In this publication, we use examples from our country organisations to illustrate how sustainability is embedded in our day-to-day business activities. Our key performance indicators and target progress, as well as our progress report on the United Nations Global Compact Principles, can be found online at: www.metroag.de/cr-report-2018-19

**Customer Survey**
What role does sustainability play in the everyday business of METRO’s customers? Find out what 6,723 customers in 23 countries said was important to them in our first global customer survey on sustainability.

**Six Sustainable Procurement Policies**
Bringing sustainable products inside our customers’ businesses requires a commitment to sourcing those products responsibly. METRO’s procurement policies set the frame for action in soy, palm oil, paper & wood, packaging, fish and overall on social standards.

**Avoiding food waste and loss in own operations**
-50 %
Goal until 2025 compared to 2016

**Science Based Target approved**
First retailing company in Germany to have its climate targets confirmed by the Science Based Targets initiative (SBTi). Our target for Scope 1 & 2 is thus in line with the reductions that are necessary to keep global warming well below 2°C and additionally considers our supply chain.

**Status of climate protection target**

<table>
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<tr>
<th>Year</th>
<th>2017/18</th>
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<tbody>
<tr>
<td>2020 (Target year)</td>
<td>2020</td>
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**Social Audits**
Relating to own imports by METRO SOURCING and non-food own brand products of the METRO sales lines.

99 %
with passed audit in 2018/19

**CR Progress Report**
Read more about our KPIs, targets and UN Global Compact.
DEAR READER,

What you are looking at today is the result of 20 years of sustainable leadership at METRO. In 1999, the CEO wrote in the first Environmental Report: ‘Responsible management of our resources is a guiding principle of all our business.’ Our ambition has not changed since then.

The last 2 decades brought enormous changes with them: with our climate being under massive pressure and an ever-growing world population, we face unforeseen challenges. Trading with resources, we realise that we have a huge footprint as well. But with technology, communication and collaboration, the opportunities grow alongside the challenges.

We are proud to say that sustainability is a joint effort by many - around 101,000 employees worldwide to be exact. Regarding for example climate protection and food waste, we have clear objectives and an ambitious journey ahead of us. But our biggest asset is also at the heart of us: sustainability driven from the inside, by passionate employees. Thanks to them, we are already seeing great achievements: from sustainable sourcing policies to responsible own brand products on our shelves, from our first climate protection target to the 58th photovoltaic system on our store roofs. From raising awareness about the sparing use of water to building access to safe water and sanitation for around 500,000 people in Northern India together with One Drop. From being listed in several sustainability indices to leading the Dow Jones Sustainability Index Europe in our industry for the 5th consecutive year.

Where do we go from here? The UN Sustainable Development Goals and UN Global Compact agenda, materiality analyses, customer surveys, stakeholder conversations, and last but not least our purpose to be ‘Champion for Independent Business’ have sharpened our strategic approach.

We recognise that

WE CAN CONTRIBUTE TO TRANSFORMING AND DRIVING SUSTAINABILITY IN THE BUSINESSES OF OUR 16 MILLION CUSTOMERS worldwide when we add value to our products and services through sustainable action. With METRO Sustainable, we strive to unfold prosperity in our communities and beyond, by empowering people and securing resources. This is what we stand for and want to be known for - today and tomorrow!

The Management Board of METRO AG

Philippe Palazzi, Heiko Hutmacher, Olaf Koch, Andrea Euenheim, Christian Baier
OUR SUSTAINABILITY STRATEGY

At METRO, our purpose ‘Champion for Independent Business’ determines our actions – and we strive to do this in a responsible way. Thus, with our sustainability ambition METRO Sustainable and in line with our sharpened sustainability strategy we are working towards increased customer sustainability.

We have a much greater impact on sustainability when we work on those topics that affect us the most and where we bring the greatest effect and leverage.

We have therefore identified 8 focus areas in order to target our actions and make an effective contribution to a more sustainable future. And that is especially true when we partner up with our customers.

We can change the game when collaborating on food waste solutions, finding answers for a varied balance of proteins for more conscious consumption and putting more organic and responsible products on our shelves.
We read about your sustainability framework in the last report. What is different now with METRO Sustainable?

For some time now, METRO’s sustainability vision has been: ‘We offer quality of life’. And we have been working with this vision, collaborating on projects and celebrating successes. It is a natural process though to challenge yourself every so often, to flesh out what exactly METRO wants to stand for. Based on our new business approach Wholesale 360 we have sharpened our sustainability vision towards more customer sustainability, resulting in our refined sustainability strategy under the overall message METRO Sustainable.

METRO Sustainable – what exactly do you mean with that claim?

In fact, it is much more than a claim. It is at the same time both the overarching concept and the essence of what we want to stand for in terms of sustainability. METRO Sustainable represents what we strive to achieve but also how we want to work on sustainability. It means placing METRO at the core of transforming and driving sustainable business by continuously adding value through sustainable action. That is true not only for our own business but even more so for our millions of customers, in tune with METRO’s purpose – Champion for Independent Business.

How do you champion your customers’ business with sustainability?

With METRO Sustainable we strive to be part of an ecosystem analogous to nature. By this we mean that each METRO store and its employees are part of a local community: we participate, engage and contribute with our action to a more sustainable future. We not only work with our customers and partners but we contribute to their lives. We strive to make their businesses more sustainable and by doing so contribute to sustainable communities worldwide. Being part of something creates a very strong feeling of togetherness. That is how we all can drive the change.

How concretely do you do this with your sustainability strategy?

For example, when we build bridges between a start-up tackling food waste, our stores, a customer’s restaurant and the consumers who also want to do their bit to combat food waste: that is when we support our customers with their daily challenges on food waste and at the same time leverage existing solutions for a greater good. We can accelerate the impact by bringing parties together, putting in our assets and scaling up the idea. Let’s take responsible products as an example. We bring together experts in and outside of our company, we have thousands of products on our shelves and millions of customers: changing the specification of one product alone can have an impact. For example: using only organic tomatoes for our METRO Chef Passata. In buying this product, customers contribute to empowering responsible agriculture by simply consuming a better product. Just imagine the potential to multiply that effect across all our own brand products. The same is true in our endeavour to launch innovative sources of protein that contribute to a better-balanced diet. We have the willingness to innovate on products, to let the creativeness of the start-up scene inspire us, test products with our customers and bring them to the market, even if it may appear early for our customers. We must find new paths to feed an estimated 10 billion people on this planet by 2050 with the resources available then. Working on the above 3 focus areas will contribute to solving this challenge. We must dare to try the unknown – together with our partners.
SUSTAINABILITY 360

NETHERLANDS
FOOD WASTE
food waste fighters

FRANCE
ORGANIC + RESPONSIBLE PRODUCTS
nutritional improvement of products

BULGARIA
CONSCIOUS PROTEINS
diversity in proteins

MOLDOVA
CLIMATE CHANGE
electric charging points
Every day METRO’s people around the world bring sustainability to life through their actions, be it in our operations, with our suppliers or with our customers. Over the following pages we highlight stories where we worked within the guiding framework of our strategy, from for example, sourcing sustainable raw materials through to promoting diversity in store.
Smilian beans

A varied range of proteins which contribute to environmental biodiversity is an important part of a sustainable diet. Locality and culture also play a strong role and are a key element of the Smilian bean initiative in Bulgaria.

Supporting local culinary traditions is integral to this project, in which METRO is working with local producers of the Smilian beans. The produce is native to the Smilian municipality, where farming communities have been cultivating the beans on the banks of the Arda River in the Rhodope Mountains for hundreds of years. METRO has been supporting the local farmers since summer 2018 to ensure that the integrity and quality of the beans are maintained until they reach the METRO customer.

Through this initiative METRO Bulgaria is contributing to the economic development of the community while ensuring that our customers around Bulgaria are given an exclusive taste of this speciality. METRO is proud to support the Smilian Beans Culinary Festival, which brings an extra boost to the region once a year. We are looking forward to the further success of the project, having backed the application for geographical registration of Smilian beans in Europe.

>> GERMANY

Understanding the role of alternative proteins is important and through our food innovation hub NX-Food we are members of BALPro (Association for Alternative Protein Sources), the organisation that examines the role of alternative proteins in the food system. Plant-based meat made is currently offered in 14 countries and our customers are happy to include this on their restaurant menus for those who want a tasty alternative to meat.

>> CROATIA

In another initiative towards securing biodiversity of our food supply, since 2016 we have been supporting a farmer in Croatia who is involved in conserving the Istrian Boškarin cattle, a rare breed which is threatened with extinction.
The Magic Bag

How do (all) 17 MAKRO stores in the Netherlands make a difference in fighting the fact that one third of the world’s food is wasted? How do 8,012 unique customers of MAKRO Netherlands, as well as 32,000 more partners in 13 countries worldwide contribute to preventing agricultural and labour resources, land, energy and water from going to waste? How can we all make an impact on lowering the world’s carbon footprint from food waste which accounts for 8% of the global greenhouse gas emissions, and last but not least how can we feed our planet’s population of tomorrow?

The answer can be found in a Magic Bag that is part of the solution to the global crisis. The company behind the Magic Bag is Too Good To Go (TGTG), operating an app that allows food waste fighters to buy unsold food from participating restaurants, supermarkets and canteens at reduced prices in order to save surplus food and reduce food waste.

The success story of METRO and TGTG’s partnership, launched in Germany on UN World Food Day in October 2018 and piloted and rolled out to the Netherlands since April 2019, is convincing.

Since April 2019, in MAKRO Netherlands:

8,012 active customers
21,592 meals have been saved
53,980 kg CO₂ have been saved

Expansion of the partnership from 2 to 6 countries (Germany, the Netherlands, France, Spain, Italy, Belgium) and 3 more following (Portugal, Austria, Poland) within 13 months

But what is the magic in the bag? It is the surprise moment of not knowing which delicious, perfectly edible but surplus food will be in the bag of a user of the anti-food waste app. Other than that, there is a simple reality to the bag: we all can contribute to fighting food waste.
Nutritional improvement of own brand products

By carefully selecting their products, our customers can create a positive impact on the environment as well as on the health of their own customers. Just think about more regional, fresh and organic food. And food with less sugar, salt, trans-fat and artificial additives.

The sales force and the monthly magazine guide our customers through the improved options.

Since 2012 METRO France has made strides to improve its own brand recipes by removing:

- 1,072 tonnes of sugar
- 64 tonnes of fat
- 56 tonnes of salt

116 additives have been prohibited

98% of the local own brand products meet this strict requirement.

>> SERBIA Engaging customers is key for METRO Serbia who took the opportunity of the UN Sustainable Gastronomy Day in June 2019 to launch its own sustainable gastronomy movement. Fresh produce was promoted in stores and information sessions were held with customers. Bringing customers, employees, growers, a food bank partner and food writer together, the role of gastronomy in promoting sustainable agriculture and production, food safety, nutrition and preserving biodiversity was addressed. At our HoReCa Centre in Belgrade, METRO committed to a shared responsibility for food production and consumption, stressing the importance of supporting sustainable food from local producers and HoReCa businesses.
Greenhouse gas emissions contribute to harmful air pollution, destabilise the ecosystem and harm biodiversity. METRO acknowledges its high footprint, and the accompanying responsibility to act. We therefore commit to reducing our carbon footprint by 60% in our own operations and by 15% within our supply chain by 2030.

When it comes to great examples of how we work towards positive climate action one may not think of Moldova immediately but despite the Moldavian market being still a ‘young market’ in terms of e-mobility, it has high potential. According to United Nations Development Programme (UNDP) research, by 2025 the Moldavian market is expected to grow up to 13,000 electric cars. This growth will only be possible through collaboration of the public and private sector. Hence, METRO Moldova partnered with UNDP to support one of the UNDP goals in Moldova, to develop a country network with 30 electric charging stations by 2021. In March 2019, the first e-charger was opened at the METRO store in Chişinău, and, yet 2 more are to come by the end of 2019.

Considering that our stores are located outside of the city, we provide a great opportunity to access e-charger infrastructure easily and combine it with shopping. Store customers can even charge their cars for free for up to 1 hour. Since March, on average 115 charges per month have been done each with about 11 kW of output power per hour.

THAT ACCOUNTS FOR ABOUT 4.7 t OF CO₂ EMISSIONS SAVED, WHICH ONE MAY CONSIDER MINOR COMPARED TO WHAT IS AHEAD OF US.

But: by being involved in initiatives like this, METRO acts as a role model in striving to build a responsible and sustainable culture among employees, customers, partners and communities. That is how true leverage is achieved.
Trained to make a change

Diversity and inclusion make our workforce stronger and contribute to sustainable business success.

Whilst one can read this sentence on many web pages of companies, here is a real-life example: the METRO AG Women in Trade (WiT) employee network has been established for many years and is now also having an impact in 7 METRO countries. METRO Pakistan founded a local WiT chapter in 2017 and takes as its starting point the creative projects run by the participants. In 2019, 17 volunteers have introduced initiatives to improve opportunities for women at METRO via 3 projects, including the Female Leadership Development Programme for store employees. With 140 female store employees across 9 stores accounting for 10% of METRO Pakistan’s total store workforce, its purpose is to provide development opportunities for female store employees to ensure higher representation of women, especially in senior positions. This is particularly important because women are an important driver of economic growth and development, given that 50% of Pakistan’s population is female.

After thorough career analysis of those 140 female store employees, 32 were shortlisted based on readiness for the next position. The programme participants underwent soft skills training and tightened up their job profiles. Of the 32, 14 participants are expected to be ready to make their next career step within the next 6 to 12 months. They were given an additional project to showcase their leadership skills which they had to deliver within 3 months. Along with the projects, their specific development needs were taken into consideration.

In a period of only 3 months, 2 participants of the programme have already been promoted and have started making an impact in their new positions. METRO Pakistan is considering continuing this project in view of its success and impact.
Making a difference in people’s lives

Social compliance in METRO’s own brand supply chains is one of the most complex challenges. Of all the efforts throughout METRO we have 2 out-performers: METRO SOURCING Hong Kong and METRO Turkey have been relishing this challenge for almost 10 years and have established a holistic programme to improve people’s lives in our supply chains.

For many years METRO Turkey, itself an ‘at-risk’ country for socially compliant production, has started its journey towards becoming an accepted role model for ensuring transparent and socially compliant supply chains. In cooperation with amfori BSCI (Business Social Compliance Initiative), at least 2 supplier training courses per year are conducted not only on theoretical but also on practical, ready-to-apply aspects. All costs are covered by METRO Turkey. Additionally, individual follow-up of necessary corrective actions and pre-audits take place to work towards increased awareness and performance and prepare the producers for a social audit.

The success lies in embracing new challenges, that is, broadening the scope of the process based on actual demands, strong internal commitment and multi-stakeholder cooperation. With this collaborative approach, METRO Turkey as well as METRO SOURCING have not only set a high bar for social compliance processes, making this part of their supplier qualification process but also inspire competitors whilst positioning their products on the market with a high differentiation factor. Most importantly though, we contribute to the welfare of the people in METRO’s supply chains.

90 people from 43 METRO Turkey suppliers and an additional 36 people from 27 METRO SOURCING suppliers increased their knowledge about socially compliant supply chains in 2018/19.
Pollution of our oceans from plastic waste has reached dramatic proportions. Even today, a truckload of plastic waste on average ends up in the ocean every minute.

At METRO Ukraine where there are increasing numbers of environmentally conscious citizens but no national waste sorting scheme – local partnership and action is making a real impact in addressing the problem. Working closely with a private partner, we have introduced a waste collection point in 7 METRO stores. Together with intensive training of employees, the programme has raised customer awareness of plastic pollution and encouraged them to reduce its use. Customers and staff have even taken this practice into their own homes. Since the start of the project, 12 tonnes of waste has been collected, 10 of which was recyclable, and 3.8 tonnes of plastic was diverted from landfill over a period of 5 months.

Our professional HoReCa customers have reduced the amount of waste exported to landfill and, crucially, have saved up to 40% of the costs of the disposal of solid waste. We plan to expand the project to all 18 cities in which METRO operates.

Other METRO operations are actively supporting their customers to manage packaging waste. For example, in Turkey empty water bottles are collected in stores, Kazakhstan has installed outside collection points and in Myanmar we go one step further and provide a service to collect plastic and glass bottles from our professional customers’ premises.

Waste collection points for customers

Plastic packaging plays an important role in maintaining hygiene in gastronomy as it protects food, ensures food safety and increases shelf life. But finding ways to manage plastic waste is a huge challenge for the gastronomy sector, not to mention the financial and environmental costs it incurs.
METRO’s customers have come to expect certain standards of us. As a leading fish wholesaler, we committed ourselves to a sustainable fish- and seafood policy in 2012 and since then the share of seafood from certified sources has continued to rise.

Our specialist sourcing office in Hong Kong supplies frozen fish and seafood to most METRO countries. Expert colleagues in sourcing and quality work closely with suppliers to transfer knowledge and ensure ongoing improvements in farming and production. These improvements are only possible with close and long-term partnerships. All of our wild salmon is MSC-certified and all our pangasius has GlobalG.A.P. or ASC certification. More than 85% of our farmed salmon is now certified ASC and this year we achieved MSC certification for all our lobsters and scallops.

We have partnered with the shrimp suppliers in India and Bangladesh for more than 8 years and through this close collaboration with coaching from our field experts, we have seen the increased engagement of the suppliers’ staff. Knowing that this is a long-term relationship, the suppliers’ are willing to put forward new ideas and to make ongoing improvements.

Due to a better factory design than is sometimes seen in the industry, working conditions are of a higher standard and this also impacts on the quality of e.g. the shrimps themselves. The suppliers are conscious of their environmental impact, maintaining wastewater treatment ponds and monitoring the water quality carefully.

>> SPAIN It’s not only in seafood where we care about long-term partnerships – the same applies to our sourcing operation in Valencia, Spain. All our fresh fruit and vegetables from the region is sourced from GlobalG.A.P. certified producers. Our quality experts guide our suppliers towards achieving the standards and we are proud to say that in 2018 99% of growers achieved GlobalG.A.P. certification.
MILESTONES
20 YEARS OF SUSTAINABILITY @METRO

1999
1st Environmental Report and Human Resources Report

2000
Founding member of the Consumer Goods Forum’s Global Food Safety Initiative to improve food safety standards worldwide

2002
1st full Sustainability Report

2004
Founding member of Business Social Compliance Initiative (BSCI – today amfori BSCI)

2006
LAUNCH OF METRO’S PRINCIPLES ON FAIR WORKING CONDITIONS & SOCIAL PARTNERSHIP

2007
METRO signs German Diversity Charter
1st photovoltaic plant on roof top at METRO store (Düsseldorf, Germany)

2008
METRO Hungary publishes 1st local Sustainability Report

2009
FOUNDING OF METRO’S SUSTAINABILITY BOARD
Partnership with UNIDO (UN Industrial Development Organization) for supplier training

2010
SUSTAINABILITY IS FIRMLY INTEGRATED IN METRO’S BUSINESS STRATEGY
Inclusion in the CDP Germany 200 Carbon Disclosure Leadership Index

Inclusion in the CDP Germany 200 Carbon Disclosure Leadership Index

Note: The text contains a mix of bullet points and numbered milestones, highlighting key events in the history of sustainability at METRO. The milestones cover various years from 1999 to 2010, with specific achievements such as founding member of initiatives, publication of sustainability reports, and partnerships for training. The text is designed to provide a chronological overview of METRO’s sustainability milestones and achievements.
LAUNCH OF METRO’S 1ST SUSTAINABLE PROCUREMENT POLICY (FISH)

METRO senior management’s long term incentive is linked to METRO’s performance in Dow Jones Sustainability Index (DJSI) World

RELEASE OF METRO’S 50% CLIMATE PROTECTION TARGET BY 2030

Launch of METRO ProTrace traceability solution

Foundation of first employees’ network ‘Women in Trade’

2012

2014

2016

2018

Foundation of first employees’ network ‘Women in Trade’

METRO becomes Partner of UN’s World Food Programme

First female METRO AG Board member as of 1 November

Foundation of first employees’ network ‘Women in Trade’

METRO Water Initiative launched

1st female METRO AG Board member as of 1 November

2011

2013

2015

2017

2019

2011

METRO joins UN Global Compact network

DAX-30 voluntary commitment to increase share of women in managerial positions

METRO becomes member of Roundtable on Sustainable Palm Oil (RSPO)

2013

Worldwide launch of F-Gas Exit Programme by 2030

SUSTAINABLE BUSINESS BECOMES 1 OF THE 5 METRO GUIDING PRINCIPLES

2015

1st METRO Sustainable Leadership Program

RELEASE OF METRO SOCIAL STANDARDS POLICY

Index Leader for DJSI World and Europe

2017

1st zero-emission store in St Pölten, Austria

METRO Water Initiative launched

METRO joins Electric Vehicle 100 (EV100) initiative

2019

METRO LAUNCHES ITS SHARPENED SUSTAINABILITY STRATEGY

Science Based Targets initiative approved

METRO’s climate protection target

1st female METRO AG Board member as of 1 November

1st METRO Sustainable Leadership Program

1st full CR report with limited assurance

1st full CR report with limited assurance

1st METRO Sustainable Leadership Program

1st full CR report with limited assurance

1st full CR report with limited assurance

1st full CR report with limited assurance

1st full CR report with limited assurance

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1st full CR report with limited assurance
Dialogue with all of our stakeholders such as you, our reader, 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 Compact Report 2018/19 and our sustainability activities in general.

Want to share some thoughts with us? Find us and our latest activities on Twitter and LinkedIn or send us an e-mail: CR@metro.de

Report Profile
The report can be found at: www.metroag.de/cr-report-2018-19