

METRO GROUP
MADE TO TRADE.

SUSTAINABILITY REPORT 2012



DEAR READERS,

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In the financial year 2012, METRO GROUP has had to stand its ground in a dynamic environment marked by various macroeconomic and social challenges. The challenging situation throughout the industry has strengthened our determination to press ahead with the transformation of METRO GROUP into a consistently customer-oriented and forward-looking retail and wholesale company. In the process, we have yet again firmly acknowledged the importance of sustainability for our business. We regard it crucial for our long-term business success that we link economic aspects with sustainable environmental and social requirements. As far as our day-to-day business activities are concerned, this means that when we consider the global challenges we face, we need to identify the economic parameters alongside the social and environmental factors that are relevant to our business.

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THE CLEARER WE MAKE THE AIMS
OF OUR ACTIVITIES, THE EASIER IT IS
TO ACHIEVE CHANGE.

The clearer we make the aims of our activities, the easier it is to achieve change. With this in mind, we have developed a binding Group-wide sustainability vision that provides managers and employees with a framework and code of conduct for implementing our sustainability strategy. In this report on METRO GROUP's commitment to sustainability, we document how we work together with our sales lines to enhance the quality of life of our customers, employees and people who work for us while protecting the environment and the society we live in. At the same time, the report fulfils our commitment to the UN Global Compact to document our progress in complying with its 10 principles. The report also complies for the first time this year with the requirements of the Global Reporting Initiative. Its contents reflect the sustainability issues that METRO GROUP considers to be of major importance. Key performance indicators and goals show what we have accomplished so far and what we are looking to achieve in the future: it is by these standards that we allow ourselves to be measured. We therefore invite you to judge our achievements in the area of sustainability for yourselves and engage in a productive dialogue with us.

OUR SUSTAINABILITY VISION PROVIDES MANAGERS AND EMPLOYEES WITH A FRAMEWORK AND CODE OF CONDUCT FOR IMPLEMENTING OUR SUSTAINABILITY STRATEGY.

FOR METRO GROUP,
OUR SALES LINES AND OUR COLLEAGUES
DÜSSELDORF, MARCH 2013


Olaf Koch
Chairman of the
Management Board of
METRO AG


Mark Frese
Chief Financial
Officer


Heiko Hutmacher
Chief Human
Resources Officer

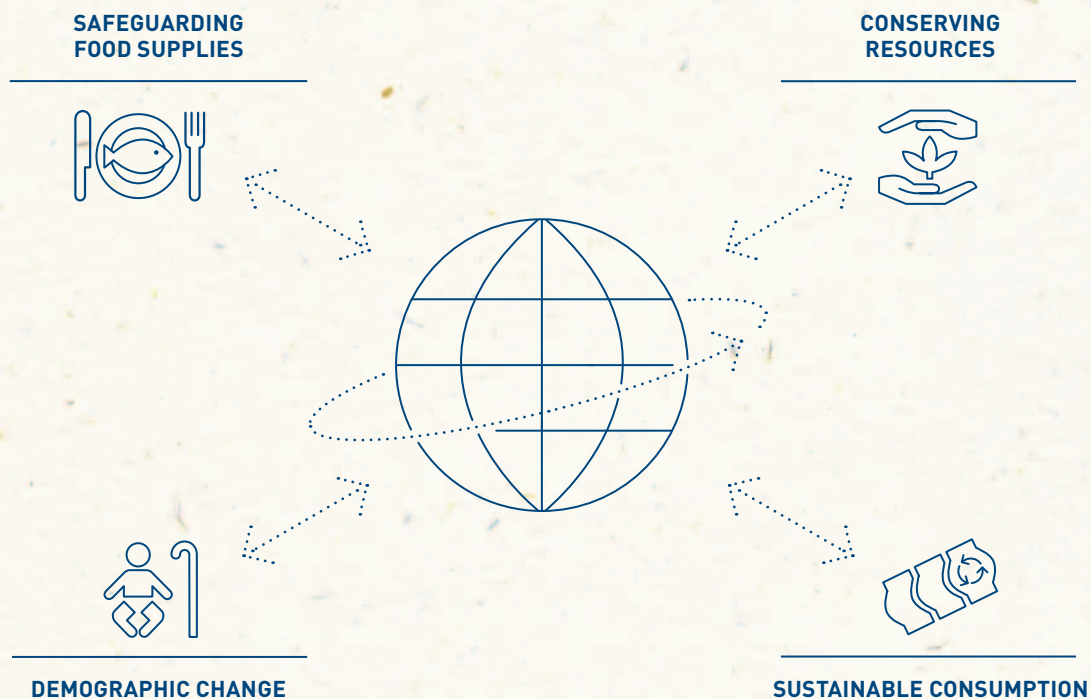

Frans W. H. Muller
Member of the
Management Board

Our international success has a strong base

278,811 dedicated employees at more than 2,200 locations in 32 countries. Strong sales brands with a comprehensive service spectrum and convincing concepts: wholesale stores, hypermarkets, consumer electronics stores, online stores, department stores and real estate management. This is the diversity of METRO GROUP.



FOCUSED ON GLOBAL CHALLENGES



METRO GROUP faces a wide range of demands from customers, employees, investors and partners. They expect us to run a profitable business whilst also acting in a manner that is socially and environmentally sound. They also want us to offer them a wide range of products and services with reliable safety and quality.

We can only satisfy these demands if we continue to follow our path towards being a sustainable company. For us this means above all contributing to finding solutions to current global challenges as part of our core business. On the following pages, we provide examples of how we put this pledge into practice.





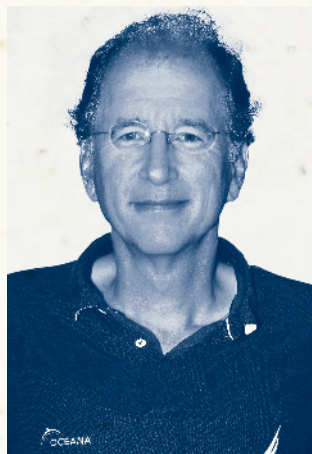
METRO
Warenannahme
Tiefkühl / Molkereiprodukte



Global challenges:
Safeguarding food supplies

»We should be able to take
a balanced meal for granted.
However, it's not something
everyone can afford.«





Andrew Sharpless

»The world will need 70 percent more food to meet its coming food security needs for the earth's projected 9 billion people by 2050 according to the United Nations Food and Agriculture Organization. But the resources needed to create that additional food are increasingly scarce or involve developing lands that have irreplaceable natural value, like rainforests. More frequent droughts due to climate change and the transfer of arable lands from agriculture to biofuels will also reduce the land available to grow crops and graze livestock. Meanwhile, the poorest billion people on earth already depend on fish as their primary source of animal protein. Fish have provided acceptable and often inexpensive sustenance for humanity since the dawn of time. We need to bring wild fish stocks back from the brink of collapse, so that they may continue to serve as the world's major source of protein consumption for years to come.«

Andrew Sharpless
Chief Executive Officer of Oceana



The growing global population is demanding ever more food and other consumer goods. At the same time it is becoming harder to manufacture the corresponding range of products due to the decline in natural resources. Our commitment to securing food supplies starts with our suppliers: in a nutshell, we need to improve yields per unit area and increase the share of marketable goods without plundering natural resources. Therefore, we help producers improve their own processes. At the next stage of the supply chain we invest in efficient transport, packaging and merchandise management systems to maintain the quality of the food for as long as possible. We donate products that are about to reach their best before date and are still edible to food banks. We also run campaigns to sensitise our customers to handling food responsibly to prevent waste from being produced in the first place.

Management Board of
METRO AG



»Sometimes food gets left on the shelf and then can't be sold any more – even if there's absolutely nothing wrong with the products. I am happy to make sure that it doesn't go to waste.«

The food bank network "Bundesverband Deutsche Tafel e. V." collects perfectly good, surplus food and distributes it to those in need. METRO GROUP has been supporting the association for 6 years as a main sponsor – both financially and through food donations. At the international level, our sales line METRO Cash & Carry is also committed to food banks. By distributing food to charitable initiatives, we help people in need and at the same time prevent food from being wasted.

Tafel

Sparkasse
Dortmund

METRO

Warenannahme
Tiefkühl / Molkereiprodukte





stermilch

Drinks



Global challenges:
Conserving resources

»Taking a little energy on board
can be so simple. But that
shouldn't be at the expense of the
environment and the climate.«



Kande K. Yumkella

»Rapid increases in population, combined with a corresponding expansion of production and consumption patterns, are pushing our planet's natural carrying capacity to its limits. An average of 10 tonnes of material is consumed globally per capita every year, global material consumption will nearly triple in the next 30 years and industrial activity already consumes one-third of the world's total delivered energy. Additionally, the release of toxic substances into the air and water by industrial activity is causing heightened levels of pollution and climate-related catastrophes in many regions of the world. Seen in this light, it is imperative that economic growth be decoupled from both unsustainable resource usage and negative environmental impacts. Transformative partnerships between the public and private sectors are needed now more than ever to scale up and mainstream more sustainable modes of production into business operations worldwide.«

Kande K. Yumkella
Director-General of the United Nations
Industrial Development Organization
(UNIDO)



As a retail and wholesale company we are reliant on the long-term availability of resources. They are components of our products and they drive our business in the form of energy. Along the supply chain there are 4 core areas in which our responsible handling of resources is directly or indirectly relevant: in the cultivation and manufacture of products, in logistics, in the management of our locations and in the disposal of waste. We also see the sustainable handling of resources as an economic opportunity. For that reason, we are committed to promoting the regenerative capability of resources, to deploying them efficiently, to discovering and tapping into alternatives and to thinking in process cycles. We also see major potential in the deployment of new technologies and the use of alternative energy sources and forms of energy generation.

Management Board of
METRO AG



»We are economical in our use
of energy. Often small measures
can have a big impact.«

We use fans in our chillers that dissipate the heat generated during the cooling process. By replacing all our standard fans with a more efficient model, we save more than 3,000 MWh of electricity in Germany as a whole. That is about the same as the average annual consumption of 850 German households. Even though the little fan is not visible, it makes a big contribution to the reduction of electricity use and thus costs.

Buttermilch

Milch-Drinks







Global challenges:
Demographic change

»Actively shaping your life and
growing old without a care –
that doesn't need to be wishful
thinking.«





Prof. Sarah Harper

»The ageing of Europe's population will decrease the working age population by 48 million by 2050, and the EU-27 will change from having 4 to only 2 persons of working age for each aged 65+. There is thus a widespread assumption that Europe's population ageing will lead to a demographic deficit, whereby working age population is insufficient to support the increasing proportion of older dependants. In addition, the internationalisation of the skills market may also encourage European skilled workers to move outside the region and reduce Europe's ability to attract skilled migrants. However, future changes in the labour market are unknown. Technological advances may reduce the number of workers required to support the economy, and the pool of workers may grow through increased female participation, lowering entry age into work, or raising retirement age. The determining factor will be the ability of the EU to adapt to its new demographic future.«

Prof. Sarah Harper
Director of the Oxford Institute of Population Ageing, University of Oxford



Demographic change is affecting both the structure of our staff and the structure of our customers. Ethnic diversity is on the rise, whilst the distribution of young and old and the relationship between men and women is shifting. In order to satisfy the diverse needs of consumers, our sales lines are tailoring their concepts, product ranges and marketing strategies to meet the expectations of local customers. As a responsible employer we also pursue a forward-looking HR policy – with a systematic development of managers as well as targeted further and advanced training. By creating an attractive working environment, we also promote the diversity of our staff. In this way, we can benefit yet further from the various strengths and ideas of our employees and thus safeguard our competitiveness in the long run.

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»I have now been at METRO for 10 years and I still enjoy my work because I have the opportunity to constantly learn new things – whenever and wherever it best suits my working day.«

More than 17 percent of all METRO GROUP employees fall within the age group of 50 years and older. We offer our employees targeted support through individual qualification measures to maintain their performance throughout their entire working life. This includes, for example, e-learning. This computer-based training lets our employees improve their skills whenever and wherever they like. Training content includes consultation, sales and product knowledge.







Global challenges:
Sustainable consumption

»Healthy, affordable, good for the environment: making the right choice when shopping is not always child's play.«



Michael Kuhndt

»All consumption has social and ecological impacts. It can only be sustainable if it operates within the Earth's range of tolerances. It is essential to consider the economic and social value of the use of goods as compared to their impact on the environment and society – sustainability should not be attained at the expense of quality of life across the entire supply chain. Efficient production and efficient products are important for sustainable consumption. However, there is even greater potential for development in the societal context. Lifestyles need to be considered in holistic terms: How will we feed and clothe ourselves in future? How will we produce heat or communicate, and what form will mobility take? In order to find sustainable solutions, retail and wholesale companies, manufacturers, politics, science and consumers need to interact.«

Michael Kuhndt
Head of the Collaborating Centre on
Sustainable Consumption and Production,
Wuppertal



Using and consuming goods is a part of life. Our core business is providing people with products and services that enhance their quality of life. At the same time we want to offer them an environmentally and socially sustainable form of consumption. We meet this challenge in a number of ways: we trace where our resources come from and record how efficiently they are used for the manufacture of our products and at our locations. We monitor under what conditions goods are produced and exert influence to ensure they are properly disposed of. In dialogue with various stakeholder groups we also pursue the objective of sensitising consumers to issues around responsible consumption.

—— Management Board of
METRO AG



»We advise our customers to enable them to make sustainable purchasing decisions. That pays – both in their wallet and for the environment.«

Our sales line Media-Saturn is systematically adding energy-efficient and resource-conserving devices to its product ranges. These includes, for example, washing machines and dishwashers as well as combination fridge freezers. In specialist consultations the employees explain to their customers the connection between purchase price and cost savings from lower energy consumption. In this way, Media-Saturn promotes sustainable purchasing decisions and contributes to the careful handling of resources.

Klare Aussage.
Täglich tief!

529.-

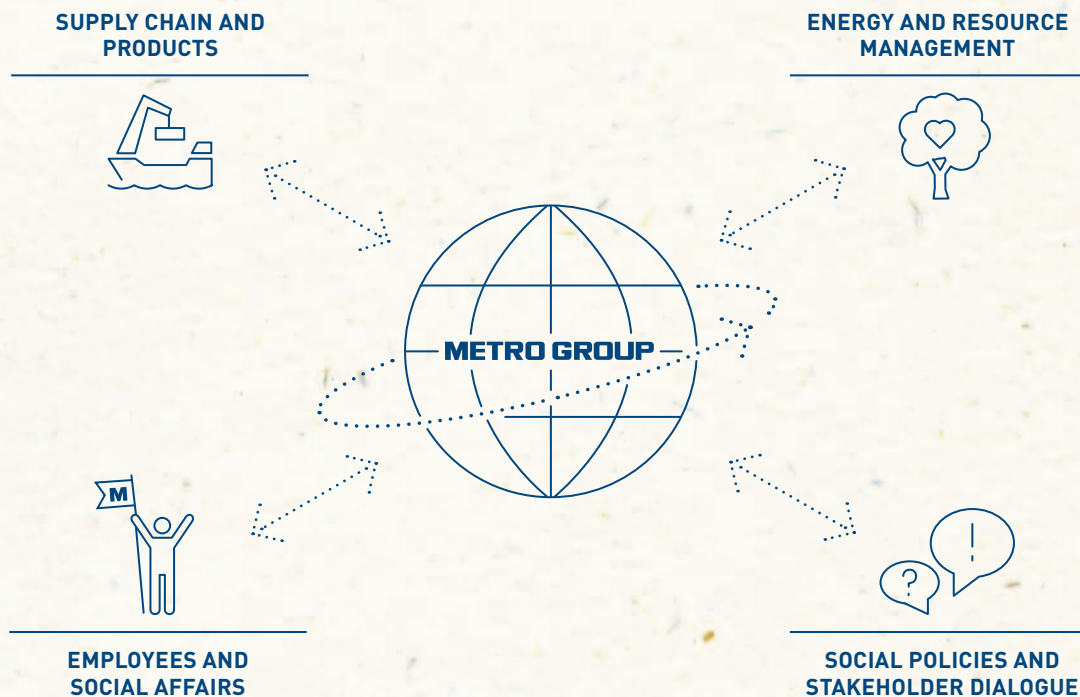
MediaMarkt



Fachberatung.



COMMITTED IN ALL FIELDS OF ACTION



Sustainability has many facets. A range of activities and cooperative partnerships as well as the commitment of each individual contribute to achieving predefined milestones and constantly driving METRO GROUP forward in the interests of its stakeholder groups.

Our commitment is not an end in itself. Instead we always keep our sights on our economic objectives alongside social and ecological factors. This enables us to firmly establish our responsible behaviour in our overall strategic approach and open up new opportunities for the future core principles and development of our business.



The Management Board of METRO AG (from left to right):
Frans W. H. Muller (Member of the Management Board),
Mark Frese (Chief Financial Officer),
Olaf Koch (Chairman of the Management Board of METRO AG),
Heiko Hutmacher (Chief Human Resources Officer).

REVIEW

SUSTAINABILITY IN THE FINANCIAL YEAR 2012

Q1/2012

GROUP-WIDE GUIDELINE ON QUALITY ASSURANCE



24/01/2012 The Quality Assurance Committee and the Compliance Department of METRO AG publish a Group-wide guideline on quality assurance. This sets down common standards as well as the most important principles and areas of responsibility relating to quality assurance. It additionally standardises existing systems. The sales lines are encouraged to develop their own systems for quality control.

TOP EMPLOYER IN GERMANY 2012



20/03/2012 The CRF Institute (Corporate Research Foundation) this year again acknowledges METRO GROUP for its outstanding and modern human resources management. Every year since 2003, the institute has certified companies with excellent HR strategies and practices.

Q2/2012

COOPERATION WITH UTOPIA



31/05/2012 In order to increase the proportion of energy-saving electronic products in private households and to provide consumers with targeted information, Saturn and the sustainability portal Utopia launch a cooperative partnership. In future particularly energy-efficient products will display the “Utopia empfiehlt” (Utopia recommends) logo in the Saturn online shop.

PROTECTING BONITO STOCKS



05/06/2012 In conjunction with the Turkish marine research institute TÜDAV, METRO Cash & Carry launches the “Where are the Bonito?” project. With their initiative the cooperation partners seek to boost awareness of the endangerment of this tuna variety and to protect bonito stocks. The project’s aim is to fit around 4,500 fish with radio chips by 2015 to track the development of the stocks.

Q3/2012

GALERIA KAUFHOF ON THE INCLUSION MAP



11/07/2012 Galeria Kaufhof becomes Germany’s first retail company to be represented on the inclusion map of the German Federal Government Commissioner for Matters relating to Disabled People. 78 outlets of the sales line already offer shopping support for the blind and visually impaired.

TRAINING MEAT SUPPLIERS



08/08/2012 METRO Cash & Carry trains meat suppliers in India as part of the “Meat Suppliers Development Initiative”. The topics of the training courses are innovative processing techniques, aspects of food safety and hygiene, and international trends in the HACCP quality standard.

TRAINING PROVIDER OF THE YEAR 2012



18/09/2012 The trade journal “Lebensmittel Praxis” awards the headquarters of the sales line Real the distinction “Training provider of the year”. The hypermarket operator wins the accolade for special training services in food retailing for the fourth time.

Q4/2012

AGREEMENT ON WASTE REDUCTION



09/10/2012 At the EU Retail Forum for Sustainability, METRO GROUP signs an agreement to help reduce the amount of waste generated by domestic households. The Company makes a commitment to increase the number of its measures aimed at boosting consumer awareness about the issue by mid-2014. For instance, by helping the “Deutsche Stiftung Verbraucherschutz” (German Foundation for Consumer Protection) to develop educational programmes for schoolchildren.

INCLUSION IN THE CARBON DISCLOSURE LEADERSHIP INDEX FOR DACH



15/10/2012 METRO AG is now listed in the newly published Carbon Disclosure Leadership Index for DACH, which includes the most transparent companies from the German-speaking area in the field of climate strategy and greenhouse gas emissions.

INVOLVEMENT IN FLIP4NEW



16/10/2012 Media-Saturn acquires a stake in the recommerce provider FLIP4NEW. Saturn customers are now able to exchange their used electronic devices and media in the online shop for a shopping voucher. The service for buying used products via FLIP4NEW is planned to be established across all sales lines in future.

COMPLIANCE DAY 2012



08/11/2012 In 2012, METRO GROUP’s annual Compliance Day takes place under the motto “Compliance & You”. As part of numerous local events, Compliance Officers from 32 countries brief the employees on the Company’s business principles.

SHOPPING FOR ALL GENERATIONS



09/11/2012 In 2012, 28 Galeria Kaufhof department stores are awarded the “Generationenfreundliches Einkaufen” (Shopping for all generations) quality mark. Across Germany, 77 outlets have already been awarded this certificate and make shopping for older people and people with disabilities as pleasant as can be with as few barriers as possible.

“COTTON MADE IN AFRICA”



14/11/2012 Real participates in the “Cotton made in Africa” (CmiA) initiative and joins a network of textile companies that source and process sustainably farmed cotton and market it with the CmiA seal. The aim of the initiative is to improve the living conditions of African cotton farmers.

EXCELLENT SUPPLY CHAIN MANAGEMENT



07/12/2012 The METRO Cash & Carry sales line is awarded the accolade Best Sustainable Supply Chain 2012 for its fresh fish supply chain in Vietnam. In Vietnam, the company operates a fish platform, is involved in developing quality standards for aquaculture and the fish industry and provides training for the employees of fish farms and fishery associations.