

## **METRO's carbon footprint**

### **Why are climate change and climate protection important to METRO?**

Climate change presents METRO with both risks and opportunities. Physical risks may affect our business directly or indirectly. For example, changes in the volume or frequency of precipitation may have an impact on the price and availability of agricultural products. A current example of this is the summer of 2018, in which long-lasting drought brought crop losses in various regions of Europe. Also, our store operations may be jeopardised by extreme weather such as torrential downpours with flooding or storms.

Regulatory risks may affect our business directly or indirectly. For example, the levies imposed by Germany's Renewable Energy Sources Act (EEG) have an impact on our procurement of electricity.

One way in which we counter these risks is with procurement and supply chain management that creates the necessary structures to ensure the availability of goods at all times. Among other things, we are investing in technical measures to conserve energy, in energy management systems in accordance with ISO 50001, in switching to refrigerants which are less harmful to the environment and in programmes that will change the behaviour of every single employee.

However, we not only see risks in climate change, but also opportunities. Sustainability will continue to grow in importance on a global scale, and the expectations in this respect on the side of customers, employees, investors, politics and society will increase. Continuing to systematically implement our sustainability strategy will enhance the appeal of METRO and its sales lines and own brands for these stakeholder groups.

While achieving our climate protection target does indeed require investments, these will lead to savings in the medium to long term thanks to lower costs, in particular for energy, resulting in both financial and environmental benefits and improvements.

Through our participation in the CDP climate change survey since 2006, we have provided information to the public about our climate protection strategy, the risks

and opportunities resulting from climate change and the ways in which we manage our emissions.

### **Carbon footprint and climate protection target**

In 2015, the global community agreed in Paris to limit global warming to 2 degrees Celsius at most. Achieving this target will require a considerable reduction in global greenhouse gas emissions. METRO is playing its part here by reducing its specific greenhouse gas emissions by 50% per square metre of selling and delivery space by 2030 compared to 2011.

This climate protection target relates to emissions that are central to our activities as a retail company and, most importantly, that we can influence directly. These are emissions from

- the consumption of fuel oil, natural gas, liquefied natural gas, electricity, district heating and cooling, and paper,
- refrigerant losses for commercial refrigeration and air-conditioning,
- the fuel consumption of company cars and emergency power generators,
- upstream chain emissions and grid losses for all direct and indirect energy sources and
- business travel.

METRO has been reporting its greenhouse gas emissions since 2008, taking into account all the main greenhouse gas emissions that we cause directly and indirectly in the course of our business activities. This detailed documentation forms the basis for our goal of minimising our impact on the climate. Our carbon footprint reporting also covers the following additional emission sources:

- Fuel consumption of the company's fleet of trucks
- External logistics for the transport of goods to our stores and warehouses
- Goods and services for our own use (not including paper, as this is included in the climate protection target)
- Assets
- Waste
- Employee commuting
- Leased assets

### **Methodology and reporting scope**

Our reporting is based on the Corporate Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol. With the aid of the group-wide Carbon Accounting process introduced in 2011, we

record consumption data for the aforementioned emission sources at all stores, administrative and warehouse locations and at the headquarters in Düsseldorf.

Collecting primary data on some Scope 3 emission sources is especially burdensome or even impossible. For this reason, we model the greenhouse gas emissions relating to purchased goods and services (excluding paper), assets and leased assets. This modelling is based on key performance indicators for the economic value added by METRO. To perform these calculations, we use so-called economic input-output models, which are based on the economic flows of goods and services.

We report on the overall effect of all greenhouse gas emissions in the form of CO<sub>2</sub> equivalents in order to gauge the impact of other greenhouse gases in addition to CO<sub>2</sub> emissions.

Since 2011, our carbon footprint has been subject to a business audit by KPMG AG Wirtschaftsprüfungsgesellschaft.