

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement pursuant to §§ 289f and 315d of the German Commercial Code (HGB)¹ is summarised for METRO AG and the group. The contents are not subject to the statutory audit of the annual and consolidated financial statements by the auditor.

Declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG)

During financial year 2019/20, the Management Board and the Supervisory Board of METRO AG discussed the implementation of the recommendations of the German Corporate Governance Code and jointly issued the following declaration pursuant to § 161 of the German Stock Corporation Act (AktG) on 24 September 2020:

“Management Board and Supervisory Board of METRO AG declare that the recommendations of the Government Commission German Corporate Governance Code, published by the Federal Ministry of Justice in the official section of the Federal Gazette in the version of 7 February 2017 (GCGC 2017) since the last declaration of conformity on 20 September 2019 have been complied with, with the following exceptions:

Clause 4.2.3 sec. 2 sentence 2 GCGC 2017

Mr Heiko Hutmacher, who left the Management Board of METRO AG as to the end of 31 December 2019, did not receive a variable remuneration for his activity as Management Board member from 1 October until 31 December 2019. This resulted from the fact that in the course of the mutual termination of his appointment as member of the Management Board and Labour Director, a termination agreement has been concluded with Mr Hutmacher which stipulates that the variable components of his remuneration (long-term incentive and short-term incentive) for the financial year 2019/20 were settled in the framework of the agreed severance pay. Against this background the recommendation pursuant to Clause 4.2.3 sec. 2 sentence 2 of the GCGC 2017 was not complied with in the time period 1 October to 31 December 2019. According to this recommendation the monetary remuneration components of the Management Board remuneration shall comprise fixed and variable components.

Clause 4.2.3 sec. 2 sentence 8 GCGC 2017

With the beginning of the financial year 2019/20 METRO AG implemented for the first time and with a full retroactive approach the accounting standard IFRS 16 for the financial reporting. The budget for the financial year 2019/20 was still approved on the basis of the figures before the implementation of IFRS 16, significant financial KPIs were transferred into an IFRS-16 view after completion of the restatement for the financial year 2019/20. This transition had effect on the components “exchange-rate adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA)” as well as “exchange rate adjusted return on capital employed (RoCE)” of the short-term incentive (STI) of the members of the Management Board of METRO AG for the financial year 2019/20. The targets of these components were without any changes taken from the budget which was approved by the Supervisory Board in September 2019 and then technically transferred into an IFRS 16-view for the financial year 2019/20. This causes a deviation from the recommendation in Clause 4.2.3 sec. 2 sentence 8 of the GCGC 2017. According to this recommendation a subsequent change of the targets or the comparison parameters of the variable components of the Management Board remuneration shall be excluded.

Management Board and Supervisory Board intend to comply with the recommendations of the Government Commission German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the Federal Gazette on 20 March 2020 in the version of 16 December 2019 (GCGC 2020) in future [with the following exceptions]:

¹ Pursuant to Article 23 (1) of the European Commercial Code (EGHGB), Article 289f of the German Commercial Code (HGB) in the version applicable up to and including 31 December 2019 is to be applied.

Recommendation G.8 GCGC 2020

The Supervisory Board defined the targets for the tranche of the long-term incentive (LTI) granted in the financial year 2019/20 of the members of the Management Board on the basis of the mid-term planning for the financial year 2021/22 presented in September 2019. At that point of time the Covid-19 pandemic was not foreseeable. Against the background of the impacts of Covid-19, the current mid-term planning for the financial year 2021/22 had to be adapted also in view of the earnings per share. Therefore, the Supervisory Board resolved to adapt the LTI tranche 2019/20 with regard to the target setting of the component "earnings per share" to the current mid-term planning, in order to mitigate the impacts on the Management Board remuneration and to maintain the incentive effect. In addition, the changes to the "relative performance of the share return" component of the LTI in the revised Management Board remuneration system with regard to the composition and valuation of the peer group of competitors will also be applied to the 2019/20 tranche. It is therefore deviated from recommendation G.8 GCGC 2020, according to which, with regard to the variable components of the Management Board remuneration, a subsequent change in the target values or the comparison parameters should be excluded.

Recommendation G.10 sentence 1 CGC 2020

The new remuneration system for the members of the Management Board of METRO AG, effective as of 1 October 2020, stipulates that the LTI of the members of the Management Board, previously structured as a performance share plan, is now structured as a performance cash plan. This is intended to reduce complexity, also in view of the legal requirement that the remuneration system must be clear and understandable. In order to make the long-term variable remuneration predominantly share-based, the weighting of the LTI component "relative development of the share return" (TSR) has been increased from previously 50% to 60%. This corresponds in the result also to the recommendation of the German Corporate Governance Code in its second draft version of 9 May 2019. Even though the final version of the German Corporate Governance Code adopted in December 2019 extended the recommendation to variable remuneration as a whole, the Supervisory Board of METRO AG continues to believe that the structure of the Management Board remuneration in the new remuneration system, which also provides for demanding share ownership guidelines, is appropriately directed on the company's share price performance. Therefore, the company deviates from recommendation G.10 sentence 1 DCGK 2020, according to which the variable remuneration amounts granted to the members of the Management Board, taking into account the respective tax burden, are to be invested primarily in shares of the company or granted accordingly on a share basis."

- METRO AG has made this declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG) permanently accessible on the website www.metroag.de/en, section Company – Corporate Governance.

Relevant disclosure on corporate management practices

The Management Board and the Supervisory Board of METRO AG are firmly committed to the principles of transparent, responsible and value-based management and supervision.

German Corporate Governance Code

The standards of good corporate governance are afforded a high priority. With that in mind, the Management Board and the Supervisory Board of METRO AG base their actions on the relevant valid recommendations of the German Corporate Governance Code and only deviate from these recommendations in well-founded exceptional cases. This was also documented accordingly in the Code of Procedure of the Management Board and Supervisory Board of METRO AG.

- For additional information on corporate governance, refer to the website www.metroag.de, section Company – Corporate Governance.

Compliance

METRO employs a group-wide compliance management system to ensure compliance with laws and a self-imposed code of conduct in the areas of antitrust law, prevention of corruption and money laundering, conflicts of interest, fraud/embezzlement as well as the regulation of later income.

The aim of the compliance management system is to systematically and sustainably prevent, detect and sanction regulatory infringements within the stated areas of the company. METRO does so by regularly identifying conduct-related compliance risks, adjusting the necessary organisational structures as required and consistently monitoring and control of

risks. In its group-wide systematic reporting, key compliance risks and measures are transparently communicated and documented. The need for further development of the compliance management system is ascertained from the results of regular employee surveys, internal reviews and audits. An IT-based whistle-blower system provides employees and external third parties with an opportunity to provide information on regulatory infringements within the company, under the protection of anonymity. All reported information, irrespective of whether the measures for ensuring compliance with these rules fall within the area of responsibility of the compliance organisation, is in the framework of the compliance management system investigated and, if necessary, sanctioned systematically by the compliance incident handling system. The respective departments are responsible for regulatory compliance measures that fall outside of the area of responsibility of the compliance organisation, with the exception of compliance incident handling. For example, measures to ensure compliance with regulation on fair working conditions are the responsibility of the Human Resources department.

Compliance representatives are available for all METRO holding companies and country organisations as well as all major service companies of the group. They serve as a port of call in compliance matters and provide advice to the responsible managements and employees. The Chief Compliance Officer of METRO AG reports directly to the Chief Executive Officer of METRO AG.

To maintain consistent control over conduct-related risks, METRO AG has assigned clear responsibilities for risk areas and communicated an unambiguous code of conduct in addition to developing and employing risk management and control processes. These efforts are complemented by compulsory compliance trainings, systematic and target group-oriented communication measures and the consistent, disciplined handling of compliance incidents and relevant follow-up measures.

The METRO Business Principles are at the heart of our compliance initiatives and are firmly anchored throughout the group particularly by ongoing training measures. Other essential components of our compliance programme are the group-wide code of conduct and guidelines on antitrust law as well as the anti-corruption and advisory guidelines. METRO's compliance initiatives are facilitated by audience-specific training programmes for executives and employees, which are delivered online and in attendance, and by designing and reviewing internal controls in our operational business processes, including an IT-based business partner due diligence process. The verification of the effectiveness of our internal compliance controls is regularly assessed by our Internal Audit unit.

- Further information on compliance can be found on the website www.metroag.de, section Company – Compliance Programme. The Business Principles for employees of METRO AG can also be downloaded from this website.

Risk and opportunity management

METRO's risk management forms another integral component of our value-based management. This takes the form of a systematic, group-wide process that assists the management team in identifying, assessing and managing risks and opportunities. As such, risk and opportunity management form a unity. Risk management identifies unfavourable developments and events at an early stage, makes them transparent and analyses their implications. This allows the company to put the necessary countermeasures in place as early as possible and at the same time make efficient use of arising opportunities. The risk and opportunity management system and the compliance management system are continually refined.

- Further information on the risk and opportunity management system can be found in the METRO Annual Report. The report is available on the website www.metroag.de, section Investors – Publications. The annual report for the financial year ending 30 September is published in mid-December of each year.

Responsibility/sustainability

As a company it is METRO's responsibility to make retail more sustainable along the value chain within their own business operations, but especially in its cooperation with small and medium-sized independent suppliers and customers. By aligning its goals with the needs of nature, people and future generations, METRO can act responsibly, be successful in the long term and overcome the conventional limitations of growth.

In METRO AG's strategy, sustainability is systematically and organisationally entrenched in the core business. The purpose of sustainability management is to ensure that interactions between economic as well as environmental and social aspects are taken into account efficiently and in a solution-oriented manner and that the Management Board is involved. An example of this is the work of the Sustainability Committee and the linking of the remuneration of the Management Board and the global senior management to the valuation of METRO'S sustainability performance in the rating of the Dow Jones Sustainability Index (DJSI).

As the highest sustainability body, the Sustainability Committee sets the strategic framework, facilitates the exchange of information on sustainability issues at the highest level (also with external input) and defines group-wide objectives. To adequately respond to the specific market and customer requirements, the METRO companies manage the operational implementation of sustainability targets within this framework. They are responsible for working on the relevant sustainability issues, for defining specific targets and measures and for monitoring their success. The committee is chaired by 2 representatives from the top management, who are regularly rotated. Other members of the committee are:

- People in charge of corporate responsibility at METRO AG
- Representatives of the core functions purchasing, communication as well as energy management investments and technical solutions
- Representatives of the METRO Wholesale national subsidiaries

The sustainability management is closely tied to METRO's risk and opportunity management via the formalised reporting and evaluation of sustainability-related risks and opportunities, which are assessed on the basis of materiality aspects. This enables the Management Board to systematically identify, evaluate and control deviations from the sustainability goals and the ensuing risks and opportunities.

To ensure that METRO's sustainability approach addresses the aspects and issues that most affect its business and that it can leverage through its business activities, METRO had its sustainability approach in financial year 2019/20 verified in accordance with the requirements of commercial law through a materiality analysis. Assessment of the facts was carried out by the Sustainability Committee and was based on the legally required materiality definition.

With focus on the food sector, METRO emphasises 3 main topics:

- METRO wants to make its range of products and services more sustainable by positively influencing the availability, quality and health as well as the social and environmental safety of food and by offering more organic and sustainable products.
- METRO promotes more conscious consumption by finding solutions for a balanced ratio of proteins.
- By pooling partnership strengths, METRO is actively fighting against food waste.

Likewise, through the discourse with internal and external stakeholders such as employees, customers, suppliers and business partners, local communities, non-governmental organisations (NGOs), political representatives, investors, competitors and committees, METRO is aware of the responsibility and opportunities which arise when it stands up for human rights, seeks innovative solutions in the field of packaging and plastics, makes a positive contribution to climate protection, makes the purchase of raw materials sustainable and promotes diversity and inclusion.

METRO's stakeholders (for example suppliers, employees and investors) use ratings to evaluate the sustainability measures carried out by METRO. These evaluations provide important motivation to METRO and serve as a management tool by demonstrating the progress made and the potentials for improvement.

ISS-ESG (Institutional Shareholder Services-Environmental Social Governance, formerly ISS-OEKOM) once gain awarded the prime status C+ (on a scale from D- to A+) to METRO in April 2020 as a leader in the industry sector. In financial year 2019/20 METRO is once again listed in the Food & Staples Retailing group in the internationally important Dow Jones Sustainability Index World and Europe. In addition, METRO is again listed in the 2020 FTSE4Good index. For CDP (Carbon Disclosure Project) Climate Protection and Water, METRO achieved a rating of B (scale F to A) in 2019 and is thus above the industry average. For the first time in 2019, METRO participated in the CDP Forest project and earned a rating of B (palm oil, soya, paper) and D (meat).

- Further information on corporate responsibility can be found on the website www.metroag.de, section Company – Responsibility. The Corporate Responsibility Report can also be downloaded from this website.

Information on the procedures of the Management Board and the Supervisory Board, as well as on the composition and functions of the Supervisory Board committees

The clear division between corporate management and corporate supervision is a key element of corporate governance for German stock corporations. Duties and areas of responsibility are clearly divided between the Management Board and the Supervisory Board.

The Management Board

The Management Board of METRO AG consists of 5 members (as of: 12 November 2020).

- For information about members of the Management Board, see the notes to the consolidated financial statements of METRO AG in no. 56 – Boards of METRO AG and their mandates as well as the website www.metroag.de, section Company – Management Board.

RESPONSIBILITIES OF THE MANAGEMENT BOARD

The Management Board is responsible for managing METRO AG and the group. The essential management duties of the Management Board of METRO AG include the definition of group targets, determination of the strategic direction for the group, management and supervision of the group, as well as corporate planning. In addition, the Management Board of METRO AG ensures the availability of investment funds, decides on their allocation within the group and is responsible for attracting and supporting managers.

Fundamental rules on cooperation within the Management Board are set out in the Code of Procedure, which is stipulated by the Management Board and approved by the Supervisory Board. The members of the Management Board are jointly responsible for all aspects associated with the management of the company. They cooperate constructively and keep one another informed on important measures and occurrences in their business segments. Without prejudice to the Management Board's joint responsibility, each individual member of the Management Board heads the business segments assigned to him or her in the schedule of responsibilities. The Management Board of METRO AG has not formed any board committees. The matters requiring a resolution by all members of the Management Board are set out in the Code of Procedure of the Management Board. For example, they include all fundamental organisational questions, issues relating to business policy as well as METRO's investment and financial planning. The Chief Executive Officer is responsible for coordinating all business segments and representing the company to the shareholders and the general public. He is also the first contact for the Chairman of the Supervisory Board.

In accordance with its Code of Procedure, the Management Board passes most resolutions in meetings, which take place at least twice in each month. The Code of Procedure also stipulates requirements for convening meetings and their conduct and provides for the necessary majority required for the adoption of resolutions.

- The Code of Procedure of the Management Board of METRO AG can be found on the website www.metroag.de, section Company – Corporate Governance.

The Supervisory Board

In accordance with the stipulations of the German Co-determination Act, the German Stock Corporation Act and METRO AG's Articles of Association, the Supervisory Board of METRO AG is composed of 10 shareholder representatives and 10 employee representatives. In addition, women and men each hold at least 30% of the seats on the Supervisory Board.

- For information about the members of the Supervisory Board, see the notes to the consolidated financial statements of METRO AG in no. 56 – Boards of METRO AG and their mandates as well as the website www.metroag.de, section Company – Supervisory Board.

RESPONSIBILITIES OF THE SUPERVISORY BOARD

The Supervisory Board of METRO AG appoints the members of the Management Board, provides advice to the Management Board and continuously monitors its corporate management, including with regard to the attainment of long-term group targets. The Management Board involves the Supervisory Board in its plans for the future development of METRO and in decisions concerning important measures. In addition to its statutory approval obligations, the Supervisory Board has determined its own approval requirements for certain actions and business dealings.

The Supervisory Board of METRO AG holds at least 7 ordinary meetings in each financial year. Requirements for the convening of meetings and adoption of resolutions are set out in the Code of Procedure of the Supervisory Board.

- The Code of Procedure of the Supervisory Board of METRO AG can be found on the website www.metroag.de/en in the section Company – Corporate Governance.

Detailed information on the meetings of the Management Board and the Supervisory Board of METRO AG in financial year 2019/20 and their cooperation is provided in the report of the Supervisory Board.

- The report of the Supervisory Board is included in the Annual Report and can be found at www.metroag.de, section Company – Supervisory Board.

THE SUPERVISORY BOARD COMMITTEES

The work of the Supervisory Board is supported by 4 permanent committees formed from amongst its members. Specifically, these are the Presidential Committee, the Audit Committee, the Nomination Committee and the Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG). The duties of the permanent committees and their composition are defined in §§ 5 ff. of the Code of Procedure of the Supervisory Board and, for the Audit Committee, in §§ 1 and 2 of the Code of Procedure of the Audit Committee.

- The Code of Procedure of the Audit Committee of the METRO AG Supervisory Board can be found on the website www.metroag.de, section Company – Corporate Governance.

The Presidential Committee consists of Jürgen Steinemann (Chairman), Xaver Schiller (Vice Chairman), Thomas Dommel and Professor Dr Edgar Ernst (as of: 12 November 2020).

The members of the Audit Committee are Professor Dr Edgar Ernst (Chairman), Xaver Schiller (Vice Chairman), Marco Arcelli, Stefanie Blaser, Michael Heider and Dr Fredy Raas (as of: 12 November 2020).

The members of the Nomination Committee are Jürgen Steinemann (Chairman), Tangy Bolliger and Gwyn Burr (as of: 12 November 2020).

The Mediation Committee consists of Jürgen Steinemann (Chairman), Xaver Schiller (Vice Chairman), Thomas Dommel and Professor Dr Edgar Ernst (as of: 12 November 2020).

- For information about the composition of the permanent committees of the Supervisory Board, see the notes to the consolidated financial statements of METRO AG in no. 56 – Boards of METRO AG and their mandates as well as the website www.metroag.de, section Company – Supervisory Board.

In connection with the voluntary takeover offer by EP Global Commerce GmbH, which was announced on 13 September 2019 and published on 1 October 2020, the Supervisory Board also formed a Takeover Committee with equal representation for the duration of this takeover process. The task of the committee was to continuously deal with the takeover process and prepare all necessary or expedient tasks and resolutions of the Supervisory Board. In particular, the Takeover Committee prepared the review of the voluntary takeover offer and the reasoned statement pursuant to § 27 of the German Securities Acquisition and Takeover Act (WpÜG).

The members of the Takeover Committee were Jürgen B. Steinemann (Chairman), Stefanie Blaser, Professor Dr Edgar Ernst, Michael Heider, Xaver Schiller and Alexandra Soto.

INFORMATION OF THE SUPERVISORY BOARD BY COMMITTEES AND THE MANAGEMENT BOARD

The respective committee chairperson informs the Supervisory Board about resolutions and essential aspects of the committee's consultations in due course, usually verbally in the next meeting of the Supervisory Board.

The Management Board informs the Supervisory Board in accordance with the statutory requirements, the recommendations of the German Corporate Governance Code, the provisions of the Code of Procedure of the Management Board, the Supervisory Board and the Audit Committee as well as in response to other specific requests for information from the Supervisory Board. The Supervisory Board and its committees substantiate the topics and time intervals for information and reporting in a plan for meetings and fixed agenda items, which is part of the Code of Procedure of the Supervisory Board.

LONG-TERM SUCCESSION PLANNING

The Management Board and the Supervisory Board jointly ensure long-term succession planning. As provided for in the plan for meetings and fixed agenda items, long-term succession planning is discussed once a year by the Supervisory Board and twice a year by the Presidential Committee of the Supervisory Board with the members of the Management Board and the Chairman of the Management Board respectively. In addition to the processes for identifying and promoting suitable potential candidates, detailed discussions are focused on the specific succession banks for the Management Board and senior management. The discussions consider the contractual terms and any extension options of the currently appointed members of the Management Board as well as the diversity concept for the composition of the Management Board.

Furthermore, long-term succession planning is based on the regular exchange between the chairpersons of the Management Board and the Supervisory Board.

SELF-ASSESSMENT OF THE SUPERVISORY BOARD

The METRO AG Supervisory Board regularly assesses how effectively the Supervisory Board as a whole and its committees perform their duties. The most recent self-assessment was carried out at the end of financial year 2019/20. A questionnaire was prepared internally for the self-assessment by the METRO AG Supervisory Board office, covering the following topics: composition, organisation, information and information exchange, control over personnel, monitoring of management, accounting and auditing as well as accountability and corporate governance. The work of the committees of the Supervisory Board was also assessed. There was also an additional list of questions for the members of the Audit Committee. The members of the Supervisory Board had the option to submit their assessment in writing and anonymously. The anonymous assessment and the identified potential for improvement were presented and discussed at the meeting of the Supervisory Board at the end of September 2020, taking into account the results of the previous efficiency review from financial year 2017/18.

Determinations pursuant to § 76 Section 4 and § 111 Section 5 of the German Stock Corporation Act (AktG)

Pursuant to §§ 76 Section 4 and 111 Section 5 of the German Stock Corporation Act (AktG), the Supervisory Board and the Management Board of METRO AG have passed a resolution stipulating the targets for the proportion of females in management positions and the dates for the attainments of these targets.

With regard to the target and implementation date for the proportion of female members on the Management Board, the Supervisory Board of METRO AG resolved for at least one of the members of the Management Board of METRO AG to be a female office holder by 30 June 2022. Since 1 November 2019, the Management Board has included 1 woman: Andrea Euenheim.

The Management Board of METRO AG had adopted the target of at least 20% for the proportion of female executives on the first management level below the Management Board and the target of at least 35% for the proportion of female executives on the second level below the Management Board to be attained by 30 June 2022. As to 30 September 2020 the proportion of female executives in the first management level below the Management Board was 15%. In the past three years the focus was on the target figures of the METRO country entities and on female executives in the operative business. In the course of several efficiency measures some positions on the first management level have been eliminated which has significantly reduced the total number of existing positions on this level. With regard to the second management level below the Management Board the defined target was achieved ahead of schedule: as to 30 September 2020 the proportion of female executives on this level was 36%. To ensure that METRO continues to have ambitious targets for both management levels below the Management Board, the Management Board of METRO AG has decided against this background to bring forward the deadline for achieving the target figures for the first and second management levels from 30 June 2022 to 30 September 2020 and to set new, higher target figures. The Management Board has now set a target of at least 25% for the proportion of female executives in the first management level below the Management Board and a target of at least 40% for the proportion of female executives in the second management level below the Management Board, both to be attained by 30 September 2025.

Disclosure concerning the minimum proportion of female and male members of the Supervisory Board

In the case of companies with equal shareholder and employee representation such as METRO AG, § 96 Section 2 of the German Stock Corporation Act (AktG) requires the Supervisory Board to be composed of at least 30% female office holders and at least 30% male office holders. Currently, the METRO AG Supervisory Board is composed of 9 female (45%) and 11 male (55%) office holders. On the part of the employee representatives, the Supervisory Board is composed of 5 female (50%) and 5 male (50%) office holders, while the shareholder representatives account for a ratio of 4 female (40%) and 6 male (60%) members. The composition of the METRO AG Supervisory Board therefore complies with the statutory gender quota.

Diversity concept for the Management Board

Description

The diversity concept for the Management Board pursued in financial year 2019/20 stipulated that age, gender, educational and professional background and internationality must be reflected in the composition of the Management Board as follows:

- All members of the Management Board must not only have solid general qualifications, but must also be individuals capable of helping the company address its current situation and future challenges.
- The members of the Management Board should come from different educational and/or professional backgrounds.
- The members of the Management Board should complement each other with regard to their expertise and knowledge. All members of the Management Board should have expertise and experience in retail, food, supply chain, sustainability and digitalisation.
- The composition of the Management Board should adequately represent the internationality of METRO AG.
- All members of the Management Board should have long-standing management experience.
- The Management Board should have a mixed age structure.
- The ordinary office term of a member of the Management Board should not extend past the member reaching the age of 65.
- The company intends to appoint at least one female member to the Management Board by 30 June 2022.

In September 2020, the Supervisory Board reviewed and slightly adjusted the diversity concept for the Management Board. It included the new provision that the initial appointment of members of the Management Board should be limited to a maximum of 3 years. In addition, a balanced age structure was applied to the Management Board as a whole.

Targets

The objecttargetive of this diversity concept is to achieve a composition of the Management Board that ensures that its members have the necessary knowledge, expertise and professional experience that allow the entire Management Board to manage and steer the company in the best possible way.

Implementation

The Supervisory Board and its Presidential Committee ensure that the appointment of members to the Management Board gives adequate consideration to the postulated diversity concept. Decisions on the size of the Management Board, the appointment of members to the Management Board, as well as the identification of suitable candidates are based on diligent analysis of existing and future commercial challenges and targets. The diversity concept for the Management Board also serves as the foundation for long-term succession planning.

The Supervisory Board further adheres to the German Corporate Governance Code and applicable laws, such as the law on the equal participation of women and men in executive positions.

Results achieved in financial year 2019/20

The diversity concept for the composition of the Management Board was fulfilled in the version pursued for financial year 2019/20 and in its adapted version. In addition to being individually qualified for performing their respective responsibilities, the members of the Management Board also come from different educational and/or professional backgrounds. The necessary expertise and experience in the areas of relevance for METRO is assured. There are in particular no gaps in the members' skills, but rather overlapping skills, which sustainably promotes the performance of the Management Board as a team. All members of the Management Board have long-standing management experience. 3 of the 5 members of the Management Board in office previously held high-ranking management positions in other countries over substantial periods. At the end of financial year 2019/20, 3 different nationalities are also represented on the Management Board. The initial appointments of Andrea Euenheim, Rafael Gasset and Eric Poirier in financial year 2019/20 are each limited to 3 years. By the end of financial year 2019/20, the age ranged from 43 to 55 years; no office extends past the age of 65. Since 1 November 2019, the Management Board has included 1 woman: Andrea Euenheim.

Diversity concept for the Supervisory Board

Description

The diversity concept for the Supervisory Board pursued in financial year 2019/20 included objectives for the composition of the Supervisory Board and a competence profile for the entire corporate body as defined by the German Corporate Governance Code. It stipulated that age, gender, educational and professional background and internationality must be reflected in the composition of the Supervisory Board as follows:

The objectives for the composition of the Supervisory Board were:

- The members of the Supervisory Board should complement each other with regard to their age, (educational and professional) background, experience and skills in such a way that the overall corporate body will benefit from the largest possible pool of experience and the broadest possible spectrum of expertise.
- An adequate number of the members of the Supervisory Board should have international experience or expertise.
- The statutory gender quota of 30% is proposed to be met by both shareholder representatives and employee representatives. It follows that at least 3 of the members of the Supervisory Board on each side should be female.
- In accordance with Clause 5.4.2 of the German Corporate Governance Code, at least 12 of the Supervisory Board's 20 members must be independent office holders, with at least 6 of them being shareholder representatives.
- At least one member of the Supervisory Board must meet the requirements for being appointed chairperson of the Audit Committee. Pursuant to the Code of Procedure of the Audit Committee, the committee chairperson must be independent and possess professional expertise in the areas of accounting and auditing of annual financial statements, as well as internal control measures (financial expert). The other committee members should possess adequate professional expertise and experience in these areas. Ideally, one member of the Audit Committee should have special expertise in the field of compliance.
- To prevent potential conflicts of interest, members of the Supervisory Board are prohibited from assuming board functions, advisory functions or accept an appointment to the supervisory board of a significant domestic or foreign direct competitor.
- The ordinary maximum office term for members of the Supervisory Board is 10 years. The ordinary office term for shareholder representatives appointed to the Supervisory Board is 3 years. The Supervisory Board determines exceptions from the ordinary criteria at its own dutiful discretion on a case-by-case basis.
- As a general rule, only candidates who are not older than 65 years at the time of their initial election should be proposed for their first election to the Supervisory Board. As a general rule, only candidates who are not older than 71 years at the time of their election should be proposed for being elected a member of the Supervisory Board. The Supervisory Board determines exceptions from the ordinary criteria at its own dutiful discretion on a case-by-case basis.

According to the competence profile, the entire corporate body should possess the following competences:

- Commercial expertise
- Expertise/experience in accounting, auditing of annual financial statements, internal control processes
- Expertise in the area of compliance
- Expertise in the area of business combinations and takeovers (mergers and acquisitions)
- Expertise in the area of digitalisation/technology
- International experience/expertise, particularly in Eastern Europe and Asia
- Expertise in the area of sustainability
- Expertise in logistics, in particular in the field of supply chain logistics
- Marketing expertise
- Human resources expertise
- Experience in managing a company

In September 2020, the Supervisory Board reviewed and adjusted the diversity concept for its composition. It ensured that the new or clarifying recommendations of the German Corporate Governance Code in the version dated 16 December 2019 were reflected, in particular with regard to the issues of independence and upper limits on the number of mandates. The competence profile for the entire corporate body remains unchanged.

The objectives for the composition of the Supervisory Board are now:

- The members of the Supervisory Board should complement each other with regard to their educational and professional background, experience and skills in such a way that the overall corporate body can draw on the competences defined in the competence profile for the overall body.
- An adequate number of the members of the Supervisory Board should have international experience or expertise.
- The statutory gender quota of 30% is proposed to be met by both shareholder representatives and employee representatives. It means that at least 3 of the members of the Supervisory Board on each side should be female.
- A member of the Supervisory Board who is not a member of the Management Board of a listed company should not hold more than 5 supervisory board mandates at non-group listed companies or comparable functions, whereby a supervisory board chairmanship counts double.
- If a member of the Supervisory Board is a member of the Management Board of a listed company, he/she shall not hold more than 2 supervisory board mandates in non-group listed companies or comparable functions and shall not chair the supervisory board of a non-group listed company.
- In the opinion of the shareholder representatives, at least 6 shareholder representatives should be independent as defined in the German Corporate Governance Code, i.e. they should be independent of the company and its Management Board and independent of a controlling shareholder.
- The Chairman of the Supervisory Board, who, in accordance with the Code of Procedure of the Supervisory Board, is also the Chairman of the Presidential Committee, which deals with the remuneration of the Board of Management, should be independent of the company and the Management Board as outlined in the German Corporate Governance Code.
- At least one member of the Supervisory Board must meet the requirements for being appointed the chairperson of the Audit Committee. The chairman of the Audit Committee must be independent as defined by the German Corporate Governance Code, i.e. independent of the company and its Management Board and independent of a controlling shareholder. He/she must have special knowledge and experience in the application of accounting principles and internal control procedures and be familiar with auditing. The other committee members should possess adequate professional expertise and experience in these areas. Ideally one member of the Audit Committee should have special expertise in the field of compliance.
- No more than 2 former members of the Management Board shall be members of the Supervisory Board.
- In order to prevent potential conflicts of interest, members of the Supervisory Board may not hold an office in a corporate body of or an advisory function for a major direct competitor of the company or a group company and may not have a personal relationship with a major competitor.
- The ordinary maximum office term for members of the Supervisory Board is 10 years. The ordinary office term for shareholder representatives appointed to the Supervisory Board is 3 years. The Supervisory Board determines exceptions from the ordinary criteria at its own dutiful discretion on a case-by-case basis.
- As a general rule, only candidates who are not older than 65 years at the time of their initial election should be proposed for their first election to the Supervisory Board. As a general rule, only candidates who are not older than 71 years at the time of their election should be proposed for being elected a member of the Supervisory Board. The Supervisory Board determines exceptions from the ordinary criteria at its own dutiful discretion on a case-by-case basis.

Targets

The composition of the Supervisory Board should ensure that its members have the necessary knowledge, expertise and professional experience required for the entire Supervisory Board to properly perform its duties and that the statutory gender quota is met.

Implementation

The Supervisory Board presents its proposals for the election of shareholder representations to the Supervisory Board at the occasion of the Annual General Meeting. In deciding about the candidates proposed for election, the Supervisory Board gives consideration to statutory requirements, the Articles of Association, as well as the targets set out above for its composition and the overall competency profile for the entire corporate body. The same applies for the Nomination Committee, which supports the Supervisory Board in the identification of suitable candidates to represent the shareholders on the Supervisory Board.

Results achieved in financial year 2019/20

The diversity concept for the composition of the Supervisory Board was fulfilled in the version pursued for financial year 2019/20 and in its adapted version. All members of the Supervisory Board contribute their manifold specific expertise to the work in the committees. They complement each other with regard to their age, educational and professional backgrounds,

experience and skills. This enables the Supervisory Board to draw on the competences defined in the competency profile and completes the competency profile for the entire corporate body. Several members of the Supervisory Board have international expertise and/or experience. The Supervisory Board includes 5 female employee representatives and 4 female shareholder representatives. The upper limits for the number of mandates are met. The composition of the Supervisory Board satisfies the target in terms of the number of independent members of the Supervisory Board and/or shareholder representatives. As of the date of this report, 9 out of the 10 shareholder representatives are independent in the meaning of the German Corporate Governance Code. The members are: Jürgen Steinemann, Marco Arcelli, Herbert Bolliger, Gwyn Burr, Professor Dr Edgar Ernst, Dr Fredy Raas, Eva-Lotta Sjöstedt, Dr Liliana Solomon and Alexandra Soto. The Chairman of the Supervisory Board, Jürgen Steinemann, who is also Chairman of the Presidential Committee, is independent of the company and the Management Board as defined by the German Corporate Governance Code. The targets in terms of the chairperson and the members of the Audit Committee have also been met. This committee's independent Chairman as defined in the German Corporate Governance Code is Professor Dr Edgar Ernst. No member of the Supervisory Board of METRO AG holds an office in a corporate body of or an advisory function for a substantial direct competitor, is a member of such a company's supervisory board or has a personal relationship with such a company. The ordinary maximum term, the ordinary term of office for shareholder representatives and the ordinary retirement age are stipulated in the Code of Procedure of the Supervisory Board. Due to the transition of the remaining office terms at the former METRO AG (today: CECONOMY AG), 2 shareholder representatives are currently appointed for more than 3 years. Both terms of office expire at the end of the 2021 Annual General Meeting. No member of the Supervisory Board has reached the standard limit for the duration of supervisory board membership. 1 member of the Supervisory Board, who was a member of the Supervisory Board of the former METRO AG, was older than 65 years of age, namely 71 years of age, at the time of his (initial) election to the Supervisory Board of the new METRO AG.

Düsseldorf, 12 November 2020

METRO AG

THE MANAGEMENT BOARD

THE SUPERVISORY BOARD