

METRO

**SOCIETE GENERALE ESG
CONFERENCE**

17 November 2020

OUR STRATEGY AND PURPOSE ARE BUILT ON A SUSTAINABLE BUSINESS MODEL

-  **Becoming the partner of choice for our customers...**
Addressing customers' needs through a full suit of wholesale products, services and solutions
-  **...developing business together**
Building new opportunities for customer interaction and service, business improvement, sustainability and innovation
-  **...and having sustainability as a prevailing business principle**
From a supplier to the day to day operations of the customer

OUR AIM: 360° EMBEDDING INTO OUR CUSTOMER'S ECOSYSTEM

PARTNER OF CHOICE BY ANTICIPATING CUSTOMERS' CHANGING NEEDS



METRO aims to be a **“partner like no other”** to **Horeca and Trader** customers...

...whose businesses are supported by **global megatrends** and exposed to **technology disruption**...

...by addressing all their needs through a full suite of **wholesale products, services and solutions**

WE SERVE THREE CUSTOMER GROUPS, WITH A FOCUS ON HORECA AND TRADER

Strategic

Horeca



Hotels, Restaurants & Caterers and other hospitality businesses such as Cafes, Bars and Canteens

Customers are predominantly **independent with single or few locations**

Sales (% of total)

48%

High margin, service oriented

Trader



Independent grocery stores as well as wholesalers, kiosks and convenience stores

METRO helps to **compete** against franchised operations **to keep diversity of food culture alive**

22%

Mid-to-low margin, no frills

SCO



Service companies and offices as well as institutions typically small to medium size

30%

High margin, opportunistic



WE EXTEND OUR SUSTAINABILITY PRIORITIES TO OUR CUSTOMERS

Food waste

Other waste

Renewable energy



Pesticides?

High welfare meat?

Local / regional?

Traceable?

Plant based meat?

Plastic?

Social engagement?

Healthier product?

Recycled?

Local community?

Clean label?



WE OBSERVE 12 TRENDS IN HOSPITALITY/ WHOLESALE WITH CLOSE LINK TO SUSTAINABILITY

Convenience

The canned ravioli are in crisis. Convenience food in general is booming anyway. The offer grows and evolves.



Protein

Protein-rich foods have outgrown the body-builder scene and have become mainstream. No supermarket can do without it anymore.



Creating Identity

Food satisfies many more needs than satisfying hunger. A good brand also offers orientation today - identity and recognition in society.



Better Meat

Besides organic and regional, new meat trends are establishing themselves. First: We consume less but high-quality meat. Secondly, meat substitutes are getting better.



Free-From Food

Less is more. This is not necessarily true for the amount of food, but for the number of ingredients. The shorter the list of ingredients, the better.



Functional Food

The trend towards self-optimization has long arrived at the supermarket: Functional Food is supposed to do more than just feed you.



Regional Food

If the Germans can buy fruit and vegetables then preferably regionally and seasonal. Unless it's about avocados or pineapples.



Plant Protein

Veggie and protein trend merge: The result is an ever-increasing range of foods with natural or added plant protein.



Sustainable Production

Sustainability is one of the big trends that summarizes many of the smaller trends. Manufacturers are increasingly selling their customers a good feeling.



Country Specific Kitchen

Exotic food is becoming more and more common among Germans. The manufacturers adapt themselves with appropriate offer.



Production Patterns

It all depends on how it's prepared: Hand stirred, slowly baked or cold pressed describe the next step in the evolution of food.



Brand with Purpose

A modern brand needs a purpose, something it stands for. In this way it gives the consumers feel good and differentiate themselves from the competition.



Icons: www.freepik.com/

Source: <https://portal.argusdatainsights.de/web/open/dokument/name/0/84735.15eba75004c38ec92eebef19fb78204d88d89269.pdf/1?path=84735%2FExp%2FTreffer%2F>



PROVIDING SOLUTIONS TO OUR CUSTOMERS TO OPERATE MORE SUSTAINABLY



Digital membership-based platform for METRO customers

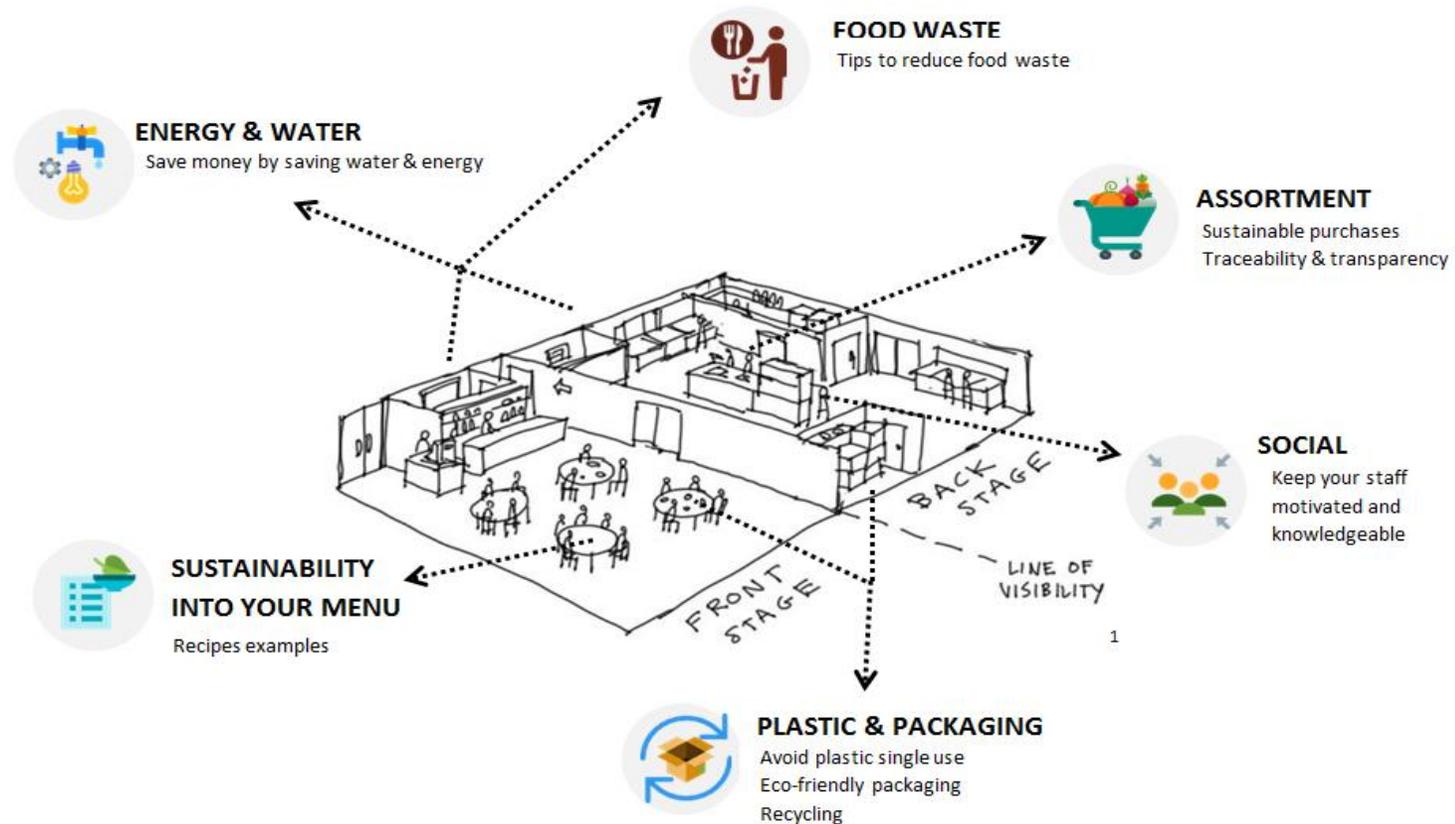
The platform offers digital tools, step-by-step instructions and helpful tips & tricks around restaurateurs daily business as well as registration for local events and network with other restaurant operators

Benefit for customer

Improve digital visibility and work more efficiently

Network with peers

Contribute to sustainable consumption
→ Strengthen local communities





WE HAVE CLEAR SUSTAINABILITY PRIORITIES IN LINE WITH OUR STRATEGY

OUR ORIGIN IS **WHOLESALE** IS THE FUTURE...



 Key Focus Areas
 Continuous Attention Areas



SUSTAINABILITY PRIORITIES ENVIRONMENT

Priorities

Climate Change

- METRO invests in energy efficiency, conserves resources and avoids waste
- METRO supports customers in doing the same triggers the true leverage for change



Food waste

- Wasting food means wasting valuable resources. Being united with our customers in the obligation to protect our resources as they are our core business
- METRO supports customers in using solutions to save resources and costs and do good at the same time



Packaging and Plastic

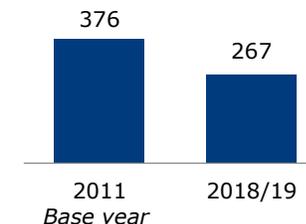
- Own brand packaging not only meets the high quality and hygiene standards but also is aimed to reduce the environmental impact during a product's entire life cycle



KPIs to measure it

Reduce our **carbon footprint by 50%** by 2030

Greenhouse gas emissions¹



Reduce **food waste by 50%** by 2025

Save **300t of plastic waste by 2023** and 100% FSC and PVC phase out

¹Greenhouse gas emissions in kilograms of CO2 equivalent per square meter of selling and delivery space



SUSTAINABILITY PRIORITIES ENVIRONMENT EXAMPLES

Climate change



First Zero Emission store opened in St. Pölten / Austria: Wood construction (FSC criteria, regional wood, fully recyclable), low energy consumption (New refrigeration technology, air vent system) and solar energy (Photovoltaic system, energy-self-sufficient)

- Benefit for customers**
- Reducing their own footprint while shopping
 - Preference of local suppliers with local assortment

¹ France, Spain, Italy, Germany, Netherlands, Belgium

Food Waste



6 METRO countries¹ promote the TooGoodToGo app to their customers and sell surplus food from stores or store canteens in order to reduce shrinkage/left over food

- Benefit for customers**
- Minimizing food waste in own operations of customer → save costs for disposal
 - Receive money for food that otherwise would have been thrown away

² France, Italy, Spain, Poland, Czech Republic, Slovakia, Germany, Hungary, Croatia, Portugal, Turkey, China, Bulgaria, Austria, Serbia, Ukraine, the Netherlands, Russia

Packaging and plastic



In 18 countries² optimization of the packaging materials (approx. 11.000 SKUs) as well as their impact on the environment either by abandonment, reduction, reuse, recovery or recycling

- Benefit for customer**
- Less waste to dispose → reduce waste disposal costs
 - Protect resources & reduce your environmental impact
 - Positioning as sustainable actor in society





SUSTAINABILITY PRIORITIES ENVIRONMENT/SOCIAL

Priorities

Raw material sourcing

- Our customers should be able to shop with us in good conscience. METRO is committed to minimising the use of raw materials and resources while simultaneously respecting and protecting people, animals and nature



Organic and responsible products

- Organic and responsible products are at the core of transforming the world's challenges around sustainable consumption and production into opportunities



Conscious proteins

- METRO stands for innovation and transformation with next generation food (NX food)¹ in order to pioneer and drive change towards more sustainable consumption and production

KPIs to measure it

Source **sustainable soy 100%** by 2025

Source **sustainable palm oil** focusing on our own brands **100%** by 2020

Use **sustainable paper and wood** for our own brands and own use **100%** by 2020

Provide **regional, local and fair traded** as well as animal-welfare-considered **products**

¹ NX Food – A hub of METRO, operating in the field of food innovation and food tech <https://nx-food.com/>



SUSTAINABILITY PRIORITIES ENVIRONMENT/SOCIAL EXAMPLES

Raw material sourcing

Implementing Sourcing policies

Further implementation and actions of sustainable sourcing policies in **34 METRO Countries**

Benefit for the customer

- Transform assortment to more responsible products
- Meet consumers demand

Driving change in sustainable raw material production through collaboration within the whole value chain.

Striving for environmental and social sustainability

¹ Germany, Poland, Czech Republic, Romania, Slovakia, Ukraine, Serbia, Croatia

² Spain, Romania, Portugal, Poland, the Netherlands, Italy, Hungary, Germany, Czech Republic, Slovakia, Croatia, Bulgaria, Belgium, Austria, Serbia

Organic product

Promoting fair-trade article under Own Brand



Rioba fair-trade coffee launched in 2016 in **8 METRO Countries**¹

Benefit for the customer

- Differentiating from competitors when offering the product
- Offering healthier and better taste of products

Contribute to promoting sales of responsible products
Support fair working conditions for workers in supply chain

Conscious proteins

Beyond Meat Burger

Roll-out of plant-based burger made from pea protein. Rolled out in **15 METRO Countries**²

Benefit for the customer

- Get ready for consumers' expectation and meet consumers' needs
- Differentiating from competitors when offering the product

Save resources: 99% less water / 93% less land / 90% fewer greenhouse gas emissions / 46% less energy than for traditional meat



SUSTAINABILITY PRIORITIES SOCIAL/GOVERNANCE

Priorities

Human rights

- METRO's business is a people business and we value each and every person working with and for us as our most precious resource
- METRO stands strong for ensuring Human Rights within its value chain, empowered through trustful partnerships with all our stakeholders



Diversity and inclusion

- Diversity & Inclusion are essential for being true to our culture
- METRO promotes a diverse and inclusive environment and workforce that reflect our customers and business partners variety in order to make full use of talents and potential
- METRO Pride awarded with BIG IMPACT Initiative Award 2020 for "Too gay to donate blood?"



KPIs to measure it

100% Social compliance¹ in our Food & Non-Food Own Brand supply chain by 2030

By June 2022: at least **one female** in Management Board², **20% women** in positions one below Board and **35% women** in positions two below Board



¹ Certification on manufacturing facilities of suppliers by external 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, ²As of 1st Nov. 2019 METROs Management Board includes one female board member



SUSTAINABILITY PRIORITIES GOVERNANCE – MANAGEMENT BOARD

Olaf Koch



**Chairman of the
Management Board
(Chief Executive
Officer)**

Chairman of the
Management Board of
METRO AG since 2 March
2017

Term ending:
31 December 2020
>10 years in METRO
Owns 370,000 Shares

Christian Baier



Chief Financial Officer

Member of the
Management Board of
METRO AG since
11 November 2016

Term ending:
30 September 2025
>8 years in METRO
Owns 2,850 shares

Andrea Euenheim



**Chief Human Resources
Officer and Labour
Director**

Member of the
Management Board and
Labour Director of METRO
AG since 1 November
2019

Term ending:
31 October 2022

Rafael Gasset



**Chief Operating Officer
(Trader Cluster)**

Member of the
Management Board of
METRO AG since 1 April
2020

Term ending:
31 March 2023
>10 years in METRO

Eric Poirier



**Chief Operating Officer
(HoReCa Cluster)**

Member of the
Management Board of
METRO AG since 1 April
2020

Term ending:
31 March 2023
20 years in METRO



SUSTAINABILITY PRIORITIES GOVERNANCE – SUPERVISORY BOARD



- 10** Shareholder representatives (9 independent)
- 10** Employee representatives (mandatory size based on German co-determination law)



20 Board Members

Supervisory Board Chairman Jürgen B. Steinemann
Owns 116,000 shares

45% Female ratio / **Staggered Board** composition

Committees support the work of the Supervisory Board

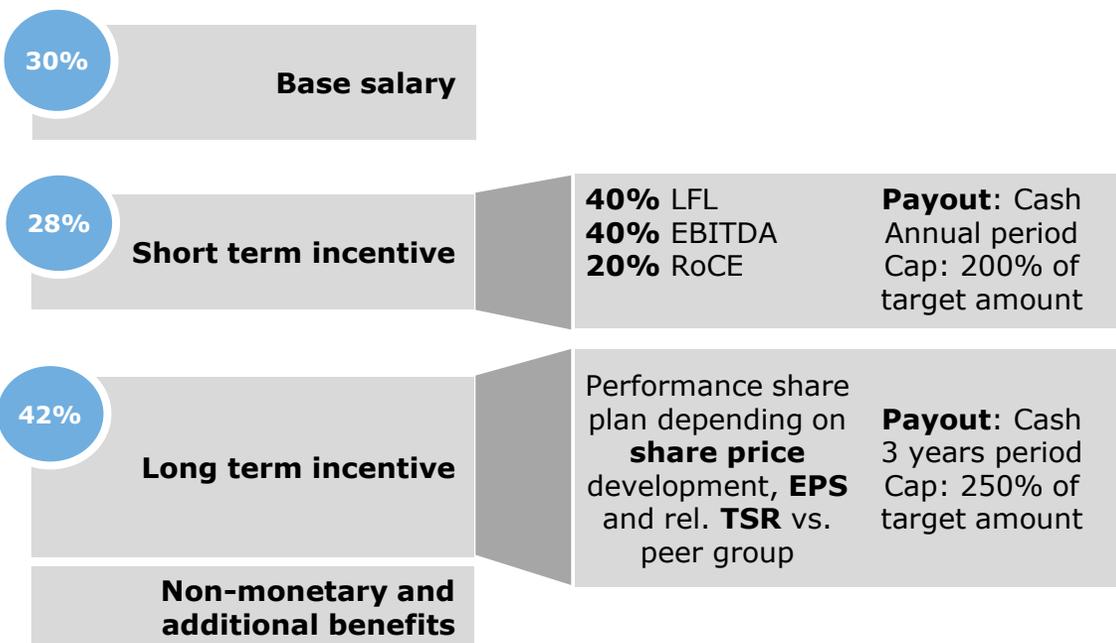


Supervisory Board appoints the members of the Management Board, provides advice to the Management Board and continuously monitors its corporate management, including with regard to the attainment of long-term corporate objectives



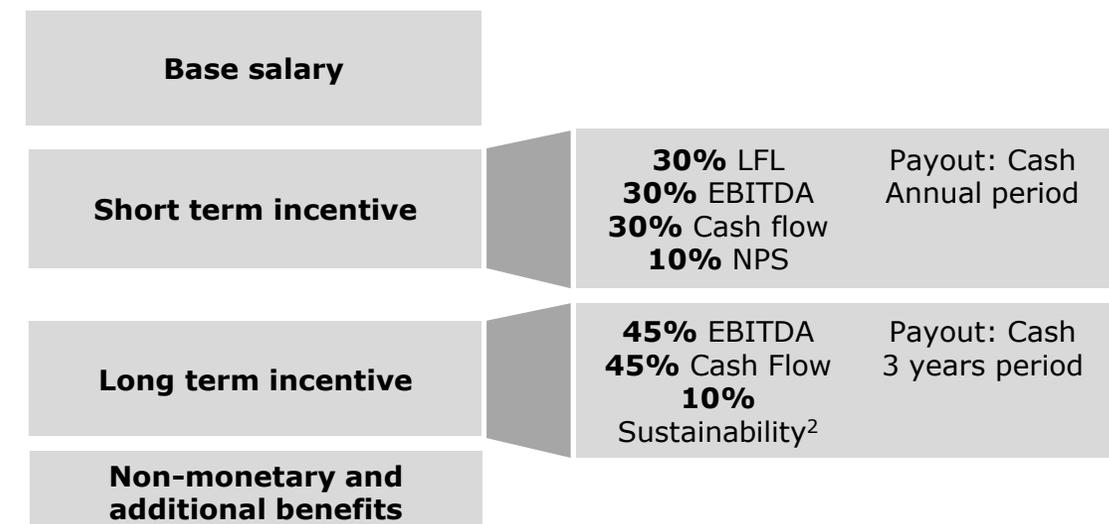
GOVERNANCE¹ - COMPENSATION

Management Board - compensation



The compensation scheme for management board has been approved by shareholders on the AGM in 2018

Country Board - Compensation



¹ As per 3 December 2019, Annual Report 2018/19 ² Sustainability based on Dow Jones Sustainability index



OUR RECOGNITIONS



Dow Jones Sustainability Index

81
Index member World & Europe
Food & Staples Retailing

0 to 100

11/2020



ISS-oekom Corporate Rating

C+
Prime Status

D- to A+

04/2020



CDP Climate Scoring

B

F to A

01/2020



CDP Forest Scoring

D **B-**
Cattle Palm Oil, Soy, Wood

F to A

01/2020



CDP Water Scoring

B

F to A

01/2020



FTSE4Good Global/Europe Index

Index member

-

06/2020



MCSI

Index member

-

-

METRO