CORPORATE RESPONSIBILITY REPORT 2013/14
Our employees are the main focus of the METRO GROUP Corporate Responsibility Report 2013/14. They fulfil social responsibility every day, both at work and in their free time, and give our company a face through their commitment. In this publication, we would like to introduce five of our employees – and show you what motivates them.

5 out of 249,150

This Corporate Responsibility Report 2013/14 was prepared in accordance with the guidelines of the Global Reporting Initiative (GRI G3.1). An overview of all figures, the METRO GROUP carbon footprint, the UN Global Compact Communication on Progress 2013/14 and the GRI Content Index can all be found at:

REPORTS.METROGROUP.DE/2013-2014/CORPORATE-RESPONSIBILITY-REPORT
Dear readers,

We believe in doing the right things better and better. In the context of our sustainability vision, this means creating added value for customers while reducing detrimental effects at the same time. We made important progress on this front in the financial year 2013/14. This is confirmed not least by our positive performance in leading sustainability indices and rankings: in 2014, METRO GROUP was listed on the Dow Jones Sustainability World and Europe Indices (DJSI) as well as the FTSE4Good Global and Europe Indices. This is a great achievement, which shows us that the measures we are taking are bearing fruit and that our commitment is widely acknowledged.

In this Corporate Responsibility Report 2013/14, we show which targets we have set ourselves in the field of sustainability, which approaches we are taking and which measures our four METRO GROUP sales lines implemented during the reporting period. The main focus here is on our principal courses of action at the different stages of our supply chain – beginning with procurement, production and processing, then moving on to transport, warehousing and stores before showing how the products we sell are used by our customers and finally disposed of at the end of the product life cycle. The various facets of our social engagement also form part of the Corporate Responsibility Report.

In this way, we not only give an overview of the main ways in which we comply with the Global Reporting Initiative’s (GRI) sustainability reporting requirements but also show how we have integrated the ten principles of the United Nations Global Compact into company processes and taken them on board in our work. All key performance indicators relating to sustainability, our carbon footprint, the United Nations Global Compact Communication on Progress and the GRI Content Index can be found in a supplement on our website, reports.metrogroup.de/2013-2014/corporate-responsibility-report.
Taking centre stage in this report are five of our employees. Our portraits of them show how they contribute to sustainability efforts on both, a personal and a professional level. They represent all those people in our company who work to meet the needs of our customers every day. Their tireless efforts help us to tackle social challenges and to make the vision of responsible business practices an everyday reality in our company.

In order to overcome global challenges, it is necessary for many players to join forces to find solutions and determine the most efficient action to take. If you would like to join the conversation, we would be delighted to hear from you.
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We all live and go about our activities on a single planet, whose population continues to grow. By 2030, an estimated eight billion people will live on earth – that’s 16 per cent more than in 2014. All of them want the necessities of life. While stagnating birth rates in many European countries and other industrialised nations are leading to ageing societies and declines in working populations, birth rates in the developing and emerging countries are climbing. In the search for employment and a place to live, large numbers of people are moving to urban centres. Since 2009, the majority of the global population has lived in towns and cities, and this process of urbanisation is continuing. Meanwhile, less developed areas are becoming deserted.

Due to worldwide population growth and changing living conditions caused, for example, by migration or access to education, demand for resources is rising steadily. We are already using 1.5 times the Earth’s carrying capacity, meaning its ability to produce resources and absorb pollutants. According to calculations by the World Wide Fund for Nature (WWF), by 2030 we will actually need two planets.

Our consumption and the resulting waste are exhausting finite resources, inhibiting the regeneration of renewable resources like soil, air, oceans and water, as well as depleting biodiversity.

But life always involves the use and consumption of goods. With this in mind, we need solutions that enable waste avoidance and ensure the long-term availability of water, fertile soil, intact natural environments and the goods necessary for life. These solutions are aimed at rendering both products and consumption ecologically and socially responsible.
METRO GROUP sees itself as part of society and contributes towards social value added. In the light of the global challenges we have already described, our company has a responsibility to go beyond legal requirements in reconciling economic goals with society’s requirements and the demands of our customers, staff, investors and partners. At the same time, we have to remain within the boundaries imposed by the environment. Doing all of this enables us to act today with tomorrow in mind.

In line with METRO GROUP’s sustainability vision – “We offer quality of life” – this means we need to ensure our business activities generate additional value and simultaneously reduce any negative impact they may have. We are working with our employees to achieve this in various areas: for example, we trace where our resources and the raw materials for our products come from and record how efficiently they are used in the manufacturing process and at our locations. We monitor the social and environmental conditions in which our products are made and take steps – where relevant – to ensure they are disposed of properly. We promote responsible consumption and foster dialogue and collaboration in our work with different stakeholder groups and partners.

Strategically embedding sustainability in our core business is imperative for us to fulfill on our sustainability pledge. It is crucial that every individual understands how important sustainability is and behaves accordingly. To support and drive this process, METRO GROUP is encouraging people to act in a sustainable way by means of strategic and procedural guidelines. At the same time, it aims to share knowledge and generate awareness for this issue by constantly providing concrete information. In this way, sustainability will become part of each employee’s autonomous decisions and actions.

In order to embed sustainability in the heart of the company and in the employees’ minds, it is essential that we link it with our corporate strategy, shape our business processes and programmes accordingly, and implement our sustainability management system.

**SUSTAINABILITY VISION**

...WE OFFER QUALITY OF LIFE...
...for our customers,...
...for our employees,...
...for all who work for us,...
...for society,...

...BECAUSE WE ARE ACTING MORE SUSTAINABLY,...
...we are working on a responsible range of products and assortment design.
...we systematically make sustainability a part of our work.
...we support humane working conditions.
...we are working on solutions to global challenges with a steadfast commitment to the issue and a trusting relationship with our stakeholders.
E.MB.E.DDING SUSTAINABILITY IN THE CORPORATE STRATEGY

METRO GROUP’s prime objective is to generate value added for its customers. We can do this in a long term perspective if we take their needs into account and reconcile them with other stakeholder groups’ requirements. Our formula for achieving this is: enhancing quality of life in the sense of value added for society and reducing any negative impact on our environment, be it ecological or social. This strategic emphasis on sustainability is being further strengthened by linking the remuneration paid to the Management Board and the global senior management with METRO GROUP’s performance in the Dow Jones Sustainability Index (DJSI). This rating is produced by independent experts who pool internal and external stakeholder groups’ requirements to create a representative assessment profile and use this as a basis to analyse the overall impact our business activities have on society. That means they evaluate our sustainability performance. This annual assessment is a management tool for METRO GROUP and a strong motivator for continuously improving our performance. The proposed improvement in sustainability performance defines our strategic target range. The individual sales lines are free to set specific strategic goals and define their contribution to the overall improvement within these parameters. Our commitment to constantly improving our corporate sustainability is visibly bearing fruit. METRO GROUP succeeded in ranking among the most sustainable businesses in 2014. The METRO AG share is listed in both the Dow Jones Sustainability World Index and the Dow Jones Sustainability Europe Index. As well as this, we were included in the FTSE4Good Global and FTSE4Good Europe Index. The FTSE4Good Index Series also lists companies with outstanding performance in the Environmental, Social and Governance categories.

EMBEDDING SUSTAINABILITY IN PROCESSES AND PROGRAMMES

We are also embedding sustainability in the heart of our company and in our employees’ minds by adjusting processes accordingly. Guidelines and job instructions help us to do this.

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<tr>
<th>TOPIC</th>
<th>OBJECTIVES</th>
<th>STATUS – GOAL ACHIEVEMENT</th>
<th>MEASURES</th>
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<tbody>
<tr>
<td>Embedding sustainability in the company</td>
<td>METRO GROUP is systematically making sustainability part of its work.</td>
<td>Integrating sustainability in all (key) business processes by 2016. Step one: identifying key processes and how they are linked to this issue.</td>
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<td>Enhancing employees’ awareness of sustainable behaviour by 2016. Step one: developing an overall concept for conducting a group-wide sustainability campaign including a sustainability day.</td>
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<td>Integrating sustainability into the training programme. Training courses focusing on corporate responsibility will be developed and offered to all staff by 2016. Step one: preparing a general training format.</td>
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For instance, an obligation to environmental responsibility is a fixed part of our environmental guidelines. Our commitment to social responsibility can be seen in the guidelines on fair working conditions and social partnership. Our Business Principles for employees are currently being revised – among other things, we are further fleshing out the aspects relevant to sustainability. Our aim is to make the target group of our Business Principles even more keenly aware of how important it is to incorporate sustainability into their own behaviour. The new METRO GROUP company car guideline, which came into effect in June 2014, also aims to achieve this. The guideline defines limits and benchmarks for company car CO₂ emissions, encouraging the use of environmentally friendly models. In addition to this, the group has stepped up its efforts to promote alternatives to company cars, such as the use of public transport and a scheme whereby employees who decide against a company car can have the money saved paid into their pension pot.

Finally, proactive knowledge sharing via training programmes helps us to embed sustainability in our processes. One example of this is the e-learning module “Sustainability at METRO” developed in the financial year 2013/14 for existing and new employees. It is also possible to raise staff awareness of sustainability by showing how it relates directly to their working environment. For instance, METRO AG’s Corporate Compliance and Corporate Responsibility units conducted a workshop at this year’s compliance conference during which they held a discussion with local Compliance Officers about the interface between their field of work and a range of sustainability issues.
Our 249,150 employees are responsible for the success of METRO GROUP and its sales lines. Their dedication and the decisions they take in their everyday work generate added value for our customers and for society. In keeping with our sustainable approach to corporate management, we therefore see it as our duty to create and maintain an attractive, fair and safe working environment. We strive to appreciate the individuality of our employees, foster their diversity and strengthen their personal responsibility. In this way, we are able to offer them the support they need to successfully implement our corporate strategy.
OFFERING FAIR WORKING CONDITIONS

METRO GROUP has made a commitment to its employees to comply with the company’s self-imposed guidelines for fair working conditions and social partnership. One of the instruments used to ensure transnational, social employee involvement is the Euro Forum, the European works council of METRO GROUP. As part of our commitment to providing fair working conditions, we have also reconfirmed the joint declaration with the UNI Global Union, an international union federation with more than 900 affiliated organisations through which it represents over 14 million employees in 150 countries. This underscores METRO GROUP’s commitment to the standards of the International Labour Organization (ILO).

RECOGNISING DIVERSITY AS A VALUE

In everyday business, it is our employees who are confronted with the widely varying needs and demands of our customers and other stakeholder groups. In order to ensure that they are well equipped to deal with these, we have made diversity a key component of our strategic personnel management and our corporate culture. As early as 2013, METRO GROUP joined the Board of Charta der Vielfalt e. V., a trade association that works to promote a non-discriminatory work environment. In addition, we are creating an environment in which diversity is recognised as a value and in which our employees are given the scope to contribute and further develop their individual expertise. Inclusion and diversity are fundamental principles for METRO Cash & Carry as well as the root of three key philosophies: “Lead, Link and Live”. With “Lead”, managers are encouraged to foster understanding for inclusion and diversity within the organisation and to set an example with their leadership. “Link” involves connecting global measures with the activities of both decentralised and centralised units. “Live” means putting these principles into practice in everyday business through such things as employee networks and events and by incorporating them in everyday business decisions.

SUPPORTING THE CHANGE IN CORPORATE CULTURE

Our sales lines are constantly working to shape and drive the change in their corporate cultures so that they can optimise their response to changing market requirements. At METRO Cash & Carry, the cultural change is being supported by the “Leadership for Growth” workshop series. The aim is to increase each employee’s self-management ability while making them aware of their potential for professional and personal development. In the financial year 2013/14, approximately 91,000 people from 26 countries took part in these workshops. At Real, head office and hypermarket managers participate in the “Leadership for Growth” workshops. Meanwhile, Galeria Kaufhof actively assists its staff with the process of changing from stationary-only retail to multichannel sales with a training and information offensive that is tailored to its employees’ needs under the slogan “MCR – Mehr Chancen realisieren” (Seizing more opportunities).

STRENGTHENING PERSONAL RESPONSIBILITY

We believe that corporate responsibility delivers the best – and most visible – results when it is understood as a shared responsibility. That is why it is our goal to make each employee aware of the impact their individual actions have on sustainability and to strengthen their personal responsibility by sharing knowledge. Our sales lines use various information formats for this purpose. In the reporting year, for example, an e-learning module was developed that can be adapted to the specific requirements of each sales line and which helps to make employees aware of the links between our sustainability approach and our everyday business. METRO Cash & Carry also took advantage of the Top Management Conference 2014 to explore the significance of sustainability for the company. Galeria Kaufhof’s management conference in June 2014 saw the presentation of the brochure “Gemeinsam Verantwortung tragen” (Sharing responsibility), which was subsequently made available to all staff in Germany. This brochure gives employees an overview of the wide range of sustainability projects conducted by the company and calls on them to take part. Real included a flyer about the company’s sustainability efforts with its employees’ payslips. In addition, our sales lines gave purchasers training on specific issues, such as compliance with social standards, and provided them with general information on sustainable purchasing requirements, such as those which apply to fish and palm oil.

A comprehensive overview of the group’s efforts for our employees and METRO GROUP’s personnel policies, as well as the associated key figures, can be found in the METRO GROUP annual report, chapter 6 of the group management report, “Employees”. We also publish staff figures relating to sustainability online at reports.metrogroup.de/2013-2014/corporate-responsibility-report.
AN EXTERNAL PERSPECTIVE ON OUR ACTIVITIES

In defining strategic objectives and designing concrete measures in the field of sustainability, we do not rely solely on our internal viewpoint and our own experiences. Rather, we attach importance to taking on board the opinions and expertise of different stakeholder groups and external experts. This influences our business in two ways: the interaction helps to reinforce trust in our company and the dialogue helps to increase the chances of our activities succeeding.

By taking part in economic and sociopolitical discourse and working together with external stakeholder groups, we are in a position to identify their requirements concerning our activities and address relevant issues at an early stage. In the case of a number of issues, interacting with others on an ongoing basis is fundamental in enabling us to take an efficient, solution-oriented approach to social challenges. This is because we firmly believe that, when many players pool their knowledge and act together systematically, the leverage and impact that this produces is all the greater.

The measures that we implement in the field of sustainability are evaluated among other things by our stakeholder groups in the form of ratings. These assessments are an important source of motivation for us and also act as a management tool by illustrating progress and potential for improving our activities.

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**Evaluation in relevant sustainability indices and rankings**

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<th>INDEX/RANKING</th>
<th>RATING/Score</th>
<th>SCALE</th>
<th>YEAR</th>
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<tr>
<td>Dow Jones Sustainability Index [DJSI] World/Europe</td>
<td>71 Listed</td>
<td>0 to 100</td>
<td>2014</td>
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<tr>
<td>Oekom Corporate Rating</td>
<td>C</td>
<td>D− to A+</td>
<td>2014</td>
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<td>CDP Climate Disclosure Leadership Index (CDLI) DACH region</td>
<td>98/A− (disclosure/performance) listed Sector Leader Consumer Staples</td>
<td>0 to 100/ E to A</td>
<td>2014</td>
</tr>
<tr>
<td>FTSE4Good Global/Europe Index</td>
<td>Listed</td>
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Sustainability management serves to help embed sustainability in the core business and ensure that whenever economic and environmental or social considerations affect one another, overlaps are dealt with in an efficient, solution-oriented way. It also assists in shaping sustainability-related guidelines such as legal requirements or standards that apply to the company.

As there are many different units and company formats within METRO GROUP, clear structures have been put in place to ensure that strategic and operational elements interlock optimally. Our objective is to preserve the sales lines’ operational independence so that we can meet the requirements of local markets and customers. At the same time, it is important to tap synergies with a view to achieving the group’s shared strategic goals. The structure and processes of the METRO GROUP sustainability management enable us to deliver on this.

As an official METRO GROUP body, the Sustainability Board makes sure that the right strategic course is pursued with respect to the group’s sustainability performance and key issues are covered by means of relevant targets. The board consists of the director responsible for sustainability, the CEOs of the sales lines, and the sustainability managers from METRO AG and the sales lines.

The sustainability managers are responsible for making sure that sustainability is integrated into the business at the sales lines and at group level. This is done by rolling out this concept in the various corporate divisions and taking it into account during decision-making.

The round table on corporate responsibility acts as an interface between the strategic and operational dimensions of sustainability. This body prepares decisions to be approved by the Sustainability Board and helps to implement them. Actions taken by the individual sales lines contributing to achieve METRO GROUP’s sustainability targets are coordinated by the round table. Its primary role is to act as a platform that brings together all the sustainability managers and allows them to pool their expertise. Synergies are created, for example when the participants discuss how they view certain topics and deal with them. These can help the operating divisions to manage their specific issues. When necessary, project groups are also selected from interdisciplinary teams within or across the sales lines to deal with particular questions in a targeted manner.

The sales lines are responsible for defining specific targets and measures at operational level, acting on these in day-to-day business and ensuring that goals are met in a sustained fashion. They inform the Sustainability Board about their progress via the round table.

Each METRO GROUP sales line has developed its own approach – based on the specific requirements of its operational business – to deal with relevant aspects of sustainability. These approaches are outlined on the next few pages.
SUSTAINABILITY BOARD

CEOs of the sales lines chaired by the Director responsible for sustainability, sustainability managers from the sales lines and Metro AG.

determines METRO GROUP's sustainability strategy.

ROUND TABLE ON CORPORATE RESPONSIBILITY

Sustainability managers from the sales lines and Metro AG.

pools sustainability-related expertise,
supports the Sustainability Board and the sales lines at operational level.

SALES LINES

responsible for their own sustainability management and operational implementation,
send experts to take part in project groups.
At METRO Cash & Carry, we not only acknowledge the significant impact global challenges have on our business as a wholesaler but also see it as an opportunity to come up with solutions to tackle those challenges. We recognise the need to contribute to the sustainable development of our common future.

Through our customers, our offerings reach more than 10 per cent of the global population as end consumers. This figure underscores the huge potential METRO Cash & Carry has to help counter global challenges. We can therefore achieve our greatest impact on sustainable development by being an enabling partner for our customers and helping them to run a responsible business. Simultaneously, we aim to minimise the negative impact our own business operations have on the environment and on society.

We initiated our Corporate Responsibility Programme in 2014. We focus on the continuous development of our product range with a view to having a comprehensive, sustainable assortment. The steps we are taking to achieve this encompass everything from carefully selecting manufacturers, agricultural growers and both food and non-food producers to taking a responsible approach to transport, storage and distribution, and operating our wholesale stores in a way which conserves resources. We are also working to constantly improve collaboration with our suppliers and expect them to comply with certain social standards in their factories. Within our business processes, our operations are arranged with regard to energy and resource efficiency. In order to reduce our carbon footprint, we are tracking the CO₂ emissions we produce, continuing our energy-saving programme and switching to more sustainable heating, cooling and lighting systems wherever possible.

Our commitment to corporate responsibility starts with ourselves. Our ambition is to be a good employer for our own people and to encourage end consumers to pursue a more sustainable lifestyle through our offers and collaboration with our customers.
EMBEDDING
• SUSTAINABILITY •
IN THE
CORPORATE STRATEGY.

Media-Saturn is attaching greater importance to corporate responsibility and sustainability as it moves forward and is embedding sustainable thoughts and actions in its corporate strategy. With this aim in mind, the group of companies has initiated a sustainability programme that is based on the values of Media-Saturn: entrepreneurship and consistent customer orientation. It combines environmental, social and employee-oriented measures in two action areas: “Responsibility” and “Customers”. To ensure successful implementation within the company, the programme also focuses on motivating employees to act in a sustainable way.

“We aim to embed sustainable principles in the thoughts and actions of all our employees as well as in our business processes. By the end of 2015, we plan to implement approximately 20 projects in the areas of supply chain, customer information, product range and presentation, but also in the management of our commercial real estate.”

RESPONSIBILITY
The action area “Responsibility” comprises projects that encourage and demand individual and corporate responsibility for sustainability within the company and at its suppliers. Protecting the environment through energy-saving and resource-friendly measures is just as much a part of this as compliance with human rights, fair wages and also occupational health and safety. Maintaining a healthy work-life balance is an important part of the sustainability programme as well.

CUSTOMERS
In this action area, products and services are enhanced in such a way that they are also attractive for customers in terms of sustainability aspects. By means of various projects, Media-Saturn aims to increase transparency for customers regarding the environmental friendliness of the product range – both online and on mobiles. Projects in this area include the introduction of a purchasing guideline with unambiguous sustainability criteria as well as optimised labelling of sustainable items in stores and in e-commerce.

EMPLOYEE MOTIVATION
Sustainable principles can only be put into practice if they are embedded in the way all employees think and act. Therefore, one focus of the sustainability programme is on internal communications. It is not only a matter of educating employees, but also motivating them to boost sustainability in their autonomous actions and decisions.

PIETER HAAS
Deputy Chairman of the Management Board, Media-Saturn
Under the slogan “Responsible business practices”, we pursue our sustainable efforts in four different areas. Working for a healthy environment, maximum conservation of resources and fair working relationships in a spirit of partnership are all an important part of our strategy. In this way, we make our contribution to ensuring that generations to come will also be able to grow up in a healthy physical and social environment with good prospects for the future.

PRODUCT RANGE: SUSTAINABLE PURCHASING
From producer to supplier and from logistics to sales, we are committed to sustainability and social responsibility throughout the supply chain. At the time of writing, we already have an extensive range of products selected in accordance with ecological and social criteria. One focal point is the issue of regionality – our corresponding assortment of 20,000 products comes from more than 1,000 regional and local suppliers.

ENVIRONMENT: ECO-FRIENDLY ACTIONS
To cut down on its CO₂ emissions at Real stores, the company made investments in energy-saving technology. Further optimisation and installation measures are planned for the coming years with a view to further reducing greenhouse gas emissions.

EMPLOYEES: FUTURE ORIENTED WORKPLACE
As a future oriented employer, we attach importance to a positive corporate culture geared towards performance and customer needs. Family-friendly and fair working conditions are important elements in this regard. At Real, weekly working hours and salaries are both based on collective agreements. We encourage new talents and provide training to our staff in order to give them the best possible preparation for the challenges associated with demographic change.

CUSTOMERS: SOCIAL RESPONSIBILITY
Another central pillar is social involvement. Together with our customers, we donated a total of €800,000 to charities and social institutions over the last year. Our commitment to the Tafel food banks and UNICEF is complemented by a wide range of local activities initiated by employees.

“Sustainability means future viability for us. Therefore we expanded our product range in terms of ecological and socially responsible factors. New environmentally friendly energy systems and cooling technology were installed over a large area. We are constantly searching for new sustainable ways. So one of the important topics for 2015 will be the introduction of fruits from permaculture.”

↑ DIDIER FLEURY
CEO,
Real
As far as Galeria Kaufhof is concerned, one thing is for sure: our future is as green as the colours of our logo. We are convinced that only social, ecological and ethical behaviour can form the basis for sustainable commercial success. It is also becoming increasingly important as regards our customers to take a responsible approach to people, animals and resources.

That is why we have embedded sustainability in our mission statement: our actions are geared towards achieving commercial success while treating people with respect, protecting the environment and taking social responsibility. For some years now, we have been pursuing a long-term sustainability strategy which underlines and consolidates our commitment as one of Europe’s leading department stores. This primarily focuses on measures that will deliver concrete benefits for our customers. These include our selection of top-quality own brands, produced under fair working conditions and in an environmentally friendly manner, a broad eco-friendly range including textiles which are very gentle on the skin, natural skincare and meat products from livestock able to express natural behaviour, and a store design that makes shopping a more pleasant experience for people of all ages. All this is complemented by improvements across the entire company: the reduction of our ecological footprint and a commitment to both society and our own employees. In the eyes of our customers, it is primarily our products that underscore our commitment to corporate responsibility. They help us to credibly and tangibly demonstrate that sustainability is not merely a buzzword for Galeria Kaufhof – it is a principle that guides all our actions.

“We have consistently tailored Galeria Kaufhof to meet customers’ requirements. Our customers trust us to take responsibility for people, the environment and society. We want to strengthen this trust even further.”

LOVRO MANDAC
CEO, Galeria Holding
The requirements of various stakeholder groups reflect the global social challenges that are particularly relevant for METRO GROUP as a retail company: safeguarding food supplies, conserving resources, demographic change and sustainable consumption. We can contribute most effectively to overcoming these challenges by incorporating relevant actions into our core business. This is because it is here that we can exert the greatest influence on issues, structures and processes. In our core business, we identify spheres of action that are relevant from an economic perspective and are also significant for the environment and society as a whole.

Accordingly, the following are of central importance for METRO GROUP:

- Dealing with employees and shaping their working conditions
- Working with suppliers and helping them to comply with quality, social and environmental standards
- Procuring resources, using them efficiently and avoiding waste
- Providing customers with high-quality products with the soundest possible social and environmental credentials and offering sustainable alternatives
- Social commitment with regard to our core business and in areas where help is urgently needed

In this Corporate Responsibility Report, we present these main spheres of action along a typical supply chain – beginning with procurement, production and processing, then moving on to transport, warehousing and stores before showing how the products we sell are used by our customers and disposed of at the end of the product life cycle. The report concludes with a chapter on our social commitment – yet another way in which we are addressing the challenges faced by society.
I’m committed to upholding social standards. There’s no room for compromise.

— Margaret Chan
Executive Manager of Corporate Social Responsibility at MGB METRO GROUP Buying Hong Kong (China)
As Executive Manager of Corporate Social Responsibility, MARGARET CHAN makes sure that suppliers comply with METRO GROUP’s exacting requirements for social standards and quality. When asked what she loves about her job, she says it is the fact that she can actively help her business partners to bring about improvements with her expertise and experience. Manufacturers are not the only ones who benefit from her commitment – Margaret Chan also makes a valuable contribution for METRO GROUP and its customers. She finds the strength and energy she needs in meditation: maintaining balance is her motto.
METRO GROUP gears its product ranges towards customers’ wishes across its various retail formats. Our aim is to procure products that offer reliable quality and safety and have sound social and environmental credentials. In the interests of product responsibility, we trace the origins of our products. As well as this, we define verifiable criteria with respect to quality and sustainability. These criteria apply to the nature of the products themselves, their environmental impact and manufacturing conditions. This enables us to take a systematic and transparent approach to monitoring the origins of raw materials, responsible use of resources, respect for the environment and decent working conditions. Our work in this field is based on our group-wide sustainable purchasing policy for all products, which was adopted in 2013. The policy defines basic requirements and brings together guidelines that address specific questions relating to individual product or raw material categories. These include, for example, our purchasing policy for fish and policy for palm oil and packaging. Our specifications draw on widely recognised standards. In addition, we are involved in developing new frameworks for action.

We help our sales lines to implement these requirements and assist the various players throughout the supply chain by championing transferable and extendable approaches and avoiding stand-alone solutions developed by individual companies. That means we accept different standards with comparable criteria as being of equal quality. For instance, we are involved in the Global Food Safety Initiative (GFSI) and the Global Sustainable Seafood Initiative (GSSI), which aim to harmonise food safety standards and international certifications for sustainable fish respectively. We also provide training to help suppliers meet these requirements. In this way, we do not only help to secure a supply of marketable goods. By demanding and monitoring adherence to standards and specific criteria, we also prevent the risks associated with irresponsible practices. At the same time, inspections by independent auditors confirm to customers that we are committed to high-quality products and processes that are socially and environmentally sound. In doing so, we make use of technical solutions such as traceability in the cloud, which allow us to track products from their origins to the customer’s purchase.
METRO GROUP assumes social responsibility throughout the supply chain by ensuring that social standards are adhered to. The key labour standards defined by the ILO are a fixed part of METRO GROUP’s conditions of purchase. As one of the founding members of the Business Social Compliance Initiative (BSCI), we have also been involved for years in systematically establishing socially fair working conditions in the manufacturing of our own-brand products. Our approach here is to assist our suppliers or production facilities in setting up a suitable management process. As evidence of fair and socially equitable working conditions, we accept either audits based on the BSCI requirements or equivalent social standard audits.

We also focus on raising awareness about specific aspects of safe working conditions among our partners. For instance, the BSCI requirements also extend to fire protection – such as fire protection precautions and management systems including emergency exits, escape routes, fire extinguishers and fire drills. For example – in addition to our ongoing auditing programmes – METRO GROUP’s import organisation, MGB METRO GROUP Buying Hong Kong, has been conducting fire protection and occupational safety training courses for suppliers in Bangladesh and other risk countries in conjunction with TÜV Rheinland since February 2013. In June 2013, in order to improve the structural safety of textile factories in production countries, we signed the agreement on better fire protection and building safety in Bangladesh’s textile industry. The agreement came about as part of a multi-stakeholder initiative involving corporate representatives, trade unions and non-governmental organisations. By signing the fire protection agreement, we can further extend our commitment to improving working conditions in the supply chain.

All producers in defined risk countries (based on BSCI evaluation) that supply METRO GROUP with clothing, shoes, toys and consumer durables via its import organisation MGB METRO GROUP Buying Hong Kong are audited in accordance with BSCI or equivalent standards. As at 30 September 2014, this was a total of 835 producers. Of these, 58 per cent passed the audit with the score “good”. Producers who do not pass the audit are given 18 months – as of the audit date – to provide proof of improvement. If they fail to do so, they will receive no further orders until they can provide evidence of sustainable improvements in their organisational processes. 12 per cent of suppliers who failed the original audit succeeded in bringing about the required level of improvement in the financial year 2013/14. However, the total share of suppliers passing the audit has fallen, which can be attributed above all to the even stricter requirements placed by the BSCI on the audit process.

Social audits relating to own imports by MGB Hong Kong as of closing date

<table>
<thead>
<tr>
<th>Year</th>
<th>BSCI-relevant suppliers (active)</th>
<th>Thereof with passed audit in %</th>
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<tr>
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<tr>
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</tr>
<tr>
<td>2013/14</td>
<td>835</td>
<td>348</td>
</tr>
</tbody>
</table>

- Suppliers who passed the audit

Active suppliers are those for which actual sales are recorded on the reporting date. Suppliers who pass the audit can obtain a certificate from an independent third party showing that they have successfully implemented the BSCI social standard system or an equivalent set of norms.
Mr Ciesielski, the implementation of social standards, especially in Asian suppliers’ premises, has been gaining increasing public attention. What is the philosophy behind your CR strategy at MGB Hong Kong?

MICHAEL CIESIELSKI ——— The objective of MGB Hong Kong is to have 100 per cent of the goods sourced from factories that are socially compliant. This strategy certainly benefits society but also clearly responds to our customers’ expectations of decent and fair factory conditions in relation to the products they buy. Therefore, having a strong and well-implemented CR strategy is our social obligation. CR is an effective sales tool; we can win customers with our strict social standards for the supply chain. MGB Hong Kong currently works with about 1,700 factories and we know all of them. In this way, we ensure that a high level of transparency is present in our supply chain.

Yet in practice, it is a true challenge to ensure all suppliers and factories adhere to the required social standards. So how does MGB Hong Kong customise its approaches and measures to effectively address the local risks as well as common concerns?
It is indeed a challenge. In practice, we carry out a mix of measures. For us, as a member of the Business Social Compliance Initiative (BSCI), a global initiative to promote good working conditions among suppliers, the first step is always to have our suppliers’ production facilities audited. Based on three possible outcomes – non-compliant, improvement needed or good – we take decisions. Severe violations concerning safety issues, child labour, fire prevention or discrimination will result in the immediate termination of cooperation with the supplier. In the case of minor faults which can be corrected, we instruct and help suppliers to address the problem accordingly to fit our standards within a defined time window. The objective is to make suppliers understand that sustainability is a key topic for their long-term viability. This is apparent when we do major business with them.

"MGB Hong Kong fully complies with BSCI and International Labour Organization (ILO) standards."

Of course, we must always keep in mind that circumstances differ from country to country. In Bangladesh, for instance, the main challenge facing us is safety issues. The common high building structure and the lack of safety installations there make it prone to accidents. But overall in Asia, the most common concern is the practice of overtime. MGB Hong Kong fully complies with BSCI and International Labour Organization (ILO) standards, or with local regulations if they are stricter. Our CSR team takes the initiative to communicate with suppliers and discuss possible solutions such as shift changes and productivity improvements to address overtime.

MARGARET CHAN —— MGB has compiled a package of designed measures to optimise and strengthen social compliance in our supply chain. Our supplier factories are divided into two categories – new and existing. New factories must be examined thoroughly by MGB before being listed, while we audit the existing factories regularly to ensure their CR compliance. In the case of non-compliance, factories are given a maximum of 18 months to improve on the faults to fit our criteria, and are further monitored. We regularly arrange free-of-charge workshops for our active suppliers and business partners, especially in countries like Bangladesh, India and China. They focus on the top causes of non-compliance. Our CSR team invites them to take part in the focused courses to prepare for the required audit processes. It is crucial for them to apply the acquired knowledge in practice, to achieve appropriate improvements.

ROBIN QIN —— After we failed the BSCI review the first time, we analysed the failure ourselves. MGB staff provided the necessary guidance. They visited our factory and trained us in the correct practices on site. The improvement steps made my workers realise that their own safety and interests are protected by being compliant with the BSCI standards, and this serves as strong motivation for them to take the right steps in practice. Now they have self-protection awareness and more care for the factory.
However, non-compliance may still occur and when that happens, MGB Hong Kong implements more concrete measures to improve and enhance suppliers’ awareness of and compliance with the social standards.

MICHAEL CIESIELSKI ——— Yes, we offer our support wherever we see opportunities. Actually, the suppliers don’t only improve compliance with social standards but also raise their productivity through our joint efforts. To reduce or even eliminate overtime work, for example, we help suppliers with our ILO SCORE project to optimise operational processes and workplace cooperation in order to increase efficiency, including better capacity planning, ordering or booking. This results in less stress for the supplier and more reliability – a win-win situation.

VICKY WANG ——— I think we have benefited a lot from MGB, especially in the area of order management. Due to fluctuating demand, it is not always easy to adjust resources smoothly to meet the demands of different phases. Now we encourage our clients to place busy-season orders or long-term orders during our slack season to secure balanced production around the year. As a result, we maintain a stable workforce without big fluctuations between busy and slack seasons.

“SINCE MGB HONG KONG HELPED US PASS THE BSCI AUDIT AND STANDARDISE THE FACTORY PROCESSES, WE HAVE ALSO ATTRACTED SOME OTHER EUROPEAN CLIENTS.”

How do MGB Hong Kong employees who are involved in the daily assessment of the suppliers’ qualifications receive the necessary sustainability training and working tools to possess the right knowledge and expertise in this regard?

MARGARET CHAN ——— We have regular internal training for our staff, especially our colleagues in the Purchasing and Quality Control departments. They also learn about the BSCI standard and equivalent social standards: occupational health and safety, building, fire and electrical safety, the new BSCI Code of Conduct, etc. Buyers are in direct and close contact with suppliers and factories so they can clearly specify our requirements. For the Quality Control department, this training can enhance their understanding and knowledge of the relevant standards, as they also support checks on fire safety in factories.

Mr Qin, how has your business developed since implementing the social standards? What role does sustainability play in your corporate vision?

ROBIN QIN ——— Since MGB Hong Kong helped us pass the BSCI audit and standardise the factory processes, we have also attracted some other European clients, who were very impressed with our standardised operations when visiting our factory. Actually, it has helped us get more orders from clients. In the future, we will continue to invest in sustainability-related projects because we see sustainability as a key element of our corporate agenda and thus we are willing to make an effort in this area.
In order to be able to provide our customers with high-quality, safe products, we attach importance to adhering to social standards, which we monitor on a regular basis. But that is not all: direct contact with our suppliers also plays a key role in our procurement and supply chain management. This is because close relations with producers and growers allow us to directly influence the availability, condition, quality and sustainability of our products. We take two approaches in this regard. Firstly, we count on pooling procurement via our seven international trading offices (ITO). Secondly, we pay attention to purchase goods where they are produced or grown. This applies above all to fresh produce such as fruit, vegetables and meat.

**INTERNATIONAL TRADING OFFICES: POOLING PURCHASING**

METRO GROUP developed the International Trading Offices concept in 2009 with a view to sourcing products directly from their place of origin and making better use of market potential and synergies in the procurement process. We now pool purchasing for the METRO Cash & Carry national organisations via a total of seven of such trading offices, each with a specific area of expertise. For instance, our procurement centre in Valencia specialises in Mediterranean citrus fruits and vegetables, year-round produce from abroad such as pineapples and processed products like dried fruit.

The change from a procurement model with local intermediaries to direct sourcing allows us to further improve the quality, freshness and safety of the products and also to establish transparent long-term working relationships with our suppliers. Even at the initial stage of selecting suppliers, we set the bar high: agricultural producers must comply with the specifications of the International Featured Standard (IFS). Almost all suppliers – for the most part independent medium sized enterprises – are certified accordingly. In addition, we have developed a protocol to allow smaller local suppliers to be integrated into the network as well.

Our trading office employees are also in close contact with suppliers and regularly visit them at their premises. In this way, they are able to interact directly with our suppliers, establishing a rapport of trust and gaining insight into how they operate. In 2013, we purchased...
more than 200,000 tonnes of fruit and vegetables from growers in Spain, Italy, Morocco, Greece, Turkey and further afield via the trading office in Valencia alone. In the future, our aim is to further extend our partnership with suppliers through our International Trading Offices.

BACK TO THE ROOTS: REGIONAL PURCHASING

When designing and putting together product ranges, our sales lines make a point of including regional goods in a large number of categories. By procuring products such as fruit, vegetables and meat from local growers and manufacturers, we not only meet the growing demand for regional products among our customers but also help our suppliers to build up their operations, thereby contributing – together with our customers – to economic development in the respective regions. Thanks to our local procurement strategy, we also make an important contribution to sustainability: shortening transport routes pushes down the cost of goods while also reducing their carbon footprint.

An exemplary initiative launched within the framework of METRO Cash & Carry’s local procurement strategy is its “De-ale noastre” programme. Established by METRO Cash & Carry in 2012, this scheme helps farming companies in Romanian vegetable-growing regions to market native fruit and vegetables. Around 100 farmers from 33 regions distribute their produce through Romanian METRO Cash & Carry stores under the “De-ale noastre” brand name. The available product range was increased by around a third in 2014 and now consists of 45 types of regional fruit and vegetables.

As part of the programme, METRO Cash & Carry provides expert advice to local farmers on the whole production process – for instance on selecting types of fruit and vegetables, production and harvesting techniques, and marketing and distribution models. In this way, “De-ale noastre” benefits both the fruit and vegetable producers and the end customers. METRO Cash & Carry helps producers to practise sustainable agriculture, thereby contributing to the development of local communities. At the same time, our sales line enables customers to enjoy products from controlled origins which were grown using traditional farming methods. Fruit and vegetables sold under the “De-ale noastre” brand are regularly inspected from seed to shelf. In this way, METRO Cash & Carry Romania guarantees the traceability of products and, in turn, the high quality and safety of its food.

METRO Cash & Carry also takes similar approaches to boost regional procurement in other countries. In France, for example, our sales line signed the “100% regional” charter with the French vegetable producers’ association Fédération Nationale des Producteurs de Légumes de France back in 2010. This initiative promotes local vegetable farming and guarantees that METRO Cash & Carry wholesale stores are supplied with vegetables that were harvested that same morning or the night before by agricultural companies within a maximum radius of 50 kilometres. In the financial year 2013/14, METRO Cash & Carry France procured some 20,600 tonnes of vegetables from regional growers as part of this collaboration.

In Turkey, METRO Cash & Carry makes use of regional procurement and the strategic marketing of regional products to safeguard the existence of especially rare products. This is because the demand for regional products ensures that they will continue to be grown. These include garlic from the Black Sea district of Taşköprü, which is in danger of becoming extinct. This is marketed by METRO Cash & Carry under its own brand Horeca Select. The aromatic bulb also bears the geographic label – an official confirmation of the product’s origin and of its outstanding quality.

Regionality also plays a central role in Real’s product range strategy. Its hypermarkets already offer customers a wide range of products bearing the logo “Gutes aus der Heimat” (Prime local produce). These include fruit, vegetables and dairy products. Real’s “Meistermetzger” (Master butcher) concept also has a regional focus, with some 70% of the cold meats available at its hypermarkets consisting of regional products. Local produce already accounts for around a quarter of sales at Real’s fresh food counters, where the hypermarkets offer 222 articles from nearby producers, including own brands.
"FINDING WAYS TO USE RESOURCES IN A SUSTAINABLE WAY, THAT'S MY CONTRIBUTION TO PROTECTING THE ENVIRONMENT."

ONE OF US

MAREK KAPUSNIAK
Transformation Manager at MAKRO Cash & Carry,
Rybnik (Poland)
As a Transformation Manager, Marek Kapusniak is involved in optimising the MAKRO Cash & Carry wholesale stores in Poland and adapting them to customers’ needs. Making sustainable improvements is also the idea behind the METRO Cash & Carry “Energy Saver of the Year” competition, which rewards suggestions for how to reduce power and water consumption. Marek Kapusniak entered without hesitation. He won bronze for his idea of fitting aerators to taps. These small nozzles regulate the flow of water, helping to reduce the amount which is used.

Simple idea – major impact. Thanks to Marek Kapusniak, all taps in the MAKRO Cash & Carry wholesale store have been fitted with aerators, a difference that is readily apparent on the water meter.
As a retail company, our aim is to provide products and services for our customers in our stores and outlets – at the right time and in the volume and quality they require. The resources needed to transport, store and refrigerate products properly and to operate our stores and back offices include energy – electricity, gas, oil and district heating – as well as refrigerants, fuel and water. This use of resources generates operating costs and has a negative impact on the environment.

By taking a responsible approach to resources, we can directly influence the cost of our business activities and make an immediate contribution to protecting the climate and the environment. With this in mind, we are constantly working to improve our use of resources, our behaviour and our internal processes to make them more efficient.

In order to transport and store goods in a sustainable way, we are constantly working on further shortening the distance between manufacturers or agricultural growers and our stores – this applies to all of our sales lines. This means sourcing more products locally, focusing on procuring products via International Trading Offices, and pooling goods at central warehouses and logistics platforms, for instance. As well as this, we select vehicles with low fuel consumption and pollutant emissions for our own transport fleets, and train our employees in environmentally friendly driving. We also design our packaging to be as space-saving as possible and optimise the loading of transport vehicles.

Several different factors determine the consumption of resources such as energy, refrigerants and water at our stores, outlets and head offices. These include the composition of our product ranges – particularly the proportion of fresh and ultra-fresh products – as well as opening times and the design, size and operation of our stores. We are implementing a number of different measures at our sales lines to reduce our use of resources and cut climate-relevant emissions from our commercial operations. Above all, these are geared towards optimising the operation of our stores and lowering our energy requirements – by increasing efficiency and promoting awareness of responsible energy usage.
With regard to transport, warehousing and stores, our overriding aim is to bring about a 20 per cent reduction in METRO GROUP’s specific greenhouse gas emissions by 2020 compared with the 2011 figure. In concrete terms, this means that we want to cut our emissions per square metre of selling space from 330 kilograms of CO₂ equivalents to 264 kilograms per annum.

From October 2013 to September 2014, METRO GROUP generated 273 kilograms of CO₂ equivalents per square metre of selling space. This means that our group-wide emissions fell by some 28 kilograms of CO₂ per square metre of selling space compared with the corresponding prior-year period. As a result, we are very close to reaching our target of 264 kilograms of CO₂ per square metre. The marked decrease in emissions compared with the reference year 2011 can be essentially attributed to three reasons: a 6.5 per cent reduction was due to measures for lowering consumption with respect to energy, company cars, paper, business travel and emissions from refrigerant losses. Through the sale of locations in Eastern Europe and Turkey, which were in general very emission-intensive, it was possible to reduce emissions by a further 6.6 per cent. Another 4 per cent reduction can be attributed to general technical and scientific advancements reflected in the emission factors for calculating the CO₂ equivalent of consumption.

More information and further key performance indicators relating to our carbon footprint can be found online at: reports.metrogroup.de/2013-2014/corporate-responsibility-report

Status – climate protection target

Greenhouse gas emissions in kg of CO₂ (CO₂ equivalents) per m² of selling space

<table>
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<td>2012/13</td>
<td>301</td>
</tr>
<tr>
<td>2013/14</td>
<td>273</td>
</tr>
</tbody>
</table>

Unlike in previous years, portfolio adjustments will no longer be made for environmental key performance indicators as of this reporting period (Real sales in Poland, Russia, Ukraine, Romania and Turkey in 2012 and 2013). This means that the prior-year data and the figures for the reference year 2011 differ from those cited in previous years. There are also deviations from emission levels stated in earlier reports; this is due to emission factors being updated and estimates corrected. Particularly in the case of emissions from refrigerants, this gives rise to a slight change in figures all the way back to the reference year 2011.

Explanations of the symbols can be found on page 8.
PROJECTS AND MEASURES

MODERNISED FLEET

In Germany, METRO LOGISTICS has a total of 150 vehicles for delivering to METRO Cash & Carry, Real and Galeria Kaufhof stores. In the reporting year 2013/14, the logistics company replaced a number of vehicles at eight locations which have their own fleets. The 77 newly registered vehicles boast lower fuel consumption as well as CO₂ emissions and conform with the Euro 6 standard. The latter defines the limits permitted for exhaust and particulate emissions and is mandatory for newly registered trucks. By modernising its fleet, METRO LOGISTICS plans to reduce its fuel consumption by 140,000 litres and its CO₂ emissions by around 2.5 per cent.

CERTIFIED BUILDING MANAGEMENT

Until 31 December 2014, METRO PROPERTIES will be responsible for choosing locations, constructing and managing commercial properties and taking care of energy and facility management for the METRO Cash & Carry sales line. Our primary objective is to increase the value of our real estate assets on a long term basis.

In the financial year 2013/14, an office building at the METRO GROUP headquarters in Düsseldorf and a shopping centre in Poland were awarded the BREEAM certificate. This certificate confirms that a building fulfils certain sustainability criteria. Among other things, the audit rates CO₂ emissions, water consumption, energy efficiency, the environmental impact of construction materials, waste generation and building management. In order to speed up the certification of further buildings, six METRO GROUP employees were trained as BREEAM assessors during the reporting year and are now qualified to prepare the evaluation process internally.

SYSTEMATIC ENERGY DATA MANAGEMENT

The bulk of our energy requirements can be attributed to the lighting, heating and cooling technology used in our stores and outlets and to air-conditioning in our buildings. Because of this, our aim is to identify efficiency potential and optimise our energy usage. In the reporting year, we continued with our programmes to promote energy saving and eco-friendly behaviour on this basis.
As part of METRO GROUP’s Energy-Saving Programme (ESP), our METRO Cash & Carry sales line invested some €24 million in energy-saving technology for refrigeration units and lighting. In the reporting period, this programme included around 1,600 individual projects with an energy-saving potential of over 126,000 MWh per year. In this way, METRO Cash & Carry was able to reduce its energy costs by over €13.6 million in the reporting period.

In March 2014, METRO Cash & Carry in India signed an agreement to source wind energy from the wind farm operator ReNew Power. The power from the wind farm in Chikodi – located in the state of Karnataka in south-west India – covers approximately 90 per cent of the needs of our two METRO Cash & Carry wholesale stores in Bangalore. By using renewables, the two locations succeeded in reducing their CO₂ emissions by 1,750 tonnes per year and their electricity costs by the current rate of 14 per cent.

In the financial year 2013/14, METRO Cash & Carry’s electricity and heating energy consumption totalled 435 kWh per square metre of selling space. This is 36 kWh or 7.7 per cent less than in the corresponding period of the previous year.

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MEDIA-SATURN

The financial year 2013/14 saw our Media-Saturn sales line make further investments in energy-efficient lighting for its locations. LED light strips have now been installed in almost 20 stores. This allows savings of around 40 per cent in energy usage compared with the lighting that was previously used (T5). In comparison with older lighting solutions (T8), the savings potential is even higher. In the reporting year, our sales line achieved a Return to invest ROI of two to four years for these lighting updates, each of which allows an average of over 55,000 kWh to be saved every year. Media-Saturn is also striving to further optimise energy efficiency in other countries. In June 2014, the energy management systems at eleven Italian stores were certified by the local organisation Certiquality in accordance with the ISO 50001 standard.

In the financial year 2013/14, Media-Saturn’s total electricity and heating energy consumption was 248 kWh per square metre of selling space. This is just under 18 kWh or 6.7 per cent lower than in the corresponding period of the previous year.

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REAL

Real is taking a bundle of measures at its hypermarkets to protect the environment, save energy and reduce costs. These include installing more energy-efficient ovens at its in-store bakeries and fitting glass doors to the chiller cabinets containing fresh products. Measures such as optimising the lighting, replacing the fans in the chillers and gradually replacing ready-to-use refrigerators also help to improve energy efficiency at the various locations. In the reporting year 2013/14, these measures brought about energy savings of around 36,500 MWh.

Real raised the bar for climate and resource protection with its store in Essen’s Altendorf district which opened in October 2013. Not only were 150 trees planted in the store’s grounds but greenery was also planted over much of the roof. This serves as natural insulation that saves on heating costs, cools the urban space and also helps to protect against flooding owing to its high water retention capacity. The wooden roof support structure also helps to reduce CO₂. A combined heating and cooling system and modern LED lighting in the chillers both ensure energy is used efficiently. The entire store is geared towards minimising the use of resources, thereby setting an example for modernising other hypermarkets.

In the financial year 2013/14, Real’s total electricity and heating energy consumption was 394 kWh per square metre of selling space. This is 53 kWh or just under 12 per cent less than in the corresponding period of the previous year.

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GALERIA KAUFHOF

Galeria Kaufhof is also working to drive down energy requirements even further at its outlets by means of various measures and projects. Since 2011, our sales line has reduced its consumption of electricity and heating energy at its outlets by over 13 per cent. Energy-saving bulbs have replaced area lighting in 68 outlets and escalator lighting in
69 outlets. In a further 41 outlets, the “starry sky” ceiling lighting and a number of advertising boards have been replaced with LEDs. Galeria Kaufhof makes a point of switching its illuminated advertising to LEDs every time an outlet is renovated.

Thanks to the use of CO₂ detectors, the fresh-air circulation system at the department stores now supplies fresh air automatically whenever required. In addition, the heating, ventilation and cooling systems have been optimised. This step was taken in 14 further outlets in the financial year 2013/14. The introduction of systems for measuring and controlling indoor parameters such as temperature, air quality and air flow volume forms part of an agreement between Galeria Kaufhof’s management and its Works Council. This agreement aims to optimise the heating and ventilation systems and their usage in order to further reduce energy consumption at the outlets. Involving employees helps to ensure the long-term success of such measures.

In the financial year 2013/14, Galeria Kaufhof’s total electricity and heating energy consumption was 353 kWh per square metre of selling space. This is 25 kWh less than in the corresponding period of the previous year – equivalent to a reduction of 6.7 per cent.

MANAGING REFRIGERANT LOSSES

We need refrigerants to store and transport our products properly as well as to present them to our customers at our outlets. Leakage losses in our refrigeration systems is a major source of greenhouse gas emissions as well as being a significant cost factor for the company. Accordingly, our aim is to reduce emissions from refrigerant losses by a total of 29 per cent by 2020.

During the past year, we developed the refrigeration system logbook (Locs*) with a view to identifying leaks in refrigeration systems early on and shortening response times. Among other things, it records the quantities of refrigerants used and the amounts required for refilling. In January 2014, we started rolling the programme out gradually at all our sales lines.

We have been conducting at least four leak tests a year on all refrigeration systems at Real and Galeria Kaufhof in Germany since 2012. At 15 Real and METRO Cash & Carry outlets, we have also switched our commercial refrigeration systems to natural refrigerants such as carbon dioxide. These have a far lower greenhouse gas potential than the gases that are conventionally used. METRO Cash & Carry has also agreed on a programme for phasing out the use of F-gases by 2025, which it has started implementing.

ENERGY AWARENESS IN PRACTICE

Our efforts to meet our climate protection targets do not only rely on technical innovations but also on changes in each and every employee’s behaviour. To this end, each of our sales lines has launched its own energy-saving pro-

METRO Cash & Carry’s Energy Awareness Programme (EAP) aims to reduce energy consumption by means of various initiatives coupled with technical measures. For example, since spring 2013, employees have been invited to take part in a company-wide “Energy Saver of the Year” competition. This included the categories “Best energy saver at home” “Best energy saver in a store” and “Best energy-saving idea”. In May 2014, prizes were awarded to the entrants with the best ideas and the wholesale stores which saved the most electricity.

In January 2014, Real published an employee guide to saving energy, illustrating easy ways to reduce energy use.
“TRANSPARENCY THROUGHOUT THE SUPPLY CHAIN OFFERS OUR CUSTOMERS ADDRESSED VALUE.”

— GABRIELE ERB
Customer Manager at METRO Cash & Carry, Neuss (Germany)
As a customer manager, Gabriele Erb pays regular visits to the owners of bars, restaurants, hotels and catering companies at their business premises. She knows from experience that customers value and expect excellent product quality, outstanding advice and professional service. For Gabriele Erb, fulfilling these expectations and giving 100 per cent every day is both challenging and motivating. It also lays the foundations for a trust-based partnership with her customers. This is one of the reasons why it is important to Gabriele Erb that she can provide extensive information about the products’ quality, origin and supply chain. This ensures transparency – for her customers’ customers as well.

Transparency guaranteed.
With the aid of the “follow METRO” app, Michael Mylord, owner of Vogthaus Brauerei-Ausschank in Neuss, can trace the origins of the salmon on his menu any time.
Our sales lines aim to create added value for their customers. They put together their specific ranges of products and services in such a way that they are able to meet even the most diverse needs of private and commercial customers optimally. As well as conforming to the highest standards of safety and quality, it is becoming increasingly important that these products and services are socially and environmentally sound – from production and procurement to usage and ultimately disposal. It is important to us that our customers can have complete trust in these aspects of our products and services when buying and using them. Because of this, we focus on measures with which we can influence the safety, quality and sustainability of the products in our various ranges. Our aim is to provide a high degree of transparency throughout the entire value chain. We want to know where our products came from and what resources were used – and we want to be able to trace how they were processed. Within the scope of our supply chain and product management activities, we achieve this by implementing our guidelines for sustainable purchasing. These define quality and sustainability criteria and require that compliance with quality and sustainability standards is monitored on a regular basis. We also ensure transparency through the direct working relationships that we have with our business partners and through innovative technical solutions with which the individual stages in the supply chain can be traced. When it comes to interacting with our customers, it is important for us to be able to understand and rely on these steps – not least because, for instance, our commercial customers have to provide their own customers with information on the origin and nature of goods that they are selling. In order to provide better customer orientation, we also use labels that certify products according to specific quality or sustainability standards. As well as this, we label our own-brand products accordingly, provide specially prepared information in our stores and interact with our customers. In this way, we support and encourage responsible consumption among our customers.
TRACEABILITY THROUGHOUT THE SUPPLY CHAIN

We proactively support traceability so that we can guarantee that our products conform to the highest safety and quality standards. We take a number of innovative approaches in this connection. Since 2013, we have been working with other retailers, high-profile partners and the standardisation organisation GS1 Germany to develop an international, multi-industry solution. The aim is to establish seamless transparency with regard to the use of resources and the procurement of products.

In December 2013, we took the first step in Germany by launching a pilot project for the fish product group. The project centres on recording relevant data electronically, thereby significantly simplifying access to this information for everyone involved – we call it “Traceability in the Cloud”. All players in the supply chain record their data via a standardised interface – this begins with the fishing companies and extends to the processing firms, importers, exporters, distributors and retailers. Following on from this decentralised input step, the data is brought together via an integrated software platform. Finally, a special search engine allows all players to retrieve detailed information about individual batches. The whole system is based on open, international standards and can be used by large and small companies alike.

This data is also available to consumers, who can find out where and how the fish was caught using the barcode on the packaging or information on the invoice via the Internet platform www.ftrace.de or the smartphone application “follow METRO.”

In Germany, METRO GROUP already offers this traceability solution for fresh fish, for the frozen fish and fish delicatessen product groups as well as for meat. Having successfully completed the pilot project, we will now apply the system to further product groups such as fruit and vegetables in the medium term. Non-food products are also to be included. As well as this, we will gradually roll out this solution in other European countries in 2015.

METRO Cash & Carry has been offering fresh salmon with end-to-end traceability in all of its wholesale stores in China since 2013. Our sales line purchases the fresh fish from certified salmon farms in Norway, Scotland, Canada, Australia and the Faroe Islands and delivers it to China by air twice a week. This involves the use of a continuous cold chain that guarantees freshness, quality and safety. It also means that customers can trace the salmon’s origin and its entire transport route. To this end, the fish are tagged with barcodes that can be found on the labelling on their fins. The code can be scanned or inputted using devices.

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</thead>
<tbody>
<tr>
<td>Conserving resources/ securing food supply/ sustainable procurement</td>
<td>METRO GROUP is initiating and promoting the development of an international, multi-industry technical traceability solution that can be used for all products.</td>
<td>After successfully piloting the traceability solution for the fish and meat product categories at MCC in Germany and the subsequent roll-out, the traceability solution will be launched in other countries starting in early 2015.</td>
<td>The project will also be extended to other interested suppliers from selected product areas in 2015.</td>
<td>explanations of the symbols can be found on page 8.</td>
</tr>
</tbody>
</table>
in the wholesale stores, the website www.starfarmcc.com or a suitable smartphone application. In this way, customers have access to comprehensive information about the product – from rearing, processing and packaging to transport and sale.

There are also a number of additional projects through which we encourage specific methods of catching fish. METRO Cash & Carry set the ball rolling in Cologne in March 2014 with the “À la ligne” project, through which the wholesaler actively promotes catching fish by line. This is a particularly sustainable and resource-friendly method, allowing specific fish types to be caught selectively with virtually no by-catch and without damaging the seabed. As well as this, exceptional freshness is guaranteed as the boats are at sea for no more than one day. They then deliver their catch directly to the processing companies or fish markets and the fish is dispatched on the same day. This means that it is available in German wholesale stores within 48 hours. At present, METRO Cash & Carry Germany offers 20 types of line-caught fish. In order to draw customers’ attention to these products, the fish are presented prominently in wholesale stores under the label “À la ligne”.

As a retail company, we aim to provide our customers around the world with safe, high-quality products and goods that have been produced by socially and environmentally sound means with a minimum of resources. Various labels are used to inform customers about the individual sustainability aspects of our products and to help them to make their decisions. Our sales lines’ product ranges include, for instance, fair-trade articles and food products that bear the European organic symbol. In Germany, products certified in accordance with the EU Regulation on organic farming accounted for around €96 million in sales at METRO Cash & Carry, Real and Galeria Kaufhof during the reporting period.

As well as this, our range includes products caught using eco-friendly fishing practices which preserve stocks. These can be readily identified by the Marine Stewardship Council (MSC) logo. In the financial year 2013/14, our sustainable fish range in Germany consisted of 90 MSC-certified own-brand products and 775 brand-name articles, generating revenue in the region of €56 million.

Our sales lines also offer their customers a wide range of environmentally and socially responsible products in many other categories. These include, for example:
- Efficient electrical appliances with energy ratings from A+ to A+++ 
- Stationery complying with the Blue Angel ecological standards or using fibre from sustainable forestry 
- Natural skincare products in accordance with BDIH and NATRUE standards 
- Textiles made from organic cotton or from cotton complying with the “Cotton made in Africa” standard

At Galeria Kaufhof outlets, the “NATÜRLICH GALERIA” (naturally GALERIA) label is used to denote products that have been manufactured in line with superior environmental and social standards. Our sales line introduced this label in autumn 2011 with a view to helping customers take a more sustainable approach to consumption. The label – depicting a green leaf and the words “NATÜRLICH GALERIA” – is given to products that conform to a widely recognised standard. These include, for instance, the Global Organic Textile Standard (GOTS), the natural skincare certification system NATRUE and the Blue Angel eco-seal. To help customers, the “NATÜRLICH GALERIA” label is shown in the department stores’ advertising supplements, on signs throughout the sales floor and, in some cases, on the goods themselves. Some 13,600 products from our sales line’s product range – from children’s clothing and underwear to stationery and toys – now comply with one of these recognised sustainability standards. In September 2014, the sales line provided over 1,600 articles in the textiles category alone that were produced in accordance with the GOTS, Biore, Fairtrade or Bluesign standards or that were made out of organic cotton. The revenue that Galeria
Kaufhof generated with these sustainable articles more than doubled between 2011 and the financial year 2014.

The outlet in Cologne Nippes district launched a three-week pilot project in October 2013 to draw customers’ attention to the label and substantially boost sales of sustainable products. This also aimed to test marketing and communication measures that could be used at other Galeria Kaufhof department stores. To this end, our sales line made increased use of marketing materials such as stickers and floor graphics in the departments, set up special sales and promotional areas for “Natürlich GALERIA” products and increased the relevant information available for customers at the point of sale. As a result, the department store in Cologne Nippes achieved its goal of doubling sales of “Natürlich GALERIA” products in October 2013. On top of this, the outlet’s commitment to sustainability was rated positively in customer surveys. In order to bring about this increase in sales and improved reputation at other locations as well, the Cologne Nippes store developed a set of recommendations relating to the pilot project. These include employee training, clear identification of own brands that comply with “Natürlich GALERIA” criteria and improved presentation of goods in the various departments.

More Sustainable Product Alternatives

Customers will also find an extensive range of environmentally friendly and socially ethical products at Real hypermarkets. Our sales line’s product range includes, for instance, organic foods, a wide selection of fish and fish products with the MSC seal, paper and wooden products from sustainable sources as well as sustainable textiles conforming with the GOTS or “Cotton made in Africa” standard. A number of different certifications and labels guarantee that the articles have been inspected by independent organisations.

Real’s product range also includes items that bear the Fairtrade logo, which is only awarded to goods that are produced in strict adherence with demanding social criteria. For example, by paying a guaranteed minimum price above the global market price level, producers are guaranteed a higher, reliable income. Real supports fair trade and now stocks 60 articles bearing the Fairtrade symbol. By purchasing these products, customers are able to make a contribution to improving social conditions in the producing country.

Real is aiming to take another major step towards improved sustainability by gradually changing the ingredients used for all its own-brand products containing cocoa. It aims to switch exclusively to cocoa approved by the Rainforest Alliance, the Fairtrade organisation or the UTZ Certified programme for these articles by 2015. These certificates guarantee that the cocoa is produced in a way that benefits the farmers and protects the environment. Customers can already find sustainable chocolate products with the UTZ label at the company’s hypermarkets.

Real is also actively involved in improving animal welfare. Since January 2013, our sales line’s range has included poultry products bearing the official label of the German Animal Welfare Federation. This guarantees adherence to specific animal welfare standards that are not yet required by law.

The label’s requirements relate to all stages of the animal’s life: from proper rearing and housing conditions to transport and slaughter. Products with this certification can now be found in around 200 Real stores.

Real also assumes responsibility in the way it puts together its range of textile products and is actively expanding the selection of sustainable products on offer. In January 2014, our sales line joined forces with the Augsburg-based textile company Manomama, which operates a consistently regional value chain, creates new jobs with transparent, fair working conditions and manufactures 100 per cent organic clothing. The products are made exclusively in Germany. Manomama-brand underwear and jeans made entirely of organic cotton can now be found in 50 Real hypermarkets. The company also produces organic cotton shopping bags for Real, thereby adding a further sustainable option to the retailer’s range of reusable shopping bags. Since back in 2011, the hypermarkets have offered their customers a loop-handle shopping bag made from recycled plastic which is certified under the Blue Angel scheme.

In France, our sales line METRO Cash & Carry works closely with its suppliers with the aim of continually improving the sustainability of own-brand products in the interests of our customers, particularly with regard to product formulations. The main focus here is on products which contain palm...
oil or have a high sugar or salt content. METRO Cash & Carry compiled a list of these articles and asked suppliers to consider replacing palm oil or to reduce the levels of sugar and salt used. In cases where no alternative to palm oil was available, METRO Cash & Carry encouraged its suppliers to use sustainable palm oil. All new formulations and proposals were tested by our sales line to ensure a consistently high level of quality. In the financial year 2013/14, these joint efforts allowed around 219 tonnes of palm oil, 131 tonnes of sugar and over 1.2 tonnes of salt to be saved in the manufacture of own-brand products.

ENCOURAGING SUSTAINABLE CONSUMPTION

METRO GROUP actively helps consumers to opt for sustainable products. One way in which the sales lines do this is by labelling ethical products so that customers can identify them quickly. In addition to this, they systematically improve in-store product presentation, highlight products in their ranges which conserve resources and have good environmental and social credentials, and they provide information about various aspects of sustainability in their brochures and other advertising, on their websites and in external media.

In 2014, for instance, Real developed an extensive CR communication strategy and rolled out initial measures in all its hypermarkets. Central to this was the aim to cater for customers who wished to buy sustainable products. Our sales line approached this in a number of ways: at various points in store, customers are provided with information on sustainable products and their backgrounds. Posters and shelf talkers also help customers to spot ethical products; in addition, they are informed about the company’s commitment to sustainability via in-store TV and radio features. The Internet portal www.gesundheit.real.de and the quarterly brochure “Besser Leben” (Better living) also provide useful information on nutrition, exercise and health.

METRO Cash & Carry also proactively encourages customers to consider sustainability when making purchasing decisions. In France, for example, all of the wholesale stores support the “Mr. Goodfish” initiative launched by the World Ocean Network, which works to promote sustainable consumption of fish and fish products. The label “Good for the sea, good for you” is used on products that are especially environmentally and resource-friendly. Further information is available for customers in the form of a quarterly updated list of fish and fish products recommended by independent experts and a brochure that is available at the wholesale stores.

As well as its sales floor design and systematic product labelling, Galeria Kaufhof actively engages in employee communication on the subject of sustainability. To enable its sales assistants to answer customer queries more effectively, the company provided them with category-specific information on the various sustainability standards. In 2014, our sales line also published the sustainability brochure “Gemeinsam Verantwortung tragen” (Sharing responsibility). This gives an overview of the company’s various sustainability activities and aims to motivate employees to actively support these projects in their everyday work.
LEAD

BY

EXAMPLE!

ONE OF US

RALF CREMER
Head of Customer Service at Real, Düsseldorf (Germany)
RALF CREMER has declared war on the throwaway culture that prevails in our society. In his role as head of customer service, his responsibilities include product returns. He has set himself the goal of stopping electrical appliances with minor defects from ending up on the scrap heap. In his efforts, he has found valuable assistance in the form of Hephata Werkstätten, a non-profit company that employs people with disabilities. Here, the appliances are repaired so that they can be sold again as seconds. Making an active contribution to society is an important part of Ralf Cremer’s private life as well as his working life – he has been involved with the German Red Cross for years.

Successful cooperation. Employees at Hephata Werkstätten ensure that electrical appliances with small defects are not disposed of but repaired instead.
As a retail company, METRO GROUP depends not only on the long-term availability of food but also on that of resources such as wood, metal, crude oil and water. This is because these raw materials are used both to produce and to package the products that we sell in our stores. We see it as part of our responsibility to carefully consider – right at the beginning of the value chain – where the raw materials for products and packaging come from. Similarly, at the end of a product’s useful life, we ask ourselves whether and how its raw materials can be reused or disposed of with the minimum environmental impact.

The first approach is a waste avoidance strategy, which aims to prevent rubbish from being generated in the first place. This is done, for example, by optimising the use of resources for products and packaging and by leaving out certain components completely or replacing them with more environmentally friendly alternatives.

Another approach concerns reusing resources. Rather than throwing away products and packaging which are no longer needed, we put them to good use again.

There is also commercial potential in reusing resources directly or in recycling them – our third approach.

Through thermal utilisation – for instance, generating heat or electricity by incinerating waste – we can prevent this rubbish from ending up in landfill and putting a strain on the environment. We attach importance to promoting innovative production and recycling technologies and by thinking in cycles. This is because the disposal options – along with handling and storage – are determined by the nature and design of the core product and its packaging right at the beginning of the life cycle. As our products and packaging are in our customers’ possession when they reach the end of their useful life, we also see it as our responsibility to advise customers on the best way to dispose of them. This means that we raise their awareness of the need to conserve resources, inform them about ways to avoid waste, and create incentives and options for disposing of products and packaging properly. In this way, we play our part in ensuring that waste is transformed into raw materials again.
A wide variety of packaging is used at all METRO GROUP sales lines on a daily basis. This is necessary to protect products, extend their shelf life, make them recognisable for customers at the point of sale and provide information about them. METRO GROUP has set itself challenging sustainability targets: while it needs to provide the high level of quality and hygiene that customers have come to expect, it is also aiming to reduce the strain on the environment caused by packaging throughout the entire life cycle. In order to meet this challenge, METRO GROUP put group-wide packaging guidelines in place in 2013. In this way, we have established a binding framework for all own-brand product packaging. The guidelines define five areas in which we are implementing measures: avoiding packaging, reducing packaging, utilising return systems, and using both renewable resources and recycled material.

Based on the group guidelines, each sales line has defined processes and measures for its own-brand products. Packaging has been part of METRO Cash & Carry’s overall own-brand strategy since 2013. The company has prepared a technical handbook on the subject of own-brand packaging together with a requirement profile when communicating and negotiating with suppliers. Since April 2014, the life cycle analysis programme Packaging Impact Quick Evaluation Tool (PIQET) has been used to assess the effects of packaging on the environment.

When dealing with its suppliers, Real also uses a specification for products, which defines concrete aspects and targets relating to own-brand packaging. In this way, the company is striving to avoid using plastics such as PVC and PVdC in future. As well as this, low-migration printing inks should be used and transport packaging should have modular dimensions. An accompanying technical handbook with a detailed list of requirements for suppliers will be prepared by the end of the year.
In order to conserve resources, cut down costs and avoid negative effects on the environment, our sales lines proactively work with their suppliers to optimise the packaging of their own-brand products. They design the packaging to use as little material as possible, replace existing material with more environmentally friendly alternatives, opt for packaging that can be used for both transport and in-store presentation, or do away with additional packaging components.

For example, METRO Cash & Carry has been marketing some of its own-brand Horeca Select products in plastic pouches rather than tins since 2012. This reduces the total pallet weight by 34 kilograms, which has a positive effect on transport: as the pallets are significantly lighter, suppliers can load more products onto a single vehicle or use a smaller one. This lowers transport costs, saves on fuel and reduces CO₂ emissions.

A METRO Cash & Carry project in France also shows that small changes can have a significant impact. Here, the company has left away the additional cardboard sleeve on its smoked salmon packaging, selling the fish in printed plastic packaging instead. This allows METRO Cash & Carry to save 1.2 tonnes of cardboard every year.

Optimising the sustainability of packaging also means using more environmentally friendly materials to produce it. Accordingly, METRO Cash & Carry now uses plastic sleeves made of chlorine-free polypropylene (PP) for packaging various textiles. Previously, the sleeves consisted of polyvinyl chloride (PVC), a chlorinated plastic that releases dioxin when incinerated. With this move, METRO Cash & Carry is helping to avoid these emissions.

Real is also active in optimising the functionality of its packaging. For example, the plastic wrapper used for 500-gram packs of Tip spaghetti is by far the lightest on the market – weighing in at just 2.68 grams compared with the market average of 3.46 grams. Real has also optimised the roll bags used for fruit and vegetables: together with its supplier, our sales line developed thinner bags, thereby reducing the material and resources required. According to calculations, this optimisation alone allows 19,000 litres of water to be saved during manufacturing and 92 tonnes of CO₂ to be avoided in the transport and logistics process every year: This measure is also cost-effective, saving Real around €65,000 per annum.

In October 2014, we started replacing the PVC film used for cheese packed in store with a PVC-free variant. The packaging machines are gradually being modified for this purpose. Following this, the same measure will be rolled out for meat products.

We attach importance to preventing wastage of raw materials at all stages of the process chain. In view of this, we not only focus on improving our use of resources and avoiding specific materials – we also work on lengthening the life cycle of products and resources and enabling our customers to engage in responsible consumption. A prime example of this is the cooperation between Media-Saturn and Flip4New, a leading recommerce provider in which our sales line has been owning a stake since October 2012. At all Saturn stores, selected Media Markt stores and online via the Saturn website, customers can hand in electrical products and media that they no longer need in exchange for a shopping voucher. Flip4New tests the used goods and then sells them via online platforms, thereby extending the lives of these elaborately manufactured products. This service for buying used products is already available at bricks-and-mortar outlets in five European countries, while customers from Germany, Austria and the Netherlands can also use Flip4New online.

Reuse instead of disposal is also the principle behind a project that METRO Cash & Carry France is implementing together with Veolia Propreté, a group that develops and implements solutions for sustainable water, waste and energy management. Together, the cooperation partners offer METRO Cash & Carry’s food service customers an environmentally friendly way to dispose of and re-
cycle used cooking oil. To this end, Veolia provides the food service outlets with containers for used oil and collects these at regular intervals. The used oil is then converted into biofuel. Customers with a standard METRO customer card are reimbursed the full cost of this disposal service; customers with a “METRO Reflexe” card can even earn money from their used oil – around €0.15 per litre. With this model, the cooperation partners not only ensure that used oil is recycled in a sustainable way but also make a contribution to protecting the climate: 1 litre of converted cooking oil reduces CO₂ emissions by 3 kilograms. This approach allowed METRO Cash & Carry France and its customers to save around 1.2 million kilograms of CO₂ in the reporting period.

In 2014, Saturn published a guide entitled “Altgeräte richtig entsorgen” (Disposing of old appliances properly) explaining to customers the correct way to dispose of old electrical appliances. The brochure, which among other things explains about valuable materials and resources contained in old appliances and about recycling and disposal options, was produced in collaboration with Utopia, an Internet platform for the promotion of sustainable consumption.

Electrical and electronic appliances are characterised by increasingly short life cycles, rising sales figures and a large proportion of reusable materials. The German Ministry for the Environment estimates that some 800,000 old appliances accumulate every year in Germany alone. As these contain many different substances and materials, they can pose a risk to the environment if they are not disposed of correctly. However, apart from pollutants such as heavy metals and CFCs, old appliances also contain various materials that can be reclaimed and recycled. With the aim of encouraging this, the German Electrical and Electronic Equipment Act (ElektroG), which came into effect in 2005, defines specific obligations for manufacturers, retailers, local authorities, owners and disposers. To date, retailers have not been required by law to take back electrical appliances. However, this is set to change with the amendment to the Electrical and Electronic Equipment Act, which – among other things – will make it mandatory for retailers to do so.

The Real and Media-Saturn sales lines have been involved for years in the German retail industry’s voluntary initiative for taking back old electrical appliances. Since 2005, Media-Saturn customers have been able to give back their old electrical and electronic appliances free of charge when buying a new one. Old appliances are not disposed of via municipal collection points but are introduced directly into the recycling process required by law. Real is also among the retailers that take back old appliances on a voluntary basis – customers who purchase new appliances at Real hypermarkets can hand in their old ones free of charge.

In Russia, Media Markt has introduced a nationwide battery recycling programme. This scheme, first introduced in the Media Markt stores in Moscow in November 2013, allows customers to take used batteries back to the stores and have them disposed of correctly. The programme has now been extended to all Russian stores. In Russia, batteries are not classified as hazardous waste and retailers are not required by law to collect used batteries. Nonetheless, Media Markt launched this scheme in line with European standards, making it the first authorised battery collection point in Russia.

In Germany alone, approximately 11 million tonnes of food is thrown away every year. According to figures from the Federal Ministry of Food and Agriculture, 61 per cent of this can be attributed to private consumers, 17 per cent each to industry and large-scale consumers, and 5 per cent to retailers and wholesalers. Reducing food loss and waste as much as possible is one of METRO GROUP’s central concerns. In doing so, we take a holistic approach throughout all stages of the value chain, from farming to logistics and from in-store processes to the end consumer. Our activities in the field of procurement include training our suppliers on subjects such as food safety, hygiene standards and product processing. Thanks to our professional logistics operations, we also reduce food losses at the various stages of the value chain. Seven International Trading Offices are in charge of sourcing specific product groups. METRO Cash & Carry also sets up local collection centres for farmers near the
cultivation areas, which reduces the time between harvesting and delivery of the produce to the stores. Best-before dates are actively monitored at our stores to ensure that products nearing their sell-by date are offered for sale in time. Service counters and in-store bakeries also help to prevent food loss by allowing customers to purchase the exact amount they need and enable us to maximise the freshness of the products on sale there every day. Goods that cannot be sold in time but are still suitable for consumption are made available to Tafel food bank organisations.

We run specific campaigns to raise awareness among customers about handling food correctly. This helps to avoid not only waste but also health risks for consumers. Various campaigns dedicated to avoiding food wastage were carried out at 31 hypermarkets in Germany by retail assistants and BA students from our Real sales line together with trainees. These illustrate the extent of our commitment to this issue. In the Real store in Tönisvorst, for example, the junior staff provided information about eliminating food waste with a campaign entitled “Verschwendung geht uns alle an” (Waste concerns us all). A similar campaign was organised by a retail assistant together with trainees at the Real hypermarket in Moers-Hülsdonk. Their customer information campaign centred on food-related issues such as using food, storing food and keeping it fresh. The diverse activities undertaken by the young managerial employees met with a great response in the media and above all among customers: with their campaign, the trainees met an estimated 540,000-plus consumers (including media contacts).

Above and beyond the current activities undertaken by our sales lines, we are continuing our involvement in the “Bündnis für Verbraucherbildung” (Alliance for Consumer Education) backed by the “Deutsche Stiftung Verbraucherschutz” (German Foundation for Consumer Protection) and the “Verbraucherzentrale Bundesverband” (Federation of German Consumer Organisations). This is another way in which we help to share our responsible approach to food.
HELPING PEOPLE IN NEED SHOULD BE SECOND NATURE FOR EVERYONE.

ONE OF US

JULIA SELLE
Lead Manager of Events & Sponsoring at METRO GROUP, Düsseldorf (Germany)
In her role as lead manager of events and sponsoring, Julia Selle’s work includes coordinating METRO GROUP’s long-standing involvement in the Düsseldorfer Tafel e. V. food bank organisation. What she particularly likes about her work is that ideas take shape and are put into action quickly. This also applies to supporting the food bank: help goes directly to those who need it. METRO GROUP’s commitment is a matter close to Julia Selle’s heart because it allows her to provide hands-on assistance and really make a difference.
As a retail company, it stands to reason that METRO GROUP has close ties with its various social environments. Every day, we cultivate relationships with many millions of people: people who work for or with us at our locations, people who shop at our stores, or people with whom we have some other relationship. Our social and environmental engagement in the places where we are based and interact with people is something that we also see as a means of adding value. This is because it helps to overcome social challenges. Our commitment to environmental and social issues therefore aims to foster intercultural dialogue, to lend support to our locations and their local communities, and to provide assistance directly to those in need. In this way, METRO GROUP meets its social responsibility as a corporate citizen.

At the same time, we support our employees who work to implement these activities – helping them to hone their social skills and allowing them to work on their own initiative. This is because enabling staff to address social issues at work heightens awareness of METRO GROUP’s close ties with society and the associated cause-and-effect relationships. The ability to identify these relationships ultimately affects a company’s chances of surviving on the market. At the same time, our employees have the satisfaction of knowing that they are able to make a difference to society with the backing of their employer and share this with their family and friends. This in turn helps people to identify more strongly with the company.
As a company with a sustainable outlook, we do not only aim to contribute to society through our core business, but also to meet our responsibility as a corporate citizen. We achieve this in all sales lines by supporting local projects, getting involved in corporate volunteering projects, helping people in need and contributing to disaster alleviation efforts.

INTERNATIONAL CARE & SHARE INITIATIVE

Since 2008, METRO Cash & Carry has been organising its voluntary work and social engagement projects under the umbrella of the international Care & Share initiative. To begin with, many projects focused on food donations and working together with the Tafel food bank organisations. In 2014, our sales line revamped Care & Share with a view to coordinating the charity work undertaken in the individual countries and locations more effectively. In its new form, the initiative also includes further activities relating to environmental or social engagement. In this way, METRO Cash & Carry is reinforcing existing initiatives and putting its weight behind new ideas in all the countries in which the sales line is present. Three main criteria apply to all Care & Share projects: they must be voluntary, they should involve employees directly wherever possible and they should aim to give something back to society. This allows us to use our retailing expertise in a social context for a good cause.

COMBATING PAPER WASTE

Providing customers with information on products and offers is extremely important in the retail sector. This means that large numbers of printed brochures are still produced, using resources such as paper and water. The “Trees instead of leaflets” project implemented by MAKRO Cash & Carry Czech Republic and METRO Cash & Carry Slovakia aims to address this very issue. The aim of this Care & Share initiative, which was launched in 2009, is to reduce paper use within the company on a long-term basis and to make a contribution to protecting the environment – all with a relatively simple idea. For each customer who subscribes to the digital version of the advertising brochure – and therefore does without the printed version – the company makes a donation of approximately €1. This money is used by volunteers to plant trees in the region in conjunction with the Partnership Foundation and the Ekopolis Foundation. Customers can vote on the company’s website to determine the exact location of the trees. Since 2009, METRO Cash & Carry has collected over €50,000 with this campaign and planted some 880 trees and 150 bushes.

PROTECTING FISH STOCKS

Fish is an important product group for METRO Cash & Carry. Every year,
our sales line sells over 180,000 tonnes of fish and fish products. Because of this, it is essential for us to take a sustainable and responsible approach to fish stocks. The Care & Share initiative also includes projects for protecting and preserving specific types of fish. In the Czech Republic, MAKRO Cash & Carry is supporting efforts to reintroduce salmon into Czech rivers, having joined a national CR repopulation initiative in October 2013. Fishing, pollution and hydraulic engineering have altered the fish’s natural habitat to such an extent in recent decades that salmon had disappeared completely from Czech waters since the 1950s. In the course of a joint campaign, MAKRO Cash & Carry employees helped to release around 200 salmon fry in the Kamenice, a tributary of the River Elbe, in the Bohemian Switzerland National Park.

In Turkey, METRO Cash & Carry has been working with Turkish marine research institute TÜDAV for over two years on the sustainability project “Where are the Bonito?”. The aim of the initiative is to record the migration routes of this endangered species of tuna and to learn how to ensure sustainable fishing. To this end, some 2,500 microchipped fish were released on the coast of the Black Sea, in the Bosporus, in the Aegean Sea and in the Mediterranean in 2013. Every fisherman who returned the chip – together with information about where and when they caught the fish – received a free gift from METRO Cash & Carry. The first findings are now available and provide an insight into the bonitos’ migration routes. The information – focusing particularly on how stocks of this type of tuna are being affected by environmental pollution, climate change and overfishing – is to be presented to the public following the three-year project.

ACTIVE INVOLVEMENT IN FOOD BANKS

One of METRO GROUP’s most successful and longest-standing charity activities is its involvement in food bank initiatives both in Germany and elsewhere. For 19 years, we have been working together with the Düsseldorfer Tafel food bank and, for over ten years, we have also been backing the national food bank organisation Deutsche Tafel as its main financial sponsor and through food donations. In addition, our employees regularly help those in need at local food banks and in our stores as volunteers. At a European level, we coordinate our activities with the European Federation of Food Banks (FEBA), which we joined in 2013. Internationally, we also work with various local organisations to provide assistance where it is needed. We assume social responsibility by donating money and food for people in need. At the same time, this ensures that food products which are in perfect condition but can no longer be sold are put to good use.

METRO Cash & Carry supports this initiative in virtually all countries in which the company is active. In 2014, our sales line took the pioneering step of introducing the food bank project at all six wholesale stores in Shanghai. METRO Cash & Carry China now regularly donates food to the Shanghai Charity Foundation (SCF), which distributes it among people in need, such as the children of migrant workers or elderly people in nursing and retirement homes. Since the project began in September 2013, the pilot store in Putuo alone has donated food worth €45,000.

HANDS-ON SUSTAINABILITY

Our Real sales line is also actively involved in avoiding food waste. This was one of the many issues covered in the project “Handeln aus Verantwortung – Azubis zeigen wie!” (Acting responsibly – trainees show the way!). Implemented throughout Germany, this initiative for junior staff members aimed to illustrate aspects of sustainability and to raise awareness of this topic among customers and employees. To this end, retail assistants, BA students and trainees at a total of 31 Real hypermarkets carried out a wide range of sustainability campaigns. Among other things, this project involved holding special campaign days about reducing food waste. Real was presented with the “Ecocare” sustainability award in September 2013 for its efforts in this regard.

VOLUNTARY WORK IN THE COMMUNITY

Our employees do not only demonstrate their awareness of social responsibility by taking part in campaigns and initiatives at our stores and company head offices. As well as this, they help local people as part of corporate volunteering projects. For instance, in April 2014, 13 trainee managers at Real renovated a crèche near Parchim in the German state of Mecklenburg-West Pomerania.
Metros presented the “Metros Community Stars” award for the first time in its anniversary year, 2014. Independent businesspeople were invited to visit the award website and submit their own story about their social and environmental engagement. These stories were evaluated by readers, with winners chosen afterwards by a panel of judges in each country. With this award, Metro pays tribute to exemplary entrepreneurs as well as motivating other businesspeople to tackle social or environmental issues. All in all, some 1,400 submissions were made in the 17 participating countries outlining entrepreneurs’ engagement activities. There was a great response to the unusual stories, with more than a million readers taking part in the online poll.

In addition to these voluntary activities and projects, we also help to alleviate crises and social emergencies by means of donations and immediate aid. For example, employees at our Real sales line have for years organised regular local events such as cake sales, raffles and barbecues to raise money for charities and social projects. The company acknowledges these efforts by doubling the money raised. In 2013, over €800,000 was generated at Real by events of this nature.

For more than six years, Galeria Kaufhof and Real have been joining forces with charities that work with children from socially disadvantaged backgrounds. In all Real hypermarkets and in the German outlets and headquarters of Galeria Kaufhof, charity trees are set up every year in the run-up to Christmas — hanging from the branches are notes indicating the gift that each child would like. Customers take the notes from the tree, buy the articles in question and hand them in at a central collection point. Real and Galeria Kaufhof organise the initiative and step in if any gift requests are still left on the tree. In this way, our sales lines and customers help to make some 30,000 children’s wishes come true each year.

The charity tree idea was adapted by Galeria Kaufhof department stores in Frankfurt and Offenbach for two campaigns in the back-to-school period. With the slogan “Ein Teil mehr” (One more item), the Frankfurt store encouraged its customers to buy an extra item of school equipment to be donated to a child in need. These small gifts were distributed afterwards by the Frankfurter Tafel food bank organisation. At the Galeria Kaufhof department store in Offenbach, customers were invited to fulfil the wishes of children from the Theresien-Kinderheim children’s home who were starting school.

We also contribute to emergency and crisis aid to help alleviate the effects of disasters. In June 2014, for example, Metro Group donated €50,000 to feed the fire brigade and teams of helpers in Düsseldorf who were involved in cleaning up after the hurricane in North Rhine-Westphalia.

During the flood disaster in the Balkans in May 2014, Metro Cash & Carry in Serbia donated some €100,000 to the Red Cross and sent vans with food and drinking water to the affected areas.

Metro Cash & Carry also provided humanitarian assistance in August 2014 following the earthquake in south-west China. The wholesale store in Kunming Beichen provided more than 40,000 parcels of food and water and arranged for these to be delivered to the centre for disaster management.

<table>
<thead>
<tr>
<th>Community investment</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable donations</td>
<td>2,943</td>
</tr>
<tr>
<td>Community investments</td>
<td>524</td>
</tr>
<tr>
<td>Commercial initiatives</td>
<td>4,058</td>
</tr>
<tr>
<td>Total</td>
<td>7,525</td>
</tr>
</tbody>
</table>
Dialogue with 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 GROUP Corporate Responsibility Report 2013/14 and our sustainability activities in general.

To share your thoughts, use one of our online dialogue tools or send us an e-mail.

CR@METRO.DE

REPORTS.METROGROUP.DE/2013-2014/SUSTAINABILITY-REPORT
Reporting period
The reporting period is the current financial year 2013/14 (1 October 2013 to 30 September 2014). To provide updates on developments, information has also been included that relates to periods prior to 2013/14. In the interests of topicality, we have also taken into account events which occurred up to the time of going to press (7 November 2014). The frame of reference for each of our targets and measures is indicated in the relevant section.

Reporting scope
The scope of applicability of the information is given in the respective texts, key performance indicators or goals.

Assurance on Carbon Footprint 2013/14
KPMG AG Wirtschaftsprüfungsgesellschaft provided limited assurance on selected key performance indicators relating to sustainability in accordance with ISAE 3000. The independent assurance report can be found online at reports.metrogroup.de/2013-2014/corporate-responsibility-report.

Certifications
This Corporate Responsibility Report is printed on paper from sustainable forestry. By purchasing such products, we foster responsible forest management that is controlled according to the strict social, ecological and economic criteria. We only use fully recycled paper bearing the EU Ecolabel in this publication. In addition, this progress report carries the Saphira Eco label of Heidelberger Druckmaschinen AG.

This certifies that the material used in the production of this publication, such as inks, lacquers, chemicals and printing plates, fulfills the requirements of the most important international environmental certificates. For additional information, see www.heidelberg.com.

Disclaimer
This Corporate Responsibility 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 GROUP and cannot be gauged with any certainty at this point in time.

This includes 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 GROUP does not feel obliged to publish corrections to these forward-looking statements to reflect events or circumstances that have occur after the publication of this material.

METRO GROUP has been publishing Sustainability and Corporate Responsibility Reports since 2002, which you can find online at reports.metrogroup.de/2013-2014/corporate-responsibility-report.
“I’m committed to upholding social standards. There’s no room for compromise.”

One Of Us

Margaret Chan
Executive Manager of Corporate Social Responsibility at MGB METRO GROUP Buying at Hong Kong (China)