

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

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Düsseldorf,
10 December 2014

The global economy picked up at best a bit of speed in the period between October 2013 and September 2014. Overall, though, the recovery that followed two years of economic weakness remained modest and generated little momentum for retailing. As a result, the development of METRO GROUP during financial year 2013/14 received no significant boost from the economy. In light of this situation, the sales growth generated during the reporting period clearly underscores the successes produced by the transformation of the group: adjusted for portfolio changes and currency effects, METRO GROUP increased its sales by 1.3 per cent during financial year 2013/14. The company's like-for-like sales also rose again slightly by 0.1 per cent, compared with –1.3 per cent in the previous year. This positive development is a clear sign that the steps taken and investments in the future initiated by the Management Board will prove effective.

We, the members of the Supervisory Board of METRO AG, closely monitored the transformation of the group's business models and strategic portfolio changes during the reporting period and actively supported this process with our decisions. The planning and decisions of the Management Board received our full support.

We would like to express our special thanks to the employees of METRO GROUP who demonstrated their entrepreneurial spirit and energetically and passionately implemented these decisions.

Consultation and supervision of executives

The Supervisory Board carried out the duties set forth by law and by the company's Articles of Association during financial year 2013/14. We extensively advised the Management Board on the operations of METRO AG and the group and continuously supervised the company's executives. In line with its reporting obligations, the Management Board provided us with regular, timely and comprehensive written and oral reports about all developments of material importance for METRO GROUP. The reports covered, in particular, fundamental questions about company planning, the company's profitability, current business developments and operations of material importance. The Supervisory Board thoroughly discussed and reviewed all reports and documents that were submitted to it. No objections about the legality, advisability and regularity of the Management Board's activities were raised. We approved individual business matters insofar as this was required by law, on the basis of the Articles of Association or by proprietary determinations. We made no use of the rights of inspection and audit granted under § 111 Section 2 Sentence 1 and 2 of the German Stock Corporation Act (AktG) because no matters requiring clarification arose.

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FRANZ M. HANIEL

Chairman of the Supervisory Board

Profile: Franz M. Haniel became Chairman of the Supervisory Board of METRO AG in November 2011. He had previously held the same position from November 2007 to May 2010. Mr Haniel, who was born in Oberhausen in 1955, holds a degree in mechanical engineering and an MBA from the international graduate school INSEAD. He initially worked as a consultant for Booz Allen Hamilton. In 1986, he joined the investment companies of the Quandt family. In 2000, he became managing director of Giesecke & Devrient, a manufacturer of bank notes, security and identification documents. Since 2003, he has been the Chairman of the Supervisory Board of Franz Haniel & Cie. GmbH.

For more information about the other members of the Supervisory Board, see the Company – Supervisory Board section of www.metrogroup.de.

During financial year 2013/14, the Supervisory Board held nine meetings, two of which were unscheduled. Four decisions were taken outside a Board meeting. In my function as Chairman of the Supervisory Board, I remained in constant contact with the Chairman of the Management Board and discussed important business transactions and upcoming decisions with him during regular face-to-face meetings.

The German Corporate Governance Code recommends that a statement be included in this report if a member of the Supervisory Board attended fewer than half of all Supervisory Board meetings in any given financial year. Baroness Lucy Neville-Rolfe resigned in writing from the Board on 18 July 2014. As a result, she did not attend half of the meetings that the Supervisory Board of METRO AG held during the reporting period. Apart from this exception, no member attended fewer than half of the meetings.

No conflicts of interest involving members of the Management Board and Supervisory Board requiring disclosure to the Supervisory Board arose in financial year 2013/14. One member of the Supervisory Board informed the body that he was considering an offer to work as a consultant for a third party and that this relationship could result in conflicts of interest in individual cases. A specific threat to the company's interest did not exist. As a precaution, the affected member of the Supervisory Board announced that he would not take part in any future Board discussions or decisions that could result in a conflict of interests.

Key issues covered by Supervisory Board meetings and resolutions during the year

October 2013 – During the first meeting of financial year 2013/14, the Supervisory Board decided to re-appoint Mr Heiko Hutmacher to the Management Board of METRO AG and to the position of Chief Human Resources Officer for the period of 1 October 2014 to 30 September 2017. In addition, we approved the employment contract between Mr Hutmacher and METRO AG for this term. Other key points included the report of the Management Board about business developments and the governance functions in the group, in particular risk management, the internal control systems and the compliance system. During the Supervisory Board meeting held in October 2013, we also examined the efficiency of our committee work. The foundation of this efficiency review was an internal company questionnaire.

December 2013 – Our audit meeting held on 10 December 2013 focused on the annual and consolidated financial statements for the short financial year 2013, the combined METRO AG and group management report for 2013, the Management Board's proposal for the appropriation of the balance sheet profit to the Annual General Meeting 2014 as well as the Management Board's report about relations with associated companies in 2013. The auditor attended this meeting and reported on the key findings of his audits. Another focal point of the meeting was a resolution regarding a new variable remuneration component for members of the Management Board that is designed to act as a long-range incentive. The new remuneration component was presented to the Annual General Meeting in February 2014. The meeting then approved it by an overwhelming majority. Other issues addressed by the Supervisory Board in December 2013 were the report of the Supervisory Board and the corporate governance report for the short financial year 2013, preparations for the Annual General Meeting 2014, recent business developments, individual projects, legal issues and the donation report of the Management Board. Subject to the election of the auditors by the Annual General Meeting 2014, we also adopted the audit assignments for the annual and consolidated financial statements, the combined management report and the dependency report for the financial year ending on 30 September 2014. Also subject to the election of the auditors, we approved the request for the review of the abbreviated consolidated financial statements as of 31 March 2014 and the consolidated management report covering the period from 1 October 2013 to 31 March 2014.

January 2014 – In this unscheduled telephone conference, we renewed Mr Mark Frese's appointment to the Management Board of METRO AG for the period of 1 January 2015 to 31 December 2017 and concluded an employment contract for this term. Furthermore, we closely examined the Management Board's plans for a listing of minority interests in METRO Cash & Carry Russia and approved resolution proposals related to this plan. In the months that followed, market conditions for a listing worsened as a result of the political conflict between Ukraine and Russia. For this reason, the plans are currently on hold.

February 2014 – In a meeting held immediately before the Annual General Meeting on 12 February 2014, we discussed performance-based Management Board remuneration for the short financial year 2013. To ensure the individual performance orientation of Management Board remuneration, we reserve the general right to reduce or increase the weight of individual annual performance-based remuneration by up to 30 per cent, respectively, at our discretion. The necessary decision regarding how this discretion would be applied for the short financial year 2013 was outlined in a Supervisory Board resolution. We also discussed the key criteria related to the future application of this discretion after the end of the ongoing financial year 2013/14. The Management Board reported about the latest business developments and a planned real

estate project. As a precaution, the Supervisory Board passed a resolution on the hiring of a law firm in preparation for the eventuality of legal challenges or complaints for nullity against resolutions passed during the Annual General Meeting 2014.

In a written procedure initiated immediately after the conclusion of the Annual General Meeting, the Supervisory Board reappointed Dr Fredy Raas to the Accounting and Audit Committee. The reappointment was necessary because his membership on the Supervisory Board ended with the adjournment of the Annual General Meeting on 12 February 2014 and his appointment to the Board was renewed on the same day by the Annual General Meeting.

April 2014 – In this meeting, we approved the appointment of Mr Pieter Haas to the Management Board of Media-Saturn-Holding GmbH and relieved him of all responsibilities extending beyond the Media-Saturn sales line that arose from his position on the Management Board of METRO AG for the duration of his appointment. We then modified the assignment of responsibilities on the Management Board to reflect this change. Furthermore, we approved the purchase of pension reinsurance to cover risks from pension obligations outside Germany and the repurchase of a real estate portfolio. The Management Board reported about the latest business developments, the status of plans for a listing of minority interests in METRO Cash & Carry Russia and a number of other current projects and issues. In addition, the Management Board presented two projects that were the subject of Supervisory Board resolutions passed outside a Board meeting in May 2014.

May 2014 – Outside a meeting, we approved the divestment of METRO AG's indirect stake in Booker Group PLC and the purchase of three properties used by the Real sales line.

June 2014 – Also outside a meeting, the Supervisory Board approved the sale of a portion of properties in Düsseldorf used by group companies and the subsequent renting of the objects that had already been presented during the February meeting.

July 2014 – In financial year 2013/14, two Supervisory Board meetings were held in July. This is a proven practice that creates sufficient time to discuss strategic issues with the Management Board. Both meetings were held on consecutive days in Paris, France. The key issue addressed during the first day's meeting was the METRO Cash & Carry sales line's strategy, with a particular focus on France. Other issues addressed during this meeting were macroeconomic conditions, the current business developments of METRO GROUP and the strategic priorities of the group. Following this meeting, we joined the Management Board and other group executives on a tour of two stores operated by the METRO Cash & Carry sales line in Paris and learned about the store-specific concepts developed there. Subjects addressed during the second day's meeting included the strategy for Media-Saturn with a special focus on the dialogue with the minority shareholder as well as the strategic responsibilities of human resources, including long-term succession planning on various levels of the group. During this second meeting, the Supervisory Board also approved a new company car policy for members of the Management Board, was informed about key legal changes and approved the hiring of a service provider who will assist with successor planning for shareholder representatives. Finally, the Management Board informed us about the planned disposal of METRO Cash & Carry's business in Vietnam.

August 2014 – In an unscheduled telephone conference, we approved the disposal of METRO Cash & Carry's operational business in Vietnam, including the related real estate portfolio.

September 2014 – On 24 September 2014, we renewed Mr Olaf Koch's appointment to the Management Board of METRO AG and to his position as Chairman of the Board for the period of 14 September 2015 to 13 September 2018. We also approved the conclusion of an employment contract between Mr Koch and METRO AG for this period. The Management Board informed us about the latest business developments. We also approved the budget plan submitted by the Management Board. Other resolutions dealt with the annual declaration of compliance issued pursuant to § 161 of the German Stock Corporation Act (AktG) as well as the latest version of the by-laws and objectives regarding appointments to the Supervisory Board and the Management Board. In September, the Supervisory Board also carefully examined the group's governance functions (internal control system, risk management system, internal auditing and compliance) as well as additional personnel matters regarding the Management Board and was informed about the status of the legal dispute with the minority shareholder of Media-Saturn-Holding GmbH. In a final matter, we elected Dr Florian Funck to the Supervisory Board's Accounting and Audit Committee. The election was necessary because I decided not to take the seat on the committee that had been reserved for the Chairman of the Supervisory Board.

Work of the committees

Five committees support the Supervisory Board in its work, greatly contributing to the Board's overall efficiency: the Presidential Committee, the Personnel Committee, the Accounting and Audit Committee, the Nominations Committee and the Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG). The committees prepare resolutions and discussions of the Supervisory Board. In addition, decision-making responsibilities have been transferred to individual committees within legally allowed parameters. The work of the committees is described in detail in the annual statement on corporate management pursuant to § 289 a of the German Commercial Code (HGB). It can be found on the website www.metrogroup.de in the Company – Corporate Governance section. I, as Chairman of the Supervisory Board, chair all committees with the exception of the Accounting and Audit Committee. The contents and results of committee meetings are reported to the Supervisory Board in a timely manner. The committees of the Supervisory Board currently take the following forms:

— **Presidential Committee:**

Franz M. Haniel (Chairman), Werner Klockhaus (Vice Chairman), Dr Wulf H. Bernotat, Uwe Hoepfel

— **Personnel Committee:**

Franz M. Haniel (Chairman), Werner Klockhaus (Vice Chairman), Dr Wulf H. Bernotat, Uwe Hoepfel

— **Accounting and Audit Committee:**

Dr jur. Hans-Jürgen Schinzler (Chairman), Werner Klockhaus (Vice Chairman),
Dr Florian Funck, Rainer Kuschewski, Dr Fredy Raas, Xaver Schiller

— **Nomination Committee:**

Franz M. Haniel (Chairman), Jürgen Fitschen, Dr jur. Hans-Jürgen Schinzler

— **Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG):**

Franz M. Haniel (Chairman), Werner Klockhaus (Vice Chairman), Uwe Hoepfel,
Dr jur. Hans-Jürgen Schinzler

As of 10 December 2014

Accounting and Audit Committee – The Accounting and Audit Committee primarily handles accounting and auditing issues as well as the oversight of governance functions (the internal control system, risk management, internal auditing and compliance). Eight meetings were held in financial year 2013/14. The Chairman of the Management Board and the Chief Financial Officer attended all meetings. Representatives of the auditor and the managers of the relevant departments of METRO AG attended certain meetings to address particular agenda items.

The Accounting and Audit Committee prepared the Supervisory Board's balance sheet meeting in December 2013 and reviewed the annual and consolidated financial statements for the short financial year 2013, the combined management report of METRO AG and the group for 2013 as well as the report of the Management Board on relations with associated companies. The committee discussed the results of the audit in the presence of the auditor. On this basis, the Accounting and Audit Committee made concrete recommendations to the Supervisory Board after holding detailed discussions. These included, in particular, the recommendation to approve the annual and consolidated financial statements for the short financial year 2013 and the Management Board's proposal to the Annual General Meeting 2014 on the appropriation of the balance sheet profit.

Another focal point of the committee work was the selection of the auditor for financial year 2013/14 by the Annual General Meeting and preparation of the mandates related to the Supervisory Board's implementation of this decision. The members of the Accounting and Audit Committee discussed quarterly financial reports and the half-year financial report for financial year 2013/14 prior to their respective release. Other issues addressed by the committee were the Management Board's budget planning, the auditing plan of the selected auditor, the plan for a listing of minority interests in METRO Cash & Carry Russia and the governance functions in the group (internal control system, risk management system, internal auditing and compliance). The committee was also informed about continuing changes in international accounting standards and discussed the status of a sampling audit conducted by the German Financial Reporting Enforcement Panel, the updating of business by-laws and the objectives regarding appointments to the Supervisory Board and the Management Board. The Accounting and Audit Committee also addressed group tax planning and the distribution of donations. Furthermore, it received regular reports about legal issues. These issues included the management and status of antitrust proceedings, the status and implications of a challenge filed against a resolution of the Annual General Meeting 2013 and the dispute with the minority shareholder of Media-Saturn-Holding GmbH. Finally, the committee conducted an efficiency review on the basis of an internally developed questionnaire and prepared the declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG).

Personnel Committee – The Personnel Committee deals primarily with personnel issues concerning the Management Board. During financial year 2013/14, five committee meetings took place, of which four were held together with the Presidential Committee. One resolution was prepared outside a meeting. The Personnel Committee discussed the composition of the Management Board, its assignment of responsibilities, employment contracts and other personnel matters, and prepared the corresponding decisions for

the Supervisory Board during the reporting period. In particular, these issues included the reappointment of Messrs Heiko Hutmacher, Mark Frese and Olaf Koch to the Management Board, the renewed appointment of Mr Olaf Koch as Chairman of the Management Board and the new individual employment contracts. In financial year 2013/14, the committee reviewed the individual performance targets of the members of the Management Board. The achievement of these goals is a key criterion for the exercise of discretion related to the Supervisory Board's determination of the annual performance-based remuneration paid to the Management Board. Other key issues discussed by the committee were the preparation of a Supervisory Board resolution regarding a new variable remuneration component that is designed to serve as a long-range incentive as well as the long-term successor planning for the Management Board. Finally, the Personnel Committee discussed the amendment of the business by-laws made during the reporting period as well as the objectives regarding the composition of the Supervisory Board and the Management Board. As required, the committee conducted its regular review of expenditures on the basis of the travel cost guidelines that apply to members of the Management Board.

Presidential Committee – The Presidential Committee deals with the monitoring of compliance with legal regulations and the application of the German Corporate Governance Code. Until its remit was changed in September 2014, it was also responsible for strategy. In consideration of § 107 Section 3 Sentence 3 of the German Stock Corporation Act (AktG), the Presidential Committee takes decisions about urgent matters and matters submitted to it by the Supervisory Board. The Presidential Committee met four times during financial year 2013/14, each time with the Personnel Committee. As part of its joint work with the Personnel Committee, the Presidential Committee discussed strategic aspects of incentives and successor planning for the Management Board. Other key issues addressed by the Presidential Committee included corporate governance at METRO GROUP, including the corporate governance report for the short financial year, and the preparation of the declaration of compliance in accordance with § 161 of the German Stock Corporation Act (AktG). No resolutions about pressing issues or issues delegated by the Supervisory Board were required.

Nomination Committee – The Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board's election proposals to the Annual General Meeting. During financial year 2013/14, the Nomination Committee held one telephone conference. The Nomination Committee recommended to the Supervisory Board that an external consultant should be hired to assist with successor planning regarding representatives of shareholders on the Supervisory Board.

Mediation Committee – The Mediation Committee formulates proposals for the appointment and dismissal of members of the Management Board in cases pursuant to § 31 of the German Co-determination Act (MitbestG). The Mediation Committee did not have to meet in financial year 2013/14.

Corporate governance

The Management Board and the Supervisory Board report on METRO GROUP's corporate governance in the corporate governance report for financial year 2013/14. Together with the statement on corporate management pursuant to § 289 a of the German Commercial Code (HGB), the report is also published on the website www.metrogroup.de in the Company – Corporate Governance section.

In September 2014, the Management Board and the Supervisory Board of METRO AG issued their most recent declaration of compliance with regard to the recommendations of the Government Commission on the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act. The declaration was made permanently available to shareholders on the website www.metrogroup.de. It also appears in full in the corporate governance report 2013/14.

Annual and consolidated financial statements, report on relations with associated companies

The annual financial statements of METRO AG for financial year 2013/14, in consideration of accounting, that were submitted by the Management Board pursuant to the regulations laid down in the German Commercial Code (HGB), the consolidated financial statements compiled by METRO AG according to International Financial Reporting Standards (IFRS) – as they are to be applied in the European Union – and the group's combined management report for financial year 2013/14 were reviewed by KPMG AG Wirtschaftsprüfungsgesellschaft and were given unqualified approval. The auditor provided a written report on the findings.

We, the Supervisory Board, reviewed the annual financial statements of METRO AG and the consolidated financial statements for financial year 2013/14, the combined management report of METRO AG and the group for financial year 2013/14 as well as the Management Board's proposal to the Annual General Meeting 2015 on the appropriation of the balance sheet profit. For this purpose, these documents and the reports of the auditor were provided to us in a timely manner, and were discussed and reviewed in detail during the Supervisory Board's annual accounts meeting held on 10 December 2014. The auditor attended this meeting, reported the key findings of the reviews and was at the Supervisory Board's disposal to answer questions and provide additional information – even in the absence of the Management Board. The auditor did not report any material weaknesses of the internal control and risk management system with regard to the accounting process. The auditor also provided information on services rendered in addition to auditing services. According to the information provided, no disqualification or bias issues arose. We concurred with the findings of the auditor's review. In a concluding finding of our own review, we determined that no objections were necessary. We support, in particular, the conclusions reached by the Management Board in the combined management report of METRO AG and the group's management report and have endorsed the annual financial statements compiled by the Management Board. As a result, the annual financial statements of METRO AG have been adopted. Following careful consideration of the interests involved, we endorsed the Management Board's proposal for the appropriation of the balance sheet profit.

Pursuant to § 312 of the German Stock Corporation Act (AktG), the Management Board of METRO AG prepared a report about relations with affiliated companies for financial year 2013/14 (in short, "dependency report"). The auditor reviewed this report, provided a written statement about the findings of the review and issued the following opinion:

"After our due audit and assessment, we confirm that

1. the factual information in the report is correct,
2. in the legal transactions listed in the report, the company's expenses were not inappropriately high,
3. no circumstances related to the measures listed in the report required an assessment deviating materially from that of the Management Board."

The dependency report was submitted to us together with the audit report in a timely manner and was discussed and reviewed particularly in terms of thoroughness and accuracy during the annual accounts meeting that the Supervisory Board held on 10 December 2014. The auditor attended this meeting, reported the key findings of the review, and was at our disposal to answer questions and to provide information – even in the absence of the Management Board. We concurred with the findings of the auditor's review. In a concluding finding of our own review, we determined that no objections have to be made with respect to the statement of the Management Board at the conclusion of the dependency report.

The aforementioned reviews by the Supervisory Board accounts were carefully prepared by the Accounting and Audit Committee on 08 December 2014. The auditor also attended this committee meeting, reported on the key findings of his review and was available to answer questions. The Accounting and Audit Committee urged the Supervisory Board to approve the financial statements prepared by the Management Board and to endorse the Management Board's recommendation for appropriation of the balance sheet profit.

Appointments and resignations

Upon the order of the Local Court in Düsseldorf, Dr Fredy Raas joined the Supervisory Board in July 2013. As planned, his court-approved appointment ended with the conclusion of the Annual General Meeting of METRO AG on 12 February 2014. On the same day, Dr Raas was elected to a new term on the Board by the Annual General Meeting.

In financial year 2013/14, Baroness Lucy Neville-Rolfe was appointed Parliamentary Under Secretary in the British Department for Business, Innovation and Skills and as a result had to resign her seat on the Supervisory Board of METRO AG as of 18 August 2014. The Supervisory Board congratulates Baroness Neville-Rolfe on her appointment to the government position and thanks her for her energetic and expert work on behalf of METRO AG. Upon the order of the Local Court in Düsseldorf, she was replaced on the Supervisory Board on 9 December 2014 by Ms Gwyn Burr.

Düsseldorf, 10 December 2014

The Supervisory Board



FRANZ M. HANIEL
Chairman