

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

METRO is a leading international specialist company in the wholesale and modern food retail sector. The company operates in 34 countries and employs almost 100,000 people worldwide. In financial year 2019/20, METRO generated sales of around EUR 25.6 billion. The group is headed by METRO AG, which acts as the central management holding company. It performs group management functions, particularly in the areas of finance, controlling, legal and compliance. Central management and administrative functions for METRO Wholesale are anchored within METRO AG. The group essentially consists of METRO Wholesale. The wholesale company METRO Wholesale operates 678 wholesale stores across 25 countries. The delivery business (Food Service Distribution, FSD) is also part of this sales line, with companies like METRO Delivery Service and the delivery specialists Classic Fine Foods, Pro à Pro and Rungis Express. The group has pooled its digitalisation initiatives in the Others segment. This primarily refers to the activities of the Hospitality Digital (formerly HoReCa Digital) business unit, which was established in 2015. The unit develops digital solutions for customers in the hospitality industry and creates interfaces for the digital products conventionally used by wholesale traders. The Others segment further includes the service companies METRO PROPERTIES, METRO LOGISTICS, METRO Digital (formerly METRONOM), METRO ADVERTISING and METRO SOURCING. These companies provide real estate, logistics, IT, advertising and procurement services within the group.

Global challenges

The global challenges which our society is facing also have an impact on METRO and its segments. After all, our core business is providing high-quality products and services to customers the world over. The basis for this is an intact environment and the availability of resources.

Global population growth is one of the biggest challenges as it impacts resource consumption, the climate and the food situation. According to forecasts by the United Nations, approximately 9.7 billion people will live on earth by 2050. In order to meet their needs, agriculture would have to produce nearly 50% more food, animal feed and biofuels in 2050 than in 2012. Because with increasing prosperity, eating habits change as well. There will be an increase in the need for meat, for example, the production of which is particularly resource-intensive. We already consume considerably more resources per annum than our planet can provide sustainably.

If this consumption rate continued unabated, by 2050 we would need 3 planets like the earth to meet the demand for resources. The pressure on the earth's sustainability is mounting. Growing consumption of resources in the long run, METRO can only safeguard the foundations of its business if it manages to separate growth from the resource requirements.

Sustainable business for us therefore means improving our 'footprint' while minimizing our footprint. We are working towards this by:

- improving our procurement processes in terms of environmental and social criteria,
- making our products and services more sustainable and offering efficient solutions to simplify our customers' business activities,
- optimizing our own processes to use natural resources efficiently and responsibly in line with the 'reduce, reuse, recycle' principle, and to avoid (food) waste, and
- raising awareness of these interrelationships among our employees (e.g. sustainability day), business partners (e.g. CDP supply chain program on water, forest and climate change) and customers (e.g. roundtable METRO France).

In this manner, we generate added value for our customers and help master global challenges in society as a whole. METRO offers the framework for this with its corporate strategy and its sustainability approach METRO Sustainable. The sales lines implement their specific approaches at the operational level.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	October 1 2019	September 30 2020

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

EUR

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Retailing	<Not Applicable>
Palm oil	Disclosing	Retailing	<Not Applicable>
Cattle products	Disclosing	Retailing	<Not Applicable>
Soy	Disclosing	Retailing	<Not Applicable>
Other - Rubber	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Cocoa	Not disclosing	Retailing	Not material
Other - Coffee	Not disclosing	Retailing	Not material

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Paper
Goods not for resale (GNFR)

Source

Trader/broker/commodity market
Contracted suppliers (manufacturers)

Country/Area of origin

China
India
Indonesia
Poland
Taiwan, Greater China
Viet Nam

% of procurement spend

<1%

Comment

We do source both: end products for re-sale containing Paper, Wood, Pulp as well as for goods not for resale (eg. printing paper).

Palm oil

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Crude palm oil (CPO)
Crude palm kernel oil (CPKO)
Palm kernel oil derivatives

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Indonesia
Malaysia

% of procurement spend

<1%

Comment

Transparency of all palm oil purchased and distributed by METRO is limited. METRO does have transparency for pure palm oil products for frying oil sourced by its international trading office in Hong Kong. For processed products containing palm oil as one ingredient METRO relies mainly on the RSPO system. Therefore, METRO aims for CSPO (certified sustainable palm oil) on the RSPO systems of Identity Preserved and Segregated.

Cattle products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Cattle
Beef

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Austria
Brazil
France
Germany
Ireland
Kazakhstan
United States of America

% of procurement spend

1-5%

Comment

Soy

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Whole soy beans
Soy bean oil
Soy derivatives

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Unknown origin

% of procurement spend

<1%

Comment

Country/Area of origin: Currently working on this, but likely a mix of no-risk and high-risk areas; Starting with the newly established soy policy in 2019, we have started to map METRO's soy supply chain. Together with UK based consultant 3Keel, Metro reached out to their 30 biggest poultry and pork Tier 1 and 2 suppliers of the Metro meat trading office (Rotterdam Trading Office). METRO is currently participating in the 3Keel led 'Soy Transparency Coalition, with focus on soy traders in Brazil, to get more information on soy in the supply chain. METRO is further member of the Consumer Goods Forum Forest Positive Coalition of Action on Soy, Cerrado Manifesto Statement of Support Group, and RTRS

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	<1%	Products within scope of the Paper & Wood policy: Own-brand products in which wood or wood fibre (pulp) accounts for more than 50% of the finished product (in terms of weight).
Palm oil	<1%	METRO includes all Palm oil products used in pure palm oil and processed products as well. Even though a share of approx. 50% of METRO's food and near-food (cosmetics, detergents, personal care) assortment does contain palm oil, the overall volume of palm oil used in private label products is below 1%.
Cattle products	1-5%	Cattle products account for 3% of revenues.
Soy	<1%	Soy is used as an ingredient in a number of our products including as animal feed for our own-brand meat and dairy products. Therefore total revenue is estimated at 25%, including meat, farmed fish and dairy products.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing
Soy	Consumption data available, disclosing
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Palm oil

Data type

Consumption data

Volume

12092.38

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Soy

Data type

Consumption data

Volume

720657

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

METRO sells products which contain soy as a direct ingredient (Tier 1) but also meat from animals fed with soy (Tier 2). The partial coverage of consumption data refers to soy as Tier 1 (here including volumes of the sales of Tier 1 products: Soy oil, soy sauce, soy beans (edamame) and tofu) and Tier 2 (here including volumes of the sales of Tier 2 products: pork and chicken).

Forest risk commodity

Cattle products

Data type

Consumption data

Volume

580000000

Metric

Other, please specify (Volume of sales (€))

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Timber products

Data type

Consumption data

Volume

197500000

Metric

Other, please specify (Volume of sales (€) of paper/wooden products in our assortment)

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

21

Please explain

% of total production/consumption volume per specific country or region is referring to the total of common (centrally) sourced volume which accounts for the 80% traceable share of sourcing volume. Additionally, there is a minor part of timber products sourced locally at METRO country organisations. METRO does assess the origin countries via its suppliers of the commodity in a first step. We do analyse these countries anyhow, not depending on the concrete volume sourced from there. Due to our own risk management process, we do not source from any risk countries or areas such as South America.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Marunda, West Java)

% of total production/consumption volume

2

Please explain

Transparency of all palm oil purchased and distributed by METRO is limited. METRO does have transparency for pure palm oil products for frying oil sourced by its international trading office in Hong Kong.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (to be checked with MFS)

% of total production/consumption volume

2

Please explain

Transparency of all palm oil purchased and distributed by METRO is limited. METRO does have transparency for pure palm oil products for frying oil sourced by its international trading office in Hong Kong.

Forest risk commodity

Soy

Country/Area of origin

Unknown origin

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

100

Please explain

The breakdown in % of total production/consumption volume per production area is not known as the specific sourcing volume from this origin has not been calculated. METRO does assess the origin countries via its suppliers of the commodity in a first step. We do analyse these countries anyhow, not depending on the concrete volume sourced from there.

Forest risk commodity

Cattle products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

Please explain

% of total production/consumption volume is not known as the specific sourcing volume from this origin has not been calculated. METRO does assess the origin countries via its suppliers of the commodity in a first step. We do analyse these countries anyhow, not depending on the concrete volume sourced from there.

Forest risk commodity

Cattle products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

Please explain

% of total production/consumption volume is not known as the specific sourcing volume from this origin has not been calculated. METRO does assess the origin countries via its suppliers of the commodity in a first step. We do analyse these countries anyhow, not depending on the concrete volume sourced from there.

Forest risk commodity

Cattle products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

Please explain

% of total production/consumption volume is not known as the specific sourcing volume from this origin has not been calculated. METRO does assess the origin countries via its suppliers of the commodity in a first step. We do analyse these countries anyhow, not depending on the concrete volume sourced from there. METRO sources cattle products also from France, Austria, Germany, Kazakhstan and USA.

Forest risk commodity

Timber products

Country/Area of origin

India

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

1.26

Please explain

% of total production/consumption volume per specific country or region is referring to the total of common (centrally) sourced volume which accounts for the 80% traceable share of sourcing volume. Additionally, there is a minor part of timber products sourced locally at METRO country organisations. METRO does assess the origin countries via its suppliers of the commodity in a first step. We do analyse these countries anyhow, not depending on the concrete volume sourced from there. Due to our own risk management process, we do not source from any risk countries or areas such as South America.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

77.65

Please explain

% of total production/consumption volume per specific country or region is referring to the total of common (centrally) sourced volume which accounts for the 80% traceable share of sourcing volume. Here, the sum of 77.65% refers to the following countries: - China: 75% - Taiwan: 2.65% Additionally, there is a minor part of timber products sourced locally at METRO country organisations. METRO does assess the origin countries via its suppliers of the commodity in a first step. We do analyse these countries anyhow, not depending on the concrete volume sourced from there. Due to our own risk management process, we do not source from any risk countries or areas such as South America.

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

<Not Applicable>

Volume produced/consumed

<Not Applicable>

Metric

<Not Applicable>

Country/Area of origin

<Not Applicable>

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

<Not Applicable>

Does the source of your organization's biofuel material come from smallholders?

<Not Applicable>

Comment

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

No

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods

Please explain

Sustainability related risks, including forest risks, of METRO are covered by our Risk Management (1 to 3 years perspective). Our risk management system helps us avoid sourcing from high-risk areas – for example in 2020, we stopped sourcing from South America as it was identified as a high-risk area. Once a region is defined as 'risk' area, we either exclude it from our sourcing process or (in absence of alternatives) we enhance our existing compliance and control mechanisms to ensure products are traceable and certified in line with our policy requirements. Hence, we do not identify risk areas as such but work on an avoidance principle unless no alternative is available. The example of Vietnam above is such an example of a risk area where – in lack of an alternative- our monitoring, compliance and supplier engagement efforts have intensified over the past years.

Palm oil

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods

Please explain

Sustainability related risks, including forest risks, of METRO are covered by our Risk Management (1 to 3 years perspective) as well as Issues Management (mid- to long-term perspective). Mid- to long-term trends are monitored through Issues Management.

Cattle products

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods

Please explain

Sustainability related risks, including forest risks, of METRO are covered by our Risk Management (1 to 3 years perspective) as well as Issues Management (mid- to long-term perspective). Mid- to long-term trends are monitored through Issues Management.

Soy

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods

Please explain

Sustainability related risks, including forest risks, of METRO are covered by our Risk Management (1 to 3 years perspective) as well as Issues Management (mid- to long-term perspective). Mid- to long-term trends are monitored through Issues Management.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Availability of raw materials are crucial for METRO's business as a food wholesale company: Business success of METRO operations depends heavily on availability of palm oil, cattle, soy and timber. dependency vary between countries and markets: METRO business in India, Pakistan, Japan will be affected heavily in case of low / no market availability of palm oil. Same consequence is valid for beef in European country operations of METRO. Also, deforestation and climate change increasingly alters precipitation patterns in some parts of the world. In Asia and Eastern Europe the occurrence of floods during harvesting period increases and often threatens or even completely destroys agricultural production. In Southern Europe and Northern Asia droughts cause crop failures. Negative effects of climate change on agriculture can lead to increased production costs and as a result, to increased prices in the food segment. According to the „OECD-FAO Agricultural Outlook 2021-2030“ prices will rise within the next ten years. Parts of this can be attributed to the effects of climate change (crop failures and devastations by extreme weather events). A significant share of METRO's food assortment (share of sales) is directly affected from rising forest commodity prices (beef, palm oil in processed food) or indirectly. In most EU countries where competitive pressure is high, this may cause declining sales for METRO.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

The quality of raw materials is crucial for METRO's business as a food wholesale company: Business success of METRO operations depends heavily on the use of palm oil, soy and timber and its quality (eg palm oil for cooking and processed food products) and also on the quality of cattle products sourced from a special area (eg. Argentina). Dependency varies between countries and markets: METRO business in India, Pakistan, Japan will be affected heavily in case of low quality of palm oil. Same consequence is valid for low quality of south american beef in European country operations of METRO. Also, deforestation and climate change increasingly alters precipitation patterns in some parts of the world. In Asia and Eastern Europe the occurrence of floods during harvesting period increases and often threatens or even completely destroys agricultural production. In Southern Europe and Northern Asia droughts cause crop failures. Negative effects of climate change on agriculture can lead to increased production costs and as a result, to increased prices in the food segment. According to the „OECD-FAO Agricultural Outlook 2021-2030“ prices will rise within the next ten years. Parts of this can be attributed to the effects of climate change (crop failures and devastations by extreme weather events). A significant share of METRO's food assortment (share of sales) is directly affected from rising forest commodity prices (beef, palm oil in processed food) or indirectly. In most EU countries where competitive pressure is high, this may cause declining sales for METRO.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

Under the Issues Management long-term trends like deforestation and related impact on the status of ecosystems and habitats are monitored at an overall level.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Under the Issues Management long-term trends like deforestation and related regulatory frameworks are monitored at an overall level. Current regulation is taken into account as it could have an impact on business decisions. Current regulations are included in our Risk Management under the risk groups "Risks related to the business environment" as well as "Specific industry sector risks". We observe current regulation as part of due diligence checks in case of planned investments. Also, the respective corporate functions maintain close contact to the regulatory field, e.g. via working groups of trade associations etc. In addition, emerging regulation is always taken into account as it could have an impact on business decisions. Inclusion in risk assessment: Emerging regulation is monitored as part of the Issues Management by Department Corporate Public Policy.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

We ascertain our group's risk inventory on an annual basis by systematically mapping and assessing all significant group-wide risks based on quantitative and qualitative indicators and uniform criteria relating to the loss potential and the probability of occurrence. The results of the risk inventory and the risk portfolio are updated on a regular basis. Topically responsible risk coordinators, for example those responsible for procurement, sales or administrative functions, validate the results reported by the group companies and central business units. In a second step, they summarise these results in a functional risk profile accompanied by a detailed description of significant individual risks. Important issues are then validated in direct consultation with the Governance and Risk Committee (GRC) and specific action for an improved spreading of risks is developed. If a climate related risk was identified during the risk reporting process the risk owner is responsible to define actions to manage the risk. He reviews the risk during the next risk inventory update usually after six months. Risk coordinator informs responsible risk owner and aligns about actions on company level to manage risk. At asset level, e.g. store or country level risk owner initiates actions to manage risk at local level.

Impact on water security

Relevance & inclusion

Not relevant, explanation provided

Please explain

The risk does not meet the threshold to be seen as a risk that could result in substantive impact to our business. Water risks in our value chain (beyond direct operations) exist, but no substantive financial or strategic impact has been anticipated. Possible risks are identified through asking our suppliers on their water risks. Criteria for determining, whether an identified risk is related to substantive change, is its extent of loss potential and the probability of occurrence. METRO applies a risk matrix with defined thresholds. Based on the prioritized risk portfolio, on corporate level Risk Coordinators prioritize risks which are most material and relevant threats for objectives. Finally, the Governance, Risk and Compliance (GRC) Committee selects top risks and chances for METRO, considering also results of internal control system and compliance management system, opportunity management system and internal auditing. This provides an enhanced overview of our company's risk and opportunity situation. Currently, the risk assessment does not show substantial threats for METRO from water related risks in supply chain. As wholesaler/retailer, METRO depends on external providers of goods and services. We choose suppliers very carefully, especially in the own-brand area. Our supplier survey on water conducted in 2020 shows responders who see risks related to their business relationship with us. But finally, the risk does not meet the threshold to be seen as a risk that could result in substantive impact to our business. The risk assessment is reviewed twice a year.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

Price related risks are always taken into account as they could impact business. For example the risk "Cost Risk from Carbon Pricing in EU" is included in our risk assessment. Depending on the final form of CO2 taxation further risk categories might be affected besides Technical Operations, e.g. Sourcing. The Corporate Public Policy department's Issues Management unit continuously monitors and identifies topics of special interest and media issues of relevance to the group. This enables us to address the public debate with swift, clear and uniform statements. In addition, experts from for example the Energy Management or Quality Assurance departments assess the market trends in their specific markets. This considers trends in consumer behaviour and expectations.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

Market related risks are always taken into account as they could impact business. For example, The risk "Challenges in the business model" is classified as particularly relevant risk in our risk reporting. This considers trends in consumer behaviour and expectations. We see deforestation and climate change as part of the overall risk called "Fail to meet stakeholder expectations regarding sustainability". This could include an increasing demand for sustainable products, e.g. certified palm oil products. Inclusion in risk assessment: The Corporate Public Policy department's Issues Management unit continuously monitors and identifies topics of special interest and media issues of relevance to the group. This enables us to address the public debate with swift, clear and uniform statements. In addition, on country level experts for example from Quality Assurance assess the market trends in their specific markets.

Leakage markets

Relevance & inclusion

Relevant, not included

Please explain

To prevent leakage markets we use our activity as a member of different coalitions (eg. the Palm Oil Transparency Coalition) and multi-stakeholder groups. As a wholesale company and downstream supply chain actor, the direct impact here is limited to compliance of our Tier 1 suppliers. Hence, the topic is not included in our internal risk management, while we focus to work on systematic changes in the palm oil industry .

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

We see deforestation and climate change as part of the overall risk called "Fail to meet stakeholder expectations regarding sustainability". This could include an increasing demand for sustainable products, e.g. certified palm oil products. Inclusion in risk assessment: The Corporate Public Policy department's Issues Management unit continuously monitors and identifies topics of special interest and media issues of relevance to the group. This enables us to address the public debate with swift, clear and uniform statements. At company level Corporate Responsibility Department assess the potential reputational risk if METRO fails to meet stakeholder expectations, for example if the company would miss its target to eliminate deforestation from its (soy) value chain.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

METRO has a number of codes of conduct in place which include the following aspects: Corruption and bribery, discrimination, confidentiality of information, conflicts of interest, antitrust/anti-competitive practices, money-laundering and/or insider trading/dealing, environment, health and safety, whistleblowing. The two most prominent codes of conduct are the METRO Business Principles covering all stakeholders including in particular all employees METRO Code of Conduct for Business Partners covering next to and in addition to the METRO Business Principles in particular our suppliers. Both codes are available on METRO's internal and external websites: <https://www.metroag.de/en/company/compliance>

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

METRO's fundamental principle when conducting its business is to operate in accordance with the highest ethical and social business standards: Our products must be produced under humane conditions with respect and fairness towards their workers, taking labour law, safety provisions and international trade regulations into account. Social impacts are considered to be a current issue. METRO's objective is to improve the working conditions in our supply chains. METRO is committed to evaluating its suppliers and helping them to introduce better working conditions at their production sites by utilizing the amfori BSCI process management scheme or equivalent systems. Scope of the commitment is all METRO Non-Food own brand and no-name producers manufacturing products for re-sale in risk countries, and all METRO Food/Near-Food own brand and no-name producers including ultra-fresh producers manufacturing products for resale in risk countries. The Social Standards Compliance Process is rolled out in METRO as of 2019. The overall target is to proof socially compliant supply chains according to this policy in line with the SDGs by 2030. Depending on risk assessment and maturity of Sales Lines/Country Organisations the roll out will take place step by step and in waves. METRO will report the progress in the annual METRO AG Corporate Responsibility Report according to (selected) Key Performance Indicators (KPI's). The Sales Lines/Country Organisations can retrieve reports via SSM any time. METRO's Human rights principles are supported by an Action Plan which outlines more details in order to achieve the policy's objective and target. The Action Plan consists of three pillars (certifications, partnerships and projects) to ensure relevant actions with the right partners. Each Sales Lines/Country Organisation will involve in one of the by the METRO AG CR department introduced roll-out waves and develop their country specific road map. This is described in METRO's Policy for Social Standards, which is publicly available via https://responsibility.metroag.de/~assets/responsibility-mag/documents/responsibility/human-rights-principles-metro_en.pdf?dl=1

Other, please specify

Relevance & inclusion

Not considered

Please explain

There are no additional issues considered in METRO's forests-related risk assessment.

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?**Customers****Relevance & inclusion**

Relevant, always included

Please explain

Our forests-related risk assessment is part of our overall risk management at METRO. Our Risk Management always takes all stakeholder groups into account, depending on the specific risk issue. For example customers with regard to changing behaviour, product assortment and reputation.

Employees**Relevance & inclusion**

Relevant, always included

Please explain

Our forests-related risk assessment is part of our overall risk management at METRO. Our Risk Management always takes all stakeholder groups into account, depending on the specific risk issue. For example employees with regard to occupational health and safety, etc.

Investors**Relevance & inclusion**

Relevant, always included

Please explain

Our forests-related risk assessment is part of our overall risk management at METRO. Our Risk Management always takes all stakeholder groups into account, depending on the specific risk issue. For example investors with regard to expectations on METRO's ESG/SRI performance.

Local communities**Relevance & inclusion**

Relevant, always included

Please explain

Our forests-related risk assessment is part of our overall risk management at METRO. Our Risk Management always takes all stakeholder groups into account, depending on the specific risk issue. For example local communities and authorities with regard to new store opening and related licences, etc.

NGOs**Relevance & inclusion**

Relevant, always included

Please explain

Our forests-related risk assessment is part of our overall risk management at METRO. Our Risk Management always takes all stakeholder groups into account, depending on the specific risk issue. For example NGOs with regard to reputation.

Other forest risk commodity users/producers at a local level**Relevance & inclusion**

Relevant, always included

Please explain

Our forests-related risk assessment is part of our overall risk management at METRO. Our Risk Management always takes all stakeholder groups into account, depending on the specific risk issue. For example other forest risk commodity users/producers at local level with regard to conflicts, operating licences, etc.

Regulators**Relevance & inclusion**

Relevant, always included

Please explain

Our forests-related risk assessment is part of our overall risk management at METRO. Our Risk Management always takes all stakeholder groups into account, depending on the specific risk issue. For example local communities and authorities with regard to new store opening and related licences, etc.

Suppliers**Relevance & inclusion**

Relevant, always included

Please explain

Our forests-related risk assessment is part of our overall risk management at METRO. Our Risk Management always takes all stakeholder groups into account, depending on the specific risk issue. For example suppliers with regard to risks from supply chain.

Other stakeholders, please specify**Relevance & inclusion**

Relevant, always included

Please explain

Our forests-related risk assessment is part of our overall risk management at METRO. Our Risk Management always takes all stakeholder groups into account, depending on the specific risk issue. A specific stakeholder group not yet mentioned is external initiatives and industry platforms/associations where we engage with our peers, value chain partners and other businesses to address sustainability risks, including forests-related risks. Examples include: - German Retail Federation - Federation of German Wholesale, Foreign Trade and Services - Consumer Goods Forum (CGF) - Tropical Forest Alliance (TFA) - UN Global Compact - Global Sustainable Seafood Initiative (GSSI) - Business Social Compliance Initiative (BSCI) - Roundtable on Sustainable Palm Oil (RSPO) - International Labour Organization (ILO)

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

Definition of 'substantive financial impact':

All identified risks are classified based on uniform standards and quantitative and qualitative indicators with regard to the potential extent of damages (detrimental effects on our corporate objectives, the key performance indicator is EBITDA and probability of occurrence. For the risk matrix the significance levels are currently calculated based on EBIT and will be changed to EBITDA.

We break down risks into the following 4 risk categories:

Loss potential

- Significant > €300 million
- Major > €100–300 million
- Moderate > €50–100 million
- Minor ≤ €50 million

Probability and frequency of occurrence

- Probable > 50%
- Possible > 25–50%
- Low ≥ 10–25%
- Unlikely < 10%

Frequency is not disclosed separately, loss potential is based on frequency and magnitude. Overall risk is calculated based on probability multiplied by loss potential. A „substantive financial impact“ would be related to risks assessed as particularly relevant risks (gross risks) METRO is exposed to and are reported in the Opportunities and Risk Report of the Annual Report, e.g. loss potential > €50 million € or probability >50%.

Example of substantive impact considered

As a company with global operations, METRO depends on the political and economic situation in the countries in which it operates. The fundamental business environment can change rapidly. Changes in political leadership, civil unrest, terrorist attacks or natural disasters can jeopardise METRO's business. For the reporting year 2019/20, the political and economic situations in Russia, Ukraine and Turkey were of particular relevance. The potential risks include the loss of property and real estate assets, changes in the exchange rate, trade restrictions, capital controls and regulatory restrictions.

Description of process

The group's Governance, Risk and Compliance Committee (GRCC) is chaired by the Chief Financial Officer of METRO AG and regularly discusses methods and new developments of the GRC subsystems. The committee also conducts regular reviews of the current opportunity and risk situation. METRO conducts an annual risk inventory to systematically map and assess all material group-wide risks based on uniform criteria. For each risk the responsible risk owner in the corporate department (eg. Corporate Responsibility for sustainability risks) is assessing loss potential and probability of occurrence. The risk officer sums up the results in a risk portfolio, which includes a description and assessment based on quantitative and qualitative indicators in terms of the extent of damage and the probability of occurrence. This summary serves as the basis for the risk report. The centrally responsible risk coordinators validate the results reported by the sales lines, group companies and central departments. They summarize these in a functional risk profile with detailed description of individual risks. Risk profiles for selective categories are validated in interaction between risk coordinators and the GRC committee and specific steps to improve risk management are devised.

An **example of a transitional risk** assessed in our annual risk inventory, is the risk "Reputational risks – Fail to meet stakeholder expectations regarding sustainability", which covers climate-related engagement of METRO and the risk of not achieving our targets. In METRO's internal "Functional Risk Profile" this specific risk, including the measure of probability of occurrence and the loss potential, is defined and described as follows:

"Negative impact on sales, loss of customers/turnover/reputation/investors, in own operations & own brands due to brand damage by missing own commitments in mainly two areas of sustainability:

1. Social Standards / Human Rights:

Referring to Fair Working Conditions in own operations (OHS) and METRO's supply chain. Risk of non-compliant suppliers.

2. Environment:

- Deforestation, environmental pollution, Animal Welfare, Biodiversity.

- Increased risk of missing targets of METRO commitments to offer a sustainable assortment, e.g. failed implementation of sourcing policies (soy, palm oil, fish & seafood, paper&wood, cage-free eggs, organic products

Default risks defined based on bottom-up statistics and number of business units reporting this risk (to identify the probability of occurrence):

CR-04-04 Reputation damages due to non-sustainable behavior // reported by 10 business units

CR-04-03 Product availability issues due to climate change // reported by 5 business units

Gross risk description & loss potential:

- Expert view based on potential turnover loss from „more sustainable“ products (total turnover globally from these products are about 750 mio. €)

- Range of loss potential reported by different risk owners

- Probability of Occurrence: expert view"

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Palm oil

Type of risk

Regulatory

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Regulatory uncertainty

Primary potential impact

Change in revenue mix and sources

Company-specific description

An identified regulatory risk is the European Union potentially developing stricter legislation on (the sourcing of) sustainable palm oil. This regulation could affect our supply chain. METRO's business in mostly Eastern European countries is especially vulnerable, as well as the segment of household & cosmetic products, in which the sustainable palm oil market for derivatives and fractions is yet not as advanced.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

999999

Explanation of financial

Based on overall risk to fail stakeholder expectations and on potential turnover loss from „more sustainable“ products.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

To meet stakeholder expectations we work with certification of products. Also, as a member of the RSPO, we are engaged in enhancing the market availability of sustainable palm oil also in challenging markets and complex products such as chemicals.

Cost of response

0

Explanation of cost of response

No additional cost of response occurs as the mitigating procedure for this risk is managed in METRO's regular process to increase of sustainability of products. In response to this risk, METRO achieved that by reporting year 2020, 100% of the palm oil used in our Own Brand (Common and Local Sourcing) supply chain is purchased with the system of the Roundtable for Sustainable Palm Oil (RSPO). In order to get there, we set out and execute the steps in our Palm Oil Action Plan, covering certification, partnerships and projects. The final gap of non-certified physical palm oil, we covered by buying Book & Claim RSPO credits.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Shifts in consumer preference

Primary potential impact

Disruption to sales

Company-specific description

There is an increasing preference among consumers for palm oil free products, which may affect our sales of certain products that contain palm oil - even if it's sustainably sourced (due to a lack of consumer awareness). About 50% of METRO's food assortment (with a total product range of approx. 20,000 products) does contain palm oil as an ingredient. Here, we do not differentiate between products with a minor or major share of palm oil as an ingredient. All products containing any kind of palm oil we do see as potentially affected. Also, METRO is active in various countries in the EU where the awareness of consumers of the sustainability risks in palm oil production is well known.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

1999999

Explanation of financial

Based on overall risk to fail stakeholder expectations and on potential turnover loss from „more sustainable“ products.

Primary response to risk

Promotion of certification, including financial incentives

Description of response

Promotion of METRO membership of the RSPO, and the RSPO label on our products

Cost of response

2500

Explanation of cost of response

RSPO membership fee of 2,500€

Forest risk commodity

Timber products

Type of risk

Physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased severity of extreme weather events

Primary potential impact

Supply chain disruption

Company-specific description

Extreme weather events can lead to unavailability or scarcity/high prices of certified materials.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

999999

Explanation of financial

Based on expected price increase.

Primary response to risk

Supplier diversification

Description of response

By diversifying our sourcing across various regions and suppliers, METRO aims to decrease the risk of disruption as a result of extreme weather events.

Cost of response

0

Explanation of cost of response

No additional costs are involved, as supplier diversification is already part of our everyday sourcing approach.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Disruption to sales

Company-specific description

METRO is sourcing timber products and selling those products (eg. office staples, paper, cardboard or furniture) under private label brand (eg. METRO Professional, Tarrington House, Sigma). There is a potential risk of private label suppliers being involved in illegal practices, and that they - and their products sold by METRO - as a result may end up on blacklists and/or being targeted by NGOs. This could reflect poorly on METRO as a buyer, and could potentially impact our corporate reputation, and thus our direct sales.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

1999999

Explanation of financial

There is an increasing preference among consumers for sustainable timber products, which may affect our sales of certain products - even if it's sustainably sourced (due to a lack of consumer awareness).

Primary response to risk

Greater due diligence

Description of response

METRO's response to this risk is creating more transparency in the supply chain by implementing our METRO paper & wood policy and to carry out due diligence processes to avoid these types of cases from happening. In case non-compliant suppliers are identified, METRO would engage in a corrective action plan and if no improvement occurs, the business relationship may be terminated.

Cost of response

0

Explanation of cost of response

Cost of response not quantified due to no external costs. Internal resources needed to run established process.

Forest risk commodity

Soy

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Decrease in shareholder value

Company-specific description

Certain investors are targeting specific ESG-risk areas that can be subject to exclusion, among which soy. For instance, in March 2019, a group of 57 investors (representing approximately US \$6.3 trillion in assets) published a statement aimed at companies that source soy products grown in South America, calling for increased transparency and action. For the full statement, refer to: https://www.ceres.org/sites/default/files/Letters/Investor_Expectations_SoyLetter_0319.pdf These and other investors could target METRO as a soy-related business and thus place the company in this category, which may result in them divesting from our shares.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Investors do own different amount of METRO shares. The detailed ownership of shares is (as legally requested) not known by METRO. Also, shareholders do not have to explain their investments or divestments. Therefore, the calculation of a financial impact figure would be very vague to even not possible.

Primary response to risk

Engagement with suppliers

Description of response

METRO's Soy Procurement Policy is rolled out to suppliers, in order to create awareness, and promote transparency and traceability and enforce using no-deforestation soy in supply chain. METRO is further working with Consumer Goods Forum on an action plan in a Coalition of Action to eliminate deforestation soy from supply chains. METRO is also actively reaching out to NGO's and supply chain to discuss risks, and solutions, and is part of the newly formed Soy Transparency Coalition. Further, METRO AG is active in working groups on public policy regarding national and European laws on deforestation etc. METRO also is active in drafting and signing statements, and working with relevant governments (such as Brazilian Government) to work further on sustainable soy, deforestation and other related issues.

Cost of response

25000

Explanation of cost of response

Cost of response is a sum of different mitigating actions: - RTRS membership fee € 2,500 - annual fee membership fee for various organisations such as CGF and Soy Transparency Coalition; - 3Keel outreach to suppliers and traders for impact and traceability analysis

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Lack of transparency can impact stakeholder trust and consumer preference, leading to a brand damage by bad reputation, decreased sales and ultimately less shareholder value. Our strategy to answer this risk is our work on achieving RPSO certification, complying with a higher level of RSPO schemes, and participating in additional initiatives such as concession mapping, and the Palm Oil Transparency Coalition. In a concession mapping approach we will enhance further transparency in our palm oil supply chain, starting with pure palm oil as a first product to pilot the approach. Transparency is needed also to meet stakeholder expectations such as NGOs who assess our work on sustainable palm oil. Please also see here the recent Deforestation Report by Greenpeace international published in June 2019. Here, more transparency will contribute to achieve higher stakeholder trust.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

999999

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Potential loss of revenues of products containing palm oil multiplied with probability of occurrence.

Primary response to risk

Engagement in multi-stakeholder initiatives

Description of response

Promotion of METRO membership of the RSPO, and the RSPO label on our products, collaboration in multi-stakeholder initiatives such as the CGF Consumer Goods Forum. Our strategy to respond to this risk is our work on achieving RPSO certification, complying with a higher level of RSPO schemes, and participating in additional initiatives such as concession mapping, and the Palm Oil Transparency Coalition. In a concession mapping approach we will enhance further transparency in our palm oil supply chain, starting with pure palm oil as a first product to pilot the approach. Transparency is needed also to meet stakeholder expectations such as NGOs who assess our work on sustainable palm oil. Please also see here the recent Deforestation Report by Greenpeace international published in June 2019. Here, more transparency will contribute to achieve higher stakeholder trust.

Cost of response

25000

Explanation of cost of response

Cost of response is a sum of different mitigating actions: - RSPO membership fee € 2,500 - annual fee membership fee for various organisations such as CGF and Palm Oil Transparency Coalition

F3.2**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Palm oil

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Ensuring supply chain resilience

Company-specific description & strategy to realize opportunity

To create a higher resilience of our palm oil supply chain, we are promoting the METRO membership of the RSPO, and the RSPO label on our products, collaboration in multi-stakeholder initiatives such as the CGF Consumer Goods Forum. Our strategy to realize this opportunity is our work on achieving RPSO certification, complying with a higher level of RSPO schemes, and participating in additional initiatives such as concession mapping, and the Palm Oil Transparency Coalition. In a concession mapping approach we will enhance further transparency in our palm oil supply chain, starting with pure palm oil as a first product to pilot the approach.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Based on past developments, we expect 2-digit percentage increase in sales as a result of certified, higher reputation of sustainable products.

Forest risk commodity

Palm oil

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased supply chain transparency

Company-specific description & strategy to realize opportunity

Increased transparency strengthens stakeholder trust and consumer preference, leading to a better reputation, increased sales and ultimately more shareholder value. Our strategy to realise this opportunity is our work on achieving RPSO certification, complying with a higher level of RSPO schemes, and participating in additional initiatives such as concession mapping, and the Palm Oil Transparency Coalition. In a concession mapping approach we will enhance further transparency in our palm oil supply chain, starting with pure palm oil as a first product to pilot the approach. Transparency is needed also to meet stakeholder expectations such as NGOs who assess our work on sustainable palm oil. Please also see here the recent Deforestation Report by Greenpeace international published in June 2019. Here, more transparency will contribute to achieve higher stakeholder trust.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Based on past developments, we expect 2-digit percentage increase in sales as a result of certified, higher reputation of sustainable products.

Forest risk commodity

Timber products

Type of opportunity

Efficiency

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Sustainable agricultural intensification

Company-specific description & strategy to realize opportunity

The EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan ensures that product is from legal sources and complies with the EU Timber regulation, which supports legal and sustainable logging practise and avoid illegal harvesting in third party (non-EU) countries. This helps METRO to reduce the risk to "no risk" to import illegal harvested wood and to comply with our due diligence processes. Implementation of EU Timber Regulation is our opportunity to increase transparency (transparency is the basis to source sustainably) know our supply chain better, the relevant actors, origin countries of material and tree species etc. which helps us in case of incidents (illegal practises of actor) and customer demands and ensure reputation of our METRO brand, products and company. Compliance to sustainability KPIs also helps us to create new business partnerships with the public sector: governmental and public institutions already ask in their due diligence / tender process for suppliers like METRO to prove offering sustainable products and services. As METRO meets this expectation, it is possible to gain new customers in the public sector such as canteens or offices.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The impact has not been quantified financially.

Forest risk commodity

Soy

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Improved response to regulatory changes

Company-specific description & strategy to realize opportunity

A pro-active approach to responsible soy sourcing allows METRO to stay ahead of regulatory developments, such as the anticipated EU Soy Sourcing regulation. Compliance to sustainability KPIs also helps us to create new business partnerships with the public sector: governmental and public institutions already ask in their due diligence / tender process for suppliers like METRO to prove offering sustainable products and services. As METRO meets this expectation, it is possible to gain new customers in the public sector such as canteens or offices.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The impact has not been quantified financially.

Forest risk commodity

Cattle products

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Improved response to regulatory changes

Company-specific description & strategy to realize opportunity

A pro-active approach to responsible soy sourcing allows METRO to stay ahead of regulatory developments. Compliance to sustainability KPIs also helps us to create new business partnerships with the public sector: governmental and public institutions already ask in their due diligence / tender process for suppliers like METRO to prove offering sustainable products and services. As METRO meets this expectation, it is possible to gain new customers in the public sector such as canteens or offices.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The impact has not been quantified financially.

Forest risk commodity

Soy

Type of opportunity

Efficiency

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Increased efficiency of manufacturing and/or distribution processes

Company-specific description & strategy to realize opportunity

Our supply chain engagement with regard to responsible soy sourcing gives METRO better knowledge and understanding of our supply chain, enabling better collaboration leading to increased efficiencies. Compliance to sustainability KPIs also helps us to create new business partnerships with the public sector: governmental and public institutions already ask in their due diligence / tender process for suppliers like METRO to prove offering sustainable products and services. As METRO meets this expectation, it is possible to gain new customers in the public sector such as canteens or offices.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The impact has not been quantified financially.

Forest risk commodity

Soy

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Please select

Company-specific description & strategy to realize opportunity

Changing consumer preferences and increased consumer awareness about specific sustainability issues, including soy, are driving the demand for products containing sustainable materials. Especially in European markets which are very important drivers of METROs business performance, customer awareness and demand for deforestation free soy products and meat products fed without soy linked to deforestation are increasing

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Based on past developments, we expect 2-digit percentage increase in sales as a result of certified, higher reputation of sustainable products serving increased customer demand.

Forest risk commodity

Cattle products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased demand for certified materials

Company-specific description & strategy to realize opportunity

Changing consumer preferences and increased consumer awareness about specific sustainability issues, including beef and soy, are driving the demand for products containing sustainable materials. Especially in European markets which are very important drivers of METROs business performance, customer awareness and demand for deforestation free beef and beef products fed without soy linked to deforestation are increasing.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The impact has not been quantified financially.

Forest risk commodity

Palm oil

Type of opportunity

Efficiency

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Sustainable agricultural intensification

Company-specific description & strategy to realize opportunity

As a member of the RSPO and a stakeholder in its own palm oil value chain, METRO needs to collaborate with other stakeholders in an approach of "shared responsibility" to build up the market availability of sustainable palm oil. This should lead to an economy of scale, which allows METRO to work with more sustainable suppliers. This is more efficient compared to being dependent on few sustainable palm oil producers.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium-high

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The impact has not been quantified financially.

Forest risk commodity

Palm oil

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Please select

Company-specific description & strategy to realize opportunity

There is a significant opportunity for METRO increasing market availability for sustainable palm oil, and in enhancing the uptake of sustainable palm oil in emerging markets. METRO country operations in India, Pakistan and China account for the vast majority of palm oil volumes purchased and sold by METRO, especially pure palm oil as cooking oil. Today, market availability and uptake of sustainable palm oil in those respective countries are very low. METRO focusing on sustainable palm oil also here does create a business opportunity.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The impact has not been quantified financially.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	METRO's CEO bears board-level responsibility for sustainability (which includes forests-related issues) and chairs the company's Sustainability Committee (SusCom). In this position, the CEO was also responsible for METRO's zero-net-deforestation strategy and its management. He is bi-weekly briefed on climate- & sustainability related issues (including forest-related issues) by the Global Director Corporate Responsibility. The status of METRO's forest protection target and related initiatives are a scheduled agenda item in each SusCom meeting once per quarter. The Board is therefore regularly informed about forest-related issues and decides on strategic issues such as implementation requirements for forest-related policies. In the reporting year, the CEO as board member and the SusCom steered by him, decided to publish a meat (incl. cattle) procurement policy.
Board Chair	The supervisory board including the board chair is updated in every meeting, taking place every quarter, on sustainability and according risks.

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	METRO's CEO, the Management Board member responsible for Sustainability, is chairman of the Sustainability Committee. The Committee comes together on a quarterly basis. The status of forest-related risks and related initiatives is a scheduled agenda item in each Committee meeting and is reported to him and the other Committee members. The Management Board is therefore regularly informed about forest-related issues.

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Sustainability committee	Both assessing and managing forests-related risks and opportunities	Quarterly	METRO's Sustainability Committee establishes the strategic framework and sets goals that are applicable throughout the group. The committee is chaired by 2 representatives from the top management of METRO, who are regularly exchanged. Other members of the committee are: — People in charge of corporate responsibility at METRO AG — Representatives of the core functions purchasing, own-brands, communication as well as investments and technical solutions — Representatives of the METRO Wholesale national subsidiaries. Ad hoc expert groups prepare specific issues on the operational level and then present them to the Sustainability Committee for a decision. Depending on the issue, participants include experts from METRO Wholesale national subsidiaries and the head office. The Sustainability Committee meets four times per year and provides the board with an overview of commitments. The Sustainability Committee is mandated by the Management Board with decision-making power. Special topics will be presented to the Management Board directly.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Corporate executive team Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Operating Officer (COO) Chief Procurement Officer (CPO) Other C-suite Officer Other, please specify (Business unit managers)	Achievement of commitments and targets	(1) Performance against sustainability and forest-related KPIs are part of the Short Term Incentives (STI) paid to the Management Board members of METRO AG. (2) Remuneration paid to the Management Board and the global senior management is linked with the assessment of the sustainability performance of METRO in the rating of the Dow Jones Sustainability Index (DJSI), which is a reflection of the company's overall sustainability performance, including forest-risk related issues such as raw material sourcing. (3) Executives of METRO have an overall sustainability related KPI in their Longterm incentive. LTIs contain 3 specific and business related KPIs with sustainability as linking KPI weighted with 10%. It is measured the same way in both LTIs. Target is to become one of the key players for sustainability within industry group measured by KPI "Rank in S&P CSA assessment in our industry group".
Non-monetary reward	Chief Executive Officer (CEO) Other, please specify (Global Director Corporate Responsibility)	Achievement of commitments and targets Supply chain engagement	METRO's engagement is regularly awarded externally by eg. press & media.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)
entire-metro-crr1920.pdf

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
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	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>Description of forests-related standards for procurement</p>	<p>In 2013, METRO introduced a Policy for Sustainable Sourcing and in 2015, we introduced our Environmental Guidelines. The purpose of these is to serve as an umbrella to cover topics related to sustainability, including Approach for Sustainable Sourcing of Agricultural Raw Material agricultural raw material. The policy and guideline apply to all own brand food and non-food products and cover all steps in our supply chain (Tier1, Tier2 and all prior process steps). Also, we expect branded product suppliers (food and non-food) to act in the same spirit as our policies. Our ambition is to source products responsibly, i.e. in environmental, social and economic terms. In its Position on Biodiversity, METRO fully commits to the goals laid down in the Convention on Biological Diversity (CBD): For METRO, increasing environmental destruction and the associated loss of biodiversity have a negative impact on the company's business, because we trade resources. Especially when considering that all raw materials for our own brand products and for the products that we sell originate from nature. Approaches that contribute to protecting the environment and its biodiversity are thus important elements of responsible economic activities to secure the basis of our business. These overall policies are elaborated by product and commodity specific guidelines and standards. In addition, METRO has developed or is working on dedicated sourcing policies for certain categories of agricultural and raw materials, which are very important for our business and our supply chain. These include specific policies for Soy, Palm oil, Pulp and paper (as described below), as well as meat, poultry and eggs; animal welfare. These policies cover all global business activities in all sales lines of METRO AG and are focusing on private-label products. The policies and respective action plans (which line out more detailed the concrete implementation of the policy) are reviewed every 12-18 months. The policies cover all production countries and countries of origin of the respective raw material. The soy policy also focuses on the Cerrado biome. All policies are publicly available at https://www.metroag.de/en/company/responsibility/procurement</p>

metro-position-biodiversity_en.pdf
policy-for-sustainable-sourcing.pdf
metro-palm-oil-policy-2020.pdf
metro-soy-procurement-policy-2019.pdf
approach-for-sourcing-of-agricultural-raw-materials_en.pdf
metro-paper-wood-policy-2020.pdf

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	METRO's Paper and Wood Procurement Policy is publicly available at https://responsibility.metroag.de/~assets/responsibility-mag/documents/metro-paper-wood-policy-2020.pdf?dl=1

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Palm oil	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related standards for procurement	METRO's Palm Oil Procurement Policy is publicly available at https://responsibility.metroag.de/-/assets/responsibility-mag/documents/metro-palm-oil-policy-2020.pdf?dl=1 It also covers the CGF Forest Positive Coalition, as well as the commitment to 'Segregated' RSPO certification scheme as minimum to create transparency.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Cattle products	Yes	Company-wide	<p>Commitment to eliminate deforestation</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p>	<p>METRO is providing its customers with meat products that comply with the highest quality and safety standards and that have been produced socially and environmentally well. We are aware of the various sustainability topics around meat and we are committed to continue to work in our supply chains on more sustainable meat. That is why we introduced in December 2020, the METRO Meat Procurement Policy, to create a more sustainable meat offer, starting with our own brand meat products. We bring together topics regarding meat and sustainability, and we explain our activities and commitments around these topics.</p> <p>A main topic in this Meat Procurement Policy is Deforestation, connected to soy in animal feed. With our engagement with our suppliers, as well as within some of the above mentioned collaborations on zero deforestation we are in, we will focus on achieving zero deforestation within our meat supply chains. Metro is also active member in the Consumer Goods Forum Forest Positive Coalition Beef Working Group. Available at https://responsibility.metroag.de/focus-areas/raw-material-sourcing</p>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Soy	Yes	Selected products only	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related standards for procurement	METRO's Soy Procurement Policy is publicly available at https://responsibility.metroag.de/-/assets/responsibility-mag/documents/metro-soy-procurement-policy-2019.pdf?dl=1 In a first step, the policy refers to Soy as Tier 1 and Tier 2.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Tropical Forest Alliance 2020

Cerrado Manifesto

Other, please specify (In the Consumer Goods Forum (CGF) we are committed to achieve zero net deforestation, also as member of the Forest Positive Coalition. METRO is signatory of the Joint Statement of support for Concession Mapping in Palm Oil Supply Chains within CGF.)

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Soy

Criteria

No conversion of natural ecosystems

Zero net deforestation

No land clearance by burning or clearcutting

No conversion of High Carbon Stock forests

Adoption of the UN International Labour Organization principles

Resolution of complaints and conflicts through an open, transparent and consultative process

Facilitate the inclusion of smallholders into the supply chain

No sourcing of illegally produced and/or traded forest risk commodities

Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Recognition of legal and customary land tenure rights

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2019

Commitment target date

2021-25

Please explain

The target year of the soy policy is 2025. By 2025, 100% of the soy Tier 1 (direct soy) and Tier 2 (soy used as animal feed) in our Own Brand (Common and Local Sourcing) and A-Brand supply chain is sourced from areas which are verified as zero deforestation, according to market availability.

Forest risk commodity

Palm oil

Criteria

Zero net deforestation

No new development on peat regardless of depth

Avoidance of negative impacts on threatened and protected species and habitats

No land clearance by burning or clearcutting

No conversion of High Conservation Value areas

No conversion of High Carbon Stock forests

Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities

Remediate any adverse impacts on indigenous people and local communities

Facilitate the inclusion of smallholders into the supply chain

No sourcing of illegally produced and/or traded forest risk commodities

Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Recognition of legal and customary land tenure rights

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2020

Please explain

METRO Wholesale's objective is to reduce deforestation in its value chain, contributing to the goal of zero net deforestation, by responsibly sourcing our palm oil products and products which contain palm oil, as this is one of the key commodities causing deforestation. Target: We achieved our target that by 2020, 100% of the palm oil used in our Own Brand (Common and Local Sourcing) and A-Brand and Other Brand supply chain is purchased with the system of the Roundtable for Sustainable Palm Oil (RSPO). The gap of non-certified physical palm oil was covered by buying RSPO Book & Claim credits. We will require our branded product suppliers (food and non-food) to act in the same spirit of this policy and provide data and proof of sustainable palm oil. We will also work in a collaborative approach on palm oil projects together with our suppliers as well as other stakeholders in the supply chain. The METRO Palm Oil Action Plan will provide more detail on this. The target was updated to 2023 to increase the share of RSPO Segregated and Identity Preserved certified CSPO at METRO. METRO's palm oil commitment is publicly available in the Palm Oil Procurement Policy: <https://responsibility.metroag.de/-/assets/responsibility-mag/documents/metro-palm-oil-policy-2020.pdf?dl=1>

Forest risk commodity

Timber products

Criteria

- Zero net deforestation
- No conversion of High Carbon Stock forests
- No sourcing of illegally produced and/or traded forest risk commodities
- Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2018

Commitment target date

2020

Please explain

METRO Wholesale aims to contribute to the goal of zero net deforestation in 2020 by responsibly sourcing its timber and paper products, as these are some of the key commodities causing deforestation. Target: METRO Wholesale aims to ensure that 100% of its own-brand products made from wood or wood fibre in accordance with the aforementioned scope originate from legal and responsibly managed forests by the end of 2020 or 2023 in markets where sourcing of such products is challenging. METRO's timber commitment is publicly available in the Paper and Wood Procurement Policy: <https://responsibility.metroag.de/~assets/responsibility-mag/documents/metro-paper-wood-policy-2020.pdf?dl=1>

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	METRO is acting upon the future challenges with different long term strategy elements (3-10 years). We expect an increasing importance of climate change related risks, which will require us to expand our capabilities to monitor and assess climate change related aspects of our business in the long-term. Climate change needs to be fully integrated in management processes. The necessary reporting structures (e.g. measurement, KPIs) need to be implemented. Technical infrastructure also needs to be set up. To meet those long-term challenges METRO AG's board set up an energy management. It is responsible for the achievement of our energy efficiency and GHG reduction targets. Another long-term strategy element is the adaptation of food procurement. We aim to keep procurement structures flexible, to develop a centralised procurement approach of certain products (e.g. citrus fruits) to react to local crop failures and to build a stable logistics network with the flexibility to cope with frequent changes of procurement paths.
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	Integrated in our overall climate target.
Financial planning	Yes, forests-related issues are integrated	5-10	METRO has firmly anchored the principle of sustainability in its corporate strategy. Sustainability is part of our Guiding Principles. The central institution of our sustainability management is our Sustainability Committee. When it comes to forests-related issues, the Sustainability Committee is responsible to assess how deforestation could influence the business strategy and to define targets and related measures. Information is collected through Issues Management (issues monitoring), dialogue with stakeholders and KPIs (e.g. coverage of certification). In addition forest related risks are part of the regular risk assessment procedure. Through our Issues Management we are aware of deforestation is of increasing importance for our stakeholders, e.g. investors, politics, customers and there are risks related to own operations and supply chain.

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

Target: We want to achieve that by 2020, 100% of the palm oil used in our Own Brand (Common and Local Sourcing) and A-Brand and Other Brand supply chain is purchased with the system of the Roundtable for Sustainable Palm Oil (RSPO) according to market availability. We will require our branded product suppliers (food and non-food) to act in the same spirit of this policy and provide data and proof of sustainable palm oil. We will also work in a collaborative approach on palm oil projects together with our suppliers as well as other stakeholders in the supply chain. The METRO Palm Oil Action Plan will provide more detail on this.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

RSPO Mass Balance

Start year

2012

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

The share of certified palm oil in METRO's products is at 100%, hence the target was achieved. The share of CSPO was 76% in the reporting year 2019/20 and is mainly including Identity Preserved, Segregated and Mass Balance Certified Sustainable Palm Oil with a very small share of Book&Claim certified palm oil. To further drive transformation and to close the gap of meeting the target in the year 2020, METRO's Sustainability Committee decided to claim Book&Claim Certificates. The target year for 100% RSPO mass balance certified palm oil in METRO's products is 2020. This target was updated in 2019 and, in a next step, aims to achieve 100% RSPO segregated certified palm oil until 2023.

Target reference number

Target 2

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

Target: We want to achieve that by 2023, 100% of the palm oil used in our Own Brand (Common and Local Sourcing) and A-Brand and Other Brand supply chain for European markets is purchased with the system of the Roundtable for Sustainable Palm Oil (RSPO) according to market availability. We will require our branded product suppliers (food and non-food) to act in the same spirit of this policy and provide data and proof of sustainable palm oil. We will also work in a collaborative approach on palm oil projects together with our suppliers as well as other stakeholders in the supply chain.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

RSPO Identity Preserved

RSPO Segregated

Start year

2019

Target year

2023

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

38

Please explain

METRO aims for 100% sustainable palm oil on the level of "Segregated" or "Identity Preserved" within European countries by 2023.

Target reference number

Target 3

Forest risk commodity

Soy

Type of target

Third-party certification

Description of target

We will work with our suppliers, supply chain towards 100% certified (RTRS or similar) deforestation and conversion free soy in our Tier 1 and Tier 2 products by 2025, following a certification scheme in steps.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

RTRS (any type)

ProTerra certification

Other, please specify (other FEAC approved schemes)

Start year

2019

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

4.4

Please explain

By 2025, 100% of the soy Tier 1 (direct soy) and Tier 2 (soy used as animal feed) in our Own Brand (Common and Local Sourcing) and A-Brand supply chain is sourced from areas which are verified as zero deforestation, according to market availability.

Target reference number

Target 4

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

Target: METRO Wholesale aims to ensure that 100% of its own-brand products made from wood or wood fibre in accordance with the aforementioned scope originate from legal and responsibly managed forests by the end of 2020 or 2023 in challenging markets.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

FSC (any type)

PEFC (any type)

Other, please specify (following certification schemes and eco-labels in accordance with ISO14024: EU eco label, Blue Angel, Nordic Swan, Austrian eco label, Milieukeur NL, Media Ambiente Spain, Marque NF Environnement, Eco Mark Japan, Korean eco label, Global eco label.)

Start year

2012

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

53

Please explain

Target achievement is the average across METRO AG Own Brand and does not reflect progress in certain countries and markets, where numbers are 100% or close to 100% (for example India, Italy or Turkey). At regional level the results are highly skewed. METRO wholesale aims to ensure that 100% of its own-brand products made from wood or wood fibre in accordance with the before mentioned scope originate from legal and responsibly managed forests by the end of 2020. The target refers to all own-brand products (common and local sourcing) sold by METRO wholesale, particularly those in which wood or wood fibre accounts for more than 50 % of the finished product (in terms of weight). Products made from recycled wood or fibre are considered to be sustainable for the purpose of this policy; preferably they should be certified according to ISO 140242 type I label. Products made from virgin fibre have to be certified in accordance with a third-party forest certification scheme, with the following order of priority: 1.1 Forest Stewardship Council (FSC) or 1.2 Programme for the Endorsement of Forest Certification Schemes (PEFC) or 1.3 Equivalent standard according to the available benchmark of certification schemes 3) Business partners must have proper in place to track and report the origin of the timber contained in the final product made from virgin fibre to verify that the timber has been harvested legally. The following traceability information is required for each wooden component of the product: 3.1 Type of wood 3.2 Scientific name of tree species 3.3 Country of origin of wood

Target reference number

Target 5

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

Target: METRO Wholesale aims to ensure that 100% of its own-brand products made from wood or wood fibre in accordance with the aforementioned scope originate from legal and responsibly managed forests by the end of 2020.or 2023 in challenging markets

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

FSC (any type)

PEFC (any type)

Other, please specify (following certification schemes and eco-labels in accordance with ISO14024: EU eco label, Blue Angel, Nordic Swan, Austrian eco label, Milieukeur NL, Media Ambiente Spain, Marque NF Environnement, Eco Mark Japan, Korean eco label, Global eco label)

Start year

2012

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

Target reflects common sourcing items, in scope of our Paper & Wood Policy scope - this includes a limited number of items for internal use (GNFR) which also fall under Common Sourced standards, here 100% compliant with Policy.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	We are able to map our supply chain geographically by region and/or country of origin. Internal process / supplier survey within Due Diligence process in accordance with EU timber regulation. 1. Information gathering for products to be listed / sourced 2. Evaluation of this information + risk assessment 3. Minimizing risks. We are also working on the integration of timber traceability in the existing supplier monitoring platforms to improve reporting automation and supplier engagement.	Not applicable	<Not Applicable>
Palm oil	Yes	RSPO Segregated and Identity Preserved includes traceability up until the level of the mill. At current, 38% of METRO's volume of all palm oil and oil palm products in the goods sold in the year 2020 have received RSPO Identity Preserved or Segregated certification.	Not applicable	<Not Applicable>
Cattle products	Yes	In particular cases as a retailer we are able to identify the location of production only indirectly with the help of our suppliers. METRO uses its own traceability system "ProTrace" to track back products such as meat back to the slaughterhouse and in some cases back to farm level in 9 country operations. In 2014 the Global Standard Traceability Solution (GSTS) was piloted at METRO Germany enabling the traceability of products and the retrieval of obligatory traceability information from a global data pool in every step of the supply chain. This solution is in line with the current GS1 standards. The keys to this information are the two identifiers GTIN (Global Trade Item Number) and LOT number combined in a GS1 128, GS1 databar expanded or GS1 databar expanded stacked barcode (Barcodes). Both types of data are maintained by the suppliers and stored into a global data pool (I TRACE) which is operated by GS1. Overall, we do not always have direct contact to the manufacturer of products. Regarding own brand products we do have systems in place to identify the point of origin for foods products, such as the ProTrace system mentioned above. Suppliers have to name the manufacturing address in the supplier&product passport, a METRO internal specification. Currently, we are able to identify the location of production for some meat products in 9 METRO countries. We are preparing to be able to enhance traceability in our value chain. For example, our sales division Metro Wholesale is implementing a new process where suppliers have to provide their production sites to a database to become a supplier. METRO will also set up similar processes for suppliers of A-Brand products.	Not applicable	<Not Applicable>
Soy	Yes	In particular cases as a retailer we are able to identify the location of production only indirectly with the help of our suppliers. We do not always have direct contact to the manufacturer of products. Regarding own brand products we do have systems in place to identify the point of origin for foods products. For non-food own brand products we do have these systems partially in place. Suppliers have to name the manufacturing address in the supplier&product passport, a METRO internal specification. Currently, we are not yet able to identify the location of production for all products. But we are preparing to be able to do so. For example, our sales division Metro Wholesale is implementing a new process where suppliers have to provide their production sites to a database to become a supplier. When it comes to non own brand products the responsibility is with its producers. Together with UK based consultant 3Keel, Metro reached out to their 30 biggest poultry and pork suppliers of the Metro meat trading office (Rotterdam Trading Office). Suppliers (Tier 1 and 2) will be asked in a survey, regarding sustainable soy, animal welfare, social standards in the supply chain and results will be used to further engage with suppliers on these topics, and to create further transparency in the chain.	Not applicable	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Palm oil	State or equivalent	5
Timber products	Country	75
Soy	Not traceable	0
Cattle products	Slaughterhouse	5

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	53
Palm oil	Yes	100
Cattle products	No, we have not adopted any third-party certification schemes for this commodity	<Not Applicable>
Soy	Yes	4.4
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Credits/Book & Claim

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

100

Form of commodity

Crude palm oil (CPO)
Crude palm kernel oil (CPKO)

Volume of production/ consumption certified

4072

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

By buying RSPO Book & Claim credits, METRO covered the gap of non-certified physical palm oil for 4072 tons of overall 12092 tons of palm oil purchased by METRO in 2020.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

100

Form of commodity

Crude palm oil (CPO)
Crude palm kernel oil (CPKO)

Volume of production/ consumption certified

3516

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

In 2020, 100% of the palm oil purchased and sold by METRO was RSPO certified. Of the total volume of 12092 tons of palm oil, 3516 tons were RSPO Mass Balance certified.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Segregated

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

100

Form of commodity

Crude palm oil (CPO)
Crude palm kernel oil (CPKO)

Volume of production/ consumption certified

4416

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

In 2020, 100% of the palm oil purchased and sold by METRO was RSPO certified. Of the total volume of 12092 tons of palm oil, 4416 tons were RSPO Segregated certified.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Identity Preserved

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

100

Form of commodity

Crude palm oil (CPO)
Crude palm kernel oil (CPKO)

Volume of production/ consumption certified

87

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

In 2020, 100% of the palm oil purchased and sold by METRO was RSPO certified. Of the total volume of 12092 tons of palm oil, 87 tons were RSPO Identity Preserved certified.

Forest risk commodity

Soy

Third-party certification scheme

RTRS (any type)

Chain-of-custody model used

Not applicable

% of total production/consumption volume certified

4.4

Form of commodity

Whole soy beans
Soy bean oil

Volume of production/ consumption certified

36928710

Metric for volume

Other, please specify (sales volumes in €)

Is this certified by more than one scheme?

No

Please explain

We track the number of products sold that were certified by RTRS in the reporting year 2020.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

48

Form of commodity

Paper
Boards, plywood, engineered wood

Volume of production/ consumption certified

120514297

Metric for volume

Other, please specify (Sales in €)

Is this certified by more than one scheme?

No

Please explain

Data covers own brand products only and refers to sales volume of certified products in the reporting year 2020.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC (any type)

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

8

Form of commodity

Pulp
Paper
Boards, plywood, engineered wood

Volume of production/ consumption certified

18148411

Metric for volume

Other, please specify (Sales in €)

Is this certified by more than one scheme?

No

Please explain

This number is for own brand products only.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Cattle products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Soy	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**Forest risk commodity**

Timber products

Operational coverage

Supply chain

Description of control systems

For timber products, METRO is using a due diligence process in line with the EU timber regulation. This includes to map our supply chain geographically by region and/or country of origin. The European Union Regulation (EU) No. 995/2010 addresses illegal logging and the associated trade in timber practice. At the core of the regulation is the establishment of a due diligence system by organizations involved in the placement of timber and timber products on the European market. The internal process at METRO is based on the mandatory steps of the EU timber regulation. A supplier survey is done by the Category Management (sourcing) department to conduct the Due Diligence process in accordance with EU timber regulation. 1. Information gathering for products to be listed / sourced 2. Evaluation of this information + risk assessment 3. Minimizing risks

Monitoring and verification approach

Third-party verification

% of total volume in compliance

71-80%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

METRO is building strong and trustful relationships with its suppliers. In this term, METRO seeks to keep a constant dialogue with its upstream business partners to work further on transforming supply chains to become more sustainable - also not only regarding deforestation but including eg. social standards, biodiversity aspects. In case a risk is identified, METRO in a first step seeks the dialogue with the affected supplier to create transparency, understand the background and support in mitigating actions. In case the issue includes specific so-called "deal-breaker" issues, the contract with the business partner will be set on hold and the supplier might be de-listed.

Forest risk commodity

Palm oil

Operational coverage

Supply chain
Selected facilities, businesses or geographies only

Description of control systems

In general, as a wholesale company further downstream in the complex palm oil value chain, METRO relies on its strong relationships with direct suppliers and their NDPE commitments as well as their monitoring systems and grievance mechanisms. For private-label producers, METRO is building up a monitoring system in its collaboration with other stakeholders of the industry within the Palm Oil Coalition of Action of the Consumer Goods Forum.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

51-60%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Providing information on appropriate actions that can be taken to address non-compliance

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

METRO is building strong and trustful relationships with its suppliers. In this term, METRO seeks to keep a constant dialogue with its upstream business partners to work further on transforming supply chains to become more sustainable - also not only regarding deforestation but including eg. social standards, biodiversity aspects. In case a risk is identified, METRO in a first step seeks the dialogue with the affected supplier to create transparency, understand the background and support in mitigating actions. In case the issue includes specific so-called "deal-breaker" issues, the contract with the business partner will be set on hold and the supplier might be de-listed.

Forest risk commodity

Soy

Operational coverage

Supply chain

Description of control systems

In 2019, METRO established a global soy policy. This also includes creating more transparency in our supply chain to prevent deforestation and conversion linked to soy production. Also, with stakeholders in the Consumer Goods Forum Forest Positive Coalition Beef/Soy working groups, we are enhancing the dialogue with traders on traceability, and are working on trader and supplier engagement. In general, as a wholesale company further downstream in the complex soy value chain, METRO relies on its strong relationships with direct suppliers and their NDPE commitments as well as their monitoring systems and grievance mechanisms. For private-label producers, METRO is building up a monitoring system in its collaboration with other stakeholders of the industry within the Soy Forest Positive Coalition of Action of the Consumer Goods Forum.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

<10%

% of total suppliers in compliance

51-60%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Providing information on appropriate actions that can be taken to address non-compliance

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

Together with UK based consultant 3Keel, Metro reached out to their 30 biggest poultry and pork Tier 1 and 2 suppliers of the Metro meat trading office (Rotterdam Trading Office) using a questionnaire on different environmental and social indicators. METRO is currently participating in the 3Keel led 'Soy Transparency Coalition, with focus on soy traders in Brazil, to get more information on soy in the supply chain. METRO is further member of the Consumer Goods Forum Coalition of Action on Soy and RTRS to drive further stakeholder engagement and collaboration to build up capacity for sustainable soy. we further collaborate with suppliers and engage them in capacity building events and dialogue, both as an individual company and as members of the Consumer Goods Forum Forest Positive Coalition (Beef and Soy working groups)

Forest risk commodity

Cattle Products

Operational coverage

Supply chain

Description of control systems

METRO is building strong and trustful relationships with its suppliers. In this term, METRO seeks to keep a constant dialogue with its upstream business partners to work further on transforming supply chains to become more sustainable - also not only regarding deforestation but including eg. social standards, biodiversity aspects. In case a risk is identified, METRO in a first step seeks the dialogue with the affected supplier to create transparency, understand the background and support in mitigating actions. In case the issue includes specific so-called "deal-breaker" issues, the contract with the business partner will be set on hold and the supplier might be de-listed.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

<10%

% of total suppliers in compliance

<10%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Providing information on appropriate actions that can be taken to address non-compliance

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

With the establishment of METRO's Meat procurement policy end of 2020, assessment of compliance will follow from 2021 on.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Timber products	Yes, from suppliers	<Not Applicable>
Palm oil	Yes, from suppliers	<Not Applicable>
Cattle products	Yes, from suppliers	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.6a

(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

For timber products, METRO is using a due diligence process in line with the EU timber regulation. This includes to map our supply chain geographically by region and/or country of origin. The European Union Regulation (EU) No. 995/2010 addresses illegal logging and the associated trade in timber practice. At the core of the regulation is the establishment of a due diligence system by organizations involved in the placement of timber and timber products on the European market. The internal process at METRO is based on the mandatory steps of the EU timber regulation. A supplier survey is done by the Category Management (sourcing) department to conduct the Due Diligence process in accordance with EU timber regulation. 1. Information gathering for products to be listed / sourced 2. Evaluation of this information + risk assessment 3. Minimizing risks

Country/Area of origin

India
Indonesia
Viet Nam

Law and/or mandatory standard(s)

EU Timber Regulation

Comment

This applies to all countries of origin where METRO sources timber. Of the given dropdown-list these are only the ones indicated. In addition, this also applies to our other sourcing areas: China and Taiwan.

Palm oil

Procedure to ensure legal compliance

When entering a business relationship with METRO, all suppliers must ensure to comply with the Code of Conduct for Business Partners: This document defines our fundamental principles in the areas of the environment, social affairs and business ethics. We expect our partners to fulfil this code in their daily cooperation with us. This Code of Conduct sets forth the fundamental key principles we expect from our business partners and their subcontracted companies. Principle 8 of the document describes the "Protection of environment and reducing environmental footprint", eg. as "To protect the environment and the climate we expect our business partners to responsibly use resources and to comply with or exceed all applicable local environmental legislation." Monitoring the Code of Conduct for business partners: These principles are regarded as minimum requirements which we strive to exceed wherever possible. Moreover, we expect our business partners to introduce a management system which must include clear responsibilities and processes as well as adequate documentation. Acknowledgement: In order to ensure compliance with these principles, we expect our business partners to inform all of their employees/subcontractors of the content of the METRO Code of Conduct for business partners and ensure that they also comply with the provisions incorporated therein. Reporting violations: Business partners shall report any suspected violations of regulations, laws and the Code. Violations should be reported to the METRO contact person, or can be reported confidentially using the METRO Compliance Reporting System: <https://www.bkms-system.net/metrogroup/speakup>

Country/Area of origin

Indonesia
Malaysia

Law and/or mandatory standard(s)

Other, please specify (METRO Supplier Code Of Conduct)

Comment

Cattle products

Procedure to ensure legal compliance

When entering a business relationship with METRO, all suppliers must ensure to comply with the Code of Conduct for Business Partners: This document defines our fundamental principles in the areas of the environment, social affairs and business ethics. We expect our partners to fulfil this code in their daily cooperation with us. This Code of Conduct sets forth the fundamental key principles we expect from our business partners and their subcontracted companies. Principle 8 of the document describes the "Protection of environment and reducing environmental footprint", eg. as "To protect the environment and the climate we expect our business partners to responsibly use resources and to comply with or exceed all applicable local environmental legislation." Monitoring the Code of Conduct for business partners: These principles are regarded as minimum requirements which we strive to exceed wherever possible. Moreover, we expect our business partners to introduce a management system which must include clear responsibilities and processes as well as adequate documentation. Acknowledgement: In order to ensure compliance with these principles, we expect our business partners to inform all of their employees/subcontractors of the content of the METRO Code of Conduct for business partners and ensure that they also comply with the provisions incorporated therein. Reporting violations: Business partners shall report any suspected violations of regulations, laws and the Code. Violations should be reported to the METRO contact person, or can be reported confidentially using the METRO Compliance Reporting System: <https://www.bkms-system.net/metrogroup/speakup>

Country/Area of origin

Argentina
Brazil

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

This applies to all countries of origin where METRO sources cattle products. Of the given dropdown-list these are only the two indicated.

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>	As a wholesale company downstream of the supply chain, METRO is focusing on its work and collaboration with manufacturers of processed products, also due to the complexity of the supply chain. Based on the materiality of the commodity, METRO is not focusing on engaging smallholders directly but encourages its direct Tier 1 suppliers to do so.
Palm oil	Yes, working with smallholders	Capacity building	Organizing capacity building events Investing in pilot projects Prioritizing support for smallholders in high-risk deforestation regions		Through the Consumer Goods Forum Forest Positive Coalition, Metro is working on engaging with smallholders in Indonesia, especially on education towards more sustainable palm oil production and improving the smallholders' livelihoods.
Cattle products	Yes, working with smallholders	Capacity building	Investing in pilot projects Prioritizing support for smallholders in high-risk deforestation regions		As a wholesale company downstream of the supply chain, METRO is focusing on its work and collaboration with manufacturers of processed products, also due to the structure of the industry. Based on the materiality of the commodity, METRO is not focusing on engaging smallholders directly but encourages its direct Tier 1 suppliers to do so. Through the Consumer Goods Forum Forest Positive Coalition, Metro is working even further on engaging smallholders, also together with the Soft Commodities Forum and others working on landscape projects.
Soy	Yes, working with smallholders	Capacity building	Investing in pilot projects Prioritizing support for smallholders in high-risk deforestation regions		As a wholesale company downstream of the supply chain, METRO is focusing on its work and collaboration with manufacturers of processed products, also due to the nature of the industry and the complexity of the supply chain. Here, METRO is not directly involved in sourcing pure soy products. The company focuses on engaging mainly fish & meat producers to transform their soy procurement, as METRO's biggest soy footprint comes with animal feed use in products we sell. Based on the materiality of the commodity, METRO is not focusing on engaging smallholders directly but encourages its direct Tier 1 suppliers to do so. Through the Consumer Goods Forum Forest Positive Coalition, Metro is working even further on engaging smallholders, also together with the Soft Commodities Forum and others working on landscape projects.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping	Supplier questionnaires on environmental and social indicators	100%	In line with the EU Timber regulation, all suppliers importing into EU countries must fulfill this certain Due Diligence process conducted by METRO.
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building	Organizing capacity building events	100%	METRO is including sustainable palm oil topics in the regular dialogue with its direct suppliers, also to increase the share of certified palm oil. For this, we do host supplier meetings on sustainability issues, eg connected to a trade fair. Further, METRO is working with indirect suppliers (eg. within the Palm Oil Transparency Coalition), traders and producers of palm oil, to build up capacity further upstream. We further collaborated with suppliers and engaged them in capacity building events and dialogue, also as member of the Consumer Goods Forum Forest Positive Coalition (Palm Oil working group).
Cattle products	Yes, working with direct suppliers	Capacity building	Organizing capacity building events	71-80%	Within the publication of the METRO Meat policy in 2020, we further collaborated with suppliers and engaged them in capacity building events and dialogue, both as an individual company and as members of the Consumer Goods Forum Forest Positive Coalition (Beef and Soy working groups).
Soy	Yes, working with direct suppliers	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Other, please specify (Stakeholder engagement and collaboration)	10-20%	Together with UK based consultant 3Keel, Metro reached out to their 30 biggest poultry and pork Tier 1 and 2 suppliers of the Metro meat trading office (Rotterdam Trading Office) using a questionnaire on different environmental and social indicators. METRO is currently participating in the 3Keel led 'Soy Transparency Coalition, with focus on soy traders in Brazil, to get more information on soy in the supply chain. METRO is further member of the Consumer Goods Forum Coalition of Action on Soy and RTRS to drive further stakeholder engagement and collaboration to build up capacity for sustainable soy. we further collaborate with suppliers and engage them in capacity building events and dialogue, both as an individual company and as members of the Consumer Goods Forum Forest Positive Coalition (Beef and Soy working groups)
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	No, not working beyond the first tier	<Not Applicable>	<Not Applicable>	As a wholesale company METRO is focusing on engaging the its direct suppliers and manufacturers of timber products.
Palm oil	Yes, working beyond first tier	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators	Since 2018, METRO is member of the Palm Oil Transparency Coalition POTC facilitated by 3Keel. Together with other retail companies and manufacturers, the POTC annually assesses palm oil traders and importers on all relevant environmental and social indicators also to report their progress in transforming the palm oil market.
Cattle products	Yes, working beyond first tier	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Participating in workshops	we collaborate with direct and indirect suppliers and engage them in capacity building events and dialogue, following the publication of the METRO Meat policy in 2020. we further collaborated with suppliers and engage them in capacity building events and dialogue, both as an individual company and as members of the Consumer Goods Forum Forest Positive Coalition (Beef and Soy working groups). Through the Consumer Goods Forum Forest Positive Coalition, Metro is working even further on engaging smallholders, also together with the Soft Commodities Forum and others working on landscape projects.
Soy	Yes, working beyond first tier	Supply chain mapping	Supplier questionnaires on environmental and social indicators	METRO is currently participating in the 3Keel led 'Soy Transparency Coalition, with focus on soy traders in Brazil, to get more information on soy in the supply chain. Through the Consumer Goods Forum Forest Positive Coalition, Metro is working even further on engaging smallholders, also together with the Soft Commodities Forum and others working on landscape projects.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**Forest risk commodity**

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact

Tropical Forest Alliance 2020 (TFA)

Roundtable on Sustainable Palm Oil (RSPO)

Palm Oil Transparency Coalition (POTC)

Jurisdictional approaches

<Not Applicable>

Please explain

Roundtable on Sustainable Palm Oil (RSPO) In 2011, METRO became member of the RSPO and therefore is publishing its annual palm oil volumes and the share per respective RSPO certification level. METRO is also participating in the work of the RSPO such as reviewing the Principle & Criteria. Consumer Goods Forum (CGF) As member of the Consumer Goods Forum (CGF) we are committed to help achieve zero net deforestation, following the WWF definition of zero net deforestation. Within the CGF we are also committed to the 2016 Social Resolution on Forced Labour, striving to eradicate forced labour from our value chain. CGF Palm Oil Working Group of retailers and manufacturing brands Within the CGF, METRO is also actively involved in establishing a broad dialogue on sustainable palm oil throughout the value chain also discussing challenges and possibilities with stakeholders like NGOs. Here, we collaborated to establish the publicly available Palm Oil roadmap to which the members of the coalition agreed to work on defined actions. The performance against these targets are measured through KPIs set up for 5 elements, including work beyond own supply and supply chain and engagement in landscape initiatives. Palm Oil Transparency Coalition (POTC) METRO joined the POTC to create more transparency within the palm oil supply chain. The POTC is formed of companies working together to remove deforestation and exploitation from palm oil supply chains. It aims to achieve this by greater transparency of the progress their supply chains are making towards zero deforestation and exploitation in palm oil production. Also by enabling individual retailers and product suppliers/manufacturers to make more informed sourcing/purchasing decisions.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in jurisdictional approaches

Initiatives

<Not Applicable>

Jurisdictional approaches

Verified Sourcing Areas

Please explain

Metro is member of the Consumer Goods Forum Forest Positive Coalition and is leading the CGF Soy Working Group, working together on an action plan to eliminate deforestation soy in supply chains. Round Table on Responsible Soy Association (RTRS): METRO AG became member of the Roundtable on Responsible Soy Association (RTRS) in May 2018. Cerrado Manifesto Statement of Support Group: Since 2017, Metro is member of the Cerrado Manifesto Statement of Support Group, together with over 165 companies and NGOs such as WWF. Within this cross-sector group, founded to put the Cerrado Manifesto into action, companies are working together in the chain and within pre-competitive space to halt soy & cattle deforestation in Brazil/Cerrado area. Actions include continuous outreach to extend the group of companies that signed, and with that extend influence and reach, and following a Roadmap which clearly defines the actions that are requested to each participant. We are in close contact with the traders in the Soft Commodities Forum (which includes the biggest traders on soy), we discuss collaboration in the supply chain. Our actions with the traders currently focus on clearer exchange of data on deforestation and actions; tangible asks from manufacturers and retailers/wholesalers side (KPIs on deforestation figures, certified/no deforestation soy, and how to work on improving this); and communicating together to move and change the whole supply chain.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Other, please specify (Consumer Goods Forum CGF)

Jurisdictional approaches

<Not Applicable>

Please explain

Consumer Goods Forum (CGF) As a member of the Consumer Goods Forum (CGF), we follow the CGF's 2010 Deforestation Resolution and are committed to helping achieve zero net deforestation, following the WWF definition of zero net deforestation. Moreover, METRO is a member of the Consumer Goods Forum's Forest Positive Coalition of Action1. Together with other ambitious member companies, we are committed to moving efficiently and quickly towards a 'forest positive' future and understand the need to work collaboratively with multiple stakeholders.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

Since June 2018 the ecological web search engine Ecosia has been the new standard search engine of METRO AG and its tech unit METRO-NOM. Ecosia uses at least 80% % of its profits from search ad revenue for global reforestation projects – that way, more than 43 million trees have been planted since 2009. Acting sustainably becomes a tangible experience in the everyday working life of METRO employees – without affecting their usual routines. Founded in December 2009, the search engine Ecosia allows users to do good deeds during their web search – at no extra cost and without any additional effort: the search engine uses at least 80% of its profits from search ad revenue for planting trees. Ecosia creates transparency by publishing monthly financial reports showing users how much money it made and how much money it was able to channel into the support of the different reforestation projects.

Start year

2018

Target year

Indefinitely

Project area to date (Hectares)

33.6

Project area in the target year (Hectares)

Country/Area

Please select

Latitude

Longitude

Monitoring frequency

Six-monthly or more frequently

Measured outcomes to date

Carbon sequestration
Climate regulation

Please explain

As METRO is not focusing on an area where trees will be planted, we are not able to indicate a specific country here , neither latitude/longitude information. As the project is ongoing with no target year, the target year information of hectare are not applicable.

Project reference

Project 2

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

In the reporting year, METRO invested into reforestation of a forest area on the Wurmberg near Braunlage in the German Harz mountains, which has been severely affected by the drought of recent years. Around 3,000 native trees will be planted on an area of 10,000 m2. In order to remain profitable and at the same time minimise the risk of infection by Covid, many restaurateurs have increasingly focused on the patio business during the past summer months. In order to be able to continue operating these outdoor areas in the approaching winter, radiant heaters are often used, which are considered harmful to the climate. In order to compensate for this climate impact, METRO did offset the CO2 emissions of all infrared and gas radiant heaters including propane gas bottles purchased from METRO - regardless of whether they are used in the restaurant business. The basis for the calculation is the average emission of all corresponding devices sold in METRO Germany wholesale stores between August 2019 and July 2020, with a runtime from October to March, an average of six hours a day plus buffer. In total, around 15,000 tonnes of CO2 will be compensated. Part of the project funds will be used for the reforestation project described.

Start year

2020

Target year

2021

Project area to date (Hectares)

1

Project area in the target year (Hectares)

1

Country/Area

Germany

Latitude

51.809525

Longitude

10.238361

Monitoring frequency

Six-monthly or more frequently

Measured outcomes to date

Carbon sequestration
Climate regulation

Please explain

The by METRO supported initiative "Bergwaldprojekt" (Mountain Forest Project) plants pioneer forests of birch and alder near the area Braunlage. The goal is to reforest a total of 19,500 trees around the Wurmberg. The aim of the concentrated planting campaign in the Lower Saxony State Forests is to reforest the spruce forests destroyed by drought and bark beetle infestation with climate-adapted tree species. Birch and alder are planted as pioneer tree species on extensive bare areas. The robust woody plants form so-called pre-forests that protect the tree species from sun, frost and browsing by game. Larches, silver firs, beeches or sycamores are to follow. In past time, the Lower Saxony Forestry Office in Lauterberg has lost 200 hectares of forest on the Wurmberg alone. In total, 4000 hectares of forest in the forestry office have been destroyed by bark beetles and drought.

Project reference

Project 3

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

As part of the CGF Forest Positive Roadmaps with action, Metro as a member will collaborate with the 18 other member companies and with organisations such as TFA and Proforest, in 1-2 landscape projects, on either soy, palm or paper (or combination), projects are currently being analysed to select the appropriate 1-2 projects, for a start in 2021/2022.

Start year

2020

Target year

2022

Project area to date (Hectares)

Project area in the target year (Hectares)

Country/Area

Indonesia

Latitude

0

Longitude

109.333336

Monitoring frequency

Six-monthly or more frequently

Measured outcomes to date

Biodiversity
Carbon sequestration
Climate regulation

Please explain

Projects are still to be discussed within the coalition.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F6. Implementation

Data points verified

Volume of sales of products from sustainable forestry (FSC® or PEFC label)

Verification standard

ISAE 3000 and ISAE 3410. ISAE is the International Standard for Assurance Engagements.

Please explain

The volume of sales of products from sustainable forestry (FSC® or PEFC label) was verified as part of the assurance of METRO's CR Report 2019/20. The quantitative and qualitative sustainability performance information included in the scope of the assurance engagement that was conducted by KPMG AG Wirtschaftsprüfungsgesellschaft according to ISAE 3000 and ISAE 3410.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

Forest risk commodity

Cattle products

Coverage

Supply chain

Primary barrier/challenge type

Inexistent or immature certification standards

Comment

Lacking a clear certification focusing (only) on beef, means it is difficult for supply chain actors like Metro to take action. We are working on trying to solve this issue, collectively in the CGF Forest Positive Coalition of Action, Beef Working Group.

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Lack of adequate traceability systems

Comment

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Complexity of certification requirements

Comment

The soy supply chain is difficult to understand, and so are some of the certifications (eg RTRS, Proterra, ...) We are working on trying to solve this issue, collectively in the CGF Forest Positive Coalition of Action, Soy Working Group (eg working with RTRS and other supply chain actors)

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

The soy supply chain is difficult to understand. We are working on trying to solve this issue, collectively in the CGF Forest Positive Coalition of Action, Soy Working Group (eg working with Soft Commodities Forum and other supply chain actors).

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Other, please specify (Price increase of certified material)

Comment

Due to the EU ban of plastic also in packaging material, the shift away from plastic increased the demand for fresh pulp and paper for packaging. This did increase the price of certified timber products and also the availability of certified pulp. In addition, cost of certification and the need for chain of custody assurance includes certification cost to suppliers, which is turn could create challenges in supplier engagement practices.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Improved data collection and quality

Comment

Forest risk commodity

Palm oil

Coverage

Direct operations

Main measure

Increased demand for certified products

Comment

Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

The soy supply chain is difficult to understand, and data is often disputed. We are working on trying to solve this issue, collectively in the CGF Forest Positive Coalition of Action, Soy Working Group (eg working with Soft Commodities Forum and other supply chain actors).

Forest risk commodity

Timber products

Coverage

Direct operations

Other parts of the value chain

Main measure

Reduced cost of certification/certified products

Comment

Cost improvement combined with efficiencies in certification process could be a change factor in improving certification levels and supplier engagement.

Forest risk commodity

Cattle products

Coverage

Supply chain

Main measure

Greater supplier awareness/engagement

Comment

We are working on more awareness and collective action in the soy supply chain, within the CGF Forest Positive Coalition of Action, Soy Working Group (eg working with Soft Commodities Forum and other supply chain actors).

Forest risk commodity

Cattle products

Coverage

Direct operations

Main measure

Greater stakeholder engagement and collaboration

Comment

We are working on more awareness and collective action in the soy supply chain, within the CGF Forest Positive Coalition of Action, Beef Working Group (eg working with beef producers and other supply chain actors).

Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Greater enforcement of regulations

Comment

We are working on more awareness and collective action in the soy supply chain, within the CGF Forest Positive Coalition of Action, Soy Working Group (eg working with Soft Commodities Forum and other supply chain actors).

Forest risk commodity

Soy

Coverage

Direct operations

Main measure

Improved data collection and quality

Comment

We are working on more data acurateness in the soy supply chain, within the CGF Forest Positive Coalition of Action, Soy Working Group (eg working with Soft Commodities Forum and other supply chain actors).

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Chief Human Resources Officer (CHRO) of METRO AG	Director on board

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms