

POSITION ON BIODIVERSITY

Within METRO own operations and its
entire value chain

1. Introduction

Biodiversity denotes the variety of plant and animal species and their habitats.

Climate change and human interference with ecosystems through deforestation, extensive farming, consumption of water reserves, air pollution or increasing littering of the seas with plastic, for example, can lead to a permanent loss of biological diversity. As stated by the International Union for Conservation of Nature (IUCN), overfishing is the cause for the decline in some commercial fish stocks by more than 90%.

According to the World Wide Fund for Nature (WWF), experts project that the rate at which species become extinct today is already 1,000 to 10,000 times higher than the natural extinction rate we would see if there were no humans on earth.

The growing world population which is predicted to soar above the 9.1 billion mark by 2050 is putting additional pressure on biodiversity. And there is also the fact that evermore land is needed for housing and farming. The United Nations (UN) estimate that more than 100 million people worldwide are homeless, and that 840 million people suffer from hunger already today.

In the sense of natural capital, both, diversity of species and intact habitats form the basis for vital processes as they provide so-called ecosystem services. According to the IUCN, the pollination service by insects, bats and birds is worth around €171bn. That is because production of one third of the food produced on earth, including 87 of the leading 113 food crops, depends on pollination.

Consequently, measures that contribute to protecting biodiversity secure the basis for life on our planet.

2. METRO Commitment on Biodiversity

For METRO, increasing environmental degradation and the associated loss of biodiversity have a negative impact on the company's core business. Since most of the 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 components of responsible business to secure the basis of our business.

We are therefore committed to the goals laid down in the Convention on Biological Diversity (CBD), to:

- conserve the diversity of species and habitats and their functional capability,
- contribute to the sustainable use of their components,
- promote the fair and equitable sharing of the benefits arising out of biodiversity and the ecosystem services provided.

METRO acknowledges the fact, that own operations have an effect on biodiversity. To protect biodiversity at sites where we operate and to see how biodiversity is impacted by business activities, we piloted a project to identify sites in close proximity to World Heritage areas and IUCN Category I-IV protected areas, to then establish a mitigation hierarchy (avoid, minimize, restore & offset) when operating in areas in close proximity to critical biodiversity.

As an international wholesale and food specialist, measures to conserve biodiversity are also linked to the design of our own brand products or with the collaboration with our suppliers.

In addition, we are also addressing this topic in our interactions with business customers – especially those operating in the food and hospitality sector – thereby heightening their awareness for this issue. We communicate this commitment to our Tier 1 suppliers (own brand), and further in the supply chain, and make known to them that this commitment also applies to them.

Because of the many ways in which biodiversity relates to other topics, we address it as a cross-cutting issue in a number of our strategic sustainability focus areas. In these areas, a wide range of measures contribute to the protection of biodiversity. In this way, we are also helping to fulfill the Sustainable Development Goals of the United Nations (Sustainable Development Goals numbers 2, 3, 6, 7, 12, 13, 14 and 15). More on this in the following.

A. Biodiversity and Climate action

One building block in the protection of biodiversity is our commitment to climate, water and environmental protection.

Our Environmental Policy forms the basis for ensuring that damage to the environment and climate is reduced or even avoided through responsible consumption, the careful use of resources, and the timely identification of potential hazards for the environment and the climate.

Our science-based climate protection target includes reducing Scope 1 and Scope 2 CO2 emissions by 60% per square meter of sales and delivery area by 2030 compared to 2011, as well as reducing absolute Scope 3 (supply chain) CO2 emissions by 15% by 2030 compared to 2018.

By means of the METRO Water Policy, the economical use of the resource water is to be ensured.

- For METRO Wholesale, the target has been set to save 5% water in its own business operations by 2025 compared to the base year 2016/17.

B. Biodiversity and Food waste

Food that ends up in the waste bin is a waste of the food itself and also of the resources that were necessary to produce or obtain the food. In addition, they are associated with environmental impacts that have arisen as a result of production. These include, for example, effects on the environment caused by the use of land, water, fertilizers and pesticides in agriculture.

With a wide variety of measures to avoid food waste along the supply chain, METRO also contributes to the preservation of biodiversity.

For example, as part of the Consumer Goods Forum (CGF) resolution on food waste, METRO has committed to reducing food waste generated in its own operations by 50% by 2025 compared to 2016. We are currently working on a revision of the target.

C. Biodiversity and Conscious proteins

We also address the question of how we can meet the demand for proteins for nutrition in view of an increasing world population and the growing pressure on natural resources and biodiversity.

By pursuing our position on Conscious proteins, we are helping to preserve biodiversity and minimize environmental impacts and effects on biodiversity. This is because Conscious proteins include for instance conventional proteins obtained from animals that were raised to high welfare standards and that were fed with feed from sustainable sources (e.g. deforestation-free). They also include plant proteins from sustainable sources, as well as alternatives to animal proteins. We are committed to sourcing Conscious proteins responsibly, which includes following established practices determined by our existing sustainable sourcing policies and commitments.

D. Biodiversity and Raw material sourcing

Another building block is our commitment to protecting natural resources as the basis for our products. Our Sustainable Procurement Policy sets out the framework for ensuring that products are sourced sustainably in environmental, social and economic terms. We have separate purchasing policies for critical raw materials and products that may have a significant negative impact on society or the environment, such as soy, palm oil, meat, fish and seafood, and paper and wood.

Furthermore, our purchasing policy to promote higher animal health and welfare standards and the sale of cage-free eggs bring positive effects for the preservation of biodiversity.

Regarding deforestation, strongly related to biodiversity, we have a dedicated commitment on palm, soy, beef and paper/packaging.

- For soy, following our Metro Soy Sourcing Policy (2019), we have a target of zero deforestation (legal and illegal), so no gross deforestation within our complete supply chains by 2025 latest, achieved with 100% certification by RTRS / ProTerra or equal. This commitment also applies to our Tier 1 (own brand) suppliers, but also to non-Tier 1 suppliers (so Tier 2 suppliers and further).
- For palm, target is 100% RSPO certified palm in our own brand supply chains by 2020, zero deforestation so no gross deforestation, achieved; This commitment also applies to our Tier 1 (own brand) suppliers, but also to non-Tier 1 suppliers (so Tier 2 suppliers and further).
- For Paper/wood, target is 100% certified against deforestation (FSC, PEFC) by 2023; certified paper/wood also covers tier-1 and/or non-tier-1 suppliers

E. Biodiversity and Organic and responsible products

Through the offer of a balanced assortment with organic and sustainable products, we have influence on biodiversity.

Country-specific approaches

Two examples of how to protect rare species by trading characteristic products are those:

- Supporting local culinary traditions and preserving an ancient native bean variety is an integral part of the Smilian Beans Initiative in Bulgaria, where METRO works with local producers of Smilian beans. The products come from the Smilian municipality, where farmers have been growing the beans on the banks of the Arda River in the Rhodope Mountains for centuries. Since summer 2018, METRO has been supporting local farmers to ensure that the integrity and quality of the beans are maintained until they reach METRO customers.
- As part of the Local Seed project, METRO Turkey is also committed to protecting natural and original seeds. The company works closely with local producers from Anatolia and guarantees them full purchase of the agricultural products created from local seeds and characteristic of the region. Around 25 products from the region, marked with a special logo, are already available exclusively in Turkish wholesale markets.

Bee conservation

Another key issue in the field of biodiversity is bee conservation. This is a field where the interaction between ecological, social and economic effects is particularly evident. There is a correlation between crop yields and the growing number of hive deaths because flowering and seed plants rely on pollination for reproduction. The German Beekeepers Association values the bees' pollination service at around €2bn per year in Germany and at a value corresponding to around €56bn worldwide. Having said this, any activities to protect the bees will therefore bear fruit in multiple respects because they also ensure good yields for the production of food such as fruit and vegetables.

METRO is committed to the responsible use of pesticides in the procurement of fruit and vegetables by requiring compliance with certain standards such as GlobalGAP. In addition, the use of pesticides in the cultivation of organic products is subject to stricter requirements than in conventional cultivation, so the expansion of the organic product range also benefits farm animals such as bees.

F. Biodiversity and Packaging and plastic

Products are always associated with the use of materials for their packaging. This is often made of plastic, and the environmental impact of plastic that is misused or wrongly disposed of is immense. We are addressing this issue with our Packaging Policy and our Single Use Plastic Policy. Specific targets that result from this and that contribute to the protection of biodiversity are:

- 100% Polyvinyl Chloride (PVC)/Polyvinylidene chloride (PVdC) phase out in own brand products packaging on all packaging levels (primary, secondary and tertiary) by 2023, baseline 2014
- 100% Expanded polystyrene (EPS) phase out in own brand products packaging on all packaging levels (primary, secondary and tertiary) by 2023, baseline 2018
- 100% Forest Stewardship Council® (FSC®)/Programme for the Endorsement of Forest Certification Schemes (PEFC) certification for all paper, paperboard, cardboard and wood own brand products packaging on primary and secondary packaging level by 2023, baseline 2018
- 300 t plastic reduction in own brand products conventional plastic packaging by 2023, compared to baseline 1 October 2018
- By 2025, we will empower our customers' businesses to move into a future without conventional single use plastic and increase resource efficiency by:
 - Providing reusable, recyclable and compostable alternatives
 - Supporting our customers in this phase out and
 - Advocating for the movement towards a circular economy regarding plastic

3. Background information about the topic at the political level

Based on the Convention on Biological Diversity, countries have committed themselves to the protection of biodiversity at the international, European and national level and formulated targets to this effect. An overview on the different targets is provided in the following.

A. International level

Biodiversity or biological diversity means “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species [genetic diversity] and between species [diversity of species] and diversity of ecosystems”. (Article 2 of the Convention on Biological Diversity)

The Convention on Biological Diversity (CBD) is regarded as a basic framework for the protection of biodiversity. As an international treaty it has been ratified by 194 nations and the EU, including Germany. It has therefore become binding and must be complied with in the respective countries.

The objectives were laid down in Article 1 of the Convention on Biological Diversity:

- conservation of biological diversity
- sustainable use of the components of biological diversity
- fair and equitable sharing of the benefits arising out of the utilisation of biological diversity and its genetic resources

Work is currently underway on a global future perspective for biodiversity as part of Vision 2050, entitled "Living in harmony with nature". It further emphasizes the link between conserving biodiversity and meeting basic human needs such as food, clean water, shelter, and a clean and healthy environment.

<https://www.cbd.int/>

B. European level

At the European level, the following biodiversity conservation targets have been defined within the EU Biodiversity Strategy 2030 as part of the European Green Deal:

- Establishing protected areas for at least 30% of land and sea in Europe with legally binding nature-restoration targets in 2021 providing stricter protection of EU forests.
- Restoring degraded ecosystems at land and sea across the whole of Europe by increasing organic farming and biodiversity-rich landscape features on agricultural land.
- halting and reversing the decline of pollinators
- reducing the use and harmfulness of pesticides by 50% by 2030
- restoring at least 25,000 km of EU rivers to a free-flowing state
- planting 3 billion trees by 2030
- Unlocking €20 billion per year for biodiversity through various sources, including EU funds and national and private funding. Natural capital and biodiversity considerations will be integrated into business practices

- Making the EU a world leader in addressing the global biodiversity crisis. The Commission will mobilise all tools of external action and international partnerships for an ambitious new UN Global Biodiversity Framework at the Conference of the Parties to the Convention on Biological Diversity in 2021.

https://ec.europa.eu/environment/strategy/biodiversity-strategy-2030_en

<https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/actions-being-taken-eu/eu-biodiversity-strategy-2030>

C. National level

To implement the targets of the Convention on Biological Diversity, Germany adopted the National Strategy on Biological Diversity in the year 2007. This strategy covers the following areas

- Protection of biological diversity
- Sustainable use of the biological diversity
- Environmental impact on biological diversity
- Genetic resources
- Social awareness

and highlights the fields of action in which concrete measures to implement the strategy are already being taken:

- Biotope network and networks of protected areas
- Species conservation and genetic diversity
- Biological safety and prevention of the adulteration of fauna and flora
- Water protection and flood prevention
- Access to genetic resources and benefit sharing
- Agriculture and forestry
- Hunting and fishing
- Mining and power generation
- Settlement and transport
- Acidification and eutrophication
- Biodiversity and climate change
- Rural areas and regional development
- Tourism and nature-friendly recreation
- Education and information
- Research and technology transfer
- Fight against poverty and development cooperation

https://www.bfn.de/fileadmin/BfN/biologischevielfalt/Dokumente/broschuere_biolog_vielfalt_strategie_bf.pdf