

# CORPORATE RESPONSIBILITY

Progress Report 2018/19

# SUSTAIN- ABILITY



# 360

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# METRO SUSTAINABLE

## 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 at METRO 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 58<sup>th</sup> 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 5<sup>th</sup> 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

## 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.

Our society is more exposed than ever to economic, environmental, social and cultural challenges. Similarly, we experience every day that sustainability is the key to transforming these challenges into opportunities.

As a partner for independent businesses along the entire value chain, we thus do more for business-passionate people – in a responsible way. This reflects the core of our business and means that, for our sustainability approach, we not only practice METRO Sustainable in our own business and our supply chain, but also support our customers in making their business more sustainable through sustainable value creation. We strengthen local communities and call for more conscious consumption. As an innovation driver for sustainable solutions, we also contribute to a sustainability movement. Through information, inspiration, motivation and support from our employees, customers and partners, our sustainable action has the potential to reach millions of people and makes an impact for increased sustainability.

Based on our new business approach Wholesale 360 and building on our successful sustainability approach in the past we have now sharpened our sustainability strategy under the overall message of METRO Sustainable. We know that we need to focus on what is material, in order to ensure that our sustainability strategy addresses the aspects and issues that most affect our business and that we can leverage through our business activities – together with our customers. With our emphasis on the food sector, we concentrate our work on 8 focus areas. This has also been confirmed by our customer survey conducted in 23 countries with a focus on sustainability and in a 1-day sustainability strategy workshop with the participation of the Management Board of METRO AG, other senior management positions and more expert functions of the entire METRO group.

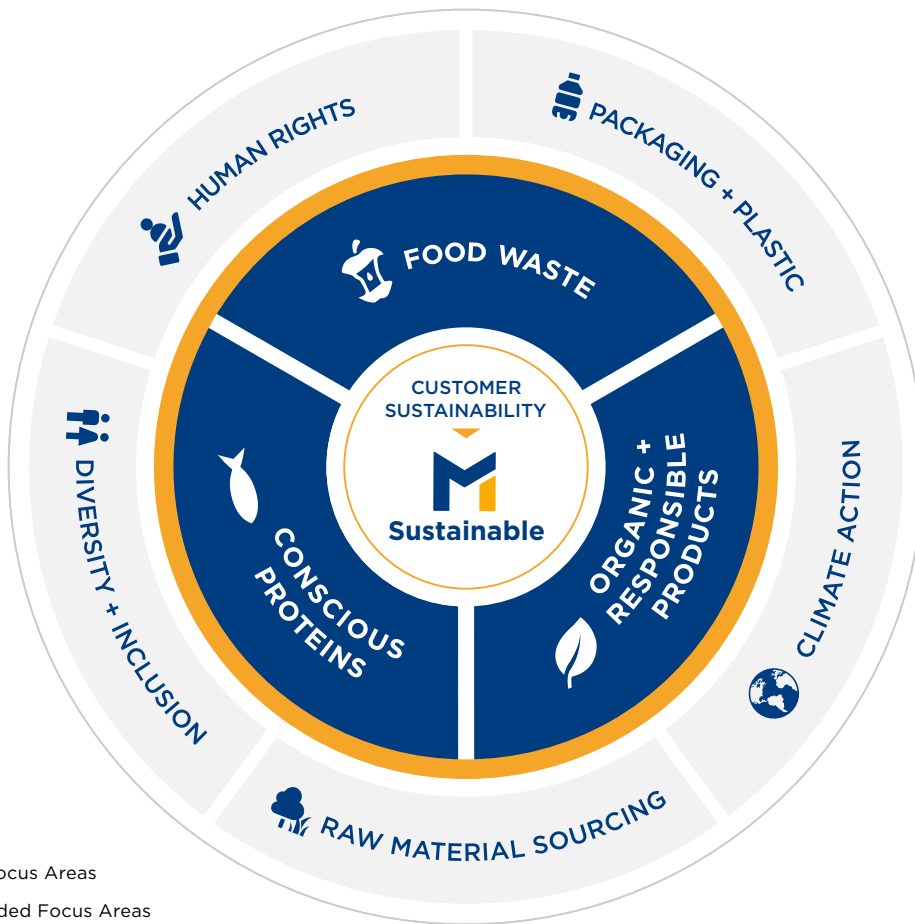
We can change the game for a sustainable future when collaborating on food waste solutions, finding answers for a varied balance of proteins for more conscious consumption and putting more organic and responsible products on our shelves. At the same time we are aware of our responsibility and opportunities when promoting human rights, innovating on packaging and plastic materials, contributing to positive climate action, driving change in sustainable raw material sourcing and fostering diversity and inclusion.

With METRO Sustainable and our work on the basis of our strategic focus areas we 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. Read more about this in our proof point stories.

## METRO Sustainable

**METRO Sustainable** expresses our sustainability ambition combined with our purpose and is the **driver of our actions towards customer sustainability**. It means placing METRO at the **core of transforming and driving sustainable business** by adding value through sustainable action – at our own business and with our customers.

Together, with METRO Sustainable we strive to **unfold prosperity by empowering people and securing our planet**. Our stakeholders are our leverage to **enhance the power of communities and partnerships**.



# KEY PERFORMANCE INDICATORS AND TARGETS

## SCOPE

The chapter 'key performance indicators' provides information about METRO's sustainability performance in the form of key performance indicators (KPIs). It is divided into KPIs on the [economic performance](#) ▶ [page 8](#) of the company and KPIs on our areas of responsibility (Empower) [People](#) ▶ [page 9](#), (Secure) [Planet](#) ▶ [page 21](#), (Unfold) [Prosperity](#) ▶ [page 30](#) and (Enhance) [Partnership](#) ▶ [page 31](#).

### Reporting period

The reporting year is the same as the METRO financial year, that is from 1 October to 30 September. Key performance indicators are reported for the previous 3 financial years. Reporting of the [climate protection target](#) ▶ [page 21](#) also includes the target's reference year, 2011. The figure for the reference year relates to the period from 1 January to 31 December 2011. A different reporting period is used in this case because METRO changed its financial year from the calendar year to the 12 months from October to September in 2013.

### Data collection approach and degree of coverage

The key performance indicators reported are based on data that is gathered using various internal reporting systems. As a rule, this data is systematically recorded for each sales line and each country every quarter, in some cases every month. The KPIs are based on data collected for the whole METRO, that is for all of the stores, back offices and warehouses and for the head office in Düsseldorf. It is necessary to extrapolate and estimate consumption data for some KPIs in cases where the primary data available is incomplete. This applies to the KPIs from the section [Planet](#) ▶ [page 21](#). The sustainability data management office merges the data from various reporting systems.

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

The selling and delivery space figures used as a basis for the KPIs are averages for the year. We report all KPIs separately for METRO as a whole and for the region Germany, as the country in which the company is based. As a general rule, the KPIs for METRO as a whole include the data for all locations or all employees. Unless expressly stated otherwise, all presentations in the combined management report refer to continuing operations (excluding the hypermarket business and excluding China). The KPIs we report for work-

related accidents and continuing professional development in the section [People](#) ▶ [page 9](#) do not currently cover all employees. We do not have the relevant data for all sales lines and organisational units in proper quality. We report work-related accidents for the German METRO companies. The KPIs for continuing professional development include all companies except for a few service companies. We show sales in the section [Prosperity](#) ▶ [page 30](#) exclusively for our German sales lines Real and METRO Wholesale Germany. Thus the coverage rate for environmental and social KPIs is, as mentioned above, at 100%. All of the sustainability KPIs have been [audited](#) ▶ [page 45](#) by KPMG AG Wirtschaftsprüfungsgesellschaft.

## Deviations from previous reports

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

In financial year 2018/19, we retroactively switched to a different emission factor set for energy.

Unless expressly stated otherwise, all presentations in the combined management report refer to continuing operations (excluding the hypermarket business and excluding China).

There are other differences in the KPIs in the section [Planet](#) ▶ [page 21](#), arising from estimated figures having been replaced by actual values. In a number of cases, the utilities provide us with consumption figures quite late, and we therefore initially work on the basis of estimates.

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

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

As part of these efforts, we have included the additional KPIs and targets:

- Employee representation
- New employees number of nationalities
- Gender breakdown in managerial positions top management
- Gender breakdown in managerial positions junior management
- Gender breakdown in managerial positions of revenue generating units
- Employee engagement
- Suppliers producing in risk countries
- Food waste reduction
- Packaging
- Palm oil
- Reformulated products

## COMPANY

Economic value (value added) 

€ million		2017/18 <sup>1</sup>	2018/19	Change in %
<b>Key financial figures for continuing operations</b>				
Sales development (like-for-like)	%	1.3	<b>2.1</b>	-
Sales development in local currency	%	1.3	<b>2.2</b>	-
Sales (net)		26,792	<b>27,082</b>	1.1
EBITDA excluding earnings contributions from real estate transactions		1,088	<b>1,021</b>	-6.1
Earnings contributions from real estate transactions		128	<b>338</b>	-
EBITDA		1,216	<b>1,359</b>	11.8
EBIT		713	<b>828</b>	16.1
EBT (earnings before taxes)		576	<b>709</b>	23.1
Profit or loss for the period <sup>2</sup>		357	<b>405</b>	13.7
Earnings per share (basic = diluted)	€	0.98	<b>1.12</b>	13.7
Cash flow from operating activities		766	<b>796</b>	3.9
Investments		565	<b>499</b>	-11.7
Net debt		3,102	<b>2,858</b>	-7.9
Employees (annual average by headcount)		104,912	<b>101,654</b>	-3.1
Stores (as of 30.09.)		675	<b>678</b>	0.4

<sup>1</sup> Previous year's adjustment due to discontinued operations.

<sup>2</sup> Attributable to METRO shareholders.

## Evaluation in relevant sustainability indices and rankings

Index/ranking	Rating/score	Scale	Publication date
Dow Jones Sustainability Index (DJSI) World/Europe	<b>82</b> <b>Industry Leader DJSI Europe</b> <b>Food &amp; Staples Retailing</b>	0 to 100	09/2019
ISS-oekom Corporate Rating	<b>C+</b> <b>Prime Status</b>	D- to A+	08/2018
CDP Climate Scoring	<b>A-</b>	F to A	01/2019
CDP Water Scoring	<b>B-</b>	F to A	01/2019
FTSE4Good Global/Europe Index	<b>Index member</b>		07/2019

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

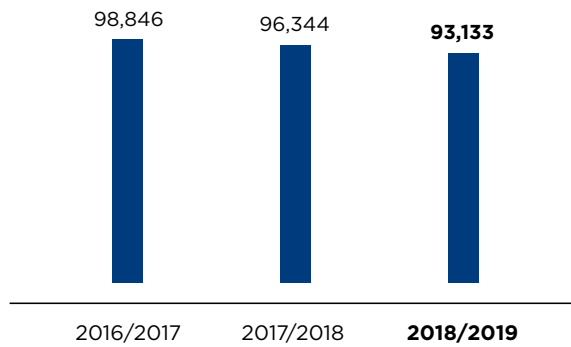
In financial year 2018/19, METRO confirmed its industry leadership in the Dow Jones Sustainability Index Europe and was ranked second in the Dow Jones Sustainability Index World.



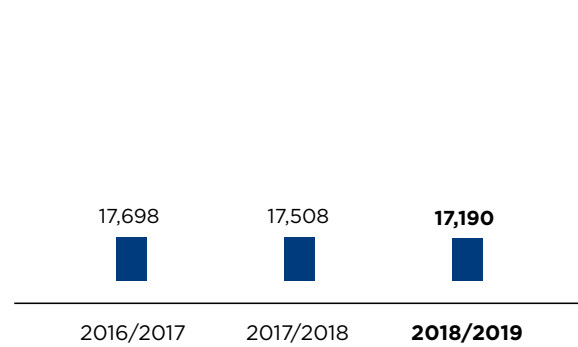
## EMPOWER PEOPLE

### Employees

#### METRO



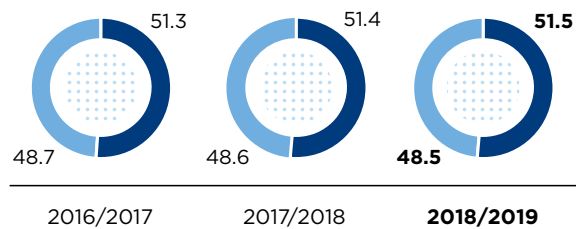
#### Germany



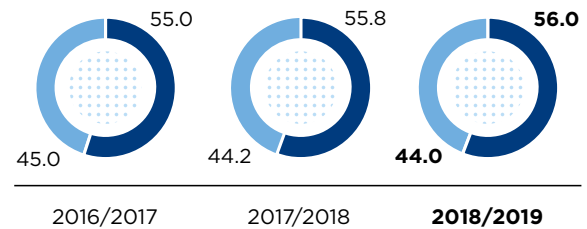
**Definition:** Full-time equivalent employees, average for the year, excluding trainees.

### Employees by gender (in %)

#### METRO



#### Germany

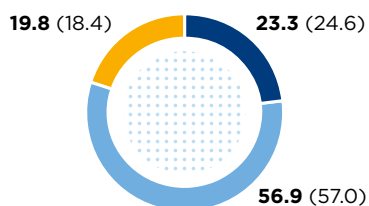


 Proportion of men in %  Proportion of women in %

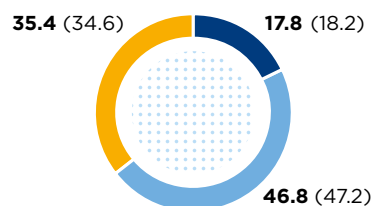
**Definition:** The percentage of male and female employees is calculated per capita as of 30 September.

### Employees by age group (in %)

#### METRO



#### Germany

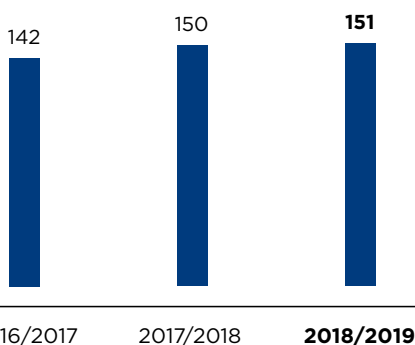


■ < 30 years old   ■ 30-50 years old   ■ > 50 years old   **2018/19** (2017/18)

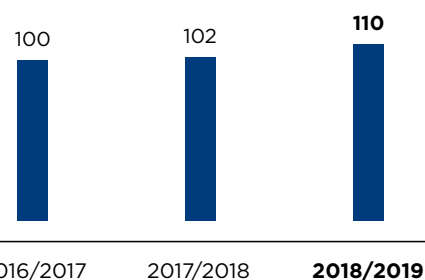
**Definition:** Breakdown of employees by age group, excluding trainees, as of 30 September.

### Number of nationalities

#### METRO



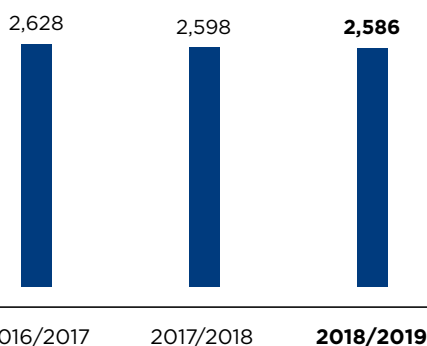
#### Germany



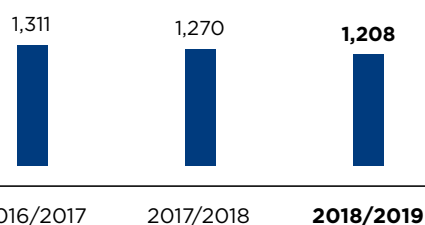
**Definition:** Number of different nationalities among our employees, excluding trainees, as of 30 September.

### Employees with a recognised severe disability or equivalent status

#### METRO



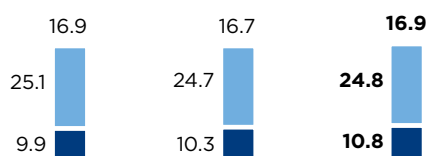
#### Germany



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

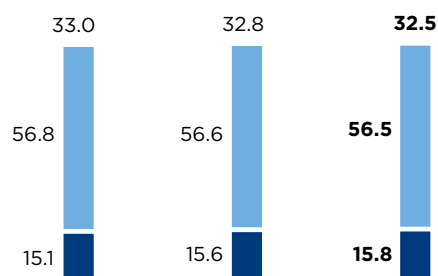
### Part-time rate by gender (in %)

#### METRO



2016/2017      2017/2018      **2018/2019**

#### Germany



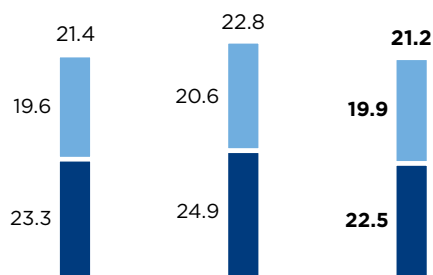
2016/2017      2017/2018      **2018/2019**

- Part-time rate men (% of total men)
- Part-time rate women (% of total women)
- Part-time rate (in % of total employees)

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

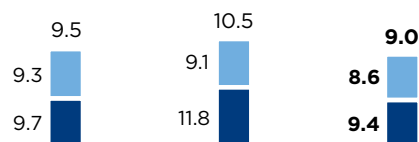
### Employee turnover by gender (in %)

#### METRO



2016/2017      2017/2018      **2018/2019**

#### Germany



2016/2017      2017/2018      **2018/2019**

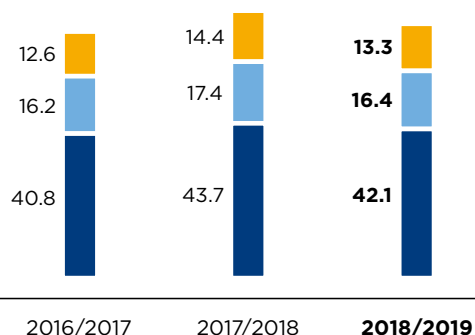
- Staff turnover of men (% of total men)
- Staff turnover of women (% of total women)
- Staff turnover total (% of total employees)

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

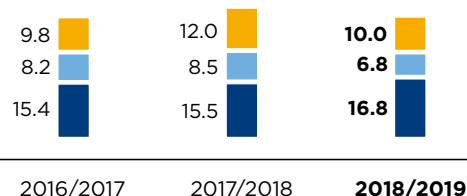
**Explanation:** The employee turnover rate is high at METRO. This is primarily attributable to the fact that the employee turnover is generally high in several Asian and Eastern European countries where METRO operates.

### Employee turnover by age (in %)

#### METRO



#### Germany

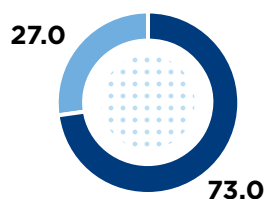


■ < 30 years old   ■ 30-50 years old   ■ > 50 years old

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

### Employee representation

#### METRO



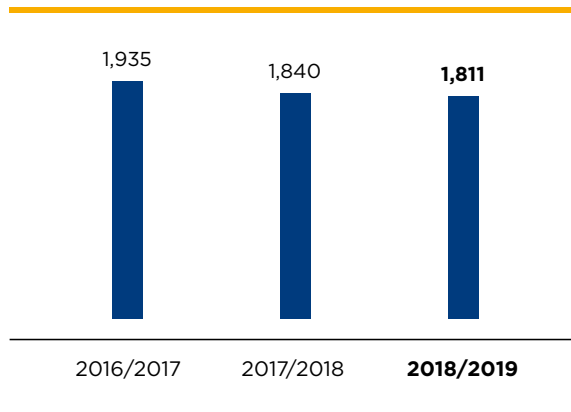
2018/2019

■ Proportion of employees who are represented by employee representatives  
 ■ Proportion of employees who are not represented

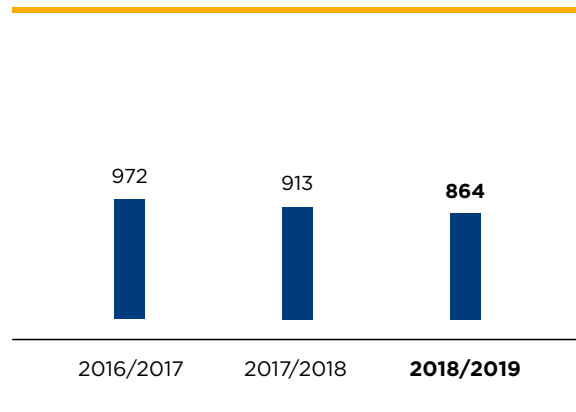
**Definition:** Proportion of employees who are represented by works councils, employee representatives and an independent trade union or whose interests are covered by collective agreements.

### Trainees, interns and students

#### METRO



#### Germany

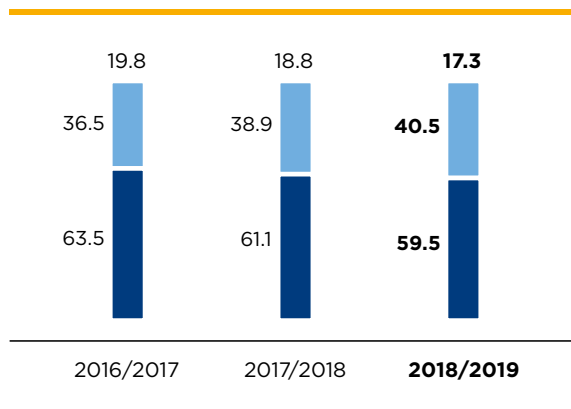


**Definition:** All trainees including interns and students.

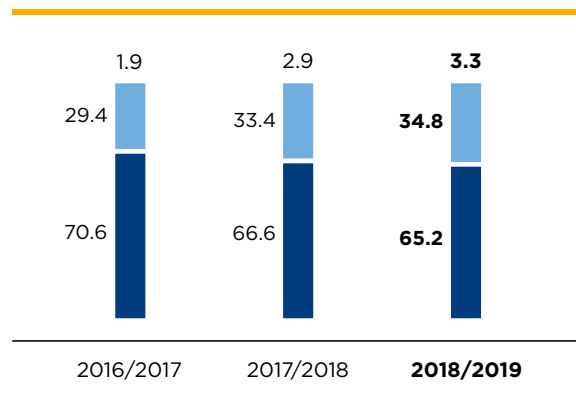
### New employees



#### New employees by gender (in %)

#### METRO



#### Germany



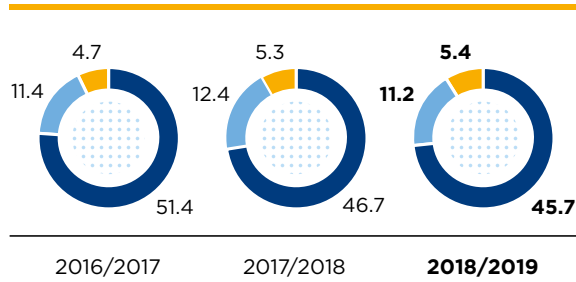
-  Proportion of men
-  Proportion of women

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

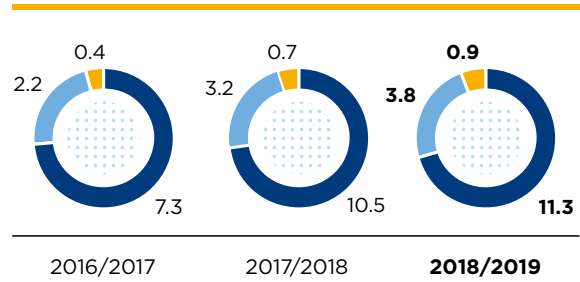
**Definition:** The figure for new employees includes all newly recruited employees and returning workers. The KPI shows the number of workers joining the company in relation to the average number of employees. This does not include trainees, interns, BA students and employees on temporary contracts.

**New employees by age (in %)**

**METRO**



**Germany**

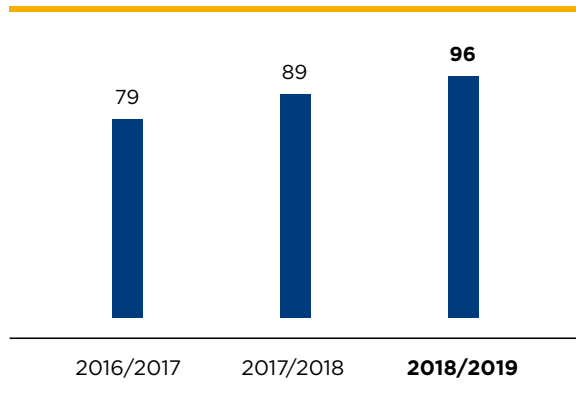


■ < 30 years old   ■ 30-50 years old   ■ > 50 years old

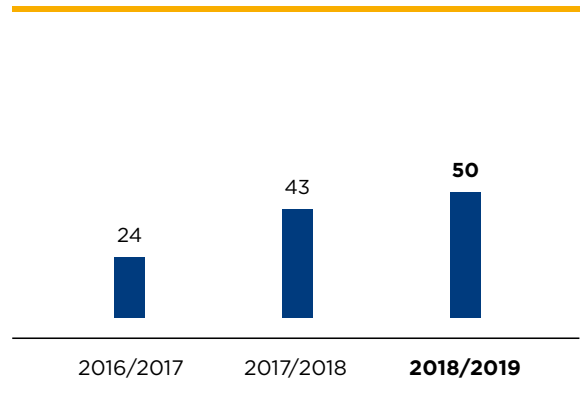
**Definition:** Breakdown of new employees by age group, average for the year. This does not include trainees, interns, BA students and employees on temporary contracts.

**New employees number of nationalities**

**METRO**



**Germany**

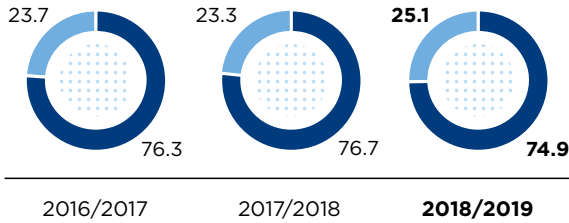


**Definition:** Number of different nationalities among our employees, excluding trainees, as of 30 September.

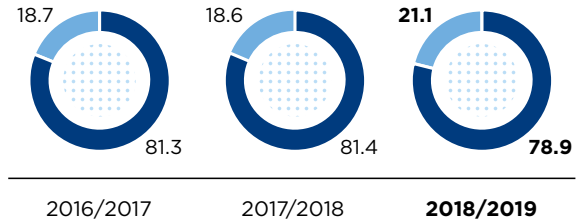
Management   

Gender breakdown in managerial positions (in %)

METRO



Germany



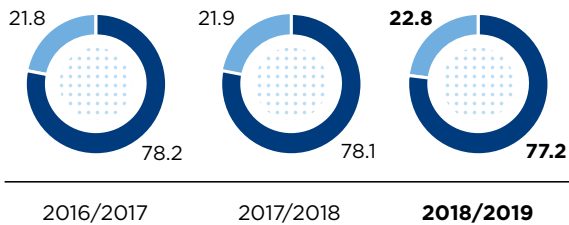
■ Proportion of men    ■ Proportion of women

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

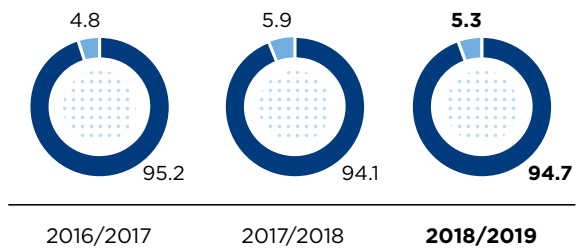
**Targets:** By June 2022: at least one female in Management Board, 20% women in positions one below Board and 35% women in positions two below Board.

Gender breakdown in managerial positions top management (in %)

METRO



Germany



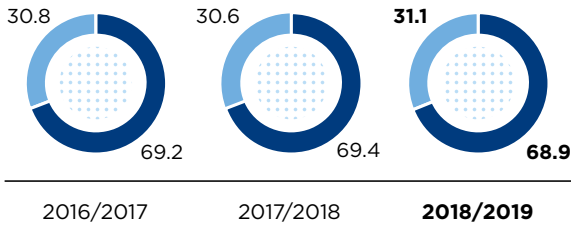
■ Proportion of men    ■ Proportion of women

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

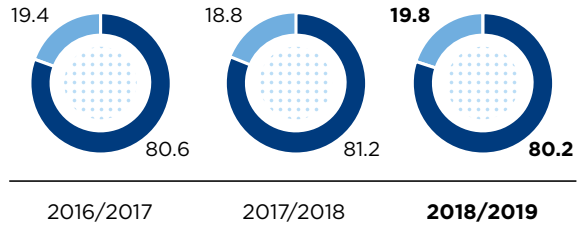
This graph refers to women and men in top management positions i.e. maximum two levels away from the CEO or comparable positions (as a % of total top management positions).

**Gender breakdown in managerial positions junior management (in %)**

**METRO**



**Germany**



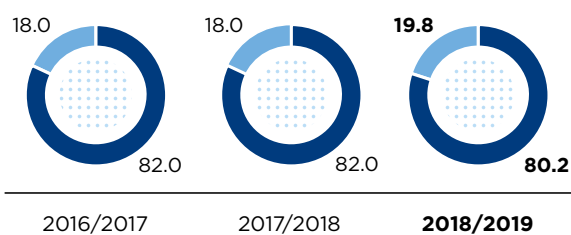
■ Proportion of men    ■ Proportion of women

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

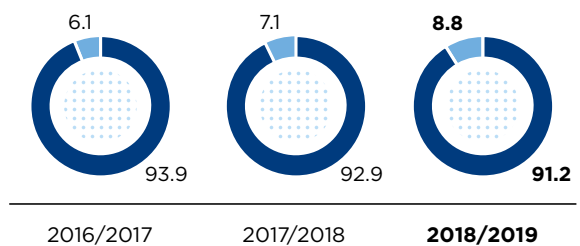
This graph refers to women and men in junior management positions, i.e. first level of management (as % of total junior management positions).

**Gender breakdown in managerial positions of revenue generating units (in %)**

**METRO**



**Germany**



■ Proportion of men    ■ Proportion of women

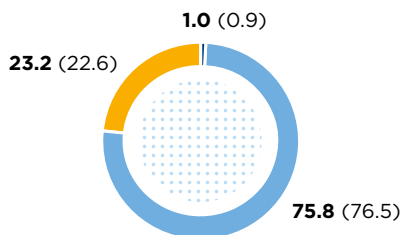
**Definition:** Managerial positions are those in levels 1-3 (Management Board, General Management, divisional management, departmental management and store management). The percentage of male and female employees in these positions is calculated (per capita as of 30 September).

This graph refers to women and men in management positions in our stores and our delivery depots or similar as a % of all managers in those units.

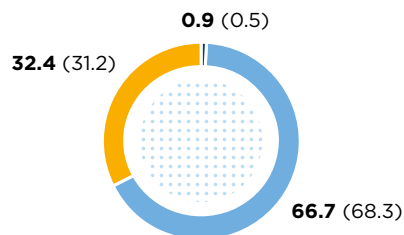


### Managers by age (in %)

#### METRO



#### Germany

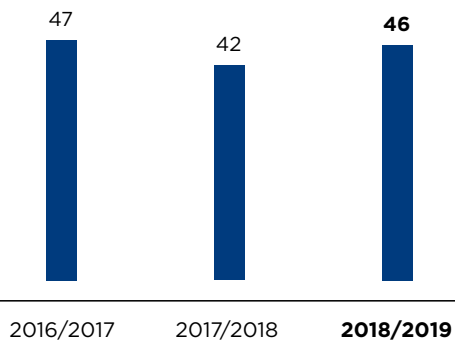


■ < 30 years old   ■ 30-50 years old   ■ > 50 years old   **2018/19** (2017/18)

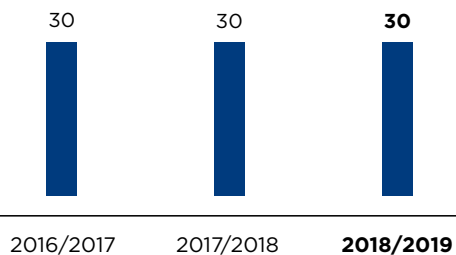
**Definition:** Breakdown of managers by age group as of 30 September.

### Number of nationalities among managers

#### METRO



#### Germany

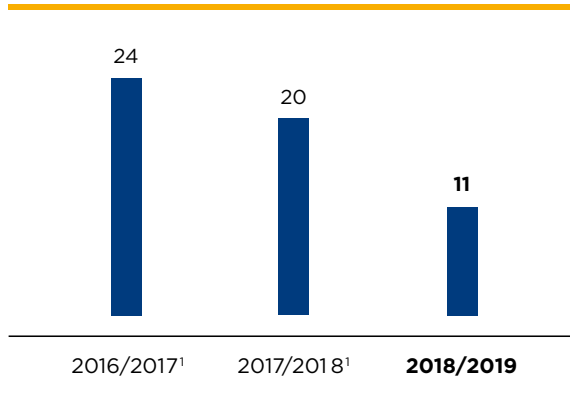


**Definition:** Number of different nationalities among our managers as of 30 September.

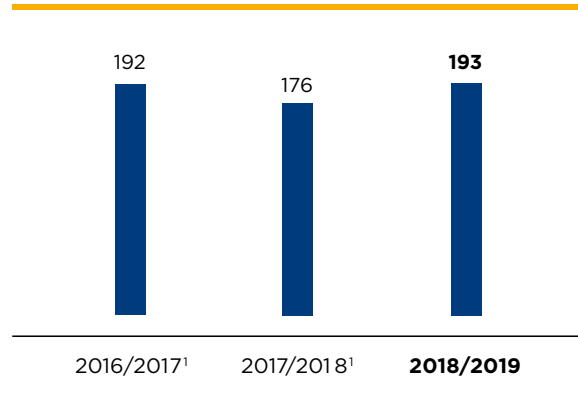
## Training and Engagement

### Continuing professional development

**Average number of hours of CPD per employee per year**



**Average CPD expenditure per employee per year in €**



<sup>1</sup> Figures presented here include Real and METRO China.

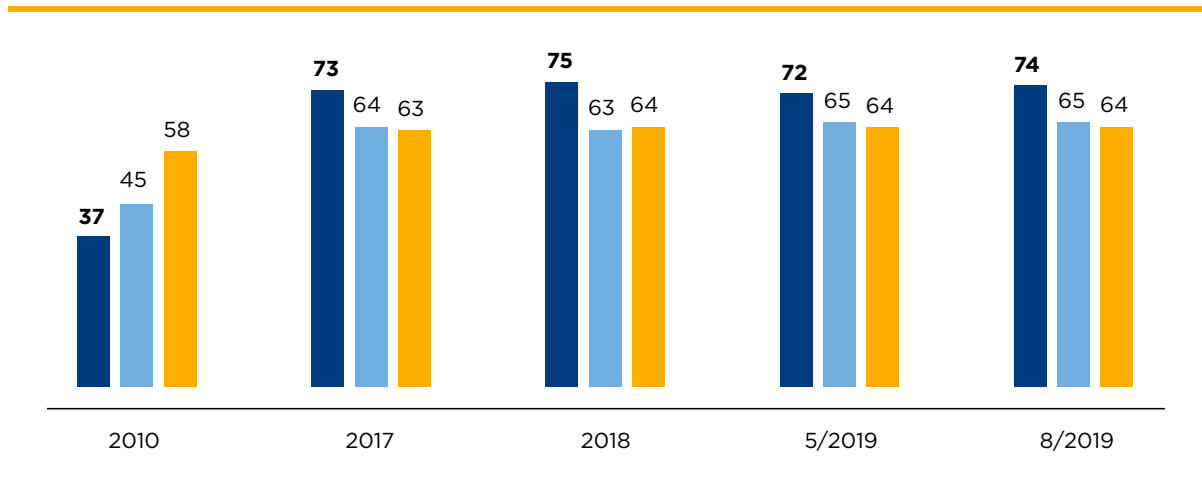
**Definition:** Training (hygiene, occupational safety, etc.) and courses focusing on ongoing operations plus medium- and long-term CPD opportunities that are offered with a view to enhancing the course of business.

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

The main reasons for the decrease of hours are China, which is not included for 2018/2019 anymore (would have contributed ~900,000 hours), and Russia with a decrease of ~70% in trainings delivered. These are countries where eLearnings are both inexpensive and very popular, and the overall average cost per trained employee increases.

### Employee engagement

#### METRO



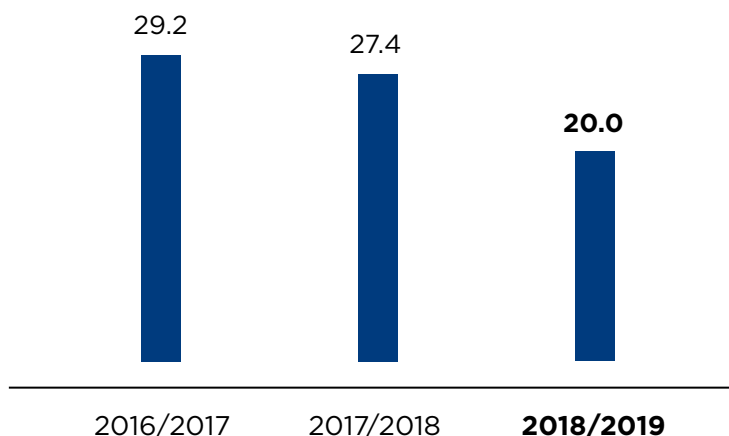
■ Engagement Score METRO   
 ■ Global Retail Benchmark  
■ Global All Industries Benchmark

Since the start of 2019 the engagement survey has been carried out quarterly. The 2018/19 figure is from August 2019.

The global retail benchmark was 65% this year and the global benchmark for all industries was 64%.

Lost-time injury frequency rate (LTIFR) per million hours worked 3 -4%  8 

Germany



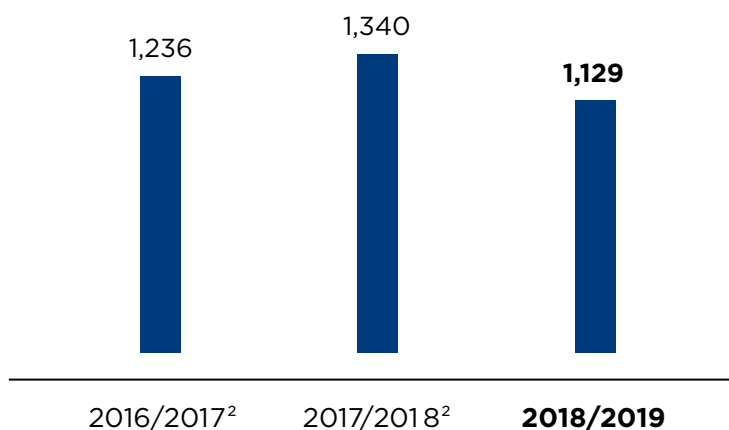
**Definition:** The LTIFR captures the number of accidents with at least 1 missed day of work (not including the day of the accident) per 1 million hours worked. Fatalities and cases of permanent sick leave or disability are likewise included, whereas accidents while commuting are not.

**Explanation:** In order to identify areas with high accident rates or especially vulnerable groups of people, evaluate causes of accidents and define targeted countermeasures, the German METRO companies have implemented appropriate reporting which covers 94% of the German METRO companies in financial year 2017/18. This reporting is now to be implemented across the group.

Producers in risk countries 1  8 

Producers in risk countries<sup>1</sup> (number)

METRO

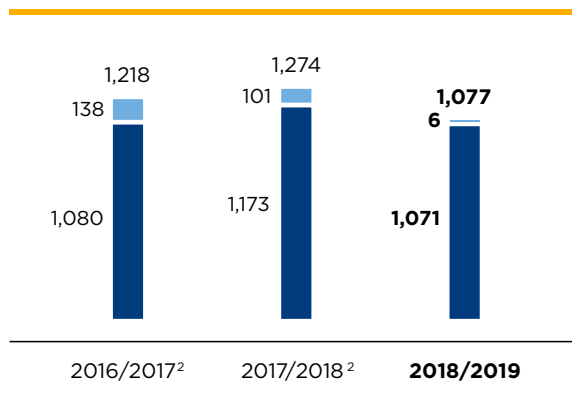


<sup>1</sup> This includes producers of commercial goods (non-food own brands and own imports) who carry out the last decisive and value-giving production step.

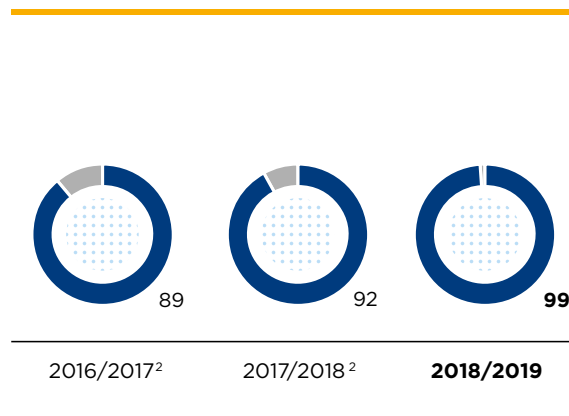
<sup>2</sup> Figures presented here include Real and METRO China.

**Social audits relating to own imports by METRO SOURCING and non-food own brand products of the METRO sales lines**

**Producers with valid audit<sup>1</sup> (number)**



**Thereof with passed audit (in %)**



■ thereof with passed audit    ■ thereof with failed audit

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

<sup>2</sup> Figures presented here include Real and METRO China.

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

**Explanation:** 1,077 producers were audited as of 30 September 2019. Of these, 99% (1,071 producers) passed the audit. Effective 1 January 2019, non-food producers who fail the audit cannot be used until they achieve an acceptable audit result. In other words, they have to receive an A, B or C for the Amfori BSCI assessment or an audit that is acknowledged as equivalent.

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

**Outlook:** With effect from 1 June 2019, these requirements were established analogously for all food and near-food producers in the own-brand sector. To this end, all national subsidiaries are requested to develop country-specific development plans in the coming financial year, if possible, so that METRO can reach the goal of ensuring social compliance for all own-brand suppliers by 2030.

## SECURE PLANET

### Carbon footprint

#### Greenhouse gas emissions in t CO<sub>2</sub> (CO<sub>2</sub> equivalents)

t CO <sub>2</sub> (CO <sub>2</sub> equivalents)	Reference year 2011	2016/17	2017/18	2018/19
Scope 1 – direct greenhouse gas emissions	494,798	484,951	505,619	<b>464,532</b>
Scope 2 – indirect greenhouse gas emissions	931,168	767,843	747,637	<b>732,162</b>
Scope 3 – other indirect greenhouse gas emissions	3,669,074	2,865,563	2,899,306	<b>2,714,477</b>
<b>Total greenhouse gas emissions</b>	<b>5,095,039</b>	<b>4,118,357</b>	<b>4,152,562</b>	<b>3,911,171</b>

**Definition:** Level of all main emissions by Scope in line with the methodology of the Greenhouse Gas Protocol.

The following sources of emissions are included:

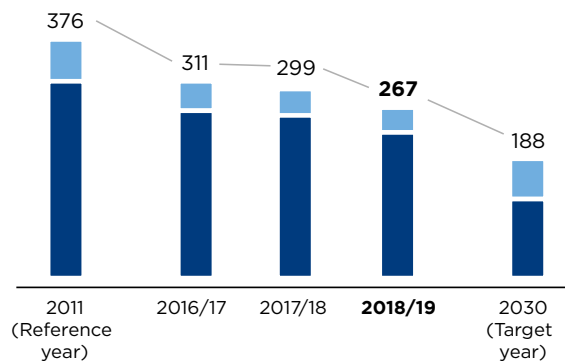
- Scope 1 = fuel oil, natural gas, liquefied natural gas (LNG), liquefied petroleum gas (LPG), refrigerant losses from commercial cooling, refrigerant losses from air-conditioning, fuel consumption of company cars and the group's own logistics fleet, emergency power generators
- Scope 2 = electricity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

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

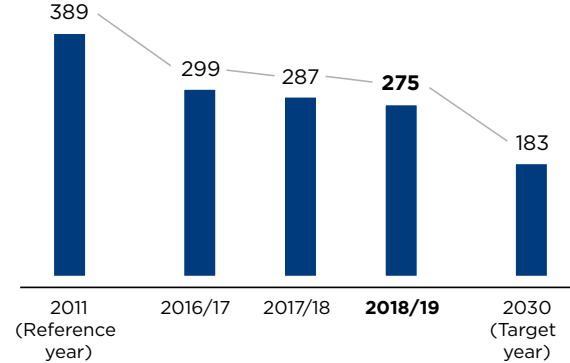
Status of climate protection target 

Greenhouse gas emissions in kg CO<sub>2</sub> (CO<sub>2</sub> equivalents) per m<sup>2</sup> selling and delivery space

METRO



Germany



■ Scope 1 & 2  
■ Scope 3  
 Total

■ Total

**Definition:** Greenhouse gas emissions from METRO’s stores, back offices and warehouses (by selling space and space used for delivery operations) included within the climate protection target. Included are the emissions from electricity, heating and cooling energy consumption, also counting upstream chains and grid losses, refrigerant emissions from commercial cooling and air-conditioning, fuel consumption by company cars, in-house paper consumption for advertising material and office purposes as well as business trips.

**Explanation:** We aim to reduce our specific greenhouse gas emissions by 50% between 2011 and 2030. In concrete terms, this means that we want to cut our emissions per square metres of selling and delivery space from 376 to 188 kg of CO<sub>2</sub> equivalents per annum.

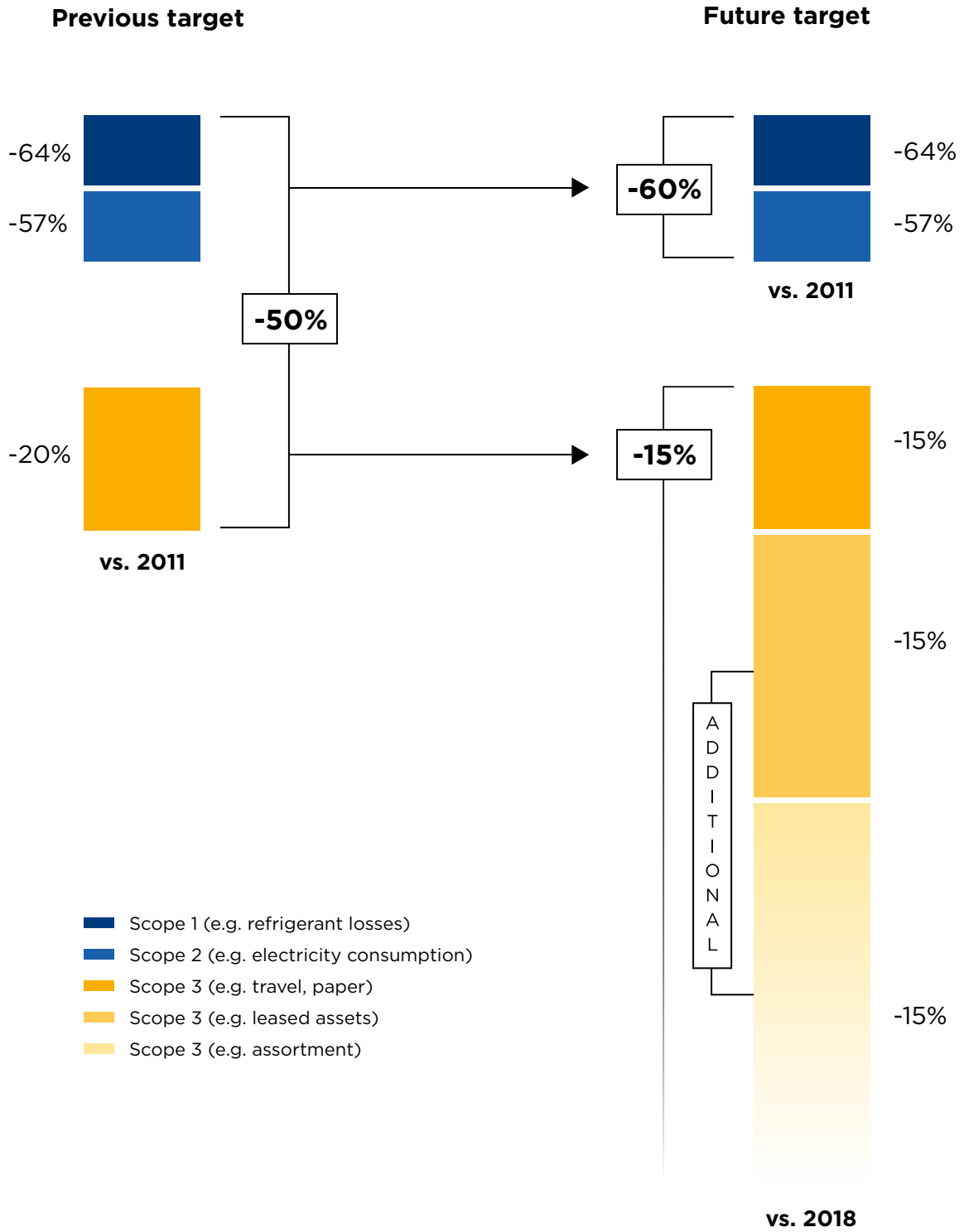
The significant decline in emissions compared with the reference year 2011 can essentially be attributed to 2 factors:

- Measures to reduce consumption relating to energy, company cars, paper and business travel, and to reduce emissions caused by refrigerant loss
- General technical and scientific developments as reflected by the adjustment of the emission factors used to calculate CO<sub>2</sub> equivalents. Above all in electricity generation, the emissions factor in many countries is declining due to the increased share of renewable energies.

In financial year 2018/19, METRO expanded the climate target to the supply chain and as the first German retailer set a recognised Science Based Target for itself. METRO AG undertakes to reduce its Scope-1- and Scope-2-CO<sub>2</sub> emissions by 60% per square metre sales and delivery area by 2030 compared to 2011. Our goal is thus in line with the reductions required to keep global warming well below 2 °C.

Furthermore, METRO AG is committed to reducing absolute Scope-3-CO<sub>2</sub> emissions (supply chain) by 15% by 2030 compared to 2018. Scope-3 emissions account for more than 90% of our total carbon footprint. In the below explanatory graph the size of blocks reflects the share within our carbon footprint.

Science Based Target - Bridge



## Trends in the emission sources included in the climate protection target



### Greenhouse gas emissions in kg CO<sub>2</sub> (CO<sub>2</sub> equivalents) per m<sup>2</sup> selling and delivery space

kg CO <sub>2</sub> (CO <sub>2</sub> equivalents) per m <sup>2</sup> selling and delivery space	Reference year 2011	2018/19	Change in %
Paper consumption	14	5	-63
Company cars	12	10	-18
Business travel	6	3	-56
Electricity consumption	244	170	-30
Thermal energy consumption	33	29	-13
Refrigerant losses	66	51	-23
<b>Total</b>	<b>376</b>	<b>267</b>	<b>-29</b>

**Definition:** Trends in CO<sub>2</sub> emissions per square metre from all the emission sources included in the climate protection target compared to the reference year 2011.

## Energy consumption KPIs

### Total energy consumption (in MWh)

MWh	2016/17	2017/18	2018/19
Fuel (heating oil, gas, petrol, diesel, LPG, LNG)	515,206	537,190	523,762
Electricity	1,625,856	1,640,227	1,610,400
District heating	80,413	75,537	70,648
District cooling	0	3,143	3,692
<b>Total energy consumption</b>	<b>2,221,475</b>	<b>2,256,097</b>	<b>2,208,502</b>

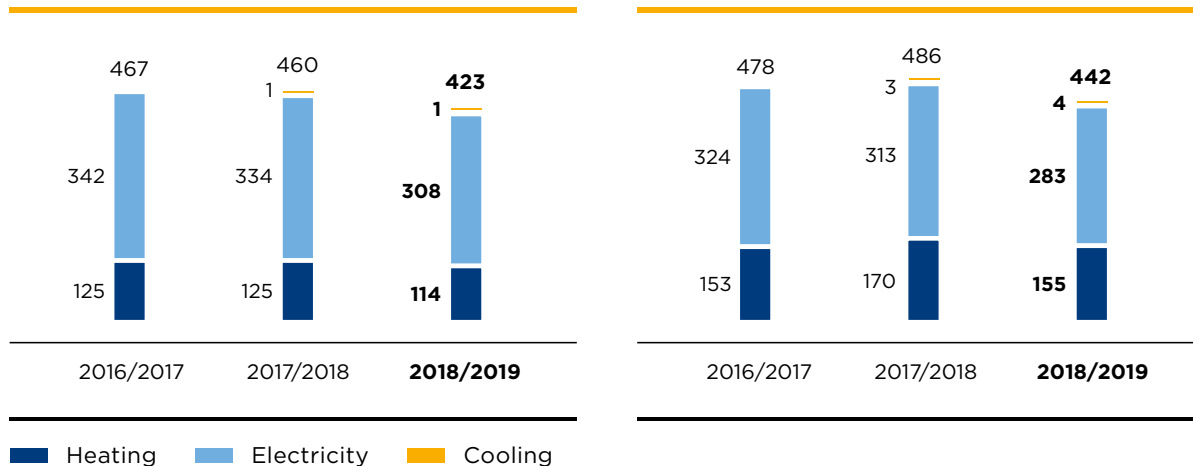
**Definition:** Energy consumption for operating the locations and for transportation broken down into the different types of energy used. Fuel includes fuel oil, combustion fuel, natural gas and liquefied natural gas.



**Electricity, heating and cooling energy consumption (in kWh per m<sup>2</sup> of selling and delivery space)**

**METRO**

**Germany**



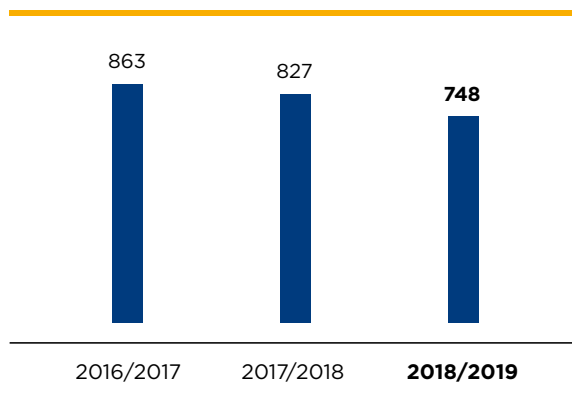
**Definition:** Locations’ energy consumption in relation to the space used for sales and delivery operations. Energy consumption consists of electricity consumption and heating and cooling energy consumption (fuel oil, natural gas, liquefied natural gas (LNG), liquefied petroleum gas (LPG), emergency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

**Target:** At our METRO Wholesale sales line, we defined a target to reduce energy consumption by 2030 by 35% with a base year 2011. We reduced electricity consumption in our stores by 3.4% in year-on-year comparison in the past financial year and thus clearly exceeded our target of 2.2%.

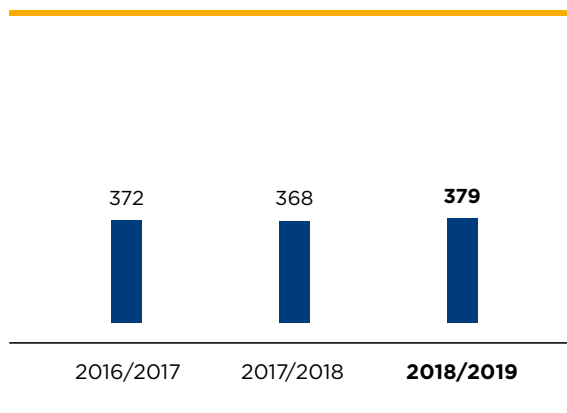
Water  

Water withdrawal and wastewater generated (in l per m<sup>2</sup> of selling and delivery space)

METRO



Germany



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

**Explanation:** In absolute terms, METRO drew 3.9 million m<sup>3</sup> of fresh water in the reporting period. At the warehouses, stores and back offices, water is primarily used for cleaning and sanitary facilities. In addition to this, water may be used for storing, transporting and selling food, for example for keeping live fish or making ice to chill fresh fish.

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

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

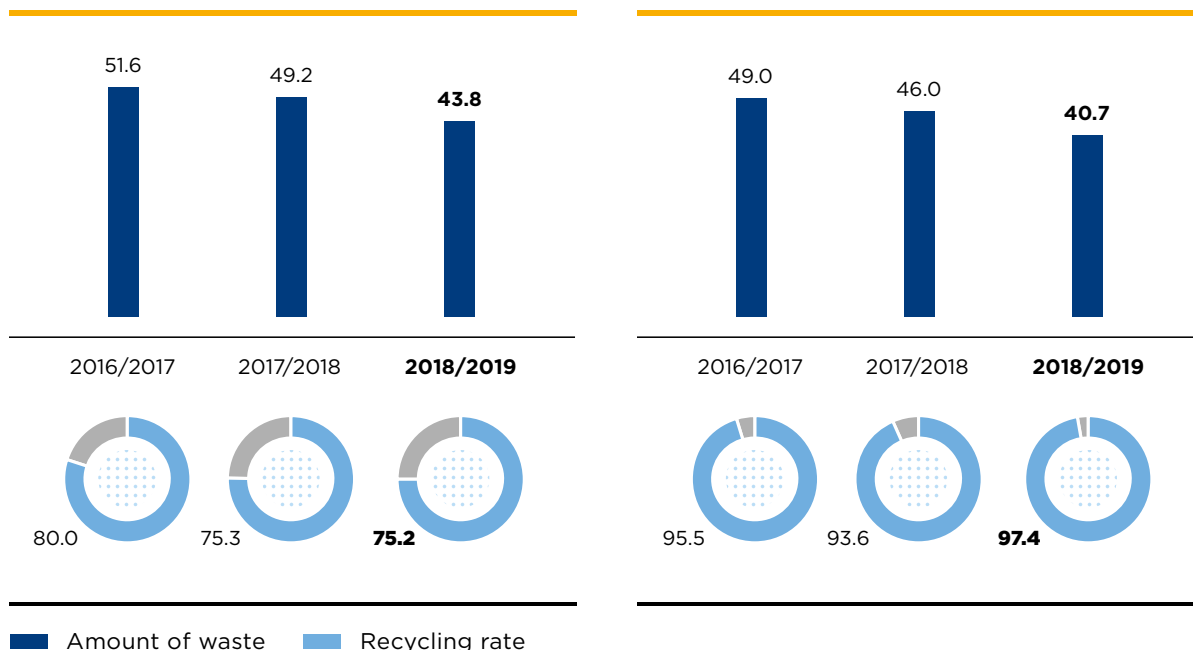
**Target:** At METRO Wholesale the goal was set to save 5% of water by 2025 compared to the base year 2016/17. In 2019, we were able to reduce the consumption in our stores of METRO Wholesale by 6% calculated per square metre of net operating area compared to the previous year.

Waste   

Amount of waste and recycling rate (in kg per m<sup>2</sup> of selling and delivery space and in %)

METRO

Germany



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

**Explanation:** The volume of waste in absolute terms, 229,451 t, marks a reduction from the previous year. This can be broken down as follows:

- Waste for composting (10,314 t)
- Waste for heat recovery (24,158 t)
- Waste for landfill (41,561 t)
- Waste for recycling (138,112 t)
- Waste for special waste treatment, such as hazardous waste (12,965 t)
- Waste for unknown disposal (2,340 t)

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

## Food waste reduction

### Food waste reduction target 2025

**Definition:** The reduction of food waste is an issue of particular importance to the operations of METRO. Every food product that is rejected or discarded instead of being eaten represents wasted economic, social and environmental resources. METRO has therefore committed itself to the Resolution on Food Waste by the Consumer Goods Forum (CGF) and thus to eliminate 50% of wasted food in our own operations by the year 2025 compared to 2016. Therefore, the 'Food Loss and Waste Protocol' was successfully implemented in Turkey in financial year 2017/18, and other countries are currently being discussed. In 22 countries we cooperate with food service organisations and social institutions in order to avoid food waste in the stores, including our restaurants and warehouses. In addition, 6 of these countries cooperate with Too Good To Go. Find out more on the [achievements of our country organisations](#).

## Sustainable products

### Packaging

#### Own Brand Packaging target 2023

**Definition:** The target from Oct 1st, 2018 consists of 3 parts:

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

Target achievements for 2018/19 were not yet available on the publication date.

**Achievement:** Review and, where appropriate, reworking of the packaging of more than 18,000 own-brand products concerning their environmental impact.

### Palm oil

#### Volume of RSPO certified palm oil own brands

**Definition:** Target is to achieve 100% of products containing palm oil being Roundtable for Sustainable Palm Oil (RSPO) certified products by 2020.

**Sales of more sustainable products****Sales of products certified as organic in line with EU regulations**

in Germany, € million	2016/17	2017/18	2018/19
METRO Wholesale	21.5	19.8	18.3

**Number of sustainably fished or farmed products (MSC, ASC, GlobalG.A.P., EU organic logo)**

in Germany, no. of products	2016/17	2017/18	2018/19
Own-brand products, METRO Wholesale	35	40	20
Brand-name products, METRO Wholesale	414	604	433

**Definition:** Target is to have 80% of the turnover of our TOP 12 fish and seafood species (own brand and branded) certified by 2020.

**Sales of sustainably fished or farmed products (MSC, ASC, GlobalG.A.P., EU organic logo)**

in Germany, € million	2016/17	2017/18	2018/19
METRO Wholesale	28.0	47.3	29.5

**Definition:** Target is to have 80% of the turnover of our TOP 12 fish and seafood species (own brand and branded) certified by 2020.

**Sales of products from sustainable forestry (FSC® or PEFC label)**

in Germany, € million	2016/17	2017/18	2018/19
METRO Wholesale	3	4.1	9

**Definition:** Target is to achieve 100% of SKU's containing more than 50% of wood being FSC,PEFC certified and from recycled material by 2020.

## UNFOLD PROSPERITY

Reformulated products   

no. of products	2018/19
Less of sugar	19
Less of salt	20

**Definition:** Target is to reduce min. 5% sugar/salt content in at least 30 common sourced and 500 local sourced products each globally by december 2021. We published our Health & Nutrition policy in 2019. Read more about [achievements of our countries](#).

Cage free eggs  

**Explanation:** METRO stores in Germany and Austria have not been stocking battery hen eggs in their own brand assortments for several years – neither shell eggs nor liquid eggs nor as an ingredient.

In addition, METRO wants to ensure that all shell eggs and liquid egg products of its own brand are 100% cage-free in Western and Southern Europe by the end of 2022 and cage-free in Eastern Europe by the end of 2025. The in-store promotion of alternative and sustainable farming methods such as stable and free-range management for laying hens is an important factor for enabling customers to make a conscious purchasing decision and thus promote sustainable consumption (METRO Commitment on cage eggs for Own Brand Assortment).

Sales of regional products   

**Definition:** Regional:

- Proximity (main and/or value giving production OR ingredient 100% from a region OR x km around store),
- Additional 2 out of:
  - Transparency and traceability of product
  - Producer is a small holder producer
  - Producer supports local/regional infrastructure and economy
  - Product is produced in traditional way or based on traditional recipe
  - Product is a re-discovery of old varieties
  - Product must create association to region for customer
- Geographically indicated products are not (necessarily) “regional” products!

In 2018/19 METRO Germany sold 11.8 m € of regional products, promoted in a special leaflet.

Sales of fair-trade products (Fairtrade or GEPA label)  

in Germany, € million	2016/17	2017/18	2018/19
METRO Wholesale	3.7	2.4	2.3

## ENHANCE PARTNERSHIP

### Community Investment

#### METRO

€ thousand	2016/17	2017/18	2018/19
Charitable donations	1,109	1,107	2,002
Community investments	2,237	1,615	2,361
Commercial initiatives	2,021	2,013	1,740
<b>Total</b>	<b>5,367</b>	<b>4,735</b>	<b>6,103</b>

#### Germany

€ thousand	2017/18	2018/19
Charitable donations	56	142
Community investments	1,058	1,184
Commercial initiatives	962	628
<b>Total</b>	<b>2,076</b>	<b>1,954</b>

#### Charitable Donations

**Definition:** Donations for social purposes e.g. NGO, church, or other purposes as well as small donations.

#### Community Investments

**Definition:** Donations for culture, sports and science. Donations in the form of a long-term investment in the community e.g. school meals, support for the disadvantaged, food bank projects. Sponsorships that serve or promote the community in the long term e.g. METRO Marathon, Bundesverband der Tafeln e.V., World Food Programme, cultural festivals.

#### Commercial Initiatives

**Definition:** Sponsorships that are commercial and therefore do not fall under community investments.

# UNITED NATIONS GLOBAL COMPACT

## REPORT

### United Nations Global Compact

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

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

Düsseldorf, December 2019



### United Nations Global Compact Communication on Progress 2018/19

In the following tables, we show examples of commitments and management systems that serve the 10 principles, measures that we have taken and results that we achieved in the reporting period 2018/19. Unless expressly stated otherwise, all presentations refer to continuing operations (excluding the hypermarket business and excluding China).

- Human rights and labour standards ▶ page 33
- Environmental protection ▶ page 37
- Anti-corruption measures ▶ page 41



## HUMAN RIGHTS AND LABOUR STANDARDS

<b>PRINCIPLE 1:</b> Support for human rights	<b>PRINCIPLE 2:</b> Elimination of human rights abuses	<b>PRINCIPLE 3:</b> Freedom of association and the right to collective bargaining
<b>PRINCIPLE 4:</b> Elimination of all forms of forced labour	<b>PRINCIPLE 5:</b> Abolition of child labour	<b>PRINCIPLE 6:</b> Elimination of discrimination

### Commitments and management systems

METRO Business Principles

METRO Human Rights Policy in its own business operations and entire value chain

Anti-discrimination tenet

METRO guidelines on fair working conditions and social partnership

Code of Conduct for Business Partners

International standards throughout the supply chain (amfori BSCI, Sedex SMETA, RSPO etc.)

The Accord on Fire and Building Safety in Bangladesh 2.0

Key labour standards of the ILO (International Labour Organization), embedded in a variety of corporate guidelines

Social standards clause in supplier contracts

OECD Guidelines for Multinational Enterprises, embedded in a variety of corporate guidelines

The Consumer Goods Forum's Resolution on Forced Labour

The Consumer Goods Forum's Resolution on Health & Wellness

Policy social standards for all own brand suppliers producing in risk countries

### Measures 2018/19

The producers in defined risk countries (according to the assessment of the amfori Business Social Compliance Initiative [BSCI]) in which METRO own brands or own imports in non-food areas are manufactured, are supported in implementing the amfori BSCI standard or an equivalent system of social standards. As of 1 June 2019 the same requirements were also introduced analogously for all own-brand food and near-food producers. METRO Wholesale country organisations are requested to develop country specific roadmaps for implementation.

Auditing of the METRO wholesale country organisations for compliance with guidelines on fair working conditions and social partnership. The project is designed to run until 2020 with the aim of auditing all METRO wholesale country organisations and continuous improvement. In financial year 2019/20 further audits are planned.

Occupational Health and Safety measures

Social dialogue at the local level is an important element in order for METRO to build up good labour relations.

METRO offers an e-learning on the topic of diversity and inclusion for all employees, with the aim of ensuring a common understanding of diversity and inclusion in general and explaining the business impact of diversity and inclusion of and on METRO in particular.

For the first time Diversity & Inclusion Days of METRO AG and METRONOM on campus in Düsseldorf to make diversity and inclusion in business context more tangible for employees. 350 participants discussed the 5 dimensions of diversity and inclusion. The days should be repeated in 2020.

Participation in the benchmarking process of the Social Standards Compliance Initiative of the Consumer Goods Forum.

By 30 June 2022, the proportion of women within METRO AG is to reach at least 20% in the first management level below the Management Board, and at least 35% in the second level below the Management Board. According to the Supervisory Board's objectives, at least 1 female METRO AG Management Board member should be positioned by June 2022. With the current composition of 4 persons, this corresponds to a quota of 25%.

In 2018, METRO launched the Women Leadership Programme (WLP). Following the successful completion of a pilot programme in June 2018, the programme for METRO AG, METRO Wholesale and service companies was successfully rolled out in 2019.

The employee network Women in Trade (WiT) is instrumental in sustainably increasing the proportion of women in managerial positions, promoting internal and external dialogue, and creating better underlying conditions for women within the group. WiT has opened 7 foreign branches. Through local activities, the country networks in France, Portugal, Japan, Pakistan, Germany, Bulgaria and Poland contribute to the common goal. There are now around 650 network members in the Düsseldorf location.

The employee network METRO PRIDE for lesbian, gay, bisexual, trans and intersex people aims to raise awareness of the topics of sexual orientation and identity.

Since 2017, METRO AG has been a member of PROUT AT WORK.

METRO AG and METRONOM have been exhibitors at the LGBT+ Sticks & Stones career fair since 2018.

Furthermore, since 2018 METRONOM is partner of "Unicorn in Tech". The format brings LGBT+ and the Tech Community together and reaches more than 3,900 members worldwide.

Since 2016, METRO AG has been a member of the international LEAD Network.

METRO AG and METRO-NOM are co-signees of the United Nations "Free & Equal Standards of Conduct for Businesses" since 2018. The aim of these Standards of Conduct is to guarantee the freedom and equality of all employees and ensure that they don't experience discrimination of any kind – at the company itself, in associated collectives or by suppliers.

For details of active involvement in the areas of diversity and inclusion, occupational health and safety, and employer-employee relations, see also the 'employees' chapter of the Annual Report 2018/2019.

### Achievements 2018/19

Of the 1.077 audited own brand non-food producers 99% passed the audit.

In addition to the training programmes offered by amfori BSCI, 70 producers with 126 participants were trained by METRO Sourcing and METRO Turkey.

In order to comply with our due diligence, the 2018 with amfori BSCI co-created training on the subject of human rights / forced labour was piloted at METRO Turkey and METRO Pakistan and further rolled out in METRO Ukraine and METRO Bulgaria. The content of this training takes into consideration our commitment to the Universal Declaration on Human Rights, International Bill of Human Rights, OECD Guidelines for Multinational Enterprises, UN Guiding Principles for Business and Human Rights as well as the core labour standards of the International Labour Organisation (ILO).

As part of the audit of compliance with the principles of fair working conditions and social partnership, both the head offices and three METRO stores and a distribution centre are visited with a special focus on occupational safety. Risks and deficiencies are recorded in the report and are to be remedied as quickly as possible.

Sales of fair-trade products within the sales line METRO in Germany came to approx. € 2,3 million. This figure includes items featuring the Fairtrade or the GEPA label.

To fulfil our due diligence, in 2016 we launched a project to audit country organisations with regard to adherence to the principles of fair labour conditions and social partnership. In the framework of the project, our international METRO wholesale country organisations (stores, head offices and METRO distribution centres) are audited. This expanded auditing is based on the UN Guiding Principles on Business and Human Rights and – along with the 7 global principles of METRO concerning fair labour conditions and social partnership – encompasses issues including employee data protection and the quality of integration of, and communication with, employees. As these METRO guidelines explicitly include the employees of third-party contractors on our company grounds, these employees are also included in our audits. The auditing process is designed to ensure that our companies are not involved, either directly or indirectly, in human rights violations. Our goal is to audit all METRO Wholesale organisations worldwide by 2020 in order to identify weaknesses, develop countermeasures and ultimately translate these into a sustainable process, as well as to create sustained awareness of these issues. The first audits were carried out in 2014 in the METRO countries Turkey, Poland and Austria with the assistance of the Group Internal Audit department. In October 2016, a pilot was conducted in the Ukraine. The full project was launched in 2017. Until end of FY 2018/19 audits have been conducted in METRO countries Pakistan, Bulgaria, Japan, Hungary, Italy, Serbia, India, Slovakia, Moldova, Spain, Russia, Croatia, Kazachstan, Portugal and France.

As of 30 September 2019, the factories reported in the Bangladesh Accord that produce for METRO Sourcing and/or Wholesale subsidiaries have completed 93% of their findings for improvement.

The principles of fair labour conditions and social partnership include the freedom of association and the recognition of the right to collective bargaining. In the scope of the audit on the adherence to the principles of fair labour conditions and social partnership, anonymised discussions were held with labour representatives/trade union members, our own employees and employees of third-party suppliers in order to determine how the principle of the freedom of association is being implemented in the respective country, and whether and to what extent a structured and regular social dialogue is taking place.

Furthermore, 3 to 4 meetings of the European Works Councils are held annually to facilitate exchange between various countries and General Management.

Furthermore the European workers councils meet 3-4 times a year to foster exchange between countries and the management board.

Membership with Sedex since June 2019

To make people more aware of the fact that occupational health and safety is the responsibility of all employees, we have taken part since 2016 in the World Day for Safety and Health at Work, an initiative of the International Labour Organization (ILO), with various employee activities. A number of countries conducted activities related to these events at a later time.

The proportion of women at management levels 1 to 3 was 24.2% on the reporting date, 30 September 2019.

## ENVIRONMENTAL PROTECTION

**PRINCIPLE 7:**

Precautionary approach to environmental challenges

**PRINCIPLE 8:** Promotion

of greater environmental responsibility

**PRINCIPLE 9:**

Environmentally friendly technologies

### Commitments and management systems

METRO environment guidelines

Energy management systems in accordance with ISO 50001

METRO climate protection target: reducing greenhouse gas emissions per m<sup>2</sup> of selling and delivery space by 50% from 376 kg CO<sub>2</sub>e/m<sup>2</sup> in 2011 to 188 kg CO<sub>2</sub>e/m<sup>2</sup> in 2030

SBTi approved METRO Science Based Target: "METRO AG commits to reduce scope 1 and 2 GHG emissions 60% per m<sup>2</sup> selling and delivery space by 2030 from a 2011 base year."

METRO AG also commits to reduce absolute scope 3 GHG emissions 15% by 2030 from a 2018 base year.

METRO Water Policy published

Buying policy for sustainable sourcing, also specific purchasing guidelines on fish, palm oil, paper & wood, soy and packaging

International standards along the supply chain (GlobalG.A.P., IFS)

The Consumer Goods Forum's Resolution on Deforestation

The Consumer Goods Forum's Resolution on Sustainable Refrigeration

The Consumer Goods Forum's Resolution on Food Waste

Membership in the Roundtable on Sustainable Palm Oil (RSPO)

Membership in the Global Sustainable Seafood Initiative (GSSI)

Signing of the Tuna 2020 Traceability Declaration

Membership in the Round Table on Responsible Soy (RTRS)

Signing of the Statement of Support for the Cerrado Manifesto

Company car guideline with incentive system for more fuel-efficient vehicles

Commitment to provide 1,000 charging stations for electric vehicles by 2030 within the scope of EV100 (joint commitment to electric vehicles), organised by The Climate Group

Voluntary commitment on disposable plastics

Packaging target for own brand products concerning plastic, FSC and PVC

### Measures 2018/19

Measures for behavioural change (Energy Awareness Programme), investment in energy efficiency and renewable energies (Energy-Saving Programme), changeover of refrigeration systems to natural refrigerants (F-Gas Exit Programme)

Recertification and annual check of energy management systems in accordance with ISO 50001

Implementing the general buying policy for sustainable procurement and the specific buying guidelines for fish, palm oil, wood, paper and packaging

Range of ecologically and socially certified products

Voluntary commitment to reporting on projects and their aims, measures and KPIs concerning circular economy by 2018 in the context of the Retailers' Environmental Action Programme (REAP), which is jointly sponsored by the European Commission and European retailers and associations

The objective of the working group 'Waste Management' superordinated at the group level with its member countries from FR|PK|RO|PL|UA|TR is to further optimise waste management in METRO Wholesale countries in the area of stores, and to increase efficiency in the interest of a closed circular economy as a means of saving costs; topics of focus are:

- Offering customers collection points
- Increasing food donations
- Promoting employee awareness and involvement
- Promoting exchange on best practices

In the framework of a comprehensive plastics initiative, METRO has committed itself to replacing conventional disposable plastics with reusable, recyclable or compostable alternatives by 2025 and promoting the transition to a closed circular plastics economy. In company canteens, multiway systems are to replace existing one-way solutions by 2019. Formulation of the METRO Sustainable Value Creation Model, an accounting of sustainability for financial year 2016/17 for the monetary representation of the economic, ecological and social effects of the business activity of METRO Wholesale along the value chain

Deep dive in 2019 on the impact of the Valencia Trading Office on environment and society

Transparent public reporting on climate change, water and forest via the CDP climate change programme, the CDP water programme and the CDP forest programme

Involvement of 99 suppliers in the CDP supply chain programme Water with 57% response rate.

Transparent public reporting about climate change and water in the CDP Climate Programme and CDP Water Programme.

**Achievements 2018/19**

Greenhouse gas emissions per m<sup>2</sup> of selling and delivery space reduced by 29% compared to 2011

Electricity consumption per m<sup>2</sup> of selling and delivery space reduced by almost 18% compared to 2011

Greenhouse gas emissions from refrigerant losses per m<sup>2</sup> of selling and delivery space reduced by 23% compared to 2011; Awarded with EHI Energy Management Award 2018 about ZERO one St. Pölten

Water consumption per m<sup>2</sup> of selling and delivery space reduced by 6% compared to the previous year in the stores of METRO Wholesale

Energy management systems in accordance with ISO 50001 at all locations in Germany and nearly all locations in France. Complete Re-Certification for all German METRO companies incl METRO AG

BREEAM certification for METRO headquarter in Düsseldorf

Additional transcritical refrigeration systems started up, including in Bulgaria (1), Russia (6), France (9), Italy (3), Romania (2), Croatia (2), Spain (3), and Portugal, Poland, Germany (each 1), Company of the Year 2018, awarded from Shecco

Further photovoltaic systems installed, expanding total capacity to more than 25,000 kWp, with newest systems in Germany, Pakistan, Japan and France

Measures for heat recovery in a number of markets

Review and, where appropriate, reworking of the packaging of more than 18.000 own-brand products concerning environmental impact

With the implementation of a digital platform developed by our partner Whole Surplus, METRO Turkey now has a basis methodology for systematically measuring and managing of food waste in its own business operations while reducing food waste.

METRO and Too Good To Go expanded their partnership from 2 to 6 countries and now also work with METRO in France, Spain, Italy and Belgium.

In Belgium, as in the Netherlands, the anti-food waste app will start offering products from METRO stores which are often simply nearing their best-before date. In Italy, France and Spain, METRO will specifically promote awareness and use of the app among its core customer group of hoteliers, restaurateurs and caterers.

Charging point infrastructure for electromobility expanded to more than 440 charging points at METRO Wholesale, thereof 80 in METRO Head Quarter for employees, company cars and visitors; implementation of 1st EV Trucks in delivery - e.g. Vienna 26 to Truck, NL two PHEV

Implementation of an industry-wide traceability system as a precautionary measure relating to illegal fishing in various countries, and expansion to include new partners, countries and product groups

Products certified in accordance with the EU regulation on organic farming accounted for more than €18 million in sales within the METRO Wholesale in Germany.

In Germany, METRO Wholesale generated sales of €29.5 million with products caught using sustainable fishing practices and aquaculture. These are products bearing the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) and EU organic logos or are certified in accordance to GlobalG.A.P.. Sales of products bearing the Forest

Stewardship Council® (FSC®) label or the label of the Programme for the Endorsement of Forest Certification (PEFC) amounted to approx. €9 million.

Project with 5 METRO countries FR, PT, DE, IN, CZ/SK to define the phasing out road map of single use plastic disposable assortment in Q1 and 2 2019.

Implementation in progress for all METRO countries

Since July 2019 METRO Ukraine has put into operations METRO Waste Collection Point in METRO Poznyaky Store. METRO customers have the opportunity to bring their waste (aluminum cans, PET bottles, paper, glass) to the METRO Poznyaky Store and leave it for recycling. This service allows our HoReCa and SSO clients together with METRO to join the movement of rational consumption of the planet's resources and reduce bad impact on it.

METRO is partner of food banks in 22 METRO countries as of today. This means, the stores donate the food they can no longer sell to the local food banks. In 2019 one additional METRO country started a partnership with food banks or donated their food directly to organisations who feed people in need.



## ANTI-CORRUPTION MEASURES

### PRINCIPLE 10: Combating corruption

#### Commitments and management systems

METRO Business Principles

Anti-corruption guideline

Business partner due diligence process

OECD Guidelines for Multinational Enterprises, embedded in a variety of corporate guidelines

Supply Chain Initiative (SCI)

#### Measures 2018/19

Group-wide compliance communications providing staff with information in various formats, including METRO's social network platform, in order to ensure compliant conduct. New anticorruption guideline consolidating two previous guidelines (business partners and public officials) developed and rolled-out which includes a risk-based business partner due diligence process that evaluates and categorizes business partners based on risk KPIs. In parallel an IT-tool (CDDS - Compliance Due Diligence Solution) has been developed that digitizes the business partner due diligence process including an in-depth due diligence for high risk business partner with external database check.

Risk scaling approach implemented and solidified that classifies METRO companies into different risk classes (e.g. high, medium and low risk) as per various internal and external risk KPIs, and which leads to a scaling up or down of compliance measures including those related to anticorruption, depending on the applicable risk class of the METRO company in question.

#### Achievements 2018/19

Examples of internal communication measures:

- Compliance Talks
- Compliance presence on METRO's social network
- Communications campaign, including new flyers and posters on METRO's Business Principles that also deal with anticorruption.

Examples of external communication measures:

- Membership of and active involvement in the Alliance for Integrity, an anti-corruption initiative run by the Federal Ministry for Economic Cooperation and Development and the United Nations Global Compact network
- Training management further optimised (new anti-corruption eTraining, digitized Business Principle Training, new model face-to-face antitrust training) for better adaptation of all training in the area of Corporate Legal Affairs & Compliance and to ensure there is a sufficient array of training for the target group, with defined mandatory trainings.
- Compliance trainings were mandatory throughout the group either by way of face-to-face or eTraining.

# ABOUT THIS REPORT

## REPORT PROFILE

### Transparent reporting

This Corporate Responsibility Progress Report 2018/19 was prepared following the guidelines of the GRI standards. We refer to the [GRI Content Index of the Corporate Responsibility Report 2017/18](#), prepared in accordance with the GRI standards and fulfilling the 'Core' option. In the report 2017/18 we have reported our targets in the respective chapters. This year we have incorporated them into the section of our KPIs.

### Reporting period

The reporting period is the financial year 2018/19 (1 October 2018 to 30 September 2019). To provide updates on developments, information has also been included that relates to periods prior to 2018/19. In the interests of topicality, we have also taken into account events which occurred up to the time of going to press (11 December 2019). The frame of reference for each of our goals and measures is indicated in the relevant section. METRO reports on its sustainability performance each year by publishing either a progress report or a Corporate Responsibility Report. A [full report](#) was produced for financial year 2017/18, which was published on 13 December 2018.

### Limitations of the report

The scope of applicability of the information is given in the respective texts, key performance indicators or targets. Unless expressly stated otherwise, all presentations refer to continuing operations (excluding the hypermarket business and excluding China).

### United Nations Global Compact

Since 2010, METRO has subscribed to the principles of the UN Global Compact, a United Nations-led global initiative that aims to encourage businesses to adopt universal sustainability principles. By subscribing to the United Nations Global Compact, we have committed ourselves to continuous improvements in the areas of human rights, labour standards, environmental protection and anticorruption measures. With this Corporate Responsibility Progress Report 2018/19 that is available online, METRO meets its obligation to demonstrate how improvements have been made within these areas.

## Independent external assurance of the CR Report 2018/19

We strive to continuously improve our sustainability management. Having our report audited externally is a means of emphasising the credibility and transparency of our sustainability reporting. The quantitative and qualitative sustainability performance information included in the scope of the assurance engagement was conducted by KPMG AG Wirtschaftsprüfungsgesellschaft according to ISAE 3000 and ISAE 3410. It was not part of the engagement to review product and service related information, references to external websites and information sources, as well as future-related statements in the Report. The certification from the independent auditor can be viewed under [audit certification](#) ▶ [page 45](#).

## Disclaimer

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

## Join in the dialogue

Dialogue with all of our stakeholders such as you as our readers is important to us because it shows us what you expect of our company and where we can make further improvements. We would therefore like to hear any questions or comments you may have about the METRO Corporate Responsibility Progress 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](mailto:CR@metro.de)

## LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR REGARDING SUSTAINABILITY INFORMATION<sup>1</sup>

To the Management Board of METRO AG, Düsseldorf

We have performed an independent limited assurance engagement on the sustainability information published in the “Corporate Responsibility Progress Report 2018/19” (further “Report”) for the period October 1, 2018 to September 30, 2019 of METRO AG, Düsseldorf (further “METRO”), published online at <http://www.metroag.de/cr-report-2018-19/>.

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

### Management’s Responsibility

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

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

### Independence and quality assurance on the part of the auditing firm

We are independent from the Company in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

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

## Practitioner's Responsibility

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

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the International Standard on Assurance Engagements (ISAE) 3410: "Assurance Engagements on Greenhouse Gas Statements" of the International Auditing and Assurance Standards Board (IAASB). These standards require us to plan and perform the assurance engagement to allow us to conclude with limited assurance that no matters have come to our attention that cause us to believe that the Report was not prepared, in all material respects, in accordance with the Reporting Criteria. We do not issue a separate conclusion for each sustainability disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

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

- Interviews of group-level employees responsible for the materiality analysis in order to get an understanding of the process for identifying material topics and respective reporting boundaries for METRO.
- A risk assessment, including a media research, of relevant information about the sustainability performance of METRO in the reporting period.
- Evaluation of the design and implementation of systems and processes for the collection, processing and monitoring of disclosures on environmental, employee and social matters, human rights, corruption and bribery, including data consolidation.
- Inquiries of personnel at group level who are responsible for determining disclosures on concepts, due diligence processes, results and risks, the implementation of internal controls and the consolidation of disclosures.
- Evaluation of selected internal and external documents.
- An analytical review including trend analyses of the quantitative data submitted by all sites for consolidation at Group level.
- Assessment of local data collection and reporting processes and reliability of reported data via a sampling survey at METRO AG, METRO Energy Management, METRO LOGISTICS, MCC France, MCC Bulgaria (via videoconference).
- Assessment of the overall presentation of the disclosures.

## Conclusion

Based on the procedures performed and the evidence received, nothing has come to our attention that causes us to believe that the sustainability information in the Corporate Responsibility Progress Report 2018/19 of METRO, published online at <http://www.metroag.de/cr-report-2018-19/> for the period October 1, 2018 to September 30, 2019, is not prepared, in all material respects, in accordance with the Reporting Criteria.

## Restriction of Use/Clause on General Engagement Terms

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

Our assignment for the Management Board of METRO AG, Düsseldorf, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017

([https://www.kpmg.de/bescheinigungen/lib/aab\\_english.pdf](https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf)). By reading and using the information contained in this report, each recipient confirms notice of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 Mio as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, December 11, 2019

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Glöckner Wirtschaftsprüfer

[German Public Auditor]

Brokof Wirtschaftsprüferin

[German Public Auditor]

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<sup>1</sup> Our engagement applied to the German version of the Corporate Responsibility Progress Report 2018/19. This text is a translation of the Independent Assurance Report issued in the German language, whereas the German text is authoritative.

# IMPRINT

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