



Rationale Behind Our Commitments

EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

Background

METRO AG is a leading wholesale specialist, active in more than 30 countries across Europe and Asia. 17 million customers rely on our products and services, shopping with us in our stores or online, or ordering with one of our five specialised food service distributors. Our core customer group are professionals in the hotel, restaurant, and catering sector. These businesses are highly relevant for our daily lives. Recent data show, that in average 1 out of 3 meals are eaten out of home. Restaurants, cafés and bars operate at the heart of society, close to millions of people, driven by the ever-changing demands from their customers. They have a direct impact in the way we eat, consume and are, at the same time, impacted by changes in consumer habits and preferences.

As one of the main partners of the hospitality sector, we are aware of our responsibility to promote a positive change in society and the opportunities this may offer: **Our product range is a great lever to have a sustainable positive impact on resources, people, and the environment – along the entire value chain, from producers to restaurateurs.**

Food and climate are complexly interwoven. **At METRO, we are firmly convinced that to limit global warming, secure valuable resources and grow our quality of life, we need more cooperation than ever before, and we need companies that openly share their commitments and report transparently against them to motivate others to follow along.**

We, therefore, have decided to join the “EU Code of Conduct on Responsible Food Business and Marketing Practices” in June 2021, contributing beyond the common aspirations with commitments that are at the heart of our sustainability strategy. These are the levers to create the biggest impact together with our customers and partners along the entire food value chain. We will report regularly to the European Commission, building on our annual Corporate Responsibility reporting and website information (<https://responsibility.metroag.de/commitments/kpis-and-targets/organic-and-responsible-products>) .

Commitments of METRO AG

1. Fighting Food Waste

Food is at the core of our business. Providing value to the food supply chain from farm to fork is part of our mission. We work ambitiously to fight food waste and prevent the scarcity of resources. To this end, we are optimizing our own operations, by e.g. conducting trainings with suppliers at farm level through training, cooperating with specialized partners such as food banks and companies like Too Good To Go or WholeSurplus or advocating among our professional customers to tackle food waste in their own operations as well.

Target:

METRO AG aims to halve food waste in its own operations until 2025.

Reporting:

METRO AG is reporting against a 2018 baseline. By the end of FY 2020/21, we had



lowered our total food waste in own operations by 27.2% per m² sales and delivery area. In the same period, food donations increased by 34%.

2. Building a More Sustainable Assortment

By offering a growing range of sustainable products and services, METRO is using its biggest lever to initiate positive change. With our sustainable assortment we help our professional customers to adapt to the changing demands and habits of their own customers, who increasingly (especially accelerated by the COVID-19 pandemic) ask for more regional and healthier products, more choice, less plastic and better packaging.

This also applies and affects our sustainable sourcing policy including our Health & Nutrition Policy. We work towards more sustainable supply chains with robust buying policies and action plans to mitigate the impact of our demand (for example, fish and seafood, palm, soy, paper/wood and healthier products).

Targets:

METRO AG aims at

- **making 1,500 own brand products more sustainable by 2023** regarding reformulation of products (less sugar, salt, saturated fatty acids or additives), increase of the offer of organic products in our assortment, as well as of meat-free alternatives.
- **offering 90% of its 12 most selling fish and seafood species certified** until the end of FY 2025.
- using **100% sustainable palm oil in its own brand products.**
- achieving that **100% of the soy Tier 1 (direct soy) and Tier 2 (soy used as animal feed)** in our own brand, no-name brand and a-brand supply chain is sourced from areas which are verified as zero deforestation, according to market availability by the end of FY 2025.
- ensuring that, by end of FY 2023, **100% of its own-brand products made from wood or wood fiber originate from legal and responsibly managed forests.**

Reporting:

All Until the end of FY 2020/21 METRO AG counts already around 600 healthier own brand products in its assortment. Starting in 2018, METRO introduced the first organic product range for professional customers, adding up to 430 organic products offered under "METRO CHEF Bio". In 2021, METRO also introduced its first plant-based meat alternatives under "METRO CHEF Veggie". Until the end of FY 2020/21 a total of 14 products was launched in 16 countries. More varieties are planned to reach shelves in 2022.

Regarding commodity specific sourcing policies we display all detailed information on our website. E.g. we account for:

- 826 sustainably fished or farmed own-brand products
- 1,069 sustainably certified palm oil own-brand products
- 2,232 own-brand products from sustainable forestry



3. Becoming climate-neutral in own operations until 2040

Being active in more than 30 countries, from India to Portugal, from Russia to Turkey, in our store operations we face the consequences of climate-change induced weather developments firsthand – be it the increase of extreme hot summer or extreme cold winter days, high precipitation, storms, floods or the complete contrary, severe lack of water. Consequently, we plan to invest around €1.5b to make our own global business operations climate-neutral until 2040. The core measures comprise:

- Energy saving
- Switching to natural refrigerants in cooling systems
- Phasing-out fossil heat
- Expansion of photovoltaic systems
- Electrification of the company car fleet
- Zero-emission model for new store construction.

METRO's ultimate goal is to avoid CO² emissions. It will offset any remaining emissions via Gold Standard certificates.

Target:

METRO AG aims to become climate-neutral in its own global business operations until 2040.

Reporting:

METRO's climate target covers the areas of energy, heating, cooling, paper consumption, company car fleet and business trips. Of the specific greenhouse gas emissions per square metre of sales and delivery space, 93% is attributable to energy, heating and cooling.

METRO first set itself the goal of halving its greenhouse gas emissions per square metre of sales and delivery space in 2015. In the base year 2011, the wholesaler's specific CO² emissions amounted to 376 kg, which it had already reduced by 34 % to 247 kg of CO² per square metre of sales and delivery space by the end of financial year 2019/20 – without offsetting. In financial year 2018/19, METRO also extended its climate target to the supply chain and became the first German retail company to set a recognized 'science-based target'.

By the end of FY 20/21, METRO AG had reduced its CO² emissions per m² sales and delivery by 37,3% (baseline: 2011).