of the most important levers to boost buying power, improve supply chains and retain profits locally. As part of our partnership, METRO supports this strategy by providing consulting by experts from METRO-NOM to WFP on issues of data processing in retail. After all, transparency and effectiveness of the WFP programmes can be significantly improved in this way. One WFP employee and one METRO-NOM employee each collaborate in 7 sub-projects. The topics include how to deal with product master data, databases and checkout solutions.

Counselling and donations by METRO AG

We also help at the group level: experts of METRO AG advise WFP regarding its retail engagement strategy. The employees' expert knowledge in the field of retail franchise helps WFP in its transformation from not just actually helping people in areas of conflict but also rebuilding and improving the local economy. Moreover, an option to donate one's bottle deposit has been permanently set up at both company cafeterias at the METRO Campus in Düsseldorf. Additional donation campaigns take place every year on the occasion of the World Food Day on 16 October, such as the distribution of a special charity meal in our cafeterias, where the higher price employees pay for their lunch is matched by the company and donated to WFP.

International 'Tafel' and food bank initiatives

METRO is one of the earliest and most committed supporters of the international food bank movement. For more than 10 years, we have been the main sponsor of Tafel Deutschland e. V. and prematurely extended our partnership until 2020. Moreover, we support the European Food Banks Federation (FEBA) financially. The principle is the same at all locations: Our stores donate food items whose best-before date is approaching but which are still perfectly consumable. Local organisations then distribute the food to people in need. Currently, we collaborate with 'Tafel' and food bank initiatives in 19 of 25 countries. We are planning to expand this to 21 countries. At some loca-

tions, external circumstances make collaboration difficult – but even there we talk to aid organisations and political representatives to further advance the collaboration.

Italy is one of the countries in which we regularly donate food. Donations are distributed almost throughout the entire country: 95% of the METRO stores in Italy collaborate with the local institutions of the 'Banco Alimentare'.

In 2016, the 'Banca pentru Alimente' initiative started in **Romania**. The initiative works on the basis of the FEBA principles. In this spirit, METRO Romania initiated the establishment of a nationwide food bank in 2018. 4 additional international retail companies

have already pledged their support. A pilot project in Bucharest is to check general parameters for the new organisation. Parallel to this, the first METRO stores will start with the distribution of food to the 'Banca pentru Alimente' in 2019.

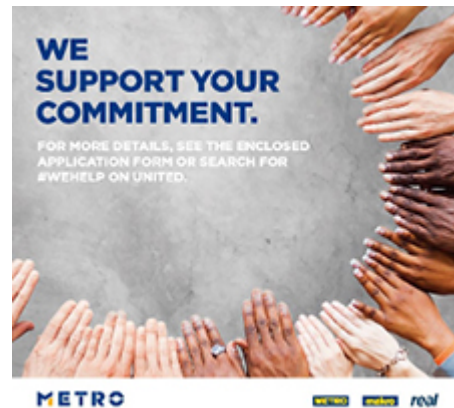


In **Germany**, METRO helped develop a concept for a travelling exhibition on the occasion of the 25th anniversary of the 'Tafel' food banks. Entitled 'Love The Waste: don't waste – distribute', it provides tips on food rescue. In addition, portrait photos honour the volunteers who tirelessly work for the initiative. The exhibition will be on tour through METRO and Real stores in Hamburg, Berlin, Nuremberg and Krefeld until the end of 2018. It was also shown at the future congress of the 'Tafel' food banks in Berlin and at the METRO Campus in Düsseldorf.

Corporate volunteering: unbureaucratic aid at the local level

To provide unbureaucratic assistance and acute emergency relief and to contribute to the integration of refugees, METRO launched the 'We Help' programme in 2015. Each group employee had the opportunity to apply once for funds to support local projects for which they personally performed volunteer work. Due to the great success of 'We Help', since 2017 the programme has been continued with one-off support money in the amount of €3,000 per applicant and with an expanded focus: now employees can apply for a subsidy of their volunteer work if it essentially helps people in need. By the end of financial year 2017/18, 214 projects in 11 countries had been supported.

Premiere for the METRO Volunteer Day in 5 countries



All METRO employees are to be given the chance to perform volunteer work and participate in the company's community involvement programme. For this reason, METRO celebrated the first METRO Volunteer Day in 2018, on 5 September. The METRO Campus in **Düsseldorf** organised 2 aid projects in the first year, and other campaigns, for instance in support of disadvantaged people or against food waste, started in **Austria, Pakistan, Portugal** and **Ukraine**. Our goal is to expand the METRO Volunteer Day 2019 into a METRO Volunteer Week in all 25 METRO Wholesale national subsidiaries.

Donations and sponsorship

METRO actively promotes an intact and attractive social environment by means of donations and sponsorship. The donations and sponsorship guidelines define the way in which measures are to be implemented to generate a positive public image and prevent the misuse of donations and sponsorship. For example, METRO was the title sponsor at the Düsseldorf Marathon for the 15th time in 2018. Our commitment helps strengthen the team spirit and health consciousness among the employees. This year, about 700 employees ran the course again – and in the future we want to promote the event more at our international locations too.

RESPONSIBILITY @ REAL

SUSTAINABILITY APPROACH REAL

healthy physical and social environment with good prospects for the future.

We promote sustainability to ensure that the generations to come will likewise be able to grow up in a

SUSTAINABILITY IS ONE OF THE 6 PILLARS OF REAL'S MARKETING APPROACH



‘Sustainability is no marketing gag but a question of attitude. Acting responsibly is our mandate and guiding principle. As retailers we will return the focus to food items that are produced with dedication and ecological reason.’

PATRICK MÜLLER-SARMIENTO and **HENNING GIESEKE**
Chairmen of the General Management of Real

Quality, service, freshness and good value for money are among Real's fortes. Every weekday, some 34,000 employees at the about 280 Real hypermarkets devote themselves to the customers. The company's bricks-and-mortar stores and its digital portfolio also include the Markthalle Krefeld, the Emmas Enkel shop in Düsseldorf, an online shop, an online food shop plus click-and-collect services.

Sustainability is firmly embedded in Real's strategy. In accordance with the motto of 'Acting respon-

sibly', the company pursues its sustainability efforts in 4 different fields of action. Real feels just as committed to environmental and consumer protection as it is to its employees and suppliers.

Real's 4 fields of action



Real's sustainability strategy defines 4 fields of action under the motto of 'Acting responsibly'. The company has formulated sustainability targets and concrete measures for each of these fields:

Product range: Our customers should be able to shop with us in good conscience. We are committed to minimising the use of raw materials and resources while simultaneously respecting and protecting people, animals and nature.

Employees: We support our employees in all life situations. We give our employees' careers a jump start, offer them opportunities to grow and climb the career ladder, and provide them with support in difficult circumstances in their lives.

Environment: Our actions should have as little impact on the environment as possible and should conserve resources.

Customers and society: Our public activities are characterised by credible social responsibility and ties to the community.

The goals within the fields of action were developed in collaboration with the respective departments and have been strategically embedded in the company. Their operational implementation takes place in the various departments on the basis of concrete sub-goals and measures which have been defined accordingly. Additionally, Real continues to develop its sustainability strategy, checks its measures regularly and adjusts them on the basis of new insights because Real views sustainability as a process which calls for the company to continuously evolve.

PRODUCT RANGE FIELD OF ACTION

Our mission: Our customers should be able to shop with us in good conscience. We are committed to minimising the use of raw materials and resources while simultaneously respecting and protecting people, animals and nature.

Products from permaculture

Ecological products play a central role in Real's sustainable product range composition. At the end of 2014, the company was one of the first German retailers to introduce fruit and vegetables from permaculture. Since then, Real has worked exclusively with the supplier Lehmann Natur GmbH, a wholesaler for organic fruit and vegetables based in Meerbusch near Krefeld. The sometimes more than 15 permaculture products are marked with the Real permaculture logo and grow on acreage in Spain.

Permaculture is a special form of ecological agriculture with some supplementary aspects. Fruit and vegetables are grown in harmony with nature and on the basis of sound cycles. Its purpose is to avoid the negative influences of modern, conventional agriculture. Other aspects reveal what makes this approach special: Permaculture

- does without any chemical or synthetic fertilisers, pesticides and fungicides, thus exceeding by far the requirements placed on the ecological agricultural production of food according to the EU eco-regulation,
- is free of treatment agents,
- promotes the build-up of the humus layer in soil, which is an important source of CO₂ and improves soil fertility,
- contributes to the preservation of species diversity, nature and habitats due to mixed cropping methods and
- uses water sparingly, for example by storing and using rainwater.

In addition to their quality, communication is a crucial factor in convincing the customers of the products' advantages. To this end, Real provides comprehensive information and background concerning permaculture on its company website as well as in brochures, booklets and newspaper inserts.

The Permaculture Advisory Board, established in 2016 and consisting of experts and representatives of NGOs, assists Real as an independent body in an advisory function, for instance in the approval of new suppliers and products as well as the training of employees and in external communication.

Since it was established, Real's portfolio has grown steadily. In 2017, for instance, olive oil and peanuts from permaculture production were included in the product range for the first time. Depending on the season, Real offers more than 15 different permaculture products. The goal is to further advance awareness of permaculture and to expand the product range – depending on availability.

Launch of Demeter products at Real

Another important step in sustainable product range composition at Real was the launch of Demeter products in 2017. Initially, the portfolio contained about 100 different items, including various ground grain

products and pasta, juices, sauces and bread spreads. By now, Real's product range includes more than 150 Demeter products and is to be further expanded. Special training is provided to employees where they receive information on Demeter so they can give customers expert advice.

Demeter is Germany's oldest organic food association. Its standards are significantly higher than the legal EU eco-criteria. For example, Demeter demands that an agricultural operation switch entirely to biodynamic agriculture^[1] in line with the Demeter principles and creating closed cycles.

1 The term 'biodynamic agriculture' can be traced back to the teachings of Rudolf Steiner, the founder of anthroposophy. It describes the agricultural holding as an individual entity, an organism that is largely closed in itself, where the different partial areas combine to form a live unit and which produces all essential elements of agricultural production (for example feed for the animals or fertiliser for the plants) itself in the required quantity.

Sustainable product range composition

As a provider of more than 80,000 products, Real is at the interface between producers and consumers, which gives it special responsibility. The company lives up to this responsibility in many different ways.

Real undertakes various efforts to make its product range as sustainable as possible. For example, the company issued [purchasing guidelines](#) for a number of products and raw materials which define mandatory standards for the products. These standards are reassessed every year and adjusted to current developments. Objectives are also reassessed and redefined.

Real has already accomplished the overall goal of generating 30% of its revenues from the sale of sustainable products in the food and near-food segment by 2019. To rigorously further pursue this path, the company has set itself a new goal: by 2030, Real wants to have a 100% sustainable product range in the food and near-food segment. Adjusted individual goals have been developed for the different product groups which contribute to achieving the overall goal.

Sustainable products include items for whose production special ecological or social aspects were considered, resulting in value added for human beings, animals or nature. The expansion of the organic product range plays an important part in this context. Organic products are marked as such and must meet specific minimum criteria which are defined in the EU eco-regulation. Real's product range already contains more than 4,000 organic products. However, this category also includes other logos and seals or set criteria – in other words, products which offer significant value added for human beings, animals or nature. A pertinent example is the Irish Beef which the stores offer. The animals graze on Irish pastures where they can move about freely during 10 months of the year.

Product safety and quality

A basic requirement of product range composition is that products are impeccable and safe. Here Real often relies not merely on the legal requirements and controls but offers its customers additional safety by implementing and complying with international quality standards such as Qualität und Sicherheit (QS) and the International Featured Standards (IFS). Real defined further standards for specific product groups that exceed the legal regulations. Regarding fruit and vegetables, for instance, the company requires GlobalG.A.P. certification. Moreover, Real backs the demand to minimise the use of pesticides and advocates legislation that only allows the use of pesticides in fruit and vegetable production that are approved in Europe. No more than 70% – and from 2019 no more than 50% (20% in the case of glyphosate) – of the legal maximum residue amounts for pesticides may be utilised. Additionally, it has been determined that a maximum of 5 different active ingredients may be used and only 80% of the total threshold value may be utilised. Real carefully checks the quality of the products on a regular basis via supplier audits, lab inspections by accredited labs as well as warehouse controls.

Compliance with social standards

Global, complex supply chains have developed in the wake of globalisation. Coffee from Columbia, fruit and vegetables from Africa and New Zealand or textiles and electronic products from China and Bangladesh are only some examples where the products are sent around half the globe before they become available for customers at the shop. While here at home laws and often also unions and works councils protect employees against exploitation and working conditions that are inhuman or endanger their health, this is not a given in other regions of the world. Especially in emerging and developing countries, laws are frequently insufficient or inadequately enforced. Therefore more and more customers wonder about the social conditions under which the goods they purchase were produced. For this reason, sustainable product range composition must also take social aspects of the production along the supply chain into account. And so Real requires all its business partners to contractually pledge compliance with the labour standards of the International Labour Organization (ILO). The strict prohibition of child and forced labour as well as any kind of exploitation is as much part of the agreement as are other forms of labour that are exploitative, damage a person's health or violate his or her dignity. This applies to the entire food and non-food product range, without qualification.

Real is a member of amfori BSCI (Business Social Compliance Initiative) via METRO AG. The goal is to implement safe working conditions along the supply chain. Real demands transparency regarding the production sites used, that carry out the final value-creating production step, as well as compliance with

the social standards of amfori BSCI from all non-food own-brand suppliers (non-food own-brand products as well as own import products) which produce Real own brands in so-called risk countries (based on the evaluation of amfori BSCI). This must also be validated by an adequate audit result (i.e. A, B or C, for the Amfori BSCI or an audit that is acknowledged as equivalent). By the end of financial year 2017/18, 98% of factories had a valid and adequate audit.

Regional product range

To show customers which products are from the region, Real marks them with the 'Gutes aus der Heimat' (Prime local produce) logo. More than 20,000 items already bear this logo. Especially fruit and vegetables as well as sausage products are from nearby enterprises which are located within a radius of 100 kilometres of the respective store at most. The company strengthens the local economy with regional products. Shorter transport routes and more efficient logistics protect the environment.

Products with reduced fat, sugar and sodium content

A number of heavily processed foods have a high sodium, fat and/or sugar content. This may lead to consumers taking in amounts of these nutrients that far exceed the recommended daily allowance. For this reason, Real has been working for years on optimising food composition for the benefit of consumer health. In 2015, the company set itself the aim to reduce the sugar, fat and sodium content of about 150 own-brand products by 2017. Real has accomplished this goal: the composition of more than 150 items (including the own productions at the stores) has been optimised. The main focus was on products which are frequently consumed by children, such as 'real QUALITY TOMATEN-KETCHUP für Kids'. Real was even able to reduce the sugar content of this product by 30%. The company plans to check all own-brand products and own productions by 2022 and – if this is possible without any sensory loss – to alter the formulations in terms of a lower sugar, fat and/or sodium content.

Sustainable fish purchasing

Overfishing is considered the main reason for the decline of many species within the marine ecosystems. Even though the stocks of some fish species have been able to recover during the past few years, a large part of the stocks is still considered overfished or endangered. Aside from the ecological aspects, such issues as adherence to social standards as well as human trafficking and forced labour are major challenges for global fishery.

Together with suppliers and stakeholders, Real has developed a number of measures in order to promote sustainable fisheries and in this way contribute to the

protection of the marine ecosystems as well as the people employed in the fishery industry. For example, Real excludes fish species that are critically endangered according to IUCN if they are not available as sustainably certified goods. Additionally, Real carries Victoria perch from the Naturland Wildfish certification programme in Bukoba, Tanzania, which strengthens smaller fisheries. The standard contains ecological, social and economic criteria. Not only is the impact of fishing on the environment reduced in this way, but the working and living conditions of the fishers are improved, too.

Real has the concrete aim of having 100% of all fish products under its own brand certified with a sustainability standard by 2020 if they are available. These standards include, for instance, the seals from the Marine Stewardship Council (MSC), the Aquaculture Stewardship Council (ASC), GlobalG.A.P., Bio, Friend of the Sea, Best Aquaculture Practices (BAP), Naturland Wildfish and the Eel Stewardship Fund (Initiative zur Förderung des europäischen Aals e. V., ESF).

In order to furthermore improve the working conditions as well as promote adherence to social minimum standards in the fish supply chain, Real obliges its suppliers contractually to comply with the ILO key labour standards and prefers manufacturing companies and fisheries which are certified according to a social standard such as BSCI, SEDEX-SMETA or SA8000.

Cocoa from certified and sustainable farms

Cocoa is one of the most important trade goods in the world. Most cocoa growing areas (about two thirds) are in West and Central Africa on small farms. The working and living conditions of these small farmers are very hard. Often the farmers' income is not enough to make a living and invest in pest management, good plant material or improved cultivation methods. This in turn exacerbates further evils such as child and forced labour. In addition to a number of social challenges, there are also ecological problems in connection with cocoa growing which must be overcome. To make a contribution towards solving the diverse challenges in the cocoa industry, Real has developed a purchasing guideline for cocoa in which the criteria for cocoa procurement are defined. For instance, since 2015 the company has demanded that only cocoa be used for all own-brand products which has been certified according to one of the 3 internationally recognised standards of Fair-trade, UTZ Certified and Rainforest Alliance and which was procured in compliance with the Mass Balance supply chain option. Now that this goal has been achieved, the company plans to gradually switch to the 'Segregation' (SG) and 'Identity Preserved' (IP) supply chain models, as long as the market situation permits.

Sustainable palm (kernel) oil

Palm and palm kernel oil can be found in many convenience goods such as food, cosmetic products and detergents. Due to its specific properties, it is used in the field of consumer goods in many different ways. Demand for it is therefore high – and steadily increasing. To meet the growing demand and gain new acreage, large parts of rain forests continue to be cleared. This contributes to the destruction of the habitats of people as well as numerous animal and plant species, and has far-reaching consequences for the environment and the global climate.

In terms of production, palm and palm kernel oil, however, cannot be easily and meaningfully replaced by other oils. This would only shift the problems or even exacerbate them, as other oil plants yield less oil than the oil palm and would therefore require more acreage.

In view of these facts, Real, in conjunction with its suppliers and other stakeholders, advocates sustainable oil palm cultivation. The company has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011 via METRO AG. The association of relevant stakeholders of the palm (kernel) oil supply chain supports the sustainable cultivation and use of the oil palm. Since 2015, Real has only used sustainably produced and certified palm or palm kernel oil according to the supply chain models Identity Preserved (IP), Segregation (SG) or Mass Balance (MB) or alternative raw materials for all own-brand food items. The company has now committed itself to a new target: by 2025, it wants to use 100% certified palm oil or palm kernel oil based on RSPO's 'Identity Preserved' (IP) or 'Segregation' (SG) supply chain models for its own-brand food items, as long as the market situation permits. In addition, the range of own-brand detergents and cleaning agents as well as cosmetics products is to be switched to sustainable palm oil based on one of the above-mentioned supply chain models, if the market situation permits. Currently, the palm or palm kernel oil is certified according to the IP or SG supply chain model for more than 50% of all own-brand products.

Commitment to the protection of animals

Real's corporate principles require that products of animal origin are marketed that were made with animals reared in species-appropriate ways. Since current legislation does not always sufficiently guarantee this in farm animal husbandry, the company, in conjunction with various stakeholders and suppliers, is continuously working on measures to further advance animal welfare. Real has summarised the pertinent goals and measures in a purchasing guideline for animal products which was published in 2016 for the first time and has been further developed since then.

Real is engaged in broad-ranging projects which advance animal welfare in general, as well as in specific measures concerning individual animal

species or individual product groups. To make its portfolio of animal products as sustainable as possible, the company steadily expands its range with products whose standards exceed the legal requirements. In the poultry segment, for instance, Real carries conventional products bearing such quality seals as 'Für mehr Tierschutz' (For greater animal protection, basic level) or 'Label Rouge' as well as 'Nature & Respect'.

New additions in 2017 were products of the 'Kikok' label in selected stores. It has also tougher requirements, such as lower stocking density, the provision of toys and animal feeding requirements. In the pork segment, some Real stores carry sausage products of the 'frohNATUR' brand. Here the pigsties are divided into different areas (for example an outdoor or digging area) and are equipped with straw and toys for the pigs, among other materials. The stocking density is lower than in conventional pig husbandry. The feed is not genetically modified. As for beef, for the most part Real carries Irish Beef. Irish cattle spend almost all year long (at least 10 months) on pastures where they can move about freely. In addition to conventional goods, the company has meat and sausage products in organic and Demeter quality in its assortment. Real is also active with respect to such animal products as milk, dairy products and shell eggs. Under its own brands 'real BIO' and 'real QUALITY', the company does not sell shell eggs of laying hens whose beaks have been trimmed, as committed in the [buying guideline for shell eggs and egg products](#). Additionally, Real carries eggs which have been distinguished with the 'Für mehr Tierschutz' premium level logo. Here, too, the beaks of laying hens are not trimmed. Moreover, the company has added 100% certified organic 'haehnlein' eggs to its product range Germany-wide. Here, the male chicks of the laying hen line are also reared and later used for meat production. This is currently not standard practice yet, as male chicks have such little meat that they are not as profitable for the meat chicken farms as the chickens that are specifically reared for meat production. Real sells the meat of the male animals in selected stores.

Furthermore, Real switched the fresh milk of the 'real QUALITY' brand first to pasture milk and then to mountain farmers' milk, from which UHT milk and mountain farmers' butter are also produced, as described in the [buying guideline for animal products](#). Mountain farmers' milk comes from small establishments in the Alps where the cows are in pasture several months a year and where they can move freely about eating fresh grass and fresh herbs.

Vegetarian and vegan product range

To promote animal welfare and meet its customers' needs, Real is continuously expanding its range of vegetarian and vegan products. In financial year 2017/18, for instance, the company included various vegan meat alternatives, such as natural tofu and organic ground tofu, vegan schnitzels, nuggets and burgers,

in its product range under the 'real QUALITY' own brand. Currently, the stores stock more than 2,000 vegetarian and vegan products which are identifiable for customers among other things thanks to shelf and product signs. On the 'Besser Leben' (Better living) consumer portal, Real offers its customers additional information on the ingredients of its own-brand products. Here, the consumers learn, for example, whether gelatin was used for clarification or if the rennet used is of animal or plant origin.

Sustainable wood and paper products

The world's forest land is an important element in the regulation of greenhouse gas emissions. Advancing deforestation for the procurement of wood and paper products thus contributes to the greenhouse gas effect and hence to the global climate change. Forests, moreover, are the habitats for many animal species. To live up to its responsibility as a retail company in this area as well, Real engages in the sustainable treatment of the resource wood. In its purchasing guideline for wood and paper products, for instance, published in 2016, the company defined appropriate goals and requirements for the procurement of wood and paper products. Real has determined that all own-brand items, customer service items and products for internal use must be from sustainable sources by the end of 2020 if their wood or paper content accounts for at least 50% of their weight. Wood and paper products are considered sustainable if they come from sustainable forestry – in other words, if the material is not one of the types of wood requiring protection according to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or fall under the guidelines of the International Union for Conservation of Nature (IUCN). Products are also considered sustainable if they were certified as sustainable or if they were made from recycled material and bear a pertinent certificate according to the standards of Blauer Engel, the Forest Stewardship Council® (FSC®), the Programme for the Endorsement of Forest Certification Schemes (PEFC), the EU Ecolabel, Nordic Swan Ecolabel or ÖKOPAPLUS. Wood and paper products from trees on the CITES and IUCN lists are prohibited unless they come with a certificate concerning sustainable forestry.

Furniture, such as garden chairs, beverage cartons for juices and similar and hygiene paper products (all under the own-brand range) are already certified according to PEFC, FSC® or Blauer Engel. We are constantly working on converting other product ranges to this effect.

Sustainable textiles

Most of the textiles sold in Germany are imported from abroad – often from developing and emerging countries. The textile supply chain is highly complex, and different stages of production sometimes take

place in different countries. On the one hand, this industry branch offers many people jobs and can also help women to make their living on their own and independently. On the other hand, the production and working conditions in many countries fall short of the internationally defined environmental and social standards yet. One consequence of this is that child and forced labour still exist in many places and the safety at work is not ensured everywhere. In addition to the social aspects, there are a number of ecological challenges in the textile sector that must also be dealt with. These include, for instance, the high water consumption and the use of pesticides and chemicals.

Real has defined various measures to improve the living conditions of people and animals in the textile supply chain and help reduce the use of water, pesticides and chemicals. The company steadily expands its range of textiles with sustainability standards. By 2025, it only wants to use own-brand textiles with cotton content that meet a sustainability standard such as Global Organic Textile Standard (GOTS) or Cotton made in Africa (CmiA), or a seal for certified organic cotton.

Additionally, via METRO AG Real is a member of various initiatives which are actively involved in improving the living and working conditions in the textile supply chain. These include, for instance, amfori BSCI and the follow-up agreement of the Bangladesh Accord (see the section 'Compliance with social standards'). Real furthermore strictly excludes critical products such as cotton from Uzbekistan and the so-called sandblasting method in the production of jeans as well as practices involving cruelty to animals, like the mulesing method used with Merino sheep or live-plucking of geese, ducks and Angora rabbits.

EMPLOYEES FIELD OF ACTION

Our mission: We support our employees in all life situations. We give our employees' careers a jump start, offer them opportunities to grow and climb the career ladder, and provide them with support in difficult circumstances in their lives.

A company can only succeed if it has motivated and committed employees. Accordingly, it is Real's top principle to support and encourage its employees as best it can and to offer them an attractive work environment. From giving their career a jump start to offering them opportunities to grow and helping them in difficult circumstances in their lives, the company provides its employees individual support.

Currently, Real has some 34,000 employees in all different kinds of professional fields of commerce. The company moreover places great emphasis on offering training for talented young employees. In addition to the classic jobs requiring training such as retail sales assistant, butcher and administrator for office management, since 2017, Real has also offered training as a retail sales assistant with the additional qualification 'freshness'. Here, the apprentices are

taught not only commerce-related content but also manual skills.

Focused human resource development

The continuing professional development of employees is crucial in the competition with others. Real supports its employees with focused human resource development in many different ways and encourages them to act on their own responsibility. For example, the company offers some 300 seminars, workshops and more than 100 e-learning programmes to inform employees about sustainability measures as well as their significance for Real and for society.

Day of Sustainable Food



For the first time, selected Real suppliers and producers presented their products and talked about their engagement for sustainability on the 'Tag der nachhaltigen Lebensmittel' (Day of Sustainable Food) in early July 2018 under the motto of 'Acting responsibly'. The attendants included numerous employees from Sales as well as representatives of the press, NGOs plus various guests from the region. In addition to an in-house trade fair, lectures were presented on industry-related topics concerning 'Sustainability in the food sector'.

In his welcoming speech, Real's CEO Patrick Müller-Sarmiento pointed out how important it is to set oneself clear goals and to pursue them with a strong focus. He specifically emphasised that the company has already accomplished its target of generating 30% of its revenues with sustainable products by 2019. He also welcomed the inclusion of Demeter products in the company's assortment and announced that this range was going to be expanded rapidly. On the Day of Sustainable Food, Dr Simone Helmle, Director of the Demeter academy in Darmstadt, offered insight into the Demeter concept and the biodynamic form of agriculture on which it is based. In addition, Tankred Kauf, Managing Director of Campo Verde, offered sales-specific information on 'Demeter product knowledge'.

Industry-related lectures and in-house trade fair with sustainable food

In his lecture entitled 'Nachhaltigkeit? Gutes Leben! Strategien und Ansätze für einen gesellschaftlichen Wandel' (Sustainability? Living well! Strategies and approaches for a transformation of society), Stephan Schaller from the Collaborating Centre on Sustainable Consumption and Production (CSCP) argued that people want to grow but that it is difficult to change their behaviour and it requires stamina to provide concrete assistance. This was followed by a lecture by Udo Gattenlöhner from the Global Nature Fund (GNF) on 'Biologische Vielfalt und die Lebensmittelbranche' (Biological diversity and the food industry), before Georg Abel from the Verbraucher Initiative e. V. Berlin took a closer look on the consumer's point of view in his paper on 'Gewohnheiten, Kaufverhalten, Erwartungen ... Verbraucher und Nachhaltigkeit' (Habits, purchase behaviour, expectations: consumers and sustainability). During a subsequent panel discussion on 'Zwischen Umsatz und Unternehmensverantwortung – Herausforderungen und Chancen bei der Förderung des nachhaltigen Konsums' (Between revenues and corporate responsibility: challenges and opportunities in promoting sustainable consumption), the external lecturers discussed the issue of sustainability and profitability with Real representatives from the Sales division.

The visitors also had the chance to gather information about the available sustainable food items and sample them at various trade fair stands.

Sustainable projects of trainees

Real teaches its young employees not only traditional training content but also how to assume responsibility early on and to engage on behalf of society. One example of this is the 'Junges Gemüse verkauft Obst' (Spring chickens sell fruit) in-house project which took place for the second time in 2018. As part of the project, which placed a special focus on Real's sustainable product range, 22 trainees managed the fruit and vegetable department at the Markthalle Krefeld for 4 days. Their main duties included supply management, incoming goods control, inventory management and labelling as well as sales presentation and customer advice. The young employees moreover created a raised bed in order to draw the customers' attention to the permaculture product range and the diverse organic products. The trainees were assisted by members of the in-house team leader development programme.

Inclusion in everyday work

Whether in administration, in the store or in the warehouse – a disability is no handicap at Real. The company promotes the disability-friendly and accessible design of workplaces and the work environment as well as the permanent preservation of jobs and

trainee positions for disabled persons or those threatened by disability. The employment rate for people with severe disability is 8.36%, which is considerably above the legal requirements.

Hardship fund

To give financial support to employees facing an emergency, Real set up a so-called hardship fund in 2012. It comprises donations from the employees and employer contributions, and is for the benefit of employees who have made donations and their relatives and partners. The General Management and the Works Council decide jointly on how the funds are used.

Diversity at Real

Real employs individuals from 95 different nations. The company respects the cultural differences and benefits from this diversity. After all, thanks to its employees' broad range of cultural and linguistic competencies, Real is able to address different customer groups. Experience shows: outstandingly trained and motivated applicants can be found in all nations. For this reason, the company's expectations are the same of all applicants, regardless of their origin, religion or other belief, gender or sexual orientation.

Equal opportunities

Advancing female employees and offering women attractive career perspectives has been an integral part of talent management at Real for many years. Its main focus is on individual arrangements and measures that take the specific situation of the respective employees into account. As a consequence, the compatibility of family and career, part-time training, parental leave and women in executive positions are an actual reality at Real. In 2017, the company was the first retailer in Germany to be awarded the golden 'top4women' signet for this exemplary commitment.

Work-life balance

If you want to feel good and be physically fit, you must find a healthy balance in life – especially between career and private life. To make sure its employees can master this challenge, Real supports them in this effort. It was one of the first companies in Germany to introduce a family care period in 2015. The company allows its employees to reduce their number of working hours so much that they can continue to work while also taking care of relatives.

Security of employment

For decades, Real has been one of the few companies in the food retailing sector that has adhered to pay scales agreed through collective bargaining. In contrast, in recent years more and more retailers with a cooperative structure have broken away from binding regional collective bargaining and thus undermined it. This development has led to personnel costs at Real that are up to 30% higher than those of competitors not bound by collective bargaining agreements. For this reason, Real in 2015 switched to an HDE membership (association of German retailers) without a collective agreement and then tried to find a collective agreement solution for new employees with ver.di. However, ver.di did not agree to this, which led to a compromise in the form of a future collective agreement. With this collective bargaining agreement, Real has in principle again recognised the regional collective bargaining agreements of the retail trade. However, exceptions have been defined, including the requirement that a new competitive remuneration structure be negotiated by the end of March 2018, either through a reorganisation of the regional collective agreement or alternatively through an in-house pay scale at Real. In the end, it was not possible to find a concrete joint solution with ver.di for the current challenges facing the company and its employees. For this reason, in March 2018, Real began to create the conditions for a collective bargaining partnership outside the HDE structures. This includes the exercise of a special termination right agreed in the future collective agreement. With the termination of the future collective bargaining agreement, the management of Real also deliberately made the decision to adjust the remuneration for Real employees to the level of the regional collective bargaining agreement for 2018. This also means full vacation and Christmas bonuses already in 2018. The planned increase in wages for 2018 took place in several steps. Accordingly, existing employees will not have to accept any losses. This is ensured by an overall commitment from the Real management.

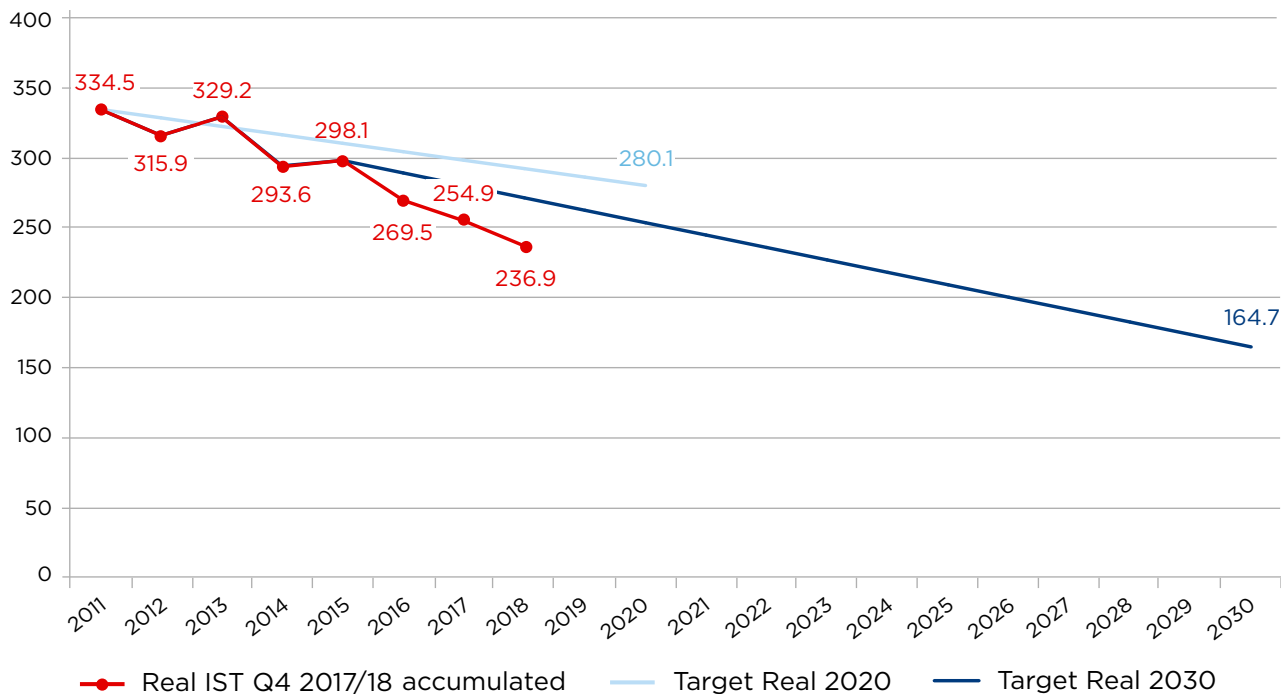
In addition, since the beginning of June, Real has been using the collective bargaining agreements negotiated between the employers' association AHD – Unternehmensvereinigung für Arbeitsbedingungen im Handel und Dienstleistungsgewerbe e.V. and the trade union DHV – Die Berufsgewerkschaft e.V. for all new hires. These have been in force for some time at METRO SERVICES GmbH (now real GmbH), to which the business of Real was spun off. The fact that Real is an attractive employer for new hires despite the new remuneration structure is demonstrated by the more than 2,400 new hires in the months since the changeover of the collective bargaining model. Only with a sustainable remuneration structure can the company remain competitive. In recent years, considerable investments have been made in Real's future viability. The step-by-step reduction of structural wage cost disadvantages compared with competitors through a new remuneration structure for new hires is a measure that makes a significant contribution to safeguarding the jobs of the approximately 34,000 employees.

ENVIRONMENT FIELD OF ACTION

Our mission: Our actions should have as little impact on the environment as possible and should conserve resources.

Under the motto of 'Acting responsibly', Real is actively committed to protecting the climate and the environment. The company's goal is to use resources as sparingly as possible and promote environmentally sound production processes.

CLIMATE PROTECTION TARGET FOR 2030



Real set itself a clear climate protection target back in 2011: Real wanted to cut greenhouse gas emissions by 16% per square metre of selling space by 2020 compared to the reference year 2011. Appropriate measures were implemented so successfully that it became obvious that this target would be achieved by Real much earlier than in 2020. In order to make further efforts for the benefit of climate protection, Real set itself a new goal in early 2016: it wants to reduce greenhouse gas emissions per square metre of selling space by at least 50% by 2030 compared to 2011. In financial year 2017/18, the company reduced its carbon emissions by 36% per square metre of selling space compared to the previous year. Further specific measures are being planned in various areas in order to achieve the climate protection target for 2030, for instance in energy management, food refrigeration and lighting.

Improving energy efficiency is a group-wide task which cannot be accomplished by the people in charge of energy issues alone. Energy and climate protection are matters that must be tackled by all employees. Every single person can make an important contribution to saving energy and in this way help to protect the environment and achieve the company's target. For this reason, Real regularly calls on its employees to actively participate in the development and implementation of the energy-related improvements, especially within their own scope of duties. Ideas on the subject can be found in the company's own energy saving guidelines or the 'Gewusst wie spart Energie!' e-learning programme. Information on the company's energy policy, the ISO certification and its energy management system in general is available for all employees on the intranet.

Certified according to DIN EN ISO 50001 - Real's energy management system

To continuously reduce energy consumption as well as CO₂ emissions while improving energy efficiency, METRO AG and Real introduced a group-wide energy management system which they had certified according to DIN EN ISO 50001.

Reducing packaging

As part of its sustainability strategy, Real takes measures to avoid and recycle waste along the entire value chain as well as reduce packaging materials that are harmful for the environment. The measures include the promotion of environmentally friendly products and packaging as well as active involvement

in avoiding and reducing them and returning them to the cycle of materials.

The company has demanded measures to reduce packaging material and recycle packaging for years, especially from its own-brand manufacturers. The respective internal guidelines are continuously improved and revised. The purchasing strategy for packaging is based on the 5 principles of removing, reducing, reusing, renewing and recycling.

Reusable packaging at Real's fresh-food service counters



After successfully handing out fresh products in reusable packaging provided by the customers in the Gotha (Thuringia), Dreieich (Frankfurt metropolitan area) and Pentling (Bavaria) stores on a trial basis, Real began with the expansion of this concept to all stores in summer 2018. The same applies to serving coffee in reusable cups. Due to the strict hygienic requirements, detailed and mandatory procedures have been developed. Each store must coordinate these procedures with the respective local food monitoring authority in advance.

FairCup – reusable packaging in a closed cycle

Real takes innovative approaches in its search for alternative packaging concepts in the fresh-food segment. As part of a pilot trial, the 2 stores in Göttingen have supported a deposit system for packaging since August 2018. The idea, which was developed by the start-up FairCup, is simple: customers order their goods at the fresh-food counter and choose the

returnable FairCup which is available in different sizes. The item is weighed in the cup and sealed with a sticker. At the checkout, the customer pays for the item plus the deposit and takes the closed cup home. Once the cup is empty, it can be returned at the reverse vending machines in the Real stores in Göttingen, just like a deposit bottle. The customer receives a credit voucher which he or she can set off against the next purchase. Cup and lid can be used up to 500 times and are completely recyclable afterwards.

Up until now, the reusable cups have been available at about 100 sales outlets in the Göttingen area. With the 2 Real stores, the first major retail company has become a project partner.

Avoiding packaging in the fruit and vegetable section



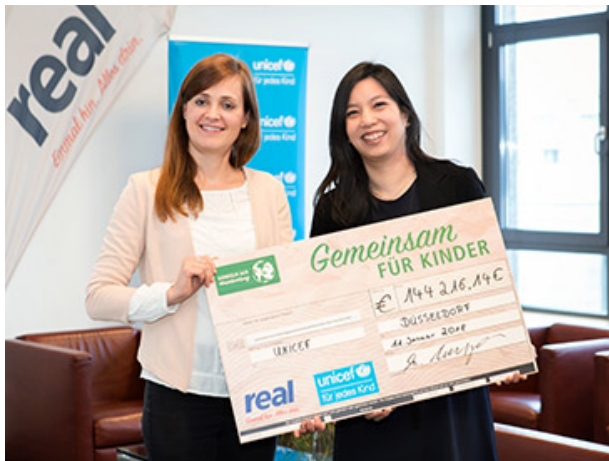
Since September 2018, Real has provided reusable string bags in a few stores as part of another pilot project. They can be used in lieu of the conventional small plastic bags in the fruit and vegetable section. The company also constantly talks to fruit and vegetable suppliers and tests packaging alternatives and alternative materials such as grass paper bowls or sleeves.

CUSTOMERS AND SOCIETY FIELD OF ACTION

Our mission: Our public activities are characterised by credible social responsibility and ties to the community.

Real supports many social family projects as well as charitable relief organisations. To embed sustainability in society, extensive customer education is equally important. That's why another focus is the provision of transparent and comprehensive consumer information concerning a healthy lifestyle.

UNICEF fundraising drive



During the 2017 pre-Christmas season Real customers had the opportunity for the seventh consecutive time to purchase UNICEF greeting cards to do a good deed. The entire proceeds were donated to UNICEF health, education and child protection programmes in about 150 countries. Real sold more than 21,000 Christmas card sets, generating sales revenues of nearly €172,000 for UNICEF. Over the past 7 years of the cooperation, a total of more than €1 million in proceeds went to the United Nations Children's Fund.

Donation campaign for Deutsches Kinderhilfswerk

On the occasion of the 10 year anniversary of the 2017 Real 'Meistermetzger' (Master butcher) concept, for 1 week €1 of every purchase of more than €10 at the master butcher counter went to Deutsches Kinderhilfswerk, the German Children's Fund. The campaign collected €62,000. Most of this amount was used to promote healthy nutrition for children. For example, cooking classes in schools and associations are subsidised via the nutrition fund of the German Children's Fund to teach the basics of healthy nutrition in a playful manner.

Wish tree campaign for children



In 2017, the so-called wish tree campaign took place for the eleventh time already at all Real stores. In the context of this project, Real collects gifts specifically for children in such local institutions as children's homes, children's hospices and children's food banks during the pre-Christmas season. The children paint their little Christmas wishes onto cards which are attached to the wish tree. Customers can then take them home and bring joy to the children with a gift. In financial year 2017/18, Real, together with its customers, fulfilled nearly 10,000 wishes.

Collaboration with food banks

Real has enjoyed a more than 10-year partnership with the national food bank organisation Bundesverband Deutsche Tafel e. V. The hypermarkets throughout Germany donate food items which have not yet reached their best-before date to local food banks. These pass the products on to people in need. The stores moreover regularly initiate campaigns to support their local food banks.

Too good to go

Since August 2018, at 10 Real stores food leftovers have been offered at a reduced price via the Too Good To Go app. Excess merchandise is packed in bags and offered at a price of €3 per bag via the app; the actual merchandise value is much higher. Customers who purchase a bag via the app can pick it up at the Real store within a specified time frame, thus actively combating food waste and saving money to boot.

Trinkwasserwald

Real has supported Trinkwasserwald® e. V. since 2018. The association underplants conifer monocultures with deciduous trees so that the forests can supply more groundwater and drinking water. Since 2018, Real has included a special mineral water in its portfolio from whose proceeds 10 ct per bottle are donated to the association. Customers moreover were able to support the association with their purchases at the fresh-food counters in the Real stores in May 2018. This campaign collected €55,000. Initially, the amount was used to plant some 2 hectares of forest.

Real is main partner of Deutscher Hockey-Bund



Since February 2018, Real has been the new main partner of Deutscher Hockey Bund e. V. (DHB), the German Hockey Federation. As official partner for nutrition and fitness, the company puts its expertise in freshness and food into the service of the elite sport and accompanies the national women's and men's hockey teams to all tournaments. With this partnership, Real intensifies its engagement for healthy nutrition and bolsters its position as a health-oriented company.

Better living – responsible purchasing, naturally

More and more customers attach great importance to healthy nutrition and a conscious lifestyle. To help them eat a balanced diet, Real provides information on the components of individual food items. Under the motto of 'Besser Leben' (Better living), the company regularly provides information on nutrition topics and trends via brochures, magazines, flyers, the company website and in the hypermarkets. In addition, customers can learn about a balanced diet and sports- and health-related issues on the 'Besser Leben' portal at www.real.de/besser-leben/bewussteinkaufen.

The packaging of all own-brand items contains nutrition information tables offering an overview of the energy and nutrient content and information about the percentage of the recommended daily allowance that the product supplies.

KEY PERFORMANCE INDICATORS

The chapter 'key performance indicators' provides information about METRO's sustainability performance in the form of key performance indicators (KPIs). It is divided into KPIs on the economic performance of the company and KPIs on our areas of responsibility (Empower) People, (Secure) Planet, (Unfold) Prosperity and (Enhance) Partnership.

REPORTING PERIOD

The reporting year is the same as the METRO financial year, that is from 1 October to 30 September. Key performance indicators are reported for the previous 3 financial years.

Reporting of the climate protection target also includes the target's reference year, 2011. The figure for the reference year relates to the period from 1 January to 31 December 2011. A different reporting period is used in this case because METRO changed its financial year from the calendar year to the 12 months from October to September in 2013.

DATA COLLECTION APPROACH AND DEGREE OF COVERAGE

The key performance indicators reported are based on data that is gathered using various internal reporting systems. As a rule, this data is systematically recorded for each sales line and each country every quarter, in some cases every month. The KPIs are based on data collected for the whole METRO, that is for all of the stores, back offices and warehouses and for the head office in Düsseldorf. It is necessary to extrapolate and estimate consumption data for some KPIs in cases where the primary data available is incomplete. This applies to the KPIs from the section Planet. The sustainability data management office merges the data from various reporting systems.

The greenhouse gas emissions relating to purchased goods and services, assets and leased assets which are reported in accordance with Scope 3 are modelled because recording primary data for these is highly complex. This modelling is based on KPIs for the economic value added by METRO. To perform these calculations, we use so-called economic input-output models, which are founded on the economic flows of goods and services.

The selling and delivery space figures used as a basis for the KPIs are averages for the year.

We report all KPIs separately for METRO as a whole and for the region Germany, as the country in which the company is based. As a general rule, the KPIs for METRO as a whole include the data for all locations or all employees. The KPIs we report for work-related accidents and continuing professional development in the section People do not currently cover all employees. We do not have the relevant data for all sales lines and organisational units in proper quality. We report work-related accidents for the German METRO companies. The KPIs for continuing professional development include all companies except for a few service companies. We show sales in the section Prosperity exclusively for our German sales lines Real and METRO Wholesale Germany.

All of the sustainability KPIs have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft.

DEVIATIONS FROM PREVIOUS REPORTS

In some cases, the figures presented in previous sustainability reports differ from those cited in this report. There are various reasons for this.

In financial year 2017/18, we switched to different software for the sustainability data management of the KPIs in the section Planet. This involved methodological changes and new emissions factors for calculating greenhouse gas emissions. We use the new emissions factors to represent emissions in financial year 2017/18. For emissions in the preceding years, the previously used factors still apply.

We now apply the climate protection target not only to the square metres of selling space, but additionally to the space used for delivery. In doing so, we are taking into account the quickly rising share of delivery operations

in our total business. In the achievement of the climate protection target, this results in an overall positive net effect of 2.5 percentage points.

There are other differences in the KPIs in the section Planet, arising from estimated figures having been replaced by actual values. In a number of cases, the utilities provide us with consumption figures quite late, and we therefore initially work on the basis of estimates.

The only deviations are those in comparison with earlier reports. Within the present report, KPIs are represented according to a uniform methodology for 3 years, respectively. They thus allow a comprehensible overview of the development.

We complete our data collection and reporting on an ongoing basis to improve the level of transparency and the way we manage our sustainability performance.

As part of these efforts, we have included the additional KPI:

- Employees with a recognised severe disability or equivalent status

In the KPI for the representation of work-related accidents, we no longer use the rate per 1,000 workers, but rather:

- The lost-time injury frequency rate (LTIFR) per 1 million hours worked

COMPANY

ECONOMIC VALUE (VALUE ADDED)



in € million	2015/16	2016/17 ¹	2017/18 ¹
Key performance indicator			
Sales development (like-for-like) (in %)	0.2	0.5	0.7
Sales (net)	36,549	37,140	36,534
EBITDA excluding earnings contributions from real estate transactions	1,765	1,436	1,396
Earnings contributions from real estate transactions	153	175	129
EBITDA	1,918	1,611	1,525
EBIT	1,219	852	740
EBT (earnings before taxes)	894	649	578
Profit or loss for the period	519	345	348
Earnings per share (in €) (basic = diluted)	1.39 ²	0.89	0.95
Dividend per ordinary share (in €)	0.00	0.70	0.70 ³
Dividend per preference share (in €)	0.00	0.70	0.70 ³
Cash flow from operating activities	1,173	1,027	905
Investments	1,007	827	811
Equity ratio (in %)	18.3	20.3	20.5
Net debt	3,051	3,142	3,165
Stores	1,041	1,041	1,048

¹ Includes the figures of the hypermarket business for sale.

² Pro-forma disclosure of combined financial statements.

³ Subject to the resolution of the Annual General Meeting.

EVALUATION IN RELEVANT SUSTAINABILITY INDICES AND RANKINGS

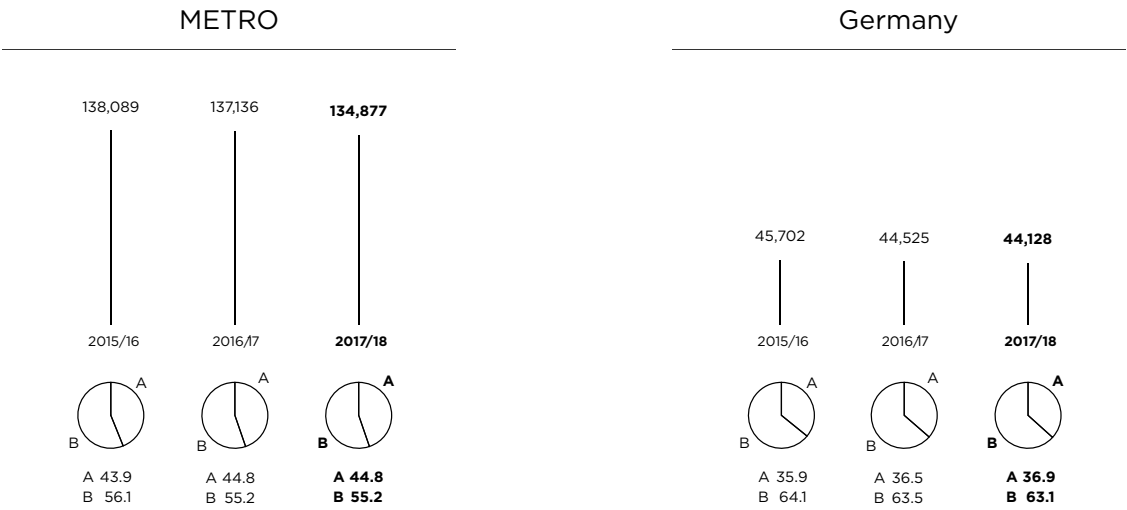
Index/ranking	Rating/score	Scale	Publication date
	76		
Dow Jones Sustainability Index (DJSI) World/Europe	Industry Group Leader Food & Staples Retailing	0 to 100	09/2018
	C+		
ISS-oekom Corporate Rating	Prime Status	D- to A+	08/2018
CDP Climate Scoring	A-	F to A	10/2017
CDP Water Scoring	A-	F to A	10/2017
FTSE4Good Global/Europe Index	Index member		07/2018

Explanation: As part of our stakeholder dialogue, we inform the capital market about our sustainability management activities. This means our sustainability performance is rated by independent third parties.

In financial year 2017/18, METRO confirmed its industry leadership in the Dow Jones Sustainability World and Europe Indices.

EMPOWER PEOPLE

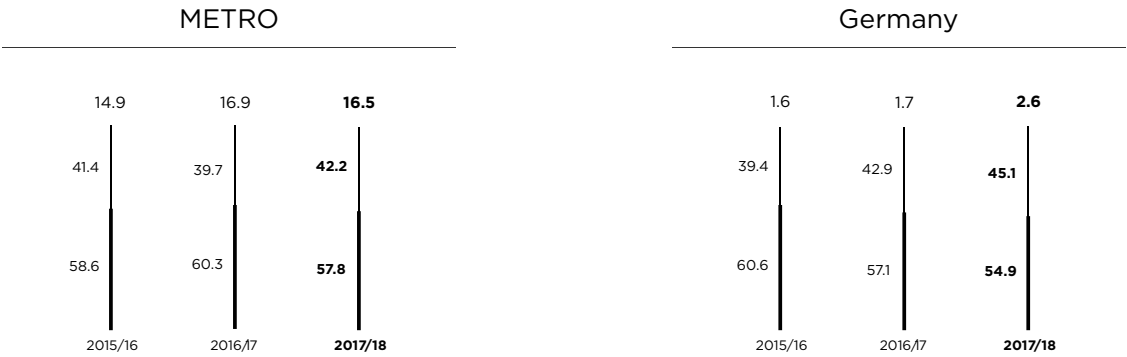
EMPLOYEES



A Proportion of men in % **B** Proportion of women in %

Definition: Full-time equivalent employees, average for the year, excluding trainees.

NEW EMPLOYEES BY GENDER (IN %)



Proportion of new employees in relation to the average number of employees

■ Proportion of men ■ Proportion of women

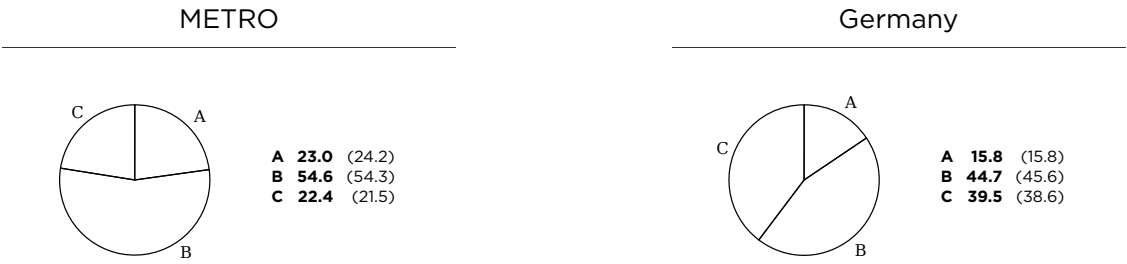
Definition: The figure for new employees includes all newly recruited employees and returning workers. The KPI shows the number of workers joining the company in relation to the average number of employees. This does not include trainees, interns, BA students and employees on temporary contracts.

PART-TIME RATE (IN %)



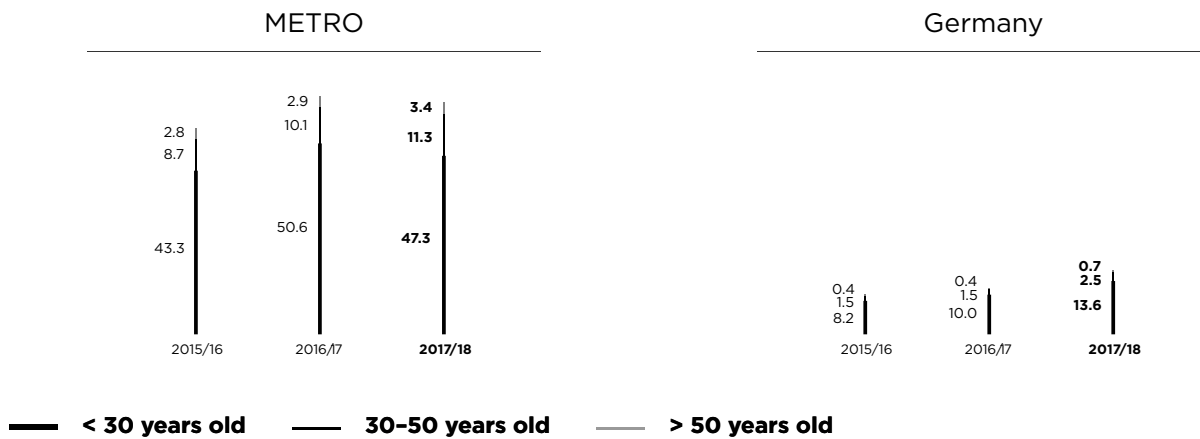
Definition: Share of part-time employees, average for the year, excluding trainees.

EMPLOYEES BY AGE GROUP (IN %)

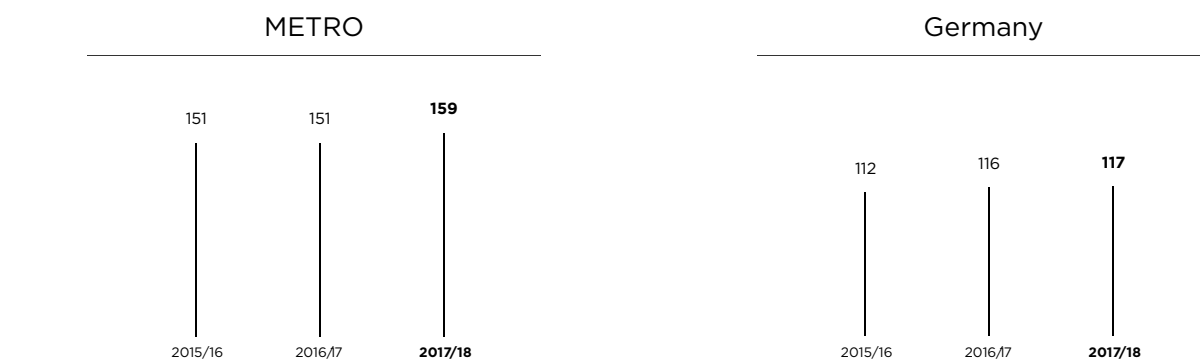


A < 30 years old B 30–50 years old C > 50 years old 2017/18 (2016/17)

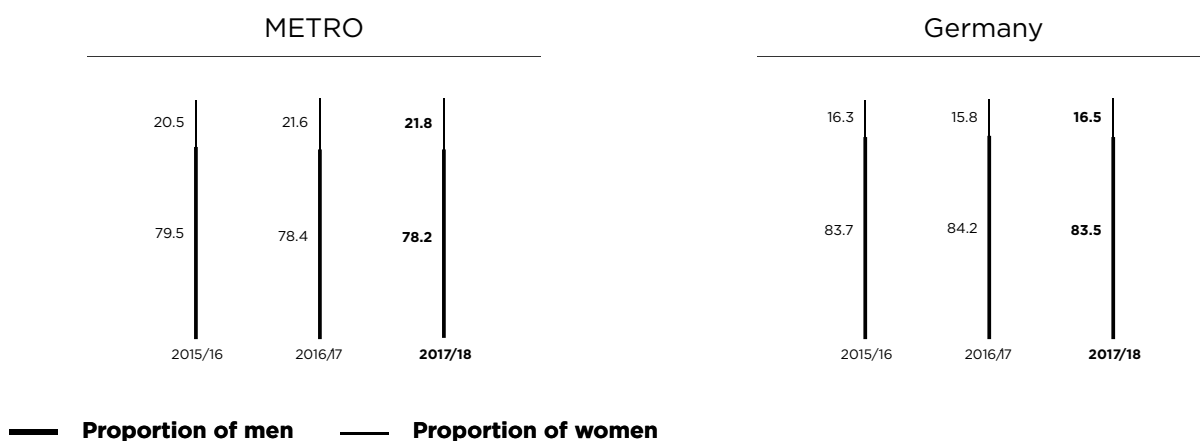
Definition: Breakdown of employees by age group, average for the year, including trainees.

NEW EMPLOYEES BY AGE GROUP (IN %)

Definition: Breakdown of new employees by age group, average for the year. This does not include trainees, interns, BA students and employees on temporary contracts.

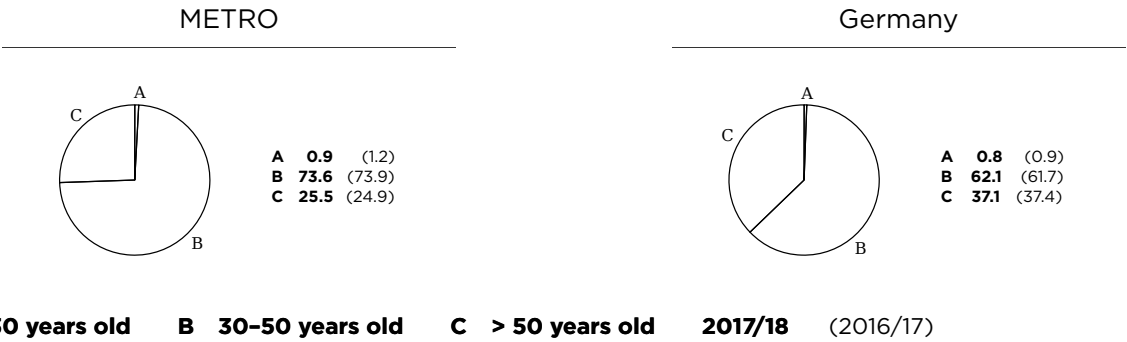
NUMBER OF NATIONALITIES

Definition: Number of different nationalities among our employees, excluding trainees, as of 30 September.

GENDER BREAKDOWN IN MANAGERIAL POSITIONS (IN %)

Definition: Managerial positions are those in levels 1-3 (Management Board, General Management, divisional management, departmental management and store management). The percentage of male and female employees in these positions is calculated (per capita as of 30 September).

MANAGERS BY AGE GROUP (IN %)



Definition: Breakdown of managers by age group as of 30 September.

NUMBER OF NATIONALITIES AMONG MANAGERS



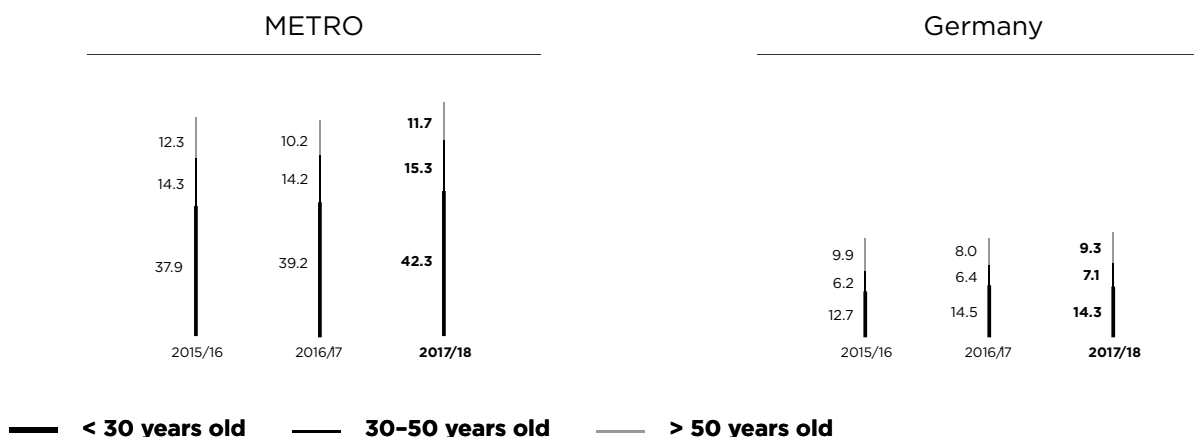
Definition: Number of different nationalities among our managers as of 30 September.

EMPLOYEE TURNOVER BY GENDER (IN %)

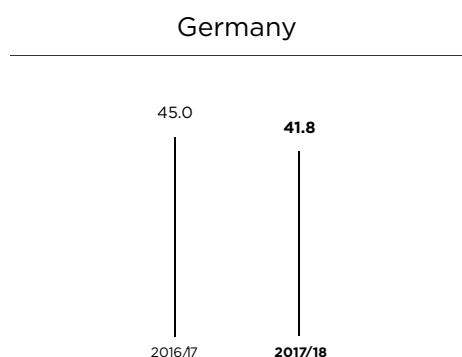


Definition: Employee turnover is defined as all employees leaving, that is those who retire, die or hand in their notice. The employee turnover rate is the number of workers leaving in relation to the average number of employees. All employees on permanent contracts are included.

Explanation: The employee turnover rate is high at METRO. This is primarily attributable to the fact that the employee turnover is generally high in several Asian and Eastern European countries where METRO operates.

EMPLOYEE TURNOVER BY AGE GROUP (IN %)

Definition: Employees leaving due to retirement, death or resignation/dismissal, broken down by age. The employee turnover rate is the number of workers leaving in relation to the average number of employees.

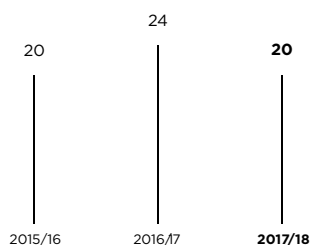
LOST-TIME INJURY FREQUENCY RATE (LTIFR) PER MILLION HOURS WORKED

Definition: The LTIFR captures the number of accidents with at least 1 missed day of work (not including the day of the accident) per 1 million hours worked. Fatalities and cases of permanent sick leave or disability are likewise included, whereas accidents while commuting are not.

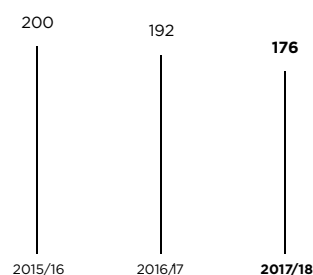
Explanation: In order to identify areas with high accident rates or especially vulnerable groups of people, evaluate causes of accidents and define targeted countermeasures, the German METRO companies have implemented appropriate reporting which covers 97% of the German METRO companies in financial year 2017/18. This reporting is now to be implemented across the group.

CONTINUING PROFESSIONAL DEVELOPMENT

Average number of hours of Continuing Professional Development per employee per year



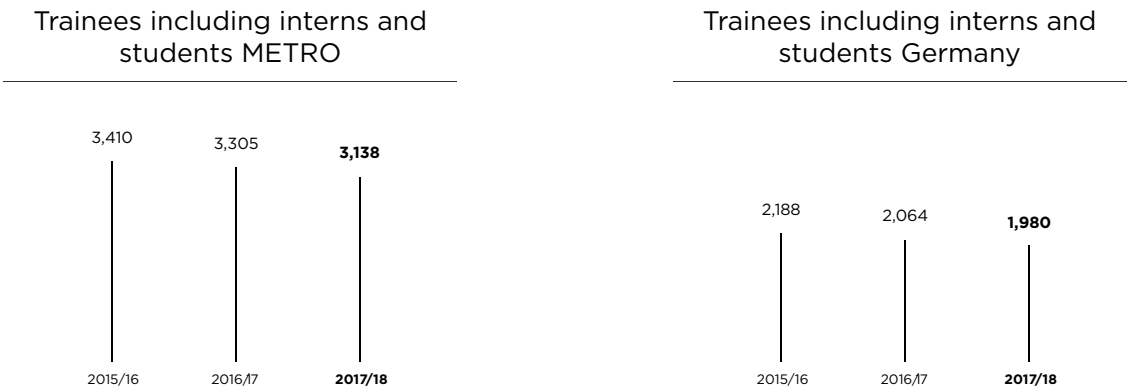
Average Continuing Professional Development expenditure per employee per year in €



Definition: Training (hygiene, occupational safety, etc.) and courses focusing on ongoing operations plus medium- and long-term CPD opportunities that are offered with a view to enhancing the course of business.

Explanation: The figures for training relate to full-time employees on an annual average. The reporting covers 95% of all METRO employees.

TRAINEES, INTERNS AND STUDENTS



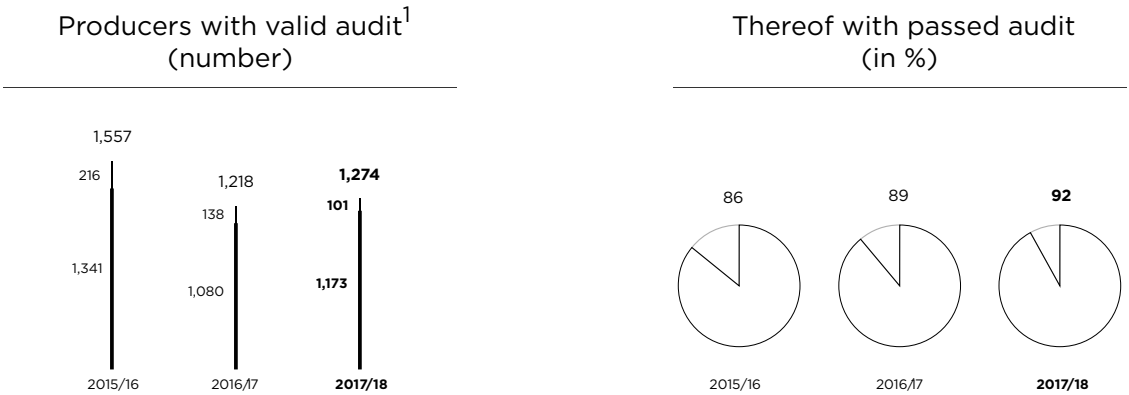
Definition: All trainees including interns and students.

EMPLOYEES WITH A RECOGNISED SEVERE DISABILITY OR EQUIVALENT STATUS



Definition: All employees considered severely disabled as defined by the respective country, or those with equivalent status.

SOCIAL AUDITS RELATING TO OWN IMPORTS BY METRO SOURCING AND NON-FOOD OWN-BRAND PRODUCTS OF THE METRO SALES LINES 10 €



thereof with passed audit thereof with failed audit

¹ This includes producers of commercial goods (non-food own brands and own imports) who carry out the last decisive and value-giving production step.

Definition: Status of all producers in countries defined as risk countries according to the assessment by the amfori Business Social Compliance Initiative (amfori BSCI) in which METRO SOURCING has import goods manufactured, and of non-food producers who manufacture own brands or own imports for our sales lines. Producers that have passed the audit can demonstrate their successful compliance with the amfori BSCI standard or an equivalent social standard system by presenting a certificate awarded by an independent third party.

Explanation: 1,274 producers were audited as of 30 September 2018. Of these, 92% (1,173 producers) passed the audit. Producers who do not pass the audit must demonstrate improvement through a follow-up audit within 12 months. Since 1 January 2017, METRO Wholesale and Real are imposing more stringent requirements on suppliers: new suppliers are accepted only if the producers they source from can show at least one passing audit result. For current suppliers, a transition period of 2 years applies.

The key performance indicator relates to all the producers of which we are made aware by our suppliers.

SECURE PLANET

Carbon footprint

GREENHOUSE GAS EMISSIONS IN T CO₂ (CO₂ EQUIVALENTS)

in t CO ₂ (CO ₂ equivalents)	Reference year			2017/18
	2011	2015/16	2016/17	
Scope 1 – direct greenhouse gas emissions	836,828	712,692	705,377	621,139
Scope 2 – indirect greenhouse gas emissions	1,487,420	1,145,953	1,108,950	1,106,026
Scope 3 – other indirect greenhouse gas emissions	4,234,512	3,294,700	3,157,223	3,614,024
Total greenhouse gas emissions	6,558,760	5,153,345	4,971,551	5,341,189

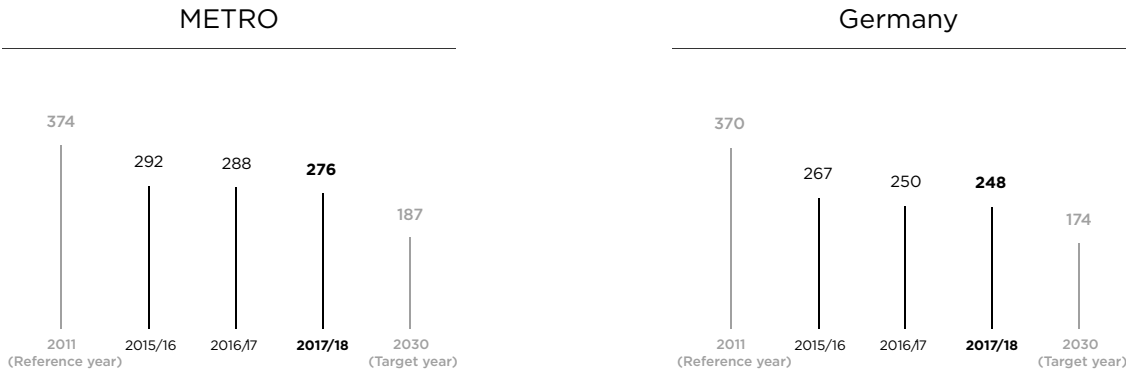
Definition: Level of all main emissions by Scope in line with the methodology of the Greenhouse Gas Protocol. The following sources of emissions are included:

- Scope 1 = fuel oil, natural gas, liquefied natural gas (LNG), liquefied petroleum gas (LPG), refrigerant losses from commercial cooling, refrigerant losses from air-conditioning, fuel consumption of company cars and the group's own logistics fleet, emergency power generators
- Scope 2 = electricity consumption, district heating and cooling
- Scope 3 = external logistics for the transport of goods to our stores and warehouses, in-house paper consumption for advertising and office purposes, business trips, goods and services purchased for own use, capital assets, upstream chain emissions and grid losses for all direct and indirect energy sources, waste, employee commutes, leased assets

Explanation about the Carbon Footprint, especially about methodology, reporting boundaries and climate protection target are available at www.metroag.de/responsibility/business-operations.

Status of climate protection target

GREENHOUSE GAS EMISSIONS IN KG CO₂ (CO₂ EQUIVALENTS) PER M² SELLING AND DELIVERY SPACE



Definition: Greenhouse gas emissions from METRO's stores, back offices and warehouses (by selling space and space used for delivery operations) included within the climate protection target. Included are the emissions from

electricity, heating and cooling energy consumption, also counting upstream chains and grid losses, refrigerant emissions from commercial cooling and air-conditioning, fuel consumption by company cars, in-house paper consumption for advertising material and office purposes as well as business trips.

Explanation: We aim to reduce our specific greenhouse gas emissions by 50% between 2011 and 2030. In concrete terms, this means that we want to cut our emissions per square metres of selling and delivery space from 374 to 187 kg of CO₂ equivalents per annum.

The significant decline in emissions compared with the reference year 2011 can essentially be attributed to 2 factors:

- Measures to reduce consumption relating to energy, company cars, paper and business travel, and to reduce emissions caused by refrigerant loss
- General technical and scientific developments as reflected by the adjustment of the emission factors used to calculate CO₂ equivalents. Above all in electricity generation, the emissions factor in many countries is declining due to the increased share of renewable energies.

Trends in the emission sources included in the climate protection target

GREENHOUSE GAS EMISSIONS IN KG CO₂ (CO₂ EQUIVALENTS) PER M² SELLING AND DELIVERY SPACE

in kg CO ₂ (CO ₂ equivalents) per m ² selling and delivery space	Reference year 2011	2017/18	Change in %
Electricity consumption	21.8	16.6	-23.9
Thermal energy consumption	8.8	7.7	-11.9
Company cars	4.8	2.7	-44.3
Refrigerant losses	222.7	169.2	-24.0
Paper consumption	37.0	29.1	-21.4
Business travel	79.0	50.6	-35.9
Total	374.0	275.9	-26.2

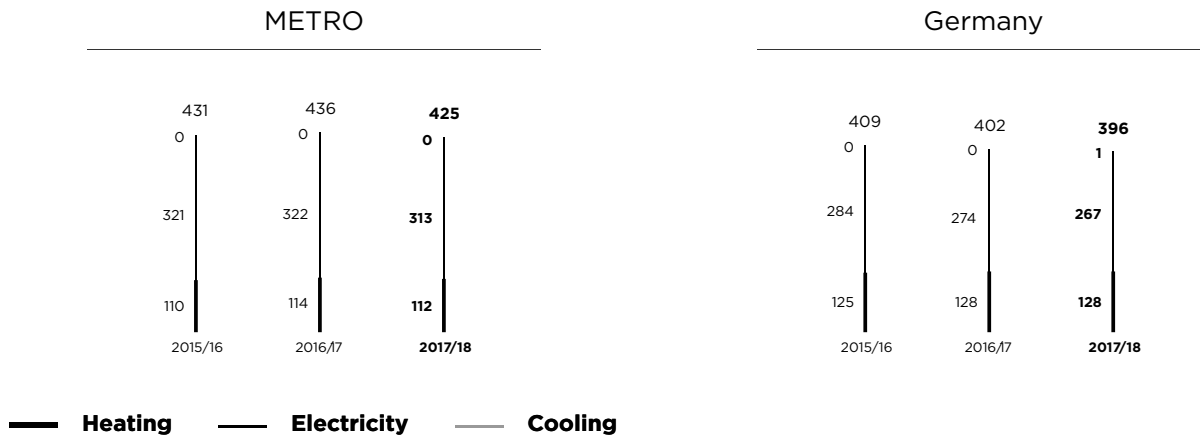
Definition: Trends in CO₂ emissions per square metre from all the emission sources included in the climate protection target compared to the reference year 2011.

Energy consumption

TOTAL ENERGY CONSUMPTION (IN MWh)

in MWh	2015/16	2016/17	2017/18
Fuel (heating oil, gas, petrol, diesel, LPG, LNG)	1,000,627	1,055,847	1,075,792
Electricity	2,364,426	2,330,845	2,324,377
District heating	103,821	96,438	92,035
District cooling	0	0	3,143
Total energy consumption	3,468,874	3,483,129	3,495,347

Definition: Energy consumption for operating the locations and for transportation broken down into the different types of energy used. Fuel includes fuel oil, combustion fuel, natural gas and liquefied natural gas.

ELECTRICITY, HEATING AND COOLING ENERGY CONSUMPTION (IN KWH PER M² OF SELLING AND DELIVERY SPACE)

Definition: Locations' energy consumption in relation to the space used for sales and delivery operations. Energy consumption consists of electricity consumption and heating and cooling energy consumption (fuel oil, natural gas, liquefied natural gas (LNG), liquefied petroleum gas (LPG), emergency power generators and district heating/cooling).

Water**WATER WITHDRAWAL AND WASTEWATER GENERATED (IN L PER M² OF SELLING AND DELIVERY SPACE)**

Definition: Water withdrawal by the locations in relation to the space used for sales and delivery operations.

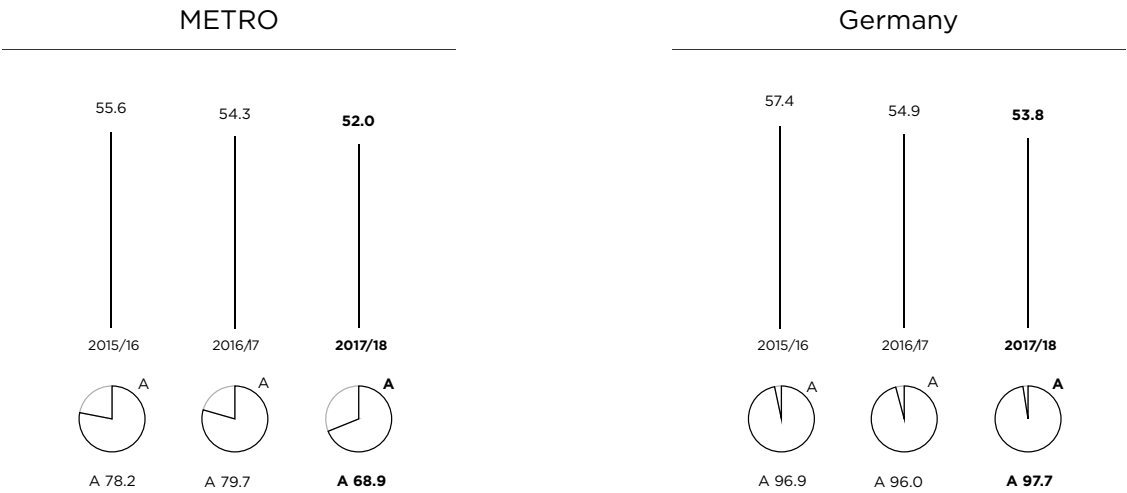
Explanation: In absolute terms, METRO drew 5.9 million m³ of fresh water in the reporting period. At the warehouses, stores and back offices, water is primarily used for cleaning and sanitary facilities. In addition to this, water may be used for storing, transporting and selling food, for example for keeping live fish or making ice to chill fresh fish.

At the group level, we measure and monitor the amount of water which the company draws from the public drinking water supply. The public drinking water supply is the only source from which we draw significant amounts of water.

We also measure and monitor the total amount of wastewater we generate at the group level. As our locations do not consume a significant amount of water, our calculations are based on the assumption that the volume of wastewater is the same as the amount of fresh water. All wastewater is fed into public sewers. We do not monitor the quality of the wastewater ourselves as this is not relevant given the usage described above.

Waste

AMOUNT OF WASTE AND RECYCLING RATE (IN KG PER M² OF SELLING AND DELIVERY SPACE AND IN %)



Definition: Waste generated in relation to the space used for sales and delivery operations. The recycling rate is calculated as the amount of waste destined for recycling, heat recovery and composting in relation to the amount of total waste.

Explanation: The volume of waste in absolute terms, 385,690 t, marks a reduction from the previous year. This can be broken down as follows:

- Waste for composting (16,091 t)
- Waste for heat recovery (55,398 t)
- Waste for landfill (38,542 t)
- Waste for recycling (194,221 t)
- Waste for special waste treatment, such as hazardous waste (14,013 t)
- Waste for unknown disposal (67,425 t)

When we calculate the recycling rate, we do not take hazardous waste into account because we cannot systematically record the way in which it is treated (recycled or disposed of) in all of the countries in which we operate. However, based on information from several countries, most of the hazardous waste is also recycled. In reality, the recycling rate is therefore higher.

Sales of more sustainable products

SALES OF PRODUCTS CERTIFIED AS ORGANIC IN LINE WITH EU REGULATIONS

in Germany, in € million	2015/16	2016/17	2017/18
METRO Wholesale and Real	130	139	146

NUMBER OF SUSTAINABLY FISHED OR FARMED PRODUCTS (MSC, ASC, GLOBALG.A.P., EU ORGANIC LOGO)



in Germany, no. of products	2015/16	2016/17	2017/18
Own-brand products, Real and METRO Wholesale	133	113	126
Brand-name products, Real and METRO Wholesale	968	951	1,187

SALES OF SUSTAINABLY FISHED OR FARMED PRODUCTS (MSC, ASC, GLOBALG.A.P., EU ORGANIC LOGO)

in Germany, in € million	2015/16	2016/17	2017/18
METRO Wholesale and Real	86	93	115

SALES OF PRODUCTS FROM SUSTAINABLE FORESTRY (FSC® OR PEFC LABEL)

in Germany, in € million	2015/16	2016/17	2017/18
METRO Wholesale and Real	13	39	42

UNFOLD PROSPERITY

SALES OF REGIONAL PRODUCTS

in Germany, in € million	2015/16	2016/17	2017/18
Real	367	442	394

SALES OF FAIR-TRADE PRODUCTS (FAIRTRADE OR GEPA LABEL)

in Germany, in € million	2015/16	2016/17	2017/18
METRO Wholesale and Real	12	16	13

ENHANCE PARTNERSHIP

COMMUNITY INVESTMENT

METRO

in € thousand	2015/16	2016/17	2017/18
Charitable donations	783	1,121	1,171
Community investments	2,809	2,345	1,824
Commercial initiatives	2,299	2,021	2,014
Total	5,891	5,487	5,009

Germany

in € thousand	2015/16	2016/17	2017/18
Charitable donations	-	-	117
Community investments	-	-	1,120
Commercial initiatives	-	-	964
Total	-	-	2,200

GRI AND UN GLOBAL COMPACT

GRI STANDARDS CONTENT INDEX

Universal standards

Organization profile

GRI-Indicator	Links within this report	External links	Comments
102-1 Name of the organization	#KPMG Imprint		
102-2 Activities, brands, products, and services	#KPMG Business model	AR: Group business model	
102-3 Location of headquarters	#KPMG Imprint		
102-4 Location of operations	#KPMG Business model	AR: Group business model AR: Consolidation group AR: Affiliated companies	
102-5 Ownership and legal form	#KPMG Imprint	AR: Shareholder structure of METRO AG AR: Non-financial statement	
102-6 Markets served	#KPMG Business model	AR: Group business model	
102-7 Scale of the organization	#KPMG Key Performance Indicators - Empower People - Employees Key Performance Indicators - Company	AR: Group business model AR: Asset, financial and earnings position AR: Capital structure	METRO's sales lines sell products from renowned manufacturers as well as own brands that combine high quality with an attractive price. In Germany, for example, the entire assortment comprises around 80,000 articles at Real and around 140,000 at METRO Wholesale.
102-8 Information on employees and other workers	#KPMG Key Performance Indicators - Empower People - Employees Key Performance Indicators - Empower People - Part-time rate		Due to different legal regulations in the individual countries in which METRO operates, it is not meaningful to indicate the proportion of fixed-term employment contracts. Since the proportion of persons who are not employees or employees bound by instructions (including employees and employees of contractual partners bound by instructions) is immaterial, it is not reported.
102-9 Supply chain	#KPMG Business model Sustainable Value Creation model Sustainability approach METRO Sustainable Sustainability approach Real		As a retail and wholesale company, our supply chain can be simplified as follows: Manufacturers, producers and producers of food and non-food products; transport, storage and distribution; stores; consumers. Our supply chain management approaches can be found in the Sustainable Procurement and Assortment section.

GRI-Indicator	Links within this report	External links	Comments
102-10 Significant changes to the organization and its supply chain	#KPMG	AR: The year in review	In our purchasing processes we make sure that we are not dependent on our suppliers. Our supplier structure has not changed significantly in this respect. Accordingly, we do not report changes in supplier location, supply chain structure or supplier relationships (including selection and termination). METRO's internal structures have also largely remained the same. The chapter Review of the Annual Report provides information on the changes.
102-11 Precautionary Principle or approach	#KPMG Sustainability approach METRO Sustainable Responsibility – Secure Planet Responsibility – Unfold Prosperity Responsibility – Enhance Partnership	Environmental guidelines	
102-12 External initiatives		Our Commitments and Guidelines	
102-13 Membership of associations		Memberships in selected organisations	

Strategy

GRI-Indicator	Links within this report	External links	Comments
102-14 Statement from senior decision-maker	Letter from the Management Board #KPMG Global challenges Sustainability approach METRO Sustainable 2018 materiality analysis Area of responsibility	AR: Letter to the shareholders AR: The year in review AR: Goals and strategy AR: Macroeconomic and industry-specific conditions AR: Report on events after the closing date and outlook AR: Risk and opportunity report	
102-15 Key impacts, risks, and opportunities		AR: Risk and opportunity report	

Ethics and integrity

GRI-Indicator	Links within this report	External links	Comments
102-16 Values, principles, standards, and norms of behavior	#KPMG Sustainability approach METRO Sustainable Empower People – Supply chain Empower People – Fair and safe working conditions Empower People – Occupational safety and health management Responsibility – Unfold Prosperity	Our Commitments and Guidelines AR: Corporate Governance Report	
102-17 Mechanisms for advice and concerns about ethics		AR: Respect of human rights Report abuses	

Governance

GRI-Indicator	Links within this report	External links	Comments
102-18 Governance structure	#KPMG Sustainability management	AR: The Management Board AR: Advice and supervision in consultation with the Management Board AR: Work in the committees AR: Division of duties and areas of responsibility between the Management Board and the Supervisory Board AR: Non-financial statement	
102-20 Executive-level responsibility for economic, environmental, and social topics		AR: The Management Board	
102-21 Consulting stakeholders on economic, environmental, and social topics	#KPMG Stakeholder relations		
102-22 Composition of the highest governance body and its committees		AR: Corporate Governance Report	
102-23 Chair of the highest governance body		AR: Report of the Supervisory Board	
102-24 Nominating and selecting the highest governance body		AR: Corporate Governance Report	
102-25 Conflicts of interest		AR: Report of the Supervisory Board	
102-26 Role of highest governance body in setting purpose, values, and strategy		AR: Corporate Governance Report	
102-27 Collective knowledge of highest governance body		AR: Corporate Governance Report	
102-29 Identifying and managing economic, environmental, and social impacts	#KPMG 2018 materiality analysis Sustainability approach METRO Sustainable		
102-30 Effectiveness of risk management processes		AR: Risk and opportunity report	
102-31 Review of economic, environmental, and social topics		AR: Risk and opportunity report	
102-33 Communicating critical concerns		AR: Compliance and risk management	
102-34 Nature and total number of critical concerns		AR: Risk and opportunity report	
102-35 Remuneration policies		AR: Remuneration report	
102-36 Process for determining remuneration		AR: Remuneration report	
102-37 Stakeholders' involvement in remuneration		AR: Remuneration report	
102-40 List of stakeholder groups	#KPMG Stakeholder relations		
102-41 Collective bargaining agreements			The proportion of employees who are represented by an independent trade union or whose interests are covered by collective agreements is around 70 percent.

Stakeholder engagement

GRI-Indicator	Links within this report	External links	Comments
102-42 Identifying and selecting stakeholders	#KPMG Stakeholder relations		The exchange takes place with stakeholders along the entire value chain and takes into account both our impact and the potential impact on us.
102-43 Approach to stakeholder engagement	#KPMG Stakeholder relations		
102-44 Key topics and concerns raised	#KPMG Stakeholder relations Responsibility – Enhance Partnership	AR: Customer satisfaction and innovation management	

Reporting principles

GRI-Indicator	Links within this report	External links	Comments
102-45 Entities included in the consolidated financial statements	#KPMG Business modell	AR: Consolidation group AR: Affiliated companies	The METRO Corporate Responsibility Report 2017/18 covers the main operating units, including the sales lines and service companies as well as the holding. In addition, the respective scope is noted in the indicators.
102-46 Defining report content and topic Boundaries	#KPMG Stakeholder relations 2018 materiality analysis		
102-47 List of material topics	#KPMG 2018 materiality analysis		
102-48 Restatements of information	Key performance indicators		Any new representations of information in comparison with previous reports are explained by footnotes at the appropriate points, where available.
102-49 Changes in reporting		AR: Consolidation group	Important changes to the scope of the report and the limitations of aspects, if any, are explained in the appropriate places.
102-50 Reporting period	#KPMG About this report		
102-51 Date of most recent report	#KPMG About this report		
102-52 Reporting cycle	#KPMG About this report		
102-53 Contact point for questions regarding the report	#KPMG Imprint		
102-54 Claims of reporting in accordance with the GRI Standards	#KPMG About this report		
102-55 GRI content index	#KPMG GRI Standards Content index		
102-56 External assurance	#KPMG About this report	Assurance about this report	

Topic specific standards

Economic

Economic performance

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components		AR: Goals and strategy		
103-3 Beurteilung des Managementansatzes		AR: Goals and strategy		
GRI 201: Economic performance 2017/18				
201-1 Direct economic value generated and distributed	#KPMG Key Performance Indicators - Enhance Partnership	AR: Cash flow statement AR: Financial liabilities AR: Other taxes	For reasons of competition law, we do not report the value generated and distributed in detail separately at national, regional or store level.	
201-2 Financial implications and other risks and opportunities due to climate change	#KPMG Carbon footprint	AR: Presentation of the risk situation METRO's carbon footprint	Since 2006, our participation in the CDP Climate Change Survey has enabled us to provide public information on the risks and opportunities arising from climate change. CDP Climate Change Survey	
201-3 Defined benefit plan obligations and other retirement plans		Die Angaben zu 201-3 a-e befinden sich an folgenden Stellen: AR: Development of employee numbers AR: Development of staff expenses AR: Capital structure AR: Balance sheet AR: Provisions for post-employment benefits plans and similar obligations	Due to the different pension schemes, it is not possible to separate contributions from employers and employees. Figures on participation in a voluntary, group-wide future package in Germany can be found in the section on the development of personnel expenses.	
201-4 Financial assistance received from government		AR: Other operating income		

Market presence

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary		AR: Employees		
103-2 The management approach and its components		AR: Employees		

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
103-3 Evaluation of the management approach		AR: Employees		
GRI 103: Market Presence 2017/18				

Procurement practices

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis Secure Planet – Purchasing policy and sustainable procurement Responsibility – Unfold Prosperity			
103-2 The management approach and its components	#KPMG Secure Planet – Purchasing policy and sustainable procurement Responsibility – Unfold Prosperity			
103-3 Evaluation of the management approach	#KPMG Secure Planet – Purchasing policy and sustainable procurement Responsibility – Unfold Prosperity			
GRI 103: Procurement Practices 2017/18				
204-1 Proportion of spending on local suppliers	#KPMG Secure Planet – Local sourcing		We are currently working on a definition for "local suppliers" and the corresponding data collection. Therefore, we do not yet report this indicator.	

Anti-corruption

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis	AR: Compliance and risk management		
103-2 The management approach and its components		AR: Compliance and risk management		
103-3 Evaluation of the management approach		AR: Compliance and risk management		
GRI 205: Anti-corruption 2017/18				

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
205-1 Operations assessed for risks related to corruption		AR: Risk and opportunity report	All operating companies and service companies of METRO (except companies with minority shareholdings) are reviewed for compliance risks such as corruption. Every year, METRO holds workshops on compliance risk assessment. Within the framework of the workshops, various compliance risks such as corruption are checked for their damage potential and their probability of occurrence in the respective company. Various risk scenarios were developed for the audit, for example on active or passive corruption towards various stakeholders such as suppliers or civil servants. The results of the risk assessment in the companies are reviewed and consolidated at Group level as part of corporate risk management. METRO's business activities are subject to a large number of legal norms and voluntary commitments. The legal requirements have become more comprehensive and complex, as have the expectations customers and the public have of the company's compliance. In order to meet these requirements, METRO has introduced and continuously expanded a Group-wide compliance management system. The aim of this system is to systematically and permanently prevent violations of the law within the company. METRO regularly identifies behavioural risks. The focus of our compliance management is on the prevention of corruption and cartels. Corruption risks can arise when dealing with authorities and civil servants, for example as part of international expansion or approval procedures. They can also occur in business relationships with suppliers and other business partners. The Group-wide compliance management system also covers data protection and other regulatory, criminal and labor law risks such as discrimination. On the basis of the compliance risks identified and examined, the necessary organizational structures are set up as part of the compliance management system. Within the existing structures, the responsible	

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
			departments are responsible for the seamless management and control of risks. In order to manage the compliance risks identified, METRO AG has issued Group-wide guidelines, such as a cartel guideline with working aids for negotiations with suppliers. This guideline also contains sample formulations for the communication with suppliers in compliance with antitrust law. METRO AG has also introduced Group-wide corruption prevention guidelines which lay down rules of conduct for dealing with authorities and civil servants on the one hand and business partners on the other. The corruption prevention guidelines also provide for a compliance audit of business partners in risk areas before entering into a business relationship.	
205-2 Communication and training about anti-corruption policies and procedures	#KPMG United Nations Global Compact – Anti-corruption measures	AR: Compliance and risk management	METRO has established procedures for training and regulations management that apply to all operating companies and service companies (except for companies with minority shareholdings) and promote compliance and the prevention of corruption. The training and regulation management processes apply throughout the Group and affect employees as well as members of the management bodies. The target groups of the anti-corruption guidelines and procedures are defined according to their significance in terms of content and organization. They are distributed either via the intended IT tool or by cascading information about the management levels. The target groups for training measures are defined according to a risk-based approach, which is based, among other things, on the risk profile of the function or position in the company. Executives are as much a part of this approach as employees. A risk-oriented selection is made for temporary staff. Training management can be used to adequately monitor participation in training. The adoption of policies and procedures is checked using the tool. In fiscal 2017/18, new employees were informed about anti-corruption guidelines and procedures. In	

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
			addition, anti-corruption guidelines are regularly communicated via internal communication channels such as the intranet or the social network. As the existing anti-corruption guidelines were not revised, no separate notification was made about the planned IT tool. In fiscal 2015/16, based on the results of the most recent annual compliance report, anti-corruption training courses were held in 84 percent of all participating operating and service companies for over 90 percent of employees and managers, including members of management bodies. In the same period, anti-corruption training courses in 16 percent of companies reached less than 90 percent of employees and managers. Measures to optimize the training rate in these companies have already been initiated. All relevant business partners must complete a Compliance Questionnaire for Business Partners (BPQ) before concluding a contract with METRO for the first time. A new survey is carried out at regular intervals. The BPQ covers compliance-relevant topics and is intended to give indications of non-compliance with the specifications on the part of the suppliers. A breakdown by regions and employee categories is generally not published.	

Anti-competitive behavior

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis	AR: Compliance and risk management		
103-2 The management approach and its components		AR: Compliance and risk management		
103-3 Evaluation of the management approach		AR: Compliance and risk management		
GRI 206: Anti-competitive behavior 2017/18				

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		AR: Remaining legal issues	Information on legal disputes, investigations and other legal matters as well as on the associated potential risks and effects for METRO can be found in section 47 Other legal matters in the notes to the consolidated financial statements of METRO AG as of 30 September 2018. Only legal matters of material importance for the net assets, financial position and results of operations of the Group or METRO AG are reported. The principle of materiality of management reporting is derived from § 315 HGB in conjunction with DRS 20 for the consolidated financial statements of METRO AG and from § 289 HGB in conjunction with DRS 20 for the individual financial statements of METRO AG.	

Environmental

Materials

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components	#KPMG Responsibility – Secure Planet			
103-3 Evaluation of the management approach	#KPMG Secure Planet – Reducing and avoiding waste			
GRI 301: Materials 2017/18				
301-2 Recycled input materials used	#KPMG Secure Planet – Amount of waste and recycling rate			

Energy

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
103-2 The management approach and its components	#KPMG Responsibility - Secure Planet			
103-3 Evaluation of the management approach	#KPMG Responsibility - Secure Planet			
GRI 302: Energy 2017/18				
302-1 Energy consumption within the organization	#KPMG Secure Planet - Total energy consumption		We do not sell significant quantities of energy to third parties. The consumption of the individual energy sources is converted into MWh using standard factors.	
302-2 Energy consumption outside of the organization			As part of our Impact Assessment, we have made a first assessment of energy consumption and GHG emissions in the supply chain. However, we are not yet reporting on this.	
302-3 Energy intensity	#KPMG Secure Planet - Electricity, heating and cooling energy consumption		The reported energy intensity figure includes only the energy consumption within the organization.	
302-4 Reduction of energy consumption	#KPMG Secure Planet - Improving energy efficiency and making energy savings Sustainability approach METRO Sustainable Responsibility Real - Climate protection target for 2030 Secure Planet - Total energy consumption			

Water

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components	#KPMG Responsibility - Secure Planet			
103-3 Evaluation of the management approach	#KPMG Responsibility - Secure Planet			
GRI 303: Water 2017/18				
303-1 Water withdrawal by source	#KPMG Secure Planet - Water withdrawal and wastewater generated			

Emissions

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis Responsibility – Secure Planet			
103-2 The management approach and its components	#KPMG Responsibility – Secure Planet			
103-3 Evaluation of the management approach	#KPMG Responsibility – Secure Planet			
GRI 305: Emissions 2017/18				
305-1 Direct (Scope 1) GHG emissions	#KPMG Secure Planet – Greenhouse gas emissions in t CO₂		The indicators for greenhouse gases are reported in CO ₂ equivalents and include all Kyoto gases. Biogenic Scope-1 emissions are not significant for us and are therefore not reported separately.	
305-2 Energy indirect (Scope 2) GHG emissions	#KPMG Secure Planet – Greenhouse gas emissions in t CO₂		The indicators for greenhouse gases are reported in CO ₂ equivalents and include all Kyoto gases.	
305-3 Other indirect (Scope 3) GHG emissions	#KPMG Secure Planet – Greenhouse gas emissions in t CO₂		The indicators for greenhouse gases are reported in CO ₂ equivalents and include all Kyoto gases.	
305-4 GHG emissions intensity	#KPMG Secure Planet – Greenhouse gas emissions in kg CO₂ (CO₂ equivalents) per m² selling and delivery space			
305-5 Reduction of GHG emissions	#KPMG Key Performance Indicators – Secure Planet Secure Planet – Trends in the emission sources included in the climate protection target			

Effluents and waste

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis Secure Planet – Reducing and avoiding waste			
103-2 The management approach and its components	#KPMG Secure Planet – Reducing and avoiding waste			
103-3 Evaluation of the management approach	#KPMG Secure Planet – Reducing and avoiding waste			

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 306: Effluents and Waste 2017/18				
306-1 Water discharge by quality and destination	#KPMG Secure Planet – Water withdrawal and wastewater generated			
306-2 Waste by type and disposal method	#KPMG Secure Planet – Amount of waste and recycling rate		The determination of the waste disposal method is based on the information provided by the waste disposal service providers we use.	

Environmental compliance

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components		AR: Risk and opportunity report		
103-3 Evaluation of the management approach		AR: Risk and opportunity report		
GRI 307: Environmental Compliance 2017/18				
307-1 Non-compliance with environmental laws and regulations		AR: Risk and opportunity report		

Supplier Environmental Assessment

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components	#KPMG Responsibility – Unfold Prosperity Secure Planet – Purchasing policy and sustainable procurement Responsibility – Enhance Partnership	Sustainable procurement		

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
103-3 Evaluation of the management approach	#KPMG Responsibility - Unfold Prosperity Secure Planet - Purchasing policy and sustainable procurement Responsibility - Enhance Partnership			
GRI 308: Supplier Environmental Assessment 2017/18				
308-1 New suppliers that were screened using environmental criteria	#KPMG Commitments and management systems			
308-2 Negative environmental impacts in the supply chain and actions taken	#KPMG Secure Planet - Goals for responsible product range composition	Sustainable procurement		

Social

Employment

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis Responsibility - Empower People			
103-2 The management approach and its components	#KPMG Responsibility - Empower People	AR: Employees AR: Sustainable human resource strategy AR: Succession planning and compensation models AR: Diversity management		
103-3 Evaluation of the management approach	#KPMG Responsibility - Empower People	AR: Employees AR: Sustainable human resource strategy AR: Succession planning and compensation models AR: Diversity management		
GRI 401: Employment 2017/18				
401-1 New employee hires and employee turnover	#KPMG Empower People - New employees by gender Empower People - New employees by age group Empower People - Employee turnover by gender Empower People - Employee turnover by gender			

Labor and management relations

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis	AR: Employer-employee relationships		
103-2 The management approach and its components		AR: Employer-employee relationships		
103-3 Evaluation of the management approach		AR: Employer-employee relationships		
GRI 402: Labor and management relations 2017/18				
402-1 Minimum notice periods regarding operational changes			The rules on minimum notice periods vary from country to country.	

Occupational health and safety

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components		AR: Occupational safety and health management		
103-3 Evaluation of the management approach		AR: Occupational safety and health management		
GRI 403: Occupational health and safety 2017/18				
403-1 Workers representation in formal joint management-worker health and safety committees			In 2017/18, an Occupational Health and Safety Circle was established in 21 of 34 legal entities.	
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	#KPMG Key Performance Indicators – Empower People – Occupational safety and health management		We report the key figures that are material to us. The type of accidents and the underlying causes are evaluated internally by us in order to derive appropriate precautionary measures. The internal recording also includes accidents involving contractors.	

Training and education

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis	AR: Continued development of employees		
103-2 The management approach and its components		AR: Recruiting employees AR: Succession planning and compensation models AR: Continued development of employees		
103-3 Evaluation of the management approach		AR: Recruiting employees AR: Succession planning and compensation models AR: Continued development of employees		
GRI 404: Training and education 2017/18				
404-1 Average hours of training per 2017 per employee	#KPMG Key Performance Indicators – Empower People – Continuing professional development		The breakdown by gender and employee groups is not a relevant factor for us and is therefore not published.	
404-2 Programs for upgrading employee skills and transition assistance programs		AR: Continued development of employees AR: Succession planning and compensation models		
404-3 Percentage of employees receiving regular performance and career development reviews		AR: Individual job performance reviews		

Diversity and equal opportunity

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components		AR: Diversity management		
103-3 Evaluation of the management approach		AR: Diversity management		

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 405: Diversity and equal opportunity 2017/18				
405-1 Diversity of governance bodies and employees	#KPMG Key Performance Indicators – Empower People – Gender breakdown in managerial positions Key Performance Indicators – Empower People – Managers by age group Key Performance Indicators – Empower People – Number of nationalities among managers Key Performance Indicators – Empower People – Employees Key Performance Indicators – Empower People – Employees by age group Key Performance Indicators – Empower People – Number of nationalities			
405-2 Ratio of basic salary and remuneration of women to men			Initial surveys have been carried out, but the figures have not yet been published.	
Non-discrimination				
GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components	#KPMG UN Global Compact: PRINCIPLE 6: Elimination of discrimination	AR: Employer-employee relationships AR: Diversity management		
103-3 Evaluation of the management approach	#KPMG UN Global Compact: PRINCIPLE 6: Elimination of discrimination	AR: Employer-employee relationships AR: Diversity management		
GRI 406: Non-discrimination 2017/18				
406-1 Incidents of discrimination and corrective actions taken	#KPMG UN Global Compact: PRINCIPLE 6			

Freedom of association and collective bargaining

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis	AR: Employer-employee relationships		
103-2 The management approach and its components	#KPMG Responsibility – Empower People – Fair and safe working conditions for our employees Responsibility – Empower People – Supply chain	AR: Employer-employee relationships		
103-3 Evaluation of the management approach	#KPMG Responsibility – Empower People – Fair and safe working conditions for our employees Responsibility – Empower People – Supply chain	AR: Employer-employee relationships		
GRI 407: Freedom of association and collective bargaining 2017/18				
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	#KPMG Responsibility – Empower People – Supply chain			

Child Labor

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components	#KPMG Empower People – Supply chain			
103-3 Evaluation of the management approach	#KPMG Empower People – Supply chain			
GRI 408: Child Labor 2017/18				
408-1 Operations and suppliers at significant risk for incidents of child labor	#KPMG Empower People – Supply chain	AR: Employer-employee relationships		

Forced or compulsory labor

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components	#KPMG Empower People – Supply chain			
103-3 Evaluation of the management approach	#KPMG Empower People – Supply chain			
GRI 409: Forced or compulsory labor 2017/18				
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	#KPMG Empower People – Supply chain			

Human rights assessment

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components	#KPMG Empower People – Supply chain United Nations Global Compact – Support for human rights	AR: Employer-employee relationships Global principles on fair working conditions BSCI Code of Conduct		
103-3 Evaluation of the management approach	#KPMG Empower People – Supply chain United Nations Global Compact – Support for human rights	AR: Employer-employee relationships Global principles on fair working conditions BSCI Code of Conduct		
GRI 412: Human rights assessment 2017/18				
412-1 Operations that have been subject to human rights reviews or impact assessments	#KPMG Empower People – Supply chain			
412-2 Employee training on human rights policies or procedures	#KPMG Empower People – Supply chain			
412-3 Significant investment agreements and contracts that include human rights clauses or	#KPMG Empower People – Supply chain			

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
that underwent human rights screening				

Supplier social assessment

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis	Procurement and product range composition		
103-2 The management approach and its components		Procurement and product range composition		
103-3 Evaluation of the management approach		Procurement and product range composition		
GRI 414: Supplier social assessment 2017/18				
414-1 New suppliers that were screened using social criteria	#KPMG Empower People – Supply chain		It is currently not possible to mention the percentage because new suppliers are not recorded separately. Entry is planned for the future.	
414-2 Negative social impacts in the supply chain and actions taken	#KPMG Empower People – Supply chain			

Customer health and safety

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis	AR: Risk and opportunity report		
103-2 The management approach and its components		AR: Risk and opportunity report		
103-3 Evaluation of the management approach		AR: Risk and opportunity report		
GRI 416: Customer health and safety 2017/18				
416-1 Assessment of the health and safety impacts of product and service categories		AR: Risk and opportunity report		

Customer Privacy

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components	#KPMG Sustainability approach METRO Sustainable	AR: Non-financial statement		
103-3 Evaluation of the management approach	#KPMG Sustainability approach METRO Sustainable			
GRI 418: Customer Privacy 2017/18				
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		AR: Non-financial statement		

Socioeconomic Compliance

GRI-Indicator	Links within this report	External links	Comments	Reason(s) of omission(s)
GRI 103: Management approach 2017/18				
103-1 Explanation of the material topic and its Boundary	#KPMG 2018 materiality analysis			
103-2 The management approach and its components	UN GC – Anti-corruption measures	AR: Compliance and risk management AR: Risk and opportunity report		
103-3 Evaluation of the management approach	UN GC – Anti-corruption measures	AR: Compliance and risk management AR: Risk and opportunity report		
GRI 419: Socioeconomic Compliance 2017/18				
419-1 Non-compliance with laws and regulations in the social and economic area	UN GC – Anti-corruption measures	AR: Compliance and risk management AR: Risk and opportunity report		

UNITED NATIONS GLOBAL COMPACT

Being a member of the United Nations Global Compact – the world's largest initiative for corporate responsibility – helps METRO to firmly embed sustainability in its company strategy. As well as this, it provides the right framework for our long-term commitment to responsible and ethical business practices.

With this Communication on Progress, METRO is fulfilling its obligation to demonstrate which guidelines and measures it is using to improve its performance in the fields of human rights, working standards, environmental protection and the elimination of corruption and to ensure that the Global Compact's 10 basic principles are adhered to in strategic decision-making and day-to-day work both now and in the future.

Düsseldorf, December 2018



United Nations Global Compact Communication on Progress 2017/18

In the following tables, we show examples of commitments and management systems that serve the 10 principles, measures that we have taken and results that we achieved in the reporting period 2017/18.

- [Human rights and labour standards](#)
- [Environmental protection](#)
- [Anti-corruption measures](#)

Human rights and labour standards

PRINCIPLE 1: Support for human rights PRINCIPLE 4: Elimination of all forms of forced labour	PRINCIPLE 2: Elimination of human rights abuses PRINCIPLE 5: Abolition of child labour	PRINCIPLE 3: Freedom of association and the right to collective bargaining PRINCIPLE 6: Elimination of discrimination
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Commitments and management systems	Measures 2017/18	Achievements 2017/18
METRO Business Principles METRO guideline for human rights in its own business operations and throughout the supply chain Anti-discrimination tenet METRO guidelines on fair working conditions and social partnership Code of Conduct for Business Partners International standards throughout the supply chain (BSCI) The Accord on Fire and Building Safety in Bangladesh 2.0 Key labour standards of the ILO (International Labour Organization), embedded in a variety of corporate guidelines Social standards clause in supplier contracts OECD Guidelines for Multinational Enterprises, embedded in a variety of corporate guidelines The Consumer Goods Forum’s Resolution on Forced Labour The Consumer Goods Forum’s Resolution on Health & Wellness	The producers in defined risk countries (according to the assessment of the amfori Business Social Compliance Initiative [BSCI]) in which METRO own brands or own imports in non-food areas are manufactured, are supported in implementing the amfori BSCI standard or an equivalent system of social standards. Publication of the new overarching METRO guideline for human rights in its own business operations and throughout the supply chain Jointly with amfori BSCI, development of a special one-day training on the subject of forced labour, designed to increase the ability of METRO employees to recognise, treat and prevent potential and/or actual cases of forced labour. The training is to be carried out in all METRO countries by the end of September 2020. Auditing of the METRO country organisations for compliance with guidelines on fair working conditions and social partnership. Project to run until 2020 with the aim of auditing up to 6 country organisations annually. Social dialogue at the local level is an important element in order for METRO to build up good labour relations. Development of new diversity and inclusion training for all employees, with the aim of ensuring a common understanding of diversity and inclusion in general and at METRO in particular. Beyond this, the business impact of diversity and inclusion on METRO and its managers will be examined. METRO is a member of Charta der Vielfalt e. V. As a member of the Rhine-Ruhr Diversity Network, METRO organised a joint event under the motto of ‘Vielfalt statt Einfalt – Digitalisierung, Kompetenzen und Diversity’ (Diversity, not simplicity – digitalisation, competencies and diversity) on the occasion of Germany’s 6. Diversity Day. Some 100 managers from the member companies were invited to experience the impor-	Of the 1,274 audited amfori BSCI-relevant factories, 92% passed the social audit in accordance with amfori BSCI specifications. In addition to the training programmes offered by amfori BSCI, 160 producers with 218 participants were trained by METRO SOURCING. <u>See key figure for social audits related to METRO own brands or own imports in the non-food areas</u> Pilot run at METRO Turkey and METRO Pakistan of the training on the subject of forced labour Sales of fair-trade products within the METRO and Real sales lines in Germany came to approx. €13.4 million. This figure includes items featuring the Fairtrade or the GEPA label. To fulfil our due diligence, in 2016 we launched a project to audit country organisations with regard to adherence to the principles of fair labour conditions and social partnership. In the framework of the project, our international METRO stores, head offices and METRO distribution centres are audited. This expanded auditing is based on the UN Guiding Principles on Business and Human Rights and – along with the 7 global principles of METRO concerning fair labour conditions and social partnership – encompasses issues including employee data protection and the quality of integration of, and communication with, employees. As these METRO guidelines explicitly include the employees of third-party contractors on our company grounds, these employees are also included in our audits. The auditing process is designed to ensure that our companies are not involved, either directly or indirectly, in human rights violations. Our goal is to audit all METRO Wholesale organisations worldwide by 2020 in order to identify weaknesses, develop countermeasures and ultimately translate these into a sustainable process, as well as to create sustained awareness of these issues. The first audits were carried out in 2014 in the METRO countries Turkey, Poland and Austria with the assistance of the Group Internal Audit department. In October 2016, the pilot was conducted in the Ukraine. The full project was launched in 2017 with audits in the METRO countries Pakistan, Bulgaria, China, Japan Hungary, Italy and Serbia. In 2018, additional audits took place in the METRO countries India, Slovakia, Moldova, Spain and Russia.

Commitments and management systems	Measures 2017/18	Achievements 2017/18
	tance of this issue for their management tasks in many different ways. By 30 June 2022, the proportion of women within METRO AG is to reach at least 20% in the first management level below the Management Board, and at least 35% in the second level below the Management Board. In addition, METRO started the Women Leadership Program (WLP) in 2018. After successful testing in a pilot programme in June 2018, preparations are now under way for global implementation in early 2019. The employee network Women in Trade (WiT) is instrumental in sustainably increasing the proportion of women in managerial positions, promoting internal and external dialogue, and creating better underlying conditions for women within the group. WiT has opened 6 foreign branches. Through local activities, the country networks in France, Portugal, Japan, Pakistan, Germany and China contribute to the common goal. There are now around 588 network members in the Düsseldorf location. The employee network METRO PRIDE for lesbian, gay, bisexual, trans and intersex people aims to raise awareness of the topics of sexual orientation and identity. Since 2017, METRO AG has additionally been a member of PROUT AT WORK. Since 2016, METRO AG has additionally been a member of the international LEAD Network. In May 2018, METRO AG and METRO-NOM signed the United Nations 'Free & Equal LGBTI Standards of Conduct for Business'. The aim of these Standards of Conduct is to guarantee the freedom and equality of all employees and ensure that they don't experience discrimination of any kind – at the company itself, in associated collectives or by suppliers. For details of active involvement in the areas of diversity and inclusion, occupational health and safety, and employer-employee relations, see also the 'employees' chapter of the Annual Report 2017/18.	The principles of fair labour conditions and social partnership include the freedom of association and the recognition of the right to collective bargaining. In the scope of the audit on the adherence to the principles of fair labour conditions and social partnership, anonymised discussions were held with labour representatives/trade union members, our own employees and employees of third-party suppliers in order to determine how the principle of the freedom of association is being implemented in the respective country, and whether and to what extent a structured and regular social dialogue is taking place. Furthermore, 3 to 4 meetings of the European Works Councils are held annually to facilitate exchange between various countries and General Management. Establishment of a working group structure within the skilled international workforce to address occupational health and safety and the joint development and implementation of international guidelines for the creation and maintenance of a healthy and safe work environment. In financial year 2017/18, these working groups gave rise to the development of a standard auditing process for safe high racks and unified processes for the safe palletising and loading of goods, a transnational overview of standards for personal protective gear provided to employees and a guideline for the classification and handling of hazardous materials, as well as an additional contract clause for external companies including a clear requirement with regard to occupational health and safety. To make people more aware of the fact that occupational health and safety is the responsibility of all employees, we have taken part since 2016 in the World Day for Safety and Health at Work, an initiative of the International Labour Organization (ILO), with various employee activities. A number of countries conducted activities related to these events at a later time. The proportion of women at management levels 1 to 3 was 21.8% on the reporting date, 30 September 2018.

Environmental protection

PRINCIPLE 7: Precautionary approach to environmental challenges	PRINCIPLE 8: Promotion of greater environmental responsibility	PRINCIPLE 9: Environmentally friendly technologies
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Commitments and management systems	Measures 2017/18	Achievements 2017/18
METRO environment guidelines Energy management systems in accordance with ISO 50001 METRO climate protection target: reducing greenhouse gas emissions per m² of selling and delivery space by 50% from 374 kg CO₂e/m² in 2011 to 187 kg CO₂e/m² in 2030 Buying policy for sustainable sourcing, also specific purchasing guidelines on fish, palm oil, paper, wood and packaging International standards along the supply chain (GlobalG.A.P., IFS) The Consumer Goods Forum’s Resolution on Deforestation The Consumer Goods Forum’s Resolution on Sustainable Refrigeration The Consumer Goods Forum’s Resolution on Food Waste Membership in the Roundtable on Sustainable Palm Oil (RSPO) Membership in the Global Sustainable Seafood Initiative (GSSI) Signing of the Tuna 2020 Traceability Declaration Membership in the Round Table on Responsible Soy (RTRS) Signing of the Statement of Support for the Cerrado Manifesto Company car guideline with incentive system for more fuel-efficient vehicles Commitment to provide 1,000 charging stations for electric vehicles by 2030 within the scope of EV100 (joint commitment to electric vehicles), organised by The Climate Group Voluntary commitment on disposable plastics	Measures for behavioural change (Energy Awareness Programme), investment in energy efficiency and renewable energies (Energy-Saving Programme), changeover of refrigeration systems to natural refrigerants (F-Gas Exit Programme) Recertification and annual check of energy management systems in accordance with ISO 50001 Implementing the general buying policy for sustainable procurement and the specific buying guidelines for fish, palm oil, wood, paper and packaging Range of ecologically and socially certified products Voluntary commitment to reporting on projects and their aims, measures and KPIs concerning circular economy by 2018 in the context of the Retailers’ Environmental Action Programme (REAP), which is jointly sponsored by the European Commission and European retailers and associations The objective of the at the group level superordinated working group ‘Waste Management’ with it member countries from FR CN PK RO PL UA TR is to further optimise waste management in METRO Wholesale countries in the area of stores, and to increase efficiency in the interest of a closed circular economy as a means of saving costs; topics of focus are: — Offering customers collection points — Increasing food donations — Promoting employee awareness and involvement — Promoting exchange on best practices In the framework of a comprehensive plastics initiative, METRO has committed itself to replacing conventional disposable plastics with reusable, recyclable or compostable alternatives by 2025 and promoting the transition to a closed circular plastics economy. In company canteens, multiway systems are to	Greenhouse gas emissions per m² of selling and delivery space reduced by 26% compared to 2011 Electricity consumption per m² of selling and delivery space reduced by almost 22% compared to 2011 Greenhouse gas emissions from refrigerant losses per m² of selling and delivery space reduced by 36% compared to 2011 Water consumption per m² of selling and delivery space increased by 2% compared with 2011, compared to the previous year reduced by 5% Energy management systems in accordance with ISO 50001 at all locations in Germany and nearly all locations in France. BREEAM certification for METRO headquarter in Düsseldorf Additional transcritical refrigeration systems started up, including in Bulgaria, Russia and China Third green store opened in China, with significantly reduced energy demand Further photovoltaic systems installed, expanding total capacity to more than 19,000 kWp, with newest systems in China, Germany, Pakistan, India and Japan Measures for heat recovery in a number of markets Review and, where appropriate, reworking of the packaging of 10,949 own-brand products concerning environmental impact With the implementation of a digital platform developed by our partner Whole Surplus, METRO Turkey now has a basis for systematically managing food waste in its own business operations and reducing food loss. Charging point infrastructure for electromobility expanded to more than 200 charging points at METRO Wholesale Implementation of an industry-wide traceability system as a precautionary measure relating to illegal fishing in various countries, and expansion to include new partners, countries and product groups Products certified in accordance with the EU regulation on organic farming accounted for approximately €146 million in sales within the METRO Wholesale and Real sales lines in Germany.

Commitments and management systems	Measures 2017/18	Achievements 2017/18
	replace existing one-way solutions by 2019. Formulation of the METRO Sustainable Value Creation Model, an accounting of sustainability for financial year 2016/17 for the monetary representation of the economic, ecological and social effects of the business activity of METRO Wholesale along the value chain Transparent public reporting on climate change and water via the CDP climate change programme and the CDP water programme	In Germany, METRO Wholesale and Real generated sales of over €115 million with products caught using sustainable fishing practices and aquaculture. These are products bearing the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) and EU organic logos or are certified in accordance to GlobalG.A.P.. Real generated sales of more than €394 million with regional products in the last financial year. Sales of products bearing the Forest Stewardship Council' (FSC') label or the label of the Programme for the Endorsement of Forest Certification (PEFC) amounted to approx. €42 million.

Anti-corruption measures

PRINCIPLE 10: Combating corruption

Commitments and management systems	Measures 2017/18	Achievements 2017/18
METRO Business Principles Anti-corruption guidelines for dealings with business partners and public officials Business partner questionnaires OECD Guidelines for Multinational Enterprises, embedded in a variety of corporate guidelines Supply Chain Initiative (SCI)	Group-wide compliance communications providing staff with information in various formats, including METRO's social network platform, in order to ensure compliant conduct Development of new anticorruption guideline that consolidates the topics business partners and public officials, to be rolled-out in the business year 18/19, and which includes a risk-based business partner due diligence process that evaluates and categorizes business partners based on risk KPIs and a business partner questionnaire and that tailors depth of due diligence accordingly as well as mitigating measures due to risks identified Implementation of a risk scaling approach that classifies METRO companies into different risk classes (e.g. high, medium and low risk) as per various internal and external risk KPIs, and which leads to a scaling up or down of compliance measures including those related to anticorruption, depending on the applicable risk class of the METRO company in question	Examples of internal communication measures: — Compliance Talks — Compliance presence on METRO's social network — Communications campaign, including new flyers and posters on METRO's Business Principles that also deal with anticorruption. Examples of external communication measures: — Membership of and active involvement in the Alliance for Integrity, an anti-corruption initiative run by the Federal Ministry for Economic Cooperation and Development and the United Nations Global Compact network Training management optimisation for better adaptation of all training in the area of Corporate Legal Affairs & Compliance and to ensure there is a sufficient array of training for the target group, with defined mandatory trainings Implementation of a variety of compliance trainings, including on anti-corruption, for the relevant target groups in accordance with METRO's training management — In financial year 2017/18, the format of business principles trainings (electronic and face-to-face trainings) has been improved and modernized, has become more interactive and practical — New face-to-face training for employees on core compliance risk areas, including on anticorruption, with various interactive videos

ABOUT THIS REPORT

TRANSPARENT REPORTING

We are confident that transparent reporting helps us to better manage our business operations and meet the demands of various stakeholder groups. The standards of the Global Reporting Initiative (GRI) form the basis of our reporting. This Corporate Responsibility Report 2017/18 was prepared in accordance with the GRI standards and fulfils the 'Core' option.

The GRI Content Index [can be found here](#).

In contrast to previous years, this report does not continue the section of goals. However, these are also included in the respective chapters of this report.

REPORTING PERIOD

The reporting period is the financial year 2017/18 (1 October 2017 to 30 September 2018). To provide updates on developments, information has also been included that relates to periods prior to 2017/18. In the interests of topicality, we have also taken into account events which occurred up to the time of going to press (11 December 2018). The frame of reference for each of our goals and measures is indicated in the relevant section.

METRO reports on its sustainability performance each year by publishing either a progress report or a Corporate Responsibility Report. A [progress report was produced for financial year 2016/17](#), which was published on 13 December 2017.

LIMITATIONS OF THE REPORT

The scope of applicability of the information is given in the respective texts, key performance indicators or goals.

UNITED NATIONS GLOBAL COMPACT

Since 2010, METRO has subscribed to the principles of the [UN Global Compact](#), a United Nations-led global initiative that aims to encourage businesses to adopt universal sustainability principles. By subscribing to the United Nations Global Compact, we have committed ourselves to continuous improvements in the areas of human rights, labour standards, environmental protection and anticorruption measures. With this Corporate Responsibility Report 2017/18 that is

available online, METRO meets its obligation to demonstrate how improvements have been made within these areas.

INDEPENDENT EXTERNAL ASSURANCE OF THE CR REPORT 2017/18

We strive to continuously improve our sustainability management. Having our report audited externally is a means of emphasising the credibility and transparency of our sustainability reporting. The quantitative and qualitative sustainability performance information included in the scope of the assurance engagement that was conducted by KPMG AG Wirtschaftsprüfungsgesellschaft according to ISAE 3000 and ISAE 3410 is marked with the symbol [#KPMG] in the column 'Links within this Report' of the [GRI Content Index](#). It was not part of the engagement to review product and service related information, references to external websites and information sources, as well as future-related statements in the Report. The certification from the independent auditor can be viewed under [audit certification](#).

DISCLAIMER

This Corporate Responsibility Report contains forward-looking statements that are based on certain assumptions and expectations at the time of its publication. These statements are therefore subject to risks and uncertainties, which means that actual results may differ substantially from the future-oriented statements made here. Many of these risks and uncertainties are determined by factors that are beyond the control of METRO and cannot be gauged with any certainty at this point in time. These include future market conditions and economic developments, the behaviour of other market participants, the achievement of expected synergy effects as well as legal and political decisions. METRO does not feel obliged to publish corrections to these forward-looking statements to reflect events or circumstances that occur after the publication date of this material.

JOIN IN THE DIALOGUE

Dialogue with our readers is important to us because it shows us what you expect of our company and where we can make further improvements. We would

therefore like to hear any questions or comments you may have about the METRO Corporate Responsibility Report 2017/18 and our sustainability activities in general.

To share your thoughts, use one of our online dialogue tools or send us an e-mail: CR@metro.de

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR REGARDING THE CORPORATE RESPONSIBILITY REPORT 2017/18¹

To the Management Board of METRO AG, Düsseldorf

We have performed an independent limited assurance engagement on the sustainability information published in the "Corporate Responsibility Report 2017/18" (further "Report") for the period October 1, 2017 to September 30, 2018 of METRO AG, Düsseldorf (further "METRO"), published online at <http://reports.metroag.de/corporate-responsibility-report/2017-2018>.

It was not part of our engagement to review product and service related information, references to external websites and information sources, as well as future-related statements in the Report. As disclosed in the section 'global labour and social standards in the supply chain', certifications on manufacturing facilities of suppliers were conducted by external certification firms mandated by METRO to ensure compliance with the environmental, social and health standards of the amfori Business Social Compliance Initiative (BSCI) or equivalent standards. The appropriateness and accuracy of the conclusions from the audit/certification work performed was not part of our limited assurance procedures.

Management's Responsibility

The management board of METRO is responsible for the preparation of the Report and the determination and presentation of the information in accordance with the Reporting Criteria. METRO applies the principles and standard disclosures of the Sustainability Reporting Standards of the Global Reporting Initiative, the Corporate Accounting and Reporting Standard (Scope 1 and 2) and the Corporate Value Chain (Scope 3) Standard of World Resources Institute/World Business Council for Sustainable Development, supported by internal guidelines (further: Reporting Criteria).

This responsibility of the management board includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual disclosures, which are reasonable under the given circumstances. Furthermore, the responsibility includes designing, implementing and maintaining internal controls deemed relevant for the preparation of the Report in a way that is free of – intended or unintended – material misstatements.

Independence and quality assurance on the part of the auditing firm

We are independent from the Company in accordance with the requirements of independence and quality assurance set out in legal provisions and

professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the professional code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

It is our responsibility to express a conclusion based on our work performed within a limited assurance engagement on the Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the International Standard on Assurance Engagements (ISAE) 3410: "Assurance Engagements on Greenhouse Gas Statements" of the International Auditing and Assurance Standards Board (IAASB). These standards require us to plan and perform the assurance engagement in order to obtain limited assurance as to whether the Report was prepared, in all material respects, in accordance with the Reporting Criteria. We do not issue a separate conclusion for each sustainability disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

Within the scope of our work, we performed amongst others the following procedures:

- Interviews of group-level employees responsible for the materiality analysis in order to get an understanding of the process for identifying material topics and respective reporting boundaries for METRO.
- A risk assessment, including a media research, of relevant information about the sustainability performance of METRO in the reporting period.
- Evaluation of the design and implementation of systems and processes for the collection, processing and monitoring of disclosures on environmental, employee and social matters, human rights, corruption and bribery, including data consolidation.
- Inquiries of personnel at group level who are responsible for determining disclosures on concepts, due diligence processes, results and risks, the implementation of internal controls and the consolidation of disclosures.
- Evaluation of selected internal and external documents.

- Assessment of local data collection and reporting processes and reliability of reported data via a sampling survey at METRO AG, METRO Energy Management, METRO ADVERTISING, MAKRO Cash and Carry España S.A., Madrid, (Spain), real GmbH.
- Assessment of the overall presentation of the disclosures.

Conclusion

Based on the procedures performed and the evidence received, nothing has come to our attention that causes us to believe that the sustainability information in the Corporate Responsibility Report 2017/18 of METRO, published online at <http://reports.metroag.de/corporate-responsibility-report/2017-2018> for the period October 1, 2017 to September 30, 2018, is not prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction of Use/Clause on General Engagement Terms

This report is issued for purposes of the Management Board of METRO AG, Düsseldorf, only. We assume no responsibility with regard to any third parties.

Our assignment for the Management Board of METRO AG, Düsseldorf, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this report, each recipient confirms notice of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 Mio as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

Düsseldorf, December 12, 2018

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Laue

Wirtschaftsprüfer

[German Public Auditor]

Glöckner

Wirtschaftsprüfer

[German Public Auditor]

1 Our engagement applied to the German version of the Corporate Responsibility Report 2017/18. This text is a translation of the Independent Assurance Report issued in the German language, whereas the German text is authoritative.

IMPRINT

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